



Comprehensive Annual Financial Report



For the fiscal year ended June 30, 2013

CITY OF ST. JOSEPH, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by the Administrative Services Department

Carolyn Harrison
Director of Administrative Services

CITY OF ST. JOSEPH, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2013

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Introductory Section

CITY OF ST. JOSEPH, MISSOURI

PRINCIPAL OFFICIALS

Bill Falkner
Mayor

CITY COUNCIL

Donna Jean Boyer

Pat Jones

P J Kovac

Barbara LaBass

Byron Myers

Jeff Penland

Gary Roach

Joyce Starr

J. Bruce Woody
City Manager

Administrative Services

Carolyn Harrison

City Attorney

Lisa Robertson

City Clerk

Paula Heyde

Fire Chief

Michael Dalsing

Parks, Recreation & Civic Facilities

Bill McKinney

Planning & Community Development

Clint Thompson

Police Chief

Chris Connally

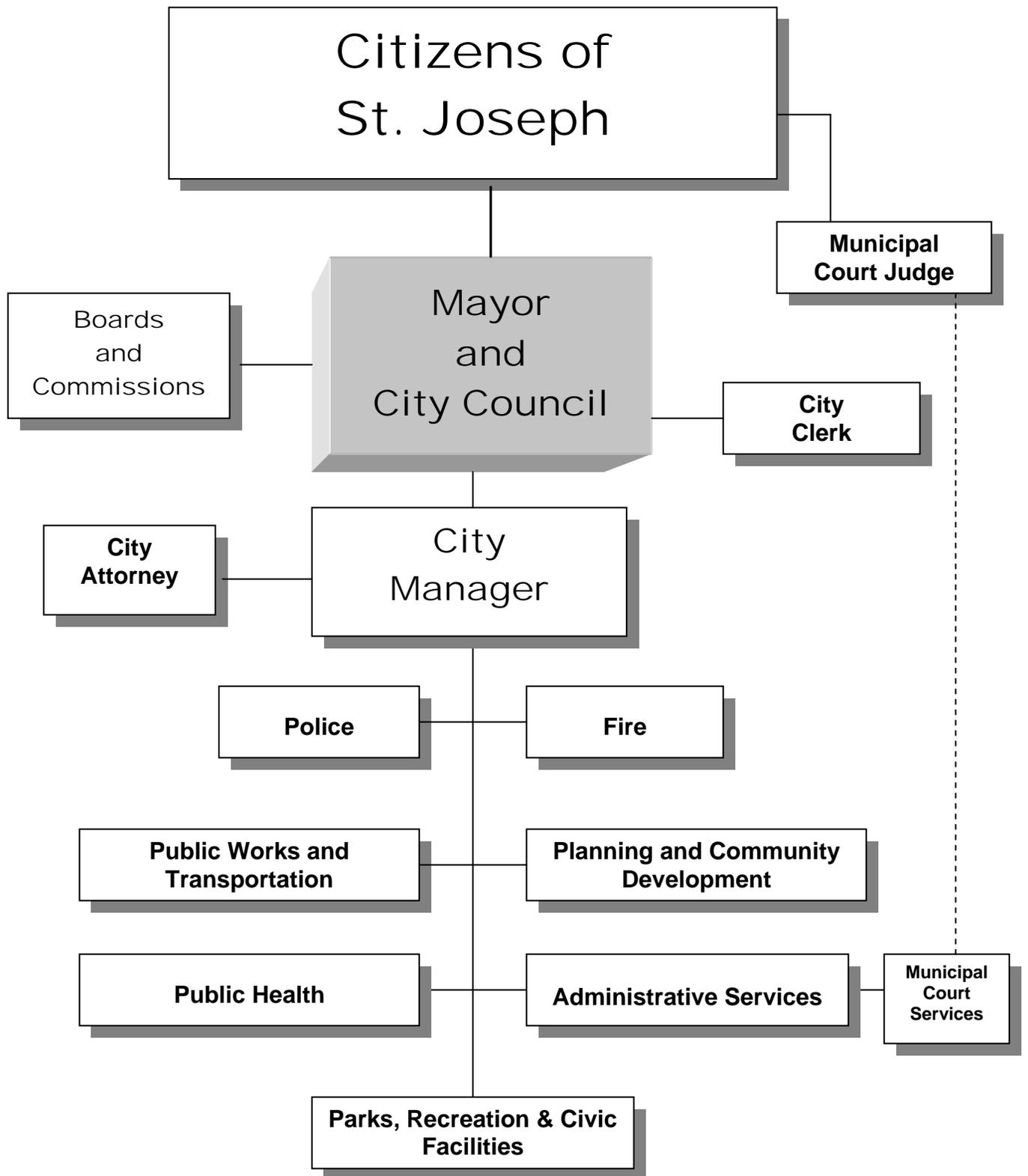
Public Health

Debra Bradley

Public Works & Transportation

Jody Carlson

ORGANIZATION CHART



City of St. Joseph

1100 Frederick Avenue St. Joseph, Missouri 64501

December 6, 2013

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, 2013, 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, 2013, 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 Memorial Airport, public parking garages, wastewater 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 Administrative 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 as long as unapproved positions or capital expenditures are not created. 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 127,927. The City's population of 77,176 represents 60% 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 74,057 with 69,709 employed for the period ending June 30, 2013, producing an unemployment rate of 5.9%. At this time last year the unemployment rate was 5.7%. The unemployment rate is lower than Missouri's rate of 7.1%.

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 3,866 jobs, or 5.5% 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 13,881 jobs, representing 19.8% 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	3,866	5.5%
Triumph Foods	Pork Processing	2,838	4.1%
St. Joseph School District	Public Education	1,882	2.7%
Boehringer Ingelheim Vetmedica	Animal Pharmaceuticals	838	1.2%
American Family	Insurance	820	1.2%
Altec Industries	Utility Equipment	800	1.1%
System & Services Technologies	Financial Services	720	1.0%
Missouri Western State University	Higher Education	720	1.0%
The Hillshire Brands Co	Food Processing	700	1.0%
Johnson Controls Manufacturing	Battery Manufacture	697	1.0%
Total		13,881	19.8%

Economic Development Efforts

The St. Joseph economy in FY2013 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.

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.

Advanced Science Research Center, lead by the St. Joseph School District and its foundation, to construct the 10,000 square foot addition at Hillyard Technical Center. The center will help bolster the city's workforce in order to meet the needs of the animal health industry. The center will enhance the teaching of science, technology, engineering and math; provide a laboratory experience dedicated to academic rigor; and provide a better prepared workforce for an industry that is critical to the future of St. Joseph.

Ag Processing, Inc., over 175 cooperatives representing 250,000 farmers throughout the Midwest, will invest in their St. Joseph soybean processing plant with an estimated \$24 million in new capital, consisting of \$3.5 million in building improvements and \$20.5 million in machinery and equipment. Ag Processing will have a full time employment of at least 179 after the project is completed.

Agri-Business Expo Center, a 50,000 to 80,000 square foot exhibition center will reside on a 145 acre tract purchased in October of 2010 east of St. Joseph. The plans include a 6,000 seat arena, auditorium, classrooms, and a RV park. In addition, the property adjacent to the Expo Center will serve to attract other agricultural-related entities.

Al J. Mueller, purchased two acres in the Mitchell Woods Business Park for the construction of a 15,000 square foot facility to include corporate offices, conference rooms, large planning/design area, and new steel fabrication shop. With a total investment expected of \$1,025,000, the addition will create three new jobs.

Boehringer Ingelheim Vetmedica, Inc., announced another expansion of its operations in St. Joseph. BIVI, the U.S. subsidiary of one of the leading animal health companies in the world, plans to occupy a 260,000 square foot building in Eastowne Business Park for its Consolidated Packing and Distribution Center. The new facility will create more than 25 new logistic jobs and will help increase the supply chain efficiency.

I & M Machine & Fabrication Corporation, home of the most technologically advanced machine and fabrication equipment available in the industry today, is expanding their manufacturing facility and equipment. Over a five year period, this Missouri Enhanced Enterprise Zone improvement will include \$500,000 in real property and \$1.1 million in machinery and equipment.

Lifeline Foods, will conduct a multi-year expansion to increase efficiencies and output through an estimated \$26.5 million investment with Chapter 100 Bonds and the Missouri Enhanced Enterprise Zone program. Lifeline has become the first plant in the country to utilize a proprietary technology developed to produce both food and fuel.

Missouri Western State University, approved \$1.6 million in improvements to Potter hall, Wilson, Hall, and the Looney Complex. Potter hall, the home of the School of Fine Arts, including the Departments of Art, Music, and Theater and Cinema, will receive \$790,000 in improvements. Wilson Hall, which houses the Departments of Engineering Technology, Military Science and Criminal Justice, Legal Studies and Social Work will see \$220,000 in improvements. The Looney Complex housing Griffon Athletics, Department of Health, Physical Education and Recreation, and Recreation Services will recognize \$213,000 in improvements.

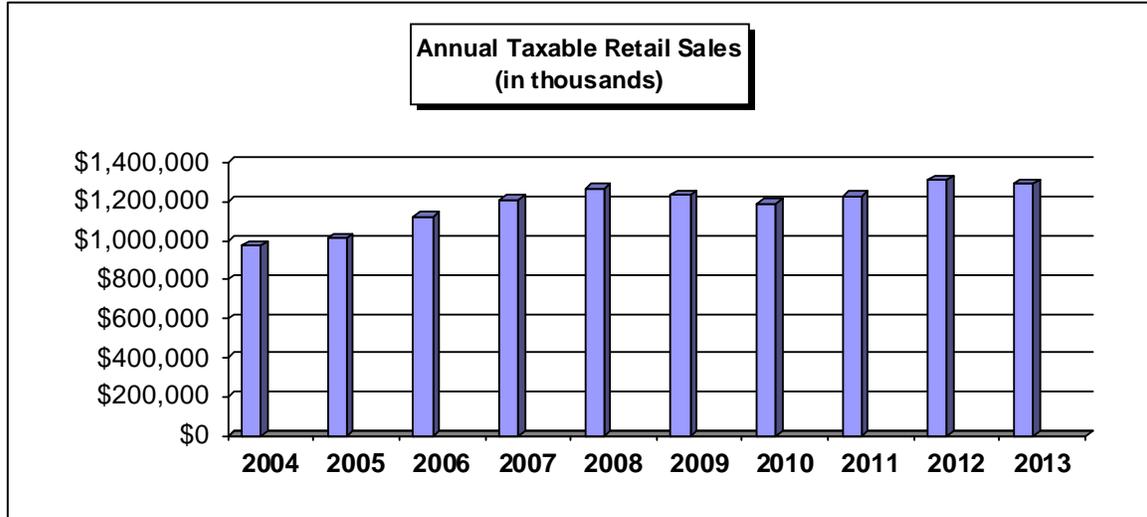
National Beef Leathers, fourth largest supplier of cattle hides in the nation. A total investment of \$45 million to \$50 million is going into the St. Joseph plant. National Beef currently employs about 180 people and expects to see that number rise to 250 – 270 within a year, double the production levels and add shifts.

Silgan Company, the largest provider of metal food packaging in the United States. Trusted by American's most respected brands, the local can manufacturing company is adding approximately \$5 million in new capital equipment to increase production output.

Triumph Foods, LLC, one of the leading pork processors in the United States, announced plans for its continued growth in St. Joseph. This most recent expansion comes on the heels of a \$10 million 30,000 square foot capital expansion announced in October, 2012. Triumph commenced activities on various capital projects to increase its processing capabilities which include an 11,000 square foot expansion on its St. Joseph facility and equipment investments in production, packaging, and storage. This addition will add 105 new jobs to the already dedicated workforce of 2,800 employees for a total investment of \$7.5 million.

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 slightly in fiscal year 2013. Total retail sales in St. Joseph decreased as reflected in the total sales tax remitted to the City. The following chart depicts the annual taxable retail sales over the last ten years.



ECONOMIC CONDITIONS

City of St. Joseph voters have approved a five year half cent CIP Sales Tax five times – 1993, 1997, 2003, 2008, and the latest in August, 2012. This tax generates \$5.5 million annually in City revenues and provides infrastructure, enhancements to City facilities, and investment in the community.

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.

In June 2011, voters approved a 3% increase in the local Hotel/Motel occupancy tax. The new revenues are earmarked for a future, downtown convention center as well as other downtown/riverfront redevelopment activities.

Business Licenses

The slow economy was also reflected in the number of business licenses issued. The City issued 4,601 business licenses for fiscal year ended June 30, 2013. This is a decrease of 79 businesses in the St. Joseph local economy from the previous year.

Work Force Education and Training

The City has a well-regarded public school system as well as private and parochial elementary, middle, and high schools. The St. Joseph Public School District includes three high schools, four middle schools, and 16 elementary schools with enrollment of 11,387 students.

Missouri Western State University (MWSU), Hillyard Area Vocational Technical School, and Vatterott Community College are located in St. Joseph. MWSU has certificates, associate degrees, four-year baccalaureate programs and a number of master's degree programs. With enrollment of more than 5,800 students, MWSU serves both the needs of traditional as well as non traditional students. The Western Institute at MWSU is home to many community outreach programs and services. Northwest Missouri State University (NWMSU), located 45 miles north of St. Joseph in Maryville, is a four-year university. NWMSU conducts graduate classes from its downtown St. Joseph location. Hillyard Technical School provides classes with hands on experience up to 30 credit hours. 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. In less than two years, students can earn a Diploma or Associate Degree from Vatterott College in a variety of careers.

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 6,500 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, St. Joseph Area 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 to Jesse James, for exquisite historic architecture and mansions, and for 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.

“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 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 in the north to Hyde Park in the south. 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.

The City's recreation division coordinates a wide range of instructional, developmental and recreational programs and leisure opportunities for all ages, interests, and abilities.

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.

The Joyce Raye Patterson Senior Citizens Center features a multi-purpose room, stage area, cafeteria, and a newly renovated and expanded fitness center.

Bode Sports Complex, encompassing a six court outdoor basketball complex, an in-line skate rink and an indoor ice arena, offers family entertainment all year.

Phil Welch, a 5,000 seat stadium, is home to the St. Joseph Mustangs competing in the MINK League averaging 1,282 fans per game. The Mustang's season resulted in attendance of over 25,000 fans and the 2013 MINK League Championship.

The St. Joseph Civic Arena is a multi-use facility hosting a range of events from Roller Derby to corporate annual meetings and everything in between. Events include Moila Shrine Circus, Chili Challenge, Mixed Martial Arts, youth wrestling tournaments, farm and agriculture shows, antique shows, gun and sport shows, concerts, and various other trade and family shows.

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 and touring theatrical groups.

The 15,000 square foot Remington Nature Center (RNC) sits next to the Mighty Missouri River. Visitors are greeted by a life-sized mammoth and calf along with the only mammoth bones excavated in Missouri, which happen to have been found in Buchanan County. As the journey begins, guests see a 7,000 gallon aquarium home to Missouri River fishes. To educate, entertain, and enlighten guests throughout the Center are interactive displays, artifacts, and animal exhibits native to the St. Joseph area including a beaver dam and beehive. Visitors can stroll through time and witness how civilization from 10,000 B.C. to the turn of the 20th Century impacted nature. The RNC showcases the Missouri River and the River's force in the development of Northwest Missouri, as it relates to travel, transportation, and trade. Exhibits emphasize the significance of Native American civilization in Northwest Missouri, by demonstrating artifacts used by the tribes of this area. This City museum also conveys the prominent role Northwest Missouri played in western migration, especially in exploration, trapping, trading and mercantile.

Heritage Park Softball Complex, located near the Remington Nature Center, features a five field complex where numerous invitational, an NAIA college women's regional fast pitch tournament, two Amateur Softball Association (ASA) youth state tournaments, two men's ASA national fast pitch tournaments, and one men's ASA national slow pitch tournament were held this season. Missouri Western State University hosted the 2010 NCAA Division II Women's Softball Champions at Heritage Park featured on CBS College Sports. St. Joseph also hosted the Missouri State High School softball championships in 2007 and 2008. The ASA selected Heritage Complex as the 2009 ASA Complex of the Year.

The City boasts an aquatic 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, 16 horseshoe courts, two bantam football/soccer fields, a ball field, and a running track. In July 2011, for the ninth consecutive year, the United States Tennis Association held the Heartland USTA Women's Tennis Classic Tournament at the Noyes Tennis Courts. The tournament saw 33 qualifier participants representing 13 countries competing for the 16 spots to go against the 16 pro seeds.

In August, 2012, the Allied Arts Council of St. Joseph produced the nineteenth annual Trails West! ® Festival, with 40,000 in attendance. Other festivals and parades include the Apple Blossom Parade and BBQ in May, Northside Festival and Coleman Hawkins Jazz Festival each June, St. Patrick's Mexican Fiesta the first weekend in August, Southside Fall Festival and Parade the middle of September, and Pumpkinfest every October.

Felix Street Square, located in historic downtown, hosts the "Sounds of Summer Concert Series" held Friday nights during the months of June and July. Live music under the stars can be enjoyed on a warm summer night.

St. Joseph offers two major established retail locations in The Shoppes at North Village and East Hills Shopping Center. Each location has national retailers as well as individual specialty shops. Downtown St. Joseph attracts shoppers with its 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.

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.
- **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 17 bond issuances and 11 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) approved and nine (9) active TIF projects at June 30, 2013.
- **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 three (3) Developer Agreements at June 30, 2013.

- 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 three (3) Community Improvement Districts established at June 30, 2013.
- 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 three (3) Neighborhood Lighting Improvement Districts, as of June 30, 2013.
- Special Business District – Real property and businesses may be taxed within designated boundaries in order to make improvements. The City had one (1) Special Business District, the Downtown Business District (DBD) established February, 1990 that expired in fiscal year 2012. The DBD was replaced by a Downtown CID, one of the three mentioned above.
- 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, 2013.
- 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 for further development. A \$100,000 short-term loan from the City's emergency reserves to a developer of speculative shell buildings at Mitchell Woods Business Park and a \$420,000 short-term loan from CDBG and the cell phone programs to a developer for rehabilitation of the Corby Building are just two examples.
- 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 St. Joseph is comprised of representative from the City, County, Chamber, University, School District, and major private enterprises. The Alliance 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 informational opportunities and attainment, as well as improved livability and quality jobs to promote growth and a solid future for St. Joseph and its residents. 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 bi-monthly town hall **City Talk** public forums, Student in Government Day, resident surveys, government access channel, interactive website, and informational campaigns. The City Weekly publication is produced to provide information to residents on a regular basis. The city also uses social networking as a means to communicate with residents via Facebook and Twitter. City Council and Planning Commission meetings are televised live and rebroadcast on the city's government access channel (Channel 19).

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.

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 Capital Projects 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 fifth time by the voters in August, 2012.

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 St Joe Frontier 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 City will be working with the potential relocation of the existing riverfront casino to downtown. If this relocation happens, the City will have the opportunity to utilize the waterfront along the existing casino property for riverfront activities, associated with potential additions to the existing Heritage Sporting Complex and entertainment venues.

- **Downtown Redevelopment and DREAM Initiative** - City officials 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 in conjunction with a downtown casino to help spur private investment and downtown revitalization.

The use of 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.

As mentioned earlier, the City through approval of a vote in June, 2011, from St. Joseph residents, increased the hotel lodging tax from 3% to 6% starting in 2012 to generate additional revenue for both downtown and riverfront redevelopment activities. Money generated from this tax will help fund a portion of the proposed "Downtown Event Center".

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 Capital Project Sales Tax with an additional \$2.3 million from the 2008 Capital Project 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, 2013, 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.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

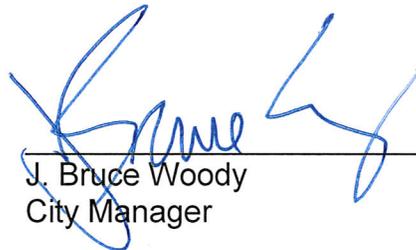
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Joseph, Missouri, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty-third 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, Associate Director, Accounting and Procurement, and his staff for their efforts and to the Members of the City Council for their continued support.

Respectfully submitted,



Carolyn Harrison
Director of Administrative Services



J. Bruce Woody
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

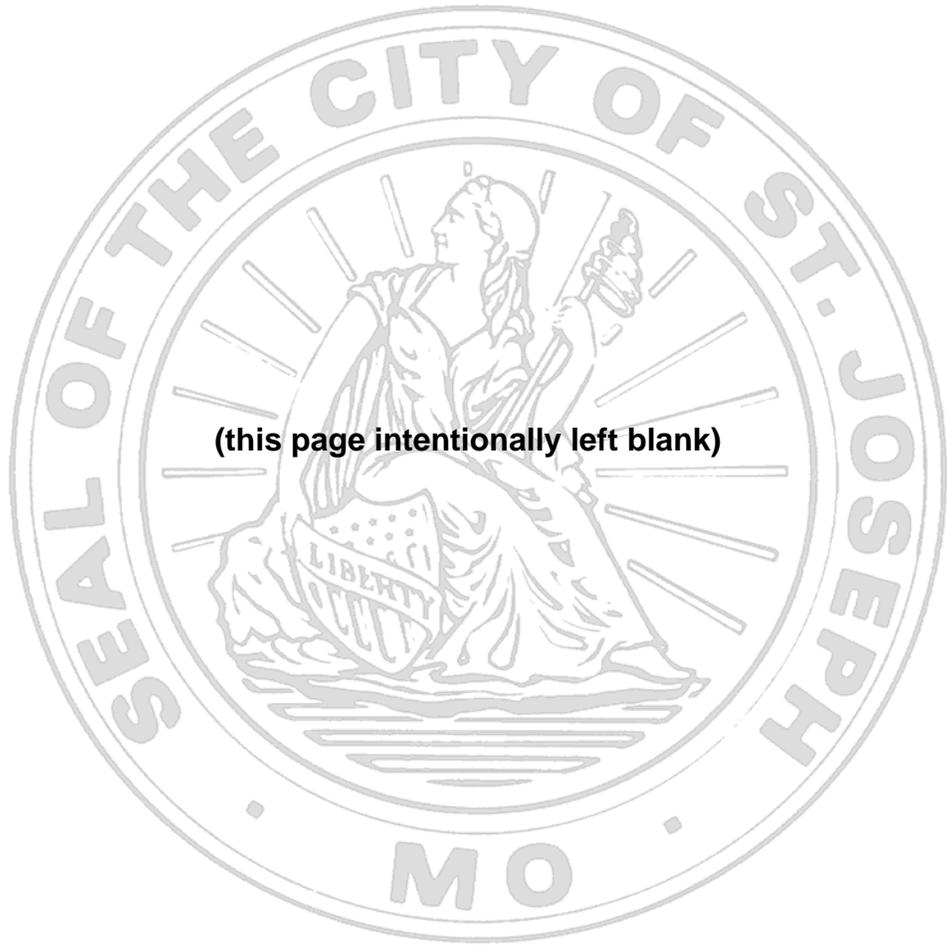
Presented to

**City of St. Joseph
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



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Financial Section



INDEPENDENT AUDITOR'S REPORT

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

To 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Offices

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

6700 Antioch Rd, Suite 460
Merriam, Kansas 66204
(913) 378-1100
(913) 378-1177 FAX

400 Jules Street
Suite 415
St. Joseph, MO 64501
(816) 364-1118
(816) 364-6144 FAX

Change in Accounting Principles

As described in Note 13 to the financial statements, during 2013, the City adopted the provisions of Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the City's internal control over financial reporting and compliance.

Kansas City, Missouri
December 6, 2013



CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

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, 2013. 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.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$243,075,341 (*net position*).
- The City's total net position increased \$7,718,729 - \$1,749,176 is attributable to an increase in "Governmental activities" while "Business-type activities" contributed an increase of \$5,969,553.
- As of the close of the current fiscal year, the City's funds reported combined ending governmental fund balances of \$44,892,506 an increase of \$5,849,595 in comparison with the prior year. \$5,807,342 is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the fiscal year, unassigned fund balance for the general fund was \$5,807,342 or 13% of total general fund expenditures.
- The City's investment in capital assets for its governmental and business-type activities increased \$15,321,174. More information is provided beginning on page MD-12.
- The City's total long-term debt as detailed beginning on page MD-13 decreased \$4,086,449 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 position* presents information on all of the City's assets, deferred outflows of resources and liabilities, with the net difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, 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, 2013

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 Water Protection (Sewer) 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 twelve 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*, *Special Allocation Fund* and *Capital Projects 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.

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

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

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 both governmental and business-type functions; therefore certain amounts are 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 *Water Protection, and Mass Transit*. 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$243,075,341 at the close of the most recent fiscal year.

By far the largest portion of the City's net position 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, 2013**

City of St. Joseph's Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012*	2013	2012*	2013	2012*
Current, other assets and deferred outflows	\$ 60,769,466	\$ 54,176,589	\$ 41,793,598	\$ 56,642,293	\$ 102,563,064	\$ 110,818,882
Capital assets	169,200,756	178,259,204	133,078,277	108,698,655	302,279,033	286,957,859
Total assets and deferred outflows	<u>229,970,222</u>	<u>232,435,793</u>	<u>174,871,875</u>	<u>165,340,948</u>	<u>404,842,097</u>	<u>397,776,741</u>
Long-term liabilities	87,527,558	85,411,295	62,595,559	60,167,916	150,123,117	145,579,211
Other liabilities	4,365,351	10,696,361	7,278,288	6,144,557	11,643,639	16,840,918
Total liabilities	<u>91,892,909</u>	<u>96,107,656</u>	<u>69,873,847</u>	<u>66,312,473</u>	<u>161,766,756</u>	<u>162,420,129</u>
Net position						
Net Investment in capital assets	167,294,820	175,132,503	81,683,532	51,132,300	248,978,352	226,264,803
Restricted	38,726,116	29,874,242	6,872,034	27,664,014	45,598,150	57,538,256
Unrestricted (deficit)	(67,943,623)	(68,678,608)	16,442,462	20,232,161	(51,501,161)	(48,446,447)
Total net position	<u>\$ 138,077,313</u>	<u>\$ 136,328,137</u>	<u>\$ 104,998,028</u>	<u>\$ 99,028,475</u>	<u>\$ 243,075,341</u>	<u>\$ 235,356,612</u>

* as restated

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

The unrestricted net position category for the governmental activities is negative. The deficit in unrestricted net position 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 these reimbursements or debt payments. This is particularly relevant when considering “reimbursable” amounts of pay-as-you-go Tax Increment Financing (TIF) plans (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 position for FY13 of \$16,442,462.

An additional portion of the City's net position, 19% or \$45,598,150 represents resources that are subject to external restrictions on how they may be used. Governmental activities claim 16% or \$38,726,116 while the business-type activities have the other 3% or \$6,872,034.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

As previously stated, the City's net position increased \$7,718,729 during the current fiscal year. Governmental activities represent a \$1,749,176 increase in the City's net position and a \$5,969,553 increase in net position is reported in connection with the City's business-type activities.

City of St. Joseph's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012*	2013	2012*	2013	2012*
Revenues:						
General Revenues:						
Property taxes	\$ 13,013,990	\$ 13,285,118	\$ -	\$ -	\$ 13,013,990	\$ 13,285,118
Sales taxes	24,434,378	24,724,085	4,249,381	4,291,043	28,683,759	29,015,128
Other taxes	15,699,986	15,756,090	1,154,809	1,130,630	16,854,795	16,886,720
Other revenue	640,068	697,834	277,038	301,664	917,106	999,498
Program Revenues:						
Charges for services	8,387,404	8,353,868	24,594,120	22,993,309	32,981,524	31,347,177
Operating grants & contributions	4,849,305	6,709,670	3,214,908	2,659,336	8,064,213	9,369,006
Capital grants & contributions	935,202	2,239,178	106,268	6,928,194	1,041,470	9,167,372
Total revenues	67,960,333	71,765,843	33,596,524	38,304,176	101,556,857	110,070,019
Expenses:						
Functions\Programs:						
General government	10,231,933	12,356,372	-	-	10,231,933	12,356,372
Public safety	24,144,704	24,624,508	-	-	24,144,704	24,624,508
Highway and streets	17,399,263	16,878,702	-	-	17,399,263	16,878,702
Public works	354,893	416,183	-	-	354,893	416,183
Health and welfare	4,995,710	5,383,486	-	-	4,995,710	5,383,486
Parks and recreation	8,100,980	7,373,783	-	-	8,100,980	7,373,783
Interest	3,438,526	2,683,179	-	-	3,438,526	2,683,179
Sewer	-	-	14,634,267	13,905,100	14,634,267	13,905,100
Mass transit	-	-	5,438,634	5,286,344	5,438,634	5,286,344
Other proprietary functions	-	-	5,099,218	5,275,307	5,099,218	5,275,307
Total expenses	68,666,009	69,716,213	25,172,119	24,466,751	93,838,128	94,182,964
Excess (deficiency) of revenues over (under) expenses	(705,676)	2,049,630	8,424,405	13,837,425	7,718,729	15,887,055
Transfers	2,454,852	1,899,067	(2,454,852)	(1,899,067)	-	-
Change in net position	1,749,176	3,948,697	5,969,553	11,938,358	7,718,729	15,887,055
Net position - beginning	136,328,137	132,379,440	99,028,475	87,090,117	235,356,612	219,469,557
Net position - ending	\$138,077,313	\$136,328,137	\$104,998,028	\$99,028,475	\$243,075,341	\$235,356,612

* as restated

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

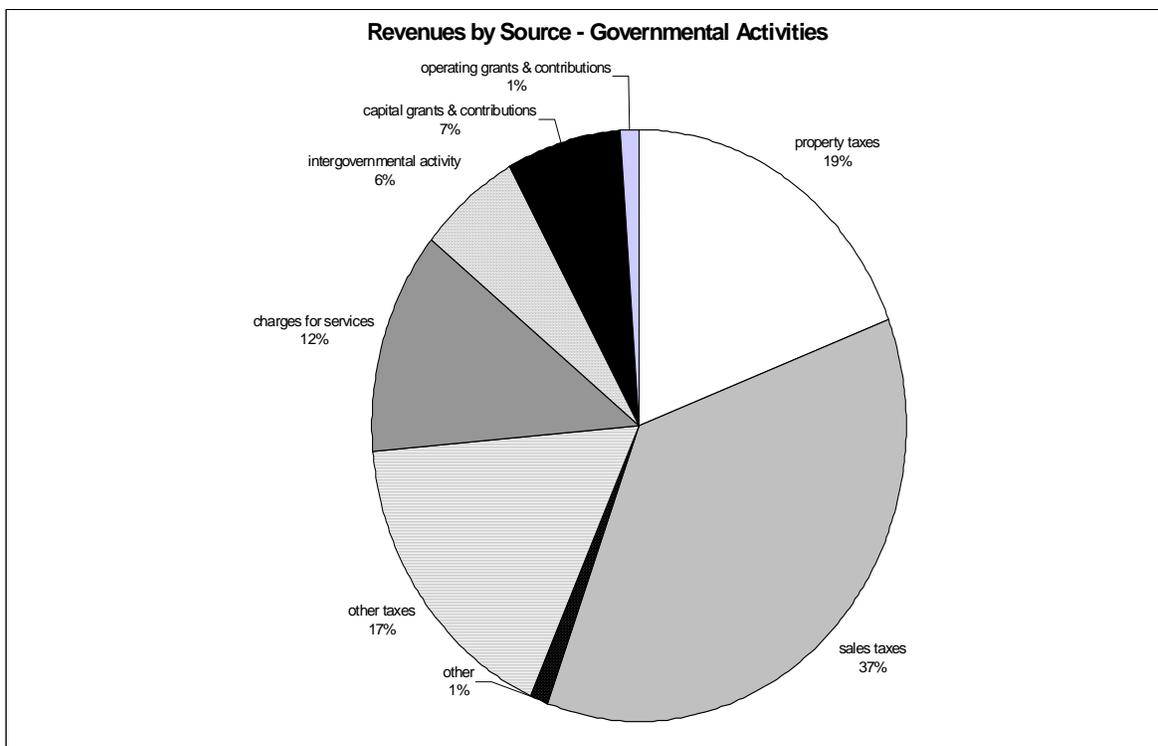
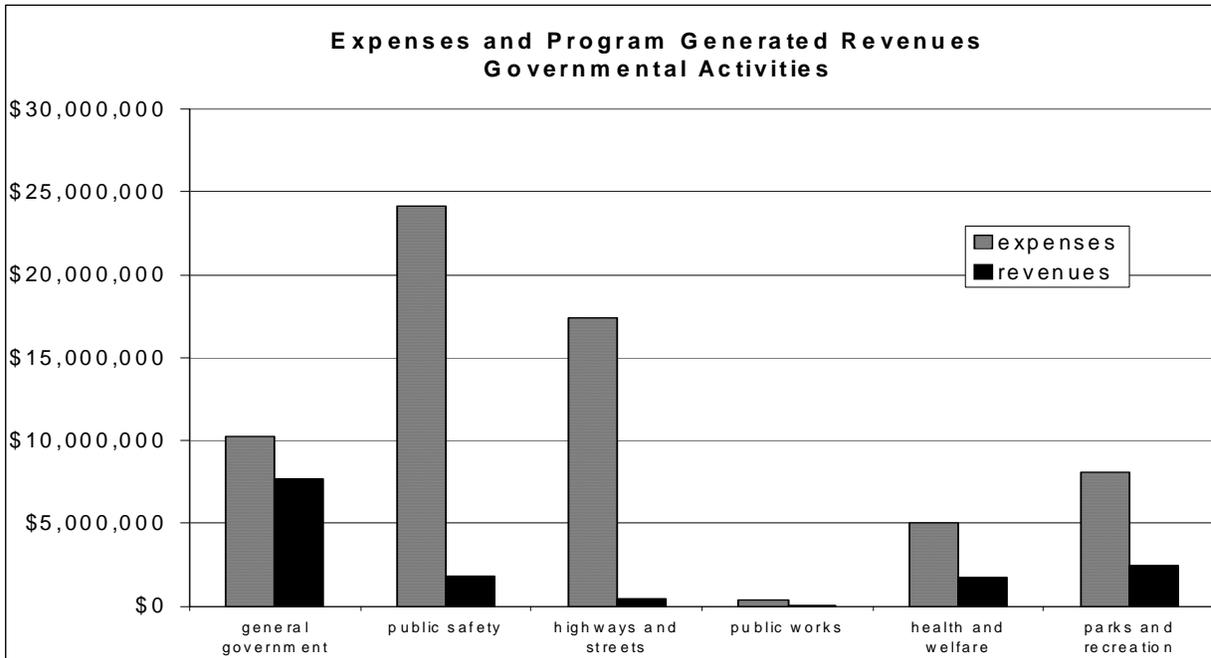
Governmental Activities. Governmental activities increased the City's net position by \$1,749,716. The key elements to this increase are as follows:

- Utility franchise fees, assessed on the gross receipts of utility companies who deliver or provide services to local residents and businesses (electric, water, natural gas, cable, communications), had an overall increase in revenue. Significant year to year fluctuations in the gas, electric, and water franchise fee revenues frequently occur in response to unusual seasonal climates. During most years these climactic conditions average out producing no noticeable or significant volatility in revenues overall. In FY13, utility franchise taxes displayed an increase from \$6,716,146 to \$6,824,507.
- Property taxes showed a decrease this fiscal year after an increase last year was recognized. Total receipts for this revenue source was \$13,013,990 in FY13 down from \$13,285,118 in FY12. Since 2012, total current personal property valuations decreased with the adoption of a new depreciation schedule by the County Assessor and there was also no increase in assessed valuation for the last year. Buchanan County Collector's released prior year protested personal property taxes from four major industrial taxpayers combined with taxable property back on the tax rolls following the expiration of a Chapter 100 abatement for a major industry to produce an increase to personal property revenues in FY12. A reassessment year and release of signification protested taxes from escrow caused a boost in real estate revenues in FY12.
- Retail sales tax revenue dropped slightly by \$289,707 across the board in the governmental funds. In FY12, the Special Allocation Fund indicated a strong performance in the retail and restaurant establishments in the City's TIF districts. In FY13, the pace of the increase in revenues slowed or declined slightly. Staff keeps a close watch over sales tax revenue as this is a major funding source.
- Motor vehicle, fuel and road & bridge taxes, cigarette taxes, and hotel/motel taxes reported more revenue in FY13 by a combined \$27,156. Unfortunately, gasoline prices continued on the high side which had a negative impact for motor vehicle fuel taxes for Streets Maintenance causing the receipts to go down by \$54,744. Fuel taxes are distributed on usage not cost. Cigarette taxes went from \$438,673 in FY12 down to \$422,366 in FY13. This could be the result of consumers smoking less to improve their health to meet insurance requirements, of more non smoking establishments, and/or due to the increase in the cost. The majority of the \$27,156 increase in these areas belongs to hotel/motel taxes claiming \$98,207 of it. Unlike FY12, there were no major flooding events hindering travel, all major softball tournaments were held as scheduled and the Kansas City Chiefs held their team training camp at Missouri Western for the third consecutive year.
- Interest earnings dropped from \$697,834 in FY12 to \$640,068 in FY13 even though cash balances remained relatively the same as the previous fiscal year. This is the direct result of continuing low interest rates as established by the Fed.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

- During FY2013, grants and contributions in total decreased \$3,164,341, Operating grants decreased \$1,860,365 and capital grants decreased \$1,303,976. Operating grants declined in all governmental activities except general government which received an additional \$126,042 in funds. While all other functions reduced their capital grants revenue, general government claimed \$310,557 more and Parks and recreation saw an additional \$108,622.



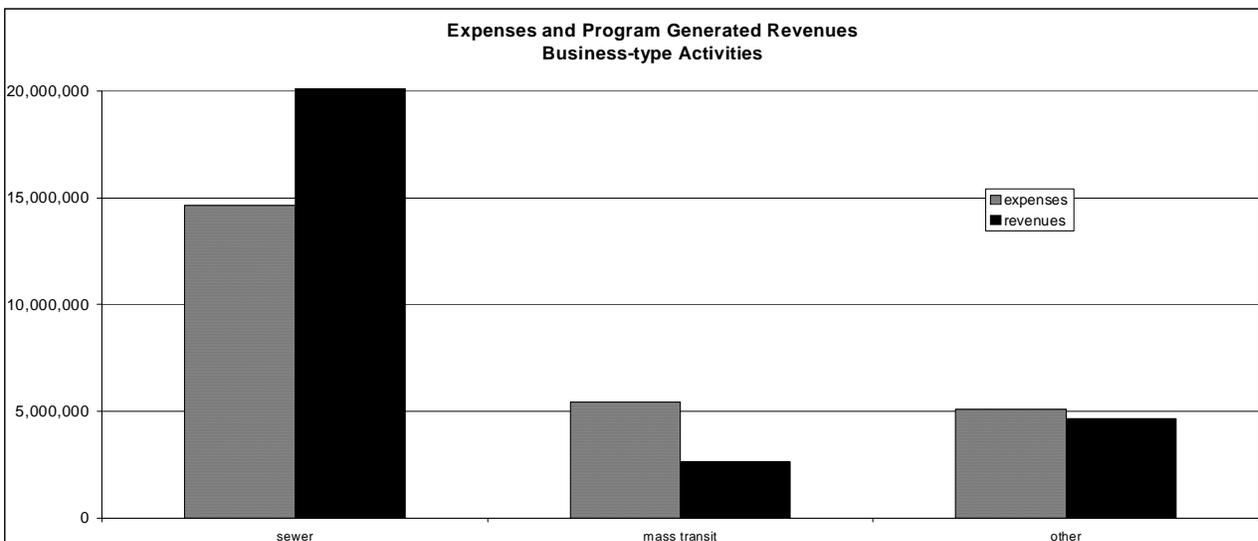
CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

Total expenses for the governmental activities declined by \$1,050,204, dropping from \$69,716,213 in FY12 to \$68,666,009 in FY13. General government, public safety, public works and health and welfare all provided savings from the previous year. Highways, streets, parks and recreation, and interest on long-term debt experienced \$2,003,105 in higher costs. The impact of increasing fuel prices, utility costs, as well as the cost of maintenance and repair of equipment, vehicles, and buildings will be an ever growing segment of the annual expenditures.

Business-type activities. The net position of the City's business-type activities increased \$5,969,553. Key elements of the increase within the business-type activities were:

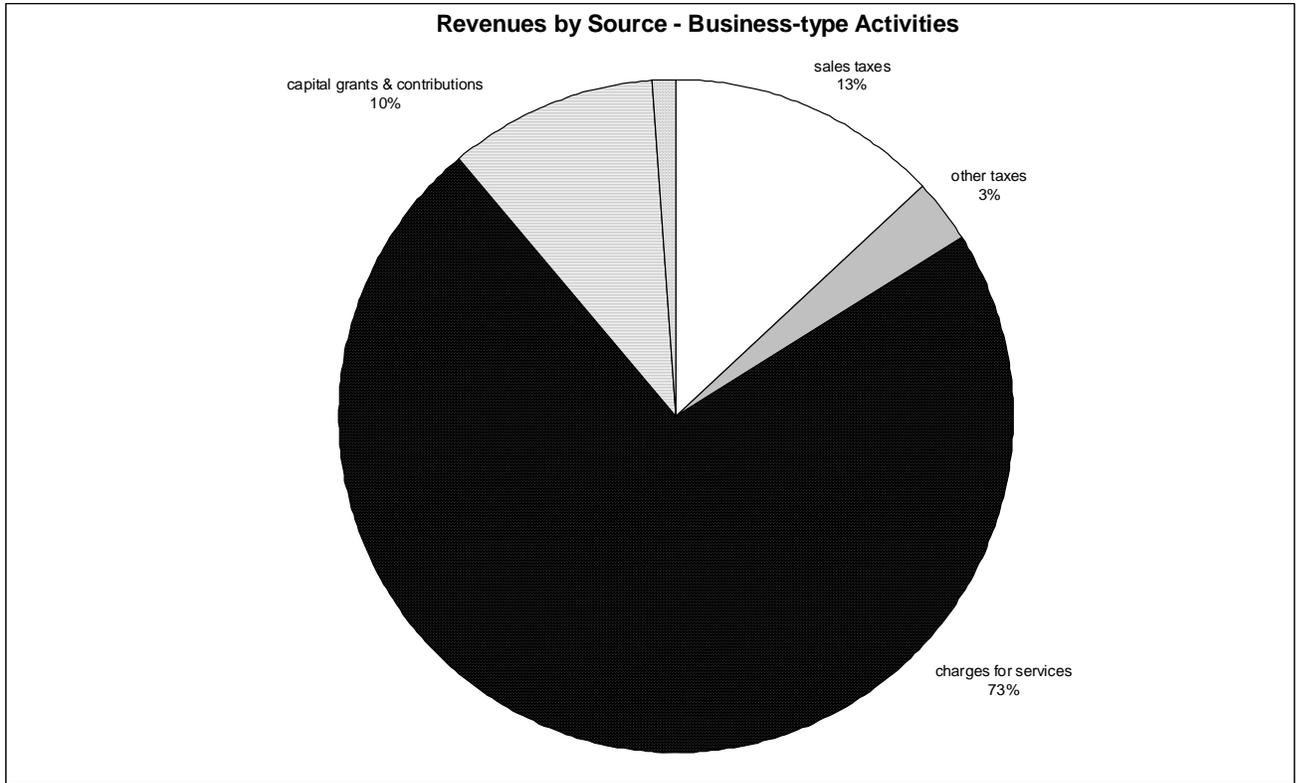
- Revenues from business-type activities went from \$38,304,176 in FY12 to \$33,596,524 in FY13, a decrease of \$4,707,652.
- The largest boost in revenue for business-type activities came from \$1,822,998 in sewer services in the Water Protection Fund. Along with an 11% rate increase at the beginning of July, 2012, the City staff took responsibility for sewer billings from Missouri American Water. The City has taken an active role in collections which in turn increased FY 13 revenue.
- Transit operations is the only business-type service receiving sales tax and utility franchise fees revenues. In this area, slight decrease in both revenue sources amounted to \$17,483.
- Business-type activities reported a drop in capital contributions and grants. In FY13, the City received \$ 615,447 less in contributed capital assets than in FY12 while no grants were received for the Rosecrans Airport Taxiway Improvements since it was completed in FY 12 creating a \$6,049,754 drop in capital grant revenue in FY13.



CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

- Decreases in revenues from Transit ridership and Landfill tipping fees slightly offset the revenue increases from the Aviation rent and fuel charges, Parking fees and permits, 11% rate hike in sewer rates and active collections; and new revenue streams added at Fairview Golf Course following city takeover of management services there. Nevertheless, the "charges for services" operating revenue category reported an overall increase of \$1,600,811.



- Overall expenses in the business type activities increased \$705,368, up from \$24,466,751. There were increases in all areas except Aviation, Parking. And Landfill. Savings resulted in Aviation from the Airport Manager vacancy and flood expenditures that occurred in FY12. Parking services experienced less cost due to staff position realignment. Landfill operations did not perform liner construction in FY13 and MO DNR accepted permit modifications which caused lower costs. Offsetting these savings: water protection services incurred an additional \$400,000 for the new utility support services program and \$624,026 in bad debt expense from the City assuming responsibility for the utility billing from Missouri American Water; the golf course had \$1,544 in higher costs for the replacement of damaged sod that resulted from dry conditions ; replaced several bus transmissions, major a/c and heating repairs, and lightning damage to the building raised Transit outlays by \$152,290.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

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. It records all assets, liabilities, deferred inflow of resources, revenues, and expenditures that are not assigned to a special purpose fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,807,342 while total general fund balance reached \$11,876,612. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. City Council has adopted a fund balance policy which includes a target for unassigned general fund balance of 10% of expenditures. At the end of FY13, unassigned fund balance represented 13% of total general fund expenditures, while total fund balance represented 27% of that same amount.

Total fund balance of the City's general fund increased \$1,866,590 during the current fiscal year. The increase in fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

- Revenue for the General fund totaled \$45,157,561 up from \$44,940,449 while expenditures increased by \$5,255,305.
- Health and welfare function produced savings of \$25,866 and \$293,162 less was spent for capital outlay.
- Highway and streets and parks and recreation salary and benefit expenditures were moved from the individual funds to the General fund in FY13.
- Operating expenditures including utilities, insurances, fuel, and maintenance and repair across the fund, caused highways, streets, public works, health and welfare, and parks and recreation to increase slightly in total and in the future will be an on going challenge.
- Between regular overtime and FLSA overtime, Fire Suppression ended over budget. Police Operations overtime was above budget as well. The additional expenditures in the overtime spilled over into the pension and payroll tax line items for Fire Suppression and Police Operations.

The *Special Allocation Fund* was established in FY04 to record transactions for the City's TIF districts, special economic development districts, and any related bond issues. The ending fund balance of \$10,536,118 is restricted for debt service payments or pay-as-you go distributions as the case may be. There was a decrease in fund balance of \$943,570 from FY12. The three districts for which TIF bonds had been issued – Triumph, North Shoppes, and Mitchell Road Corridor – all generated sufficient revenues to meet bond payments. Disbursements to the other pay-as-you-go districts were roughly equal to revenues received minus collection fees and slight differences in timing between receipt and distribution of monies.

The *Capital Projects Fund* had a total fund balance of \$15,498,829. All of the budgeted monies within this fund are attached to projects approved by the voters with the five-year, half-cent CIP sales tax issue renewed for the fifth time in August 2012. Fund balance fluctuations are tied directly to the status of

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

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' statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Proprietary funds net position activity resulted in an increase of \$5,970,326 over last year. Net investment in capital assets, the largest component of net position, had a increase of \$ 10,236,552 from last year. A portion of the City's proprietary fund net position, 6% or \$6,872,034, represents resources subject to external restrictions on how they may be used. The city issued 2013 State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program) for future sewer improvements and mandates from the EPA.

Unrestricted net position at the end of the fiscal year were positive in all Proprietary funds except Municipal Golf fund. The Aviation fund showed \$403,075, Parking fund presented \$90,790, Water Protection fund claimed \$2,151,023, Mass Transit had \$11,237,223, while the Landfill fund reported an unrestricted net position balance of \$2,797,029. A negative unrestricted net position balance of \$72,106 resulted in the Municipal Golf fund. With the nice, mild weather experienced through December revenues were kept on target until winter ran late into spring causing some tournaments to be cancelled. The decrease in room and cart rental revenue was offset by the new pro shop opening at Municipal Golf. Golf Course management is still working on the added responsibilities and getting expenditures under control. The heavy dose of precipitation during the winter and spring helped with utility costs and recreation supplies, but the golf course experienced increases to motor fuel, machinery repair and maintenance, and sod replacement.

General Fund Budgetary Highlights

The General Fund went into the 2013 fiscal year with a budgeted operating deficit to be funded by fund balance reserves. However, there were overall budget savings and revenues came in over the original budget turning the budgeted deficit into an actual surplus.

- Real estate and personal property taxes showed a small decline of \$282,383. The decline is related to the release in protested taxes in the previous year to boost FY12 revenue.
- The General fund's major revenue source, sales tax, decreased slightly by \$210,569.
- Hotel/Motel taxes exceeded FY12 revenue by \$98,207. Unlike FY12, flooding was not an issue, all major softball tournaments were held as scheduled and the Kansas City Chiefs held their team training camp at Missouri Western State University for the third consecutive year.
- In FY13, utility franchise taxes displayed an increase from \$6,716,146 to \$6,824,507. 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.
- Fine revenue increased for the first time in three years. FY13 total revenue was \$1,170,983, an increase of \$248,769.
- Increased fuel prices and utility costs hit across all departments as did maintenance and repair of City facilities and equipment. These represent an ever-growing segment of annual expenditures.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations including transfers out were increased \$967,788 in the General Fund. These budget amendments can be briefly summarized as follows:

- Public safety recognized awarded and unused grant funds for FY13 in the amount of \$71,691.
- Redevelopment and implementation of the City's improved web content management system for \$42,395 provided a more efficient and interactive website.
- Construction costs of the 5th street parking supported by the cell phone program in the amount of \$270,000.
- The red light camera fine, a new revenue source, identified an additional \$50,000 in FY13.
- Bode Ice Arena accepted an \$8,869 reimbursement for damaged carpet.
- The Downtown Initiative project and equipment located at Heritage Park was possible through an \$85,000 donation obtained by the City.
- The Metropolitan Planning Organization (MPO) program saw an increase of \$29,856 for an additional position to assist in transportation planning activities within the St. Joseph urban area.
- Police collected \$28,953 in unexpected revenue from auctioned vehicles, taser reimbursements, various donations, and insurance proceeds for damaged police vehicles.

Actual expenditures were less than the amount appropriated. This was largely the result of an intentional under-spending of the budget through delays in filling of vacant positions and continued cost containment measures where possible. The functions which experienced the greatest amount of savings were: Public Safety, \$495,515; Public Works, \$449,653, General Government, \$428,407 and Health and Welfare, \$194,714.

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, 2013 amounts to \$302,279,033 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, office furniture and fixtures, roads, bridges, park improvements, major fire apparatus, sewer lines and wastewater treatment facility improvements. Major capital asset events during the current fiscal year included the following:

- Finalized Alpha Taxiway Rehab at Rosecrans Memorial Airport(\$8,926,775)
- Constructed County Line/York Pump Station (\$652,107)
- Installed Intelligent Transit System (\$859,949)
- Replaced Parking Garage Lighting (\$156,725)
- Started construction on Whitehead Stormwater Separation Project (\$3,957,991)
- In construction phase of Eastside Wastewater Improvement Project (\$1,713,540)
- Continued construction on the Disinfection/Effluent Pump Station (\$17,216,831)
- Began design work on Bio Solids equipment (\$675,740)
- Continued design work on Ammonia Removal Facility/System (\$1,581,826)
- Acquired a 2013 Caterpillar D8T Tractor at Landfill (\$606,322)
- Purchased a 2012 Hyundai Hi Loader (\$143,970)
- Put in service two 2012 Gillig Buses (\$682,960)

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,857,523	\$ 5,762,337	\$ 7,235,170	\$ 7,170,586	\$ 13,092,693	\$ 12,932,923
Buildings	22,464,524	23,550,116	16,537,132	17,345,454	39,001,656	40,895,570
Improvements other than buildings	25,707,697	26,632,137	20,827,859	20,817,737	46,535,556	47,449,874
Machinery and equipment	4,054,331	4,636,759	4,838,571	3,557,973	8,892,902	8,194,732
Infrastructure	109,321,774	116,882,014	45,932,221	38,155,208	155,253,995	155,037,222
Construction in progress	1,794,907	795,841	37,707,324	21,651,697	39,502,231	22,447,538
Total capital assets	\$ 169,200,756	\$ 178,259,204	\$ 133,078,277	\$ 108,698,655	\$ 302,279,033	\$ 286,957,859

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 bonded debt outstanding of \$140,822,545, a decrease of \$4,086,449. Despite the fact there was an decrease due to the issuance of the 2013 State Revolving Loan Bond, it was more than offset by the normal annual retirement of debt service. Of the current amount, \$6,648,828 represents bonds secured solely by specified revenue sources (i.e., Revenue Bonds). The remaining \$134,173,717 is comprised of the following:

- \$110,000 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. All of the PBA Bonds will be retired in FY2014;
- \$35,440,000 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 and Water Protection fund;
- \$60,445,000 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 Water Protection fund;
- \$9,925,000 in Missouri Development Finance Board Bonds which includes \$1,635,000 in the General fund for the Law Enforcement Center expansion project and \$8,290,000 in the Water Protection fund for the Sewerage System Improvements related to the Stockyards Redevelopment project and to federal- and state-mandated water protection measures;
- \$27,946,881 in Developer Pay-As-You-Go Obligations for certified costs in the Special Allocation fund;
- \$306,836 in capital lease obligations for major pieces of equipment located in the Municipal Golf fund, Water Protection fund, and in the General fund.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

- 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. Standard & Poors has given the City an issuer rating of A+ and the City’s current bonds ratings of A. The ratings were re-affirmed in November 2011. 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).

Revenue Bonds and Other Bonded Debt

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue Bonds	\$ -	\$ -	\$ 6,648,828	\$ 5,153,000	\$ 6,648,828	\$ 5,153,000
Public Building Authority Bonds	52,591	114,744	57,409	125,257	110,000	240,001
Industrial Development Authority	40,035,000	41,280,000	20,410,000	20,410,000	60,445,000	61,690,000
Infrastructure Facility Bonds	14,115,000	14,650,034	21,325,000	21,875,000	35,440,000	36,525,034
MO Development Finance Board	1,635,000	1,750,000	8,290,000	9,465,000	9,925,000	11,215,000
Developer Obligation	27,946,881	29,730,100	-	-	27,946,881	29,730,100
Capital Lease Obligations	220,719	305,458	86,117	50,401	306,836	355,859
Total long-term debt	\$ 84,005,191	\$ 87,830,336	\$ 56,817,354	\$ 57,078,658	\$ 140,822,545	\$ 144,908,994

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

Economic Factors – A major cornerstone of the City’s issuer credit rating (ICR) of A+ from S&P came from their analysis of the City’s economy. Their report described the City as having a gradually diversifying economy, an increasing property tax base and with a growing sales tax revenue stream, and a lower than national or state average unemployment rate.

Economic Development Efforts

The St. Joseph economy in FY2013 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.

The City contracts with the Chamber of Commerce for economic development services. 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. There were nine major expansion efforts completed or initiated during the year projected to provide over 400 new jobs and \$111,000,000 in building and equipment improvements. Hillyard Technical Center constructed a 10,000 square foot

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

addition and Missouri Western State University is beginning a \$1,600,000 project to improve various campus facilities.

More details on the specific economic development activities within the city in FY2013 can be found in the Transmittal Letter at the front of this document.

Revenue Forecast

FY2014 Budget decisions on major revenue categories were made almost five months prior to the end of the FY2013 fiscal year and were based on the following assumptions.

Sales Tax - At three-quarters of the way through the fiscal year, retail sales tax revenues were running 1% behind the same period last year. On the other hand, that was still slightly higher than the conservatively projected budget. As a result, FY2013 projections were adjusted to 1% below prior year actuals and FY2014 set with a 1% increase.

FY2013 Hotel/Motel tax revenues were revised with a 5% increase and then held steady for FY2014. (Part of the apparent increase in overall sales taxes between FY2011 and FY2012 was the additional 3% Hotel/Motel tax increase approved by voters and restricted to downtown & riverfront development activities.)

Fuel tax revenues, which fund street maintenance activities, remained completely flat. Projections for FY2013 and FY2014 were left at the FY2012 Actual level.

Real and Personal Tax Revenues - Annual growth in property taxes for the past five years had fluctuated between less than 1% up to 2% 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. On-going economic stagnation and an increased foreclosure rate through the region resulted in low activity over the prior 12 months. There was an uptick in revenues in FY2012 as the result of the 2011 reassessment year and from the resolution of several high-dollar protested tax cases. The estimate for FY2013 was higher than the original budget, but projected to be fairly flat in FY14. FY13 was a reassessment year. However the County did not increased assessments appreciably.

Franchise Fees - Annual growth in Franchise Fees for the past few years has ranged from a negative 10% to a 25% increase (in FY01). 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.

Historical revenue patterns are only marginally useful because they cannot predict future weather conditions or legislative impacts on utility revenues. For FY14, budgeted franchise revenue was estimated as follows: Gas, Electric, and Water revenues were based on three year averages.

Settlements with most of the telecommunications companies brought in \$2.9 million in one-time payments for back taxes late in FY08. Going forward, cell phone franchise fees were estimated to

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

come in at approximately \$1.7 million a year due to [long overdue] franchise payments on these phone services.

Telephone estimates, excluding cell phone revenues, were based on the prior year budget. The cell phone revenues, excluding the anticipated one-time settlements, were budgeted at \$1.7 million. Recent legislation has the potential of affecting cable revenue. That, along with the recent sale of the local cable company, has led to an uneven history. FY2013 was revised to reflect a minor increase from the prior year and FY2014 a 1% increase to that amount.

User Fees Significant flooding of the Missouri River occurred in the summer of 2011 and the local gaming casino had to actually close for three months. The City lost one-quarter of its anticipated revenue. Given the revenue trend in the months after the casino opened, FY2013 budget anticipated a 6% increase in revenues. However, FY2013 actual experience were disappointing, running 10% behind the prior year (flood months excluded) and FY2013 projected revenues were lowered significantly. FY2014 budgeted revenues were increased only slightly.

Sewer fees are determined by cost of service studies prepared by specialists. Increases in sewer discharge fees take effect on July 1. The FY12 Cost of Service sewer rate study projected a 12% increase in fees as a result of expenditures related to several state and federal mandates. For FY2014 this 12% is on top of what appears to be a much better revenue stream than anticipated in FY2013.

Three months into FY2013 the City was required to take sewer billing back from the local water company. The water company had been providing contracted billing services for the City, but gave notice a year ago that they were getting out of the billing business. Since resuming billing, City revenues are running higher than anticipated. This is attributed to a couple of factors. First, the water company had a policy wherein any late payments were applied solely to "amounts due" to the water company rather than prorated between water and sewer. Secondly, staff has been more aggressive in pursuing past collections. There was a large, one-time download of all the past-due amounts received from the water company. Customers were give a set amount of time to pay and then accounts were turned over to a collection agency.

As of May, Country Club Village's new wastewater treatment facility came on line and they will be treating their own effluent. They have contracted with the City to bill for them. There will be some loss of revenue from this action, but exactly how will impact the City remains to be seen.

The FY2012 tipping fee study recommended a \$4.00 per ton increase at the Landfill. Although the current rate had not been increased for several years, City Council decided not to increase the fee in FY2013. That, combined with a continued loss of tonnage being processed at the landfill, resulted in projected revenues that are the lowest in 7-8 years. Such demonstrated losses resulted in Council approving the \$4.00 per ton increase in tipping fees effective the second quarter of FY2014.

Licenses/Permits/Fines – FY2014 fine revenue was projected to increase over FY2012 Actual and FY2013 projected estimates. A portion of the increase comes from Municipal Court and public safety activity. The other major reason for the increase is the long-awaited red light camera implementation two-thirds of the way through the current year. All other license and permit revenues have remained

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

fairly constant over the past few years. Revenue estimates are based largely on the experience and projections of the responsible departments. Given the slight rally in the economy, revenues for inspection fees and plan review have been held steady if not increased slightly depending on the fee.

Sale of Bonds - The amount of bond proceeds budgeted in FY2014 reflects the amount of capital improvement projects slated for the major Water Protection Fund projects resulting from state & federal mandates.

Expenditure Controls

City-wide, FY2013 operating expenditures came in four percent less than projections and 1% lower than the original budget. Delays in filling vacant positions, along with other cost-saving measures taken during the year, helped to keep expenditures under budget.

The net operating expenditure component of the City's FY2014 Annual Budget increased by 7.6% or \$7.023 million above that adopted by the City Council for FY2013. Over 61% of this increase came in the Water Protection enterprise fund. The budget for operational capital expenditures (particularly for rolling stock and for CMOM activities) was moved into the operating programs, from the Water Protection CIP program (\$3,973,000). City reinstatement of sewer billing increased Water Protection another \$105,000. Debt service for anticipated SRF bond issues added \$224,000.

A 16% increase to overall operational budgets (\$1,135,000) came from increases in health insurance, pension contributions, worker compensation coverage, and overall increases in fuel and fuel-related products. The other operation increase, totaling \$79,000, was the result of re-instating an Engineering Clerk position cut in 2011 and the additional of a parks maintenance position.

The remaining increases were the result of budgets for one time expenditures in the Cell Phone program or increases in various TIF projects in the Special Allocation Fund.

The total FY2014 Annual Budget at \$206,670,000 was a 56% percent increase from the FY2013 budget primarily due to the significant increase in the magnitude of projected capital project expenditures in the Water Protection fund. The total capital budget in FY13 totaled \$38,700,000. The FY2014 capital budget was adopted at \$107,900,000.

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 Administrative Services, 1100 Frederick Avenue, City of St. Joseph, Missouri, 64501.

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 29,513,011	\$ 22,794,265	\$ 52,307,276
Receivables, net where applicable of allowances for uncollectibles	15,192,340	5,717,261	20,909,601
Loan receivables	3,445,089	-	3,445,089
Property held for resale	426,126	-	426,126
Internal balances	192,137	(192,137)	-
Due from other governments	615,946	590,897	1,206,843
Prepaid items	175,918	119,624	295,542
Restricted assets:			
Cash and investments	9,307,464	12,378,642	21,686,106
Net pension asset	1,000,000	-	1,000,000
Capital assets:			
Capital assets, not being depreciated	7,652,430	44,942,494	52,594,924
Capital assets net of accumulated depreciation	161,548,326	88,135,783	249,684,109
Total assets	<u>229,068,787</u>	<u>174,486,829</u>	<u>403,555,616</u>
Deferred Outflows of Resources			
Deferred amount on refunding	901,435	385,046	1,286,481
Total Deferred Outflows of Resources	<u>901,435</u>	<u>385,046</u>	<u>1,286,481</u>
Liabilities			
Accounts payable and other current liabilities	3,889,084	6,805,829	10,694,913
Unearned revenue	117,219	-	117,219
Accrued interest payable	359,048	472,459	831,507
Noncurrent liabilities:			
Due within one year	6,174,670	2,693,296	8,867,966
Due in more than one year	81,352,888	54,437,505	135,790,393
Landfill closure and postclosure costs:			
Due within one year	-	73,500	73,500
Due in more than one year	-	5,391,258	5,391,258
Total liabilities	<u>91,892,909</u>	<u>69,873,847</u>	<u>161,766,756</u>
Net Position			
Net Investment in capital assets	167,294,820	81,683,532	248,978,352
Restricted for:			
Debt service	10,427,229	6,872,034	17,299,263
Capital projects	16,851,050	-	16,851,050
Loan programs	4,934,760	-	4,934,760
Economic development	2,406,984	-	2,406,984
Museum	437,043	-	437,043
Other purposes	3,669,050	-	3,669,050
Unrestricted (deficit)	(67,943,623)	16,442,462	(51,501,161)
Total net position	<u>\$ 138,077,313</u>	<u>\$ 104,998,028</u>	<u>\$ 243,075,341</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, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	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	\$ 10,231,933	\$ 4,836,836	\$ 2,537,590	\$ 310,557	\$ (2,546,950)	\$ -	\$ (2,546,950)
Public safety	24,144,704	821,264	962,267	30,331	(22,330,842)	-	(22,330,842)
Highways and streets	17,399,263	204,937	131,471	156,725	(16,906,130)	-	(16,906,130)
Public works	354,893	32,380	-	-	(322,513)	-	(322,513)
Health and welfare	4,995,710	626,570	1,062,908	16,564	(3,289,668)	-	(3,289,668)
Parks and recreation	8,100,980	1,865,417	155,069	421,025	(5,659,469)	-	(5,659,469)
Interest on long-term debt	3,438,526	-	-	-	(3,438,526)	-	(3,438,526)
Total governmental activities	<u>68,666,009</u>	<u>8,387,404</u>	<u>4,849,305</u>	<u>935,202</u>	<u>(54,494,098)</u>	<u>-</u>	<u>(54,494,098)</u>
Business-type activities:							
Aviation services	1,059,518	463,197	-	30,563	-	(565,758)	(565,758)
Parking services	339,368	360,734	-	-	-	21,366	21,366
Sewer services	14,634,267	19,630,962	894,663	75,705	-	5,967,063	5,967,063
Golf services	837,476	820,578	-	-	-	(16,898)	(16,898)
Transit services	5,438,634	350,978	2,320,245	-	-	(2,767,411)	(2,767,411)
Landfill services	2,862,856	2,967,671	-	-	-	104,815	104,815
Total business-type activities	<u>25,172,119</u>	<u>24,594,120</u>	<u>3,214,908</u>	<u>106,268</u>	<u>-</u>	<u>2,743,177</u>	<u>2,743,177</u>
Total primary government	<u>\$ 93,838,128</u>	<u>\$ 32,981,524</u>	<u>\$ 8,064,213</u>	<u>\$ 1,041,470</u>	<u>(54,494,098)</u>	<u>2,743,177</u>	<u>(51,750,921)</u>
General revenues:							
Property taxes					13,013,990	-	13,013,990
Sales taxes					24,434,378	4,249,381	28,683,759
Franchise taxes					6,824,507	1,154,809	7,979,316
Motor fuel taxes					3,421,644	-	3,421,644
Cigarette taxes					422,366	-	422,366
Hotel taxes					913,963	-	913,963
Intergovernmental activity taxes					4,117,506	-	4,117,506
Unrestricted investment revenues					640,068	233,696	873,764
Gain on sale of capital assets					-	43,342	43,342
Transfers in (out)					2,454,852	(2,454,852)	-
Total general revenues and transfers					<u>56,243,274</u>	<u>3,226,376</u>	<u>59,469,650</u>
Change in net position					1,749,176	5,969,553	7,718,729
Net position - beginning, as restated					136,328,137	99,028,475	235,356,612
Net position - ending					<u>\$ 138,077,313</u>	<u>\$ 104,998,028</u>	<u>\$ 243,075,341</u>

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

CITY OF ST. JOSEPH, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Special Allocation	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 8,877,752	\$ 1,022,731	\$ 14,642,838	\$ 3,909,976	\$ 28,453,297
Receivables	4,993,425	8,597,552	1,008,941	592,422	15,192,340
Loan receivables	328,746	-	-	3,116,343	3,445,089
Property held for resale	-	-	-	426,126	426,126
Due from other funds	-	-	302,047	-	302,047
Due from other governments	196,066	-	39,872	380,008	615,946
Prepaid items	170,916	-	-	5,002	175,918
Restricted cash and investments	250,159	9,057,305	-	-	9,307,464
Total assets	\$ 14,817,064	\$ 18,677,588	\$ 15,993,698	\$ 8,429,877	\$ 57,918,227
Liabilities, Deferred Inflows of Resources And Fund Balances					
Liabilities:					
Accounts payable	\$ 1,126,775	\$ 205,883	\$ 454,997	\$ 931,069	\$ 2,718,724
Due to other funds	-	-	-	274,482	274,482
Accrued payroll	1,149,563	-	-	14,291	1,163,854
Unearned revenue	117,219	-	-	-	117,219
Total liabilities	2,393,557	205,883	454,997	1,219,842	4,274,279
Deferred Inflows of Resources:					
Unavailable revenues-property taxes	507,290	-	-	57,664	564,954
Unavailable revenues-wastewater agreement	-	7,935,587	-	-	7,935,587
Unavailable revenues-other	39,605	-	39,872	171,424	250,901
Total deferred inflows of resources	546,895	7,935,587	39,872	229,088	8,751,442
Fund balances:					
Nonspendable	499,662	-	-	125,002	624,664
Restricted	1,141,146	10,536,118	15,498,829	6,855,945	34,032,038
Committed	1,292,606	-	-	-	1,292,606
Assigned	3,135,856	-	-	-	3,135,856
Unassigned	5,807,342	-	-	-	5,807,342
Total fund balances	11,876,612	10,536,118	15,498,829	6,980,947	44,892,506
Total liabilities, deferred inflows of resources and fund balances	\$ 14,817,064	\$ 18,677,588	\$ 15,993,698	\$ 8,429,877	\$ 57,918,227

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 POSITION
JUNE 30, 2013

Fund balances – total governmental funds	\$ 44,892,506
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	169,200,756
Deferred charges on refunding are not due and payable in the current period, and therefore, are not reported in the funds.	901,435
The net pension asset is not an available resource and, therefore, is not reported in the funds.	1,000,000
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due.	(359,048)
Liabilities for earned but deferred revenues in fund statements.	8,751,442
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 position.	(338,624)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(85,971,154)</u>
Net position of governmental activities	<u>\$ 138,077,313</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, 2013

	General	Special Allocation	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 11,250,286	\$ 592,163	\$ -	\$ 1,197,806	\$ 13,040,255
Sales	16,530,081	2,423,520	5,483,011	-	24,436,612
Franchise	6,825,512	-	-	-	6,825,512
Motor Fuel and other	824,438	-	-	2,597,206	3,421,644
Cigarette	422,366	-	-	-	422,366
Hotel	913,963	-	-	-	913,963
Intergovernmental activity	-	4,117,506	-	-	4,117,506
Licenses and permits	1,384,711	-	-	96,887	1,481,598
Intergovernmental	2,168,810	-	951,068	3,041,795	6,161,673
Charges for services	3,406,191	8,000	-	1,202,364	4,616,555
Fines	1,170,983	-	-	-	1,170,983
Special assessments	-	-	-	35,220	35,220
Investment earnings	23,985	524,415	17,275	73,060	638,735
Contributions and donations	55,044	-	24,008	100,030	179,082
Other	181,191	820,689	171,225	273,933	1,447,038
Total revenues	45,157,561	8,486,293	6,646,587	8,618,301	68,908,742
Expenditures					
Current:					
General government	7,338,345	1,155,848	-	1,493,543	9,987,736
Public safety	23,401,114	-	-	-	23,401,114
Highways and streets	5,518,827	-	-	2,857,416	8,376,243
Public works	-	-	-	212,831	212,831
Health and welfare	3,104,459	-	-	1,770,383	4,874,842
Parks and recreation	4,587,318	-	-	923,913	5,511,231
Debt Service:					
Principal	281,895	3,860,833	-	-	4,142,728
Interest and fiscal charges	94,566	3,337,835	-	-	3,432,401
Capital outlay	363,001	-	2,333,160	2,109,031	4,805,192
Total expenditures	44,689,525	8,354,516	2,333,160	9,367,117	64,744,318
Excess (deficiency) of revenues over expenditures	468,036	131,777	4,313,427	(748,816)	4,164,424
Other financing sources (uses)					
Transfers in	3,068,019	17,402	771,157	2,042,455	5,899,033
Transfers out	(1,705,423)	(130,160)	(176,559)	(1,275,314)	(3,287,456)
Refunding Bonds issued	-	8,685,000	-	-	8,685,000
Payment to refunded bond escrow agent	-	(9,647,589)	-	-	(9,647,589)
Capital lease	20,003	-	-	-	20,003
Sale of capital assets	15,955	-	-	225	16,180
Total other financing sources (uses), net	1,398,554	(1,075,347)	594,598	767,366	1,685,171
Net change in fund balances	1,866,590	(943,570)	4,908,025	18,550	5,849,595
Fund balances - beginning	10,010,022	11,479,688	10,590,804	6,962,397	39,042,911
Fund balances - ending	\$ 11,876,612	\$ 10,536,118	\$ 15,498,829	\$ 6,980,947	\$ 44,892,506

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, 2013

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

Net changes in fund balances – total governmental funds	\$ 5,849,595
<p>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.</p>	
Capital outlay	2,420,687
Depreciation	<u>(11,219,296)</u>
	(8,798,609)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations)</p>	
Disposals	<u>(259,839)</u>
	(259,839)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(949,742)
<p>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 position. Also, governmental funds report the effect of 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 and related items.</p>	
Proceeds from debt issuance	(8,685,000)
Principal payments	13,789,863
Debt issuance costs and related amortization	(342,840)
Capital lease proceeds	(20,003)
Developer obligation	(37,614)
<p>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:</p>	
Accrued interest	337,169
Compensated absences and OPEB obligations	(121,296)
Change in net pension asset	1,000,000
<p>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.</p>	
	<u>(12,508)</u>
Change in net position of governmental activities	<u>\$ 1,749,176</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Sewer	Mass Transit	Other Enterprise Funds	Total	Total Internal Service Fund
Assets					
Current assets:					
Cash and investments	\$ 3,509,257	\$ 10,522,881	\$ 8,762,127	\$ 22,794,265	\$ 1,059,714
Restricted cash and cash equivalents	2,526,255	-	59,236	2,585,491	-
Interest receivable	2,093	2,626	2,185	6,904	-
Accounts receivable (net of allowance for uncollectibles)	4,585,400	845,147	279,810	5,710,357	-
Other receivables	-	-	-	-	-
Due from other governments	478,974	96,471	15,452	590,897	-
Prepaid items	71,858	4,159	43,607	119,624	-
Total current assets	<u>11,173,837</u>	<u>11,471,284</u>	<u>9,162,417</u>	<u>31,807,538</u>	<u>1,059,714</u>
Noncurrent assets:					
Restricted cash and investments	9,793,151	-	-	9,793,151	-
Capital assets:					
Capital assets, not being depreciated:	39,398,694	189,133	5,354,667	44,942,494	-
Capital assets net of accumulated depreciation:	<u>66,294,500</u>	<u>3,960,049</u>	<u>17,881,234</u>	<u>88,135,783</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	105,693,194	4,149,182	23,235,901	133,078,277	-
Total noncurrent assets	<u>115,486,345</u>	<u>4,149,182</u>	<u>23,235,901</u>	<u>142,871,428</u>	<u>-</u>
Total assets	<u>\$ 126,660,182</u>	<u>\$ 15,620,466</u>	<u>\$ 32,398,318</u>	<u>\$ 174,678,966</u>	<u>\$ 1,059,714</u>
Deferred Outflows of Resources					
Deferred amount on refunding	382,065	-	2,981	385,046	-
Total Deferred Outflows of Resources	<u>382,065</u>	<u>-</u>	<u>2,981</u>	<u>385,046</u>	<u>-</u>
Liabilities and Net Position					
Current liabilities:					
Accounts payable	\$ 6,185,943	\$ 234,061	\$ 200,017	\$ 6,620,021	\$ 6,506
Due to other funds	-	-	27,565	27,565	-
Claims payable	-	-	-	-	760,444
Accrued payroll	118,136	-	67,672	185,808	-
Accrued interest payable	472,022	-	437	472,459	-
Long-term obligations due in one year	2,526,255	-	167,041	2,693,296	-
Landfill closure and postclosure liability	-	-	73,500	73,500	-
Total current liabilities	<u>9,302,356</u>	<u>234,061</u>	<u>536,232</u>	<u>10,072,649</u>	<u>766,950</u>
Noncurrent liabilities:					
Claims	-	-	-	-	795,960
Long term obligations due in more than one year (net of unamortized discounts and deferred amount on refunding)	54,348,024	-	89,481	54,437,505	-
Landfill closure and postclosure liability	-	-	5,391,258	5,391,258	-
Total noncurrent liabilities	<u>54,348,024</u>	<u>-</u>	<u>5,480,739</u>	<u>59,828,763</u>	<u>795,960</u>
Total liabilities	<u>63,650,380</u>	<u>234,061</u>	<u>6,016,971</u>	<u>69,901,412</u>	<u>1,562,910</u>
Net Position					
Net investment in capital assets	54,427,609	4,149,182	23,106,741	81,683,532	-
Restricted for debt service	6,813,235	-	58,799	6,872,034	-
Unrestricted (deficit)	2,151,023	11,237,223	3,218,788	16,607,034	(503,196)
Total net position	<u>\$ 63,391,867</u>	<u>\$ 15,386,405</u>	<u>\$ 26,384,328</u>	<u>105,162,600</u>	<u>\$ (503,196)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(164,572)	
Net position of business-type activities				<u>\$ 104,998,028</u>	

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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Sewer	Mass Transit	Other Enterprise Funds	Totals	Total Internal Service Fund
Operating revenues:					
Charges for services	\$ 19,617,283	\$ 310,228	\$ 4,507,494	\$ 24,435,005	\$ 861,485
Other	13,679	40,750	104,686	159,115	-
Total operating revenues	<u>19,630,962</u>	<u>350,978</u>	<u>4,612,180</u>	<u>24,594,120</u>	<u>861,485</u>
Operating expenses:					
Personal services	3,784,457	5,474	1,973,911	5,763,842	-
Contractual services	4,660,584	4,367,737	832,831	9,861,152	876,099
Commodities	596,532	584,372	627,924	1,808,828	-
Heat, light and power	1,256,684	46,325	172,514	1,475,523	-
Depreciation	3,029,117	434,726	1,422,392	4,886,235	-
Closure and postclosure care costs	-	-	55,298	55,298	-
Total operating expenses	<u>13,327,374</u>	<u>5,438,634</u>	<u>5,084,870</u>	<u>23,850,878</u>	<u>876,099</u>
Operating income (loss)	<u>6,303,588</u>	<u>(5,087,656)</u>	<u>(472,690)</u>	<u>743,242</u>	<u>(14,614)</u>
Nonoperating revenues (expenses):					
Intergovernmental and other	894,663	2,320,245	-	3,214,908	-
Franchise taxes	-	1,154,809	-	1,154,809	-
Taxes	-	4,249,381	-	4,249,381	-
Investment income	205,989	14,129	13,578	233,696	1,333
Interest and fiscal charges	(1,306,143)	-	(14,325)	(1,320,468)	-
Gain (loss) on disposal of capital assets	42,607	-	735	43,342	-
Total nonoperating revenues (expenses), net	<u>(162,884)</u>	<u>7,738,564</u>	<u>(12)</u>	<u>7,575,668</u>	<u>1,333</u>
Income (loss) before capital contributions and transfers	6,140,704	2,650,908	(472,702)	8,318,910	(13,281)
Capital contributions and grants	75,705	-	187,288	262,993	-
Transfers in	133,410	-	138,701	272,111	-
Transfers out	(1,494,910)	(155,193)	(1,233,585)	(2,883,688)	-
Change in net position	<u>4,854,909</u>	<u>2,495,715</u>	<u>(1,380,298)</u>	<u>5,970,326</u>	<u>(13,281)</u>
Total net position - beginning, as restated	<u>58,536,958</u>	<u>12,890,690</u>	<u>27,764,626</u>		<u>(489,915)</u>
Total net position - ending	<u>\$ 63,391,867</u>	<u>\$ 15,386,405</u>	<u>\$ 26,384,328</u>		<u>\$ (503,196)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(773)	
Change in net position of business-type activities				<u>\$ 5,969,553</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, 2013

	Sewer	Mass Transit	Other Enterprise Funds	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 18,896,870	\$ 327,456	\$ 4,443,567	\$ 23,667,893	\$ 861,485
Payments to suppliers	(2,244,810)	(5,167,911)	(1,891,673)	(9,304,394)	(1,089,905)
Payments to employees	(3,755,166)	(5,474)	(1,956,918)	(5,717,558)	-
Other operating revenues	13,679	40,750	104,686	159,115	-
Net cash provided (used) by operating activities	<u>12,910,573</u>	<u>(4,805,179)</u>	<u>699,662</u>	<u>8,805,056</u>	<u>(228,420)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental grants	894,663	2,321,181	-	3,215,844	-
Taxes received	-	5,404,190	-	5,404,190	-
Transfers in	133,410	-	138,701	272,111	-
Transfers out	(1,494,910)	(155,193)	(1,256,666)	(2,906,769)	-
Net cash provided (used) by noncapital financing activities	<u>(466,837)</u>	<u>7,570,178</u>	<u>(1,117,965)</u>	<u>5,985,376</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond Proceeds	11,498,828	-	-	11,498,828	-
Payments of debt principal	(11,730,483)	-	(112,465)	(11,842,948)	-
Payments of debt interest and charges	(1,681,500)	-	61,272	(1,620,228)	-
Capital grants received	-	-	710,249	710,249	-
Purchase of capital assets	(27,184,285)	(820,645)	(954,592)	(28,959,522)	-
Net cash provided (used) by capital and related financing activities	<u>(29,097,440)</u>	<u>(820,645)</u>	<u>(295,536)</u>	<u>(30,213,621)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	9,084,361	(1,640,881)	(15,852,239)	(8,408,759)	(906,131)
Purchase of investments	7,275,979	-	16,487,706	23,763,685	1,105,278
Interest and dividends received	205,908	13,342	13,419	232,669	1,333
Net cash provided (used) by investing activities	<u>16,566,248</u>	<u>(1,627,539)</u>	<u>648,886</u>	<u>15,587,595</u>	<u>200,480</u>
Net increase (decrease) in cash and cash equivalents	(87,456)	316,815	(64,953)	164,406	(27,940)
Cash and cash equivalents - beginning	1,320,683	1,208,251	1,334,836	3,863,770	181,523
Cash and cash equivalents - ending	1,233,227	1,525,066	1,269,883	4,028,176	153,583
Investments	14,595,436	8,997,815	7,551,480	31,144,731	906,131
Total cash and investments	<u>\$ 15,828,663</u>	<u>\$ 10,522,881</u>	<u>\$ 8,821,363</u>	<u>\$ 35,172,907</u>	<u>\$ 1,059,714</u>
Cash and investments reported on the Statement of Net Position:					
Unrestricted cash and investments	\$ 3,509,257	\$ 10,522,881	\$ 8,762,127	\$ 22,794,265	\$ 1,059,714
Restricted cash and investments	12,319,406	-	59,236	12,378,642	-
Total cash and investments	<u>\$ 15,828,663</u>	<u>\$ 10,522,881</u>	<u>\$ 8,821,363</u>	<u>\$ 35,172,907</u>	<u>\$ 1,059,714</u>

(continued)

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Sewer	Mass Transit	Other Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 6,303,588	\$ (5,087,656)	\$ (472,690)	\$ 743,242	\$ (14,614)
Adjustments to reconciliation operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	3,029,117	434,726	1,422,392	4,886,235	-
Landfill closure and postclosure	-	-	55,298	55,298	-
Changes in operating assets and liabilities:					
Accounts and other receivables	(720,413)	17,228	(63,927)	(767,112)	-
Prepaid expenses	(17,852)	(1,076)	(13,863)	(32,791)	-
Accounts payable and contracts/claims payable	4,286,842	(168,401)	(244,541)	3,873,900	(213,806)
Accrued payroll and compensated absences	29,291	-	16,993	46,284	-
Net cash provided (used) by operating activities	<u>\$ 12,910,573</u>	<u>\$ (4,805,179)</u>	<u>\$ 699,662</u>	<u>\$ 8,805,056</u>	<u>\$ (228,420)</u>
Non-cash capital and financing activities:					
Capital contributions	\$ 75,705	\$ -	\$ 187,288	\$ 262,993	\$ -
	<u>\$ 75,705</u>	<u>\$ -</u>	<u>\$ 187,288</u>	<u>\$ 262,993</u>	<u>\$ -</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 JUNE 30, 2013

	Pension Trust Fund		Total Agency Funds
	<u>Police Pension</u>		<u>Funds</u>
Assets			
Cash and cash equivalents	\$ 3,285		\$ 94,613
Investments:			
Government obligations	2,925,029		-
Other debt securities	10,612,757		-
Corporate stock	17,993,081		-
Receivables:			
Taxes	-		240,158
Contributions	85,898		-
Accrued interest	162,663		-
Total assets	<u>31,782,713</u>		<u>334,771</u>
Liabilities			
Accounts payable	3,526		-
Due to others	-		334,771
Total liabilities	<u>3,526</u>		<u>\$ 334,771</u>
Net Position			
Held in trust for pension benefits	<u>\$ 31,779,187</u>		

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Pension Trust Fund <u>Police Pension</u>
Additions:	
Member contributions	\$ 212,669
Employer contributions	2,271,904
Investment income	861,449
Net appreciation in fair value of investments	2,024,107
Less investment expenses	<u>(66,859)</u>
Total additions	<u>5,303,270</u>
Deductions:	
Benefit payments	1,889,872
Refunds of contributions	29,357
Administrative expenses	<u>63,461</u>
Total deductions	<u>1,982,690</u>
Change in net position	3,320,580
Net position - beginning	<u>28,458,607</u>
Net position - ending	<u><u>\$ 31,779,187</u></u>

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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”, GASB Statement 39, “Determining Whether Certain Organizations are Component Units – an amendment to GASB Statement 14” and Statement No. 61 “The Financial Reporting Entity: Omnibus on an amendment of GASB Statements No. 14 and No. 34”, 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, 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, 2013

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 position. 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 position.

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 position 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.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 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 *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 *Capital Projects 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.

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.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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

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.

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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation. Balances in prepaid items at June 30, 2013, 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, 2013.

G. Property Held for Resale

The City has acquired various properties through the federal Neighborhood Stabilization Grant Program, Community Development Block Grant program, and private donation. The purpose of the federal program is to purchase foreclosed or abandoned properties and provide rehabilitation funding for properties to eventually be sold to revitalize older neighborhoods. The properties have been included as property held for resale in the Community Development Block Grant Fund.

H. Restricted Assets

Portions of net position 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.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the government-wide and proprietary fund statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items, which arises under the accrual and modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental activities statement of net position and the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, wastewater improvement agreement and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. 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 acquisition.

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 and fiscal charges incurred by the Sewer fund during the current fiscal year was \$2,684,353. Of this amount, \$1,378,210 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
- Streets Infrastructure	25 years
- Sewer Infrastructure	40 years
- Bridge Infrastructure	50 years

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

K. 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.

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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

L. 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 inflows within the governmental fund financial statements.

M. 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”.

N. Net Position/Fund Balance

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

Net investment in capital assets – 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balances

The objective of a fund balance policy is for the City to be in a strong fiscal position that will (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns or revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies. It is City policy to identify fund balance separately based on a hierarchy of constraints placed on the use of the financial resources within its governmental funds up to five classifications. See Note 12 for additional information regarding Fund balance.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Nonspendable Fund Balance – resources that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to be maintained intact.

Restricted Fund Balance – resources where constraints are imposed by externally enforceable legal restrictions through (1) external creditors, grantors, contributors or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Committed Fund Balance – resources for specific purposes government’s imposed upon itself by formal action by Ordinance of the City Council, the government’s highest level of decision making authority. Any changes or removal of specific purpose requires the same action by the governing body.

Assigned Fund Balance – resources that are (1) limited by the government’s intent to be used for specific purposes or (2) remaining excess amounts in the governmental funds other than the General Fund not classified as non-spendable, restricted, or committed. The authority to assign fund balance for specific uses has been delegated to the City Manager and/or the Director of Administrative Services was established by Resolution of the City Council approving the City’s Fund Balance policy.

Unassigned Fund Balance – total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balances.

The General Fund will be the only fund that reports a positive unassigned fund balance amount. In the other governmental funds if the assigned fund balance is negative it will be necessary to report it as a negative unassigned fund balance.

The City strives to develop and maintain a diversified and reliable revenue stream so as to avoid becoming overly dependent on any single source of revenue. Efforts are directed to optimize existing revenue sources while periodically reviewing potential new revenue sources. The City is to utilize the restricted fund balance for a specific purpose prior to unrestricted fund balance when more than one fund balance resource is required. Unrestricted fund balance will be maintained for necessary and unexpected expenditures. The City will consent to committed amounts first followed by assigned funds before allocating unassigned net resources when more than one unrestricted resource is required.

The City has also adopted a minimum fund balance policy for the General Fund which instructs management to maintain a fund balance level in the General Fund equal to 10% of annual expenditures. If fund balance is near minimum threshold, appropriations shall be only for one time expenditures and not for ongoing and routine operating expenditures.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

O. 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.

P. Deficit Fund Balance/Net position

The following Funds had a deficit fund balance/net position at June 30, 2013 that will be eliminated by future revenues or transfers:

Internal Service Funds	
Worker's Compensation	\$503,196

Q. 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 position or changes therein for the current year.

NOTE 2: CASH DEPOSITS AND INVESTMENTS

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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013**

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

	Balance June 30, 2013
Cash on hand	\$ 22,737
Cash Deposit in Bank	7,394,410
Investments held by Trustee (Bond Reserves)	16,686,157
US Agency Securities	47,984,691
Certificate of Deposits	2,000,000
Police Pension Trust:	
Cash	3,285
Investments	31,530,867
	<u>31,534,152</u>
	<u>\$ 105,622,147</u>

	Government- wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted – cash and investments	\$ 52,307,276	\$ 97,898	\$ 52,405,174
Restricted – cash and investments	21,686,106	—	21,686,106
Police Pension – cash and investments	—	31,530,867	31,530,867
Total	<u>\$ 73,993,382</u>	<u>\$ 31,628,765</u>	<u>\$ 105,622,147</u>

Investments for the City of St. Joseph, Missouri are as follows for the year ended June 30, 2013

	Investment Maturities (in years)		
	Cost	Fair Value	Less Than 1
Investment type:			
Debt Securities			
US Agency Securities	\$ 47,984,691	\$ 47,984,691	\$ 47,984,691
Total	<u>\$ 47,984,691</u>	<u>\$ 47,984,691</u>	<u>\$ 47,984,691</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Investments for the Police Pension fund are as follows for the year ended June 30, 2013:

	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 - 5	6 - 10
Investment type:				
Debt Securities				
US Agencies	\$ 2,142,509	\$ 1,563,305	\$ -	\$ 579,204
US Treasuries	676,924	-	676,924	-
Credit Bond Fund	164,745	-	164,745	-
Muni Obligations	105,596	-	105,596	-
Foreign debt	957,948	-	719,123	238,825
Corporate debt	9,490,064	1,850,855	6,238,685	1,400,524
	<u>13,537,786</u>	<u>\$ 3,414,160</u>	<u>\$ 7,905,073</u>	<u>\$ 2,218,553</u>
Other Investments:				
Corporate stock	<u>17,993,081</u>			
Total	<u>\$ 31,530,867</u>			

Custodial Credit Risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City has no formal policy relating to custodial credit risk for deposits. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2013, the bank deposits are insured by federal depository insurance and collateral securities held by the City’s agent in the name of the City. 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 \$31,530,867 consist of \$2,819,433 in government fixed securities and treasuries, \$105,596 in municipal bonds, \$164,745 in Credit bond funds, \$957,948 in foreign debt, \$9,490,064 in corporate bond fixed income securities, and \$17,993,081 in common corporate stock. The Police Pension fund’s investments are held by its investment custodian in the fund’s name.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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.

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 produce 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	AA
Debt Securities			
US Agency Securities	\$ 47,984,691	\$ 47,984,691	\$ 47,984,691
Total	\$ 47,984,691	\$ 47,984,691	\$ 47,984,691

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 will be held in the portfolio.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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Credit ratings for the Police Pension fund investments that are rated are as follows:

Investment type:	Fair <u>Value</u>	Quality Ratings			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BAA</u>
Debt Securities					
US Agencies	\$ 2,142,509	\$ 2,142,509	\$ —	\$ —	\$ —
US Treasuries	676,924	676,924	—	—	—
Credit Bond Fund	164,745	—	—	164,745	—
Muni Obligations	105,596	—	105,596	—	—
Foreign Debt	957,948	—	655,212	302,736	—
Corporate debt	9,490,064	567,133	1,244,350	3,606,350	4,072,231
	<u>13,537,786</u>	<u>\$ 3,386,566</u>	<u>\$ 2,005,158</u>	<u>\$ 4,073,831</u>	<u>\$ 4,072,231</u>
Other Investments:					
Corporate stock	<u>17,993,081</u>				
Total	<u>\$ 31,530,867</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	\$ 17,994,160	37%
Federal National Mortgage Association	15,995,491	33%
Federal Farm Credit	13,995,040	29%
	<u>\$ 47,984,691</u>	<u>100%</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 15% 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. 5) 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.

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:

	<u>Real Property</u>	<u>Personal Property</u>
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 2012 property tax rate was \$1.55 per \$100 valuation (\$1.14 per \$100 valuation in areas annexed effective December 30, 1972.) An additional special assessment of \$.50 per \$100 assessed value of land only is levied in the Park District for park maintenance and repair. The tax levy is as follows:

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Tax Year/Fiscal Year	2012/2013	2011/2012
City:		
General Fund	\$.60	\$.60
Public Safety	.07	.07
Parks & Recreation	.20	.20
Public Health	.22	.21
Library	.41	.40
Museum	.05	.05
Business District	.00	.00
Special Park	.50	.50

As required by RSMo 137.073, the State Auditor examined and approved the property tax rates for 2012 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 2012 and 2011 levies were as follows:

Tax Year/ Fiscal Year	<u>2012 / 2013</u>	<u>2011 / 2012</u>	<u>Change</u>	<u>Percent of Change</u>
Real Property	\$ 684,119,900	\$ 676,611,540	\$ 7,508,360	1%
Personal Property	238,786,047	270,538,631	(31,752,584)	(12)%
Railroad Utilities	31,627,175	28,193,204	3,433,971	12%
Total	<u>\$ 954,533,122</u>	<u>\$ 975,343,375</u>	<u>\$ (20,810,253)</u>	<u>(2)%</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Receivables as of June 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts and Other	Accrued Interest	Taxes	Total Receivables	Allowance for Doubtful Accounts	Receivables, Net
Governmental activities:						
General	\$ 228,974	\$ 30,295	\$ 4,734,156	\$ 4,993,425	\$ -	\$ 4,993,425
Special Allocation	8,174,706	44	422,803	8,597,552	-	8,597,552
Capital projects	192,940	637	815,364	1,008,941	-	1,008,941
Nonmajor governmental funds	185,687	1,379	405,357	592,422	-	592,422
Total governmental activities	8,782,307	32,354	6,377,679	15,192,340	-	15,192,340
Business-type activities:						
Sewer	5,072,400	2,093	-	5,074,493	(487,000)	4,587,493
Mass Transit	13,282	2,626	831,865	847,773	-	847,773
Nonmajor enterprise funds	279,810	2,185	-	281,995	-	281,995
Total business-type activities	5,365,492	6,904	831,865	6,204,261	(487,000)	5,717,261
Total Net Receivables	\$ 14,147,799	\$ 39,258	\$ 7,209,545	\$ 21,396,601	\$ (487,000)	\$ 20,909,601

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,762,337	\$ 102,186	\$ 7,000	\$ 5,857,523
Construction in progress	795,841	1,434,845	435,779	1,794,907
Total capital assets, not being depreciated	6,558,178	1,537,031	442,779	7,652,430
Capital assets, being depreciated:				
Buildings	45,624,736	7,026	37,680	45,594,082
Improvements other than buildings	36,064,096	204,853	7,587	36,261,362
Machinery and equipment	24,914,839	887,224	323,388	25,478,675
Infrastructure	268,276,106	—	—	268,276,106
Total capital assets being depreciated	374,879,777	1,099,103	368,655	375,610,225
Less accumulated depreciation for:				
Buildings	22,074,620	1,092,618	37,680	23,129,558
Improvements other than buildings	9,431,959	1,122,844	1,138	10,553,665
Machinery and equipment	20,278,080	1,443,595	297,331	21,424,344
Infrastructure	151,394,092	7,560,240	—	158,954,332
Total accumulated depreciation	203,178,751	11,219,297	336,149	214,061,899
Total capital assets, being depreciated, net	171,701,026	(10,120,194)	32,506	161,548,326
Total Governmental activities capital assets, net	\$ 178,259,204	\$ (8,583,163)	\$ 475,285	\$ 169,200,756

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

	<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	\$ 1,662,656	\$ 64,585	\$ —	\$ 1,727,241
Construction in progress	11,987,623	26,649,382	965,552	37,671,453
Total capital assets, not being depreciated	13,650,279	26,713,967	965,552	39,398,694
Capital assets, being depreciated:				
Buildings	29,875,272	290,488	—	30,165,760
Improvements other than buildings	23,061,051	652,108	—	23,713,159
Machinery and equipment	12,040,448	617,899	223,280	12,435,067
Infrastructure	66,707,590	11,120	—	66,718,710
Total capital assets being depreciated	131,684,361	1,571,615	223,280	133,032,696
Less accumulated depreciation for:				
Buildings	18,581,598	759,765	—	19,341,363
Improvements other than buildings	4,489,399	755,686	—	5,245,085
Machinery and equipment	10,277,144	618,301	205,847	10,689,598
Infrastructure	30,566,785	895,365	—	31,462,150
Total accumulated depreciation	63,914,926	3,029,117	205,847	66,738,196
Total capital assets, being depreciated, net	67,769,435	(1,457,502)	17,433	66,294,500
Total sewer fund capital assets, net	\$ 81,419,714	\$ 25,256,465	\$ 982,985	\$ 105,693,194
Mass Transit fund:				
Capital assets, not being depreciated:				
Land	\$ 189,133	\$ —	\$ —	\$ 189,133
Construction in Progress	738,249	121,701	859,950	—
Total capital assets, not being depreciated	927,382	121,701	859,950	189,133
Capital assets, being depreciated:				
Buildings	4,504,513	—	—	4,504,513
Improvements other than buildings	103,532	—	—	103,532
Machinery and equipment	5,441,548	1,558,894	489,599	6,510,843
Total capital assets being depreciated	10,049,593	1,558,894	489,599	11,118,888
Less accumulated depreciation for:				
Buildings	1,924,806	147,585	—	2,072,391
Improvements other than buildings	44,768	4,145	—	48,913
Machinery and equipment	5,244,138	282,996	489,599	5,037,535
Total accumulated depreciation	7,213,712	434,726	489,599	7,158,839
Total capital assets, being depreciated, net	2,835,881	1,124,168	—	3,960,049
Total mass transit fund capital assets, net	\$ 3,763,263	\$ 1,245,869	\$ 859,950	\$ 4,149,182

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nonmajor enterprise funds:				
Capital assets, not being depreciated:				
Land	\$ 5,318,796	\$ —	\$ —	\$ 5,318,796
Construction in Progress	8,925,826	141,481	9,031,436	35,871
Total capital assets, not being depreciated	<u>14,244,622</u>	<u>141,481</u>	<u>9,031,436</u>	<u>5,354,667</u>
Capital assets, being depreciated:				
Buildings	10,023,385	—	—	10,023,385
Improvements other than buildings	11,417,289	261,385	—	11,678,674
Machinery and equipment	7,889,124	844,410	339,867	8,393,667
Infrastructure	2,918,440	8,926,775	—	11,845,215
Total capital assets being depreciated	<u>32,248,238</u>	<u>10,032,570</u>	<u>339,867</u>	<u>41,940,941</u>
Less accumulated depreciation for:				
Buildings	6,551,312	191,460	—	6,742,772
Improvements other than buildings	9,229,968	143,540	—	9,373,508
Machinery and equipment	6,291,865	821,875	339,867	6,773,873
Infrastructure	904,037	265,517	—	1,169,554
Total accumulated depreciation	<u>22,977,182</u>	<u>1,422,392</u>	<u>339,867</u>	<u>24,059,707</u>
Total capital assets, being depreciated, net	<u>9,271,056</u>	<u>8,610,178</u>	<u>—</u>	<u>17,881,234</u>
Total nonmajor enterprise fund capital assets, net	<u>23,515,678</u>	<u>8,751,659</u>	<u>9,031,436</u>	<u>23,235,901</u>
Total business-type activities capital assets, net	\$ <u>108,698,655</u>	\$ <u>35,253,993</u>	\$ <u>10,874,371</u>	\$ <u>133,078,277</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 215,452
Public safety	1,551,974
Highways and streets	7,078,478
Health and welfare	169,224
Parks and recreation	<u>2,204,169</u>
Total depreciation expense – governmental activities	\$ <u>11,219,297</u>
Business-type activities:	
Sewer	3,029,117
Mass Transit	434,726
Non-major enterprise funds	<u>1,422,392</u>
Total depreciation expense – business-type activities	\$ <u>4,886,235</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013 are as follows:

	Interfund receivables	Interfund payables
Major governmental funds:		
CIP Sales Tax Improvement	\$ 302,047	\$ —
Nonmajor governmental funds	—	274,482
Nonmajor enterprise funds		27,565
Total	<u>\$ 302,047</u>	<u>\$ 302,047</u>

Interfund transfers consisted of the following amounts:

	Transfers To						
	General Fund	Special Allocation	Capital Projects	Nonmajor Governmental	Sewer Fund	Nonmajor Business-type	Total
Major Governmental Funds:							
General Fund	\$ —	\$ —	\$ 354,480	\$ 1,340,993	\$ —	\$ 9,950	\$ 1,705,423
Special Allocation					130,160		130,160
Capital Projects	162,598					13,961	176,559
Nonmajor governmental	398,273	17,402	416,677	376,462		66,500	1,275,314
Major Enterprise Funds:							
Sewer	1,446,620	—	—			48,290	1,494,910
Mass transit	155,193	—	—			—	155,193
Nonmajor enterprise	905,335	—	—	325,000	3,250	—	1,233,585
Total	<u>\$ 3,068,019</u>	<u>\$ 17,402</u>	<u>\$ 771,157</u>	<u>\$ 2,042,455</u>	<u>\$ 133,410</u>	<u>\$ 138,701</u>	<u>\$ 6,171,144</u>

Transfers are used to (1) move revenues from the fund that budget or ordinance requires to collect them to the fund that budgets or ordinance requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the government-wide statement of activities, capital contributions totaling \$156,725 from governmental activities to business-type activities has been reclassified as transfers in and transfers out. Accordingly, transfers between governmental activities and business-type activities totaled \$2,454,852.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6: LONG-TERM LIABILITIES

Governmental Activities	Balance 07/01/12	Increases	Decreases	Balance 06/30/13	Current Portion
Public Building Authority Bonds	\$ 114,744	\$ —	\$ (62,153)	\$ 52,591	\$ 52,591
Industrial Development Authority Bonds	41,280,000	—	(1,245,000)	40,035,000	1,305,000
Infrastructure Facility Revenue Bonds	14,970,000	8,685,000	(9,540,000)	14,115,000	1,070,000
MO Development Finance Board Bonds	1,750,000	—	(115,000)	1,635,000	120,000
Discount on Issuance	(186,059)	—	14,105	(171,954)	—
Developer Obligations	29,730,100	37,614	(1,820,833)	27,946,881	1,300,000
Capital Lease Obligations	305,458	20,003	(104,742)	220,719	111,713
Compensated Absences *	1,502,169	2,111,584	(2,118,747)	1,495,006	1,454,922
OPEB Obligation*	514,452	128,459	—	642,911	—
Claims	1,773,095	680,467	(897,158)	1,556,404	760,444
Total Governmental activities					
Long-term liabilities	\$ 91,753,959	\$ 11,663,127	\$ (15,889,528)	\$ 87,527,558	\$ 6,174,670

* Compensated absences and other post employment benefit obligations are generally liquidated by the general fund.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Business-type Activities	Balance 7/1/12	Increases	Decreases	Balance 6/30/13	Current Portion
Water Protection Fund					
Revenue Bonds	\$ 5,153,000	2,673,828	(1,178,000)	6,648,828	1,245,000
Industrial Development Authority Bonds	20,410,000	-	-	20,410,000	-
Infrastructure Facility Revenue Bonds	21,875,000	-	(550,000)	21,325,000	565,000
MO Development Finance Board Bonds	9,465,000	8,825,000	(10,000,000)	8,290,000	590,000
Discount on Issuance	(104,629)	-	1,813	(102,816)	-
Premium on Issuance	-	107,919	(8,520)	99,399	-
Capital Leases	-	13,869	(2,483)	11,386	3,425
Compensated Absences	122,636	204,697	(204,503)	122,830	122,830
OPEB Obligation	55,004	14,648	-	69,652	-
Total water protection fund Long-term liabilities	56,976,011	11,839,961	(11,941,693)	56,874,279	2,526,255
Nonmajor enterprise funds:					
Public Building Authority Bonds	125,257	-	(67,847)	57,409	57,409
Capital Leases	50,401	68,582	(44,252)	74,731	33,617
Closure/Post Closure	5,409,460	55,298	-	5,464,758	73,500
Compensated absences	85,607	106,318	(105,243)	86,683	76,015
OPEB Obligation	29,414	8,285	-	37,699	-
Total nonmajor enterprise funds Long-term liabilities	5,700,139	238,483	(217,342)	5,721,280	240,541
Total Business-type activities Long-term liabilities	\$ 62,676,150	12,078,444	(12,159,035)	62,595,559	2,766,796

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Year ending 30-Jun	Governmental Activities					
	Public Building Authority Bonds		Industrial Development Authority Bonds		Infrastructure Facility Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 52,591	\$ 1,183	\$ 1,305,000	\$ 2,135,247	\$ 1,070,000	\$ 473,426
2015	-	-	1,445,000	2,061,356	1,100,000	451,122
2016	-	-	1,550,000	1,979,956	1,125,000	426,391
2017	-	-	1,710,000	1,893,102	1,150,000	398,745
2018	-	-	1,830,000	1,800,641	1,175,000	368,494
2019-2023	-	-	11,655,000	7,315,164	6,525,000	1,229,228
2024-2028	-	-	20,145,000	3,426,805	1,970,000	93,930
2029-2033	-	-	395,000	21,723	-	-
	<u>\$ 52,591</u>	<u>\$ 1,183</u>	<u>\$ 40,035,000</u>	<u>\$ 20,633,994</u>	<u>\$ 14,115,000</u>	<u>\$ 3,441,336</u>

TOTAL

Year ending 30-Jun	MO Development Finance Board Bonds		GOVERNMENTAL ACTIVITIES DEBT SERVICE REQUIREMENT	
	Principal	Interest	Principal	Interest
2014	\$ 120,000	\$ 71,700	\$ 2,547,591	\$ 2,681,556
2015	125,000	66,900	2,670,000	2,579,378
2016	130,000	61,900	2,805,000	2,468,247
2017	135,000	56,700	2,995,000	2,348,547
2018	140,000	50,625	3,145,000	2,219,760
2019-2023	800,000	152,775	18,980,000	8,697,167
2024-2028	185,000	8,325	22,300,000	3,529,060
2029-2033	-	-	395,000	21,723
	<u>\$ 1,635,000</u>	<u>\$ 468,925</u>	<u>\$ 55,837,591</u>	<u>\$ 24,545,438</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Year ending 30-Jun	Business-type Activities					
	Public Building Authority Bonds		Industrial Development Authority Bonds		MO Development Finance Board Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 57,409	\$ 1,292	\$ -	\$ 988,581.00	\$ 590,000	\$ 250,575
2015	-	-	-	988,581.00	600,000	238,775
2016	-	-	-	988,581.00	615,000	220,775
2017	-	-	670,000	988,581.00	635,000	202,325
2018	-	-	1,260,000	960,106.00	655,000	183,275
2019-2023	-	-	7,210,000	3,890,557	3,585,000	607,625
2024-2028	-	-	11,270,000	1,677,500	1,610,000	65,731
2029-2033	-	-	-	-	-	-
2034-2037	-	-	-	-	-	-
	<u>\$ 57,409</u>	<u>\$ 1,292</u>	<u>\$ 20,410,000</u>	<u>\$ 10,482,487</u>	<u>\$ 8,290,000</u>	<u>\$ 1,769,081</u>

Year ending 30-Jun	TOTAL BUSINESS-TYPE ACTIVITIES DEBT SERVICE REQUIREMENTS					
	Revenue Bonds		Infrastructure Facility Revenue Bonds		DEBT SERVICE REQUIREMENTS	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,245,000	\$ 234,640	\$ 565,000	\$ 1,026,213	\$ 2,457,409	\$ 2,501,300
2015	1,615,000	162,627	580,000	1,009,263	2,795,000	2,399,246
2016	843,000	87,400	600,000	991,863	2,058,000	2,288,618
2017	877,000	54,561	620,000	973,863	2,802,000	2,219,330
2018	355,000	34,528	645,000	949,063	2,915,000	2,126,972
2019-2023	1,713,828	76,223	3,630,000	4,332,088	16,138,828	8,906,493
2024-2028	-	-	4,545,000	3,416,700	17,425,000	5,159,931
2029-2033	-	-	5,835,000	2,121,669	5,835,000	2,121,669
2034-2037	-	-	4,305,000	470,850	4,305,000	470,850
	<u>\$ 6,648,828</u>	<u>\$ 649,979</u>	<u>\$ 21,325,000</u>	<u>\$ 15,291,569</u>	<u>\$ 56,731,237</u>	<u>\$ 28,194,408</u>

Year ending 30-Jun	TOTAL DEBT SERVICE REQUIREMENTS	
	Principal	Interest
	2014	\$ 5,005,000
2015	5,465,000	4,978,624
2016	4,863,000	4,756,865
2017	5,797,000	4,567,877
2018	6,060,000	4,346,732
2019-2023	35,118,828	17,603,660
2024-2028	39,725,000	8,688,991
2029-2033	6,230,000	2,143,392
2034-2037	4,305,000	470,850
	<u>\$ 112,568,828</u>	<u>\$ 52,739,846</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013 for a total principal balance outstanding of \$110,000.

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%	\$ 46,520
Series 2003 – Collateralized Lease Refunding Revenue Bonds (Parks & Recreation); Due in annual installments through November 1, 2013; interest at 1.45% to 4.5%	4,038
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>2,033</u>
Total PBA Bonds for the Governmental Activities	<u>\$ 52,591</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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% \$ 55,395

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Landfill); due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 2,014

Total PBA Bonds for the Business-type Activities \$ 57,409

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, 2013**

The total principal balance outstanding for the Industrial Development Authority Bonds as of June 30, 2013 is \$60,445,000.

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%	\$ 20,990,000
Series 2005B – Industrial Development Authority Bonds (Special Allocation); due in annual installments through November 1, 2027; interest at 4.00% to 5.50%	14,710,000
Series 2008 – Industrial Development Authority Bonds (Special Allocation); due in annual installments through March 1, 2029; interest at 5.50%	<u>4,335,000</u>
Total Industrial Development Authority Bonds for Governmental Activities	<u>\$ 40,035,000</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%	\$ 20,410,000
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 position. 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. Bond Series 2004B was refunded in November, 2012, with the Bond Series 2012B. To meet Missouri Department of Natural Resource mandates the City of St. Joseph on December 1, 2011, issued Missouri Development Finance Board Infrastructure Facilities Revenue Bonds Series 2011E.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The total principal balance outstanding for the Taxable Infrastructure Facilities Revenue Bonds as of June 30, 2013 is \$35,440,000.

Governmental Activities

Series 2011A – Infrastructure Facility Revenue Refunding Bonds (Special Allocation); due in annual installments through March 1, 2024; interest at 2.00% to 4.625%	\$ 5,790,000
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Series 2012B – Infrastructure Facility Revenue Refunding Bonds (Special Allocation); due in annual installments through November 1, 2024; interest at 1.195% to 4.078%	<u>8,325,000</u>
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Total Infrastructure Facility Revenue Bonds Governmental Activities	<u>\$ 14,115,000</u>
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Business-type Activities

Series 2011E – Infrastructure Facilities Revenue Bonds (Sewer); due in annual installments through May 1, 2036; interest at 2.00% to 5.375%	<u>\$ 21,325,000</u>
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Total Infrastructure Facility Revenue Bonds Business-type Activities	<u>\$ 21,325,000</u>
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Refunding:

The Missouri Development Finance Board (the Board) issued \$8,685,000 Infrastructure Facilities Revenue Bonds (City of St. Joseph, Missouri), Series 2012B to advance refund the City's Series 2004B Infrastructure Facility Revenue Bonds. The net bond proceeds of the bonds together with other available funds totaling \$9,842,745 were deposited in trust with an escrow agent to provide for all future debt service payments on the refunded Series 2004B Infrastructure Facility Revenue Bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds have been removed from the long-term debt. The City completed this advance refunding to reduce its debt service payments by \$1,752,022 and to obtain an economic gain of \$1,444,194.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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. Bond Series 2004C was refunded in November, 2012, with the Bond Series 2012C to refinance a portion of the Stockyards Redevelopment Project and improvements to the City's sewerage system. \$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 position. 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, 2013 is \$9,925,000.

Governmental Activities

Series 2004D – Infrastructure Facilities Revenue Bonds (General); due in annual installments through March 1, 2024; interest at 3.00% to 5.00% \$ 1,635,000

Business-type Activities

Series 2012C – Infrastructure Facilities Revenue Bonds (Sewer); due in annual installments through November 1, 2024; interest at 2.00% to 3.25% \$ 8,290,000

Refunding:

The Missouri Development Finance Board (the Board) issued \$8,825,000 Infrastructure Facilities Revenue Bonds (City of St. Joseph, Missouri), Series 2012C to advance refund the City's Series 2004C Infrastructure Facility Revenue Bonds. The net bond proceeds of the bonds together with other available funds totaling \$9,873,841 were deposited in trust with an escrow agent to provide for all future debt service payments on the refunded Series 2004C Infrastructure Facility Revenue Bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds have been removed from the long-term debt. The City completed this advance refunding to reduce its debt service payments by \$1,154,352 and to obtain an economic gain of \$1,004,926.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013 is \$6,648,828.

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% \$1,560,000

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% 1,950,000

Series 2003 – Sewer System Revenue Bonds: due in annual installments through April 1, 2023; interest at 1.3% to 5.125% 465,000

Series 2013 – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through January 1, 2034; interest at 1.32%. The City anticipates utilizing the full amount of the bonds to fund current and future projects. A debt service schedule will be established once the project is completed and the final amount of the bonds has been determined 2,673,828

Total Revenue Bonds for Business-type Activities \$6,648,828

On April 5, 2011, the voters of the City of St. Joseph, Missouri approved the City's issuance of \$105 million revenue bonds for providing for the major repair and replacement of existing facilities, as well as treatment plant expansions, required major environmental upgrades, and collection System extensions to provide service to new customers. Total cost of the improvements is estimated at \$181.3 million through 2016.

In 2013, the City issued its not to exceed \$14,660,000 Missouri Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2013. The City is participating in the State of Missouri's Direct Loan Program of the DNR and the Clean Water Commission of the State of Missouri. The 2013 revenue bonds mature through 2034 with interest of 1.32%. As eligible project costs are incurred, the City requests reimbursements from the project funds held by the bond trustee. As the City receives reimbursements, the

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

outstanding balance of the bonds increases. The City anticipates utilizing the full amount of the bonds to fund current and future projects. A debt service schedule will be established once the project is completed and the final amount of the bonds has been determined. As of June 30, 2013, the outstanding balance of the bonds was \$2,673,828.

The City is in compliance with the provisions of the ordinance relating to the maintenance of special reserves and accounts for the 2003 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, 2013, the total annual sewer reserve charges due to the City through the agreement are payable as follows:

Year Ending June 30:	Total
2014	\$ 972,996
2015	972,996
2016	972,996
2017	972,996
2018	972,996
2019-2023	4,864,980
2024-2028	1,504,274
	<u>11,234,234</u>
Less interest	<u>(3,298,647)</u>
Net present value	<u>\$ 7,935,587</u>

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

of the City and accordingly, are not included nor reported in the City's statement of net position. The total principal balance outstanding for the Industrial Development Revenue Bonds as of June 30, 2013 is \$457,061,586.

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 \$63,465,000 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 2012B \$8,325,000 and Series 2011A \$5,790,000 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 2013. 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, 2013, total principal and interest remaining on the bonds was \$72,551,617 and outstanding developer obligations were \$27,946,881. The bonds are scheduled to 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 \$6,725,835. Incremental revenues from the City included \$2,423,520 in sales taxes, \$590,608 in property taxes and \$265,381 in other economic activity revenues. The remaining funds necessary to meet the current year debt service requirements were

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 various machinery and equipment. 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.

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, 2013:

	Governmental Activities	Business-type Activities
Year ending June 30:		
2014	\$ 119,601	\$ 39,754
2015	105,532	18,341
2016	6,055	18,341
2017	-	15,622
	<hr/>	<hr/>
Total minimum lease payments	231,188	92,058
Less amount representing interest	(10,469)	(5,941)
	<hr/>	<hr/>
Present value of net minimum lease payments	\$ 220,719	\$ 86,117

The following schedule shows the amount and asset classifications for capital lease items as of June 30, 2013:

	Governmental Activities	Business-type Activities
Office equipment	\$ 354,873	\$ -
Machinery & equipment	24,993	194,609
less: Accumulated depreciation	(194,321)	(86,565)
	<hr/>	<hr/>
	\$ 185,545	\$ 108,044

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 \$600,000 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 negative net position of the Insurance Internal Service Fund is (\$503,196).

As of June 30, 2013 incurred but not reported (IBNR) workers' compensation claims and claims payable of \$1,556,404 have been accrued as a liability in the Insurance Internal Service Fund.

Workers' Compensation Claims Payable

	<u>Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year</u>
Fiscal Year 2012	\$1,814,337	\$409,668	(\$ 450,910)	\$1,773,095
Fiscal Year 2013	1,773,095	680,467	(897,158)	1,556,404

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9: COMMITMENTS

A. Construction Commitments

At June 30, 2013 the City had the following commitments of approximately \$14,159,911 to complete construction contracts.

	Amounts
Governmental Activities	
Major Governmental Funds:	
CIP Sales Tax Improvement	\$ 1,415,370
Non Major Governmental Funds:	
Streets	450
Total Governmental Activities	1,415,820
 Business-type Activities	
Major business-type Funds:	
Sewer	12,501,941
Transit	13,541
Non Business-type Funds:	
Aviation	203,709
Landfill	24,900
Total Business-type Activities	12,744,091
Total	\$ 14,159,911

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 position date.

**LANDFILL CLOSURE
AND POSTCLOSURE CARE LIABILITIES
June 30, 2013**

<u>Description</u>	<u>Amount</u>	<u>Anticipated Close Years</u>	<u>Capacity Used</u>
City's Operating Landfill			
Area I	\$ 693,589	2016-2018	97 %
Area II	820,815	2015-2016	99 %
Area III	2,118,089	2019-2022	91 %
	<u>\$ 3,632,493</u>		
McArthur Drive Landfill	<u>\$ 1,832,265</u>	Closed	100 %
Total	<u>\$5,464,758</u>		

In 2011, the City engaged an outside professional engineering firm to update and develop a Landfill Tipping Fee Study (the Study) for the purpose of establishing landfill fees to cover operating cost as well as providing funding for landfill closure and postclosure care cost. With the 2011 Study, the City changed the previously used assumption of having a third party perform most of the closure and postclosure care activities to the assumption of having City personnel perform most of these closure and postclosure activities.

During the year ended June 30, 2013, total closure and postclosure care liabilities incurred a net increase of \$55,298 from \$5,409,460 to \$5,464,758.

1. City's Operating Landfill - Total estimated future closure and postclosure care costs for the City's operating landfill are \$9,305,746 of which \$3,632,493 is reported as landfill closure and postclosure care liability at June 30, 2013, 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 \$5,673,253 as the remaining estimated capacity is consumed by the year 2022. These amounts are based on estimates; 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

JUNE 30, 2013

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 \$1,832,265 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 2011 tipping fee/cost analysis provides annual cash designations of \$78,300 for future closure and postclosure care expenses. At June 30, 2013, these cash designations totaled \$4,805,215 and will be adjusted 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, 2013, the City's Contract of Obligation was \$13,903,898 including \$13,450,642 for the current operating landfill and \$453,256 for the "Free Property" landfill area that won't be accessed until after the year 2013.

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.

C. Litigation

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding various issues. While other cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 5.8% (general) and 39.7% (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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension asset to the Plan for the current year were as follows:

Annual required contribution	\$ 3,310,242
Interest on net pension asset	-
Adjustment to annual required contribution	-
Annual pension cost	<u>3,310,242</u>
Contributions made	<u>3,810,242</u>
Change in net pension asset	(500,000)
Net pension asset, beginning of the year	<u>-</u>
Net pension asset, end of the year	<u><u>\$ (500,000)</u></u>

The City's annual required contribution (ARC) was determined as part of the February 28, 2011 annual actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of February 28, 2013 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) preretirement mortality based on 75% of the RP-2000 Combined Healthy Table, set back 0 years for men and 0 years for women, and (e) postretirement mortality based on 105% of the 1994 Annuity Mortality table set back 0 years for men and 0 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 payrolls on an open basis. The amortization period at February 28, 2011 was 1 year for the general division and 20 years for the fire division.

As of February 28, 2013, the most recent actuarial valuation date, the plan was 71 percent funded. The actuarial accrued liability for benefits was \$57,700,364, and the actuarial value of assets was \$40,947,002, resulting in an unfunded accrued liability (UAAL) of \$16,753,362. The covered payroll (annual payroll of active employees covered by the plan) was \$22,093,957, and the ratio of the UAAL to the covered payroll was 76 percent.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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. Member contributions are 100% refundable, without interest, upon resignation or dismissal prior to obtaining 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 therein. This report may be obtained by writing to the City of St. Joseph, Missouri, Director of Administrative 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, 2013, the participant's contribution rate was 4%. The City is required to contribute at an actuarially determined rate; the current rate is 32.6% of annual covered payroll.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension asset to the Plan for the current year were as follows:

Annual required contribution	\$ 1,771,904
Interest on net pension asset	-
Adjustment to annual required contribution	-
Annual pension cost	1,771,904
Contributions made	2,271,904
Change in net pension asset	(500,000)
Net pension asset, beginning of the year	-
Net pension asset, end of the year	\$ (500,000)

The required contribution was determined as part of the January 1, 2013 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of January 1, 2013 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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

As of January 1, 2013, the most recent actuarial valuation date, the plan was 73 percent funded. The actuarial accrued liability for benefits was \$40,624,252, and the actuarial value of assets was \$29,510,328, resulting in an unfunded accrued liability (UAAL) of \$11,113,924. The covered payroll (annual payroll of active employees covered by the plan) was \$4,869,414, and the ratio of the UAL to the covered payroll was 228 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	359	95	454
Terminated employees entitled to future benefits	-	-	-
Total Inactive Participants	359	95	454
Active Participants:			
Fully vested	N/A	28	28
Partially vested	N/A	82	82
Non-vested	N/A	-	-
Total Active Participants	507	110	617
Total Number of Participants	<u>866</u>	<u>205</u>	<u>1,071</u>

Three-Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
LAGERS	06/30/11	\$2,873,531	100%	\$ -0-
	06/30/12	3,073,660	100%	-0-
	06/30/13	3,310,242	115%	(500,000)
Police Pension	06/30/11	\$1,786,550	100%	\$ -0-
	06/30/12	1,715,703	100%	-0-
	06/30/13	1,771,904	128%	(500,000)

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 No. 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, 2013**

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	\$ 249,800
Interest on net OPEB obligation	23,955
Adjustment to annual required contribution	<u>(34,640)</u>
Annual OPEB cost (expense)	239,115
Less: Net employer contribution	<u>87,723</u>
Change in net OPEB obligation	151,392
Net OPEB obligation - July 1, 2012	598,870
Net OPEB obligation - June 30, 2013	<u><u>\$ 750,262</u></u>

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

	<u>Net OPEB Obligation</u>
Governmental Activities	<u>\$ 642,911</u>
Business-Type Activities	
Sewer	69,652
Other Business-Type Funds	<u>37,699</u>
Total Business-Type Activities	<u>107,351</u>
Total	<u><u>\$ 750,262</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, 2013 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>
6/30/2011	\$ 203,121	27%	\$ 414,828
6/30/2012	280,579	34%	598,870
6/30/2013	239,115	37%	750,262

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Funded Status and Funding Progress

As of June 30, 2013, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$2,193,911. 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 \$26,963,371, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 8 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 and a 3.5 percent inflation rate. 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, 2013

NOTE 12: FUND BALANCE

The City classifies fund balance based on the nature of the particular net resources reported in a governmental fund and on the constraints placed on their use.

Fund Balance	Governmental activities				Total
	General	Special Allocation	Capital Projects	Nonmajor	
Nonspendable:					
Prepays	\$ 170,916	\$ -	\$ -	\$ 5,002	\$ 175,918
Loan Receivables	328,746	-	-	120,000	448,746
Total Nonspendable	499,662	-	-	125,002	624,664
Restricted for:					
Econ Development	747,220	-	-	346,342	1,093,562
Public Safety	25,636	-	-	-	25,636
Highways	-	-	-	1,420,255	1,420,255
Health & Welfare	87,590	-	-	-	87,590
Parks & Recreation	30,541	-	-	166,291	196,832
Museum	-	-	-	437,043	437,043
Debt Service	250,159	10,536,118	-	-	10,786,277
Capital Projects	-	-	15,498,829	-	15,498,829
Loan Program	-	-	-	4,486,014	4,486,014
Total Restricted	1,141,146	10,536,118	15,498,829	6,855,945	34,032,038
Committed for:					
Econ Development	1,250,853	-	-	-	1,250,853
Public Safety	41,753	-	-	-	41,753
Highways	-	-	-	-	-
Parks & Recreation	-	-	-	-	-
Total Committed	1,292,606	-	-	-	1,292,606
Assigned to:					
Econ Development	62,569	-	-	-	62,569
Public Safety	67,197	-	-	-	67,197
Highways	19,128	-	-	-	19,128
Health & Welfare	10,369	-	-	-	10,369
Parks & Recreation	35,582	-	-	-	35,582
Capital Projects	1,352,221	-	-	-	1,352,221
Salaries	1,588,790	-	-	-	1,588,790
Total Assigned	3,135,856	-	-	-	3,135,856
Unassigned (deficit)	5,807,342	-	-	-	5,807,342
Total Unassigned	5,807,342	-	-	-	5,807,342
Total Fund Balance	\$ 11,876,612	\$ 10,536,118	\$ 15,498,829	\$ 6,980,947	\$ 44,892,506

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end.

Fund Balance	Governmental activities				Total
	General	Special Allocation	Capital Sales Tax	Nonmajor	
Encumbrances	\$ 301,215	\$ -	\$ 1,415,570	\$ 2,432,637	\$ 4,149,422

NOTE 13: PRIOR PERIOD ADJUSTMENTS

For the fiscal year 2013, the City implemented the provisions of GASB Statements No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” and No. 65, “Items Previously Reported as Assets and Liabilities.”

GASB Statement No. 63 provides financial reporting guidance to the City for deferred outflows of resources and deferred inflows of resources. The statement also identifies net position as the residual of all other elements presented in the statement of net position.

GASB Statement No. 65 reclassifies as deferred outflows of resources or deferred inflows of resources items that were previously reported as assets or liabilities. Statement No. 65 reclassifies deferred amounts on refunding of bonds as a deferred outflow of resources. This statement also requires debt issuance cost to be expensed in the period incurred.

The beginning net position at June 30, 2012 has been restated to recognize this change in accounting principle as follows:

	Government-Wide Statement	
	Governmental Activities	Business-Type Activities
Beginning net position as originally reported	\$ 137,292,708	\$ 99,531,282
GASB 65 implementation	(964,571)	(502,807)
Beginning net position as restated	\$ 136,328,137	\$ 99,028,475

	Enterprise Fund Statement			
	Sewer	Mass Transit	Nonmajor Enterprise	Total
Beginning net position as originally reported	\$ 59,036,634	\$ 12,890,690	\$ 27,767,757	\$ 99,695,081
GASB 65 implementation	(499,676)	-	(3,131)	(502,807)
Beginning net position as restated	\$ 58,536,958	\$ 12,890,690	\$ 27,764,626	\$ 99,192,274

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14: NEW ACCOUNTING PRONOUNCEMENTS

In March, 2012, GASB issued Statement No. 66, *Technical Corrections*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements. The Statement amends Statement No. 10 – Use of Special Revenue Funds to report risk financing activities, Statement No. 62 – Operating Leases and Purchase of a loan or group of loans, and Servicing Fees. The City is currently evaluating the impact of adopting Statement No. 66. The City will implement GASB No. 66 beginning with the year ended June 30, 2014.

In June, 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The objective of this statement is to improve the usefulness and pension information included in the general purpose external financial reports of state and local governmental pension plans. The City is currently evaluating the impact of adopting Statement No. 67. The City will implement GASB No. 67 with the year ended June 30, 2014.

In June, 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans. The City is currently evaluating the impact of adopting Statement No. 68. The City will implement GASB No. 68 with the year ended June 30, June 30, 2015.

In January, 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The object of this statement is to guide accounting and reporting for state and government mergers, acquisitions, and transfers or disposals of operations. The City is currently evaluating the impact of adopting Statement No. 69. The City will implement GASB No. 69 with the year ended June 30, 2014.

In April, 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The object of this statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The City is currently evaluating the impact of adopting Statement No. 70. The City will implement GASB No. 70 with the year ended June 30, 2014.

In November, 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, The concern relates

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

to amounts associated with contributions, if any, made by the state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City is currently evaluating the impact of adopting Statement No. 71. The City will implement GASB No. 71 with the year ended June 30, 2015, simultaneously with the provisions of Statement 68.

NOTE 15: SUBSEQUENT EVENTS

The City evaluated subsequent events through the date the financial statements were available to be issued.

On August 6, 2013, voters approved the one-half cent public safety sales tax. The new revenue will fund Police, Fire, and Health department employees, additional police officers, retain experienced, well-trained public safety personnel, and provide and maintain equipment and vehicles to support existing public safety programs. It will be placed in a restricted fund that can only be used for public safety purposes, per Missouri state statute and local ordinance. A 20 year sunset clause will provide accountability to citizens of the community.

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, 2013

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 11,004,375	\$ 11,004,375	\$ 11,250,286	\$ 245,911
Sales	16,417,899	16,417,899	16,530,081	112,182
Franchise	6,746,450	6,746,450	6,825,512	79,062
Motor Fuel	700,000	700,000	824,438	124,438
Cigarette	425,000	425,000	422,366	(2,634)
Hotel	456,000	466,000	913,963	447,963
Licenses and permits	1,408,635	1,408,635	1,384,711	(23,924)
Intergovernmental	2,215,619	2,372,491	2,168,810	(203,681)
Charges for services	3,393,969	3,395,246	3,406,191	10,945
Fines	926,800	985,850	1,170,983	185,133
Investment earnings	12,735	12,735	23,985	11,250
Contributions and donations	46,138	48,888	55,044	6,156
Other	125,430	163,269	181,191	17,922
Total revenues	43,879,050	44,146,838	45,157,561	1,010,723
Expenditures				
Current:				
General government				
City council				
Salaries	49,814	49,814	49,789	25
Benefits	134,194	134,194	119,164	15,030
Materials and supplies	2,000	2,000	1,637	363
Outside services	36,520	36,520	25,428	11,092
Total City council	222,528	222,528	196,018	26,510
City clerk				
Salaries	96,059	96,059	95,803	256
Benefits	31,314	31,314	30,218	1,096
Materials and supplies	3,000	3,000	1,567	1,433
Outside services	78,200	83,523	81,289	2,234
Total City clerk	208,573	213,896	208,877	5,019
Municipal court				
Salaries	237,454	236,629	230,462	6,167
Benefits	80,119	77,094	73,780	3,314
Materials and supplies	3,225	4,210	4,202	8
Outside services	90,386	103,601	101,982	1,619
Total Municipal court	411,184	421,534	410,426	11,108
City manager				
Salaries	262,060	262,060	258,134	3,926
Benefits	101,237	101,237	99,589	1,648
Materials and supplies	5,425	14,425	9,718	4,707
Outside services	59,736	50,736	43,698	7,038
Total City manager	428,458	428,458	411,139	17,319
Legal				
Salaries	362,632	362,632	361,806	826
Benefits	106,295	106,295	105,674	621
Materials and supplies	3,500	7,390	7,343	47
Outside services	50,438	48,548	30,555	17,993
Total Legal	522,865	524,865	505,378	19,487

(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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Planning				
Salaries	947,440	974,240	972,875	1,365
Benefits	325,227	334,627	334,598	29
Materials and supplies	51,100	46,180	46,176	4
Outside services	284,885	253,605	235,491	18,114
Total Planning	1,608,652	1,608,652	1,589,140	19,512
Finance				
Salaries	1,291,342	1,291,342	1,275,939	15,403
Benefits	460,658	460,658	436,330	24,328
Materials and supplies	174,090	180,590	166,199	14,391
Outside services	529,097	521,297	509,021	12,276
Total Finance	2,455,187	2,453,887	2,387,489	66,398
Other - unclassified				
Salaries	141,684	141,684	-	141,684
Outside services	2,387,304	2,315,711	1,797,750	517,961
Total Other - unclassified	2,528,988	2,457,395	1,797,750	659,645
Total general government	8,386,435	8,331,215	7,506,217	824,998
Public safety:				
Police				
Salaries	7,260,081	7,208,914	6,980,998	227,916
Benefits	3,725,393	3,721,766	3,595,416	126,350
Materials and supplies	466,754	560,317	534,567	25,750
Outside services	1,797,830	1,911,771	1,834,018	77,753
Capital outlay	203,870	203,870	202,685	1,185
Total Police	13,453,928	13,606,638	13,147,684	458,954
Fire				
Salaries	6,262,993	6,262,993	6,247,754	15,239
Benefits	3,839,709	3,812,994	3,799,830	13,164
Materials and supplies	160,035	163,495	159,441	4,054
Outside services	261,064	287,814	283,710	4,104
Total Fire	10,523,801	10,527,296	10,490,735	36,561
Total public safety	23,977,729	24,133,934	23,638,419	495,515
Highway and streets				
Salaries	3,441,384	3,463,842	3,272,703	191,139
Benefits	1,206,017	1,213,415	1,135,623	77,792
Materials and supplies	365,030	372,086	325,030	47,056
Outside services	792,544	783,448	649,783	133,665
Total Highway and streets	5,804,975	5,832,791	5,383,139	449,652
Parks and recreation				
Salaries	2,592,495	2,594,348	2,594,348	-
Benefits	753,110	748,184	748,183	1
Materials and supplies	410,485	399,554	399,241	313
Outside services	827,258	928,547	928,546	1
Capital outlay	50,900	64,194	64,193	1
Total Parks and recreation	4,634,248	4,734,827	4,734,511	316

(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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Health and welfare				
Salaries	1,667,998	1,667,998	1,624,376	43,622
Benefits	597,932	600,087	564,624	35,463
Materials and supplies	131,293	151,057	117,514	33,543
Outside services	930,679	941,745	859,658	82,087
Total Health and welfare	3,327,902	3,360,887	3,166,172	194,715
Total expenditures	46,131,289	46,393,654	44,428,458	1,965,196
Revenues over (under) expenditures	(2,252,239)	(2,246,816)	729,103	2,975,919
Other financing sources (uses)				
Transfers in	2,832,492	2,917,492	3,068,019	150,527
Transfers out	(1,000,000)	(1,705,423)	(1,705,423)	-
Capital lease	-	-	20,003	20,003
Sale of capital assets	-	15,355	15,955	600
Total other financing sources	1,832,492	1,227,424	1,398,554	171,130
Net change in fund balances, net	(419,747)	(1,019,392)	2,127,657	3,147,049
Fund balances, beginning of year	10,010,022	10,010,022	10,010,022	-
Fund balances - ending	\$ 9,590,275	\$ 8,990,630	\$ 12,137,679	\$ 3,147,049

(concluded)

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, 2013

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 575,862	\$ 674,739	\$ 592,163	\$ (82,576)
Sales	2,472,600	2,499,836	2,423,520	(76,316)
Intergovernmental activity	3,963,960	4,048,114	4,117,506	69,392
Charges for services	5,000	8,000	8,000	-
Investment earnings	42,477	42,477	524,415	481,938
Other	1,823,866	1,824,516	820,689	(1,003,827)
Total revenues	8,883,765	9,097,682	8,486,293	(611,389)
Expenditures				
General government				
Outside services	7,967,455	8,482,958	8,354,516	128,442
Total General government	7,967,455	8,482,958	8,354,516	128,442
Revenues over (under) expenditures	916,310	614,724	131,777	(482,947)
Other financing sources (uses)				
Transfers in	5,050	19,617	17,402	(2,215)
Transfers out	-	(130,160)	(130,160)	-
Bonds issued	-	8,685,000	8,685,000	-
Payment to refunded bond escrow agent	-	(9,612,283)	(9,647,589)	(35,306)
Total other financing sources	5,050	(1,037,826)	(1,075,347)	(37,521)
Net change in fund balances	921,360	(423,102)	(943,570)	(520,468)
Fund balances - beginning	11,479,688	11,479,688	11,479,688	-
Fund balances - ending	\$ 12,401,048	\$ 11,056,586	\$ 10,536,118	\$ (520,468)

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

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2013

A. Budgetary Information

Annual budgets are adopted by City Ordinances for the General, Special Revenue except the CDBG Loan funds, Capital Projects 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, and Enterprise Funds. Encumbrance accounting is employed in Governmental Fund Types. Encumbrances outstanding at year end do not constitute

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2013

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 recognizing the public safety grants awarded in this fiscal year, purchasing a web content management system for City of St. Joseph website, installing red light cameras and the related startup expenditures, sharing costs of the viability of an event center and the downtown initiative project, replacing carpet and equipment at Bode Sports Complex and Joyce Raye Patterson Senior Center, and the rollforward of WIC, MCH health and MPO planning grants. The Special Revenue budget increase is from the sale of a slurry seal machine in the Street Maintenance Fund, funding various community improvement projects in the Community Development Fund, bond refinancing in the Special Allocation Fund, sharing costs of the viability of an event and the downtown initiative project in the Riverboat fund, and continued façade repairs at the Wyeth-Tootle Mansion in the Museum fund. The Capital Projects increase to the budget is the improvements to the 5th Street parking lot, supporting the Northside livability initiative, funding the uptown redevelopment, upgrades to the fire stations, scheduled projects at Bode Sports Complex reimbursed by the Department of Energy, Energy Efficiency, and Conservation Block Grant, and additional projects and other necessary maintenance to Heritage Parks Sports Complex for damages caused by the flooding in 2011. The increase in the Enterprise Funds is for the new pilot controlled lighting and taxiway rehabilitation project at Rosecrans Memorial Airport, construction of the ammonia removal building, the sale of a backhoe at Water Protection Plant, and the added costs related to the sewer utility billing in the Sewer fund, the purchase of a new golf cart at Fairview Golf Course, repairs to damaged Mass Transit buses, and reimbursement of funds for the fuel and compactor rental in the Landfill fund.

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2013**

2013 Budget			
Fund Type	Original Appropriation	Amended Appropriation	Increase
General	\$ 47,131,289	\$ 48,099,077	\$ 967,788
Special Revenue	17,958,756	30,863,873	12,905,117
Capital	4,783,049	8,161,195	3,378,146
Enterprise	62,865,329	64,115,385	1,250,056
Total	\$ 132,738,423	\$ 151,239,530	\$ 18,501,107

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, 2013:

	General Fund	Special Allocation Fund
Ending Fund Balance on budgetary basis	\$ 12,137,679	\$ 10,536,118
Encumbrances outstanding June 30, 2013	176,604	-
Prior Year Encumbrances Expended in FY 2013	(339,087)	-
Accrued payroll	(98,584)	-
Ending Fund Balance on GAAP basis	<u>\$ 11,876,612</u>	<u>\$ 10,536,118</u>

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2013**

SCHEDULE OF FUNDING PROGRESS

PENSION PLANS

LAGERS Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded Actuarial Liability (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
02/28/11	\$ 35,172,854	\$ 54,909,587	\$ 19,736,733	64.0%	\$ 21,533,525	92.0%
02/29/12	37,150,536	54,298,061	17,147,525	68.0%	21,229,768	81.0%
02/28/13	40,947,002	57,700,364	16,753,362	71.0%	22,093,957	76.0%

Police Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded Actuarial Liability (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
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%
01/01/10	23,454,239	37,703,762	14,249,523	62.2%	5,276,973	270.0%
01/01/11	26,333,980	38,762,271	12,428,291	67.9%	5,234,079	237.4%
01/01/12	27,093,193	40,267,507	13,174,314	67.3%	5,200,069	253.3%
01/01/13	29,510,328	40,624,252	11,113,924	72.6%	4,869,414	228.2%

OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded Actuarial Liability (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
07/01/10	-0-	\$ 1,740,004	\$ 1,740,004	0.0%	\$ 26,810,498	6.5%
07/01/11	-0-	2,764,947	2,764,947	0.0%	26,429,827	10.5%
07/01/12	-0-	2,193,911	2,193,911	0.0%	26,963,371	8.1%

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2013**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PENSION PLANS

LAGERS Pension

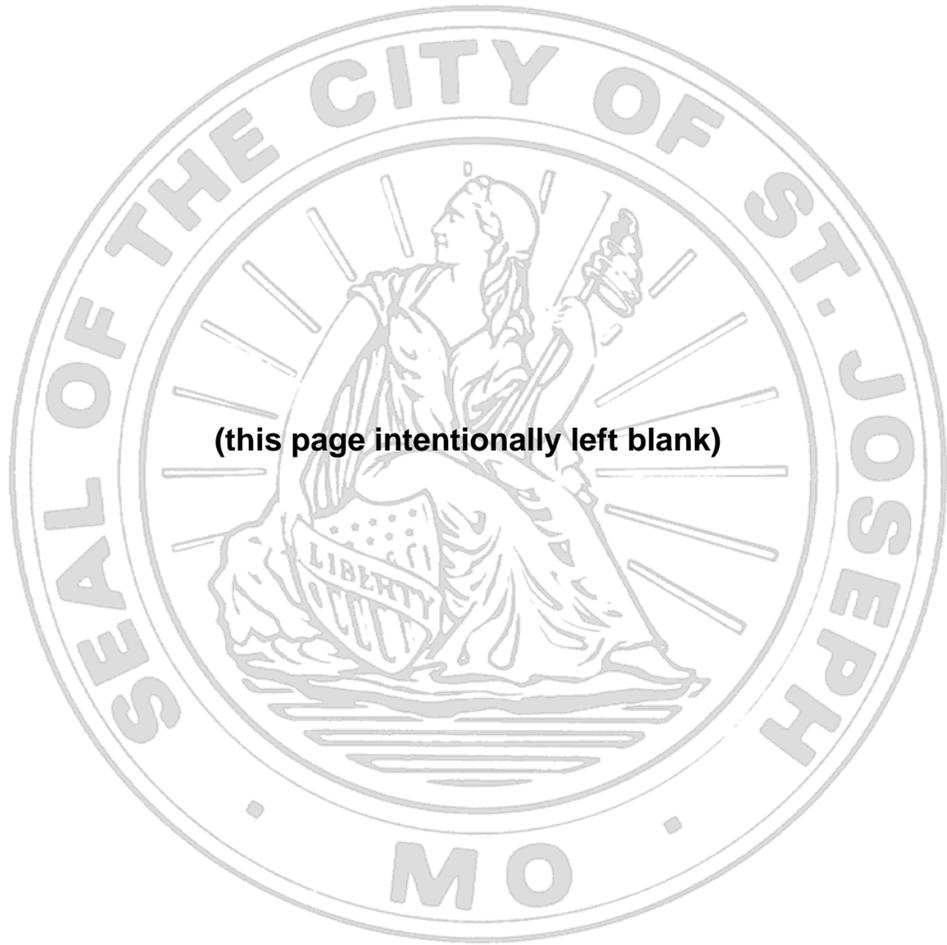
Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation (Asset)
06/30/11	\$ 2,873,531	100%	\$ —
06/30/12	3,073,660	100%	—
06/30/13	3,310,242	115%	(500,000)

Police Pension

06/30/08	\$ 1,536,575	100%	\$ —
06/30/09	1,550,095	100%	—
06/30/10	1,980,812	100%	—
06/30/11	1,786,550	100%	—
06/30/12	1,715,703	100%	—
06/30/13	1,771,904	128%	(500,000)

OTHER POST-EMPLOYMENT BENEFITS

Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
06/30/11	\$ 203,121	34%	\$ 414,828
06/30/12	287,058	34%	598,870
06/30/13	249,800	35%	750,262



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CITY OF ST. JOSEPH, MISSOURI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue							Total Nonmajor Governmental Funds
	Streets	Parks & Recreation	Community Development	Riverboat Gaming	Museum	C.D Rehab Loan	Home Revolving Loan	
Assets								
Cash and investments	\$ 1,634,741	\$ 253,100	\$ 41,657	\$ 322,119	\$ 429,846	\$ 1,064,371	\$ 164,142	\$ 3,909,976
Receivables	355,798	43,565	9,969	152,392	30,698	-	-	592,422
Loan receivables	-	-	120,000	-	-	1,371,133	1,625,210	3,116,343
Property held for resale	-	-	426,126	-	-	-	-	426,126
Due from other governments	170,709	-	209,299	-	-	-	-	380,008
Prepaid items	-	-	2,678	-	2,324	-	-	5,002
Total assets	\$ 2,161,248	\$ 296,665	\$ 809,729	\$ 474,511	\$ 462,868	\$ 2,435,504	\$ 1,789,352	\$ 8,429,877
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	\$ 570,284	\$ 96,010	\$ 118,675	\$ 128,169	\$ 201	\$ 15,000	\$ 2,730	\$ 931,069
Due to other funds	-	-	274,482	-	-	-	-	274,482
Accrued payroll	-	-	14,291	-	-	-	-	14,291
Total liabilities	570,284	96,010	407,448	128,169	201	15,000	2,730	1,219,842
Deferred Inflows of Resources:								
Unavailable revenues-property taxes	-	34,364	-	-	23,300	-	-	57,664
Unavailable revenues-other	170,709	-	715	-	-	-	-	171,424
Total deferred inflows of resources	170,709	34,364	715	-	23,300	-	-	229,088
Fund balances:								
Nonspendable:	-	-	122,678	-	2,324	-	-	125,002
Restricted	1,420,255	166,291	278,888	346,342	437,043	2,420,504	1,786,622	6,855,945
Total fund balances	1,420,255	166,291	401,566	346,342	439,367	2,420,504	1,786,622	6,980,947
Total liabilities, deferred inflows and fund balances	\$ 2,161,248	\$ 296,665	\$ 809,729	\$ 474,511	\$ 462,868	\$ 2,435,504	\$ 1,789,352	\$ 8,429,877

CITY OF ST. JOSEPH, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue							Total Nonmajor Governmental Funds
	Streets	Parks & Recreation	Community Development	Riverboat Gaming	Museum	C.D Rehab Loan	Home Revolving Loan	
Revenues								
Taxes:								
Property	\$ -	\$ 685,344	\$ -	\$ -	\$ 512,462	\$ -	\$ -	\$ 1,197,806
Motor Fuel	2,597,206	-	-	-	-	-	-	2,597,206
Licenses and permits	-	96,887	-	-	-	-	-	96,887
Intergovernmental	-	155,069	2,876,726	10,000	-	-	-	3,041,795
Charges for services	113,232	51,270	7,775	1,030,087	-	-	-	1,202,364
Special assessments	2,790	-	32,430	-	-	-	-	35,220
Investment earnings	1,347	256	5,500	479	458	39,941	25,079	73,060
Contributions and donations	-	30	-	100,000	-	-	-	100,030
Other	43,871	6,054	65,667	554	-	152,721	5,066	273,933
Total revenues	2,758,446	994,910	2,988,098	1,141,120	512,920	192,662	30,145	8,618,301
Expenditures								
Current:								
General government	-	-	435,018	698,653	320,844	39,028	-	1,493,543
Highway and streets	2,857,416	-	-	-	-	-	-	2,857,416
Public works	-	-	212,831	-	-	-	-	212,831
Health and welfare	-	-	1,770,383	-	-	-	-	1,770,383
Parks and recreation	-	923,913	-	-	-	-	-	923,913
Capital outlay	1,997,939	-	-	111,092	-	-	-	2,109,031
Total expenditures	4,855,355	923,913	2,418,232	809,745	320,844	39,028	-	9,367,117
Excess (deficiency) of revenues over (under) expenditures	(2,096,909)	70,997	569,866	331,375	192,076	153,634	30,145	(748,816)
Other financing sources (uses)								
Transfers in	1,580,000	9,700	438,355	14,400	-	-	-	\$ 2,042,455
Transfers out	-	-	(443,254)	(372,297)	(93,001)	(26,129)	(340,633)	(1,275,314)
Sale of capital assets	225	-	-	-	-	-	-	225
Total other financing sources (uses),net	1,580,225	9,700	(4,899)	(357,897)	(93,001)	(26,129)	(340,633)	767,366
Net change in fund balances	(516,684)	80,697	564,967	(26,522)	99,075	127,505	(310,488)	18,550
Fund balances (deficit) - beginning	1,936,939	85,594	(163,401)	372,864	340,292	2,292,999	2,097,110	\$ 6,962,397
Fund balances - ending	\$ 1,420,255	\$ 166,291	\$ 401,566	\$ 346,342	\$ 439,367	\$ 2,420,504	\$ 1,786,622	\$ 6,980,947

CITY OF ST. JOSEPH, MISSOURI
STREETS MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Motor Fuel	\$ 2,687,705	\$ 2,687,705	\$ 2,597,206	\$ (90,499)
Licenses and permits	1,500	1,500	-	(1,500)
Charges for services	200,000	200,000	113,232	(86,768)
Special assessments	6,500	6,500	2,790	(3,710)
Investment earnings	200	200	1,347	1,147
Other	-	35,000	43,871	8,871
Total revenues	<u>2,895,905</u>	<u>2,930,905</u>	<u>2,758,446</u>	<u>(172,459)</u>
Expenditures				
Highways and streets				
Materials and supplies	1,273,550	1,113,746	1,078,359	35,387
Outside services	1,623,450	1,783,254	1,782,479	775
Capital outlay	2,115,250	2,150,250	2,067,281	82,969
Total Highways and streets	<u>5,012,250</u>	<u>5,047,250</u>	<u>4,928,119</u>	<u>119,131</u>
Revenues over (under) expenditures	<u>(2,116,345)</u>	<u>(2,116,345)</u>	<u>(2,169,673)</u>	<u>(53,328)</u>
Other financing sources (uses)				
Transfers in	1,325,000	1,580,000	1,580,000	-
Sale of capital assets	-	-	225	225
Total other financing sources	<u>1,325,000</u>	<u>1,580,000</u>	<u>1,580,225</u>	<u>225</u>
Net change in fund balances	<u>(791,345)</u>	<u>(536,345)</u>	<u>(589,448)</u>	<u>(53,103)</u>
Fund balances, beginning of year	1,936,939	1,936,939	1,936,939	-
Fund balances - ending	<u>\$ 1,145,594</u>	<u>\$ 1,400,594</u>	<u>\$ 1,347,491</u>	<u>\$ (53,103)</u>

CITY OF ST. JOSEPH, MISSOURI
PARKS MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 598,995	\$ 608,214	\$ 685,344	\$ 77,130
Licenses and permits	96,000	96,000	96,887	887
Intergovernmental	70,000	70,000	155,069	85,069
Charges for services	43,787	43,787	51,270	7,483
Investment earnings	-	-	256	256
Contributions and donations	-	-	30	30
Other	-	-	6,054	6,054
Total revenues	<u>808,782</u>	<u>818,001</u>	<u>994,910</u>	<u>176,909</u>
Expenditures				
Parks and recreation				
Materials and supplies	137,150	172,337	172,337	-
Outside services	780,725	754,757	751,576	3,181
Total Parks and recreation	<u>917,875</u>	<u>927,094</u>	<u>923,913</u>	<u>3,181</u>
Revenues over (under) expenditures	<u>(109,093)</u>	<u>(109,093)</u>	<u>70,997</u>	<u>180,090</u>
Other financing sources (uses)				
Transfers in	<u>9,700</u>	<u>9,700</u>	<u>9,700</u>	<u>-</u>
Total other financing sources	<u>9,700</u>	<u>9,700</u>	<u>9,700</u>	<u>-</u>
Net change in fund balances	<u>(99,393)</u>	<u>(99,393)</u>	<u>80,697</u>	<u>180,090</u>
Fund balances, beginning of year	<u>85,594</u>	<u>85,594</u>	<u>85,594</u>	<u>-</u>
Fund balances - ending	<u>\$ (13,799)</u>	<u>\$ (13,799)</u>	<u>\$ 166,291</u>	<u>\$ 180,090</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, 2013

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Intergovernmental	\$ 2,306,006	\$ 4,130,915	\$ 2,876,726	\$ (1,254,189)
Charges for services	-	-	7,775	7,775
Special assessments	15,000	15,000	32,430	17,430
Investment earnings	1,000	1,000	5,500	4,500
Other	-	-	65,667	65,667
Total revenues	<u>2,322,006</u>	<u>4,146,915</u>	<u>2,988,098</u>	<u>(1,158,817)</u>
Expenditures				
General government				
Salaries	97,587	97,587	94,789	2,798
Benefits	38,849	38,849	36,660	2,189
Materials and supplies	3,950	3,950	415	3,535
Outside services	30,537	805,163	309,026	496,137
Total General government	<u>170,923</u>	<u>945,549</u>	<u>440,890</u>	<u>504,659</u>
Health and welfare				
Salaries	147,000	147,000	146,492	508
Benefits	62,296	62,296	58,378	3,918
Materials and supplies	6,717	6,717	3,088	3,629
Outside services	1,373,307	2,496,007	1,818,193	677,814
Total Health and welfare	<u>1,589,320</u>	<u>2,712,020</u>	<u>2,026,151</u>	<u>685,869</u>
Public works				
Salaries	82,543	82,543	83,306	(763)
Benefits	40,533	40,533	29,779	10,754
Materials and supplies	3,555	3,555	3,290	265
Outside services	239,807	239,807	157,555	82,252
Total Public works	<u>366,438</u>	<u>366,438</u>	<u>273,930</u>	<u>92,508</u>
Total expenditures	<u>2,126,681</u>	<u>4,024,007</u>	<u>2,740,971</u>	<u>1,283,036</u>
Revenues over (under) expenditures	<u>195,325</u>	<u>122,908</u>	<u>247,127</u>	<u>124,219</u>
Other financing sources (uses)				
Transfers in	-	71,593	438,355	366,762
Transfers out	(195,325)	(445,325)	(443,254)	2,071
Total other financing sources	<u>(195,325)</u>	<u>(373,732)</u>	<u>(4,899)</u>	<u>368,833</u>
Net change in fund balances	-	(250,824)	242,228	493,052
Fund balances - beginning	(163,401)	(163,401)	(163,401)	-
Fund balances(deficit) - ending	<u>\$ (163,401)</u>	<u>\$ (414,225)</u>	<u>\$ 78,827</u>	<u>\$ 493,052</u>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget-
				Positive(Negative)
Revenues				
Intergovernmental	\$ -	\$ 10,000	\$ 10,000	\$ -
Charges for services	1,157,000	1,157,000	1,030,087	(126,913)
Investment earnings	600	600	479	(121)
Contributions and donations	-	150,000	100,000	(50,000)
Other	-	-	554	554
Total revenues	1,157,600	1,317,600	1,141,120	(176,480)
Expenditures				
General government				
Materials and supplies	31,500	31,500	30,733	767
Outside services	772,550	857,550	735,529	122,021
Capital outlay	116,210	120,610	104,392	16,218
Total General government	920,260	1,009,660	870,654	139,006
Revenues over (under) expenditures	237,340	307,940	270,466	(37,474)
Other financing sources (uses)				
Transfers in	-	14,400	14,400	-
Transfers out	(341,250)	(441,668)	(372,297)	69,371
Total other financing sources	(341,250)	(427,268)	(357,897)	69,371
Net change in fund balances	(103,910)	(119,328)	(87,431)	31,897
Fund balances - beginning	372,864	372,864	372,864	-
Fund balances - ending	\$ 268,954	\$ 253,536	\$ 285,433	\$ 31,897

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 505,415	\$ 505,415	\$ 512,462	\$ 7,047
Investment earnings	670	670	458	(212)
Total revenues	<u>506,085</u>	<u>506,085</u>	<u>512,920</u>	<u>6,835</u>
Expenditures				
General government				
Outside services	317,641	328,449	320,844	7,605
Total General government	<u>317,641</u>	<u>328,449</u>	<u>320,844</u>	<u>7,605</u>
Revenues over (under) expenditures	<u>188,444</u>	<u>177,636</u>	<u>192,076</u>	<u>14,440</u>
Other financing sources (uses)				
Transfers out	(160,019)	(160,019)	(93,001)	67,018
Total other financing sources	<u>(160,019)</u>	<u>(160,019)</u>	<u>(93,001)</u>	<u>67,018</u>
Net change in fund balances	28,425	17,617	99,075	81,458
Fund balances - beginning	340,292	340,292	340,292	-
Fund balances - ending	<u>\$ 368,717</u>	<u>\$ 357,909</u>	<u>\$ 439,367</u>	<u>\$ 81,458</u>

CITY OF ST. JOSEPH, MISSOURI
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Sales	\$ 5,509,175	\$ 5,509,175	\$ 5,483,011	\$ (26,164)
Intergovernmental	322,400	2,179,700	951,068	(1,228,632)
Investment earnings	20,000	20,000	17,275	(2,725)
Payments in lieu of taxes	-	-	24,008	24,008
Other	-	-	171,225	171,225
Total revenues	<u>5,851,575</u>	<u>7,708,875</u>	<u>6,646,587</u>	<u>(1,062,288)</u>
Expenditures				
Capital outlay				
Materials and supplies	-	2,100	2,078	22
Outside services	-	209,893	209,651	242
Capital outlay	4,638,049	7,772,619	2,378,313	5,394,306
Total Capital outlay	<u>4,638,049</u>	<u>7,984,612</u>	<u>2,590,042</u>	<u>5,394,570</u>
Revenues over (under) expenditures	<u>1,213,526</u>	<u>(275,737)</u>	<u>4,056,545</u>	<u>4,332,282</u>
Other financing sources (uses)				
Transfers in	290,000	894,480	771,157	(123,323)
Transfers out	(145,000)	(176,583)	(176,559)	24
Total other financing sources	<u>145,000</u>	<u>717,897</u>	<u>594,598</u>	<u>(123,299)</u>
Net change in fund balances	1,358,526	442,160	4,651,143	4,208,983
Fund balances, beginning of year	10,590,804	10,590,804	10,590,804	-
Fund balances - ending	<u>\$ 11,949,330</u>	<u>\$ 11,032,964</u>	<u>\$ 15,241,947</u>	<u>\$ 4,208,983</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2013

Business-type Activities - Enterprise Funds

	Aviation	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and investments	\$ 329,664	\$ 113,582	\$ 2,750	\$ 8,316,131	\$ 8,762,127
Restricted cash and cash equivalents	-	57,158	-	2,078	59,236
Interest receivable	82	28	-	2,075	2,185
Accounts receivable (net of allowance for uncollectibles)	113,074	330	8,146	158,260	279,810
Due from other governments	15,452	-	-	-	15,452
Prepaid items	9,608	5,477	2,755	25,767	43,607
Total current assets	467,880	176,575	13,651	8,504,311	\$ 9,162,417
Noncurrent assets:					
Capital assets:					
Capital assets, not being depreciated:	1,783,658	1,550,998	110,000	1,910,011	5,354,667
Capital assets net of accumulated depreciation:	13,804,355	665,277	1,431,539	1,980,063	17,881,234
Total capital assets (net of accumulated depreciation)	15,588,013	2,216,275	1,541,539	3,890,074	23,235,901
Total noncurrent assets	15,588,013	2,216,275	1,541,539	3,890,074	23,235,901
Total assets	\$ 16,055,893	\$ 2,392,850	\$ 1,555,190	\$ 12,394,385	32,398,318
Deferred Outflows of Resources					
Deferred amount on refunding	-	2,360	-	621	2,981
Total Deferred Outflows of Resources	-	2,360	-	621	46,474,783
Liabilities and Net Position					
Current liabilities:					
Accounts payable	\$ 33,105	\$ 8,981	\$ 19,129	\$ 138,802	\$ 200,017
Due to other funds	-	-	27,565	-	27,565
Accrued payroll	10,021	5,714	16,669	35,268	67,672
Accrued interest payable	-	422	-	15	437
Long-term obligations due in one year	14,674	62,523	41,595	48,249	167,041
Landfill closure and postclosure liability	-	-	-	73,500	73,500
Total current liabilities	57,800	77,640	104,958	295,834	536,232
Noncurrent liabilities:					
Long term obligations due in more than one year (net of unamortized discounts and deferred amount on refunding)	7,005	6,805	55,531	20,140	89,481
Landfill closure and postclosure liability	-	-	-	5,391,258	5,391,258
Total noncurrent liabilities	7,005	6,805	55,531	5,411,398	5,480,739
Total liabilities	64,805	84,445	160,489	5,707,232	6,016,971
Net Position					
Net investment in capital assets	15,588,013	2,163,239	1,466,807	3,888,682	23,106,741
Restricted for debt service	-	56,736	-	2,063	58,799
Unrestricted (deficit)	403,075	90,790	(72,106)	2,797,029	3,218,788
Total net position	\$ 15,991,088	\$ 2,310,765	\$ 1,394,701	\$ 6,687,774	\$ 26,384,328

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Aviation	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
Operating revenues:					
Charges for services	\$ 441,538	\$ 360,762	\$ 794,438	\$ 2,910,756	\$ 4,507,494
Other	21,659	(28)	26,140	56,915	104,686
Total operating revenues	463,197	360,734	820,578	2,967,671	4,612,180
Operating expenses:					
Personal services	302,701	206,158	374,133	1,090,919	1,973,911
Contractual services	130,611	37,494	78,224	586,502	832,831
Commodities	31,134	9,437	199,672	387,681	627,924
Heat, light and power	40,618	32,873	82,758	16,265	172,514
Depreciation	554,454	43,411	100,011	724,516	1,422,392
Closure and postclosure care costs	-	-	-	55,298	55,298
Total operating expenses	1,059,518	329,373	834,798	2,861,181	5,084,870
Operating income (loss)	(596,321)	31,361	(14,220)	106,490	(472,690)
Nonoperating revenues (expenses):					
Investment income	57	151	-	13,370	13,578
Interest and fiscal charges	-	(9,995)	(2,678)	(1,652)	(14,325)
Gain (loss) on sale of capital assets	735	-	-	-	735
Total nonoperating revenues (expenses), net	792	(9,844)	(2,678)	11,718	(12)
Income (loss) before capital contributions transfers					
	(595,529)	21,517	(16,898)	118,208	(472,702)
Capital contributions and grants					
Transfers in	30,563	156,725	-	-	187,288
Transfers out	122,251	6,500	9,950	-	138,701
Change in net position	(67,845)	(51,602)	(40,553)	(1,073,585)	(1,233,585)
Total net position - beginning, as restated	(510,560)	133,140	(47,501)	(955,377)	(1,380,298)
Total net position - ending	16,501,648	2,177,625	1,442,202	7,643,151	27,764,626
	\$ 15,991,088	\$ 2,310,765	\$ 1,394,701	\$ 6,687,774	\$ 26,384,328

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Aviation	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 357,940	\$ 361,947	\$ 802,690	\$ 2,920,990	\$ 4,443,567
Payments to suppliers	(383,430)	(87,997)	(397,272)	(1,022,974)	(1,891,673)
Payments to employees	(300,245)	(205,928)	(370,708)	(1,080,037)	(1,956,918)
Other operating revenues	21,659	(28)	26,140	56,915	104,686
Net cash provided (used) by operating activities	(304,076)	67,994	60,850	874,894	699,662
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	122,251	6,500	9,950	-	138,701
Transfers out	(96,324)	(51,602)	(35,155)	(1,073,585)	(1,256,666)
Net cash provided (used) by noncapital financing activities	25,927	(45,102)	(25,205)	(1,073,585)	(1,117,965)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments of debt principal	-	(65,467)	(44,252)	(2,746)	(112,465)
Payments of debt interest and charges	-	(4,819)	65,904	187	61,272
Capital grants received	710,249	-	-	-	710,249
Purchase of capital assets	(110,183)	(18,835)	(78,851)	(746,723)	(954,592)
Net cash provided (used) by capital and related financing activities	600,066	(89,121)	(57,199)	(749,282)	(295,536)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	(557,096)	(39,935)	(8,979,289)	(6,275,919)	(15,852,239)
Purchase of investments	281,886	97,121	8,997,814	7,110,885	16,487,706
Interest and dividends received	(25)	162	-	13,282	13,419
Net cash provided (used) by investing activities	(275,235)	57,348	18,525	848,248	648,886
Net increase (decrease) in cash and cash equivalents	46,682	(8,881)	(3,029)	(99,725)	(64,953)
Cash and cash equivalents - beginning	1,096	25,342	3,428	1,304,970	1,334,836
Cash and cash equivalents - ending	47,778	16,461	399	1,205,245	1,269,883
Investments	281,886	154,279	2,351	7,112,964	7,551,480
Total cash and investments	\$ 329,664	\$ 170,740	\$ 2,750	\$ 8,318,209	\$ 8,821,363
Cash and investments reported on the Statement of Net Position:					
Unrestricted cash and investments	\$ 329,664	\$ 113,582	\$ 2,750	\$ 8,316,131	\$ 8,762,127
Restricted cash and investments	-	57,158	-	2,078	59,236
Total cash and investments	\$ 329,664	\$ 170,740	\$ 2,750	\$ 8,318,209	\$ 8,821,363

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Aviation	Public Parking	Municipal Golf Course	Municipal Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (596,321)	\$ 31,361	\$ (14,220)	\$ 106,490	\$ (472,690)
Adjustments to reconciliation operating income (loss) to net cash provided by operating activities:					
Depreciation	554,454	43,411	100,011	724,516	1,422,392
Landfill closure and postclosure	-	-	-	55,298	55,298
Changes in operating assets and liabilities:					
Accounts receivable	(83,598)	1,185	8,252	10,234	(63,927)
Prepaid expenses	(3,704)	(1,387)	(1,102)	(7,670)	(13,863)
Accounts payable and contracts/claims payable	(177,363)	(6,806)	(35,516)	(24,856)	(244,541)
Accrued payroll and compensated absences	2,456	230	3,425	10,882	16,993
Net cash provided (used) by operating activities	<u>\$ (304,076)</u>	<u>\$ 67,994</u>	<u>\$ 60,850</u>	<u>\$ 874,894</u>	<u>\$ 699,662</u>
Non-cash capital and financing activities:					
Capital contributions	<u>\$ 30,563</u>	<u>\$ 156,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,288</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Gateway TDD Tax Fund				
Assets:				
Cash and investments:	\$ 65,727	\$ 10,344	\$ -	\$ 76,071
Receivables - taxes	3,694	1,529	3,694	1,529
	<u>\$ 69,421</u>	<u>\$ 11,873</u>	<u>\$ 3,694</u>	<u>\$ 77,600</u>
Liabilities:				
Due to others	<u>\$ 69,421</u>	<u>\$ 11,873</u>	<u>\$ 3,694</u>	<u>\$ 77,600</u>
Cook's Crossing				
Assets:				
Cash and investments:	\$ 6,018	\$ 9,892	\$ -	\$ 15,910
Receivables - taxes	23,077	23,642	23,077	23,642
	<u>\$ 29,095</u>	<u>\$ 33,534</u>	<u>\$ 23,077</u>	<u>\$ 39,552</u>
Liabilities:				
Due to others	<u>\$ 29,095</u>	<u>\$ 33,534</u>	<u>\$ 23,077</u>	<u>\$ 39,552</u>
East Hills CID Tax Fund				
Assets:				
Cash and investments:	\$ 3,340	\$ (708)	\$ -	\$ 2,632
Receivables - taxes	43,798	45,153	43,798	45,153
	<u>\$ 47,138</u>	<u>\$ 44,445</u>	<u>\$ 43,798</u>	<u>\$ 47,785</u>
Liabilities:				
Due to others	<u>\$ 47,138</u>	<u>\$ 44,445</u>	<u>\$ 43,798</u>	<u>\$ 47,785</u>
Library Tax Fund				
Assets:				
Cash and investments:	\$ -	\$ -	\$ -	\$ -
Receivables - taxes	189,886	169,834	189,886	169,834
	<u>\$ 189,886</u>	<u>\$ 169,834</u>	<u>\$ 189,886</u>	<u>\$ 169,834</u>
Liabilities:				
Due to others	<u>\$ 189,886</u>	<u>\$ 169,834</u>	<u>\$ 189,886</u>	<u>\$ 169,834</u>
All Agency Funds				
Assets:				
Cash and investments	\$ 75,085	\$ 19,528	\$ -	\$ 94,613
Receivables - taxes	260,455	240,158	260,455	240,158
	<u>\$ 335,540</u>	<u>\$ 259,686</u>	<u>\$ 260,455</u>	<u>\$ 334,771</u>
Liabilities:				
Due to others	<u>\$ 335,540</u>	<u>\$ 259,686</u>	<u>\$ 260,455</u>	<u>\$ 334,771</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 Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net Investment in capital assets	\$ 29,322,591	42,978,508	51,567,893	181,138,463	190,940,915	182,248,926	182,851,470	177,925,146	176,097,074	167,292,448
Restricted	5,572,772	15,359,724	23,426,188	18,805,437	11,924,749	25,568,379	26,413,521	28,961,044	27,037,787	38,726,116
Unrestricted	18,527,968	(19,476,602)	(46,427,491)	(36,541,990)	(42,603,952)	(62,172,221)	(74,693,418)	(74,506,750)	(66,806,724)	(67,941,251)
Total governmental activities net position	\$ <u>53,423,331</u>	<u>38,861,630</u>	<u>28,566,590</u>	<u>163,401,910</u>	<u>160,261,712</u>	<u>145,645,084</u>	<u>134,571,573</u>	<u>132,379,440</u>	<u>136,328,137</u>	<u>138,077,313</u>
	\$									
Business-type activities										
Net Investment in capital assets	59,565,885	61,317,196	58,367,018	59,053,451	58,958,430	59,010,032	59,207,226	61,758,835	71,446,980	81,683,532
Restricted	2,392,348	3,770,260	4,017,572	4,065,619	7,052,076	7,242,299	7,127,675	7,010,353	7,852,141	6,872,034
Unrestricted	1,822,265	(1,197,406)	188,263	3,702,556	1,502,371	4,577,757	8,155,548	18,320,929	19,729,354	16,442,462
Total business-type activities net position	\$ <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>70,830,088</u>	<u>74,490,449</u>	<u>87,090,117</u>	<u>99,028,475</u>	<u>104,998,028</u>
Primary government										
Net Investment in capital assets	\$ 88,888,476	104,295,704	109,934,911	240,191,914	249,899,345	241,258,958	242,058,696	239,683,981	247,544,054	248,975,980
Restricted	7,965,120	19,129,984	27,443,760	22,871,056	18,976,825	32,810,678	33,541,196	35,971,397	34,889,928	45,598,150
Unrestricted	20,350,233	(20,674,008)	(46,239,228)	(32,839,434)	(41,101,581)	(57,594,464)	(66,537,870)	(56,185,821)	(47,077,370)	(51,498,789)
Total primary government net position	\$ <u>117,203,829</u>	<u>102,751,680</u>	<u>91,139,443</u>	<u>230,223,536</u>	<u>227,774,589</u>	<u>216,475,172</u>	<u>209,062,022</u>	<u>219,469,557</u>	<u>235,356,612</u>	<u>243,075,341</u>

Note: FY 2005 - Beginning in 2005, unrestricted net position 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 Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 3,448,810	39,676,618	23,853,935	9,595,821	18,759,334	26,816,581	26,922,302	13,596,637	12,356,372	10,231,933
Public safety	19,003,061	15,552,714	21,133,947	21,956,657	23,318,744	25,047,545	25,875,428	25,728,700	24,624,508	24,144,704
Highways and streets	9,479,906	9,473,469	10,042,359	15,809,603	18,375,904	15,691,228	14,582,255	15,698,362	16,878,702	17,399,263
Public works	257,751	274,980	370,810	385,983	212,776	247,807	293,125	398,643	416,183	354,893
Health and welfare	7,226,366	7,807,850	5,908,864	5,803,456	5,397,561	5,998,130	5,231,832	6,380,731	5,383,486	4,995,710
Parks and Recreation	6,119,506	5,094,993	5,187,029	5,572,153	5,096,787	5,613,173	6,163,817	7,377,233	7,373,783	8,100,980
Interest on long-term debt	25,430	983,094	4,669,961	3,802,505	3,752,522	3,754,782	3,825,683	3,612,293	2,683,179	3,438,526
Total governmental activities expenses	<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>	<u>82,894,442</u>	<u>72,792,599</u>	<u>69,716,213</u>	<u>68,666,009</u>
Business-type activities:										
Aviation	923,145	921,180	863,917	976,138	989,152	1,117,337	1,234,602	1,127,663	1,087,908	1,059,518
Parking	459,985	525,677	510,026	445,675	358,222	397,508	384,058	328,919	348,149	339,368
Sewer	7,918,146	10,233,920	9,614,343	9,867,502	12,065,818	13,047,197	14,046,926	14,535,729	13,905,100	14,634,267
Golf	411,499	410,943	403,045	374,989	427,656	403,153	505,136	770,572	835,932	837,476
Transit	4,291,909	4,550,225	4,874,741	4,929,923	5,047,032	4,711,415	4,925,073	5,111,531	5,286,344	5,438,634
Landfill	1,723,420	2,202,206	2,967,669	2,462,903	4,672,139	3,486,083	3,631,750	2,811,194	3,003,318	2,862,856
Total business-type activities expenses	<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>	<u>24,727,545</u>	<u>24,685,608</u>	<u>24,466,715</u>	<u>25,172,119</u>
Total primary government expenses	<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>	<u>107,621,987</u>	<u>97,478,207</u>	<u>94,182,964</u>	<u>93,838,128</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,799,256	4,600,425	4,635,231	4,873,363	5,836,677	5,916,735	5,320,274	4,064,973	4,488,893	4,836,836
Public safety	562,301	619,251	709,962	496,759	543,241	583,425	642,911	665,299	680,798	821,264
Highways and streets	151,963	281,004	150,512	158,804	172,658	103,004	151,461	269,131	260,965	204,937
Public works	15,669	18,046	36,730	45,627	23,327	24,080	93,802	21,516	85,748	32,380
Health and welfare	559,690	567,388	674,058	749,166	684,720	746,525	572,275	655,605	559,092	626,570
Parks and Recreation	1,245,464	1,187,399	1,521,336	1,514,198	1,598,356	1,648,685	1,674,287	2,294,994	2,278,372	1,865,417
Operating grants and contributions	6,630,787	5,339,972	5,347,446	6,508,083	6,360,929	5,232,333	6,278,518	6,904,263	6,709,670	4,849,305
Capital grants and contributions	808,616	10,899,818	4,414,950	2,427,643	2,255,309	1,455,757	3,999,694	1,306,274	2,239,178	935,202
Total governmental activities program revenues	<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>	<u>18,733,222</u>	<u>16,182,055</u>	<u>17,302,716</u>	<u>14,171,911</u>
Business-type activities:										
Charges for services:										
Aviation	393,286	410,800	441,058	469,727	479,350	465,191	517,945	500,349	381,111	463,197
Parking	355,464	359,257	356,273	343,396	447,428	446,538	425,611	383,003	354,578	360,734
Sewer	7,116,113	7,944,771	8,724,982	10,242,357	11,321,682	12,080,534	13,423,446	15,727,445	17,807,964	19,630,962
Golf	370,379	400,615	405,379	379,891	369,883	394,779	532,429	705,864	783,605	820,578
Transit	125,058	105,594	124,959	158,916	284,077	327,506	298,583	357,891	394,945	350,978
Landfill	2,923,924	3,006,818	2,801,026	3,151,363	5,087,108	5,029,726	4,044,536	3,272,369	3,271,106	2,967,671
Operating grants and contributions	917,265	917,764	1,112,699	2,839,376	2,918,251	1,831,416	3,429,946	2,559,544	2,659,336	3,214,908
Capital grants and contributions	1,512,453	3,128,516	839,014	1,324,937	688,019	768,444	1,471,591	3,287,255	6,928,194	106,268
Total business-type activities program revenues	<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>	<u>24,144,087</u>	<u>26,793,720</u>	<u>32,580,839</u>	<u>27,915,296</u>
Total primary government program revenues	<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>	<u>42,877,309</u>	<u>42,975,775</u>	<u>49,883,555</u>	<u>42,087,207</u>
Net (expense)/revenue										
Governmental activities	(31,787,084)	(55,350,415)	(53,676,680)	(46,152,535)	(57,438,411)	(67,458,702)	(64,161,220)	(56,610,544)	(52,413,497)	(54,494,098)
Business-type activities	(2,014,162)	(2,570,016)	(4,428,351)	(147,167)	(1,964,221)	(1,818,559)	(583,458)	2,108,112	8,114,088	2,743,177
Total primary government net expense	<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>	<u>(64,744,678)</u>	<u>(54,502,432)</u>	<u>(44,299,409)</u>	<u>(51,750,921)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes

Property taxes	\$ 9,279,250	9,960,360	10,499,547	11,388,612	12,214,235	12,611,491	12,516,447	12,404,637	13,285,118	13,013,990
Sales and use taxes	19,497,214	21,186,735	21,897,287	21,933,448	24,278,612	23,570,684	22,846,746	23,538,465	24,724,085	24,434,378
Franchise taxes	3,691,553	3,734,204	3,956,650	4,016,906	7,588,044	6,822,074	8,218,703	6,653,184	6,716,146	6,824,507
Motor fuel taxes	3,572,836	3,613,104	3,592,068	3,750,470	3,554,512	3,256,266	3,310,259	3,484,128	3,476,388	3,421,644
Cigarette taxes	452,770	437,460	459,855	453,013	451,815	441,029	418,473	439,289	438,673	422,366
Hotel taxes	354,801	389,986	400,792	430,551	448,717	412,623	425,537	443,127	815,756	913,963
Intergovernmental activity taxes	-	26,922	934,602	2,417,872	2,433,665	3,110,961	3,325,651	3,734,112	4,309,127	4,117,506
Unrestricted investment earnings	311,348	910,325	2,028,405	2,220,429	1,913,204	1,113,290	776,579	743,281	697,834	640,068
Gain (loss) on sale of capital assets	48,713	73,644	-	-	9,914	75,546	90,476	535	-	-
Transfers	941,782	455,974	376,478	835,608	1,405,495	1,428,110	1,158,838	414,691	1,899,067	2,454,852
Total governmental activities	38,150,267	40,788,714	44,145,684	47,446,909	54,298,213	52,842,074	53,087,709	51,855,449	56,362,194	56,243,274

Business-type activities:

Sales and use taxes	1,460,047	1,501,994	1,560,135	1,643,460	1,726,313	4,016,551	3,975,759	4,085,862	4,291,043	4,249,381
Franchise taxes	841,936	887,532	939,913	942,673	1,058,276	1,049,179	1,053,842	1,109,866	1,130,630	1,154,809
Unrestricted investment earnings	504,901	740,503	987,584	1,146,274	1,099,122	619,634	365,302	330,070	295,082	233,696
Gain (loss) on sale of capital assets	12,451	5,513	-	-	177,256	-	7,754	-	6,582	43,342
Special item	-	-	-	-	-	-	-	5,380,449	-	-
Transfers	(941,782)	(455,974)	(376,478)	(835,608)	(1,405,495)	(1,428,110)	(1,158,838)	(414,691)	(1,899,067)	(2,454,852)
Total business-type activities	1,877,553	2,679,568	3,111,154	2,896,799	2,655,472	4,257,254	4,243,819	10,491,556	3,824,270	3,226,376

Total primary government	\$ 40,027,820	43,468,282	47,256,838	50,343,708	56,953,685	57,099,328	57,331,528	62,347,005	60,186,464	59,469,650
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Changes in Net Position

Governmental activities	\$ 6,363,183	(14,561,701)	(9,530,996)	1,294,374	(3,140,198)	(14,616,628)	(11,073,511)	(4,755,095)	3,948,697	1,749,176
Business-type activities	(136,609)	109,552	(1,317,197)	2,749,632	691,251	2,438,695	3,660,361	12,599,668	11,938,358	5,969,553
Total primary government	\$ 6,226,574	(14,452,149)	(10,848,193)	4,044,006	(2,448,947)	(12,177,933)	(7,413,150)	7,844,573	15,887,055	7,718,729

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Note: FY2013 the City implemented GASB 63 and GASB 65, so the format of the schedule has changed to be Net Position versus Net Assets

Table 3

CITY OF ST. JOSEPH, MISSOURI
 Governmental Activities Tax Revenues By Source
 Last Ten 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>
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
2010	12,516,447	22,846,746	8,218,703	3,310,259	418,473	425,537	3,325,651	51,061,816
2011	12,404,637	23,538,465	6,653,184	3,484,128	439,289	443,127	3,734,112	50,696,942
2012	13,285,118	24,724,085	6,716,146	3,476,388	438,673	815,756	4,309,127	53,765,293
2013	13,013,990	24,434,378	6,824,507	3,421,644	422,366	913,963	4,117,506	53,148,354

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

		Fiscal Year									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund											
	Reserved	\$ 421,535	540,938	1,061,421	635,136	2,075,505	1,715,494	860,005			
	Unreserved	3,100,054	5,465,123	2,081,515	2,551,817	5,592,876	5,449,331	3,132,137			
	Total General Fund	\$ 3,521,589	6,006,061	3,142,936	3,186,953	7,668,381	7,164,825	3,992,142			
General Fund											
	Nonspendable								\$ 408,508	\$ 469,113	-
	Restricted								409,628	715,017	507,290
	Committed								2,492,882	1,406,328	-
	Assigned								1,206,978	3,259,079	39,605
	Unassigned								3,176,846	4,160,485	546,895
	Total General Fund								\$ 7,694,842	\$ 10,010,022	1,093,790
All other governmental funds											
	Reserved	\$ 22,146,975	21,702,717	20,908,204	23,647,498	16,742,801	21,830,413	24,371,401			
	Unreserved, reported in:										
	Special revenue funds	4,086,832	11,081,617	5,142,593	8,458,323	11,941,619	5,477,728	3,245,197			
	Capital project funds	4,771,513	2,117,955	6,469,342	2,859,544	6,517,615	5,110,764	4,493,117			
	Total all other governmental funds	\$ 31,005,320	34,902,289	32,520,139	34,965,365	35,202,035	32,418,905	32,109,715			
All other governmental funds											
	Nonspendable								\$ -	\$ 147,548	-
	Restricted								30,860,074	29,170,639	57,664
	Assigned								(121,516)	(285,298)	8,204,547
	Total all other governmental funds								\$ 30,738,558	\$ 29,032,889	8,262,211

Note: In 2011 GASB 54 was implemented which changes the Fund Balance classifications

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 37,110,533	38,532,875	41,528,031	45,654,024	50,983,735	50,132,601	49,880,091	51,796,371	53,824,015	53,177,858
Licenses, fees and permits	1,376,641	1,403,084	1,445,418	1,465,195	1,461,356	1,376,436	1,519,836	1,438,472	1,493,098	1,481,598
Intergovernmental	7,439,403	5,830,759	8,951,096	5,697,209	8,644,884	6,045,431	7,347,329	8,086,513	6,667,413	6,161,673
Charges for services	2,785,721	4,179,090	4,584,989	4,744,541	4,717,410	4,715,722	4,177,716	4,223,558	3,801,507	4,616,555
Fines, forfeitures, and court costs	807,885	936,012	1,006,127	1,101,165	1,192,519	1,222,664	1,041,640	929,267	922,214	1,170,983
Special Assessments	18,140	21,802	39,688	47,522	28,648	24,474	22,040	26,002	30,610	35,220
Investment earnings	303,510	910,325	1,980,288	2,143,643	1,847,313	1,097,544	774,001	340,348	696,623	638,735
Other	1,326,956	733,525	789,906	2,544,549	1,711,517	2,011,842	2,059,121	3,206,392	2,457,992	1,626,120
Total revenues	<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>	<u>66,821,774</u>	<u>70,046,923</u>	<u>69,893,472</u>	<u>68,908,742</u>
Expenditures										
General government	6,496,521	36,267,743	23,608,397	8,782,348	10,956,124	11,676,893	12,036,926	11,401,238	9,197,296	9,987,736
Public safety	18,627,416	20,533,681	20,665,255	21,252,553	21,779,899	22,495,913	23,288,767	22,913,580	23,042,799	23,401,114
Highways and streets	6,968,828	6,900,810	7,566,077	7,492,151	8,834,917	7,961,665	8,145,602	8,142,562	8,195,698	8,376,243
Public works	253,312	274,980	344,143	274,688	212,776	245,910	294,018	252,137	272,492	212,831
Health and welfare	5,881,934	5,325,299	5,450,574	5,406,459	5,203,704	5,266,266	5,132,934	4,963,446	5,167,350	4,874,842
Parks and Recreation	3,862,181	4,029,293	4,420,506	4,576,833	4,566,717	4,999,838	5,028,218	4,818,778	4,714,047	5,511,231
Capital outlay	7,094,524	13,837,195	15,038,466	7,317,407	13,965,360	11,882,657	10,465,131	9,757,181	11,078,324	4,805,192
Debt Service										
Principal	70,000	696,934	1,713,663	2,918,292	3,291,383	3,218,074	3,514,899	3,742,547	6,447,821	4,142,728
Interest and bond costs	455,432	2,312,389	4,271,923	3,723,482	3,686,478	3,683,004	3,657,857	3,553,716	3,805,053	3,432,401
Total expenditures	<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>	<u>71,564,352</u>	<u>69,545,185</u>	<u>71,920,880</u>	<u>64,744,318</u>
Excess of revenues over (under) expenditures	1,458,641	(37,630,852)	(22,753,461)	1,653,635	(1,909,976)	(4,803,506)	(4,742,578)	501,738	(2,027,408)	4,164,424
Other Financing Sources (Uses)										
Transfers in	6,184,221	8,433,017	5,218,834	5,766,678	6,676,295	5,754,232	7,158,847	13,505,542	8,965,682	5,899,033
Transfers out	(5,242,439)	(7,977,043)	(4,842,356)	(4,931,070)	(5,270,800)	(4,326,122)	(6,000,009)	(11,874,966)	(7,066,615)	(3,287,456)
Issuance of debt	9,240,266	43,335,000	16,985,000	-	5,110,000	-	-	-	6,685,000	8,685,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(6,420,443)	(9,647,589)
Capital leases	48,933	-	35,300	-	56,201	-	-	198,694	163,180	20,003
Sale of capital assets	48,059	221,319	111,408	-	56,378	88,710	101,867	535	310,115	16,180
Total other financing sources (uses)	<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>	<u>1,260,705</u>	<u>1,829,805</u>	<u>2,636,919</u>	<u>1,685,171</u>
Net change in fund balances	\$ <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>	<u>(3,481,873)</u>	<u>2,331,543</u>	<u>609,511</u>	<u>5,849,595</u>
Debt service as a percentage of non capital expenditures	1.14%	3.97%	8.47%	11.75%	11.53%	10.96%	11.25%	11.71%	16.85%	12.64%

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	Intergovernmental Activity Tax	Total
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
2010	12,469	22,847	418	3,310	7,084	426	3,326	49,880
2011	12,349	23,538	439	3,484	7,808	443	3,734	51,795
2012	13,344	24,724	439	3,476	6,716	816	4,309	53,824
2013	13,040	24,437	422	3,422	6,826	914	4,118	53,178

(1) Includes interest and penalties.

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

Sales by Retail Category:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Apparel stores	\$ 15,122	16,252	22,622	24,739	22,163	28,381	21,991	24,995	34,625	43,434
General merchandise	173,757	86,987	279,648	292,646	319,569	326,102	318,626	311,804	311,672	313,507
Food stores	100,179	110,054	112,337	114,235	121,311	127,635	127,175	124,988	132,028	134,628
Eating and drinking establishments	101,951	112,838	116,550	124,297	129,267	135,897	134,125	135,082	137,208	143,499
Home furnishings and appliances	68,411	70,293	75,994	79,286	66,385	62,775	30,768	31,395	31,081	31,121
Building materials and farm tools	22,289	30,481	34,068	32,685	31,288	27,178	51,514	50,134	49,274	42,416
Construction/Remodeling	6,690	6,063	5,335	4,765	4,351	10,999	4,299	4,824	4,484	4,392
Auto dealers and supplies	48,713	45,180	41,152	48,235	75,045	81,079	82,324	89,594	95,806	100,357
Wholesale Trade	27,447	22,792	23,732	27,285	32,332	21,793	21,787	19,789	20,349	30,000
Hotels, Motels	10,728	11,829	12,951	14,698	15,614	13,317	11,458	10,986	10,926	11,896
Communication	30,326	36,256	35,224	39,503	40,951	44,011	45,268	44,607	38,198	23,359
Other retail stores	114,163	106,529	91,268	86,650	97,343	84,559	79,669	76,782	77,622	76,761
All other outlets	42,176	31,793	51,367	58,000	50,974	50,330	49,766	51,062	45,405	53,414
Total	\$ <u>761,955</u>	<u>687,347</u>	<u>902,249</u>	<u>947,023</u>	<u>1,006,593</u>	<u>1,014,056</u>	<u>978,770</u>	<u>976,042</u>	<u>988,678</u>	<u>1,008,782</u>

Note: Amounts for 2013 are not provided due to only receiving partial year figures.

Note: Amounts for 2004 are estimates.

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund	1.500	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	0.375	0.375	0.375	0.375	0.375
Total Direct Sales Tax Rate	2.150	2.150	2.150	2.150	2.150	2.375	2.375	2.375	2.375	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	2.150	2.150	2.150	2.150	2.150	2.375	2.375	2.375	2.375	2.375
Total Direct and Overlapping Sales Tax Rate	7.475	7.475	7.475	7.475	7.475	7.700	7.700	7.700	7.700	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	
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%
2010	636,014	2,843,770	284,102	860,915	16,234	49,193	936,350	1.53	3,753,878	24.9%
2011	636,915	2,848,165	284,496	862,110	21,012	63,672	942,423	1.53	3,773,946	25.0%
2012	676,612	3,004,808	270,539	819,814	28,193	85,434	975,343	1.53	3,910,056	24.9%
2013	684,120	3,031,268	238,786	723,594	31,627	95,840	954,533	1.55	3,850,702	24.8%

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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
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
2010	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	3.39	0.46	5.41
2011	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	4.00	0.46	6.02
2012	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	4.00	0.46	6.02
2013	0.60	0.07	-	0.22	0.20	0.05	0.41	1.55	0.03	4.14	0.46	6.18

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Notes: (1) County Tax Breakdown for Current Year:
 General Fund 0.08
 Road & Bridge Fund 0.29
 Handicap 0.10
 Total County 0.46

CITY OF ST. JOSEPH, MISSOURI
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

TAXPAYER	TYPE OF BUSINESS	2013			2004		
		ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION(1)	2003 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
Missouri American Water	Water Utility	\$ 17,976,850	1	1.88%			
Boehringer Ingelheim Animal Health	Animal Health Manufacturer	17,310,300	2	1.81%	\$ 7,442,200	6	0.95%
Belt Highway Investment	Shopping Mall	14,728,950	3	1.54%	10,514,890	2	1.35%
Ag Processing Inc	Soybean Processing	14,158,390	4	1.48%			
HHS Properties, Inc./Uptown	Healthcare Industry	12,453,150	5	1.30%	8,005,880	4	1.02%
Lifeline Foods	Food Manufacturing	11,686,870	6	1.22%			
Triumph Foods LLC	Pork Processing	11,658,240	7	1.22%			
Nestle USA Inc	Pet Food Manufacturing	10,437,370	8	1.09%	12,618,180	1	1.62%
Cole PC St Joseph MO LLC	Shopping Center	9,247,820	9	0.97%			
American Family Mutual Insuranc	Ag Chemical Manufacturer	9,204,420	10	0.96%			
Weyerhaeuser	Corrugated Box Manufacturer				8,338,920	3	1.07%
Silgan Containers	Canned Food Containers				7,892,960	5	1.01%
Johnson Controls Battery Group	Battery Manufacturer				7,077,853	7	0.91%
Southern Union Gas Co.	Natural Gas Utility				6,970,730	8	0.89%
WalMart	Retail Variety Store				6,703,150	9	0.86%
Belt Highway Investment	Shopping Mall				6,660,670	10	0.85%
		<u>\$ 128,862,360</u>		<u>13.50%</u>	<u>\$ 82,225,433</u>		<u>10.53%</u>

(1) The total assessed valuation for 2013 = 954,533,122

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
2004	\$ 10,766,443	\$ 10,375,602	96.37%	\$ 384,056	\$ 10,759,658	99.94%
2005	11,423,095	10,965,000	95.99%	451,579	11,416,579	99.94%
2006	11,939,359	10,893,184	91.24%	451,502	11,344,686	95.02%
2007	13,189,059	12,770,207	96.82%	415,703	13,185,910	99.98%
2008	13,496,762	13,086,927	96.96%	405,618	13,492,545	99.97%
2009	13,713,589	13,237,877	96.53%	471,687	13,709,564	99.97%
2010	13,737,486	13,192,295	96.03%	540,089	13,732,384	99.96%
2011	14,261,209	13,532,867	94.89%	696,015	14,228,882	99.77%
2012	14,600,231	14,283,412	97.83%	266,750	14,550,162	99.66%
2013	13,803,855	13,737,726	99.52%	-	13,737,726	99.52%

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

Fiscal Year	Governmental Activities					
	PBA	MDFB	IFB/IDA	Developer Obligations	Capital Leases	Loans
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	-
2010	202,856	1,965,000	61,745,000	31,689,113	19,012	-
2011	155,961	1,860,000	59,755,000	31,948,993	195,021	-
2012	106,675	1,750,000	55,930,034	29,730,100	305,458	-
2013	52,591	1,463,046	54,150,000	27,946,881	220,719	-

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			
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
2010	218,235	10,415,000	28,171,157	-	103,661	-	134,529,034	5.69%	31,946
2011	167,981	9,950,000	26,906,079	-	77,957	-	131,016,992	5.25%	32,533
2012	115,121	9,465,000	47,438,000	-	50,401	-	144,890,789	5.57%	33,732
2013	57,409	8,290,000	48,380,411	-	86,117	-	140,647,174	5.36%	34,189

(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		
2004	\$ -	\$ -	\$ -	0.00%	\$ -
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	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, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Joseph School District	\$ 50,530,000	95.75%	\$ <u>48,382,475</u>
Subtotal, overlapping debt			48,382,475
City of St. Joseph direct debt			83,833,237
Total direct and overlapping debt			\$ <u><u>132,215,712</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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit (1)	\$ 156,244,388	154,428,775	167,928,218	173,224,886	178,094,297	181,914,282	187,270,023	188,484,606	195,068,675	190,906,624
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 156,244,388	154,428,775	167,928,218	173,224,886	178,094,297	181,914,282	187,270,023	188,484,606	195,068,675	190,906,624
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 2013

Assessed Value	\$ 954,533,122
Debt Limit (20% of assessed value)	190,906,624
General obligation:	-
Total Bonded Debt	-
Less:	-
Total net debt applicable to limit	-
Legal debt margin	\$ 190,906,624

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Notes:

(1) Total tangible property assessed value as of January 1, 2012 as certified by the County Clerk on June 30, 2012

(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.

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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>						
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
2010	15,828	10,372	5,456	1,747	1,867	1.51
2011	16,849	10,901	5,948	1,845	1,780	1.64
2012	20,411	9,163	11,247	2,233	2,731	2.27
2013	21,917	12,117	9,800	2,400	2,465	2.01

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

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
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%
2010	73,990	2,363,685	31,946	37.00	11,935	7.70%
2011	76,780	2,497,884	32,533	37.90	11,737	5.87%
2012	77,185	2,603,604	33,732	38.10	11,039	5.70%
2013	76,780	2,625,031	34,189	35.60	11,387	5.80%

Sources:

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

CITY OF ST. JOSEPH, MISSOURI
 Principal Employers
 2013 and 2004

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Heartland Health	3,866	1	5.55%	2,800	1	5.66%
Triumph Foods	2,838	2	4.07%	-		
St. Joseph School District	1,882	3	2.70%	1,546	2	3.13%
Boehringer Ingelheim Vetmedica	838	4	1.20%	-		
American Family	820	5	1.18%	841	3	1.70%
Altec Industries	800	6	1.15%	660	5	1.34%
System & Services Technologies	720	7	1.03%	778	4	1.57%
The Hillshire Brands Company	700	8	1.00%	588	9	1.19%
Johnson Controls	697	9	1.00%	592	8	1.20%
City of St. Joseph	643	10	0.92%	650	6	1.32%
Western Reception, Diagnostic				642	7	1.30%
Missouri Western State College				550	10	1.11%
Total	13,804		19.80%	9,647		19.52%

Source: St. Joseph Area Chamber of Commerce

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Mayor/Council	1	1	1	1	1	1	1	1	1	1
City Clerk	3	3	3	3	3	3	3	2	2	2
City Manager	3	3	4	4	6	6	6	5	4	4
Technology & Communications	5	5	5	5	5	5	5	5	4	4
Municipal Court	5	5	5	6	6	6	6	5	5	5
Legal	7	7	7	7	7	7	7	6	6	6
Administrative Services	19	14	15	15	15	15	15	15	16	17
Human Resources	5	5	5	5	6	6	6	5	5	5
Customer Assistance	17	25	26	25	16	16	16	15	3	3
Public Safety										
Police - Arrest Powers	114	116	117	118	117	119	117	116	115	113
Police - Civilian	39	41	41	41	44	44	45	44	42	43
Fire Protection	131	131	131	131	131	131	131	127	124	128
Fire - Civilian	2	3	3	3	3	3	3	3	3	3
Public Works										
Engineering	11	11	10	10	10	10	10	9	9	8
Public Works Administration	5	5	4	5	5	5	5	5	5	6
Streets	62	59	61	62	64	64	64	63	58	62
Traffic	8	8	8	8	8	8	8	8	7	8
Airport	6	6	6	6	6	6	6	6	5	6
Parking Services	6	6	6	6	6	6	6	6	5	4
Landfill	15	16	16	17	18	18	18	18	18	17
Recycling Center	3	2	2	2	2	2	2	2	2	2
Sewer Maintenance	17	17	14	19	19	19	19	20	24	21
Water Pollution Control	42	41	42	45	46	46	50	51	50	53
Health Department	41	41	41	42	42	42	42	41	40	40
Parks and Recreation	50	47	48	48	53	51	52	51	52	53
Community Development										
Planning	5	5	4	4	4	4	4	3	5	5
Housing & Community Dev	8	7	8	9	7	7	7	7	15	15
Property Maintenance					11	10	11	9	10	9
Total	630	630	633	647	661	660	665	648	635	643

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Source: City of St. Joseph Annual Report

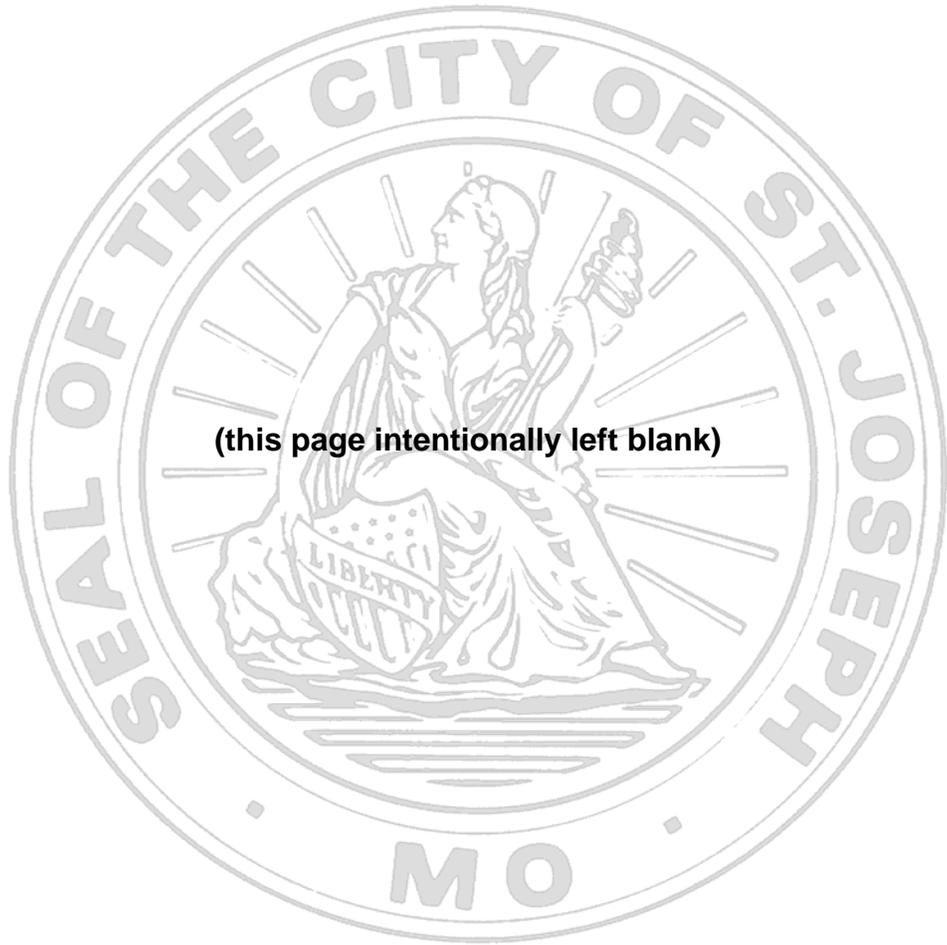
CITY OF ST. JOSEPH, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety											
Police											
	Physical Arrests	7,859	6,679	5,610	6,183	7,178	6,368	5,170	5,275	4,870	6,958
	Traffic Violations	15,336	15,669	15,688	11,541	18,065	18,453	14,544	11,084	14,080	12,235
	Parking Violations	12,629	11,307	11,620	10,182	10,524	11,861	12,071	8,719	8,532	9,196
Fire											
	Total Alarms	6,642	6,621	6,895	7,322	8,573	8,074	7,920	9,049	9,651	8,461
	Inspections	515	250	500	398	390	1,058	590	419	442	565
T-22 Water	Number of customers	36,878	36,878	31,751	32,480	33,333	32,548	32,002	32,014	32,004	32,004
	Daily Average Water Consumption	15,156,000	14,933,000	15,000,000	17,083,000	18,000,000	17,209,000	17,161,000	17,589,000	17,584,000	17,866,000
Sewer											
	Number of customers	26,397	30,878	31,751	26,768	26,876	26,859	26,910	26,875	26,836	25,723
	Daily Average Wastewater Treated	17,000,000	17,000,000	15,000,000	15,000,000	17,000,000	17,000,000	17,000,000	17,000,000	15,000,000	15,000,000

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Public Safety										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Vehicles	84	91	91	108	106	104	106	119	122	107
Fire										
Fire Stations	9	9	9	9	9	9	9	9	9	9
Public Works										
Total area (square miles)	45.045	45.045	44.443	44.443	45.443	44.680	46.500	46.500	46.500	46.500
Paved miles	418.0	425.0	425.0	426.3	426.4	432.8	432.8	432.3	432.3	434.8
Culture and Recreation										
Park acreage	1,500	1,500	1,500	1,500	1,500	1,500	1,500	2,000	2,000	2,000
Parks	49	46	46	46	46	46	46	46	46	46
Ball Fields	23	22	23	23	22	23	23	23	23	23
Community Centers	1	1	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	13	13	12	17	12	12	12	12	12	12
Transmission/Distribution Circuits (miles)	800.00	1,000.00	793.00	799.25	813.04	816.45	816.45	593.32	595.45	598.04
Street Lights	5,883	5,933	6,097	6,652	6,884	6,903	6,923	6,943	6,952	6,952
Water										
Water mains (miles)	604	619	605	620	613	616	619	619	619	620
Fire hydrants	2,986	2,986	2,985	3,141	3,075	3,063	3,096	3,031	3,030	3,032
Maximum daily pumpage (millions of gallons)	30	30	30	30	30	30	21	24	24	26
Sewer										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	372	386	377	388	390	380	397	397	402	403
Maximum daily capacity of treatment (MGD)	27	27	27	27	27	27	27	27	27	27

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