

City of St. Joseph, Missouri



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2009

CITY OF ST. JOSEPH, MISSOURI

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by the Financial Services Department

Carolyn Harrison
Director of Financial Services

CITY OF ST. JOSEPH, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

CITY OF ST. JOSEPH, MISSOURI

PRINCIPAL OFFICIALS

Ken Shearin
Mayor

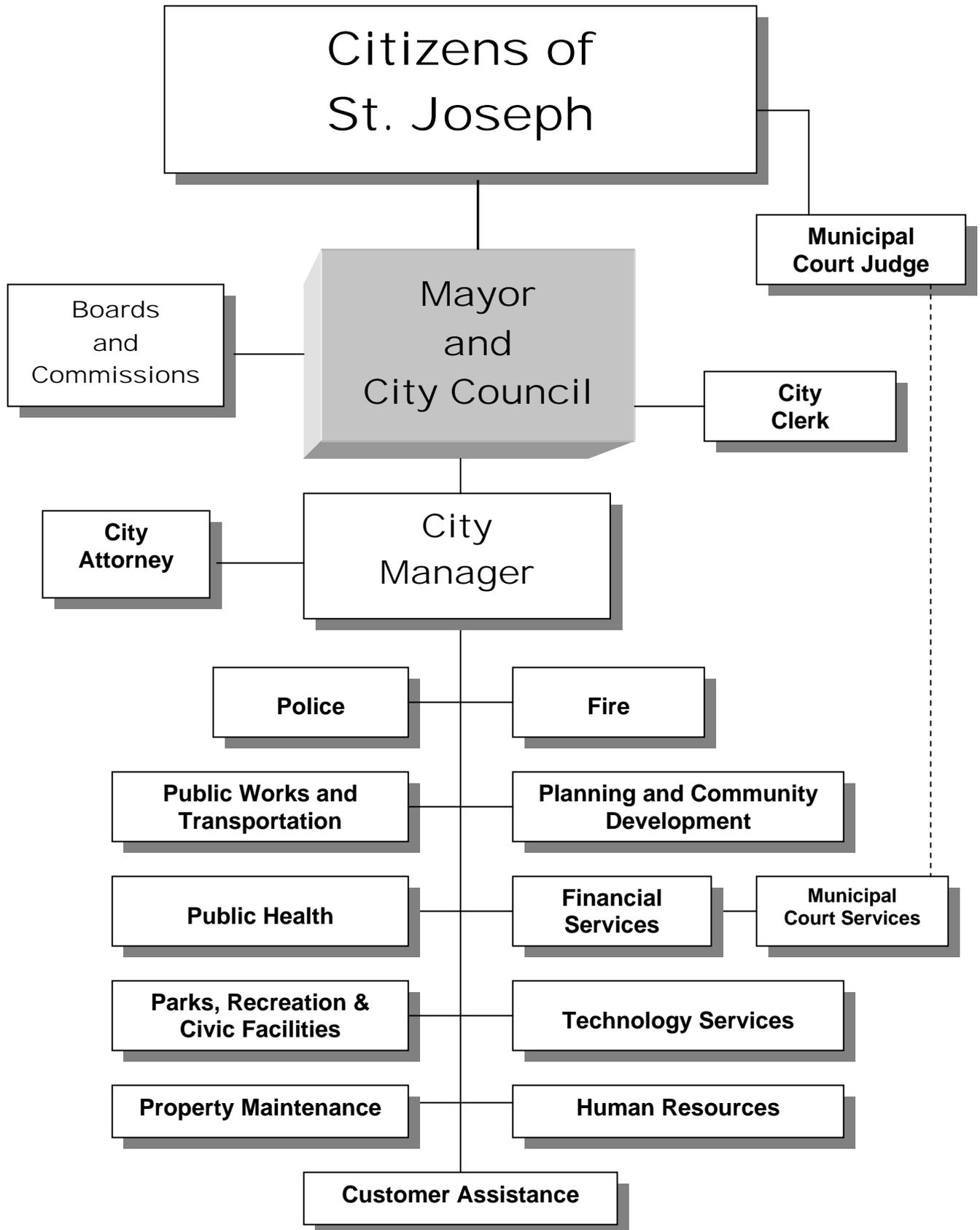
CITY COUNCIL

Roger Baker	Donna Jean Boyer
Mike Bozarth	Bill Falkner
Mike Hirter	Barbara LaBass
Gary Roach	Joyce Starr

Vincent J. Capell
City Manager

City Attorney	Lisa Robertson
City Clerk	Paula Heyde
Community Services	Clint Thompson
Customer Assistance	Sam Barber
Financial Services	Carolyn Harrison
Fire Chief	Michael Dalsing
Human Resources	Diana Slater
Parks and Recreation	Bill McKinney
Police Chief	Chris Connally
Public Health	Debra Bradley
Public Works & Transportation	J. Bruce Woody
Technology Services/Property Maintenance	Steve Hofferber

ORGANIZATION CHART



City of St. Joseph

1100 Frederick Avenue St. Joseph, Missouri 64501

November 30, 2009

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

The comprehensive annual financial report of the City of St. Joseph, Missouri (the City) for the Fiscal Year Ended June 30, 2009, is hereby submitted in compliance with Article IV, Section 4.4 (f) of the City Charter. The Charter requires that the City of St. Joseph issues annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of its data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) which are standard guidelines for financial reporting, further ensuring that the financial position of the City is presented fairly. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The independent accounting firm of Cochran Head Vick & Co., P.C. has audited the City's financial statements. The purpose of the audit conducted by Cochran Head Vick & Co., P.C. was to review and provide reasonable assurance that the City's financial statements for fiscal year ended June 30, 2009, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

As a recipient of federal, state, and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to assistance programs. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as Amended and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The standards governing Single Audit engagements require the independent auditor to report on the audited government's internal controls over compliance and compliance with legal requirements applicable to its major Federal programs. These reports are available in the City's separately issued Single Audit Report.

This report is prepared in accordance with accounting principles generally accepted in the United States of America in conformance with the standards of financial reporting set forth by the Governmental Accounting Standards Board (GASB), and the guidelines recommended by the Government Finance Officers Association (GFOA).

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found in the Financial Section, immediately following the report of the independent auditors.

PROFILE OF THE CITY

St. Joseph is the county seat of Buchanan County, and the eighth largest city in Missouri. It was incorporated as a village in 1851, a second class city in 1885, a first class city in 1909, and as a constitutional charter city government in 1961. The current charter became effective April 19, 1982, and provides that the municipal government shall be known as a "Council-Manager Government." A City Manager is appointed by the Council and serves as the chief administrative officer of the City for an indefinite term.

The City Charter was amended August 8, 1989, to provide for the District Council system consisting of nine (9) members including a Mayor and three (3) Council members nominated and elected at-large, and five (5) Council members elected by District. Council members serve concurrent, four (4) year terms. The Mayor and eight (8) City Council members are charged with the formation of public policy to meet the community's needs. They provide leadership in the development of priorities for the City and in planning economic growth and stability for the community.

The City provides the full range of services normally associated with a municipality, including police and fire protection, public works services, parks and

other recreational facilities, public health, street maintenance and general administrative services. The City also operates Rosecrans Airport, public parking garages, water pollution treatment plant, municipal golf course, mass transit system, and City landfill, all of which are accounted for in the financial statements as business-type funds.

This report includes all funds for the City as a primary government and component units for which the City is financially accountable. Component units, although legally separate entities, are, in substance, a part of the City's operations and are included as part of the primary government for reporting purposes. Accordingly, financial data for the Tax Increment Financing Commission of St. Joseph, Missouri and Public Building Authority (PBA) of the City of St. Joseph, Missouri are also included in this report as described in Note 1 to the financial statements.

The City Manager annually prepares a plan of services, or budget, for the upcoming fiscal year. The budget is the most significant annual policy document, operations guide, financial plan and communications device prepared by the City. It establishes the expectations of City Council and provides the fiscal resources and policy direction needed to achieve Council's goals. This plan is submitted to Council no later than 60 days prior to June 30, the end of the fiscal year. It is reviewed by the City Council and is formally adopted by the passage of a budget ordinance on or before the third Monday of the month prior to June 30. The appropriated budget is prepared by fund, department, and program or function. Strict budgetary compliance is maintained by the Financial Services Department using the automated accounting system to ensure effective fiscal management and accountability. As purchase orders are issued, corresponding appropriations are encumbered for later payment to ensure that appropriations are not overspent. Open encumbrances are reported as a reservation of fund balances at year-end and all unencumbered appropriations lapse at year-end. Departments can transfer between accounts except for salary, benefits, and capital. These require Council approval.

FACTORS AFFECTING FINANCIAL CONDITION

Local economy

The City is the central services provider for a four county area of northwest Missouri and northeast Kansas with a combined population of 126,359. The City's population of 73,990 represents 59% of the total service area. Located in the heart of the country, St. Joseph's prime location provides for access to customers and suppliers. From Canada to Mexico, Interstate 29, a major north-south interstate runs through the city. St. Joseph has two airports available. South of St. Joseph is Kansas City International (KCI) airport and just west over the Missouri River is Rosecrans Memorial Airport serving St. Joseph's civilian and military needs by providing capacity for any size aircraft. The Missouri River borders St. Joseph allowing the public river port facility the ability to give area businesses the option of

transporting via river. In addition, rail service provides direct access to all parts of North America.

The City, Buchanan County (the County), and the Chamber of Commerce provide joint economic development structure and funding. This cooperative effort provides for aggressive economic development activities in the community including attracting new businesses, servicing existing businesses, assisting community development and promoting entrepreneurship. The City and County provide assistance through various means to build infrastructure, provide indirect and direct financial assistance, and facilitate compliance with government regulations and requirements.

Labor Force

St. Joseph's Metropolitan Statistical Area (MSA) consists of Andrew, Buchanan, and DeKalb Counties in Missouri and Doniphan County in Kansas. The St. Joseph MSA maintains a civilian labor force of 70,059 with 63,980 employed for the period ending June 30, 2009, producing an unemployment rate of 8.7%. At this time last year the unemployment rate was 5.0%. This is following the trend of the slowing economy. The unemployment rate is lower than Missouri's rate of 9.5%.

Major Employers

St. Joseph's economy is highly diversified, with major industrial, manufacturing, financial services, healthcare, and educational institutions. The City's largest employer, Heartland Health, provides 3,200 jobs, or 5.0% of the total employed work force. Heartland Health is an integrated health system, including a comprehensive acute care medical center, physician practices, and a health plan. This consolidation has provided stability and expansion in the regional health services industry. The ten largest employers provide a total of 12,364 jobs, representing 19.3% of the total employed work force. These employers are listed as follows:

TEN LARGEST EMPLOYERS			
Employer	Industry	Number	% of Work Force
Heartland Health	Health Services	3,200	5.0%
Triumph Foods	Pork Processing	2,700	4.2%
St. Joseph School District	Public Education	1,742	2.7%
Altec Industries	Utility Equipment	876	1.4%
American Family	Insurance	737	1.2%
Sara Lee	Meat Products	700	1.1%
City of St. Joseph, Missouri	Government	660	1.0%
Boehringer Ingelheim Vetmedica	Animal Pharmaceuticals	650	1.0%
Western Reception Diagnostic	Correctional Facility	558	0.9%
Missouri Western State University	Education	530	0.8%
Total		12,364	19.3%

Economic Development Efforts

The St. Joseph economy in FY2009 felt the impact of the recent economic slow-down, but continued to experience moderate growth and expansion. The level of ongoing cooperation among the City, County, Chamber of Commerce and the business community was reflected in the level of economic development success demonstrated throughout the year.

Richard A King Award – The city of St. Joseph has been awarded the 2008 Richard A. King Award for the city’s innovative financing of Triumph Foods. Triumph Foods located its corporate headquarters and production plant in the St. Joseph Stockyard area resulting in the creation of 2,700 jobs and the economic rebirth of a blighted area. The city was selected for this award by the Missouri Economic Development Financing Association (MEDFA) due to the collaborative effort of each involved in this project including the city of St. Joseph, Chamber of Commerce, Missouri Development Finance Board, St. Joseph Port Authority, Senator Christopher Bond, St. Joseph School District, and Buchanan County.

New and Existing Businesses

During the year, the City, County, and the Chamber of Commerce were involved in numerous attraction and expansion projects, resulting in new investment in the community.

Christopher S. “Kit” Bond Science and Technology Incubator, includes laboratory, conference room, operation offices, and tenant spaces for companies in the early stages of development. Located on the Missouri Western State University campus, the facility is home to the Institute of Industrial and Applied Life Sciences.

East Hills, renovated its 629,000 square foot retail center offering a family friendly environment with lifestyle shopping, restaurants, play area, Sunporch Café and Lounge with floor to ceiling fireplace, televisions, free Wi-Fi access and comfortable seating. East Hills has various shopping options including JCPennys, Dillard’s, and Sears.

Eastowne Business Park, a new 350 acre business park, is at the corner of Pickett and Riverside Roads. The development has 240 acres available for business park sites, 45 acres are available for office/warehouse and more than 15 acres are available for office/financial.

Fairview Golf Course, owned by the city of St. Joseph, is expanding and remodeling the clubhouse for a total investment of \$1.2 million. The new addition will include a large banquet room, new outdoor deck and total interior redesign.

Heartland Regional Medical Center, invested \$3.1 million in the new Breast Center which opened October, 2008. Located in Heartland's Plaza 1 building, the facility offers new digital mammography equipment and streamlined the treatment process for breast cancer patients.

Missouri Western State University, broke ground on a \$10.3 million indoor sport and recreation facility that will house the summer training camp of the Kansas City Chiefs beginning in 2010. The facility will feature a full-size indoor football field, locker room, weight room, training room, coaches' offices, meeting rooms and a lecture hall.

Mitchell Park Plaza, opened as one of the largest residential conversion projects in the state of Missouri in 2008. Steve Foutch, developer, converted the former Mead building at 10th and Mitchell into a development with retail, office, and loft style apartments. Keeping the environment in mind, Mitchell Park Plaza features rooftop greenspace, a comprehensive recycling program, solar supported energy and landscaping hydration from rainwater.

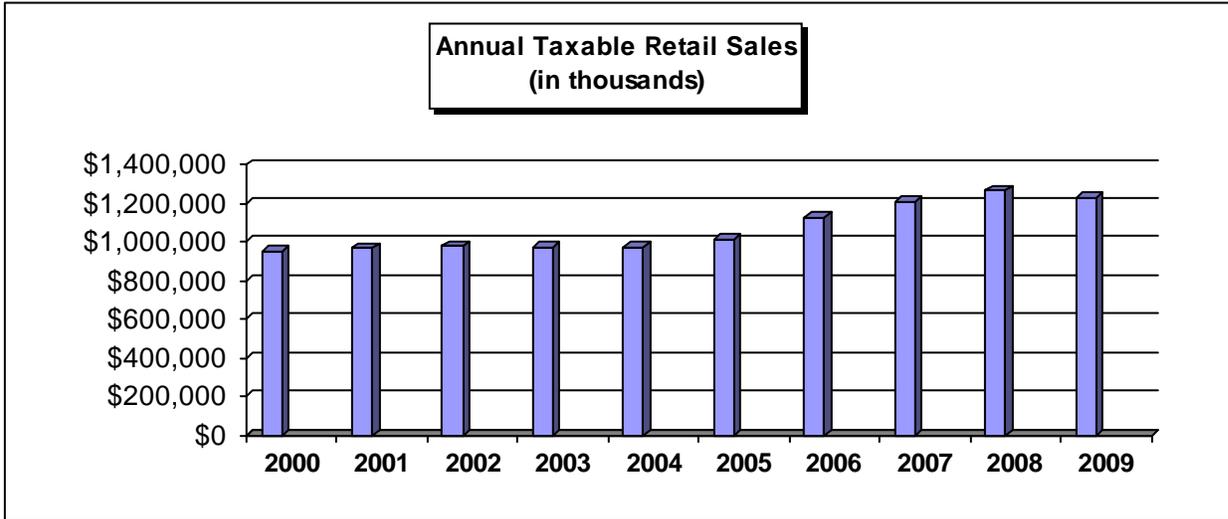
Phil Welch Stadium, is now the official home of the St. Joseph Mustangs baseball team. The city of St. Joseph spent \$605,000 in improvements to the city-owned stadium including new press box and party deck area, a remodel of the locker rooms and ticket booth. Both home and away team dugouts were rebuilt. In the Mustangs inaugural season, the team went 21–3 at home and drew 1,853 in attendance per home game.

Remington Nature Center of St. Joseph, offers a café, auditorium, aquarium, classrooms, and wildlife viewing areas. Additional features surrounding the Nature Center will be bird and animal habitats, a sensory garden, a butterfly/hummingbird garden, a rain garden, and prairie and wildflower areas. The city of St. Joseph intends to utilize the 15,000 square foot center to educate, entertain, and enlighten guests in an enjoyable environment.

Remington/Agenstein Science and Math Facilities, construction continues with Remington Hall and the renovation of Evan R Agenstein Hall located on the campus of Missouri Western State University. The \$37.5 million expansion will double the amount of space devoted to Western's biology, chemistry, computer science, mathematics and physics departments.

Taxable Annual Retail Sales and City Sales Tax

Receipts from one of the City's largest general revenue sources, the one and one-half cent local sales tax decreased in fiscal year 2009 for the first time in several years. Total retail sales in St. Joseph decreased as reflected in the total sales tax remitted to the City. The following chart depicts the revenue over the last ten years.



ECONOMIC CONDITIONS

On November 4, 1997, City of St. Joseph voters approved an extension of the 1993 half-cent CIP Sales Tax. The sales tax extension, referred to as the 1998 half-cent CIP Sales Tax, was scheduled to sunset on June 30, 2003. On November 5, 2002, City of St. Joseph voters continued the extension of the half-cent tax. This tax generates \$5.5 million annually in City revenues and provides infrastructure, enhancements to City facilities, and investment in the community. In November 2007, the citizens voted to extend the CIP half cent sales tax until 2013, allowing the City to continue with major public improvement projects as promised to the citizens.

On February 5, 2008, voters approved an increase in the Transit tax from .15% to .375% effective July 1, 2008 to keep the public transportation in operation.

Business Licenses

A slow economy was also reflected in the number of business licenses issued. The City issued 4,691 business licenses for fiscal year ended June 30, 2009. This is a net loss of 65 businesses in the St. Joseph local economy over the previous year.

Work Force Education and Training

Missouri Western State University (MWSU), Hillyard Area Vocational Technical School, and Vatterott Community College are located in St. Joseph. MWSU and Hillyard have joined efforts to enhance technical educational programs. Students can transfer from a certificate program at Hillyard to associate, bachelor and/or master degree programs at MWSU. The City has a well-regarded public school system as well as private and parochial elementary, middle, and high schools.

The St. Joseph Area Chamber of Commerce serves as the community facilitator of the local workforce development initiative, 21st Century Jobs, designed to enhance and equip St. Joseph with a workforce prepared to compete in the technologically advanced and global economy. A competitive workforce is a critical feature to the community's ability to promote economic vitality and attract business investment.

From a heritage rich in agriculture, St. Joseph has a strong life sciences-based economy with over 5,600 jobs directly employed in such businesses as animal pharmaceuticals, agriculture chemicals, food processing, health care, animal research and development and seed production. These companies are located in St. Joseph, as Northwest Missouri boasts the highest crop yields for soybeans and corn in the state of Missouri and provides easy access to raw materials for manufacturing. Locally, a life science network has been formed to provide direction and input to the initiative of creating an applied Life Science Institute in St. Joseph in order to attract more life sciences jobs to the area. The group includes representatives from the City, County, Missouri Western State University, Chamber of Commerce, and life science businesses.

Culture and Recreation

The City's role as a cultural and tourism center provides further diversification in its economy. St. Joseph is a unique community famous for its historic link to the Pony Express and Jesse James, for exquisite historic architecture and mansions, and for its luxurious bed and breakfasts and many fine museums. Other available cultural activities include the Albrecht-Kemper Museum of Art, Robidoux Resident Theatre and St. Joseph Symphony. Missouri Western State University as well as the municipally owned Civic Arena, Missouri Theater and Krug Park, host numerous events including performing artists, theatrical presentations, city-wide festivals and themed attractions.

The St. Joseph Park system, listed on the National Register of Historic Places, is comprised of 1,500+ acres, 26 miles of parkways and boulevards, 49 parks and facilities and a 9.5 mile green belt that connects principal parks from north end by Krug Park to south end near Hyde Park.

Fairview Golf Course, one of the oldest public golf courses in Northwest Missouri, was established in 1930. With rolling fairways, large mature trees, and several water hazards, the 18-hole facility offers many services as well as a challenge to

players of all skill levels. Starting in late 2009 the clubhouse began undergoing a major renovation project.

The City boasts a water park complete with two water slides, floating river, and children play area. Adjacent to the Aquatic Center, the 23 acre facility has 12 lighted tennis courts, a horseshoe court, and a running track.

In July 2009, for the sixth consecutive year, the United States Tennis Association held the Heartland USTA Women's Tennis Classic Tournament at the Noyes Tennis Courts. The tournament saw 72 qualifier participants representing 13 countries competing for the 16 spots to go against the 16 pro seeds.

Heritage Park Softball Complex, located near the Riverfront, features a five field complex where numerous invitational, regional, state, and national tournaments and special events were held this season with over 238 league teams participating this year.

In August, 2008, the Allied Arts Council of St. Joseph produced the sixteenth annual Trails West! ® Festival, with 40,000 in attendance. Other festivals and parades include the Apple Blossom Parade in May, Sacred Hills Encampment each June, Southside Fall Festival and Parade the middle of September, and Pumpkinfest every October.

On September 8, 2008, the city of St. Joseph hosted Stage 1 of the Tour of Missouri. The race started in front of City Hall and ended in Kansas City. There were spectators from 32 states and 21 countries. An estimated 434,000 saw part of the event, making it Missouri's largest single international sporting event.

"Parties on the Parkway" is an after-work social gathering at various locations along St. Joseph's beautiful and unique parkway system offered from May through September. Live music is provided by local bands and food is available for sampling.

The City's recreation division coordinates a wide range of instructional, developmental and recreational programs and leisure opportunities for all ages, interests, and abilities. The Joyce Raye Patterson Senior Citizens Center features a multi-purpose room, stage area, cafeteria, and exercise center. Bode Sports Complex, encompassing a six court outdoor basketball complex, an in-line skate rink and an indoor ice arena, offers family entertain all year. The St. Joseph Civic Arena can entertain any type of event from sporting competition to craft show with seating available for 2,300 people. Missouri Theater, a 1927 former movie theater listed on the National Register of Historic Landmarks, is an architectural asset to downtown St. Joseph sponsoring many St. Joseph arts organizations.

The Public Works and the Parks and Recreation departments joined forces to create the Hike and Bike Trail system in St. Joseph. This system increases the

pedestrian access to the full length of the parkway from Krug Park to Hyde Park. As the Hike and Bike Trail system continues to expand off of the parkway and reaches further into existing neighborhoods, its use as a source of recreation and transportation enhances the community and citizens.

St. Joseph offers two major established retail locations in The Shoppes at North Village and East Hills Mall. Each location has national retailers as well as individual specialty shops. Downtown St. Joseph attracts shoppers with their unique boutiques and antique stores.

With these valuable assets, St Joseph is large enough to sustain its economic base and support its diverse selections in arts, dining, entertainment, history, natural attractions, recreation and shopping.

National Accreditation of the Police Department - On November 16, 2008, the St. Joseph Police Department was awarded National Accreditation by the Commission for the Accreditation of Law Enforcement Agencies, also known as CALEA. To maintain this prestigious honor, over four hundred standards have to be met every three years.

Economic Development Efforts and Incentives – The City contracts with the Chamber of Commerce to provide extensive economic development assistance with primary emphasis on attracting new businesses and the retention and expansion of existing businesses. In addition to and in conjunction with the Chamber’s efforts, the City promotes and utilizes the following economic development incentives and activities:

- Enterprise Zone Benefits – The City, per RSMo 135.215, participates in the “Enterprise Zones” program designed to ease the financial burden on growing businesses. Eligible facilities can receive a minimum of 50% abatement of property taxes for improvements made to real property for a period of 10 years from assessment of improvements. Currently there are four (4) zones with eleven (11) companies benefiting from these abatements.
- Missouri Chapter 100 bonds – The City, per RSMo 100.090, is granted the authority to issue Industrial Development Revenue Bonds in the amount not to exceed ten percent of the assessed valuation of the taxable tangible property in the City for special industrial development projects for private corporations, partnerships, or individuals. The City shall bear no pecuniary liability. The bond is payable solely from the revenue pledged to the payment and does not constitute a debt of the City. Currently, there are eight (8) companies benefiting from these Missouri Chapter 100 bonds.

- Tax Increment Financing (TIF) – Redirects incremental increases in economic activity taxes, property taxes and/or user fees within qualifying jurisdictions for the exclusive use of paying off bonds issued or developer obligations that were used to finance infrastructure and related business developments within the jurisdiction. The City had ten (10) TIF projects at June 30, 2009.
- Developer Agreements – Special assessments, tax abatements, loans and other financing assistance negotiated directly between the City and the business requesting such assistance in order to achieve a common objective generally held to be in the best interest of the community. The City had eleven (11) Developer Agreements at June 30, 2009.
- Community Improvement Districts (CID) – Special assessments, taxes and/or fees can be established in order to make improvements and support business activity and economic development within designated boundaries of the district. The City had two (2) Community Improvement Districts established at June 30, 2009.
- Neighborhood Improvement Districts (NID) – Special assessments levied on benefiting properties to make improvements within designated boundaries. The City had three (3) Neighborhood Sewer Improvement Districts and two (2) Neighborhood Lighting Improvement Districts, as of June 30, 2009.
- Special Business District – Real property and businesses may be taxed within designated boundaries in order to make improvements. The City has one (1) Special Business District, the Downtown Business District established February, 1990.
- Transportation Development District (TDD) – Transportation related infrastructure improvements can be financed through special assessments, property taxes or sales taxes levied within designated boundaries. The City had one (1) TDD as of June 30, 2009
- Low interest loan programs offered through Community Development Block Grant (CDBG) programs.
- Direct Loans from City Operating Accounts – The City has, on occasion, entered into temporary loans with companies as inducements to further development. A recent example is the \$100,000 short-term loan from the City's emergency reserves to a developer of speculative shell buildings at Mitchell Woods Business Park.

- Infrastructure (in-kind) Improvements – In order to entice new and existing business to relocate to or expand in St. Joseph, the City frequently takes it upon itself to make the necessary sewerage, street, lighting and similar infrastructure improvements.
- Participation in Mo-Kan Regional Council (Mo-Kan). The City contributes annually for representation on the Board of Directors and membership in Mo-Kan. In addition to its many other responsibilities, Mo-Kan works in Northwest Missouri and Northeast Kansas in areas of financing and economic development, on-the-job customized training programs and worker reentry program under the Workforce Improvement Act, loan packaging and grant applications.

The Community Alliance of Saint Joseph promotes a shared vision for the community through collective input from citizens to provide a strategic plan and implementation process to help St. Joseph optimize its potential. Its goal is to work together to advance improved educational opportunities and attainment, as well as improved livability and quality jobs to promote growth and a solid future for St. Joseph and its resident. Some of the initiatives the city has developed and implemented to address these issues include:

Improved Citizen Communications – The City continues to improve and expand its methods of communicating with residents. In addition to regularly scheduled City Council meetings, work sessions, committee meetings and public hearings, the City continues to reach out to its citizens through the City Council monthly townhall **City Talk** public forums, Student in Government Day, resident surveys, government access channel, 24-hour complaint hotline, interactive website, and educational campaigns. Various publications are produced to provide information to residents on a regular basis: monthly publication *Building Blocks*, and weekly electronic publications *City Weekly* and *Mayor and City Council Update*. Regular city council meetings are televised live and rebroadcast on the city’s government access channel.

City Neighborhoods - The City began working together with neighborhood associations in 1994 to develop solutions for concerns that will benefit residents and the community.

Community Betterment Groups – Community Development staff works with many governmental and not-for-profit groups on projects designed to enhance the physical appearance of the community. These groups include the Friends of the Park, Landmark Commission, National Military Heritage Society, Inc., Neighborhood Partnership-Neighborhood Pride, and St Joe Serve.

St. Joseph, A City Building Character - Several organizations created a partnership to identify proactive actions that will ensure a competitive workforce in the 21st Century. The purpose of the partnership is to create a community wide initiative that would involve business, industry, government, education, health services, and social service groups designed to instill character traits throughout the community.

Long-term financial planning - A Five Year Capital Improvement Program is adopted by City Resolution. The Five Year Plan provides a summary of proposed improvements, estimate of project costs, and plan for financing. The City's capital improvement initiatives are funded primarily by the half-cent CIP sales taxes, government grants, revenue bond proceeds and operating reserves. The current half-cent sales tax is a five year tax that was extended for the fourth time by the voters in November, 2007.

Following are redevelopment projects the City is working on with other agencies.

Riverfront / Downtown – The City, in concert with several different governments and agencies, is working to redevelop the Downtown and Riverfront areas. For several years, the City and other organizations have worked to develop the Riverfront environment into an attractive and accessible area providing residents and visitors with a variety of amenities including sports, recreation, education, and entertainment but still reflecting the historic significance of St. Joseph. The major focus is on the following two areas:

- **Riverfront/Riverwalk Redevelopment** – City officials, downtown representatives and business owners are pursuing redevelopment strategies for the Riverfront along the Missouri River. Private development has already occurred in this area to include Terrible's Casino facility and shops and cabin rental facilities. In early 2001, the City entered into an engineering and design component services contract with a consultant to assist in preparation of the Riverfront Development Master Plan. The Plan calls for a riverfront recreation complex, riverwalk, county fairgrounds, and nature center among other amenities. In April 2003, Heritage Softball Complex was built and available for play.

The construction of the Riverwalk was completed at the end of May, 2004. As of June 2004, the beginnings of the Living History Preserve were in place. The preserve tells the story of the development of the community from the early Native Americans through the Civil War to the end of the 19th century.

The Remington Nature Center held its grand opening on November 1, 2008. The Federal Government provided a \$992,000 VA/HUD grant

and the Missouri Department of Conservation provided a \$1,000,000 Challenge grant to build a nature center. Another \$1,400,000 came from the City's one-half cent Capital Improvement Sales Tax and \$1,000,000 from Buchanan County.

- **Downtown Redevelopment and DREAM Initiative** - City officials and a DREAM Team (made up of representatives interested in downtown redevelopment) are working to accomplish one of Council's long term goals; downtown redevelopment. In 2008 the City was identified as one of the first "DREAM" communities by the governor. With assistance from state economic development staff and outside consultants, the result was a plan - The DREAM Initiative - which outlines three goals: the creation of a conference center, creation of a convention hotel, and establishment of an Entertainment District to help spur private investment and downtown revitalization.

The use of MODESA, Hotel/Motel Tax, TIF, and CID were identified as the main source of funding for the above mentioned improvements. Implementation of the Master Plan began with the construction of the Third and Edmond Street "West Gateway" project which completed in the fall of 2004 and continued in 2005 with the multi-phased Felix Streetscape project. The DREAM Plan lays the design guidelines for the remaining Downtown projects which are identified in the City's Capital Improvement Program through 2013.

St. Joseph Regional Port Authority – Adjacent to the Riverfront Industrial Development Area (Brownfield) is the location of a multipurpose port and general cargo dock facility. This project was completed March 2002, and goes hand in hand with the Downtown Redevelopment, Brownfield Redevelopment and Economic Development initiatives. The Port Authority mission is to promote the general welfare of the community and serve the surrounding agricultural and industrial markets.

New Eastowne Business Park - With the success of the Mitchell Woods Business Park, an additional business park was needed to continue to attract new or existing business expansion. The City provided \$5.4 million in funding from the voter approved 2003 one-half cent CIP Sales Tax with an additional \$2.3 million from the 2008 CIP tax for infrastructure improvements at the new Eastowne Business Park located at Riverside and Pickett Roads. This project moved forward in conjunction with the Missouri Department of Transportation's extension of Route AC (Riverside Road) south to Highway 169. Private investors and developers are providing the remaining funding.

Under Missouri State Law, the City has the authority to issue general obligation bonds payable from ad valorem taxes to finance capital improvements upon two-

thirds majority vote and, on general election dates, a four-sevenths majority vote, of the qualified voters. The Missouri Constitution provides that the amount of bonds payable from tax receipts (including bonds payable from special assessments) shall not exceed twenty percent of the total assessed valuation of the taxable property in the City. At June 30, 2009, the City had no general obligation debt.

The City is authorized to issue revenue bonds to finance capital improvements to its wastewater treatment plant and sewer line facilities. Revenue bonds require a simple majority vote. Bond repayment is secured solely from the earnings generated by the wastewater facility.

Cash Management Policies and Practices - The City's investments are established by State Statutes and the City Investment Policy. Funds in excess of the operational needs are invested in U. S. Government Agency Discount Notes or in securities issued by the U.S. Treasury based on competitive bids received. It is City policy to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all Missouri state statutes, the City Charter, the City Administrative Code, and the City's Code of Ordinances governing the investment of public funds. The maturities of the investments range from 30 days to 180 days. To maximize investment earnings, the City consolidates cash balances of all funds except restricted or special funds. All bank deposits were insured by Federal Depository Insurance or were collateralized at June 30, 2009.

Risk Management - Effective July 1, 1995, the City contracted with various insurance companies for general, property and casualty insurance and initiated a self-insured workers' compensation program with a third party administrator. The City retains liability up to \$400,000 for each accident with specific excess coverage purchased to provide protection in excess of that amount. The City adopted an internal program of loss control that includes operating safety committees in each department. Active awareness of safety in the work place is being promoted by engaging employees in periodic walk-through hazard detection reviews, an employee suggestion program, and by having full-time staff involvement in workers' compensation case management reviews.

Pension Benefits - The City sponsors a contributory, defined benefit pension plan for its police employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City of St. Joseph must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis.

The City also provides pension benefits for its fire and non-public safety employees. These benefits are provided through Local Area Government Employee Retirement System (LAGERS), a state-wide plan. The City's obligation

in connection with employee benefits is to contribute pension payments on behalf of the employees.

Additional information on the City's pension arrangements can be found in the notes to the financial statements.

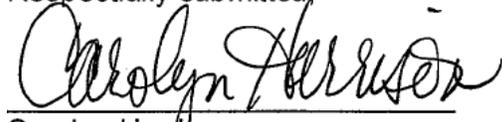
Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Joseph, Missouri, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The preparation of this CAFR was made possible by the efforts of many City staff. Special thanks are extended to Tom Mahoney, Accounting Manager, Cindy McDermott, Accounting Supervisor and their staff for their efforts and to the Members of the City Council for their continued support.

Respectfully submitted,



Carolyn Harrison
Director of Financial Services


Vincent J. Capell CPA
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Joseph
Missouri

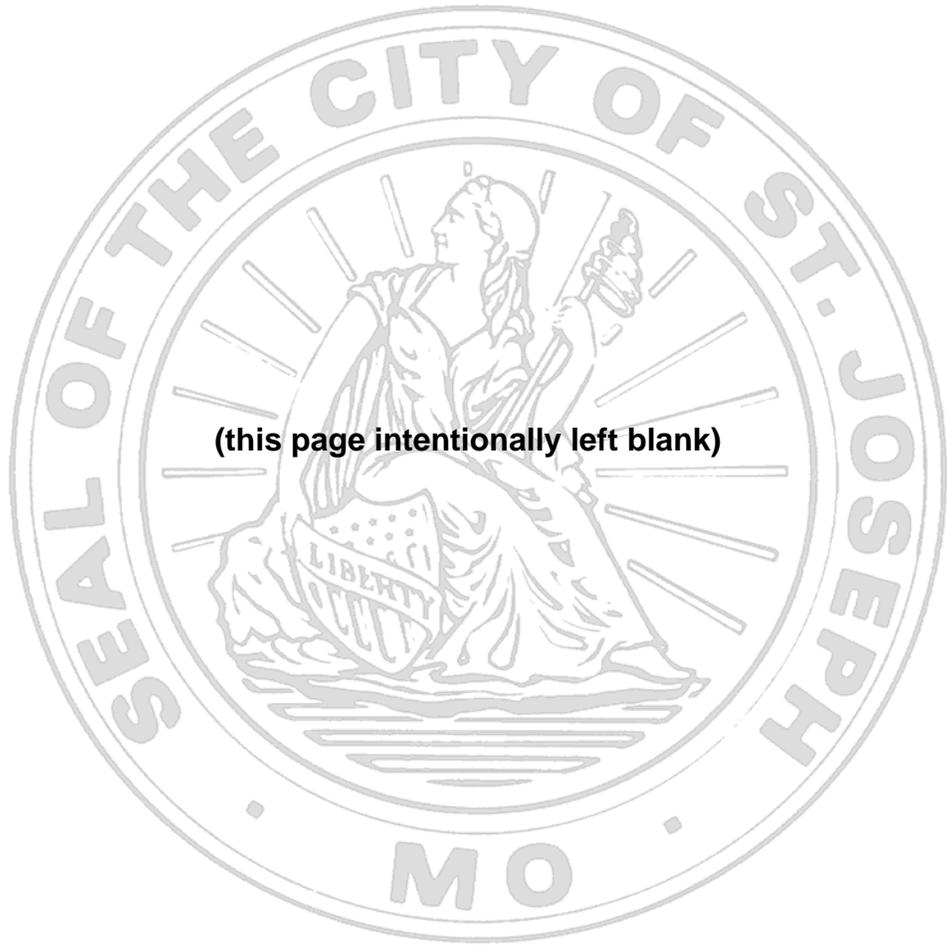
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



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FINANCIAL SECTION



COCHRAN HEAD VICK & CO., P.C.

& Co

Certified Public Accountants

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 584-9955
Fax (816) 584-9958

Independent Auditors' Report

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

We have audited the accompanying 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, Missouri (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

Other Offices

1333 Meadowlark Lane
Kansas City, KS 66102
(913) 287-4433
(913) 287-0010 FAX

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(913) 378-1177 FAX

317 W. Young
Warrensburg, MO 64093
(660) 747-9125
(660)747-9490 FAX

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and schedules of funding progress, which appear as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City. The introductory section, combining and individual fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, schedules, budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 20, 2009

Cochran Head Vick & Co PC

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

As management of the City of St. Joseph (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$215,597 (*net assets*).
- The City's total net assets decreased \$12,178. Approximately \$14,617 is attributable to a decrease in "governmental activities" while "Business-type activities" contributed by an increase of \$2,439.
- As of the close of the current fiscal year, the City's funds reported combined ending governmental fund balances of \$39,584 a decrease of \$3,287 in comparison with the prior year. Approximately \$16,038 is available for spending at the City's discretion (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$5,449, or 17% of total general fund expenditures.
- The City's investment in capital assets for its governmental and business-type activities increased \$783. More information is provided on page MD-14.
- The City's total long-term debt as detailed on page MD-15 increased \$7,536 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary and 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 broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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, grants for reimbursable capital projects, and earned but unused vacation leave).

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

Both of the government-wide financial statements distinguish functions of the City 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 or enterprise activities*). The governmental activities of the City include general government, public safety, highways and streets, public works, health and welfare, parks and recreation. The business-type activities of the City include the Sewer (Wastewater Treatment) Facility, Municipal Airport, Municipal Landfill, Downtown Parking operations and facilities, Municipal Golf Course, and Mass Transit Authority.

The government-wide financial statements can be found beginning on page GW-1 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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.

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 City'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 *governmental activities*.

The City maintains fourteen 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*, *Street Improvement Maintenance & Repair (SIM&R) Fund*, *Special Allocation Fund* and *CIP Sales Tax Improvement Fund*. These funds are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Budgetary comparison schedules have been provided for the City's budgeted governmental funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found beginning on page FF-1 of this report.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its municipal landfill, golf course, sewer treatment & maintenance facilities, airport, parking lots & garages, and mass transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally across the City's various functions. The City uses an internal service fund to account for its workers' compensation management and claims activities. This service benefits governmental and business-type functions; therefore it is allocated based on its percentage of use by the functions.

Proprietary funds and the internal service fund provide the same type of information as the government-wide financial statements. The major enterprise funds are *Sewer, Mass Transit and Landfill Funds*. The single internal service fund data is provided separately on the statement. Individual fund data for the non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary fund financial statements can be found beginning on page FF-5 of this report.

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

The fiduciary fund financial statements can be found beginning on page FF-9 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 beginning on page FN-1 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented beginning on page CS-1 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$215,597 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any depreciation and related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City'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.

CITY OF ST. JOSEPH, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

City of St. Joseph's Net Assets

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 57,750	\$ 61,515	\$ 39,638	\$ 38,949	\$ 97,388	\$ 100,464
Capital assets	184,607	185,480	83,825	82,169	268,432	267,649
Total assets	<u>242,357</u>	<u>246,995</u>	<u>123,463</u>	<u>121,118</u>	<u>365,820</u>	<u>368,113</u>
Long-term liabilities	84,619	76,010	49,151	50,224	133,770	126,234
Other liabilities	12,093	10,723	4,360	3,381	16,453	14,104
Total liabilities	<u>96,712</u>	<u>86,733</u>	<u>53,511</u>	<u>53,605</u>	<u>150,223</u>	<u>140,338</u>
Net assets						
Invested in capital assets, net of related debt	182,249	185,183	59,010	58,959	241,259	244,142
Restricted	25,568	27,093	7,243	7,052	32,811	34,145
Unrestricted	(62,172)	(52,015)	3,699	1,502	(58,473)	(50,513)
Total net assets	<u>\$ 145,645</u>	<u>\$ 160,262</u>	<u>\$ 69,952</u>	<u>\$ 67,513</u>	<u>\$ 215,597</u>	<u>\$ 227,775</u>

At the end of the current fiscal year, the City is able to report positive balances in the “invested in capital assets” and “restricted net asset” categories, for the government as a whole, as well as for its separate governmental activities.

The unrestricted net asset category for the governmental activities is negative. However, the deficit in unrestricted net assets is the result of recording certain development related long-term obligations of the City that may not result in the acquisition of a corresponding capital asset. However the City is not legally or financially responsible for the reimbursements or debt payments. This is particularly relevant when considering “reimbursable” amounts to pay-as-you-go TIFs (which comprise the majority of the City’s economic redevelopment districts). The developer is reimbursed only to the extent that TIF revenues are generated by the development district. Once the term of the TIF expires, reimbursements end even if the developer has not been fully reimbursed.

Unlike the governmental activities, the business type activities show positive unrestricted net assets for FY09 of \$3,699.

An additional portion of the City's net assets, 15% or \$32,811 represents resources that are subject to external restrictions on how they may be used. Governmental activities claim 12% or \$25,568 while the business type activities have the other 3% or \$7,243.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

The City's net assets decreased \$12,178 during the current fiscal year. Governmental activities represent a \$14,617 decrease in the City's net assets and a \$2,439 increase in net assets is reported in connection with the City's business-type activities.

City of St. Joseph's Changes in Net Assets

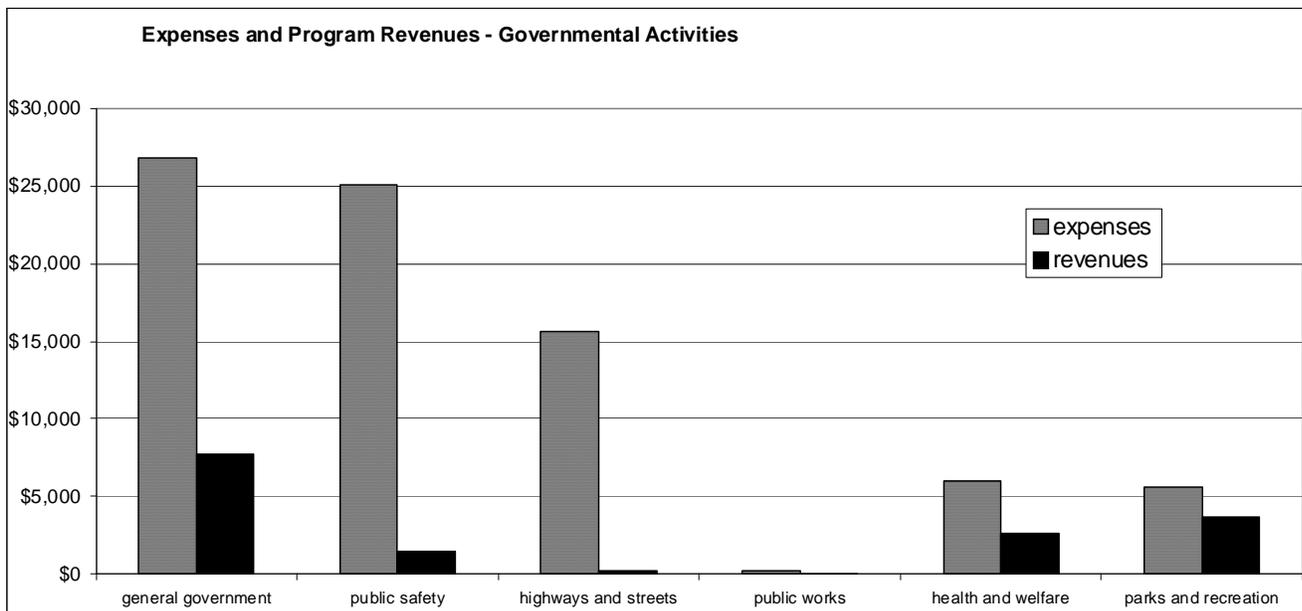
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
General Revenues:						
Property taxes	\$ 12,611	\$ 12,214	\$ -	\$ -	\$ 12,611	\$ 12,214
Sales taxes	23,571	24,278	4,017	1,726	27,588	26,004
Other taxes	14,043	14,478	1,049	1,058	15,092	15,536
Program Revenues:						
Charges for Services	9,022	8,859	18,744	17,990	27,766	26,849
Operating grants, contributions, & other intergovernmental funds	5,232	6,361	1,831	2,918	7,063	9,279
Capital grants & contributions	1,456	2,255	768	688	2,224	2,943
Other revenue	1,189	1,923	620	1,276	1,809	3,199
Total revenues	<u>67,124</u>	<u>70,368</u>	<u>27,029</u>	<u>25,656</u>	<u>94,153</u>	<u>96,024</u>
Expenses:						
Functions\Programs:						
General government	26,817	18,759	-	-	26,817	18,759
Public safety	25,047	23,319	-	-	25,047	23,319
Highway and streets	15,691	18,376	-	-	15,691	18,376
Public works	248	213	-	-	248	213
Health and welfare	5,998	5,397	-	-	5,998	5,397
Parks and recreation	5,613	5,097	-	-	5,613	5,097
Interest	3,755	3,752	-	-	3,755	3,752
Sewer	-	-	13,047	12,066	13,047	12,066
Mass Transit	-	-	4,711	5,047	4,711	5,047
Landfill	-	-	3,486	4,672	3,486	4,672
Other Proprietary Functions	-	-	1,918	1,775	1,918	1,775
Total expenses	<u>83,169</u>	<u>74,913</u>	<u>23,162</u>	<u>23,560</u>	<u>106,331</u>	<u>98,473</u>
Excess (deficiency) of revenues over (under) expenses	(16,045)	(4,545)	3,867	2,096	(12,178)	(2,449)
Transfers	1,428	1,405	(1,428)	(1,405)	-	-
Change in net assets	(14,617)	(3,140)	2,439	691	(12,178)	(2,449)
Net assets - beginning	160,262	163,402	67,513	66,822	227,775	230,224
Net assets - ending	<u>\$145,645</u>	<u>\$160,262</u>	<u>\$69,952</u>	<u>\$67,513</u>	<u>\$215,597</u>	<u>\$227,775</u>

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

Governmental Activities. Governmental activities decreased the City's net assets by \$14,617. The key elements to this decrease are as follows:

- Property taxes showed a minimal increase from the prior year. Total receipts for these revenue sources were \$12,611 in FY09 up from \$12,214 in FY08. This change reflects the usual amount of increase in a non-assessment tax year.
- A major revenue source for governmental funds is sales tax. Sales tax revenue dropped slightly from \$24,278 in FY08 to \$23,571 in FY09. This follows the trend of the slumping economy where consumers are spending less than the previous years.
- Utility franchise fees are assessed on the gross receipts of utility companies who deliver or provide services to local residents and businesses. With the settlements between Missouri cities and most of the cell phone carriers, franchise taxes were \$7,588 in FY 08 which included the one-time cell phone revenue of two years' back taxes from four of the five major telecommunications companies.
- Motor vehicle, fuel and road & bridge taxes, cigarette taxes, and hotel/motel taxes dropped in FY09 by \$345. The decreases are attributed to motor vehicle, fuel, and road and bridge taxes in the Streets Improvement Maintenance and Repair fund (\$298), cigarette taxes in the General fund (\$11), and Hotel/Motel taxes in the Parks and Recreation fund (\$36).

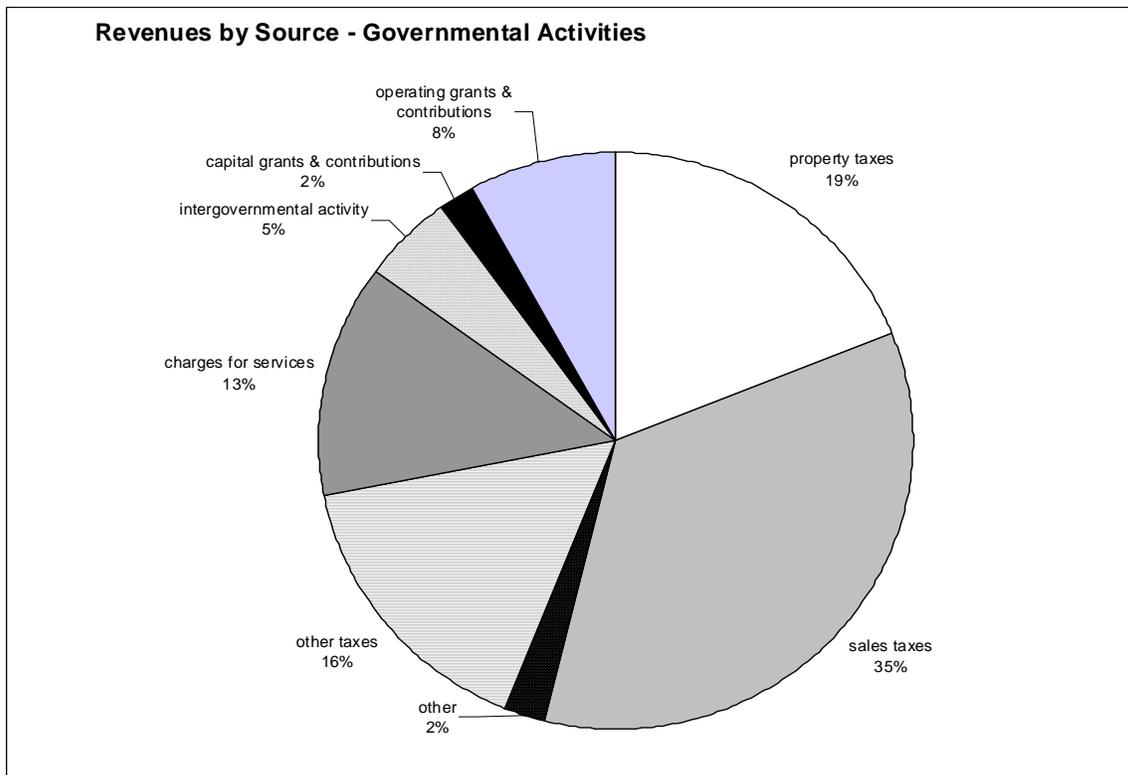


- Interest earnings took a downturn from \$1,913 in FY08 to \$1,113 in FY09 even though cash balances remained relatively the same as the previous fiscal year. This is the direct result of the recent decline in interest rates experienced by the downturn in the global economy.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

- The City saw an increase in general government expenses by \$8,058. The increase is the result of additional developer agreements and TIF reimbursable expenses. TIF bond proceeds are paid out to developers for approved TIF expenses. \$2.9 million of reimbursable costs went to Mitchell Woods Corridor developer after the company financed its own bond sale.
- The City had a \$1,728 increase in the public safety expenses again over last year from \$23,319 in FY08 compared to \$25,047 in FY09. Throughout the fiscal year, overtime was an on-going issue for Police and Fire. The reason for the huge amounts of overtime has been military leave, medical leave, and light duty restrictions. Warranty and maintenance agreements on the new 911 communication system also caused costs to rise.
- On a positive side, the City recognized a decrease in Highway and Streets expenses of \$15,691 down from \$18,376 in FY08. Overtime decreased significantly compared to the previous year. With no ice storm or harsh winter to deal with, there were minimal issues.
- Health and welfare activities combined with Parks and recreation shared an increase in expenses of \$1,117 over the prior year. Health and welfare contributed \$601 of the increase while \$516 belonged to Parks and recreation. The Civic Arena had to use a significant portion of their budget for high dollar expenses in updating the facility in order to bring the NCAA Division II Tournament to St. Joseph.



CITY OF ST. JOSEPH, MISSOURI

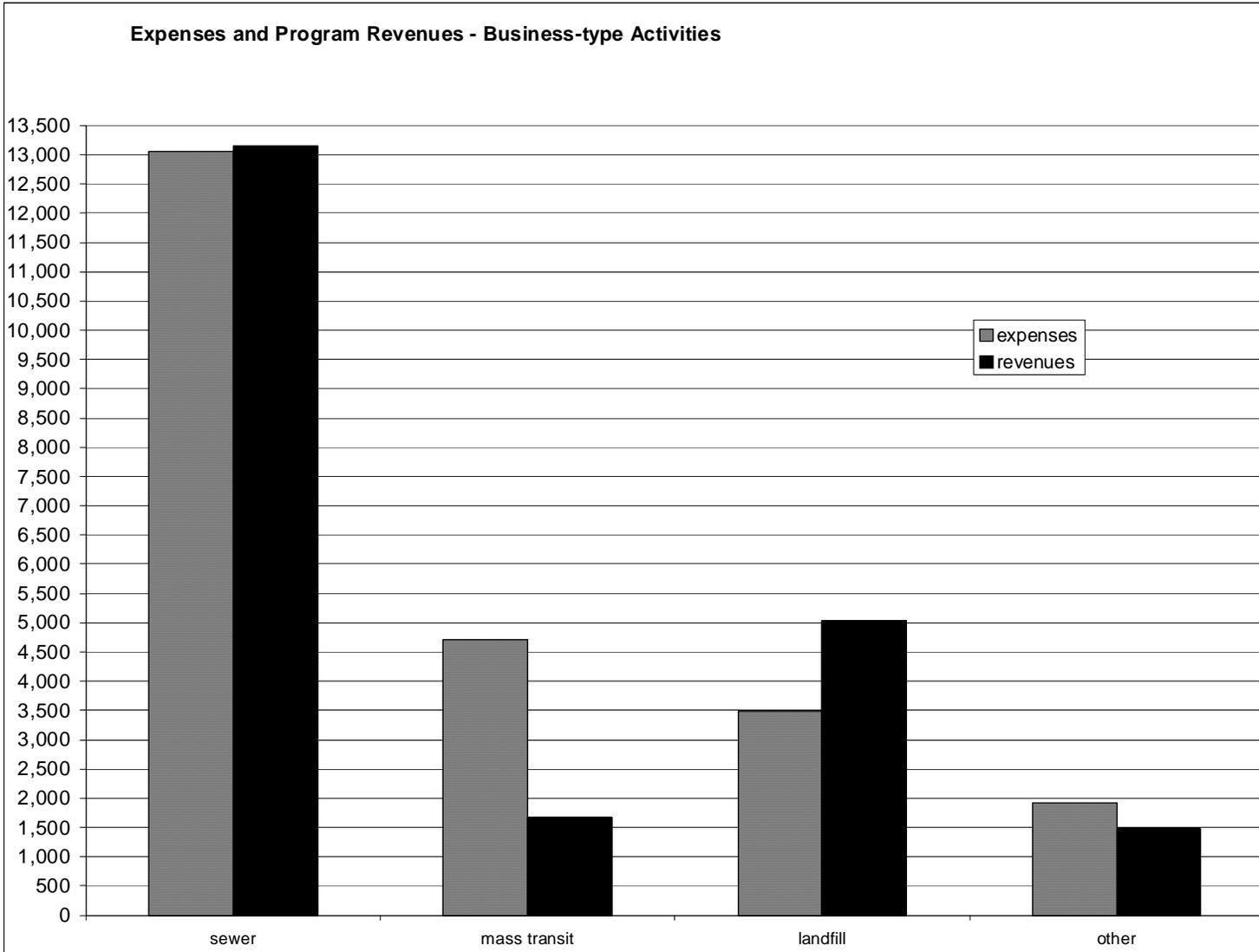
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

Business-type activities. The net assets of the City's business-type activities increased \$2,439. Key elements of the increase within the business-type activities are:

- Revenues from business-type activities went from \$25,656 in FY08 to \$27,029 for FY09, an increase of \$1,373. Expenses were lower in FY09 by \$398.
- The "charges for services" operating revenue category reported an overall increase of \$755. The overall increase consists of the following: Sewer user charges, \$758, Golf user fees, \$25, and Mass Transit fares, \$43. Effective October, 2008, the sewer rates reflected a 12% increase. Revenues from golf user fees went up due to the bad weather and a colder than usual spring that occurred in FY08 compared to FY09. More ridership can be attributed to the economy, fuel prices, and the introduction of the night routes in October. Aviation services, (\$14), and Landfill fees, (\$57), recorded decreases in the charges for services category. The FAA reassigned allowable farm land for rent from 523 acres in FY08 to 391 acres in FY09 affecting aviation services. And, a decrease in tonnage by one major vendor who decided to return to utilizing their own landfill caused a decline in Landfill revenue.
- The business-type activities operating grants and contributions program revenues decreased \$1,087 from last fiscal year to this year. Golf (\$31) and Landfill (\$39) services recognized revenue in FY08 from the ice storm that occurred in December, 2007. The additional difference belongs to Sewer services for the recording of Missouri Tax Credits and Build Bond contributions for Triumph funding.
- In February, 2008, voters approved an increase in the Transit sales tax from .15% to .375% effective July 1, 2008. Sales tax revenue grew from \$1,726 in FY08 to \$4,017 in FY09 in that fund.
- Mass Transit receives revenues from selected utility franchise fees which are assessed on the gross receipts of utility companies who deliver or provide services to local residents and businesses. This does not include telecommunications and so Transit did not benefit from the influx of those revenues. Significant year to year fluctuations in the gas, electric, and water franchise fee revenues frequently occur in response to unusual seasonal climates. Warm winters and cold/wet summers have a downward impact of gas, electric, and water franchise fee revenues whereas the opposite is true for cold winters and hot/dry summers.
- Higher expenses in FY09 were incurred by three of the six business-type activities. Aviation services increased \$129, Parking rose by \$39, and Sewer went up by \$983. The other three funds experienced a decrease in total expenses. Golf showed a \$26 decrease. Mass Transit dropped by \$336, and Landfill had \$1,186 in lower costs. The total expenses for the business-type activities saw a \$398 decrease in expenses over last fiscal year.

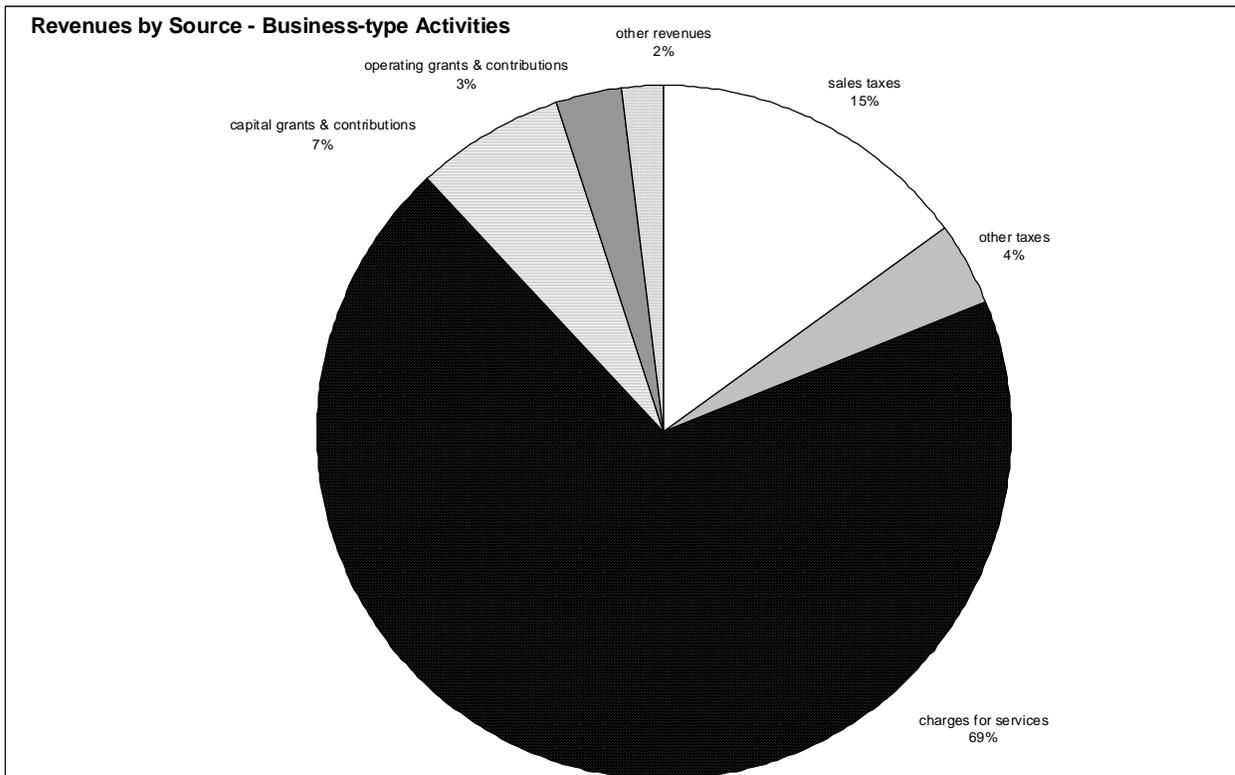
CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**



CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,449 while total general fund balance reached \$7,165. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17% of total general fund expenditures, while total fund balance represents 23% of that same amount.

The fund balance of the City's general fund decreased \$504 during the current fiscal year. Key factors in this decrease are as follows:

- General fund's total revenue decreased from \$31,218 in FY08 to \$30,200 in FY09 and total expenditures went from \$28,474 in FY08 to \$31,766 in FY09.
- Property tax and sales tax revenues came in lower than last year's revenue by \$234. Property tax claimed a \$131 increase in revenues where sales tax numbers reflected a decrease of \$365. The increase in property tax revenues is the result of the tax abatement for a major industry ending as well as a small increase in property tax assessments due to new construction. General sales tax revenue saw a decrease in the General fund for the first time in at least the last eleven years. This

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

follows the trend of the slumping economy where consumers are spending less than the previous years.

- In FY08, franchise revenue included the one-time cell phone payments of two years' back taxes from four of the five major telecommunications companies. FY09 revenues dropped only \$766 from \$7,588 in the previous year. Negotiations for settlement are on-going with one final company.
- Municipal Court in the General fund generated a boost of \$31 in fine revenue over last fiscal year from an increase in the number of tickets and as well as from more cases filed. Licenses and permits revenue dropped \$88 from \$1,200 to \$1,112. This is a reflection of the economy as less construction permits were pulled and business licenses were issued. As a result of the increase in cash balances from the one time cell phone settlements, interest earnings showed a slight increase even though interest rates themselves dropped yet further in this fiscal year.
- General government expenditures were up \$499. FY09 was the first year expenditures were paid from cell phone franchise revenue totaling \$259. The Public Information and Communication program incurred \$55 more in advertising costs compared to FY08. Save our Heritage grants contributed to the total by \$100. Public Safety expenditures increased by \$716 with the majority of the increase in overtime due to military leave, medical leave, and light duty restrictions. Maintenance agreements on the newly completed 911 system went from \$534 in FY08 to \$820 in FY09.
- Capital outlay in the General fund changed from \$217 in FY08 to \$2,292 in FY09. The difference can be contributed to the expenditures paid with cell phone franchise revenue including \$1,500 for the summer street overlay program and sewer repairs of \$500.

The Street Improvement, Maintenance & Repair (SIM&R) Fund is the second major fund for the City. This fund had an ending fund balance of \$3,197 of which \$1,686 represents unreserved fund balance. Unreserved fund balance represents 19% of the SIM&R fund's expenditures for the current year. While overall revenues decreased, expenditures shrank even more. The following are the key factors in this net change:

- SIM&R saw a decrease in total revenue from \$10,198 in FY08 to \$8,425 in FY09 for a difference of \$1,773.
- Sales tax revenues came in lower than last year's revenue by \$354. Motor fuel tax revenue also saw a decrease of \$299. With the high levels of fuel prices earlier in the year, consumers cut back on their fuel usage as well as on their overall retail purchases.
- The City, in December, 2007, experienced an ice storm where the majority of the expenditures in overtime, supplies, maintenance & repair of equipment and contracted assistance in debris removal impacted the SIMR fund. The City received federal and state disaster funds jumping up grant revenue in FY08 offsetting some of the expenditures. In fiscal FY08, SIMR collected \$1,113 compared to \$135 in FY09.
- Expenditures were down from \$11,897 in FY08 to \$8,793 in FY09 for a decrease of \$3,104. The direct association of costs due to overtime and materials for the ice storm caused a decrease of \$873. Capital outlay decreased from \$3,062 in FY08 to \$832 in FY09. The SIM&R fund is responsible for the summer street overlay program, however, in FY09, the expenditures were paid from cell phone franchise revenue in the General fund where the increase in Capital outlay is reflected for this expenditure.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

The Special Allocation Fund was established in FY04 to record transactions for the City's TIF districts and related bond issues. The ending fund balance of \$12,213 is reserved for debt service payments. This is a decrease in fund balance of \$2,950 from FY09. The following key factors contributed to the decrease in the Special Allocation's fund balance:

- Total revenues increased from \$6,759 in FY08 to \$7,375 in FY09. Expenditures also increased from \$8,814 in FY08 to \$10,359 in FY09.
- The city recorded payments in lieu of taxes (PILOTS) and economic activity taxes (EATS) from other government agencies receiving TIF allocations as Intergovernmental activity in FY09. Property tax, sales tax and payment in lieu of taxes recorded last year should be compared to property tax, sales tax and intergovernmental activity this year. The total difference is an increase of \$955.
- Interest earnings on bond trustee accounts in the Special Allocation fund went from \$1,072 in FY08 to \$778 in FY09. This is the direct result of the recent decline in interest rates experienced by the downturn in the global economy.
- Of the \$1,545 increase in expenditures, debt service contributed \$1,457 to the difference. This includes actual principal payments on bonds issued in the three of the City's TIFs and payments to developers in pay as you go TIFs.

The CIP Sales Tax Improvement Fund has a total fund balance of \$8,340. While unreserved, \$5,020 of this fund balance actually represents capital projects that have been planned but have not been completed. All of the budgeted monies within the capital improvement fund are attached to projects approved by the voters with the five-year, half-cent CIP sales tax issue renewed for the fourth time in November 2007. Fund balance fluctuations are tied directly to the status of projects and/or to the timing of grant monies anticipated as reimbursements for up-front expenditures on the projects.

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

The Proprietary funds net assets activity resulted in an increase of \$2,469 over last year. Investment in capital assets is the largest component of net assets with an increase of \$51 over last year. A portion of the City's proprietary fund net assets, 10% or \$7,243 represents resources that are subject to external restrictions on how they may be used.

Unrestricted net assets at the end of the fiscal year were positive in the Sewer and Mass Transit funds. The Sewer fund claimed \$1,106 in unrestricted net assets while Mass Transit had \$2,808. A deficit unrestricted net asset balance of \$530 down from \$1,294 occurred in the Landfill fund. Increased number of landfill users and the resulting increase in tipping fee revenues along with controlling operating expenses will help eliminate the deficit.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

General Fund Budgetary Highlights

General Fund

Differences between the original budget and the final amended budget amounted to \$1,327. The differences can be briefly summarized as follows:

- Missouri State Auditor expenditures for the citizen petition audit - \$16
- Funding agreement with MWSU for Chief's indoor training facility/community sports center - \$1,025
- Municipal Court Judge salary increase - \$2
- Special Response Team rifles and ammunition - \$18
- Crowd control equipment acquired for Police department - \$16
- Command vehicle and related equipment for Fire Suppression - \$53
- Matching requirement for federal bulletproof vest partnership grant - \$4
- Livescan fingerprint system upgrade for Police department - \$38
- Sign language interpretive services provided for Municipal Court and City Council meetings - \$9

Differences between the original budget and the actual amounts for revenues and expenditures are as follows:

- Revenues came in short of budget by \$2,446. Licenses and permits are derived from business, liquor, garage sale, construction, and special uses. The housing market and economic downturn affected the number of permits and licenses pulled, leading to decreased revenues for the year. For the first time in the General fund, general sales tax revenue saw a decrease of \$536. The bulk of the cell phone franchise revenue settlement was recognized late in FY08 resulting in revenue falling short of budget by \$1,863.
- Expenditures were under budget by \$3,626. City Clerk anticipated \$40 more election costs than actually occurred. Legal saw a savings of \$57 in outside legal services. The City budgeted \$39 for specialized inspection services and plan review that did not happen in FY09. \$2,197 in budgeted costs from the cell phone franchise revenues was not incurred since the revenues and expenditures were realized late in fiscal 2008. Vacant positions and military leave salary and related benefits in the Police department make up the remaining amount of budgeted savings.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$268,432 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, office furniture and fixtures, roads, park improvements, major fire apparatus, sewer lines and wastewater treatment facility improvements. Major capital asset events during the current fiscal year included the following:

- Purchased Dozer (\$385) and Compactor (\$691) at Landfill
- Expanded the Urban Hike and Bike trails phases 8, 9, and 10 (\$1,808)
- Improvements located at Phil Welch ball stadium (\$605)
- Constructed Eastowne Business Park infrastructure (\$3,657)

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

- Completed the mobile data hardware/software for Communication Center (\$1,190)
- Replaced Senior Center roof and HVAC system (\$209)
- Completed construction on the Riverfront Nature Center (\$5,491)
- Recognized donated sewers (\$262)
- Continued construction of the Felix street Streetscape phase I (\$2,394)

City of St. Joseph's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 5,337	\$ 5,227	\$ 5,551	\$ 5,375	\$ 10,888	\$ 10,602
Buildings	17,456	13,071	18,227	19,232	35,683	32,303
Improvements other than buildings	22,767	19,946	19,939	19,621	42,706	39,567
Machinery and equipment	4,951	2,961	3,790	3,857	8,741	6,818
Infrastructure	129,038	129,964	31,080	31,591	160,118	161,555
Construction in progress	5,058	14,311	5,238	2,493	10,296	16,804
Total capital assets	\$ 184,607	\$ 185,480	\$ 83,825	\$ 82,169	\$ 268,432	\$ 267,649

Additional information on the City's capital assets can be found in Note 4 of the Notes to Financial Statements.

Debt Administration

At the end of the current fiscal year, the City had total debt outstanding of \$127,461. Of this amount, \$8,974 represents bonds secured solely by specified revenue sources (i.e., Revenue Bonds). The remaining \$118,487 is comprised of 1) \$523 of Public Building Authority Bonds covered by annual appropriations in the general government activity funds and by dedicated revenues of the Landfill and Parking Operations funds, 2) \$18,615 Infrastructure Facility Bond loan payments funded by PILOTS and EATS pursuant to the financing agreements, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenue in the Special Allocation fund, 3) \$65,480 issued by the Industrial Development Authority Bonds in connection with The Shoppes at North Village, the Mitchell Avenue Corridor, and Sewer Improvement projects in the Special Allocation fund and Sewer fund respectively, 4) \$12,930 in Missouri Development Finance Board Bonds which includes \$2,070 in the General fund for the Law Enforcement Center expansion project and \$10,860 in the Sewer fund for the Sewerage System Improvements related to the Stockyards Redevelopment project and to federal- and state-mandated water protection measures, 5) \$20,882 in Developer Pay-As-You-Go Obligations for certified costs in the Special Allocation fund, and 6) by capital lease obligations for major pieces of equipment totaling \$21 located in the Municipal Golf fund and \$36 recorded in the Parks, Recreation, and Civic Facilities fund.

The Missouri State Constitution permits a City, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "City purposes" not to exceed specified percentages of the assessed value of taxable tangible property. Currently, the City has no outstanding general obligation debt.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

City of St. Joseph’s Outstanding Debt

Revenue Bonds and Other Bonded Debt

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue Bonds	\$ -	\$ -	\$ 8,974	\$ 10,119	\$ 8,974	\$ 10,119
Public Building Authority Bonds	252	297	271	319	523	616
Industrial Development Authority	45,070	46,290	20,410	20,410	65,480	66,700
Infrastructure Facility Bonds	18,615	19,280	-	-	18,615	19,280
MO Development Finance Board	2,070	2,170	10,860	11,275	12,930	13,445
Developer Obligation	20,882	9,654	-	-	20,882	9,654
Capital Lease Obligations	36	51	21	60	57	111
Total long-term debt	\$ 86,925	\$ 77,742	\$ 40,536	\$ 42,183	\$ 127,461	\$ 119,925

The City's total debt increased by \$7,536 during the current fiscal year. The key factors in this increase were as follows:

- The normal annual retirement of debt service.
- New developer obligations (pay-as-you-go reimbursable costs) were recognized in the City’s Governmental activities.

Additional information on the City's long-term debt can be found in Note 6 of the Notes to the Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the City at June 30, 2008 is 8.7%, an increase from a rate of 5.0% a year ago. This compares favorably to the state’s average unemployment rate of 9.5% and reflects the trend of the slowing economy.
- In September, 2008, the City received notification that our bond credit rating of a stable A was raised to an A+ overall from Standard and Poor’s. The city’s financial position is strong overall and St. Joseph’s financial management practices are considered good under the Standard and Poor’s Financial Management Assessment (FMA).
- Eastowne Business Park, the new 350 acre business park, is located at the corner of Pickett and Riverside Roads. With the success of Mitchell Woods Business Park, Eastowne’s opening provides St. Joseph with another business park for commercial offices and light industrial facilities.
- In February 2008 voters approved an increase in the Mass Transit Sales Tax from .15% to .375%, which is expected to keep the existing transit services in place and operational through the year 2023. The tax will also provide City matching funds for federally funded bus and equipment replacements. The City established a separate reserve for use in setting aside each year an amount of money needed to replace buses when that becomes necessary. The additional revenues

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

generated from the higher tax rate will avoid deep cuts in Mass Transit operating budgets and public transit services.

- New developments are occurring throughout the St. Joseph area with ten (10) approved Tax Increment Financing districts, eight (8) of which are active. There are two (2) Economic Development Agreements, one (1) of which is active.

Revenue Forecast.

In aggregate terms, FY2009 City revenues came in 2.2% under projections. Operating revenues (CIP and Special Allocation revenues excluded) came in .3% or \$278,000 over projections.

Of the fifteen (15) budgeted funds, only Riverboat Gaming, Aviation, Sewer and Transit had revenue increases from that received during the prior year. Aviation revenues increased less than ½ of a percent. Although there was a loss of Gaming revenues coming from admissions, revenues from the gaming tax itself increased slightly with the change in state legislation abolishing loss limits at the gaming tables. Sewer's increase was tied to the rate increase and the hefty 60% increase in Transit revenues reflected the voter approved increase in transit sales taxes.

Decreases in the other funds were tied to the economy (declining fuel taxes for Streets, decreases in user activity in Parks and Golf); to changes in customers (reduction of tonnage by a major Landfill user); to a decrease in available grants funds (Health and CDBG funds); and to a reduction in the amount of bond proceeds or TIF proceeds generated (Special Allocation fund).

FY2010 Budget decisions on major revenue categories were made almost five months prior to the end of the FY2009 fiscal year and were based on the following assumptions.

Property Tax –Annual growth in property taxes for the past five years had fluctuated between less than 1% up to 5% in re-assessment years. Due to the Hancock Amendment, property tax growth is confined to the lower of 5% or the Consumer Price Index ceiling. New construction valuations and prior year tax collections are not restricted by the Hancock Amendment. The current economic slow-down and increased foreclosure rate through the region has resulted in low activity over the past year. Therefore the real property tax revenues were estimated to increase by 2%. The County Assessor had lowered the assessed valuations totals for personal property values two years in a row in the recent past as a result of errors in assessed valuations, major plant closings and, to some degree, tax abatements provided as economic development initiatives. As a result, personal property tax revenue projections were increased by 2.0% as well.

Sales Tax –Beginning around FY2000 the annual growth in sales taxes slowed to an average of 1% to 1.5%. Staff had been cautiously optimistic that the local economy would continue to realize the positive effects of two, major economic boosts – the development of an up-scale shopping center in the northeast section of the City and the development of a major food processing plant just south of the downtown area. Both of these projects were completed and operational within FY2006 fiscal year. And indeed tax revenues increased at 2.35% and 1.58% in FY2005 and FY2006 respectively. FY2007 actual revenues had a 6.5% increase over FY2006 as a full year's worth of sales tax revenues were received from the new retail center. There was an increase of 3% on all sales tax revenues in FY2008.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

The economic climate led to a conservative estimate of a 2-2.6% increase depending on the sales category for FY2009. FY2010 revenues were estimated at an increase of one-half of a percent for base revenues.

What appears to be an uptick in revenues in FY2009 is a reflection of the voter approved increase in the sales tax devoted to the transit system. When non-transit sales taxes are compared, the increases from FY2008 to FY2009 to FY2010 were projected to be less than 1% in both years. In actuality, FY2009 (non-transit) sales tax revenues were less than the prior year for the first time in at least 10 years.

Franchise Fees - Annual growth in Franchise Fees for the past few years has ranged from a negative 10% to a 25% increase (in FY2001). Fluctuations in franchise fee revenues correspond to changes in annual weather conditions and rate increases (or decreases) by individual utilities, as well as restrictions imposed by State Statutes.

A steady migration of the telecommunications business to wireless and data transmission had meant an 18% decrease in communications' franchise revenue over the last five years. Recent settlements with the telecommunications companies brought in about \$2.7 million in one-time payments for back taxes late in FY2008. Phone franchise fees were estimated to increase approximately \$1.3 million a year due to franchise payments on these phone services.

Because the legal settlements also included a five year time frame within which the phone companies agreed not to attempt to circumvent tax payments, there could be a time in which these revenues are once again threatened. As a result the great majority of the new revenues were segregated within the General Fund. Except for \$500,000 a year transferred to the Streets Fund toward as an operational subsidy, the monies are being used for one-time capital or other non-operating items.

Historical revenue patterns are only marginally useful because they cannot predict future weather conditions or legislative impacts on utility revenues. For FY10, budgeted franchise revenue was estimated as follows: Gas, Electric, and Water revenues were based on three year averages. Telephone (until a year's worth of history with new cell phone tax revenues is available) estimates were based on the prior year actual plus an estimated base of \$350,000. Cable was projected on its historical growth of 2%.

User Fees - User fees are charged for civic facility rents, downtown and on-street public parking, building inspections, recreational activities (swimming, ice skating, golf, athletic leagues, etc...), riverboat gaming taxes, bus fares, sewer user fees, landfill tipping fees, and various other fees for service.

Riverboat gaming revenues had decreased every year from FY2001 to FY2005. The revenue losses were worsening – 2%, 5%, to an 8% decrease in FY2004. FY2005 was continuing that slide until the casino changed ownership in January. At that point there was a turnaround with a 21% increase of FY2006 revenues over FY2005. FY2007 increase slowed to 10.5%. Staff budgeted a modest increase of 3% increase for FY2008, however the state of the region's economy finally hit gaming too and revenues revised downward. FY2009 had an "optimistic" 1% increase budgeted. That was, indeed,

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

over optimistic and estimated 2009 revenues has been reduced. FY2010 has been budgeted at 2009 levels.

Sewer fees are determined by cost of service studies prepared by specialists. Increases in Sewer discharge fees took effect October 1, 2008 for FY2009. In order to better manage budget projections, the effective date of fee changes was revised to July 1. The newest sewer rate, with a 17% increase, went into effect July 1, 2009.

Given the increase in tonnage taken to the Landfill, no rate increases were planned for that service. A rate study is planned for in FY2010.

Licenses/Permits/Fines - Fines revenue had a projected increase over FY2009 estimates based on trend and an assumption on the number of citations issued. All other license and permit revenues had remained fairly constant over the past 7 years. Revenue estimates for FY2010 were based largely on the experience and projections of the responsible departments. Given the economy, revenues for inspection fees and plan review have been lowered. Licensing fees should increase some due to the new licensing requirements for several trades.

Sale of Bonds - Bonds sales most often occur in response to individual capital project and capital outlay funding initiatives with little or no relationship to prior year bond sales. While no bond issues were budgeted in FY2008, Special Obligation Revenue Bonds in the amount of \$20 million were issued by the Industrial Development Authority for use by the City in completing major Sewer System and Wastewater Treatment upgrades to not only meet state and federal mandates, but to expand sewer mains in areas not currently served by the sewer system. Another \$45 million is scheduled to take place in FY2010, boosting the overall revenue amount for the city.

Expenditure Controls.

The City Council expressed its desire to accomplish three important budget goals for FY2009 including balancing (revenues equal or exceed expenditures) all operating funds, providing additional street improvements and resuming annual compensation increases for City employees. These budget objectives were added to the always-present Council objective of delivering timely and effective municipal services to the City's customers.

Those goals, including a 4% across-the-board increase to employees, were achieved in a number of ways. Major factors in accomplishing these goals in the FY 2009 budget are listed as follows:

- Lower actuarially-determined minimum pension contribution rates for general, police and fire employees.
- A 5% cap on increases to City-paid health premiums was put in place.
- The policy decision was made that the cell phone settlement revenues would be treated as one-time monies. A majority of the revenue was directed toward street maintenance and repair activities.
- Hold-the-line operating budgets were maintained.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

The FY2010 Annual Budget at \$130,687,000 was a significant increase over the FY2009 budget primarily due to projected capital project expenditures related to challenges in the Sewer Fund for the City's Combined Sewer/Stormwater Overflow. Aside from that, the City's operating component of the budget increased less than \$2,300,000 to \$90,808,000. This represents an increase to the City's operating budget of 2.6%.

The largest individual expenditure items contributing to the increase are wastewater treatment facility materials, TIF related reimbursements (paid by TIF revenues), Police Pension contribution increase (determined by the Police Pension actuary), equipment/vehicles/rolling stock and proposed increases in staffing for the Public Works (Streets and Sewer Funds.), Public Safety (Police Department, General Fund) and Public Health Department (Health Fund), and the increase in the cost of health insurance (all funds). The relatively small projected increase in the City's largest ongoing operating revenues (sales taxes, property taxes and utility franchise fees) did not allow for further expenditure growth.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, 1100 Frederick Avenue, City of St. Joseph, Missouri, 64501.

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
 JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 23,948,068	\$ 12,751,277	\$ 36,699,345
Receivables, net where applicable of allowances for uncollectibles	16,163,593	3,037,109	19,200,702
Loans receivable	3,904,687	-	3,904,687
Internal balances	140,314	(140,314)	-
Due from other governments	556,705	141,045	697,750
Prepaid items and deferred charges	1,503,963	456,840	1,960,803
Restricted assets:			
Cash and investments	11,532,810	23,391,803	34,924,613
Capital assets:			
Capital assets, not being depreciated	10,394,790	10,789,028	21,183,818
Capital assets net of accumulated depreciation	174,211,851	73,035,683	247,247,534
Total assets	<u>242,356,781</u>	<u>123,462,471</u>	<u>365,819,252</u>
Liabilities			
Accounts payable and other current liabilities	5,399,896	1,890,423	7,290,319
Accrued interest payable	771,946	428,203	1,200,149
Noncurrent liabilities:			
Due within one year	5,920,950	1,968,233	7,889,183
Due in more than one year	84,618,905	38,887,853	123,506,758
Landfill closure and postclosure costs:			
Due within one year	-	73,500	73,500
Due in more than one year	-	10,262,687	10,262,687
Total liabilities	<u>96,711,697</u>	<u>53,510,899</u>	<u>150,222,596</u>
Net Assets			
Invested in capital assets, net of related debt	182,248,926	59,010,032	241,258,958
Restricted for:			
Debt service	11,691,731	7,242,299	18,934,030
Capital projects	8,431,305	-	8,431,305
Museum	334,666	-	334,666
Loan programs	5,110,677	-	5,110,677
Unrestricted (deficit)	(62,172,221)	3,699,241	(58,472,980)
Total net assets	<u>\$ 145,645,084</u>	<u>\$ 69,951,572</u>	<u>\$ 215,596,656</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 26,816,581	\$ 5,916,735	\$ 1,782,945	\$ -	\$ (19,116,901)	\$ -	\$ (19,116,901)
Public safety	25,047,545	583,425	928,316	-	(23,535,804)	-	(23,535,804)
Highways and streets	15,691,228	103,004	134,548	-	(15,453,676)	-	(15,453,676)
Public works	247,807	24,080	-	-	(223,727)	-	(223,727)
Health and welfare	5,998,130	746,525	1,841,773	-	(3,409,832)	-	(3,409,832)
Parks and recreation	5,613,173	1,648,685	544,751	1,455,757	(1,963,980)	-	(1,963,980)
Interest on long-term debt	3,754,782	-	-	-	(3,754,782)	-	(3,754,782)
Total governmental activities	<u>83,169,246</u>	<u>9,022,454</u>	<u>5,232,333</u>	<u>1,455,757</u>	<u>(67,458,702)</u>	<u>-</u>	<u>(67,458,702)</u>
Business-type activities:							
Aviation services	1,117,337	465,191	99,274	67,502	-	(485,370)	(485,370)
Parking services	397,508	446,538	-	-	-	49,030	49,030
Sewer services	13,047,197	12,080,534	385,871	695,942	-	115,150	115,150
Golf services	403,153	394,779	-	-	-	(8,374)	(8,374)
Transit services	4,711,415	327,506	1,346,271	-	-	(3,037,638)	(3,037,638)
Landfill services	3,486,083	5,029,726	-	5,000	-	1,548,643	1,548,643
Total business-type activities	<u>23,162,693</u>	<u>18,744,274</u>	<u>1,831,416</u>	<u>768,444</u>	<u>-</u>	<u>(1,818,559)</u>	<u>(1,818,559)</u>
Total primary government	<u>\$ 106,331,939</u>	<u>\$ 27,766,728</u>	<u>\$ 7,063,749</u>	<u>\$ 2,224,201</u>	<u>(67,458,702)</u>	<u>(1,818,559)</u>	<u>(69,277,261)</u>
General revenues:							
Property taxes					12,611,491	-	12,611,491
Sales taxes					23,570,684	-	23,570,684
Transit sales taxes					-	4,016,551	4,016,551
Franchise taxes					6,822,074	1,049,179	7,871,253
Motor fuel taxes					3,256,266	-	3,256,266
Cigarette taxes					441,029	-	441,029
Hotel taxes					412,623	-	412,623
Intergovernmental activity taxes					3,110,961	-	3,110,961
Unrestricted investment revenues					1,113,290	619,634	1,732,924
Gain on sale of capital assets					75,546	-	75,546
Transfers in (out)					1,428,110	(1,428,110)	-
Total general revenues and transfers					<u>52,842,074</u>	<u>4,257,254</u>	<u>57,099,328</u>
Change in net assets					<u>(14,616,628)</u>	<u>2,438,695</u>	<u>(12,177,933)</u>
Net assets - beginning					160,261,712	67,512,877	227,774,589
Net assets - ending					<u>\$ 145,645,084</u>	<u>\$ 69,951,572</u>	<u>\$ 215,596,656</u>

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

CITY OF ST. JOSEPH, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Street Improvement Maintenance & Repair	Special Allocation	CIP Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 5,353,971	\$ 2,399,772	\$ 2,266,327	\$ 7,580,585	\$ 5,274,090	\$ 22,874,745
Receivables	3,287,793	1,242,860	10,163,635	770,161	699,144	16,163,593
Loan receivables	-	-	-	-	3,904,687	3,904,687
Due from other funds	-	-	-	449,671	-	449,671
Due from other governments	9,819	130,003	-	37,542	379,341	556,705
Prepaid items	25,837	32,452	-	-	45,705	103,994
Restricted cash and investments	196,257	-	11,282,289	-	54,264	11,532,810
Total assets	<u>\$ 8,873,677</u>	<u>\$ 3,805,087</u>	<u>\$ 23,712,251</u>	<u>\$ 8,837,959</u>	<u>\$ 10,357,231</u>	<u>\$ 55,586,205</u>
Liabilities And Fund Balances						
Liabilities:						
Accounts payable	\$ 821,364	\$ 517,462	\$ 1,919,691	\$ 498,011	\$ 848,890	\$ 4,605,418
Due to other funds	-	-	-	-	449,671	449,671
Accrued payroll	537,697	90,778	-	-	152,184	780,659
Deferred revenue	349,791	-	9,579,404	-	237,532	10,166,727
Total liabilities	<u>1,708,852</u>	<u>608,240</u>	<u>11,499,095</u>	<u>498,011</u>	<u>1,688,277</u>	<u>16,002,475</u>
Fund balances:						
Reserved for:						
Encumbrances	1,493,400	1,478,550	-	3,320,023	781,576	7,073,549
Debt service	196,257	-	12,213,156	-	54,264	12,463,677
Prepaid items	25,837	32,452	-	-	45,705	103,994
Long-term receivables	-	-	-	-	3,904,687	3,904,687
Unreserved reported in:						
General fund	5,449,331	-	-	-	-	5,449,331
Special revenue funds	-	1,685,845	-	-	3,791,883	5,477,728
Capital projects funds	-	-	-	5,019,925	90,839	5,110,764
Total fund balances	<u>7,164,825</u>	<u>3,196,847</u>	<u>12,213,156</u>	<u>8,339,948</u>	<u>8,668,954</u>	<u>39,583,730</u>
Total liabilities and fund balances	<u>\$ 8,873,677</u>	<u>\$ 3,805,087</u>	<u>\$ 23,712,251</u>	<u>\$ 8,837,959</u>	<u>\$ 10,357,231</u>	<u>\$ 55,586,205</u>

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

CITY OF ST. JOSEPH, MISSOURI

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Fund balances – total governmental funds	\$ 39,583,730
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	184,606,641
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due.	(771,946)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	10,166,728
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund is included in the governmental activities in the statement of net assets.	(11,229)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(89,328,809)
Deferred debt costs	<u>1,399,969</u>
Net assets of governmental activities	<u>\$ 145,645,084</u>

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

CITY OF ST. JOSEPH, MISSOURI

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

FOR THE YEAR ENDED JUNE 30, 2009

	General	Street Improvement Maintenance & Repair	Special Allocation	CIP Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 6,912,294	\$ -	\$ 486,575	\$ -	\$ 5,120,095	\$ 12,518,964
Sales	11,352,073	4,895,188	1,923,388	5,400,035	-	23,570,684
Franchise	6,822,074	-	-	-	-	6,822,074
Motor Fuel	-	3,256,266	-	-	-	3,256,266
Cigarette	441,029	-	-	-	-	441,029
Hotel	-	-	-	-	412,623	412,623
Intergovernmental activity	-	-	3,110,961	-	-	3,110,961
Licenses and permits	1,111,884	15,631	-	-	248,921	1,376,436
Intergovernmental	936,806	134,548	-	261,991	4,712,086	6,045,431
Charges for services	1,254,449	52,660	-	-	3,408,613	4,715,722
Fines	1,177,943	-	-	-	44,721	1,222,664
Special assessments	-	-	-	-	24,474	24,474
Investment earnings	47,642	35,991	777,573	114,997	121,341	1,097,544
Contributions and donations	16,069	40	-	-	48,944	65,053
Other	127,542	34,673	1,076,053	42,102	666,419	1,946,789
Total revenues	30,199,805	8,424,997	7,374,550	5,819,125	14,808,237	66,626,714
Expenditures						
Current:						
General government	6,784,600	-	3,733,345	-	1,158,948	11,676,893
Public safety	22,495,913	-	-	-	-	22,495,913
Highways and streets	-	7,961,665	-	-	-	7,961,665
Public works	-	-	-	-	245,910	245,910
Health and welfare	-	-	-	-	5,266,266	5,266,266
Parks and recreation	-	-	-	-	4,999,838	4,999,838
Debt Service:						
Principal	100,000	-	3,052,654	-	65,420	3,218,074
Interest and fiscal charges	93,201	-	3,572,950	-	16,853	3,683,004
Capital outlay	2,292,080	831,516	-	6,699,256	2,059,805	11,882,657
Total expenditures	31,765,794	8,793,181	10,358,949	6,699,256	13,813,040	71,430,220
Excess (deficiency) of revenues over expenditures	(1,565,989)	(368,184)	(2,984,399)	(880,131)	995,197	(4,803,506)
Other financing sources (uses)						
Transfers in	2,872,611	1,360,133	34,730	48,293	1,438,465	5,754,232
Transfers out	(1,822,923)	(471,542)	-	-	(2,031,657)	(4,326,122)
Sale of capital assets	12,745	-	-	-	75,965	88,710
Total other financing sources (uses)	1,062,433	888,591	34,730	48,293	(517,227)	1,516,820
Net change in fund balances	(503,556)	520,407	(2,949,669)	(831,838)	477,970	(3,286,686)
Fund balances - beginning	7,668,381	2,676,440	15,162,825	9,171,786	8,190,984	42,870,416
Fund balances - ending	\$ 7,164,825	\$ 3,196,847	\$ 12,213,156	\$ 8,339,948	\$ 8,668,954	\$ 39,583,730

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

CITY OF ST. JOSEPH, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances – total governmental funds \$ (3,286,686)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	Capital Outlay	8,443,140	
	Depreciation	<u>(9,687,852)</u>	(1,244,712)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations)

	Disposals	(271,070)	
	Capital contribution	<u>642,659</u>	371,589

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (236,157)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt

Principal payments			3,218,074
Debt issuance costs and related amortization			(89,337)
Developer obligation			(12,395,675)

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 the governmental funds:

Accrued interest			17,559
Compensated absences and OPEB obligations			(601,972)

Internal Service Funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with the governmental activities. (369,311)

Change in net assets of governmental activities \$ (14,616,628)

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type Activities - Enterprise Funds					Total Internal Service Fund
	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Total	
Assets						
Current assets:						
Cash and investments	\$ 303,635	\$ 2,091,835	\$ 9,847,600	\$ 508,207	\$ 12,751,277	\$ 1,073,323
Restricted cash and cash equivalents	1,811,627	-	2,078	57,158	1,870,863	-
Interest receivable	3,750	1,264	5,951	307	11,272	-
Accounts receivable (net of allowance for uncollectibles)	1,972,475	754,465	296,014	2,883	3,025,837	-
Due from other governments	-	38,684	5,228	97,133	141,045	-
Prepaid items	21,854	-	12,943	5,558	40,355	-
Total current assets	4,113,341	2,886,248	10,169,814	671,246	17,840,649	1,073,323
Noncurrent assets:						
Restricted cash and investments	21,520,940	-	-	-	21,520,940	-
Deferred charges	406,727	-	6,899	2,859	416,485	-
Capital assets:						
Capital assets, not being depreciated:	5,810,737	189,987	1,261,553	3,526,751	10,789,028	-
Capital assets net of accumulated depreciation:	60,843,893	3,017,928	2,178,136	6,995,726	73,035,683	-
Total capital assets (net of accumulated depreciation)	66,654,630	3,207,915	3,439,689	10,522,477	83,824,711	-
Total noncurrent assets	88,582,297	3,207,915	3,446,588	10,525,336	105,762,136	-
Total assets	92,695,638	6,094,163	13,616,402	11,196,582	123,602,785	1,073,323
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable	1,338,779	78,479	279,162	82,171	1,778,591	13,820
Claims payable	-	-	-	-	-	718,900
Accrued payroll	69,304	-	24,459	18,069	111,832	-
Accrued interest payable	426,102	-	74	2,027	428,203	-
Long-term obligations due in one year	1,811,627	-	49,175	107,431	1,968,233	-
Landfill closure and postclosure liability	-	-	73,500	-	73,500	-
Total current liabilities	3,645,812	78,479	426,370	209,698	4,360,359	732,720
Noncurrent liabilities:						
Claims	-	-	-	-	-	492,146
Long term obligations due in more than one year (net of unamortized discounts and deferred amount on refunding)	38,626,903	-	19,427	241,524	38,887,854	-
Landfill closure and postclosure liability	-	-	10,262,686	-	10,262,686	-
Total noncurrent liabilities	38,626,903	-	10,282,113	241,524	49,150,540	-
Total liabilities	42,272,715	78,479	10,708,483	451,222	53,510,899	732,720
Net Assets						
Invested in capital assets, net of related debt	42,131,695	3,207,915	3,435,657	10,234,765	59,010,032	-
Restricted for debt service	7,185,164	-	2,004	55,131	7,242,299	-
Unrestricted (deficit)	1,106,064	2,807,769	(529,742)	455,464	3,839,555	(151,543)
Total net assets	\$ 50,422,923	\$ 6,015,684	\$ 2,907,919	\$ 10,745,360	70,091,886	\$ (151,543)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(140,314)	
Net assets of business-type activities				\$	69,951,572	

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Total Internal Service Fund
Operating revenues:						
Charges for services	\$ 12,030,889	\$ 298,540	\$ 4,888,637	\$ 1,296,400	\$ 18,514,466	\$ 743,649
Other	49,645	28,966	141,089	10,108	229,808	-
Total operating revenues	<u>12,080,534</u>	<u>327,506</u>	<u>5,029,726</u>	<u>1,306,508</u>	<u>18,744,274</u>	<u>743,649</u>
Operating expenses:						
Personal services	3,396,824	6,431	1,028,806	852,605	5,284,666	-
Contractual services	4,302,431	3,560,474	1,024,367	187,017	9,074,289	1,159,040
Commodities	559,021	453,480	366,731	104,020	1,483,252	-
Heat, light and power	970,969	43,233	18,264	106,266	1,138,732	-
Depreciation	2,508,110	647,797	476,339	646,459	4,278,705	-
Closure and postclosure care costs	-	-	556,302	-	556,302	-
Total operating expenses	<u>11,737,355</u>	<u>4,711,415</u>	<u>3,470,809</u>	<u>1,896,367</u>	<u>21,815,946</u>	<u>1,159,040</u>
Operating income (loss)	<u>343,179</u>	<u>(4,383,909)</u>	<u>1,558,917</u>	<u>(589,859)</u>	<u>(3,071,672)</u>	<u>(415,391)</u>
Nonoperating revenues (expenses):						
Intergovernmental and other	385,871	1,346,271	-	99,274	1,831,416	-
Franchise taxes	-	1,049,179	-	-	1,049,179	-
Sales taxes	-	4,016,551	-	-	4,016,551	-
Investment income	474,408	10,903	127,885	6,438	619,634	15,746
Interest and fiscal charges	(1,246,615)	-	(3,909)	(21,631)	(1,272,155)	-
Gain (loss) on disposal of capital assets	(47,075)	-	2,817	-	(44,258)	-
Total nonoperating revenues (expenses), net	<u>(433,411)</u>	<u>6,422,904</u>	<u>126,793</u>	<u>84,081</u>	<u>6,200,367</u>	<u>15,746</u>
Income (loss) before capital contributions and transfers	<u>(90,232)</u>	<u>2,038,995</u>	<u>1,685,710</u>	<u>(505,778)</u>	<u>3,128,695</u>	<u>(399,645)</u>
Capital contributions	695,942	-	5,000	67,502	768,444	-
Transfers in	-	-	-	61,560	61,560	-
Transfers out	(936,412)	(161,398)	(265,014)	(126,846)	(1,489,670)	-
Change in net assets	<u>(330,702)</u>	<u>1,877,597</u>	<u>1,425,696</u>	<u>(503,562)</u>	<u>2,469,029</u>	<u>(399,645)</u>
Total net assets - beginning	<u>50,753,625</u>	<u>4,138,087</u>	<u>1,482,223</u>	<u>11,248,922</u>	<u>67,622,857</u>	<u>248,102</u>
Total net assets (deficit) - ending	<u>\$ 50,422,923</u>	<u>\$ 6,015,684</u>	<u>\$ 2,907,919</u>	<u>\$ 10,745,360</u>	<u>\$ 69,691,926</u>	<u>\$ (151,543)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>(30,334)</u>	
Change in net assets of business-type activities					<u>\$ 2,438,695</u>	

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 12,774,633	\$ (73,406)	\$ 5,009,390	\$ 1,297,427	\$ 19,008,044	\$ 743,649
Payments to suppliers	(4,971,252)	(3,955,248)	(1,371,528)	(452,707)	(10,750,735)	(810,848)
Payments to employees	(3,331,890)	(6,431)	(995,459)	(830,754)	(5,164,534)	-
Other operating revenues	49,645	28,966	141,089	10,108	229,808	-
Net cash provided (used) by operating activities	4,521,136	(4,006,119)	2,783,492	24,074	3,322,583	(67,199)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental grants	385,871	1,346,271	39,206	-	1,771,348	-
Taxes received	-	5,065,730	-	-	5,065,730	-
Transfers in	-	-	-	61,560	61,560	-
Transfers out	(999,791)	(322,933)	(265,014)	(126,846)	(1,714,584)	-
Net cash provided (used) by noncapital financing activities	(613,920)	6,089,068	(225,808)	(65,286)	5,184,054	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments of debt principal	(1,342,373)	-	(1,740)	(57,387)	(1,401,500)	-
Payments of capital lease principal	-	-	(30,029)	-	(30,029)	-
Payments of debt interest and charges	(1,430,225)	-	(1,049)	(23,423)	(1,454,697)	-
Capital grants received	-	-	-	140,531	140,531	-
Purchase of capital assets	(4,001,550)	(853)	(1,107,883)	(100,167)	(5,210,453)	-
Net cash provided (used) by capital and related financing activities	(6,774,148)	(853)	(1,140,701)	(40,446)	(7,956,148)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	10,336,856	(1,437,165)	16,238,493	943,983	26,082,167	1,921,119
Purchase of investments	(7,834,546)	-	(17,227,184)	(887,904)	(25,949,634)	(1,875,234)
Interest and dividends received	482,895	9,639	146,229	7,837	646,600	15,746
Net cash provided (used) by investing activities	2,985,205	(1,427,526)	(842,462)	63,916	779,133	61,631
Net increase (decrease) in cash and cash equivalents	118,273	654,570	574,521	(17,742)	1,329,622	(5,568)
Cash and cash equivalents - beginning	1,293,695	100	2,530,219	177,763	4,001,777	343,529
Cash and cash equivalents - ending	1,411,968	654,670	3,104,740	160,021	5,331,399	337,961
Investments	22,224,234	1,437,165	6,744,938	405,344	30,811,681	735,362
Total cash and investments	\$ 23,636,202	\$ 2,091,835	\$ 9,849,678	\$ 565,365	\$ 36,143,080	\$ 1,073,323
Cash and investments reported on the Statement of Net Assets:						
Unrestricted cash and investments	\$ 303,635	\$ 2,091,835	\$ 9,847,600	\$ 508,207	\$ 12,751,277	\$ 1,073,323
Restricted cash and investments	23,332,567	-	2,078	57,158	23,391,803	-
Total cash and investments	\$ 23,636,202	\$ 2,091,835	\$ 9,849,678	\$ 565,365	\$ 36,143,080	\$ 1,073,323

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 343,179	\$ (4,383,909)	\$ 1,558,917	\$ (589,859)	\$ (3,071,672)	\$ (415,391)
Adjustments to reconciliation operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	2,508,110	647,797	476,339	646,459	4,278,705	-
Landfill closure and postclosure	-	-	556,302	-	556,302	-
Changes in operating assets and liabilities:						
Accounts receivable	743,744	(371,946)	120,753	1,027	493,578	-
Prepaid expenses	253	60,680	600	(659)	60,874	-
Accounts payable and contracts/claims payable	860,916	41,259	37,234	(54,745)	884,664	348,192
Accrued payroll and compensated absences	64,934	-	33,347	21,851	120,132	-
Net cash provided (used) by operating activities	<u>\$ 4,521,136</u>	<u>\$ (4,006,119)</u>	<u>\$ 2,783,492</u>	<u>\$ 24,074</u>	<u>\$ 3,322,583</u>	<u>\$ (67,199)</u>
Non-cash capital and financing activities:						
Capital contributions	<u>\$ 695,942</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 67,502</u>	<u>\$ 768,444</u>	<u>\$ -</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 JUNE 30, 2009

	Pension Trust Fund	
	Police Pension	Total Agency Funds
Assets		
Cash and cash equivalents	\$ 198,993	\$ 65,102
Investments:		
US Government obligations	3,601,125	-
Corporate bonds	5,670,398	-
Corporate stock	10,706,894	-
Preferred stock	197,391	-
Receivables:		
Taxes	-	214,326
Contributions	84,496	-
Accrued interest	109,011	-
Total assets	<u>20,568,308</u>	<u>279,428</u>
Liabilities		
Accounts payable	2,724	-
Due to others	-	279,428
Total liabilities	<u>2,724</u>	<u>279,428</u>
Net Assets		
Held in trust for pension benefits	<u>\$20,565,584</u>	<u>\$ -</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Pension Trust Fund Police Pension
Additions (reductions):	
Member contributions	\$ 216,011
Employer contributions	1,550,095
Investment income	752,525
Net appreciation(depreciation) in fair value of investments	(3,548,728)
Less investment expenses	(53,402)
Total additions (reductions)	<u>(1,083,499)</u>
Deductions:	
Benefit payments	1,704,882
Refunds of contributions	13,246
Administrative expenses	58,441
Total deductions	<u>1,776,569</u>
Change in net assets	(2,860,068)
Net assets - beginning	<u>23,425,652</u>
Net assets - ending	<u><u>\$ 20,565,584</u></u>

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of St. Joseph, Missouri (the “City”) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The following is a summary of the more significant accounting and reporting policies and practices of the City.

A. Reporting Entity

The City operates under a constitutional home rule charter as adopted by City Council on August 4, 1981, and as amended by Council on April 19, 1982. This charter provides for a council-manager form of government and the following services:

- public safety (police and fire)
- public improvements
- sanitation, health and social services
- highway and streets
- planning and zoning
- culture and recreation
- general and administrative services

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, “The Financial Reporting Entity” and GASB Statement 39, “Determining Whether Certain Organizations are Component Units – an amendment to GASB Statement 14”, an evaluation is made of organizations to determine whether they are within the scope of the “primary government” or whether they are a component unit of the government. Primary governments are financially accountable for organizations that make up their legal entity, for legally separate organizations (if certain criteria are met) and for organizations that are fiscally dependent upon the government. Generally, component units are presented discretely within the financial statements of the primary government; unless certain criteria are met in which case they are blended.

Organizations were evaluated and determined if they were part of the primary government and not a separate component unit. The test to determine if an organization falls within the umbrella of the City’s legal entity is determining if the organization has separate legal standing. However, GASB 14 does note that some organizations, despite being legally separate from the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government and should be reported as part of the primary government.

The definition of a legally separate entity includes possessing corporate powers that would distinguish it as being legally separate from the primary government. This includes the right to sue and be sued in its own name without recourse to the City, and the right to buy, sell, lease and mortgage property in its own name.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

The financial statements of the City include all funds and agencies which are controlled by or dependent on the City's executive and legislative branches, the City Manager and City Council, respectively. Control by, or dependence on the City was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligations of the City to finance any deficits which may occur, or receipt of significant subsidies from the City. This criteria was used to determine that the following organization was to be included in the City's financial statements:

Blended Component Unit:

Tax Increment Financing Commission of St. Joseph, Missouri (Commission) - The Commission is governed by an eleven-member board of which six members are appointed by the City Council. The remaining members are appointed by the respective taxing districts' boards. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because its sole function is to review proposed TIF plans and provide recommendations to the City Council for the use of TIF as a method to finance economic activity and infrastructure improvements through payments in lieu of taxes and economic activity taxes. The Commission's activities are reported in Special Allocation Fund.

St. Joseph Public Building Authority - The Authority was formed for the sole purpose to own, operate, maintain, and lease facilities and equipment to the City. A board consisting of the City Manager, Director of Finance, one City Council member, and two citizens appointed by the Council governs the Public Building Authority. Outstanding debt issued by the Authority is treated as an obligation of the City. Debt issued by the Authority for Governmental Funds and the related capital assets are recorded in the government-wide statement of net assets. Debt issued by the Authority for Enterprise Funds and related capital assets are recorded in the respective Enterprise Funds and the government-wide statement of net assets.

No separately issued financial statements are prepared for the Commission and the Authority.

B. Government-Wide and Fund Financial Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

are clearly identifiable with a specific function or segment. 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.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds 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 have been met.

The financial statements for the Police Pension Fund, a pension trust fund, are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due, as the City has a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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 collected 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 fiscal period. Expenditures generally are recorded when a liability is due and payable. However, interest and principal on general long-term debt is recognized when due, or when payments are due early in the next fiscal year, and the advance of resources to the debt service fund is mandatory, and debt service expenditures are recognized before year-end to match the resources provided for these payments.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. Property tax, sales tax, franchise tax, motor fuel tax, cigarette tax, hotel tax, interest, and revenues from other governmental units associated

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The *Street Improvement Maintenance and Repair Fund*, a special revenue fund, is used to account for the City's share of the Missouri motor fuel tax, road and bridge tax, and a portion of the 1% sales tax. Revenues are used for maintenance of streets, storm sewers, bridges, street signing, and street lighting.

The *Special Allocation Fund*, a special revenue fund, is used to account for the City's Tax Increment Financing (TIF) and other redevelopment projects. Revenues are derived from Payment in Lieu of Taxes, Economic Activity Taxes, bond proceeds and reimbursements from funding agreements.

The *CIP Sales Tax Improvement Fund*, a capital projects fund, accounts for the five year, one-half cent sales tax to fund capital improvement projects to City streets, stormwater facilities, buildings, infrastructure, as well as replacements of fire suppression equipment.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for operation, maintenance, and expansion of the City's sewage treatment facilities and the city-wide sewage collection network including lines and pump stations. Funding is provided primarily through sewer service charges.

The *Mass Transit Fund* accounts for the operations of the City-wide bus system and handicap van services. The operations are funded by user charges, 1% utility franchise fees, a 3/8th cent (\$.0375) transit sales tax and Federal Transit Administration operating and capital grants.

The *Landfill Fund* accounts for the operations of the City-owned landfill and recycling facility, which are funded by user charges.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Additionally, the City reports the following fund types:

The *Internal Service Fund* is used to account for self-insurance reserves provided to other departments or agencies of the City on a cost reimbursement basis.

The *Pension Trust Fund* is used to account for the accumulation of resources for pension benefit payments to qualified police personnel.

The *Agency Funds* are used to account for assets held by the City as an agent for the Gateway TDD, certain funds of the St. Joseph Library and the East Hills Mall CID. Agency funds report assets and liabilities and use the accrual basis of accounting to recognize receivables and payables.

The City applies all applicable pronouncements of the Financial Accounting Standards Board (FASB) in accounting and reporting for enterprise activities and on a government-wide basis issued on or before November 30, 1989, unless these pronouncements conflict with applicable Governmental Accounting Standards Board (GASB) guidance as prescribed by GASB Statement No. 20. No pronouncements of the FASB issued after November 30, 1989 have been adopted.

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. All other revenues and expenses are considered nonoperating.

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

D. Cash and Investments

It is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and while conforming to all Missouri state statutes, the City Charter, the City Administrative Code, and the City's Code of Ordinances governing the investment of public funds.

A cash and investment pool is maintained by the City and is accounted for in a separate "Pooled Cash Fund." All funds with a cash balance carry an "Equity in Pooled Cash Fund" account equal to their respective cash and investment portion of the pool, which is comprised of United States Treasury and Agency securities with maturities primarily less than one year.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Cash and cash equivalents, as used in the statement of cash flows, refers to cash on hand, cash in demand deposit accounts in financial institutions, and short-term, highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value due to changes in interest rates.

Under GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City has elected to take the “one-year option” because its investments at the time of purchase have a maturity date of less than one year and are valued at amortized cost. The Police Pension investments are recorded at fair value since maturity is longer than one year.

E. Receivables

All trade receivables are shown net of an allowance for uncollectibles as determined by management based on a review of outstanding accounts and prior history of uncollectible accounts.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation. Balances in prepaid items at June 30, 2009, are the premiums paid to various companies for general liability insurance, auto liability, boiler and machinery, crime, and other insurance for coverage effective July 1, 2009.

G. Restricted Assets

Portions of net assets are segregated for future use, and are; therefore, not available for current appropriation or expenditure. Proceeds from the sale of bonds are restricted for project expenditures and the related debt service reserve accounts held by the Trustees are restricted to pay debt service and meet bond covenant requirements.

H. Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Sewer fund during the current fiscal year was \$2,157,819. Of this amount, \$911,204 was included as part of the cost of capital assets under construction in connection with Sewer fund construction projects.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

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

- Computer equipment	3 years
- Motor vehicles and motorized equipment	5 years
- Furniture, machinery and equipment	10 years
- Buildings and improvements	30 years
- Sewer treatment plant	50 years
- Sewer lines	80 years
- Infrastructure	25 - 50 years

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and medical leave benefits. Medical leave is earned at a rate of four hours (6 hours for fire personnel) per full two-week pay period. Employees may elect partial conversion or payment of accrued medical leave balances as of the end of the first pay period in the new calendar year in any one of these options: (1) Conversion of accrued medical leave balances over 520 hours (780 for fire personnel) to vacation hours at a rate of two-for-one, limited to 80 medical leave hours (120 for fire personnel) converted, and (2) Receipt of cash payment for accrued medical leave balances over 520 hours (780 for fire personnel) at a rate of four-for-one, limited to 80 hours (120 for fire personnel) of medical leave hours converted. Termination of an employee cancels medical leave balance and the employee shall not be entitled to receive reimbursement for accrued medical leave. Employees who retire in accordance with one of the City's pension programs will receive lump-sum payment for part of their accrued medical leave balance.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Vacation leave is earned at the following rates:

Years of Service	Hours Earned per Pay Period	Annually
0-7	3.08	10 days
	4.62 (Fire)	15 days
8-15	4.62	15 days
	6.47 (Fire)	21 days
16+	6.16	20 days
	9.24 (Fire)	30 days

Maximum vacation leave credit can be carried forward from one year to another at a rate of 160 hours, 240 for fire personnel. An employee is entitled to receive reimbursement for accrued vacation leave upon termination of employment.

From one fiscal year to another, accrued compensatory time is limited to 40 hours. Any accrued compensatory time over 40 hours that is not used by June 1st will be paid to the employee on the final payroll of the fiscal year.

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured for example, as a result of employee resignations and retirements.

J. Property Tax Revenue Recognition

Property tax revenue is recognized independent of receivable recognition in the fiscal year for which the taxes have been levied (budgeted). Property tax revenue becomes available within the fiscal year of the levy. Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are classified as deferred revenue within the governmental fund financial statements.

K. Interfund Activity

During the course of normal operations the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The City determines the classification of amounts recorded as subsidies, advances, or contributions.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund receivables/payables” and are reported as “due to/from other funds”.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

L. Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

M. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

N. Deficit Fund Balance/Net Assets

The following Funds had a deficit fund balance/net assets at June 30, 2009 that will be eliminated by future revenues or transfers:

Special Revenue Funds	
Community Development	(\$ 452,737)
Internal Service Funds	
Worker’s Compensation Fund	(\$ 151,543)

O. Reclassifications

Certain line items have been reclassified to conform to the presentation of the financial statements in the current year. These reclassifications had no net effect on the City’s net assets or changes therein for the current year.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2: CASH DEPOSITS AND INVESTMENTS
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Unrestricted cash deposits and investments are pooled and include cash held in commercial bank checking accounts, collateralized time deposits, and investments held in United States Government Treasury and Agency securities. The cash deposit and investment pool is accounted for in a separate treasurer's account. All funds with a cash balance carry an "Equity in Pooled Cash" balance on the financial statements equal to their respective cash deposit and investment portion of the pool. The pool is comprised of commercial bank deposits and other investments with maturities less than one year. The City utilizes an interest bearing checking account for daily cash deposits and deductions in the bank account.

Collateralized time deposits and United States Treasury and Agency securities with maturities of one year or less when purchased are reported on the balance sheet at their cost. All other investments are reported at fair value.

Interest earnings from unrestricted cash and investments are allocated to each fund based on a weekly average cash balance. Interest earnings from restricted cash and investments are reported directly in the related fund. Funds, if any, having negative month-end cash balances are assessed interest charges.

Restricted cash and investments are segregated from other cash balances and are recorded separately in the financial statements. Restricted cash and investments include escrow balances, pension plan assets, funds set aside for legally restricted purposes, and certain bond proceeds and reserves required to be restricted by the bond indenture agreements.

Statutes authorize the City to enter into a Banking Services Depository Agreement; whereby, the City invests, daily, all available collected account balances in an interest bearing checking account based on the 90-day U.S. Treasury Bill Rate. Cash deposits exceeding the City's estimated three month operational expense needs are invested in collateralized time deposits or U.S. Treasury and Agency securities. In addition, the City is authorized to invest in other direct obligations of the U.S. Government or insured Agency bonds or obligations of the State of Missouri, Buchanan County or the City.

City ordinances further provide for a Safekeeping Agreement between the banking institution, the City, and the Federal Reserve Bank; whereby, the bank agrees to deposit with the Federal Reserve Bank, as custodian for the City, such collateral securities as required by Missouri State Statutes (Chapter 110 – Depositories for Public Funds), for the safekeeping and prompt payment of City deposits.

The market value of pledged securities shall at all times be not less than one hundred percent (100%) of the actual amount of the funds on deposit with the bank, less the amount covered by federal depository insurance.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

A reconciliation of cash and investments as shown on the government-wide statement of net assets and statement of fiduciary net assets is as follows:

	Balance June 30, 2009
Cash on hand	\$ 14,485
Cash Deposit in Bank	7,968,814
Investments held by Trustee (Bond Reserves)	30,744,009
Collateralized Time Deposits	2,000,000
US Agency Securities	30,961,752
Police Pension Trust:	
Cash	198,993
Investments	20,175,808
	<u>20,374,801</u>
	<u><u>\$ 92,063,861</u></u>

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Unrestricted – cash and investments	\$ 36,699,345	\$ 65,102	\$ 36,764,447
Restricted – cash and investments	34,924,613	—	34,924,613
Police Pension – cash and investments	—	20,374,801	20,374,801
Total	<u>\$ 71,623,958</u>	<u>\$ 20,439,903</u>	<u>\$ 92,063,861</u>

Investments for the City of St. Joseph, Missouri are as follows for the year ended June 30, 2009

	Investment Maturities (in years)		
	Cost	Fair Value	Less Than 1
Investment type:			
Debt Securities			
US Agency Securities	\$ 30,961,752	\$ 30,991,700	\$ 30,961,752
Total	<u>\$ 30,961,752</u>	<u>\$ 30,991,700</u>	<u>\$ 30,961,752</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Investments for the Police Pension fund are as follows for the year ended June 30, 2009:

	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 - 5	6 - 10
Investment type:				
Debt Securities				
US Treasuries	\$ 798,803	\$ -	\$ 293,333	\$ 505,470
US Agencies	2,802,322	2,262,167	540,155	-
Corporate debt	5,670,398	251,525	5,130,312	288,561
	9,271,523	\$ 2,513,692	\$ 5,963,800	\$ 794,031
Other Investments:				
Corporate stock	10,904,285			
Total	\$ 20,175,808			

Custodial Credit Risk – At June 30, 2009, the City reported bank deposits of \$7,968,814. The bank balance of \$7,715,002 was insured by federal depository insurance of \$250,000 and collateral securities held by the City’s agent in the name of the City. The total market value of the City’s collateral securities at June 30, 2009, was \$8,659,602 in the form of U.S. Agency securities. At June 30, 2009, the City’s investments in collateralized time deposits of \$2,000,000 and U.S. Agency securities of \$30,961,752 were held by commercial banks and broker-dealer firms. All U.S. Agency securities were insured through the broker-dealers’ membership in the Securities Investor Protection Corporation (SIPC) and through surety bonds purchased by them from private insurance companies. Investments are reported at fair value based upon quoted market prices at the valuation date, except for the U.S. Agency securities discussed above which are recorded at cost due to their short-term nature.

The Police Pension investments totaling \$ 20,175,808 consist of \$3,601,125 in government fixed securities, \$5,670,398 in corporate bond fixed income securities, \$10,706,894 in common corporate stock, \$197,391 in convertible preferred stock. The Police Pension fund’s investments are held by its investment custodian in the fund’s name.

Interest Rate Risk – It is the policy of the City of St. Joseph, Missouri, to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and while conforming to all Missouri state statutes, the City Charter, the City Administrative Code, and the City’s Code of Ordinances governing the investment of public funds. The City’s investment policy limits investment maturities to less than one year as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Investment theory and historical capital market return data suggests that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. Given this relationship between risk and return, the investment objective of the Police Pension Fund is to provide attractive investment returns from income and capital appreciation consistent with the moderate level of risk taken in the portfolio. This is a goal of relatively stable returns over the longer term, with some potential of negative returns in any given year. According to the Police Pension fund investment policy statement, the average maturity of the portfolio's fixed income component will not exceed 10 years.

Credit Risk – The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to limit its investments to collateralized time deposits, agencies, or other obligations of the United States.

Credit ratings for the City of St. Joseph, Missouri, investments that are rated are as follows:

Investment type:	Quality Ratings		
	Cost	Fair Value	AAA
Debt Securities			
US Agency Securities	\$ 30,961,752	\$ 30,991,700	\$ 30,961,752
Total	\$ 30,961,752	\$ 30,991,700	\$ 30,961,752

The Police Pension fund follows the prudent person rule with certain fixed income securities portfolio constraints. According to the Police Pension fund investment policy statement only "investment grade" debt securities held in the portfolio with an overall quality average AA or better are allowed.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Credit ratings for the Police Pension fund investments that are rated are as follows:

Investment type:	Quality Ratings				
	Fair <u>Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BAA</u>
Debt Securities					
US Treasuries	\$ 798,803	\$ 798,803	\$ —	\$ —	\$ —
US Agencies	2,802,322	2,802,322	—	—	—
Corporate debt	5,670,398	—	468,125	3,543,523	1,658,750
	<u>9,271,523</u>	<u>\$ 3,601,125</u>	<u>\$ 468,125</u>	<u>\$ 3,543,523</u>	<u>\$ 1,658,750</u>

Other Investments:

Corporate stock	<u>10,904,285</u>
Total	<u>\$ 20,175,808</u>

Concentration of Credit Risk – Safety of principal is the foremost objective of the City’s investment program. The cash investments of the City of St. Joseph, Missouri, shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The City’s investments are in the following investment types at June 30:

	Carrying Value	Concentration
Federal Home Loan Bank	\$ 11,990,890	39%
Federal National Mortgage Association	10,985,091	35%
Federal Farm Credit	7,985,771	26%
	<u>\$ 30,961,752</u>	<u>100%</u>

The Police Pension Board established asset allocation guidelines in its investment policy statement to achieve the long term investment objectives. The asset allocation mix should be maintained as follows: 1) Equity investments will range between a maximum of 60%, and a minimum of 40% of the total portfolio within the total equity exposure. 2) Investments in international securities may comprise up to 10% of the total portfolio value. 3) Fixed income investments will range between a maximum of 60% and a minimum of 40% of the total portfolio. 4) Cash investments will range between 0% and 20%, of the total portfolio. Convertible securities may represent attractive investment alternatives and limited to 10% of the portfolio value. To ensure diversification of the fixed income securities, credit exposure to any individual issuer, other than the U.S. Government, shall not exceed 10% of the total fixed income portfolio assets.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

	2009	
	Fair Value	Concentration
Federal Home Loan Bank	\$ 811,000	9%
Goldman Sachs Financial Square Government Fund	1,451,167	16%
United States Treasury Notes	798,803	9%
Federal Farm Credit Bank	540,155	6%
Corporate Debt :		
Deutsche Telekom Intl	650,431	8%
Astrazeneca	542,400	7%
Walt Disney	537,225	7%
Target	476,667	6%
Dell	422,448	5%

NOTE 3: RECEIVABLES

The City property taxes are levied as of August 21 based on the assessed valuation of real and personal property located in the City as of the preceding January 1, the assessment date. Taxes so levied become an immediate and continuing lien on the property until paid. Real estate taxes remaining unpaid for two years are submitted to the Buchanan County tax sale for collection through foreclosure proceedings.

Assessed values for real and personal property are established annually by Buchanan County and used by the City. The following calendar provides important dates for property tax assessment, billing and collection activities:

	Real Property	Personal Property
Assessment date	January 1	January 1
Levy date	August 21	August 21
Lien date	When levied	When levied
Billing date	November 1	November 1
Due date	December 31	December 31
Delinquent date	January 1	January 1

The City's 2008 property tax rate was \$1.56 per \$100 valuation (\$1.16 per \$100 valuation in areas annexed effective December 30, 1972.) An additional special assessment of \$.50

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

repair. A special business district levy is imposed on landowners in this special downtown district of \$.78 per \$100 assessed valuation effective February 5, 1990, for seven years and extended by the voters effective January 1, 1997, and again on January 28, 2004, for an additional seven years. The tax levy is as follows:

Tax Year/Fiscal Year	2008/2009	2007/2008
City:		
General Fund	\$.63	\$.63
Public Safety	.07	.07
Parks & Recreation	.20	.19
Public Health	.21	.21
Library	.40	.40
Museum	.05	.05
Business District	.78	.78
Special Park	.50	.50

As required by RSMo 137.073, the State Auditor examined and approved the property tax rates for 2003 which comply with Article X, Section 22 of the Missouri Constitution.

The following assessed to actual property value ratios are specified by State statute for each class of property:

Agricultural @ 12% Residential @ 19% Commercial @ 32%

The assessed valuation of all tangible taxable property for the 2009 and 2008 levies were as follows:

Tax Year/ Fiscal Year	2008 / 2009	2007 / 2008	Change	Percent of Change
Real Property	\$ 622,356,980	\$ 618,779,174	\$ 3,577,806	1%
Personal Property	271,356,650	255,509,796	15,846,854	6%
Railroad Utilities	15,857,779	16,182,516	(324,737)	2%
Total	<u>\$ 909,571,409</u>	<u>\$ 890,471,486</u>	<u>\$ 19,099,923</u>	<u>2%</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Receivables as of June 30, 2009, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts	Accrued Interest	Taxes	Total Receivables	Allowance for Doubtful Accounts	Receivables, Net
Government activities:						
General	\$ 17,278	\$ 18,361	\$ 3,252,155	\$ 3,287,793	\$ —	\$ 3,287,793
Street improvement, maintenance and repair	8,173	2,236	1,232,451	1,242,860	—	1,242,860
Special Allocation	9,705,288	334	458,013	10,163,635	—	10,163,635
CIP Sales Tax	—	4,853	765,307	770,161	—	770,161
Nonmajor governmental funds	227,136	13,771	458,237	699,144	—	699,144
Total governmental activities	<u>9,957,875</u>	<u>39,555</u>	<u>6,166,163</u>	<u>16,163,593</u>	<u>—</u>	<u>16,163,593</u>
Business-type activities:						
Sewer	2,002,475	3,750	—	2,006,225	(30,000)	1,976,225
Mass transit	—	1,264	754,465	755,729	—	755,729
Landfill	296,014	5,951	—	301,965	—	301,965
Nonmajor enterprise funds	2,883	307	—	3,190	—	3,190
Total business-type activities	<u>2,301,371</u>	<u>11,273</u>	<u>754,465</u>	<u>3,067,109</u>	<u>(30,000)</u>	<u>3,037,109</u>
Total Net Receivables	<u>\$ 12,259,246</u>	<u>\$ 50,828</u>	<u>\$ 6,920,628</u>	<u>\$ 19,230,702</u>	<u>\$ (30,000)</u>	<u>\$ 19,200,702</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,227,255	\$ 110,000	\$ —	\$ 5,337,255
Construction in progress	14,310,624	6,696,213	15,949,302	5,057,535
Total capital assets, not being depreciated	19,537,879	6,806,213	15,949,302	10,394,790
Capital assets, being depreciated:				
Buildings	31,520,397	5,310,196	—	36,830,593
Improvements other than buildings	25,625,107	3,661,059	6,597	29,279,569
Machinery and equipment	20,229,751	3,534,600	881,946	22,882,405
Infrastructure	254,372,516	5,465,127	—	259,837,643
Total capital assets being depreciated	331,747,771	17,970,982	888,543	348,830,210
Less accumulated depreciation for:				
Buildings	18,449,108	925,604	—	19,374,712
Improvements other than buildings	5,678,956	837,285	3,629	6,512,612
Machinery and equipment	17,269,323	1,533,844	871,751	17,931,416
Infrastructure	124,408,499	6,391,120	—	130,799,619
Total accumulated depreciation	165,805,886	9,687,853	875,380	174,618,359
Total capital assets, being depreciated, net	165,941,885	8,283,129	13,163	174,211,851
Governmental activities capital assets, net	\$ 185,479,764	\$ 15,089,342	\$ 15,962,465	\$ 184,606,641

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Sewer fund:				
Capital assets, not being depreciated:				
Land	\$ 528,294	\$ 175,638	\$ —	\$ 703,932
Construction in progress	1,346,461	3,760,344	—	5,106,805
Total capital assets, not being depreciated	1,874,755	3,935,982	—	5,810,737
Capital assets, being depreciated:				
Buildings	28,992,937	—	6,678	28,986,259
Improvements other than buildings	19,631,478	257,905	—	19,889,383
Machinery and equipment	10,698,904	241,205	319,333	10,620,776
Infrastructure	57,582,316	262,400	—	57,844,716
Total capital assets being depreciated	116,905,635	761,510	326,011	117,341,134
Less accumulated depreciation for:				
Buildings	15,607,886	749,880	3,182	16,354,584
Improvements other than buildings	2,049,967	695,488	—	2,745,455
Machinery and equipment	9,312,189	327,428	275,754	9,363,863
Infrastructure	27,298,025	735,314	—	28,033,339
Total accumulated depreciation	54,268,067	2,508,110	278,936	56,497,241
Total capital assets, being depreciated, net	62,637,568	(1,746,600)	47,075	60,843,893
Total sewer fund capital assets, net	\$ 64,512,323	\$ 2,189,382	\$ 47,075	\$ 66,654,630
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Mass transit fund:				
Capital assets, not being depreciated:				
Land	\$ 189,134	\$ —	\$ —	\$ 189,134
Construction in Progress	—	853	—	853
Total capital assets, not being depreciated	189,134	853	—	189,987
Capital assets, being depreciated:				
Buildings	4,321,204	—	—	4,321,204
Improvements other than buildings	41,699	—	—	41,699
Machinery and equipment	5,840,286	—	—	5,840,286
Total capital assets being depreciated	10,203,189	—	—	10,203,189
Less accumulated depreciation for:				
Buildings	1,349,741	141,475	—	1,491,216
Improvements other than buildings	22,936	4,170	—	27,106
Machinery and equipment	5,164,787	502,152	—	5,666,939
Total accumulated depreciation	6,537,464	647,797	—	7,185,261
Total capital assets, being depreciated, net	3,665,725	(647,797)	—	3,017,928
Total mass transit fund capital assets, net	\$ 3,854,859	\$ (646,944)	\$ —	\$ 3,207,915

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Landfill fund:				
Capital assets, not being depreciated:				
Land	\$ 1,248,872	\$ —	\$ —	\$ 1,248,872
Construction in Progress	—	12,681	—	12,681
Total capital assets, not being depreciated	1,248,872	12,681	—	1,261,553
Capital assets, being depreciated:				
Buildings	517,248	5,000	—	522,248
Improvements other than buildings	453,421	—	3,963	449,458
Machinery and equipment	4,030,682	1,098,217	295,785	4,833,114
Total capital assets being depreciated	5,001,351	1,103,217	299,748	5,804,820
Less accumulated depreciation for:				
Buildings	244,038	14,779	—	258,817
Improvements other than buildings	237,010	33,858	3,765	267,103
Machinery and equipment	2,968,847	427,702	295,785	3,100,764
Total accumulated depreciation	3,449,895	476,339	299,550	3,626,684
Total capital assets, being depreciated, net	1,551,456	626,878	198	2,178,136
Total landfill fund capital assets, net	\$ 2,800,328	\$ 639,559	\$ 198	\$ 3,439,689
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nonmajor enterprise funds:				
Capital assets, not being depreciated:				
Land	\$ 3,408,785	\$ —	\$ —	\$ 3,408,785
Constuction in progress	1,146,795	77,166	1,105,995	117,966
Total capital assets, not being depreciated	4,555,580	77,166	1,105,995	3,526,751
Capital assets, being depreciated:				
Buildings	8,274,111	67,503	10,614	8,331,000
Improvements other than buildings	9,652,011	1,054,751	—	10,706,762
Machinery and equipment	1,887,577	74,244	46,245	1,915,576
Infrastructure	1,921,975	—	—	1,921,975
Total capital assets being depreciated	21,735,674	1,196,498	56,859	22,875,313
Less accumulated depreciation for:				
Buildings	5,672,305	167,182	10,614	5,828,873
Improvements other than buildings	7,847,513	261,484	—	8,108,997
Machinery and equipment	1,155,138	179,353	46,245	1,288,246
Infrastructure	615,031	38,440	—	653,471
Total accumulated depreciation	15,289,987	646,459	56,859	15,879,587
Total capital assets, being depreciated, net	6,445,687	550,039	—	6,995,726
Total nonmajor enterprise fund capital assets, net	11,001,267	627,205	1,105,995	10,522,477
Total business-type activities capital assets, net	\$ 82,168,777	\$ 2,809,202	\$ 1,153,268	\$ 83,824,711

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	194,585
Public safety		1,481,238
Highways and streets		6,283,032
Public works		366,032
Health and welfare		168,885
Parks and recreation		<u>1,194,081</u>
Total depreciation expense – governmental activities	\$	<u><u>9,687,853</u></u>
Business-type activities:		
Sewer	\$	2,508,110
Mass transit		647,797
Landfill		476,339
Non-major enterprise funds		<u>646,459</u>
Total depreciation expense – business-type activities	\$	<u><u>4,278,705</u></u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances consisting of fund allocations of pooled cash shortages and the Internal Service Allocation at June 30, 2009 are as follows:

	Interfund receivables	Interfund payables
Major governmental funds:		
CIP Sales Tax Improvement	\$ 449,671	\$ —
Nonmajor governmental funds	—	449,671
Total	\$ 449,671	\$ 449,671

Interfund transfers consisted of the following amounts:

		Transfers To						Total
		General Fund	SIMR	Special Allocation	CIP Sales Tax	Nonmajor Governmental	Nonmajor Business-type	
Transfers From	Major Governmental Funds:							
	General Fund	\$ —	\$ 795,093	\$ —	\$ —	\$ 1,027,830	\$ —	\$ 1,822,923
	Street Improvement Maintenance and Repair	471,542	—	—	—	—	—	471,542
	Nonmajor governmental	1,522,999	15,000	34,730	48,293	410,635	—	2,031,657
	Major Enterprise Funds:							
	Sewer	417,287	457,565	—	—	—	61,560	936,412
	Mass transit	111,543	49,855	—	—	—	—	161,398
	Landfill	230,904	34,110	—	—	—	—	265,014
	Nonmajor enterprise	118,336	8,510	—	—	—	—	126,846
	Total	\$ 2,872,611	\$ 1,360,133	\$ 34,730	\$ 48,293	\$ 1,438,465	\$ 61,560	\$ 5,815,792

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6: LONG-TERM LIABILITIES

Governmental activities	Balance 7/1/08	Increases	Decreases	Balance 6/30/09	Current Portion
Public Building Authority Bonds	\$ 327,496	\$ —	\$ (50,200)	\$ 277,296	\$ 54,981
Deferred Charge on PBA Bonds	(30,849)	—	5,695	(25,154)	—
Total PBA Bonds, Net	296,647	—	(44,505)	252,142	54,981
Industrial Development					
Authority Bonds	46,290,000	—	(1,220,000)	45,070,000	1,245,000
Infrastructure Facility					
Revenue Bonds	19,280,000	—	(665,000)	18,615,000	695,000
MO Development Finance					
Board Bonds	2,170,000	—	(100,000)	2,070,000	105,000
Developer Obligation	9,654,552	12,395,675	(1,167,654)	20,882,574	1,300,000
Capital Lease Obligations	50,793	—	(15,220)	35,573	16,561
Compensated Absences *	1,801,548	2,000,746	(1,973,594)	1,828,700	1,785,508
OPEB Obligation	—	574,820	—	574,820	—
Claims	868,871	995,011	(652,836)	1,211,046	718,900
Total Governmental activity					
Long-term liabilities	\$ 80,412,411	\$ 15,966,252	\$ (5,838,809)	\$ 90,539,855	\$ 5,920,950

* Compensated absences are generally liquidated by the general fund.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Business-type activities	Balance 7/1/08	Increases	Decreases	Balance 6/30/09	Current Portion
Sewer Fund					
Revenue Bonds	\$ 10,187,000	-	(1,162,000)	9,025,000	1,230,000
Deferred Charge Advance Refund	(67,687)	-	16,922	(50,765)	-
Total Revenue Bonds, Net	10,119,313	-	(1,145,078)	8,974,235	1,230,000
Industrial Development Authority Bonds	20,410,000	-	-	20,410,000	-
MO Development Finance Board Bonds	11,275,000	-	(415,000)	10,860,000	445,000
Compensated Absences	137,469	180,699	(181,541)	136,627	136,627
OPEB Obligation	-	57,668	-	57,668	-
Total sewer fund long-term liabilities	41,941,782	238,367	(1,741,619)	40,438,530	1,811,627
 Landfill fund:					
Public Building Authority Bonds	12,542	-	(1,923)	10,619	2,105
Deferred Charge on PBA bonds	(8,078)	-	1,491	(6,587)	-
Total PBA Bonds, Net	4,464	-	(432)	4,032	2,105
Capital Lease Obligations	30,029	-	(30,029)	-	-
Closure/Post Closure	9,779,883	556,303	-	10,336,186	73,500
Compensated Absences	39,126	55,301	(47,357)	47,070	47,070
OPEB Obligation	-	17,500	-	17,500	-
Total landfill fund long-term liabilities	9,853,502	629,104	(77,818)	10,404,788	122,675
 Nonmajor enterprise funds:					
Public Building Authority Bonds	344,963	-	(52,878)	292,085	57,913
Deferred charge on PBA bonds	(30,687)	-	5,666	(25,021)	-
Total PBA Bonds, Net	314,276	-	(47,212)	267,064	57,913
Capital Lease Obligations	30,193	-	(9,545)	20,648	10,055
Compensated absences	46,244	46,425	(45,684)	46,985	39,463
OPEB Obligation	-	14,258	-	14,258	-
Total nonmajor enterprise funds long-term liabilities	390,713	60,683	(102,441)	348,955	107,431
 Total Business-type activities long-term liabilities	 \$ 52,185,997	 928,154	 (1,921,878)	 51,192,273	 2,041,733

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Year ending 30-Jun	Governmental Activities					
	Public Building Authority Bonds		Industrial Development Authority Bonds		Infrastructure Facility Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 54,981	\$ 10,545	\$ 1,245,000	\$ 2,117,469	\$ 695,000	\$ 1,147,671
2011	52,591	8,490	1,260,000	2,066,975	730,000	1,114,096
2012	54,981	6,270	1,285,000	2,016,919	765,000	1,078,001
2013	62,153	3,734	1,245,000	1,963,750	805,000	1,038,768
2014	52,590	1,183	1,305,000	1,906,447	855,000	988,986
2015-2019	-	-	8,540,000	8,455,818	5,185,000	4,056,994
2020-2024	-	-	12,525,000	6,026,602	7,035,000	2,235,153
2025-2029	-	-	17,665,000	2,187,852	2,545,000	169,838
	<u>\$ 277,296</u>	<u>\$ 30,222</u>	<u>\$ 45,070,000</u>	<u>\$ 26,741,832</u>	<u>\$ 18,615,000</u>	<u>\$ 11,829,506</u>

Year ending 30-Jun	Governmental Activities		Business-type Activities			
	MO Development Finance Board Bonds		Public Building Authority Bonds		Industrial Development Authority Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 105,000	\$ 86,819	\$ 60,018	\$ 11,511	\$ -	\$ 988,581
2011	105,000	83,406	57,409	9,268	-	988,581
2012	110,000	79,863	60,019	6,844	-	988,581
2013	115,000	76,013	67,849	4,076	-	988,581
2014	120,000	71,700	57,409	1,292	-	988,581
2015-2019	675,000	280,450	-	-	3,245,000	4,830,831
2020-2024	840,000	116,775	-	-	7,610,000	3,549,075
2025-2029	-	-	-	-	9,555,000	1,114,000
	<u>\$ 2,070,000</u>	<u>\$ 795,026</u>	<u>\$ 302,704</u>	<u>\$ 32,991</u>	<u>\$ 20,410,000</u>	<u>\$ 14,436,812</u>

Year ending 30-Jun	Business-type Activities				TOTAL DEBT SERVICE REQUIREMENTS	
	MO Development Finance Board Bonds		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2010	\$ 445,000	\$ 491,550	\$ 1,230,000	\$ 468,898	\$ 3,834,999	\$ 5,323,045
2011	465,000	473,750	1,282,000	404,610	3,952,000	5,149,176
2012	485,000	455,150	1,360,000	336,272	4,120,000	4,967,900
2013	505,000	435,750	1,178,000	263,720	3,978,002	4,774,392
2014	525,000	415,550	1,245,000	199,345	4,159,999	4,573,083
2015-2019	2,960,000	1,736,975	2,515,000	251,106	23,120,000	19,612,174
2020-2024	3,685,000	1,007,400	215,000	28,265	31,910,000	12,963,270
2025-2029	1,790,000	89,500	-	-	31,555,000	3,561,190
	<u>\$ 10,860,000</u>	<u>\$ 5,105,625</u>	<u>\$ 9,025,000</u>	<u>\$ 1,952,216</u>	<u>\$ 106,630,000</u>	<u>\$ 60,924,229</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

General Obligation Bonds:

The Missouri State Constitution permits a City, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "City purposes" not to exceed 10% of the assessed value of taxable tangible property; and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring right-of-way, construction, extending and improving streets and avenues and/or sanitary or storm sewer systems; and an additional 10% for purchasing or constructing waterworks, electric, or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property. Currently, the City does not have any outstanding general obligation debt.

Public Building Authority Bonds:

The City leases certain computers, communications and air conditioning equipment and certain streets, parking garage, and landfill improvements from the St. Joseph Public Building Authority. Lease payments are equal to the debt service requirements of the bonds issued by the Authority. Ownership of the equipment and improvements, which currently vest with the Authority and serve as security for the bonds, passes to the City at the end of the lease term.

Public Building Authority (PBA) Bonds are reported in the government wide financial statement and the Public Parking and Landfill Enterprise Funds at June 30, 2009 for a total principal balance outstanding of \$580,000.

Governmental Activities

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Patee Hall); due in annual installments through November 1, 2013; interest at 1.45% to 4.5%	\$ 245,286
Series 2003 – Collateralized Lease Refunding Revenue Bonds (Parks & Recreation); Due in annual installments through November 1, 2013; interest at 1.45% to 4.5%	21,289
Series 2003 – Collateralized Lease Refunding Revenue Bonds (Public Health); due in annual installments through November 1, 2013; interest at 1.45% to 4.5%	<u>10,721</u>
Total PBA Bonds for the Governmental Activities	<u>\$ 277,296</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Business-type Activities

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Public Parking); due in annual installments through November 1, 2013; interest at 1.45% to 4.5% \$ 292,085

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Landfill); due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 10,619

Total PBA Bonds for the Business-type Activities \$ 302,704

Industrial Development Authority Bonds:

The Industrial Development Authority of the City of St. Joseph, Missouri is authorized and empowered under Chapter 349 of the Revised Statutes of Missouri to issue bonds for the purpose of promoting projects within the City of St. Joseph, Missouri. March 1, 2005, the Authority issued \$26,000,000 2005A Series Tax Increment Revenue Bonds in connection with the financing of redevelopment costs for The Shoppes at North Village. Then on August 1, 2005, the Authority issued an additional \$16,985,000 2005B Series Tax Increment Revenue Bonds to provide funding for costs of public and private improvements for The Shoppes at North Village. November 1, 2007, the Authority issued \$20,410,000 2007 Series Bonds for the Sewerage System improvement projects. The 2008 Mitchell Avenue Tax Increment Revenue Bond Series were issued for \$5,110,000 on June 5, 2008 by the Authority for the purpose of promoting public facility projects within a redevelopment area. The Series 2005A, 2005B, and 2008 bonds and interest are limited obligations of the Authority, payable solely from Payments in Lieu of Taxes and Economic Activity Tax Revenues. The 2007 bonds are payable from surplus revenues of the Sewer fund and debt service reserve funds held by the Trustee.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

The total principal balance outstanding for the Industrial Development Authority Bonds as of June 30, 2009 is \$65,480,000.

Governmental Activities

Series 2005A – Industrial Development Authority Bonds (Special Allocation); due in annual installments through May 1, 2027; interest at 4.00% to 5.50%	\$ 23,780,000
Series 2005B – Industrial Development Authority Bonds (Special Allocation); due in annual installments through November 1, 2027; interest at 4.00% to 5.50%	16,340,000
Series 2008 – Industrial Development Authority Bonds (Special Allocation); due in annual installments through March 1, 2029; interest at 5.50%	<u>4,950,000</u>
Total Industrial Development Authority Bonds for Governmental Activities	<u>\$ 45,070,000</u>

Business-type Activities

Series 2007 – Industrial Development Authority Bonds (Sewer); due in annual installments through April 1, 2027; interest at 4.250% to 5.00%	\$ <u>20,410,000</u>
Total Industrial Development Authority Bonds for Business-type Activities	<u>\$ 20,410,000</u>

Infrastructure Facility Revenue Bonds:

The City of St. Joseph issued Taxable Infrastructure Facility Revenue Bonds to obtain financial assistance with the Stockyards Redevelopment Agreement for the purpose of Private Property Improvement costs. The bonds are secured by loan payments made by the City pursuant to the financing agreement, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenues. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City's statement of net assets. The annual appropriation covenant of the City constitutes a commitment of all general funds of the City to make loan payments under the financing agreement.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

The total principal balance outstanding for the Taxable Infrastructure Facilities Revenue Bonds as of June 30, 2009 is \$18,615,000.

Governmental Activities

Series 2004A – Infrastructure Facility Revenue Bonds
(Special Allocation); due in annual installments through
March 1, 2025; interest at 4.00% to 6.00% \$ 8,820,000

Series 2004B – Infrastructure Facility Revenue Bonds
(Special Allocation); due in annual installments through
March 1, 2025; interest at 4.24% to 7.32% 9,795,000

Total Infrastructure Facility Revenue Bonds for Governmental Activities \$18,615,000

Missouri Development Finance Board Bonds:

On December 1, 2004, the City of St. Joseph issued Missouri Development Finance Board Bonds Series 2004C and Series 2004D. \$11,720,000 of the proceeds of the Series 2004C was used to fund improvements to the City’s sewerage system and pay certain blight remediation costs in connection with the City’s Stockyard Redevelopment Project. In association with the 2004C Series, a financing agreement related to the issuance of Missouri Build Bonds was entered into by the Board, City and Triumph Foods. Under the agreement, subject to certain requirements, tax credits earned by Triumph Foods have been assigned to the trustee of the 2004C bonds. \$6,860,000 of the Series 2004D proceeds financed the cost of acquiring two new fire apparatus, completing the acquisition of new equipment for the Public Safety Communication System and funding improvements to the Law Enforcement Center. The bonds and the interest are special, limited obligations of the Board, payable by the Board solely from the loan payments made by the City. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City’s statement of net assets. The annual appropriation covenant of the City constitutes a commitment to make loan payments under the financing agreements. The total principal balance outstanding for the MO Development Board Bonds as of June 30, 2009 is \$12,930,000.

Governmental Activities

Series 2004D – Infrastructure Facilities Revenue Bonds (General); due in
annual installments through March 1, 2024; interest at 3.00% to 5.00% \$ 2,070,000

Business-type Activities

Series 2004C – Infrastructure Facilities Revenue Bonds (Sewer); due in
annual installments through March 1, 2025; interest at 2.65% to 5.00% \$ 10,860,000

CITY OF ST. JOSEPH, MISSOURI
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Revenue Bonds:

The City of St. Joseph, Missouri issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue Bonds payables are recorded in the Sewer Enterprise Fund and total principal outstanding at June 30, 2009 is \$9,025,000.

Business-type Activities

Series 1993A – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through July 1, 2015; interest at 3.70% to 5.4%	\$4,220,000
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Series 1997D – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through January 1, 2018; interest at 4.3% to 6.00%	3,525,000
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Series 1999 – Sewer System Refunding and Improvement Revenue Bonds: due in annual installments through April 1, 2012; interest at 3.5% to 4.8%	685,000
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Series 2003 – Sewer System Revenue Bonds: due in annual installments through April 1, 2023; interest at 1.3% to 5.125%	<u>595,000</u>
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Total Revenue Bonds for Business-type Activities	<u>\$ 9,025,000</u>
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On April 7, 1992, the voters of the City of St. Joseph, Missouri approved the City's issuance of \$17.6 million revenue in bonds for the purpose of repairing, constructing, improving, and extending the sanitary sewerage collection system of the City. On August 24, 1993, the City authorized the issuance of \$10,308,000 of sewerage system revenue bonds with the State Revolving Fund Program. On June 1, 1997, the City authorized the issuance of \$6,515,000 of sewerage system revenue bonds with the State Revolving Fund Program. These bonds are issued under the Missouri Leveraged State Water Pollution Control Revolving Fund Program established by the State Environmental Improvement and Energy Resources Authority (EI ERA) in cooperation with the Missouri Department of Natural Resources and the Missouri Clean Water Commission. On September 2, 2003, the City authorized the remaining issuance of \$777,000 of sewerage system revenue bonds to finance construction projects.

In conjunction with this issuance, the City entered into a revolving loan program established by the Missouri Department of Natural Resources. The State of Missouri managed and invested the bond proceeds on behalf of the City. As the City incurred

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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approved capital expenditures, the Department of Natural Resources reimbursed the City for the expenditures from the bond proceeds account and deposited funds into a reserve fund at 70% of the expenditure amount. This reserve fund serves as collateral on the Sewerage System Revenue Bonds in the event of default, and interest earnings on the reserve fund are used to reduce the City's interest payment on the outstanding bonds. The reserve fund is transferred back to the state as the bond issue is retired. As of June 30, 2009, \$5,421,500 has been advanced from the Missouri Department of Natural Resources into this reserve fund.

The City is in compliance with the provisions of the ordinance relating to the maintenance of special reserves and accounts for the 1999 Sewer Revenue Refunding series. Net revenues of the City's sewerage system are sufficient to pay both the principal and interest on all the Sewerage System Refunding and Improvement Revenue Bonds that have been pledged for payment of the principal and interest on the bonds as they mature.

Wastewater Improvement Agreement

In conjunction with the issuance of the 2004B bond issuance, the City entered into a wastewater improvement agreement with Triumph Foods, LLC (Triumph). The agreement requires that Triumph pay the City monthly sewer reserve charges beginning February 2005. As of June 30, 2009, the total annual sewer reserve charges due to the City through the agreement are payable as follows:

Year Ending June 30:	Total
2010	\$ 972,996
2011	972,996
2012	972,996
2013	972,996
2014	972,996
2015-2019	4,864,980
2020-2024	4,864,980
2025	531,278
	<u>15,126,218</u>
Less interest	(5,546,814)
Net present value	<u>\$ 9,579,404</u>

The total present value of the agreement is recorded on the City's fund financial statements as Accounts Receivable and Deferred Revenue in the Special Allocation Fund.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Industrial Development Revenue Bonds:

The City of St. Joseph issued Industrial Development Revenue Bonds to provide economic financial assistance to private entities. The bonds are secured by the improvements that are to be made. The debt service on these issues are paid solely from the private entities through lease agreements; therefore, the issues do not constitute a debt of the City and accordingly, are not included nor reported in the City's statement of net assets. The total principal balance outstanding for the Industrial Development Revenue Bonds as of June 30, 2009 is \$295,345,451.

Tax Increment Financing (TIF) Bonds and Developer Obligations:

The City's tax increment financing bonds indebtedness is recorded as a liability of the City to match revenue streams to the related debt for which they have been pledged. The obligation of the City to pay principal and interest on these bonds is generally limited solely to the tax increment financing (TIF) revenues generated from each project.

The City has pledged a portion of future property tax, sales tax, and franchise tax revenue to repay \$67,740,000 in tax increment financing bonds issued at various dates beginning in 2004 to finance redevelopment projects within each of the respective TIF plans. The bonds are payable solely from the incremental increase in the property, sales, and franchise taxes generated within the TIF plans. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the TIF bonds. Should TIF revenues not be sufficient to meet the required debt service obligations, the City is obligated in certain instances (Series 2004 A \$8,820,000 and Series 2004 B \$9,795,000 Infrastructure Facility Revenue Bonds) to make such bond payments from any other sources of its revenues. Management does not anticipate that any of the City's funds will be required to make up any deficiency in bond payments during the next fiscal year.

Developer obligations represent developer project costs that have been certified by the City as eligible for reimbursement from tax increment financing revenues attributable to each respective project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from certain incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. The City has estimated that \$1,300,000 of these obligations will be paid in 2010. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the City.

At June 30, 2009, total principal and interest remaining on the bonds was \$102,256,338 and outstanding developer obligations were \$20,882,574. The bonds are scheduled to

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

mature at varying amounts through 2029 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on TIF bonds and developer obligations totaled \$6,625,604. Incremental revenues from the City included \$1,923,388 in sales taxes, \$486,575 in property taxes and \$179,844 in other economic activity revenues. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues from other taxing districts and governmental entities, developer contributions, and debt trust funds.

NOTE 7: CAPITAL LEASE AGREEMENTS

Capital Lease Obligations:

The City has entered into a number of capital leases for the purchase of heavy machinery and equipment. Lease terms provide for payments over specified terms with an option for the City to purchase the item for \$1 at the completion of the agreement. The agreements are subject to annual appropriation of funds by the City for their payment and are terminated if the City should fail to do so. In that instance the City would relinquish the financed items to the debt holder in full satisfaction of its responsibilities.

Capital lease obligations are reported in the government-wide financial statements and the enterprise fund statements and consist of the following at June 30, 2009:

Governmental activities:

Parks & Recreation, and Civic Facilities fund; Jacobsen Rotary Mower; due in annual installments of \$ 3,689 through September 2011; interest of 4.669%	\$ 10,109
Parks & Recreation, and Civic Facilities fund; Captor 4300 Sweeper; due in monthly installments of \$ 1,265 through April 2011; interest of 9.439%.	<u>25,464</u>
Total Lease Obligations for the Governmental Activities	<u>\$ 35,573</u>

Business-type activities:

Golf fund; Jacobsen Rotary Mower; due in annual installments of \$ 11,160 through July 2010; interest of 5.35%	<u>\$ 20,648</u>
Total Lease Obligations for the Business-Type Activity	<u>\$ 20,648</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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The following is a schedule of the present value of net minimum lease payments for all of the City's capitalized leases as of June 30, 2009:

	Governmental Activities	Business-type Activities
Year ending June 30:		
2010	\$ 18,869	\$ 11,160
2011	16,339	11,160
2012	3,689	-
Total minimum lease payments	<u>38,897</u>	<u>22,320</u>
Less amount representing interest	(3,324)	(1,672)
Present value of net minimum lease payments	<u>\$ 35,573</u>	<u>\$ 20,648</u>

The following schedule shows the amount and asset classifications for capital lease items as of June 30, 2009:

	Governmental Activities	Business-type Activities
Machinery & equipment	\$ 60,201	\$ 41,172
less: Accumulated depreciation	(18,060)	(20,586)
Total	<u>\$ 42,141</u>	<u>\$ 20,586</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 8: RISK MANAGEMENT

The City contracts with various insurance companies for general, property, and casualty insurance and has qualified as its own self-insurer for workers' compensation benefits. The City retains liability for \$400,000 of each accident with specific excess coverage purchased to provide protection in excess of that amount. The City has an aggregate limit of \$1,000,000. A third party administrator is contracted to provide claims administration and payment services for worker's compensation. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Insurance Fund. An actuarial report is prepared to evaluate loss and allocated loss adjustment expense reserves for the self-funded workers compensation program and to determine the funding level of the program. The net deficit of the Insurance Internal Service Fund is \$151,543.

As of June 30, 2009 incurred but not reported (IBNR) workers' compensation claims and claims payable of \$1,211,046 have been accrued as a liability in the Insurance Internal Service Fund.

Workers' Compensation Claims Payable

	Beginning Of Year	Current Year Claims and Changes in Estimates	Claim Payments	End of Year
Fiscal Year 2008	\$ 774,766	\$ 962,307	(\$ 867,902)	\$ 868,871
Fiscal Year 2009	868,871	995,011	(652,836)	1,211,046

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 9: COMMITMENTS

A. Construction Commitments

At June 30, 2009 the City had the following commitments of approximately \$7,260,759 to complete construction contracts.

	Amounts
Governmental Activities	
Major Governmental Funds:	
General	\$ 1,241,865
CIP Sales Tax Improvement	3,320,023
Nonmajor Governmental Funds:	
Parks and Recreation	129,924
Public Health	62,101
Total governmental-type Funds	4,753,913
Business-type Activities	
Major business-type funds:	
Sewer	2,233,166
Landfill	215,394
Nonmajor business-type funds:	
Aviation	58,286
Total business-type Funds	2,506,846
Total	\$ 7,260,759

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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B. Landfill Closure and Postclosure Care Liabilities

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions for a minimum of thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these costs as an operating expense based upon landfill capacity used at the statement of net assets date.

LANDFILL CLOSURE
AND POSTCLOSURE CARE LIABILITIES
June 30, 2009

Description	Amount	Anticipated Close Year (1)	Capacity Used
City's Operating Landfill			
Area I	\$ 1,637,362	2013	94 %
Area II	2,145,675	2011	96 %
Area III	<u>5,602,863</u>	2015	78 %
	<u>\$ 9,385,900</u>		
McArthur Drive Landfill	<u>\$ 950,286</u>	Closed	100 %
Total	<u>\$10,336,186</u>		

(1) Based on anticipated year for placement of final cover over an entire area.

During the year ended June 30, 2009, total closure and postclosure care liabilities increased \$556,303 from \$9,779,883 to \$10,336,186.

1. City's Operating Landfill - Total estimated future closure and postclosure care costs for the City's operating landfill are \$21,771,902 of which \$9,385,900 is reported as landfill closure and postclosure care liability at June 30, 2009, representing the cumulative amount reported to date based on capacity use measurements. The City will recognize the remaining estimated cost of closure and postclosure care of \$12,386,002 as the remaining estimated capacity is consumed by the year 2015. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in environmental regulations.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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2. McArthur Drive Landfill - This landfill was owned and operated by the City until the late 1950's or early 1960's and no longer accepts waste. The Environmental Protection Agency has listed the site on its National Priorities List and is requiring proper closure and remediation. The City entered into an Administrative Order on Consent with the Environmental Protection Agency on October 11, 1996. That order required the remediation of this site including a bank stabilization project and plans for a permanent cap to be placed on the old landfill. A contribution protection action may eventually be filed by the City to recoup some of these costs. Currently the remaining closure and postclosure liability of \$950,286 is recorded in the Landfill Enterprise Fund and costs are expected to be expended by the year 2033.
3. Norris/Pigeon Hill Landfill – The existing landfill personnel perform all the post-closure care activities; thus, no costs are directly attributed to the Norris landfill.

The City engages an outside professional engineering firm to prepare a tipping fee/cost analysis. The analysis quantifies the timing and amount of future closure and postclosure care costs and recommended tipping fee adjustments. Based upon the results of the 2005 tipping fee/cost analysis provides annual cash designations of \$353,227 for future closure and postclosure care expenses. At June 30, 2009, these cash designations totaled \$3,534,611 and will be increased annually subject to the availability of funds and the results of future tipping fee/cost analysis.

The City maintains a Contract of Obligation with the Missouri Department of Natural Resources (MDNR) in accordance with the Missouri Solid Waste Management Law. At June 30, 2009, the City's Contract of Obligation was \$10,814,158 including \$10,386,379 for the current operating landfill and \$427,779 for the "Free Property" landfill area that won't be accessed until after the year 2009.

The Contract of Obligation does not require the City to restrict assets or record liabilities. However, should there be a violation of the Contract of Obligation or Missouri Solid Waste Management Law or related regulations, the State of Missouri may withhold funds normally disbursed to the City. Due to the remotely contingent nature of this event and the City's present state of compliance with the Contract and related Law, no effect is given to the obligation in the City's financial statements.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10: RETIREMENT PLANS

All full-time, regular employees of the City participate in one of two retirement plans. The *LAGERS Plan* covers all employees except commissioned police officers. The Missouri Local Government Employees Retirement System (LAGERS) is an agent multi-employer statewide public employee retirement plan for units of local government established and operated under provisions of the Revised Statutes of Missouri (RSMo) Section 70. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. The *Police Pension Plan* covers all commissioned police officers and is a single-employer defined benefit pension plan established and operated under provisions of Revised Statutes of Missouri (RSMo) Section 86. All Plans are qualified as tax exempt under the Internal Revenue Code.

A. Plan Descriptions

Local Government Employees Retirement System (LAGERS)

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Statute, Section RSMo. 70.600 – 70.755. As such, it is the system’s responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding Policy

The City’s full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 3.5% (general) and 36.5% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the City Council. The contribution provisions of the City are established by Missouri state statute.

Annual Pension Cost

For 2009, the City’s annual pension cost of \$2,862,763 was equal to the required and actual contribution. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of February 28, 2009 included (a) a rate of

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit, (d) preretirement mortality based on the RP-2000 Combined Healthy Table, set back 0 years for men and women, and (e) postretirement mortality based on the 1971 Group Annuity Mortality table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 15 years.

As of February 28, 2009, the most recent actuarial valuation date, the plan was 61 percent funded. The actuarial accrued liability for benefits was \$52,969,615, and the actuarial value of assets was \$32,124,099, resulting in an unfunded accrued liability (UAAL) of \$20,845,516. The covered payroll (annual payroll of active employees covered by the plan) was \$22,028,176, and the ratio of the UAAL to the covered payroll was 95 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Pension

Plan Description

Police Pension membership is mandatory for all full-time commissioned officers of the City of St. Joseph Police Department immediately upon employment. The pension plan is administered by the Police Pension Board of Trustees. Pension plan benefit changes are recommended by the Board of Trustees and approved by the City Council. The plan provides for monthly defined benefits commencing with the attainment of 20 years service. Benefits are computed at 40% of average monthly salary plus 2% for each full year of service beyond 20 years, not to exceed 15 additional years.

These retirement benefits do not vest with the participant until attaining the requisite years for benefit eligibility. Two-thirds of member contributions are refundable, without interest, upon termination after 5 years of service but before retirement eligibility. The plan also provides death and disability benefits and an annual cost of living adjustment to retirees equal to one-half of the Consumer Price Index not to exceed 4%.

The City Council adopted a new plan document on July 15, 1996, whereas the plan document was modified, but not the plan benefits. The City of St. Joseph issues a separate report and financial statements for the Police Pension Fund with an opinion expressed

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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therein. This report may be obtained by writing to the City of St. Joseph, Missouri, Director of Financial Services, 1100 Frederick, St. Joseph, MO 64501.

Funding Policy

The City is required to withhold participant contributions at a rate established in accordance with applicable state statutes as recommended by the Police Pension Board of Trustees and approved by the City Council. For the year ended June 30, 2009, the participant's contribution rate was 4%. The City is required to contribute at an actuarially determined rate; the current rate is 28.6% of annual covered payroll.

Annual Pension Cost

For 2009, the City's annual pension cost of \$1,550,095 was equal to the required and actual contribution. The required contribution was determined as part of the January 1, 2008 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of January 1, 2008 included:

Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Inflation assumption	4%
Investment rate of return	7.5%
Salary increases	4%
Mortality – healthy lives	RP 2000 Mortality Table
Mortality – disabled lives	RP 2000 Mortality Table set forward 10 years
Termination of employment	Rate of turnover from 0.75% to 5.00% based on age
Disablement	Rates from 0.17% to 1.93% based on age

The actuarial assumptions and methods and the provisions of the plan used in this valuation are the same as those used in the prior valuation.

As of January 1, 2009, the most recent actuarial valuation date, the plan was 55 percent funded. The actuarial accrued liability for benefits was \$36,492,434, and the actuarial value of assets was \$20,158,258, resulting in an unfunded accrued liability (UAAL) of

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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\$16,334,176. The covered payroll (annual payroll of active employees covered by the plan) was \$5,137,480, and the ratio of the UAL to the covered payroll was 318 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Membership of each plan consisted of the following at the date of the latest actuarial valuation:

Number of Participants	LAGERS	Police Pension	Total
Inactive Participants:			
Retirees and beneficiaries currently receiving benefits	317	95	412
Terminated employees entitled to future benefits	-	-	-
Total Inactive Participants	317	95	412
Active Participants:			
Fully vested	N/A	20	20
Partially vested	N/A	91	91
Non-vested	N/A	-	-
Total Active Participants	526	111	637
Total Number of Participants	<u>843</u>	<u>206</u>	<u>1,049</u>

Three-Year Trend Information

	<u>Year</u> <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
LAGERS	06/30/07	\$ 2,997,567	100%	\$ -0-
	06/30/08	2,886,483	100%	-0-
	06/30/09	2,862,763	100%	-0-
Police Pension	06/30/07	\$1,675,384	100%	\$ -0-
	06/30/08	1,536,575	100%	-0-
	06/30/09	1,550,095	100%	-0-

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits the City provides the post employment healthcare benefits described below. In past years the City has recorded the cost of providing these benefits on a pay-as-you-go-basis. During the year ended June 30, 2009, the City adopted Government Accounting Standards Board (GASB) Statement No. 45. Under GASB 45, the City recognizes the cost of post-employment healthcare benefits in the year in which the employee services are provided, reports the accumulated liability from prior years, and provides additional information useful to assess potential demands on the City's future cash flows. Recognition of the liability that has accumulated from prior years will be phased in over 30 years, commencing with the 2009 fiscal year.

Plan Description

The City provides for a continuation of health, dental and life benefits to employees that retire from City employment and who participate in the Missouri Local Government Employees Retirement System (LAGERS).

The City requires the retirees to pay 100% of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those had the retirees been rated as a separate group. The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under GASB Statement No. 45.

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or when payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

Funding Policy

GASB Statement No. 45 does not require funding of the OPEB liability, and the City has chosen not to fund it.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 698,531
Interest on net OPEB obligation	31,434
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	729,965
Less: Net employer contribution	<u>65,719</u>
Change in net OPEB obligation	664,246
Net OPEB obligation - July 1, 2008	<u>-</u>
Net OPEB obligation - June 30, 2009	<u><u>\$ 664,246</u></u>

This net OPEB obligation is recorded on the City's financial statements as follows:

	<u>Net OPEB Obligation</u>
Governmental Activities	<u>\$ 574,820</u>
Business-Type Activities	
Sewer	57,668
Landfill	17,500
Other Business-Type Funds	<u>14,258</u>
Total Business-Type Activities	<u>89,426</u>
Total Government	<u><u>\$ 664,246</u></u>

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2009 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2009	\$ 729,965	9.00%	\$ 664,246

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Funded Status and Funding Progress

As of June 30, 2008, which represents both the initial and the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$6,188,946. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$26,049,574, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 24 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method is used in the June 30, 2008 initial actuarial valuation. At this initial valuation date, actuarial present value of benefits is determined for each participant. The sum of these actuarial present values of benefits allocated to the current valuation year is the normal cost for the initial plan year. The sum of actuarial present values of benefits allocated to all valuation years preceding the valuation date represents the actuarial accrued liability.

The actuarial assumptions include a 4.5 percent investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 8.5 percent for the first year and then declining by 0.5 percent per year until 4.5 percent is reached. The 4.5 percent growth is used on a go-forward basis. The UAAL will be amortized over a period of 30 years in level dollar amounts on an open period amortization basis.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 12: NEW ACCOUNTING PRONOUNCEMENTS

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The City is currently evaluating the impact of adopting Statement No. 51. The City will implement GASB No. 51 beginning with the year ended June 30, 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The City is currently evaluating the impact of adopting Statement No. 53. The City will implement GASB No. 53 beginning with the year ended June 30, 2010.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes clearer fund balance classification that can be more consistently applied and clarifies the existing governmental fund type definitions. The City is currently evaluating the impact of adopting Statement No. 54. The City will implement GASB No. 54 beginning with the year ended June 30, 2011.

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 6,839,875	\$ 6,839,875	\$ 6,912,294	\$ 72,419
Sales	11,888,065	11,888,065	11,352,073	(535,992)
Franchise	8,685,450	8,685,450	6,822,074	(1,863,376)
Cigarette	436,500	436,500	441,029	4,529
Licenses and permits	1,178,490	1,178,490	1,111,884	(66,606)
Intergovernmental	833,310	955,103	936,806	(18,297)
Charges for services	1,372,905	1,372,905	1,254,449	(118,456)
Fines	1,149,100	1,149,100	1,177,943	28,843
Investment earnings	12,500	12,500	47,642	35,142
Contributions and donations	250	15,884	16,069	185
Other	97,604	111,465	127,542	16,077
Total revenues	32,494,049	32,645,337	30,199,805	(2,445,532)
Expenditures				
Current:				
General government				
City council				
Salaries	49,167	49,167	49,138	29
Benefits	110,725	110,725	93,208	17,517
Materials and supplies	2,500	2,500	1,458	1,042
Outside services	20,340	36,340	33,775	2,565
Total City council	182,732	198,732	177,579	21,153
City clerk				
Salaries	124,673	124,673	116,009	8,664
Benefits	34,892	34,892	33,359	1,533
Materials and supplies	3,600	3,600	2,608	992
Outside services	59,547	59,547	18,677	40,870
Total City clerk	222,712	222,712	170,653	52,059
Municipal court				
Salaries	277,797	280,187	265,403	14,784
Benefits	82,330	82,675	74,253	8,422
Materials and supplies	6,080	6,080	3,780	2,300
Outside services	98,023	98,023	95,135	2,888
Total Municipal court	464,230	466,965	438,571	28,394
City manager				
Salaries	342,270	342,270	341,530	740
Benefits	117,164	111,174	102,863	8,311
Materials and supplies	3,925	10,760	10,622	138
Outside services	88,687	96,442	95,545	897
Total City manager	552,046	560,646	550,560	10,086
Human resources				
Salaries	290,077	290,077	289,228	849
Benefits	83,716	82,480	76,363	6,117
Materials and supplies	7,300	8,300	7,055	1,245
Outside services	47,896	48,132	41,984	6,148
Total Human resources	428,989	428,989	414,630	14,359

(continued)

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Legal				
Salaries	396,575	396,575	381,175	15,400
Benefits	98,895	98,305	94,249	4,056
Materials and supplies	3,900	3,900	3,885	15
Outside services	198,282	198,872	141,730	57,142
Total Legal	697,652	697,652	621,039	76,613
Planning				
Salaries	212,937	212,937	213,580	(643)
Benefits	60,323	61,273	61,041	232
Materials and supplies	1,960	2,060	1,899	161
Outside services	122,040	120,990	119,877	1,113
Total Planning	397,260	397,260	396,397	863
Finance				
Salaries	712,512	712,512	708,884	3,628
Benefits	221,206	217,584	208,582	9,002
Materials and supplies	26,915	27,873	26,841	1,032
Outside services	305,559	300,608	290,552	10,056
Capital outlay	-	7,615	7,615	-
Total Finance	1,266,192	1,266,192	1,242,474	23,718
Technology				
Salaries	230,298	230,298	229,062	1,236
Benefits	82,363	82,818	75,790	7,028
Materials and supplies	133,025	143,549	140,899	2,650
Outside services	159,477	129,153	117,611	11,542
Capital outlay	-	19,345	19,233	112
Total Technology	605,163	605,163	582,595	22,568
Customer assistance				
Salaries	660,464	660,464	656,555	3,909
Benefits	207,036	204,741	202,370	2,371
Materials and supplies	15,280	18,376	17,339	1,037
Outside services	95,415	94,614	62,607	32,007
Total Customer assistance	978,195	978,195	938,871	39,324
Community resources				
Salaries	362,876	362,876	336,276	26,600
Benefits	114,151	114,151	99,644	14,507
Materials and supplies	48,700	53,991	45,302	8,689
Outside services	346,420	351,129	327,530	23,599
Capital outlay	29,000	29,000	19,532	9,468
Total Community resources	901,147	911,147	828,284	82,863
Other - unclassified				
Salaries	2,500	2,500	-	2,500
Materials and supplies	200,000	199,748	1,345	198,403
Outside services	1,228,070	1,915,042	1,742,800	172,242
Capital outlay	2,700,000	2,700,000	502,887	2,197,113
Total Other - unclassified	4,130,570	4,817,290	2,247,032	2,570,258
Total general government	10,826,888	11,550,943	8,608,685	2,942,258

(continued)

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Public safety:				
Police				
Salaries	7,266,075	7,227,193	6,982,618	244,575
Benefits	3,143,735	3,153,831	2,983,285	170,546
Materials and supplies	455,952	520,697	487,141	33,556
Outside services	1,631,889	1,695,251	1,638,281	56,970
Capital outlay	252,805	299,700	299,699	1
Total Police	12,750,456	12,896,672	12,391,024	505,648
Fire				
Salaries	6,627,566	6,617,406	6,594,281	23,125
Benefits	3,476,176	3,491,957	3,440,384	51,573
Materials and supplies	136,945	178,646	99,549	79,097
Outside services	249,172	266,982	255,086	11,896
Capital outlay	-	53,094	40,588	12,506
Total Fire	10,489,859	10,608,085	10,429,888	178,197
Total public safety	23,240,315	23,504,757	22,820,912	683,845
Total expenditures	34,067,203	35,055,700	31,429,597	3,626,103
Revenues over (under) expenditures	(1,573,154)	(2,410,363)	(1,229,792)	1,180,571
Other financing sources (uses)				
Transfers in	2,950,414	2,955,664	2,872,611	(83,053)
Transfers out	(1,484,643)	(1,822,923)	(1,822,923)	-
Sale of capital assets	-	6,245	12,745	6,500
Total other financing sources	1,465,771	1,138,986	1,062,433	(76,553)
Net change in fund balances, net	(107,383)	(1,271,377)	(167,359)	1,104,018
Fund balances - beginning	7,668,381	7,668,381	7,668,381	-
Fund balances - ending	\$ 7,560,998	\$ 6,397,004	\$ 7,501,022	\$ 1,104,018

(concluded)

See independent auditors' report and notes to required supplementary information.

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
STREET IMPROVEMENT MAINTENANCE AND REPAIR FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Sales	\$ 5,253,470	\$ 5,253,470	\$ 4,895,188	\$ (358,282)
Motor Fuel	3,635,370	3,635,370	3,256,266	(379,104)
Licenses and permits	12,000	12,000	15,631	3,631
Intergovernmental	195,347	219,247	134,548	(84,699)
Charges for services	403,000	403,000	52,660	(350,340)
Investment earnings	150,000	150,000	35,991	(114,009)
Other	15,000	15,000	34,673	19,673
Total revenues	<u>9,664,187</u>	<u>9,688,087</u>	<u>8,424,997</u>	<u>(1,263,090)</u>
Expenditures				
Highways and streets				
Salaries	3,496,775	3,560,025	3,383,005	177,020
Benefits	1,026,965	1,040,371	959,909	80,462
Materials and supplies	1,822,230	1,402,011	1,266,159	135,852
Outside services	2,464,925	2,742,347	2,350,644	391,703
Capital outlay	1,631,000	1,877,207	1,865,673	11,534
Total Highways and streets	<u>10,441,895</u>	<u>10,621,961</u>	<u>9,825,390</u>	<u>796,571</u>
Revenues over (under) expenditures	<u>(777,708)</u>	<u>(933,874)</u>	<u>(1,400,393)</u>	<u>(466,519)</u>
Other financing sources (uses)				
Transfers in	1,428,133	1,443,133	1,360,133	(83,000)
Transfers out	(471,542)	(471,542)	(471,542)	-
Total other financing sources	<u>956,591</u>	<u>971,591</u>	<u>888,591</u>	<u>(83,000)</u>
Net change in fund balances	178,883	37,717	(511,802)	(549,519)
Fund balances - beginning	2,676,440	2,676,440	2,676,440	-
Fund balances - ending	<u>\$ 2,855,323</u>	<u>\$ 2,714,157</u>	<u>\$ 2,164,638</u>	<u>\$ (549,519)</u>

See independent auditors' report and notes to required supplementary information.

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SPECIAL ALLOCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 479,430	\$ 479,430	\$ 486,575	\$ 7,145
Sales	1,891,000	1,891,000	1,923,388	32,388
Intergovernmental activity	2,912,115	3,072,115	3,110,961	38,846
Investment earnings	425,000	470,000	777,573	307,573
Other	1,799,546	1,799,546	1,076,053	(723,493)
Total revenues	<u>7,507,091</u>	<u>7,712,091</u>	<u>7,374,550</u>	<u>(337,541)</u>
Expenditures				
General government				
Outside services	6,873,402	11,108,132	10,358,949	749,183
Total General government	<u>6,873,402</u>	<u>11,108,132</u>	<u>10,358,949</u>	<u>749,183</u>
Revenues over (under) expenditures	<u>633,689</u>	<u>(3,396,041)</u>	<u>(2,984,399)</u>	<u>411,642</u>
Other financing sources (uses)				
Transfers in	5,000	34,730	34,730	-
Transfers out	(83,000)	(83,000)	-	83,000
Bonds issued	83,000	83,000	-	(83,000)
Total other financing sources	<u>5,000</u>	<u>34,730</u>	<u>34,730</u>	<u>-</u>
Net change in fund balances	638,689	(3,361,311)	(2,949,669)	411,642
Fund balances - beginning	15,162,825	15,162,825	15,162,825	-
Fund balances - ending	<u>\$ 15,801,514</u>	<u>\$ 11,801,514</u>	<u>\$ 12,213,156</u>	<u>\$ 411,642</u>

See independent auditors' report and notes to required supplementary information.

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2009

A. Budgetary Information

Annual budgets are adopted by City Ordinances for the General, Special Revenue (except the CDBG Loan funds), Capital Projects (except the Downtown Business District Fund) and Enterprise funds on or before the third Monday in June. Public hearings are held by the Council on the budget and all proposed tax levies prior to adoption. The City Charter establishes the following procedures for budgetary data reflected in the financial statements:

- A proposed budget is submitted by the City Manager to the Council at least sixty days prior to June 30, the end of the City's fiscal year. The proposed budget must be balanced within each fund based on estimated revenue for the upcoming fiscal year, plus or minus any carry-over surplus or deficits from prior fiscal years. The Manager's proposed budget is based on requests prepared by each Department and includes prior year actual, current year budget, current year estimated actual, and next year proposed data; with summary schedules and tables on revenues, expenditures, fund balances, staffing, and capital outlays.
- The Council may change the proposed appropriations within the estimated revenue and available fund balances contained in the City Manager's proposed budget.
- A public hearing on the proposed budget is required.
- The Council shall adopt and appropriate the budget on or before the third (3rd) Monday of the month immediately prior to the beginning of the fiscal year.

A formal budget document is bound, issued and publicly available. This document communicates how the City will deliver governmental services to its residents. Programs and services to be delivered in the fiscal year are identified along with funding sources that support the services. Goals and objectives are defined by program level. The budget serves as a policy document, operation guide, financial plan and communications device.

The City Manager is authorized to transfer budgeted amounts within programs within any department; however, revisions that alter the total expenditures of any department and certain appropriations of salary and wages, fringe benefits and capital outlay must be approved by the City Council. Budgetary control is exercised at the departmental classification level (personnel, supplies, services, etc.), the level at which an expenditure may not exceed appropriations without Council approval. Unencumbered appropriations lapse at year end.

The City Council approves a formal budget document for the General, Special Revenue (except the CDBG Loan funds), Capital Projects (except the Downtown Business District fund), and Enterprise Funds. Encumbrance accounting is employed in Governmental Fund Types. Encumbrances outstanding at year end are reported as reservations of fund balances and do not

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2009

constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Budgeted amounts are reported as originally adopted or as amended by Council ordinance. The Council approved several appropriation adjustments during the fiscal year.

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 collected 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 fiscal period. Expenditures generally are recorded when a liability is due and payable. However, interest and principal on general long-term debt is recognized when due, or when payments are due early in the next fiscal year, and the advance of resources to the debt service fund is mandatory, and debt service expenditures are recognized before year-end to match the resources provided for these payments.

The City Council during the fiscal year adopted a number of amendments to the budget to address unforeseen contingencies. The following schedule outlines the appropriation changes for the General, Special Revenue, Capital Projects and Enterprise Funds. The General budget increase is due to the purchases of Special Response Team rifles and ammunition, crowd control equipment and Livescan fingerprint system for the Police department, command vehicle and related equipment for the Fire department, Missouri State Auditor expenses, and the funding agreement with MWSU for the Chief's indoor training facility/community sports center. The Special Revenue budget increase is from additional employees for the alley maintenance program in the SIMR fund, emergency repairs for the Civic Arena HVAC system in the Parks, Recreation and Civic Facilities fund, grant funding in the Public Health fund for emergency preparedness, pandemic planning, nutrition and physical activity and WIC contracts, revenue and expenses recorded in the Special Allocation fund for the Mitchell Avenue bonds approved late in FY08, and Phil Welch improvements paid from the Riverboat fund. The Capital Projects increase to the budget is from the storm sewer repair on Llama Lane, railroad and topographic survey costs, the Karnes Road drainage project, and repairing the Pickett Road bridge over Interstate 29. The increase in the Enterprise Funds is for emergency roof repairs to the C1 hanger located at Rosecrans Memorial Airport, mapping and inventory services for the City's combination sewer system, Greystone reimbursable costs associated with the Cook Road corridor, and stormwater improvements to Roy's Branch recorded in the Sewer fund, and the purchase of compactor and unexpected repairs to Air Burner in the Landfill fund.

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2009**

2009 Budget			
Fund Type	Original Appropriation	Amended Appropriation	Increase
General	\$ 35,551,846	\$ 36,878,623	\$ 1,326,777
Special	32,685,142	41,401,533	8,716,391
Capital	11,792,639	12,337,212	544,573
Enterprise	30,362,340	37,166,181	6,803,841
Total	\$ 110,391,967	\$ 127,783,549	\$ 17,391,582

B. Budget/GAAP Reconciliation

The following schedule reconciles the amounts on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual to the amounts on the Statement of Revenues, Expenses and Changes in Fund Balances for the year ended June 30, 2009:

	General Fund	Street Improvement Maintenance and Repair Fund	Special Allocation Fund
Ending Fund Balance on budgetary basis	\$ 7,501,022	\$ 2,164,637	\$ 12,213,156
Encumbrances outstanding June 30, 2009	1,473,046	1,431,096	-
Prior Year Encumbrances Expended in FY 2009	(1,738,466)	(386,555)	-
Accrued payroll	(70,777)	(12,331)	-
Ending Fund Balance on GAAP basis	\$ 7,164,825	\$ 3,196,847	\$ 12,213,156

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2009

SCHEDULE OF FUNDING PROGRESS

PENSION PLANS

LAGERS Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
02/28/07	\$35,410,041	\$49,524,931	\$14,114,890	71.0%	\$20,792,977	68.0%
02/29/08	39,218,367	51,560,779	12,342,416	76.0%	21,006,673	59.0%
02/28/09	32,124,099	52,969,615	20,845,516	61.0%	22,028,176	95.0%

Police Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
03/01/04	\$16,525,149	\$28,892,605	\$12,367,456	57.2%	\$4,607,684	268.4%
03/01/05	18,233,797	30,819,539	12,585,742	59.2%	5,031,068	250.1%
03/01/06	20,369,111	32,390,571	12,021,460	62.9%	5,136,368	234.0%
01/01/07	22,953,206	33,248,289	10,295,083	69.0%	5,104,658	201.7%
01/01/08	24,580,275	34,763,770	10,183,495	70.7%	5,043,081	201.9%
01/01/09	20,158,258	36,492,434	16,334,176	55.2%	5,137,480	317.9%

OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
06/30/08	-0-	\$6,188,946	\$6,188,946	0.0%	\$26,049,574	23.8%

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2009**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PENSION PLANS

LAGERS Pension

Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$	2,997,567	100%	—
06/30/08		2,886,483	100%	—
06/30/09		2,862,763	100%	—

Police Pension

06/30/04	\$	1,641,927	100%	—
06/30/05		1,695,887	100%	—
06/30/06		1,671,950	100%	—
06/30/07		1,675,384	100%	—
06/30/08		1,536,575	100%	—
06/30/09		1,550,095	100%	—

OTHER POST-EMPLOYMENT BENEFITS

Year Ended		Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
06/30/09	\$	729,965	9%	\$ 664,246

CITY OF ST. JOSEPH, MISSOURI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue					
	Parks & Recreation	Public Health	Community Development	Riverboat Gaming	Museum	C.D Rehab Loan
Assets						
Cash and investments	\$ 1,438,647	\$ 1,979,079	\$ 48,096	\$ 65,978	\$ 398,785	\$ 228,356
Receivables	315,167	145,922	7,929	198,238	29,552	-
Loan receivables	-	-	-	-	-	1,032,162
Due from other governments	130,779	151,046	97,516	-	-	-
Prepaid items	32,890	10,643	2,172	-	-	-
Restricted cash and investments	4,166	50,098	-	-	-	-
Total assets	\$ 1,921,649	\$ 2,336,788	\$ 155,713	\$ 264,216	\$ 428,337	\$ 1,260,518
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	344,627	80,558	148,418	156,708	71,523	10,171
Due to other funds	-	-	449,671	-	-	-
Accrued payroll	96,288	45,535	10,361	-	-	-
Deferred revenue	118,890	95,056	-	-	22,148	-
Total liabilities	559,805	221,149	608,450	156,708	93,671	10,171
Fund balances:						
Reserved for:						
Encumbrances	177,771	109,569	475,758	17,960	-	-
Debt service	4,166	50,098	-	-	-	-
Prepaid items	32,890	10,643	2,172	-	-	-
Long-term receivables	-	-	-	-	-	1,032,162
Unreserved reported in:						
Special revenue funds	1,147,017	1,945,329	(930,667)	89,548	334,666	218,185
Capital projects funds	-	-	-	-	-	-
Total fund balances	1,361,844	2,115,639	(452,737)	107,508	334,666	1,250,347
Total liabilities and fund balances	\$ 1,921,649	\$ 2,336,788	\$ 155,713	\$ 264,216	\$ 428,337	\$ 1,260,518

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Rental Rehab Loan	Historic Preservation Loan	Home Revolving Loan	Downtown Business District	
\$	680,813	\$ 180,282	\$ 152,327	\$ 101,727	\$ 5,274,090
	-	-	-	2,336	699,144
	185,343	233,470	2,453,712	-	3,904,687
	-	-	-	-	379,341
	-	-	-	-	45,705
	-	-	-	-	54,264
\$	866,156	\$ 413,752	\$ 2,606,039	\$ 104,063	\$ 10,357,231

	10,762	2,609	12,246	11,268	\$ 848,890
	-	-	-	-	449,671
	-	-	-	-	152,184
	-	-	-	1,438	237,532
	10,762	2,609	12,246	12,706	1,688,277

	-	-	-	518	781,576
	-	-	-	-	54,264
	-	-	-	-	45,705
	185,343	233,470	2,453,712	-	3,904,687
	670,051	177,673	140,081	-	3,791,883
	-	-	-	90,839	90,839
	855,394	411,143	2,593,793	91,357	8,668,954
\$	866,156	\$ 413,752	\$ 2,606,039	\$ 104,063	\$ 10,357,231

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue					C.D Rehab Loan
	Parks & Recreation	Public Health	Community Development	Riverboat Gaming	Museum	
Revenues						
Taxes:						
Property	\$ 2,507,073	\$ 2,060,461	\$ -	\$ -	\$ 476,644	\$ -
Hotel	412,623	-	-	-	-	-
Licenses and permits	93,164	155,757	-	-	-	-
Intergovernmental	1,095,857	864,726	2,677,657	73,846	-	-
Charges for services	1,478,068	495,343	3,325	1,431,877	-	-
Fines	-	44,721	-	-	-	-
Special assessments	-	-	24,474	-	-	-
Investment earnings	9,074	17,695	1,135	4,871	5,406	34,878
Contributions and donations	39,517	9,427	-	-	-	-
Other	37,936	27,172	108,944	-	-	186,378
Total revenues	<u>5,673,312</u>	<u>3,675,302</u>	<u>2,815,535</u>	<u>1,510,594</u>	<u>482,050</u>	<u>221,256</u>
Expenditures						
Current:						
General government	-	-	116,738	497,561	544,649	-
Public works	-	-	245,910	-	-	-
Health and welfare	-	2,994,375	2,271,891	-	-	-
Parks and recreation	4,999,838	-	-	-	-	-
Debt Service:						
Principal	19,074	46,346	-	-	-	-
Interest	4,668	12,185	-	-	-	-
Capital outlay	1,289,924	164,447	-	573,204	-	-
Total expenditures	<u>6,313,504</u>	<u>3,217,353</u>	<u>2,634,539</u>	<u>1,070,765</u>	<u>544,649</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(640,192)</u>	<u>457,949</u>	<u>180,996</u>	<u>439,829</u>	<u>(62,599)</u>	<u>221,256</u>
Other financing sources (uses)						
Transfers in	896,680	323,830	174,675	43,280	-	-
Transfers out	(190,995)	(659,979)	(356,776)	(588,532)	(51,000)	(57,913)
Sale of capital assets	-	-	75,965	-	-	-
Total other financing sources (uses),net	<u>705,685</u>	<u>(336,149)</u>	<u>(106,136)</u>	<u>(545,252)</u>	<u>(51,000)</u>	<u>(57,913)</u>
Net change in fund balances	65,493	121,800	74,860	(105,423)	(113,599)	163,343
Fund balances - beginning	1,296,351	1,993,839	(527,597)	212,931	448,265	1,087,004
Fund balances - ending	<u>\$ 1,361,844</u>	<u>\$ 2,115,639</u>	<u>\$ (452,737)</u>	<u>\$ 107,508</u>	<u>\$ 334,666</u>	<u>\$ 1,250,347</u>

Rental Rehab Loan	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Historic Preservation Loan	Home Revolving Loan	Downtown Business District		
\$ -	\$ -	\$ -	\$ 75,917	\$	5,120,095
-	-	-	-	-	412,623
-	-	-	-	-	248,921
-	-	-	-	-	4,712,086
-	-	-	-	-	3,408,613
-	-	-	-	-	44,721
-	-	-	-	-	24,474
4,498	9,166	33,456	1,162	-	121,341
-	-	-	-	-	48,944
-	190	305,799	-	-	666,419
<u>4,498</u>	<u>9,356</u>	<u>339,255</u>	<u>77,079</u>		<u>14,808,237</u>
-	-	-	-	-	1,158,948
-	-	-	-	-	245,910
-	-	-	-	-	5,266,266
-	-	-	-	-	4,999,838
-	-	-	-	-	65,420
-	-	-	-	-	16,853
-	-	-	32,230	-	2,059,805
-	-	-	<u>32,230</u>		<u>13,813,040</u>
<u>4,498</u>	<u>9,356</u>	<u>339,255</u>	<u>44,849</u>		<u>995,197</u>
-	-	-	-	-	1,438,465
-	-	(116,762)	(9,700)	-	(2,031,657)
-	-	-	-	-	75,965
-	-	<u>(116,762)</u>	<u>(9,700)</u>		<u>(517,227)</u>
4,498	9,356	222,493	35,149	-	477,970
850,896	401,787	2,371,300	56,208	-	8,190,984
<u>\$ 855,394</u>	<u>\$ 411,143</u>	<u>\$ 2,593,793</u>	<u>\$ 91,357</u>	<u>\$</u>	<u>8,668,954</u>

CITY OF ST. JOSEPH, MISSOURI
PARKS, RECREATION AND CIVIC FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 2,443,380	\$ 2,443,380	\$ 2,507,073	\$ 63,693
Hotel	485,100	485,100	412,623	(72,477)
Licenses and permits	93,000	93,000	93,164	164
Intergovernmental	286,240	478,870	1,095,857	616,987
Charges for services	1,560,147	1,560,147	1,478,068	(82,079)
Investment earnings	15,050	15,050	9,074	(5,976)
Contributions and donations	52,000	54,425	39,517	(14,908)
Other	20,625	23,283	37,936	14,653
Total revenues	<u>4,955,542</u>	<u>5,153,255</u>	<u>5,673,312</u>	<u>520,057</u>
Expenditures				
Parks and recreation				
Salaries	2,613,216	2,560,756	2,560,672	84
Benefits	632,900	623,865	623,624	241
Materials and supplies	528,020	577,063	565,970	11,093
Outside services	1,171,888	1,282,692	1,268,071	14,621
Capital outlay	310,300	823,131	613,179	209,952
Total Parks and recreation	<u>5,256,324</u>	<u>5,867,507</u>	<u>5,631,516</u>	<u>235,991</u>
Revenues over (under) expenditures	<u>(300,782)</u>	<u>(714,252)</u>	<u>41,796</u>	<u>756,048</u>
Other financing sources (uses)				
Transfers in	620,680	915,680	896,680	(19,000)
Transfers out	(190,995)	(190,995)	(190,995)	-
Total other financing sources	<u>429,685</u>	<u>724,685</u>	<u>705,685</u>	<u>(19,000)</u>
Net change in fund balances	128,903	10,433	747,481	737,048
Fund balances - beginning	1,296,351	1,296,351	1,296,351	-
Fund balances - ending	<u>\$ 1,425,254</u>	<u>\$ 1,306,784</u>	<u>\$ 2,043,832</u>	<u>\$ 737,048</u>

CITY OF ST. JOSEPH, MISSOURI
PUBLIC HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 2,062,640	\$ 2,062,640	\$ 2,060,461	\$ (2,179)
Licenses and permits	140,760	140,760	155,757	14,997
Intergovernmental	922,117	923,295	864,726	(58,569)
Charges for services	444,419	477,419	495,343	17,924
Fines	40,000	40,000	44,721	4,721
Investment earnings	51,200	51,200	17,695	(33,505)
Contributions and donations	7,200	11,200	9,427	(1,773)
Other	21,900	21,900	27,172	5,272
Total revenues	<u>3,690,236</u>	<u>3,728,414</u>	<u>3,675,302</u>	<u>(53,112)</u>
Expenditures				
Health and welfare				
Salaries	1,668,839	1,682,964	1,635,097	47,867
Benefits	516,459	518,145	457,691	60,454
Materials and supplies	130,143	173,412	136,495	36,917
Outside services	862,864	884,844	829,752	55,092
Capital outlay	417,000	394,162	184,371	209,791
Total Health and welfare	<u>3,595,305</u>	<u>3,653,527</u>	<u>3,243,406</u>	<u>410,121</u>
Revenues over (under) expenditures	<u>94,931</u>	<u>74,887</u>	<u>431,896</u>	<u>357,009</u>
Other financing sources (uses)				
Transfers in	323,830	323,830	323,830	-
Transfers out	(659,979)	(659,979)	(659,979)	-
Total other financing sources	<u>(336,149)</u>	<u>(336,149)</u>	<u>(336,149)</u>	<u>-</u>
Net change in fund balances	(241,218)	(261,262)	95,747	357,009
Fund balances - beginning	1,993,839	1,993,839	1,993,839	-
Fund balances - ending	<u>\$ 1,752,621</u>	<u>\$ 1,732,577</u>	<u>\$ 2,089,586</u>	<u>\$ 357,009</u>

CITY OF ST. JOSEPH, MISSOURI
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 3,211,374	\$ 6,312,936	\$ 2,677,657	\$ (3,635,279)
Charges for services	-	-	3,325	3,325
Special assessments	-	-	24,474	24,474
Investment earnings	-	-	1,135	1,135
Other	-	-	108,944	108,944
Total revenues	3,211,374	6,312,936	2,815,535	(3,497,401)
Expenditures				
General government				
Salaries	82,507	82,717	82,180	537
Benefits	24,035	22,000	21,983	17
Materials and supplies	2,150	1,194	413	781
Outside services	156,674	2,758,382	11,032	2,747,350
Total General government	265,366	2,864,293	115,608	2,748,685
Health and welfare				
Salaries	205,069	204,859	203,966	893
Benefits	76,555	74,504	66,161	8,343
Materials and supplies	8,317	8,335	4,206	4,129
Outside services	1,943,141	2,442,769	1,637,244	805,525
Total Health and welfare	2,233,082	2,730,467	1,911,577	818,890
Public works				
Salaries	95,755	95,755	93,208	2,547
Benefits	30,054	30,154	29,045	1,109
Materials and supplies	3,555	3,205	2,633	572
Outside services	232,034	232,284	181,906	50,378
Total Public works	361,398	361,398	306,792	54,606
Total expenditures	2,859,846	5,956,158	2,333,977	3,622,181
Revenues over (under) expenditures	351,528	356,778	481,558	124,780
Other financing sources (uses)				
Transfers in	-	-	174,675	174,675
Transfers out	(351,528)	(356,778)	(356,776)	2
Capital lease	-	-	-	-
Sale of capital assets	-	-	75,965	75,965
Total other financing sources	(351,528)	(356,778)	(106,136)	250,642
Net change in fund balances	-	-	375,422	375,422
Fund balances(deficit) - beginning	(527,597)	(527,597)	(527,597)	-
Fund balances(deficit) - ending	\$ (527,597)	\$ (527,597)	\$ (152,175)	\$ 375,422

CITY OF ST. JOSEPH, MISSOURI
RIVERBOAT GAMING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget-
				Positive(Negative)
Revenues				
Intergovernmental	\$ -	\$ 78,500	\$ 73,846	\$ (4,654)
Charges for services	1,425,658	1,425,658	1,431,877	6,219
Investment earnings	33,000	33,000	4,871	(28,129)
Total revenues	<u>1,458,658</u>	<u>1,537,158</u>	<u>1,510,594</u>	<u>(26,564)</u>
Expenditures				
General government				
Outside services	371,500	505,038	503,636	1,402
Capital outlay	400,000	577,858	573,204	4,654
Total General government	<u>771,500</u>	<u>1,082,896</u>	<u>1,076,840</u>	<u>6,056</u>
Revenues over (under) expenditures	<u>687,158</u>	<u>454,262</u>	<u>433,754</u>	<u>(20,508)</u>
Other financing sources (uses)				
Transfers in	-	43,280	43,280	-
Transfers out	(650,260)	(680,992)	(588,532)	92,460
Total other financing sources	<u>(650,260)</u>	<u>(637,712)</u>	<u>(545,252)</u>	<u>92,460</u>
Net change in fund balances	36,898	(183,450)	(111,498)	71,952
Fund balances - beginning	212,931	212,931	212,931	-
Fund balances - ending	<u>\$ 249,829</u>	<u>\$ 29,481</u>	<u>\$ 101,433</u>	<u>\$ 71,952</u>

CITY OF ST. JOSEPH, MISSOURI
MUNICIPAL MUSEUM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 479,276	\$ 479,276	\$ 476,644	\$ (2,632)
Investment earnings	3,000	3,000	5,406	2,406
Total revenues	<u>482,276</u>	<u>482,276</u>	<u>482,050</u>	<u>(226)</u>
Expenditures				
General government				
Outside services	428,566	617,066	544,649	72,417
Total General government	<u>428,566</u>	<u>617,066</u>	<u>544,649</u>	<u>72,417</u>
Revenues over (under) expenditures	<u>53,710</u>	<u>(134,790)</u>	<u>(62,599)</u>	<u>72,191</u>
Other financing sources (uses)				
Transfers out	(51,000)	(51,000)	(51,000)	-
Total other financing sources	<u>(51,000)</u>	<u>(51,000)</u>	<u>(51,000)</u>	<u>-</u>
Net change in fund balances	2,710	(185,790)	(113,599)	72,191
Fund balances - beginning	448,265	448,265	448,265	-
Fund balances - ending	<u>\$ 450,975</u>	<u>\$ 262,475</u>	<u>\$ 334,666</u>	<u>\$ 72,191</u>

CITY OF ST. JOSEPH, MISSOURI
CIP SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 5,754,610	\$ 5,754,610	\$ 5,400,035	\$ (354,575)
Intergovernmental	1,365,571	1,455,171	261,991	(1,193,180)
Investment earnings	463,400	463,400	114,997	(348,403)
Other	-	-	42,102	42,102
Total revenues	7,583,581	7,673,181	5,819,125	(1,854,056)
Expenditures				
Capital outlay				
Materials and supplies	-	116,913	111,286	5,627
Outside services	1,272,550	1,058,175	266,703	791,472
Capital outlay	10,470,089	11,034,624	6,941,617	4,093,007
Total Capital outlay	11,742,639	12,209,712	7,319,606	4,890,106
Revenues over (under) expenditures	(4,159,058)	(4,536,531)	(1,500,481)	3,036,050
Other financing sources (uses)				
Transfers in	50,000	50,000	48,293	(1,707)
Transfers out	(50,000)	(127,500)	-	127,500
Total other financing sources	-	(77,500)	48,293	125,793
Net change in fund balances	(4,159,058)	(4,614,031)	(1,452,188)	3,161,843
Fund balances - beginning	9,171,786	9,171,786	9,171,786	-
Fund balances - ending	\$ 5,012,728	\$ 4,557,755	\$ 7,719,598	\$ 3,161,843

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2009

Business-type Activities - Enterprise Funds

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and investments	\$ 234,979	\$ 234,641	\$ 38,587	\$ 508,207
Restricted cash and cash equivalents	-	57,158	-	57,158
Interest receivable	142	142	23	307
Accounts receivable (net of allowance for uncollectibles)	1,705	1,178	-	2,883
Due from other governments	93,312	-	3,821	97,133
Prepaid items	2,577	1,566	1,415	5,558
Total current assets	332,715	294,685	43,846	\$ 671,246
Noncurrent assets:				
Deferred charges	-	2,859	-	2,859
Capital assets:				
Capital assets, not being depreciated:	1,865,753	1,550,998	110,000	3,526,751
Capital assets net of accumulated depreciation:	6,028,256	653,176	314,294	6,995,726
Total capital assets (net of accumulated depreciation)	7,894,009	2,204,174	424,294	10,522,477
Total noncurrent assets	7,894,009	2,207,033	424,294	10,525,336
Total assets	\$ 8,226,724	\$ 2,501,718	\$ 468,140	\$ 11,196,582
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable	\$ 48,905	\$ 7,821	\$ 25,445	\$ 82,171
Accrued payroll	7,771	5,041	5,257	18,069
Accrued interest payable	-	2,027	-	2,027
Long-term obligations due in one year	19,649	66,331	21,451	107,431
Total current liabilities	76,325	81,220	52,153	209,698
Noncurrent liabilities:				
Long term obligations due in more than one year (net of unamortized discounts and deferred amount on refunding)	13,195	213,453	14,876	241,524
Total noncurrent liabilities	13,195	213,453	14,876	241,524
Total liabilities	89,520	294,673	67,029	451,222
Net Assets				
Invested in capital assets, net of related debt	7,894,009	1,937,110	403,646	10,234,765
Restricted for debt service	-	55,131	-	55,131
Unrestricted	243,195	214,804	(2,535)	455,464
Total net assets	\$ 8,137,204	\$ 2,207,045	\$ 401,111	\$ 10,745,360

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 457,453	\$ 444,315	\$ 394,632	\$ 1,296,400
Other	7,738	2,223	147	10,108
Total operating revenues	<u>465,191</u>	<u>446,538</u>	<u>394,779</u>	<u>1,306,508</u>
Operating expenses:				
Personal services	381,935	250,546	220,124	852,605
Contractual services	102,036	45,890	39,091	187,017
Commodities	40,061	8,333	55,626	104,020
Heat, light and power	28,449	27,297	50,520	106,266
Depreciation	564,765	45,517	36,177	646,459
Total operating expenses	<u>1,117,246</u>	<u>377,583</u>	<u>401,538</u>	<u>1,896,367</u>
Operating income (loss)	<u>(652,055)</u>	<u>68,955</u>	<u>(6,759)</u>	<u>(589,859)</u>
Nonoperating revenues (expenses):				
Intergovernmental and other	99,274	-	-	99,274
Investment income	3,069	3,495	(126)	6,438
Interest and fiscal charges	(91)	(19,925)	(1,615)	(21,631)
Total nonoperating revenues (expenses), net	<u>102,252</u>	<u>(16,430)</u>	<u>(1,741)</u>	<u>84,081</u>
Income (loss) before capital contributions and transfers	<u>(549,803)</u>	<u>52,525</u>	<u>(8,500)</u>	<u>(505,778)</u>
Capital contributions	67,502	-	-	67,502
Transfers in	61,560	-	-	61,560
Transfers out	(65,540)	(40,900)	(20,406)	(126,846)
Change in net assets	<u>(486,281)</u>	<u>11,625</u>	<u>(28,906)</u>	<u>(503,562)</u>
Total net assets - beginning	<u>8,623,485</u>	<u>2,195,420</u>	<u>430,017</u>	<u>11,248,922</u>
Total net assets - ending	<u>\$ 8,137,204</u>	<u>\$ 2,207,045</u>	<u>\$ 401,111</u>	<u>\$ 10,745,360</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 455,748	\$ 447,047	\$ 394,632	\$ 1,297,427
Payments to suppliers	(225,054)	(84,876)	(142,777)	(452,707)
Payments to employees	(373,306)	(244,097)	(213,351)	(830,754)
Other operating revenues	7,738	2,223	147	10,108
Net cash provided (used) by operating activities	<u>(134,874)</u>	<u>120,297</u>	<u>38,651</u>	<u>24,074</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	61,560	-	-	61,560
Transfers out	(65,540)	(40,900)	(20,406)	(126,846)
Net cash provided (used) by noncapital financing activities	<u>(3,980)</u>	<u>(40,900)</u>	<u>(20,406)</u>	<u>(65,286)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments of debt principal	-	(47,842)	(9,545)	(57,387)
Payments of debt interest and charges	(91)	(21,717)	(1,615)	(23,423)
Capital grants received	140,531	-	-	140,531
Purchase of capital assets	(77,166)	-	(23,001)	(100,167)
Net cash provided (used) by capital and related financing activities	<u>63,274</u>	<u>(69,559)</u>	<u>(34,161)</u>	<u>(40,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	462,599	402,555	78,829	943,983
Purchase of investments	(410,538)	(409,949)	(67,417)	(887,904)
Interest and dividends received	3,826	4,000	11	7,837
Net cash provided (used) by investing activities	<u>55,887</u>	<u>(3,394)</u>	<u>11,423</u>	<u>63,916</u>
Net increase (decrease) in cash and cash equivalents	(19,693)	6,444	(4,493)	(17,742)
Cash and cash equivalents - beginning	<u>93,682</u>	<u>67,438</u>	<u>16,643</u>	<u>177,763</u>
Cash and cash equivalents - ending	73,989	73,882	12,150	160,021
Investments	160,990	217,917	26,437	405,344
Total cash and investments	<u>\$ 234,979</u>	<u>\$ 291,799</u>	<u>\$ 38,587</u>	<u>\$ 565,365</u>
Cash and investments reported on the Statement of Net Assets:				
Unrestricted cash and investments	\$ 234,979	\$ 234,641	\$ 38,587	\$ 508,207
Restricted cash and investments	-	57,158	-	57,158
Total cash and investments	<u>\$ 234,979</u>	<u>\$ 291,799</u>	<u>\$ 38,587</u>	<u>\$ 565,365</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (652,055)	\$ 68,955	\$ (6,759)	\$ (589,859)
Adjustments to reconciliation operating income (loss) to net cash provided by operating activities:				
Depreciation	564,765	45,517	36,177	646,459
Changes in operating assets and liabilities:				
Accounts receivable	(1,705)	2,732	-	1,027
Prepaid expenses	(122)	(130)	(407)	(659)
Accounts payable and contracts/claims payable	(54,386)	(3,226)	2,867	(54,745)
Accrued payroll and compensated absences	8,629	6,449	6,773	21,851
Net cash provided (used) by operating activities	<u>\$ (134,874)</u>	<u>\$ 120,297</u>	<u>\$ 38,651</u>	<u>\$ 24,074</u>
Non-cash capital and financing activities:				
Assets acquired under capital leases	<u>\$ 67,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,502</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
3rd Street TDD Tax Fund				
Assets:				
Cash and investments	\$ 62,973	\$ 41,490	\$ 39,534	\$ 64,929
	<u>\$ 62,973</u>	<u>\$ 41,490</u>	<u>\$ 39,534</u>	<u>\$ 64,929</u>
Liabilities:				
Due to others	\$ 62,973	\$ 41,490	\$ 39,534	\$ 64,929
	<u>\$ 62,973</u>	<u>\$ 41,490</u>	<u>\$ 39,534</u>	<u>\$ 64,929</u>
East Hills CID Tax Fund				
Assets:				
Cash and investments	\$ -	\$ 410,528	\$ 410,364	\$ 164
Receivables:				
Taxes	-	40,949	-	40,949
	<u>\$ -</u>	<u>\$ 451,477</u>	<u>\$ 410,364</u>	<u>\$ 41,113</u>
Liabilities:				
Due to others	\$ -	\$ 451,477	\$ 410,364	\$ 41,113
	<u>\$ -</u>	<u>\$ 451,477</u>	<u>\$ 410,364</u>	<u>\$ 41,113</u>
Library Tax Fund				
Assets:				
Cash and investments	\$ -	\$ 206,599	\$ 206,590	\$ 9
Receivables:				
Taxes	150,829	173,377	150,829	173,377
	<u>\$ 150,829</u>	<u>\$ 379,976</u>	<u>\$ 357,419</u>	<u>\$ 173,386</u>
Liabilities:				
Due to others	\$ 150,829	\$ 379,976	\$ 357,419	\$ 173,386
	<u>\$ 150,829</u>	<u>\$ 379,976</u>	<u>\$ 357,419</u>	<u>\$ 173,386</u>
All Agency Funds				
Assets:				
Cash and investments	\$ 62,973	\$ 658,617	\$ 656,488	\$ 65,102
Receivables:				
Taxes	150,829	214,326	150,829	214,326
	<u>\$ 213,802</u>	<u>\$ 872,943</u>	<u>\$ 807,317</u>	<u>\$ 279,428</u>
Liabilities:				
Due to others	\$ 213,802	\$ 872,943	\$ 807,317	\$ 279,428
	<u>\$ 213,802</u>	<u>\$ 872,943</u>	<u>\$ 807,317</u>	<u>\$ 279,428</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of St. Joseph's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Tables</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-5
Revenue Capacity	6-12
These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.	
Debt Capacity	13-17
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	
Demographic and Economic Information	18-20
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	21-22
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF ST. JOSEPH, MISSOURI
Net Assets by Component
Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 29,111,703	29,292,688	41,153,764	52,331,937	181,425,001	185,183,117	182,248,926
Restricted	10,663,055	18,997,121	18,285,178	23,426,188	20,555,701	27,093,178	25,568,379
Unrestricted	7,285,390	5,133,522	(20,577,312)	(46,427,491)	(38,578,792)	(52,014,583)	(62,172,221)
Total governmental activities net assets	<u>\$ 47,060,148</u>	<u>53,423,331</u>	<u>38,861,630</u>	<u>29,330,634</u>	<u>163,401,910</u>	<u>160,261,712</u>	<u>145,645,084</u>
Business-type activities	\$						
Invested in capital assets, net of related debt	53,334,648	59,565,885	61,317,196	58,367,018	59,053,451	58,958,430	59,010,032
Restricted	8,155,420	2,392,348	3,770,260	4,017,572	4,065,619	7,052,076	7,242,299
Unrestricted	2,427,039	1,822,265	(1,197,406)	188,263	3,702,556	1,502,371	3,699,241
Total business-type activities net assets	<u>\$ 63,917,107</u>	<u>63,780,498</u>	<u>63,890,050</u>	<u>62,572,853</u>	<u>66,821,626</u>	<u>67,512,877</u>	<u>69,951,572</u>
Primary government							
Invested in capital assets, net of related debt	\$ 82,446,351	88,858,573	102,470,960	110,698,955	240,478,452	244,141,547	241,258,958
Restricted	18,818,475	21,389,469	22,055,438	27,443,760	24,621,320	34,145,254	32,810,678
Unrestricted	9,712,429	6,955,787	(21,774,718)	(46,239,228)	(34,876,236)	(50,512,212)	(58,472,980)
Total primary government net assets	<u>\$ 110,977,255</u>	<u>117,203,829</u>	<u>102,751,680</u>	<u>91,903,487</u>	<u>230,223,536</u>	<u>227,774,589</u>	<u>215,596,656</u>

Note: GASB 34 was implemented in fiscal year 2003, so only seven fiscal years are shown.

Note: FY 2005 - Beginning in 2005, unrestricted net asset includes tax increment financing related obligations that does not result in an asset for the City.

Note: FY2007 Completed the retroactive infrastructure reporting requirements of GASB 34 for governmental activities.

CITY OF ST. JOSEPH, MISSOURI
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 8,162,055	\$ 3,448,810	\$ 39,676,618	\$ 23,853,935	\$ 9,595,821	\$ 18,759,334	\$ 26,816,581
Public safety	19,594,533	19,003,061	15,552,714	21,133,947	21,956,657	23,318,744	25,047,545
Highways and streets	6,052,644	9,479,906	9,473,469	10,042,359	15,809,603	18,375,904	15,691,228
Public works	1,283,978	257,751	274,980	370,810	385,983	212,776	247,807
Health and welfare	7,035,645	7,226,366	7,807,850	5,908,864	5,803,456	5,397,561	5,998,130
Parks and Recreation	3,541,370	6,119,506	5,094,993	5,187,029	5,572,153	5,096,787	5,613,173
Interest on long-term debt	100,734	25,430	983,094	4,669,961	3,802,505	3,752,522	3,754,782
Total governmental activities expenses	<u>45,770,959</u>	<u>45,560,830</u>	<u>78,863,718</u>	<u>71,166,905</u>	<u>62,926,178</u>	<u>74,913,628</u>	<u>83,169,246</u>
Business-type activities:							
Aviation	869,308	923,145	921,180	863,917	976,138	989,152	1,117,337
Parking	492,519	459,985	525,677	510,026	445,675	358,222	397,508
Sewer	7,496,824	7,918,146	10,233,920	9,614,343	9,867,502	12,065,818	13,047,197
Golf	436,367	411,499	410,943	403,045	374,989	427,656	403,153
Transit	3,881,183	4,291,909	4,550,225	4,874,741	4,929,923	5,047,032	4,711,415
Landfill	1,198,668	1,723,240	2,202,206	2,967,669	2,462,903	4,672,139	3,486,083
Total business-type activities expenses	<u>14,374,869</u>	<u>15,728,104</u>	<u>18,844,151</u>	<u>19,233,741</u>	<u>19,057,130</u>	<u>23,560,019</u>	<u>23,162,693</u>
Total primary government expenses	<u>\$ 60,145,828</u>	<u>\$ 61,288,934</u>	<u>\$ 97,707,869</u>	<u>\$ 90,400,646</u>	<u>\$ 81,983,308</u>	<u>\$ 98,473,647</u>	<u>\$ 106,331,939</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 2,283,021	\$ 3,799,256	\$ 4,600,425	\$ 4,635,231	\$ 4,873,363	\$ 5,836,677	\$ 5,916,735
Public safety	541,646	562,301	619,251	709,962	496,759	543,241	583,425
Highways and streets	656,891	151,963	281,004	150,512	158,804	172,658	103,004
Public works	478,916	15,669	18,046	36,730	45,627	23,327	24,080
Health and welfare	938,532	559,690	567,388	674,058	749,166	684,720	746,525
Parks and Recreation	10,756	1,245,464	1,187,399	1,521,336	1,514,198	1,598,356	1,648,685
Operating grants and contributions	6,081,057	6,630,787	5,339,972	5,347,446	6,508,083	6,360,929	5,232,333
Capital grants and contributions	654,879	808,616	10,899,818	4,414,950	2,427,643	2,255,309	1,455,757
Total governmental activities program revenues	<u>11,645,698</u>	<u>13,773,746</u>	<u>23,513,303</u>	<u>17,490,225</u>	<u>16,773,643</u>	<u>17,475,217</u>	<u>15,710,544</u>
Business-type activities:							
Charges for services:							
Aviation	349,599	393,286	410,800	441,058	469,727	479,350	465,191
Parking	295,434	355,464	359,257	359,273	343,396	447,428	446,538
Sewer	6,888,825	7,116,113	7,944,771	8,724,982	10,242,357	11,321,682	12,080,534
Golf	382,570	370,379	400,615	405,379	379,891	369,883	394,779
Transit	115,500	125,058	105,594	124,959	158,916	284,077	327,506
Landfill	2,356,690	2,923,924	3,006,818	2,801,026	3,151,363	5,087,108	5,029,726
Operating grants and contributions	956,320	917,265	917,764	1,112,699	2,839,376	2,818,251	1,831,416
Capital grants and contributions	1,377,413	1,512,453	3,128,516	839,014	1,324,937	688,019	768,444
Total business-type activities program revenues	<u>12,722,351</u>	<u>13,713,942</u>	<u>16,274,135</u>	<u>14,805,390</u>	<u>18,909,963</u>	<u>21,595,798</u>	<u>21,344,134</u>
Total primary government program revenues	<u>\$ 24,368,049</u>	<u>\$ 27,487,688</u>	<u>\$ 39,787,438</u>	<u>\$ 32,295,615</u>	<u>\$ 35,683,606</u>	<u>\$ 39,071,015</u>	<u>\$ 37,054,678</u>
Net (expense)/revenue							
Governmental activities	(34,125,261)	(31,787,084)	(55,350,415)	(53,676,680)	(46,152,535)	(57,438,411)	(67,458,702)
Business-type activities	(1,652,518)	(2,014,162)	(2,570,016)	(4,428,351)	(147,167)	(1,964,221)	(1,818,559)
Total primary government net expense	<u>\$ (35,777,779)</u>	<u>\$ (33,801,246)</u>	<u>\$ (57,920,431)</u>	<u>\$ (58,105,031)</u>	<u>\$ (46,299,702)</u>	<u>\$ (59,402,632)</u>	<u>\$ (69,277,261)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes								
Property taxes	\$ 8,885,541	\$ 9,279,250	\$ 9,960,360	\$ 10,499,547	\$ 11,388,612	\$ 12,214,235	\$ 12,611,491	
Sales and use taxes	19,429,459	19,497,214	21,186,735	21,897,287	21,933,448	24,278,612	23,570,684	
Franchise taxes	3,494,833	3,691,553	3,734,204	3,956,650	4,016,906	7,588,044	6,822,074	
Motor fuel taxes	3,483,646	3,572,836	3,613,104	3,592,068	3,750,470	3,554,512	3,256,266	
Cigarette taxes	444,354	452,770	437,460	459,855	453,013	451,815	441,029	
Hotel taxes	339,110	354,801	389,986	400,792	430,551	448,717	412,623	
Intergovernmental activity taxes	-	-	26,922	934,602	2,417,872	2,433,665	3,110,961	
Unrestricted investment earnings	323,973	311,348	910,325	2,028,405	2,220,429	1,913,204	1,113,290	
Gain (loss) on sale of capital assets	(201,970)	48,713	73,644	-	-	9,914	75,546	
Transfers	(2,971)	941,782	455,974	376,478	835,608	1,405,495	1,428,110	
Total governmental activities	36,195,975	38,150,267	40,788,714	44,145,684	47,446,909	54,298,213	52,842,074	

Business-type activities:

Sales and use taxes	1,458,333	1,460,047	1,501,994	1,560,135	1,643,460	1,726,313	4,016,551	
Franchise taxes	782,374	841,936	887,532	939,913	942,673	1,058,276	1,049,179	
Unrestricted investment earnings	591,009	504,901	740,503	987,584	1,146,274	1,099,122	619,634	
Gain (loss) on sale of capital assets	15,960	12,451	5,513	-	-	177,256	-	
Transfers	2,971	(941,782)	(455,974)	(376,478)	(835,608)	(1,405,495)	(1,428,110)	
Total business-type activities	2,850,647	1,877,553	2,679,568	3,111,154	2,896,799	2,655,472	4,257,254	

Total primary government	\$ 39,046,622	\$ 40,027,820	\$ 43,468,282	\$ 47,256,838	\$ 50,343,708	\$ 56,953,685	\$ 57,099,328	
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Changes in Net Assets

Governmental activities	\$ 2,070,714	\$ 6,363,183	\$ (14,561,701)	\$ (9,530,996)	\$ 1,294,374	\$ (3,140,198)	\$ (14,616,628)	
Business-type activities	1,198,129	(136,609)	109,552	(1,317,197)	2,749,632	691,251	2,438,695	
Total primary government	\$ 3,268,843	\$ 6,226,574	\$ (14,452,149)	\$ (10,848,193)	\$ 4,044,006	\$ (2,448,947)	\$ (12,177,933)	

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Note: GASB 34 was implemented in fiscal year 2003, so only seven fiscal years are shown.

Table 3

CITY OF ST. JOSEPH, MISSOURI
 Governmental Activities Tax Revenues By Source
 Last Seven Fiscal Years
 (accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Fuel Tax</u>	<u>Cigarette Tax</u>	<u>Hotel Tax</u>	<u>Intergovernmental Activity Tax</u>	<u>Total</u>
2003	\$ 8,885,541	\$ 19,429,459	\$ 3,494,833	\$ 3,483,646	\$ 444,354	\$ 339,110	-	\$ 36,076,943
2004	9,279,250	19,497,214	3,691,553	3,572,836	452,770	354,801	-	36,848,424
2005	9,960,360	21,186,735	3,734,204	3,613,104	437,460	389,986	\$ 26,922	39,348,771
2006	10,499,547	21,897,287	3,956,650	3,592,068	459,855	400,792	934,602	41,740,801
2007	11,388,612	21,933,448	4,016,906	3,750,470	453,013	430,551	2,417,872	44,390,872
2008	12,214,235	24,278,612	7,588,044	3,554,512	451,815	448,717	2,433,665	50,969,600
2009	12,611,491	23,570,684	6,822,074	3,256,266	441,029	412,623	3,110,961	50,225,128

Note: GASB 34 was implemented in fiscal year 2003, so only seven fiscal years are shown.

CITY OF ST. JOSEPH, MISSOURI
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 366,494	565,488	528,819	403,469	421,535	540,938	1,061,421	635,136	2,075,505	1,715,494
Unreserved	882,851	836,873	882,820	2,244,724	3,100,054	5,465,123	2,081,515	2,551,817	5,592,876	5,449,331
Total General Fund	<u>\$ 1,249,345</u>	<u>1,402,361</u>	<u>1,411,639</u>	<u>2,648,193</u>	<u>3,521,589</u>	<u>6,006,061</u>	<u>3,142,936</u>	<u>3,186,953</u>	<u>7,668,381</u>	<u>7,164,825</u>
All other governmental funds										
Reserved	\$ 6,632,614	8,453,384	9,440,319	9,530,749	22,146,975	21,702,717	20,908,204	23,647,498	16,742,801	21,830,413
Unreserved, reported in:										
Special revenue funds	928,892	1,764,210	2,357,671	5,245,512	4,086,832	11,081,617	5,142,593	8,458,323	11,941,619	5,477,728
Capital project funds	5,769,516	5,859,267	3,142,441	5,364,774	4,771,513	2,117,955	6,469,342	2,859,544	6,517,615	5,110,764
Total all other governmental funds	<u>\$ 13,331,022</u>	<u>16,076,861</u>	<u>14,940,431</u>	<u>20,141,035</u>	<u>31,005,320</u>	<u>34,902,289</u>	<u>32,520,139</u>	<u>34,965,365</u>	<u>35,202,035</u>	<u>32,418,905</u>

CITY OF ST. JOSEPH, MISSOURI
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 30,061,386	31,275,425	35,144,936	36,335,290	37,110,533	38,532,875	41,528,031	45,654,024	50,983,735	50,132,601
Licenses, fees and permits	1,233,404	1,353,954	1,165,397	1,259,208	1,376,641	1,403,084	1,445,418	1,465,195	1,461,356	1,376,436
Intergovernmental	7,302,128	5,211,172	5,757,234	6,735,936	7,439,403	5,830,759	8,951,096	5,697,209	8,644,884	6,045,431
Charges for services	2,057,916	2,010,945	2,172,509	2,379,460	2,785,721	4,179,090	4,584,989	4,744,541	4,717,410	4,715,722
Fines, forfeitures, and court costs	741,672	643,971	784,821	808,169	807,885	936,012	1,006,127	1,101,165	1,192,519	1,222,664
Special Assessments	20,746	31,007	17,813	11,815	18,140	21,802	39,688	47,522	28,648	24,474
Investment earnings	701,980	813,286	487,998	323,973	303,510	910,325	1,980,288	2,143,643	1,847,313	1,097,544
Other	290,426	1,047,998	745,448	507,196	1,326,956	733,525	789,906	2,544,549	1,711,517	2,011,842
Total revenues	<u>42,409,658</u>	<u>42,387,758</u>	<u>46,276,156</u>	<u>48,361,047</u>	<u>51,168,789</u>	<u>52,547,472</u>	<u>60,325,543</u>	<u>63,397,848</u>	<u>70,587,382</u>	<u>66,626,714</u>
Expenditures										
General government	5,500,413	4,885,067	4,776,223	5,936,326	6,496,521	36,267,743	23,608,397	8,782,348	10,956,124	11,676,893
Public safety	14,762,938	14,835,831	16,899,825	17,990,251	18,627,416	20,533,681	20,665,255	21,252,553	21,779,899	22,495,913
Highways and streets	7,934,711	6,892,660	8,148,914	6,879,745	6,968,828	6,900,810	7,566,077	7,492,151	8,834,917	7,961,665
Public works	274,934	250,760	307,844	352,546	253,312	274,980	344,143	274,688	212,776	245,910
Health and welfare	4,564,105	4,069,329	5,341,224	5,665,480	5,881,934	5,325,299	5,450,574	5,406,459	5,203,704	5,266,266
Parks and Recreation	3,752,604	3,311,231	3,676,430	3,505,279	3,862,181	4,029,293	4,420,506	4,576,833	4,566,717	4,999,838
Capital outlay	4,488,793	5,253,727	7,929,468	10,455,782	7,094,524	13,837,195	15,038,466	7,317,407	13,965,360	11,882,657
Debt Service										
Principal	272,745	296,112	300,449	207,370	70,000	696,934	1,713,663	2,918,292	3,291,383	3,218,074
Interest and bond costs	159,449	144,099	125,174	103,942	455,432	2,312,389	4,271,923	3,723,482	3,686,478	3,683,004
Total expenditures	<u>41,710,692</u>	<u>39,938,816</u>	<u>47,505,551</u>	<u>51,096,721</u>	<u>49,710,148</u>	<u>90,178,324</u>	<u>83,079,004</u>	<u>61,744,213</u>	<u>72,497,358</u>	<u>71,430,220</u>
Excess of revenues over (under) expenditures	698,966	2,448,942	(1,229,395)	(2,735,674)	1,458,641	(37,630,852)	(22,753,461)	1,653,635	(1,909,976)	(4,803,506)
Other Financing Sources (Uses)										
Transfers in	3,344,429	2,690,731	5,182,720	4,935,876	6,184,221	8,433,017	5,218,834	5,766,678	6,676,295	5,754,232
Transfers out	(2,695,778)	(2,308,360)	(5,080,477)	(4,938,847)	(5,242,439)	(7,977,043)	(4,842,356)	(4,931,070)	(5,270,800)	(4,326,122)
Issuance of debt	-	-	-	-	9,240,266	43,335,000	16,985,000	-	5,110,000	-
Capital leases	-	67,542	-	-	48,933	-	35,300	-	56,201	-
Sale of capital assets	-	-	-	48,114	48,059	221,319	111,408	-	56,378	88,710
Total other financing sources (uses)	<u>648,651</u>	<u>449,913</u>	<u>102,243</u>	<u>45,143</u>	<u>10,279,040</u>	<u>44,012,293</u>	<u>17,508,186</u>	<u>835,608</u>	<u>6,628,074</u>	<u>1,516,820</u>
Net change in fund balances	<u>\$ 1,347,617</u>	<u>2,898,855</u>	<u>(1,127,152)</u>	<u>(2,690,531)</u>	<u>11,737,681</u>	<u>6,381,441</u>	<u>(5,245,275)</u>	<u>2,489,243</u>	<u>4,718,098</u>	<u>(3,286,686)</u>
Debt service as a percentage of non capital expenditures	1.17%	1.30%	1.00%	0.70%	1.15%	4.14%	9.26%	13.32%	13.04%	12.30%

CITY OF ST. JOSEPH, MISSOURI
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)

Fiscal Year	Property Tax (1)	Sales Tax	Cigarette Tax	Motor Vehicle Tax	Utility Franchise Tax	Hotel Motel Tax (2)	Intergovernmental Activity Tax	Total
2000	\$ 8,565	\$ 14,161	\$ 451	\$ 3,265	\$ 3,266	\$ 353	\$ -	\$ 30,061
2001	8,603	14,473	444	3,462	3,950	344	-	31,276
2002	9,177	17,883	441	3,711	3,609	324	-	35,145
2003	9,144	19,429	444	3,484	3,495	339	-	36,335
2004	9,541	19,497	453	3,573	3,692	355	-	37,111
2005	10,328	20,003	437	3,613	3,734	390	27	38,533
2006	10,415	21,769	460	3,592	3,957	400	935	41,528
2007	11,381	23,205	453	3,750	4,017	431	2,417	45,654
2008	12,228	24,278	452	3,555	7,588	449	2,434	50,983
2009	12,519	23,571	441	3,256	6,822	413	3,111	50,133

(1) Includes interest and penalties.

(2) Prior to 1999 Hotel Motel Taxes were recorded in Enterprise fund and not considered general government revenues.

CITY OF ST. JOSEPH, MISSOURI
Total City Taxable Sales by Category
Last Nine Calendar Years
(in thousands of dollars)

Sales by Retail Category:	2000	2001	2002	2003	2004	2005	2006	2007	2008
Apparel stores	\$ 18,248	17,415	15,685	15,122	16,494	22,622	24,739	22,163	28,381
General merchandise	19,539	20,877	157,169	173,757	88,279	279,648	292,646	319,569	326,102
Food stores	115,776	106,956	97,375	100,179	111,689	112,337	114,235	121,311	127,635
Eating and drinking establishments	96,086	96,497	98,638	101,951	114,514	116,550	124,297	129,267	135,897
Home furnishings and appliances	26,719	64,653	68,312	68,411	71,337	75,994	79,286	66,385	62,775
Building materials and farm tools	29,908	26,203	23,159	22,289	30,933	34,068	32,685	31,288	27,178
Construction/Remodeling	3,493	2,979	3,571	6,690	6,153	5,335	4,765	4,351	10,999
Auto dealers and supplies	45,270	48,564	47,243	48,713	45,851	41,152	48,235	75,045	81,079
Wholesale Trade	40,826	35,536	28,988	27,447	23,130	23,732	27,285	32,332	21,793
Hotels, Motels	12,316	11,543	11,096	10,728	12,005	12,951	14,698	15,614	13,317
Communication	34,335	34,994	34,375	30,326	36,795	35,224	39,503	40,951	44,011
Other retail stores	209,811	240,319	120,777	114,163	108,112	91,268	86,650	97,343	84,559
All other outlets	86,075	45,254	43,415	42,176	52,313	51,367	58,000	50,974	50,330
Total	\$ <u>738,402</u>	<u>751,788</u>	<u>749,805</u>	<u>761,955</u>	<u>717,606</u>	<u>902,249</u>	<u>947,023</u>	<u>1,006,593</u>	<u>1,014,056</u>

Note: Amounts for 2009 are not provided due to only receiving partial year figures.

Note: Amounts for 2004 are estimates.

Note: Amounts for years prior to 2000 are not available.

Source: Retail categories and information provided by Missouri Department of Revenue.

CITY OF ST. JOSEPH, MISSOURI
Sales Tax Rates
Direct and Overlapping Governments
Last Ten Calendar Years
 (in percent)

Direct Sales Tax Rate City of St. Joseph	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund	1.000	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Capital Improvements	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Mass Transit	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.375
Total Direct Sales Tax Rate	1.650	2.150	2.375							
Total Local Option Sales Tax Rate										
State of Missouri										
General Sales Tax	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Education	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Total State of Missouri	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225
Buchanan County										
General Sales Tax	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Law Enforcement	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Capital Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
County Tourism	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Total Buchanan County	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100
City of St. Joseph	1.650	2.150	2.150	2.150	2.150	2.150	2.150	2.150	2.150	2.375
Total Direct and Overlapping Sales Tax Rate	6.975	7.475	7.700							

Sources: Missouri Department of Revenue
 City of St. Joseph Revenue Manual

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CITY OF ST. JOSEPH, MISSOURI
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)

Fiscal Year	Real Property (1)		Personal Property		Railroad & Utility		Total			Ratio of Total Assess Value To Total Estimated Actual Value
	Assess Value(2)	Estimated Actual Value	Assess Value	Estimated Actual Value	Assess Value	Estimated Actual Value	Assess Value	Direct Tax Rate	Estimated Actual Value	
2000	\$ 456,988	\$ 2,002,675	\$ 231,476	\$ 701,442	\$ 22,462	\$ 68,066	\$ 710,926	\$ 1.56	\$ 2,772,184	25.6%
2001	465,126	2,041,920	245,550	744,091	18,580	56,302	729,255	1.56	2,842,313	25.7%
2002	497,957	2,206,207	244,694	741,496	18,761	56,852	761,412	1.55	3,004,555	25.3%
2003	500,861	2,224,004	250,533	759,190	20,935	63,440	772,329	1.55	3,046,634	25.4%
2004	527,739	2,317,589	233,182	706,612	20,301	61,519	781,222	1.57	3,085,720	25.3%
2005	521,034	2,306,219	231,804	702,436	19,306	58,503	772,144	1.60	3,067,158	25.2%
2006	597,842	2,681,510	224,605	680,623	17,194	52,102	839,641	1.54	3,414,234	24.6%
2007	604,882	2,710,836	244,962	742,310	16,280	49,334	866,124	1.55	3,502,480	24.7%
2008	618,779	2,769,236	255,510	774,272	16,183	49,038	890,471	1.55	3,592,546	24.8%
2009	622,357	2,789,469	271,357	822,293	15,858	48,054	909,571	1.56	3,659,816	24.9%

(1) Real estate exemptions not included.

CITY OF ST. JOSEPH, MISSOURI
 Property Tax Rates
 Direct and Overlapping Governments
 Last Ten Fiscal Years
 (rate per \$100 assessed value)

Fiscal Year	City Direct Rates								Overlapping Rates (1)			
	General Fund	Public Safety	Debt Service	Public Health	Parks & Recreation	Museum	Library	Total City of St. Joseph	State of Missouri	St. Joseph School District	Buchanan County	Total
2000	\$ 0.62	\$ 0.07	\$ -	\$ 0.20	\$ 0.20	\$ 0.05	\$ 0.42	\$ 1.56	\$ 0.03	\$ 2.88	\$ 0.44	\$ 4.91
2001	0.62	0.07	-	0.20	0.20	0.05	0.42	1.56	0.03	3.26	0.44	5.29
2002	0.61	0.07	-	0.20	0.20	0.05	0.42	1.55	0.03	3.26	0.44	5.28
2003	0.61	0.07	-	0.20	0.20	0.05	0.42	1.55	0.03	3.26	0.44	5.28
2004	0.63	0.07	-	0.20	0.20	0.05	0.42	1.57	0.03	3.42	0.44	5.46
2005	0.65	0.07	-	0.21	0.20	0.05	0.42	1.60	0.03	4.05	0.46	6.14
2006	0.62	0.07	-	0.21	0.19	0.05	0.40	1.54	0.03	4.03	0.46	6.06
2007	0.63	0.07	-	0.21	0.19	0.05	0.40	1.55	0.03	3.98	0.46	6.02
2008	0.63	0.07	-	0.21	0.19	0.05	0.40	1.55	0.03	3.93	0.44	5.95
2009	0.63	0.07	-	0.21	0.20	0.05	0.40	1.56	0.03	3.93	0.45	5.97

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Notes: (1) County Tax Breakdown for Current Year:
 General Fund 0.07
 Road & Bridge Fund 0.28
 Handicap 0.10
 Total County 0.45

Table 11

CITY OF ST. JOSEPH, MISSOURI
PRINCIPAL TAXPAYERS
 JUNE 30, 2009

TAXPAYER	TYPE OF BUSINESS	2009			2000		
		ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION(1)	1999 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
HHS Properties, Inc.	Healthcare Industry	\$ 14,588,330	1	1.60%	\$ 5,957,200	8	0.65%
Johnson Controls Battery Grp	Battery Manufacturer	12,024,530	2	1.32%			
Missouri American Water Co	Water Utility	11,637,020	3	1.28%			
Triumph Foods LLC	Pork Processing	11,290,760	4	1.24%			
American Family Insurance	Insurance	10,351,510	5	1.14%			
St. Joseph Foods	Meat Manufacturer	9,875,265	6	1.09%			
Walmart Stores East LP	Retail Variety Store	9,370,880	7	1.03%	7,819,180	4	0.86%
AG Processing Inc	Soybean Processing	9,203,465	8	1.01%	11,064,880	3	1.22%
Boehringer Ingelheim Animal Health	Animal Health Manufacturer	8,450,870	9	0.93%			
Albaugh Incorporated	Ag Chemical Manufacturer	8,135,300	10	0.89%			
Quaker Oats	Food Manufacturing				23,104,180	1	2.54%
Nestle - Friskies	Pet Food Manufacturing				18,296,260	2	2.01%
St. Joseph Light & Power	Electric Utility				6,368,510	5	0.70%
Belt Hwy Investment	Shopping Mall				6,257,500	6	0.69%
Silgan Containers	Canned Food Containers				6,158,030	7	0.68%
St. Joseph Riverboat Partners	Development Company				5,781,890	9	0.64%
Mead Corporation	Paper Manufacturer				5,503,940	10	0.61%
		<u>\$ 104,927,930</u>		<u>11.54%</u>	<u>\$ 96,311,570</u>		<u>10.59%</u>

(1) The total assessed valuation for 2009 = 909,571,409

CITY OF ST. JOSEPH, MISSOURI
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 9,645,017	\$ 9,259,717	96.01%	\$ 245,778	\$ 9,505,495	98.55%
2001	10,344,344	9,937,547	96.07%	371,888	10,309,435	99.66%
2002	11,162,208	10,720,274	96.04%	350,910	11,071,184	99.18%
2003	10,754,976	10,364,135	96.37%	433,838	10,797,973	100.40%
2004	10,766,443	10,375,602	96.37%	383,477	10,759,079	99.93%
2005	11,423,095	10,965,000	95.99%	449,903	11,414,903	99.93%
2006	11,939,359	10,893,184	91.24%	447,446	11,340,630	94.99%
2007	13,107,839	12,770,207	97.42%	406,615	13,176,822	100.53%
2008	13,491,251	13,086,927	97.00%	313,162	13,400,089	99.32%
2009	13,705,857	13,237,877	96.59%	-	13,237,877	96.59%

CITY OF ST. JOSEPH, MISSOURI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	PBA	MDFB	IFB/IDA	Developer Obligations	Capital Leases	Loans			
2000	\$ 1,146,350	\$ -	\$ -	\$ -	\$ -	\$ 921,065			
2001	938,980	-	-	-	54,284	845,581			
2002	726,610	-	-	-	41,786	770,000			
2003	589,240	-	-	-	67,160	700,000			
2004	542,640	-	9,170,000	-	91,586	630,000			
2005	475,706	6,860,000	45,645,000	2,467,000	56,280	-			
2006	425,506	5,395,000	62,530,000	2,379,177	69,828	-			
2007	341,152	3,810,000	61,665,000	2,028,523	-	-			
2008	296,647	2,170,000	65,570,000	9,654,552	50,793	-			
2009	252,142	2,070,000	63,685,000	20,882,574	35,573	-			

Fiscal Year	Business-Type Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	PBA	MDFB	Revenue Bonds	Special Obligations	Capital Leases	Loans			
2000	\$ 973,650	\$ -	\$ 16,895,000	\$ 245,000	\$ 858,405	\$ 393,036	\$ 21,432,506	1.10%	\$ 26,376
2001	886,020	-	16,116,000	225,000	628,792	359,240	20,053,897	1.03%	26,376
2002	793,389	-	15,309,000	200,000	386,894	324,102	18,551,781	1.05%	24,106
2003	755,760	-	14,460,000	175,000	195,936	287,569	17,230,665	0.96%	24,799
2004	592,360	-	14,316,000	150,000	315,500	249,585	26,057,671	1.43%	25,103
2005	519,294	11,720,000	13,365,000	120,000	229,580	210,093	81,667,953	4.40%	25,541
2006	464,495	11,720,000	12,359,001	90,000	166,191	169,033	95,768,231	5.17%	25,059
2007	366,381	11,515,000	11,216,393	60,000	99,723	-	91,102,172	4.75%	25,909
2008	318,740	11,275,000	30,529,313	-	60,222	-	119,925,267	5.94%	27,306
2009	271,095	10,860,000	29,384,235	-	20,648	-	127,461,267	6.03%	28,552

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(1) Bureau of Economic Analysis

CITY OF ST. JOSEPH, MISSOURI
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Est. Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Less Amounts Available in Debt Service	Total		
2000	\$ -	\$ -	\$ -	0.00%	\$ -
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-

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Note: The City does not have any General Bonded Debt over the past ten fiscal years. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF ST. JOSEPH, MISSOURI
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Joseph School District	\$ 43,534,216	95.75%	\$ <u>41,684,012</u>
Subtotal, overlapping debt			41,684,012
City of St. Joseph direct debt			86,925,289
Total direct and overlapping debt			\$ <u><u>128,609,301</u></u>

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Sources: Assessed valuation data and outstanding debt provided by the St. Joseph School District and Buchanan County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of St. Joseph, Missouri. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF ST. JOSEPH, MISSOURI
Legal Debt Margin Information
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit (1)	\$ 142,185,111	145,851,051	152,282,321	154,465,774	156,244,388	154,428,775	167,928,218	173,224,886	178,094,297	181,914,282
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ <u>142,185,111</u>	<u>145,851,051</u>	<u>152,282,321</u>	<u>154,465,774</u>	<u>156,244,388</u>	<u>154,428,775</u>	<u>167,928,218</u>	<u>173,224,886</u>	<u>178,094,297</u>	<u>181,914,282</u>
Total net debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Value	\$ 909,571,409
Debt Limit (20% of assessed value)	181,914,282

General obligation:	
Total Bonded Debt	-
Less:	
Total net debt applicable to limit	-
Legal debt margin	\$ <u>181,914,282</u>

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Notes:

(1) Total tangible property assessed value as of January 1, 2008 as certified by the County Clerk on June 30, 2008

(2) Section 95.115 of the 1986 Missouri Revised Statutes permits any county or city, by vote of two-thirds of qualified electors voting thereon, to incur an indebtedness for city purposes not to exceed 5 percent of the taxable tangible property therein, as shown by the last assessment.

Section 95.120 of the 1986 Missouri Revised Statutes permits any county or city, by a vote of two-thirds of qualified electors voting thereon, to incur additional indebtedness of city purposes not to exceed 5 percent of the taxable property therein, as shown by the assessment.

Section 95.125 and 95.130 of the 1986 Missouri Revised Statutes provides that any city may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring right-of-ways, constructing, extending and improving streets and avenues and/or sanitary sewer system and an additional ten percent for purchasing or construction of waterworks, electric or other light plants provided the total general obligation indebtedness of the city does not exceed twenty percent of the assessed valuation.

(3) Debt service reserve funds were used to call for redemption and pay all outstanding general obligation bonds prior to their original stated maturity of February, 1998.

CITY OF ST. JOSEPH, MISSOURI
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
<u>Sewer</u>						
2000	\$ 7,326	\$ 4,537	\$ 2,789	\$ 779	\$ 877	1.68
2001	7,964	4,557	3,407	807	827	2.09
2002	7,577	4,753	2,824	849	790	1.72
2003	7,395	5,164	2,231	884	751	1.37
2004	7,473	5,709	1,764	951	739	1.04
2005	9,824	7,814	2,010	1,006	691	1.18
2006	10,108	6,302	3,806	1,058	639	2.24
2007	11,299	5,881	5,418	1,263	1,458	1.99
2008	13,265	7,269	5,996	1,354	1,811	1.89
2009	13,743	8,451	5,292	1,675	1,949	1.46

CITY OF ST. JOSEPH, MISSOURI
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2000	74,013	\$ 1,952,167	\$ 26,376	36.50	11,817	2.40%
2001	73,492	1,938,425	26,376	36.80	11,733	5.60%
2002	73,163	1,763,667	24,106	37.00	11,689	6.20%
2003	72,744	1,803,978	24,799	37.20	11,817	6.00%
2004	72,602	1,822,528	25,103	37.60	11,689	5.40%
2005	72,661	1,855,835	25,541	37.90	11,690	5.90%
2006	73,990	1,854,115	25,059	37.90	11,466	4.90%
2007	73,990	1,917,007	25,909	35.30	11,718	4.50%
2008	73,990	2,020,371	27,306	35.30	11,630	5.00%
2009	73,990	2,112,562	28,552	36.50	11,744	8.70%

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Sources:

- 1 Bureau of Economic Analysis
- 2 Census.gov
- 3 Information provided by school districts.
- 4 Bureau of Labor Statistics

Table 19

CITY OF ST. JOSEPH, MISSOURI
Principal Employers
2009 and 2000

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Heartland Health	3,200	1	5.00%	2,259	1	5.70%
Triumph Foods	2,700	2	4.20%	-		
St. Joseph School District	1,742	3	2.70%	1,546	2	3.90%
Altec Industries	876	4	1.40%	644	5	1.70%
American Family	737	5	1.20%	725	3	2.00%
Sara Lee	700	6	1.10%	-		
City of St. Joseph, Missouri	660	7	1.00%	613	7	1.60%
Boehringer Ingelheim Vetmedica	650	8	1.00%	596	9	1.50%
Western Reception Diagnostic & Correctional Center	558	9	0.90%	642	6	1.60%
Missouri Western State University	530	10	0.80%	-		
Johnson Controls				700	4	1.70%
Snorkel				580	10	1.40%
Aegis Communications				600	8	1.60%
Total	12,353		19.30%	8,905		22.70%

Source: St. Joseph Area Chamber of Commerce

CITY OF ST. JOSEPH, MISSOURI
 Full-time City Government Employees by Function/Program
 Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function/Program										
General Government										
Mayor/Council	1	1	1	1	1	1	1	1	1	1
City Clerk	2	2	2	2	3	3	3	3	3	3
City Manager	4	4	3	3	3	3	4	4	6	6
Technology & Communications	-	-	-	6	5	5	5	5	5	5
Municipal Court	5	5	6	8	5	5	5	6	6	6
Legal	6	6	6	6	7	7	7	7	7	7
Financial Services	25	24	24	18	19	14	15	15	15	15
Human Resources	5	5	5	5	5	5	5	5	6	6
Customer Assistance	17	18	21	17	17	25	26	25	16	16
Property Maintenance									11	10
Public Safety										
Police - Arrest Powers	106	105	108	115	114	116	117	118	117	119
Police - Civilian	41	41	41	40	39	41	41	41	44	44
Fire Protection	131	130	131	127	131	131	131	131	131	131
Fire - Civilian	2	2	2	2	2	3	3	3	3	3
Public Works										
Engineering	13	11	10	10	11	11	10	10	10	10
Public Works Administration	5	4	4	4	5	5	4	5	5	5
Streets	54	54	59	63	62	59	61	62	64	64
Traffic	8	8	8	8	8	8	8	8	8	8
Airport	6	6	6	6	6	6	6	6	6	6
Parking Services	6	6	6	6	6	6	6	6	6	6
Landfill	16	16	16	16	15	16	16	17	18	18
Recycling Center	3	3	3	3	3	2	2	2	2	2
Sewer Maintenance	17	17	17	16	17	17	14	19	19	19
Water Pollution Control	42	42	42	43	42	41	42	45	46	46
Health Department	34	35	37	41	41	41	41	42	42	42
Parks and Recreation	52	49	51	50	50	47	48	48	53	51
Community Development										
Planning	5	4	3	5	5	5	4	4	4	4
Housing & Community Dev	7	8	6	8	8	7	8	9	7	7
Total	<u>613</u>	<u>606</u>	<u>618</u>	<u>629</u>	<u>630</u>	<u>630</u>	<u>633</u>	<u>647</u>	<u>661</u>	<u>660</u>

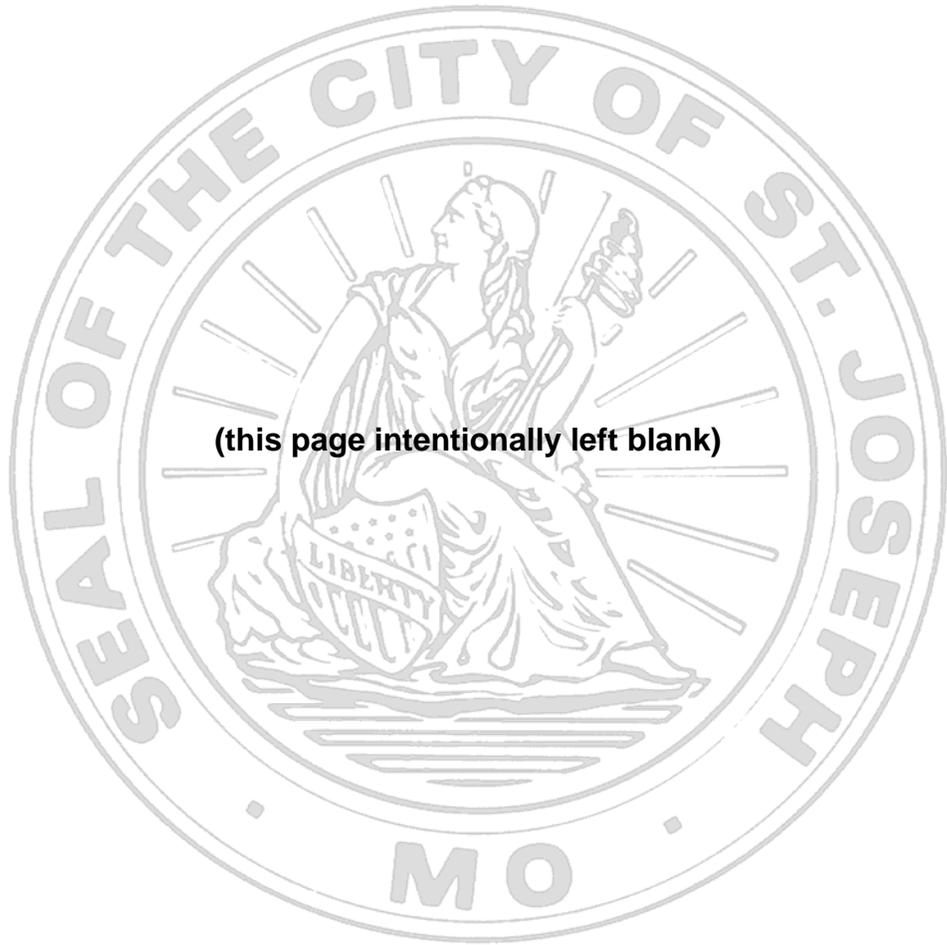
Source: City of St. Joseph Annual Report

CITY OF ST. JOSEPH, MISSOURI
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/Program		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety											
Police											
	Physical Arrests	5,060	7,291	6,226	7,230	7,859	6,679	5,610	6,183	7,178	6,368
	Traffic Violations	18,406	18,679	17,232	14,644	15,336	15,669	15,688	11,541	18,065	18,453
	Parking Violations	20,099	19,219	14,656	12,629	12,629	11,307	11,620	10,182	10,524	11,861
Fire											
	Total Alarms	7,386	10,456	10,557	12,508	6,642	6,621	6,895	7,322	8,573	8,074
	Inspections	2,453	2,704	2,966	348	515	250	500	398	390	1,058
NS-1	Water										
	Number of customers	31,129	31,402	31,553	36,878	36,878	36,878	31,751	32,480	33,333	32,548
	Daily Average Water Consumption	16,038,000	15,200,000	14,363,000	14,994,000	15,156,000	14,933,000	15,000,000	17,083,000	18,000,000	17,209,000
Sewer											
	Number of customers	25,722	25,895	25,764	25,764	26,397	30,878	31,751	26,768	26,876	26,859
	Daily Average Wastewater Treated	13,500,000	23,000,000	20,300,000	12,800,000	17,000,000	17,000,000	15,000,000	15,000,000	17,000,000	17,000,000

CITY OF ST. JOSEPH, MISSOURI
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Vehicles	74	77	82	104	84	91	91	108	106	104
Fire										
Fire Stations	9	9	9	9	9	9	9	9	9	9
Public Works										
Total area (square miles)	45.300	45.300	45.050	45.045	45.045	45.045	44.443	44.443	45.443	44.680
Paved miles	531.0	531.0	531.0	531.0	418.0	425.0	425.0	426.3	426.4	432.8
Culture and Recreation										
Park acreage	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Parks	49	46	48	49	49	46	46	46	46	46
Ball Fields	19	17	19	23	23	22	23	23	22	23
Community Centers	4	4	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Ice Arenas	1	1	1	1	1	1	1	1	1	1
Swimming Pools	3	3	3	3	3	3	3	3	3	3
Tennis Courts	21	21	21	21	21	21	21	21	21	21
Power and Light										
Power stations	14	13	13	13	13	13	12	17	12	12
Transmission/Distribution Circuits (miles)	765.00	792.00	781.00	1,000.00	800.00	1,000.00	793.00	799.25	813.04	816.45
Street Lights	5,631	5,689	5,725	5,755	5,883	5,933	6,097	6,652	6,884	6,903
Water										
Water mains (miles)	594	594	598	600	604	619	605	620	613	616
Fire hydrants	2,797	2,815	2,843	2,887	2,986	2,986	2,985	3,141	3,075	3,063
Maximum daily pumpage (millions of gallons)	21	30	30	30	30	30	30	30	30	30
Sewer										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	369	366	366	372	372	386	377	388	390	380
Maximum daily capacity of treatment (MGD)	27	27	27	27	27	27	27	27	27	27



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