

CITY OF ST. JOSEPH, MISSOURI

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Prepared by the Financial Services Department

Carolyn Harrison
Director of Financial Services

CITY OF ST. JOSEPH, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

INTRODUCTORY SECTION:	PAGE
List of Elected and Appointed Officials	i
Organizational Chart	ii
Letter of Transmittal	iii
GFOA Certificate of Achievement.....	xix
 FINANCIAL SECTION:	
Independent Auditors' Report	1
Management's Discussion and Analysis	MD-1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	GW-1
Statement of Activities.....	GW-2
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	FF-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	FF-2
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	FF-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	FF-4
Statement of Net Assets – Proprietary Funds	FF-5
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	FF-7
Statement of Cash Flows – Proprietary Funds	FF-9
Statement of Fiduciary Net Assets – Fiduciary Funds.....	FF-11
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	FF-12
Notes to Financial Statements	FN-1
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund.....	RS-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Improvement, Maintenance and Repair Fund	RS-4
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Allocation Fund.....	RS-5
Notes to the Budgetary Comparison Schedules.....	RS-6
Pensions Schedule of Funding Progress	RS-9
Combining Individual Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	CS-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	CS-3
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds:	
Parks, Recreation and Civic Facilities Fund	CS-5
Public Health Fund.....	CS-6
CDBG Fund.....	CS-7
Riverboat Gaming Fund.....	CS-8

TABLE OF CONTENTS

(Continued)

FINANCIAL SECTION: - (Continued)

PAGE

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – CIP Sales Tax Improvement Fund	CS-9
Combining Statement of Net Assets – Nonmajor Enterprise Funds	CS-11
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	CS-12
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	CS-13
Combining Statement of Fiduciary Net Assets – Agency Funds	CS-15

STATISTICAL SECTION:

Net Assets by Component	T-1
Changes in Net Assets	T-2
Governmental Activities Tax Revenues by Source.....	T-4
Fund Balances of Governmental Funds	T-5
Changes in Fund Balances of Governmental Funds.....	T-6
General Governmental Tax Revenues by Source.....	T-7
Taxable Sales	T-8
Sales Tax Rates - Direct and Overlapping Government	T-9
Assessed and Estimated Actual Value of Taxable Property	T-10
Property Tax Rates - Direct and Overlapping Government.....	T-11
Principal Taxpayers.....	T-12
Property Tax Levies and Collections	T-13
Ratios of Outstanding Debt by Type	T-14
Ratios of General Bonded Debt Outstanding	T-15
Direct and Overlapping Governmental Activities Debt	T-16
Legal Debt Margin Information.....	T-17
Pledged-Revenue Coverage.....	T-18
Demographic and Economic Statistics	T-19
Principal Employers	T-20
Full-time Equivalent City Government Employees by Function/Program.....	T-21
Operating Indicators by Function/Program	T-22
Capital Asset Statistics by Function/Program	T-23

INTRODUCTORY SECTION

CITY OF ST. JOSEPH, MISSOURI

PRINCIPAL OFFICIALS

Ken Shearin
Mayor

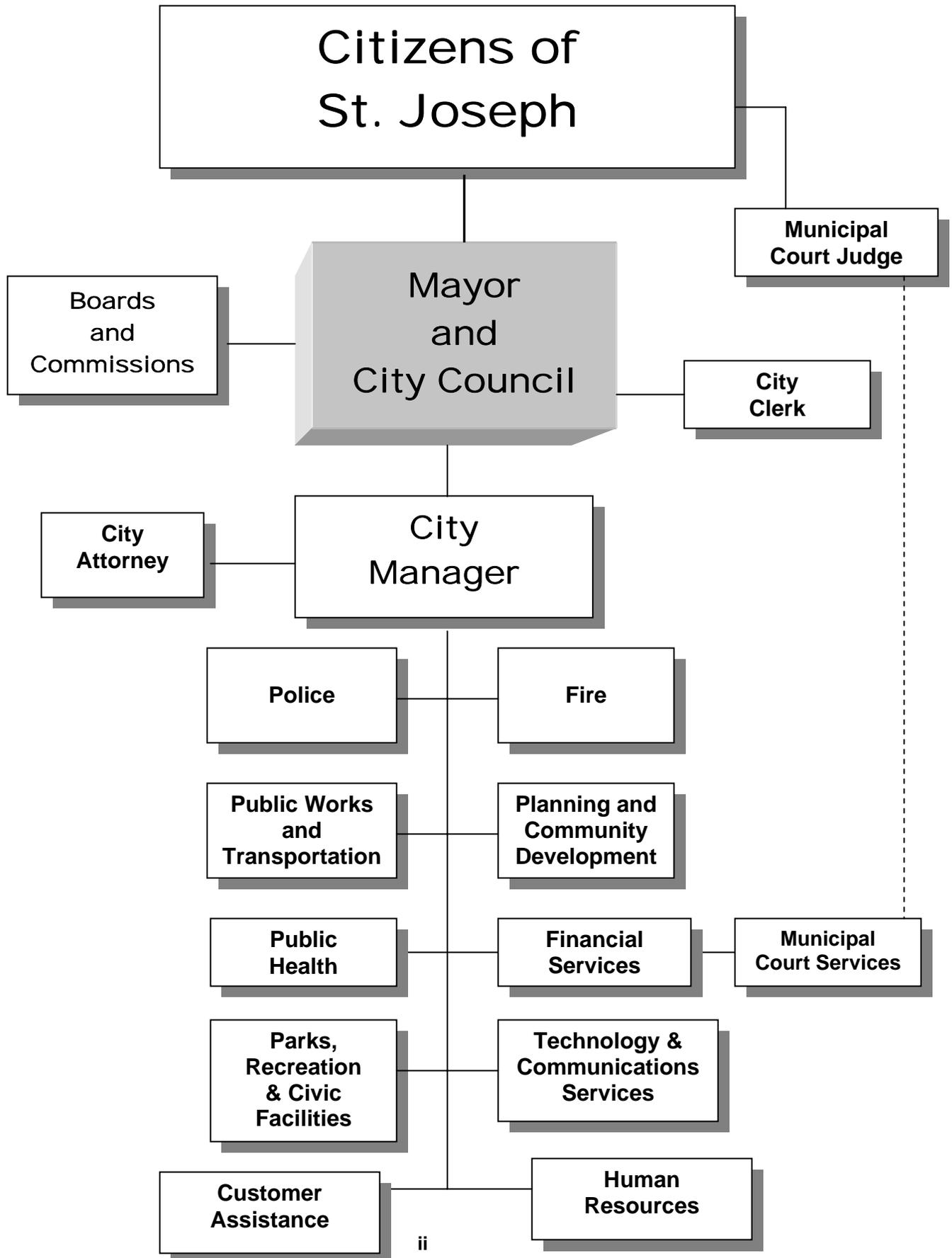
CITY COUNCIL

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

Vincent J. Capell
City Manager

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

ORGANIZATION CHART



City of St. Joseph

1100 Frederick Avenue St. Joseph, Missouri 64501

November 30, 2007

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, 2007, 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, 2007, 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 seventh largest city in Missouri. It was incorporated as a village in 1851, a second class city in 1885, a first class city in 1909, and as a constitutional charter city government in 1961. The current charter became effective April 19, 1982, and provides that the municipal government shall be known as a "Council-Manager Government." A City Manager is appointed by the Council and serves as the chief administrative officer of the City for an indefinite term.

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

priorities for the City and in planning economic growth and stability for the community.

The City provides the full range of services normally associated with a municipality, including police and fire protection, public works services, parks and other recreational facilities, public health, street maintenance and general administrative services. The City also operates Rosecrans Airport, public parking garages, water pollution treatment plant, municipal golf course, mass transit system, and City landfill, all of which are accounted for in the financial statements as business-type funds.

This report includes all funds for the City as a primary government and component units for which the City is financially accountable. Component units, although legally separate entities, are, in substance, a part of the City's operations and are included as part of the primary government for reporting purposes. Accordingly, financial data for the 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 reviewed by the City Council and is formally adopted by the passage of a budget ordinance no later than sixty days prior to June 30, the end of the City's fiscal year. The appropriated budget is prepared by fund, department, and program or function. Strict budgetary compliance is maintained by the Financial Services Department using the automated accounting system to ensure effective fiscal management and accountability. As purchase orders are issued, corresponding appropriations are encumbered for later payment to ensure that appropriations are not overspent. Open encumbrances are reported as a reservation of fund balances at year-end and all unencumbered appropriations lapse at year-end. Departments can transfer between accounts except for salary, benefits, and capital. These require Council approval.

FACTORS AFFECTING FINANCIAL CONDITION

Local economy

The City is the central services provider for a seven county area of northwest Missouri and northeast Kansas with a combined population of 122,306. The City's population of 73,990 represents 59% of the total service area. Located in the heart of the country, St. Joseph's location and transportation system provides for efficient access to customers and suppliers. From Canada to Mexico, Interstate 29, a major north-south interstate runs through the city. St. Joseph is fortunate to have two airports available. South of St. Joseph via I-29 is Kansas City

International (KCI) airport. 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, part of the nation's inland waterway system, 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 69,727 with 66,608 employed for the period ending June 30, 2007, producing an unemployment rate of 4.5%. At this time last year the unemployment rate was 4.90%. From a heritage rich in agriculture, St. Joseph's economic rebound boasts a strong life science emphasis and the investment in Triumph Foods (a pork processing facility) and The Shoppes at North Village (an upscale retail development) made a positive impact on the community and helped to lower the unemployment rate.

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 2,800 jobs, or 4.2% of the total employed work force. Heartland Health is an integrated health system, including a comprehensive acute care medical center, physician practices, and a health plan. This consolidation has provided stability and expansion in the regional health services industry. The ten largest employers provide a total of 12,541 jobs, representing 18.8% 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	2,800	4.2%
Triumph Foods	Pork Processing	2,329	3.5%
St. Joseph School District	Public Education	2,200	3.3%
Altec Industries	Utility Equipment	959	1.4%
American Family	Insurance	820	1.2%
Boehringer Ingelheim Vetmedica	Animal Pharmaceuticals	748	1.1%
System and Services Technology	Loan Servicing	744	1.1%
Sara Lee	Meat Products	700	1.1%
City of St. Joseph, Missouri	Government	665	1.0%
Western Reception Diagnostic	Correctional Facility	576	0.9%
Total		12,541	18.8%

Economic Development Efforts

The St. Joseph economy has felt the impact of the recent economic slow-down, but is continuing to experience moderate growth and expansion. The level of ongoing cooperation among the City, County, Chamber of Commerce and the business community was at an all time high and 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 jobs created and millions in new investment instilled in the community.

AG Processing, approved construction of a new soy biodiesel plant becoming operational in the fall of 2007. The plant will produce 28 million gallons of soy biodiesel annually and employ 24 people. AGP last year expanded its soybean processing plant in St. Joseph. The multi-million dollar project included installation of new processing equipment, additional soybean storage capacity, expanded rail siding, and upgraded the truck unloading facilities.

Missouri Air National Guard has built an \$8 million training facility at Rosecrans Memorial Airport. The complex includes class and conference rooms, administrative offices, equipment maintenance shops and storage areas. This complex has a control tower simulator to train controllers and technical maintenance staff.

Albaugh announced its latest expansion at their manufacturing and formulating facility located on Stockyards Expressway. The \$38 million project will enable Albaugh to be the largest producer of generic herbicide glyphosate in the United States.

American Family Insurance completed their third expansion at the Mitchell Avenue facility. The \$12 million four-story addition consisted of 100,000 square feet increasing the building's total square footage to 335,000. The parking lot now accommodates their workforce of 850 employees. Based in Madison, Wisconsin with regional headquarters in St. Joseph, American Family offers auto, homeowners, life, health, commercial, and farm/ranch insurance plus financial services.

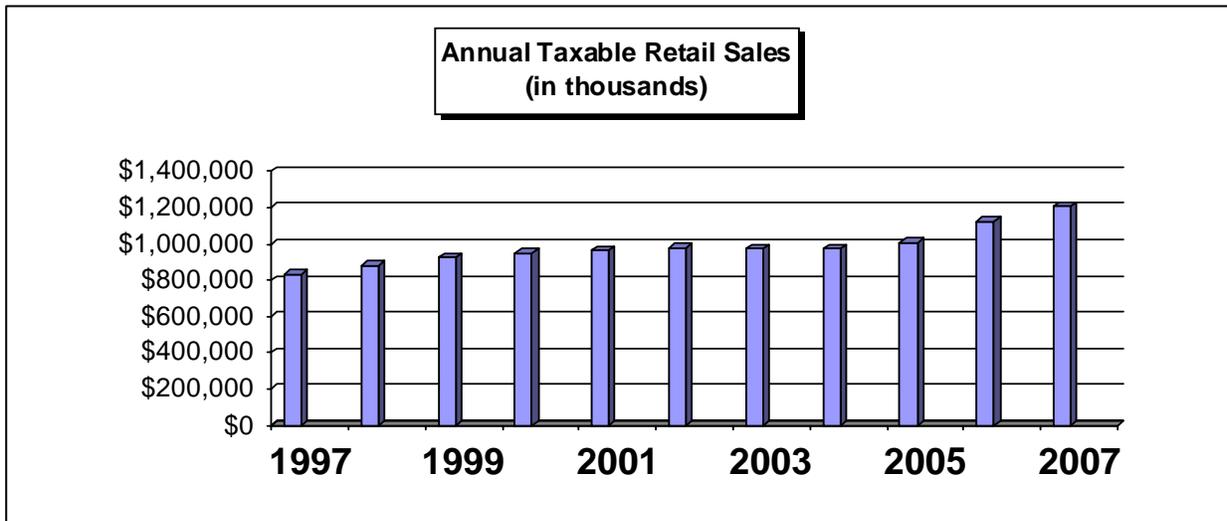
Eastowne Business Park, the proposed 350 acre business park, is located at the corner of Pickett and Riverside Roads. With the success of Mitchell Woods, St. Joseph is in the process of developing another business park for commercial offices and light industrial facilities. The future development will include infrastructure improvements of roads, storm sewers, and sanitary sewers.

Lifeline Foods is building an ethanol production facility in St. Joseph. 35 new jobs will be added with \$60 million in new investment. The facility is to include the latest in ethanol processing technology and expected to produce in excess of 40 million gallons of fuel grade ethanol per year. Much of the process will be integrated into the existing infrastructure and is designed to enhance and expand the company's current corn-based food manufacturing.

USA 800 held its groundbreaking ceremony for a 10,000 square foot expansion of their building and the addition of 250 new employees. When completed, the company will employ 450 in the St. Joseph facility and will be the largest location of the company's three sites.

Taxable Annual Retail Sales and City Sales Tax

One of the City's largest general revenue sources, the one and one-half cent local sales tax increased for fiscal year 2007. Total retail sales in St. Joseph increased, as reflected in the total sales tax remitted to the City. The following chart depicts the revenue over the last eleven years.



ECONOMIC CONDITIONS

On November 4, 1997, City of St. Joseph voters approved an extension of the 1993 half-cent CIP Sales Tax. The sales tax extension, referred to as the 1998 half-cent CIP Sales Tax, was scheduled to sunset on June 30, 2003. On November 5, 2002, City of St. Joseph voters continued the extension of the half-cent CIP Sales Tax. This tax generates \$4.8 million annually in City revenues and provides infrastructure, enhancements to City facilities, and investment in the community. In November 2007, the citizens voted to extend the CIP half cent sales tax until 2013. This will allow the City to further the projects promised to the citizens.

Business Licenses

Growth was demonstrated in the local community as evidenced by the number of business licenses issued. The City issued 4,733 business licenses for fiscal year ended June 30, 2007. This is an increase of 27 businesses in the St. Joseph local economy over the previous year.

Work Force Education and Training

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

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

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

Culture and Recreation

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

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

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

St Joseph is home to the Blacksnakes, a minor league baseball team, at Phil Welch Stadium, playing a 96 game schedule. The 5,000 seat stadium, Phil Welch, is housed next to the Bode Sports Complex which compasses a six court outdoor basketball complex, an in-line skate rink and an indoor ice arena.

For the fourth consecutive year, the USTA held a satellite Pro women's tennis tournament in July, 2007. This year saw a record turnout as 56 women competed in the qualifier with 16 of those going on to compete against the 16 seeds, for a total of 72 participants with 17 countries represented this past year.

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

Heritage Softball Complex, located near the Riverfront, features a five field complex where numerous invitational, regional, and state tournaments and special events were held this season with over 240 league teams participating this year.

In August, 2007, the Allied Arts Council of St. Joseph produced the fifteenth annual Trails West! ® Festival, with 80,000 in attendance. Other festivals and parades include the Apple Blossom Parade in May, Sacred Hills Encampment each June, Southside Fall Festival and Parade the middle of September, Pumpkinfest every October.

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

The City's recreation division coordinates a wide range of instructional, developmental and recreation programs and leisure opportunities for all ages, interest, and abilities. The Joyce Raye Patterson Senior Citizens Center features a multi-purpose room, stage area, cafeteria, and newly constructed exercise center. The St. Joseph Civic Arena can entertain any type of event from sporting competition to craft show with seating available for 2,300 people. Missouri Theater, a 1927 former movie theater listed on the National Register of Historic Landmarks, is an architectural asset to downtown St. Joseph sponsoring many St. Joseph arts organizations. The Public Works and Parks and Recreation Departments joined forces to create the Hike and Bike Trail system in St. Joseph. This system will increase the pedestrian access to the full length of the parkway from Krug Park to Hyde Park. As the Hike and Bike Trail system continues to expand off of the parkway and reaches further into existing neighborhoods, its use as a source of recreation and transportation enhances the community and citizens.

St. Joseph offers two major established retail locations in The Shoppes at North Village and East Hills Mall. Each location has national retailers as well as individual specialty shops. Two additional retail developments are underway in the vicinity of the Shoppes in the north end of town. While the south end boasts its own two retail development projects. Downtown St. Joseph attracts shoppers with their unique boutiques and antique stores.

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

National Accreditation of the Police Department - On November 17, 2002, the St. Joseph Police Department was awarded National Accreditation by the Commission for the Accreditation of Law Enforcement Agencies, also known as CALEA. To maintain this prestigious honor, over four hundred standards have to be met every three years.

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

- Enterprise Zone Benefits – The City also participates in a number of programs such as subsidized “Enterprise Zones” designed to ease the financial burden on growing businesses. The City of St. Joseph, per RSMo 100.090, is granted the authority to issue general obligation bonds in the amount not in excess of ten percent of the assessed valuation of the taxable tangible property of the City for special industrial development projects. These abatements may apply to real and personal property. 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.
- Missouri Chapter 100 bonds – Provides real and/or personal property tax abatements. Currently, there are eight (8) companies benefiting from these abatements.
- 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 to finance infrastructure and related business developments within the jurisdiction. The City had eight (8) TIF projects at June 30, 2007.
- 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 eight (8) Developer Agreements at June 30, 2007.

- 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 no CID's established at June 30, 2007.
- 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 one (1) Neighborhood Lighting Improvement District, as of June 30, 2007.
- Special Business District – Real property and businesses may be taxed within designated boundaries in order to make improvements. The City has one (1) Special Business District, the Downtown Business District established February, 1990.
- Transportation Development District (TDD) – Transportation related infrastructure improvements can be financed through special assessments, property taxes or sales taxes levied within designated boundaries. The City had one (1) TDD as of June 30, 2007.
- Low interest loan programs offered through Community Development Block Grant (CDBG) programs.
- Direct Loans from City Operating Accounts – The City has, on occasion, entered into temporary loans with companies as inducements to further development. A recent example is the \$100,000 short-term loan from the City's emergency reserves to a developer of speculative shell buildings at Mitchell Woods Business Park.
- Infrastructure (in-kind) Improvements – In order to entice new and existing business to relocate to or expand in St. Joseph, the City frequently takes it upon itself to make the necessary sewerage, streets, lighting and similar infrastructure improvements.
- Participation in Mo-Kan Regional Council (Mo-Kan). The City contributes \$25,000 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's Plan - Seven community partners developed a 35 member steering committee made up of business leaders and residents to survey residents on their needs and concerns of the community. With this information, certain areas were identified with action teams developed to implement strategies and initiatives to address these concerns. Some of the initiatives which the City is involved 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 Mayor's monthly townhall **City Talk** public forums, Student in Government Day, resident surveys, government access cable channel, 24-hour complaint hotline, interactive website, and educational campaigns. Various publications are produced to provide information to residents on a regular basis: quarterly neighborhood newsletter, monthly *City Builder*, bi-weekly Economic Development Outlook, and weekly electronic Publications *City Weekly* and *Mayor and City Council Update*. Effective November, 2007, City council meetings are televised live and rebroadcast on the city's government access channel.

City Neighborhoods - The City began providing assistance to neighborhood associations in 1994 as a demonstrated need that residents and municipal government must work together 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, and St. Joseph Preservation, Inc.

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

Long-term financial planning - A Five Year Capital Improvement Program is adopted by City Resolution that provides for a summary of proposed improvements, estimate of project costs, and plan for financing. The City's capital improvement initiatives are funded primarily by the half-cent CIP sales taxes, government grants, revenue bond proceeds and operating reserves. The 1998 half-cent sales tax is a five year tax that was extended in June, 2003, by

voters in the November 2002 election. Following are redevelopment projects the City is working on with other agencies.

Riverfront / Downtown Redevelopment – 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 wanted 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 four areas:

Riverfront/Riverwalk Redevelopment – City officials, downtown representatives and business owners are pursuing redevelopment strategies for the Riverfront along the Missouri River. Private development has already occurred in this area to include Terrible's Casino facility and shops and cabin rental facilities. In early 2001, the City entered into an engineering and design component services contract with a consultant to assist in preparation of the Riverfront Development Master Plan. The Plan calls for a riverfront recreation complex, riverwalk, county fairgrounds, and nature center among other amenities. In April 2003, Heritage Softball Complex was built and available for play. The construction of the Riverwalk was completed at the end of May 2004. As of June 2004, the beginnings of the Living History Preserve were in place. The preserve will tell the story of the development of the community from the early Native Americans through the Civil War to the end of the 19th century. The Federal Government has provided a \$992,000 VA/HUD grant and the Missouri Department of Conservation has provided a \$1,000,000 Challenge grant to build a nature center just south of the McArthur Drive parking lot at the Riverfront. Another \$1,400,000 will be coming from the City's one-half cent Capital Improvement Sales Tax and \$1,000,000 from Buchanan County. Nature Center design plans were complete the end of August 2006 and construction is expected to start in early 2007 with a completion date in the spring of 2008.

Downtown Redevelopment and DREAM Initiative - City officials and DREAM Team made up of representatives interested in downtown redevelopment are working to accomplish one of Council's long term goals; downtown redevelopment. The DREAM Initiative outlines three goals: the creation of a Conference Center, Hotel, and Entertainment District to help spur private investment and downtown revitalization.

The Capital Improvement and Community Development Block Grant funds are identified as the main source of funding for both functional and aesthetic improvements. Implementation of the Master Plan began with the construction of the Third and Edmond Street "West Gateway" project which was completed in the fall of 2004. This project will lay the design

guidelines for the remaining Downtown projects which are identified in the City's Capital Improvement Program through 2008. Work began on these projects in fiscal year 2004-2005 with Felix Street Streetscape design that is complete.

St. Joseph Regional Port Authority – Adjacent to the Riverfront Industrial Development Area (Brownsfield) is the location of the multipurpose port and general cargo dock facility. This project was completed March 2002, and goes hand in hand with the Downtown Redevelopment, Brownsfield Redevelopment and Economic Development Initiatives. As an established port district whose boundaries encompasses all of Buchanan County, including the City of St. Joseph. 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 is needed to continue to attract new or existing business expansion. The City is providing \$5.4 million in funding from the voter approved 2003 one-half cent Capital Improvement Sales Tax for infrastructure improvements at the new Eastowne Business Park located at Riverside and Pickett Roads. This project is moving forward in conjunction with the Missouri Department of Transportation's extension of Route AC (Riverside Road) south to Highway 169. Private investors and developers will provide the remaining funding. Completion is anticipated for FY 2007 - 2008.

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, 2007, the City had no general obligation debt.

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

Cash Management Policies and Practices - The City's investments are established by State Statutes and the City Investment Policy. Funds in excess of the operational needs are invested in U. S. Government Agency Discount Notes or in securities issued by the U.S. Treasury based on competitive bids received. It is City policy to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow

demands of the City and conforming to all Missouri state statutes, the City Charter, the City Administrative Code, and the City's Code of Ordinances governing the investment of public funds. The maturities of the investments range from 30 days to 180 days. To maximize investment earnings, the City consolidates cash balances of all funds except restricted or special funds. All bank deposits were insured by Federal Depository Insurance or were collateralized at June 30, 2007.

Risk Management - Effective July 1, 1995, the City contracted with various insurance companies for general, property and casualty insurance and initiated a self-insured workers' compensation program with a third party administrator. The City retains liability up to \$350,000 for each accident with specific excess coverage purchased to provide protection in excess of that amount. The City adopted an internal program of loss control that includes operating safety committees in each department. Active awareness of safety in the work place is being promoted by engaging employees in periodic walk-through hazard detection reviews, an employee suggestion program, and by having full-time staff involvement in workers' compensation case management reviews.

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

The City also provides pension benefits for its fire and non-public safety employees. These benefits are provided through Local Area Government Employee Retirement System (LAGERS), a state-wide plan. The City's obligation in connection with employee benefits is to contribute pension payments on behalf of the employees.

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

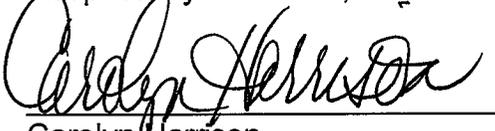
Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

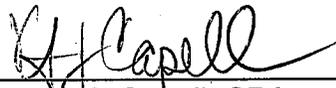
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Joseph, Missouri, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Respectfully submitted,



Carolyn Harrison
Director of Financial Services



Vincent J. Capell, CPA
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Joseph
Missouri

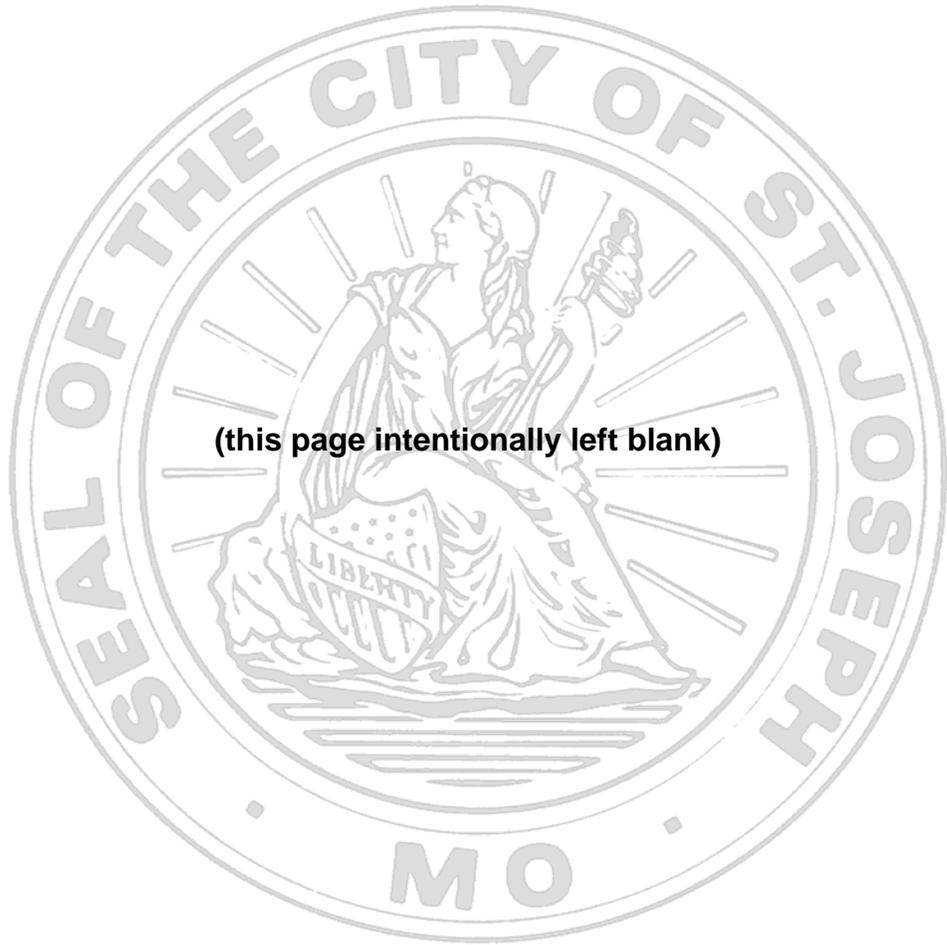
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

Executive Director



(this page intentionally left blank)

FINANCIAL SECTION



COCHRAN HEAD VICK & CO., P.C.

& Co

Certified Public Accountants

Independent Auditors' Report

10034 NW Ambassador Dr.
Kansas City, MO 64153
(816) 584-9955
Fax (816) 584-9958

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, 2007, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Other Offices

3717 North Oak Trafficway
Kansas City, MO 64116
(816) 453-7014
(816) 453-7016 FAX

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

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

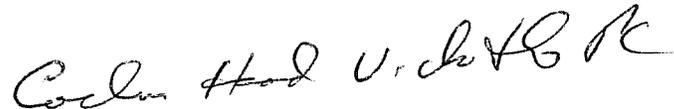
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

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

November 30, 2007

A handwritten signature in cursive script, appearing to read "Cochran Head U. de V. B. R.", is written in black ink.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$230,224 (*net assets*).
- The City's total net assets increased \$4,044. Approximately \$1,294 is attributable to an increase in "governmental activities". "Business-type activities" contributed to the increase by \$2,750.
- As of the close of the current fiscal year, the City's funds reported combined ending governmental fund balances of \$38,152 an increase of \$2,489 in comparison with the prior year. Approximately \$13,870 is available for spending at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,552, or 9% of total general fund expenditures.
- Completed the retroactive infrastructure reporting requirements of GASB Statement No. 34, resulting in the addition of infrastructure capital asset, net of depreciation of \$132,777.
- The City's investment in capital assets for its governmental and business-type activities decreased \$2,822. More information is provided on page MD-13.
- The City's total long-term debt as detailed on page MD-14 decreased by \$4,426 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 other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, grants for reimbursable capital projects, and earned but unused vacation leave).

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type or enterprise activities*). The governmental activities of the City include general government, public safety, highways and streets, public works, health and welfare, parks and recreation. The business-type activities of the City include the Sewer (Wastewater Treatment) Facility, Municipal Airport, Municipal Landfill, Downtown Parking operations and facilities, Municipal Golf Course, and Mass Transit Authority.

The government-wide financial statements can be found beginning on page GW-1 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *General Fund*, *Street Improvement Maintenance & Repair (SIM&R) Fund*, *Special Allocation Fund* and *CIP Sales Tax Improvement Fund*. These funds are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, street improvement maintenance and repair fund and special allocation fund. A budgetary comparison schedule has been provided beginning on page RS-1 for these funds to demonstrate compliance with this budget.

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

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

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

Proprietary funds and the internal service fund provide the same type of information as the government-wide financial statements. The major enterprise funds are *Sewer, Mass Transit and Landfill Funds*. The single internal service fund data is provided separately on the statement. Individual fund data for the 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-11 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page FN-1 of this report.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$230,224 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any depreciation and related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

City of St. Joseph's Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 56,343	\$ 53,316	\$ 17,643	\$ 17,203	\$ 73,986	\$ 70,519
Capital assets	181,766	185,562	81,843	80,868	263,609	266,430
Total assets	238,109	238,878	99,486	98,071	337,595	336,949
Long-term liabilities	65,381	68,641	29,289	30,504	94,670	99,145
Other liabilities	9,326	8,129	3,376	3,495	12,702	11,624
Total liabilities	74,707	76,770	32,665	33,999	107,372	110,769
Net assets						
Invested in capital assets, net of related debt	181,139	184,346	59,053	59,866	240,192	244,212
Restricted	18,805	11,586	4,066	4,018	22,871	15,604
Unrestricted	(36,542)	(33,824)	3,703	188	(32,839)	(33,636)
Total net assets	\$ 163,402	\$ 162,108	\$ 66,822	\$ 64,072	\$ 230,224	\$ 226,180

At the end of the current fiscal year, the City is able to report positive balances in the invested in capital assets and restricted net asset categories, for the government as a whole, as well as for its separate governmental activities. However, the unrestricted net asset category for the governmental activities is still negative continuing from FY06 into FY07. The deficit unrestricted net assets primarily results from the recording of certain development related long-term obligations of the City that do not result in the acquisition of a corresponding capital asset. Unlike the governmental activities, the business type activities show positive unrestricted net assets for FY07 of \$3,703.

An additional portion of the City's net assets, 10% or \$22,871 represents resources that are subject to external restrictions on how they may be used. Governmental activities claim 8% or \$18,805 while the business type activities have the other 2% or \$4,066.

The City's net assets increased by \$4,044 during the current fiscal year. Governmental activities represent a \$1,294 increase in the City's net assets and a \$2,750 increase in net assets is reported in connection with the City's business-type activities.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

City of St. Joseph's Changes in Net Assets

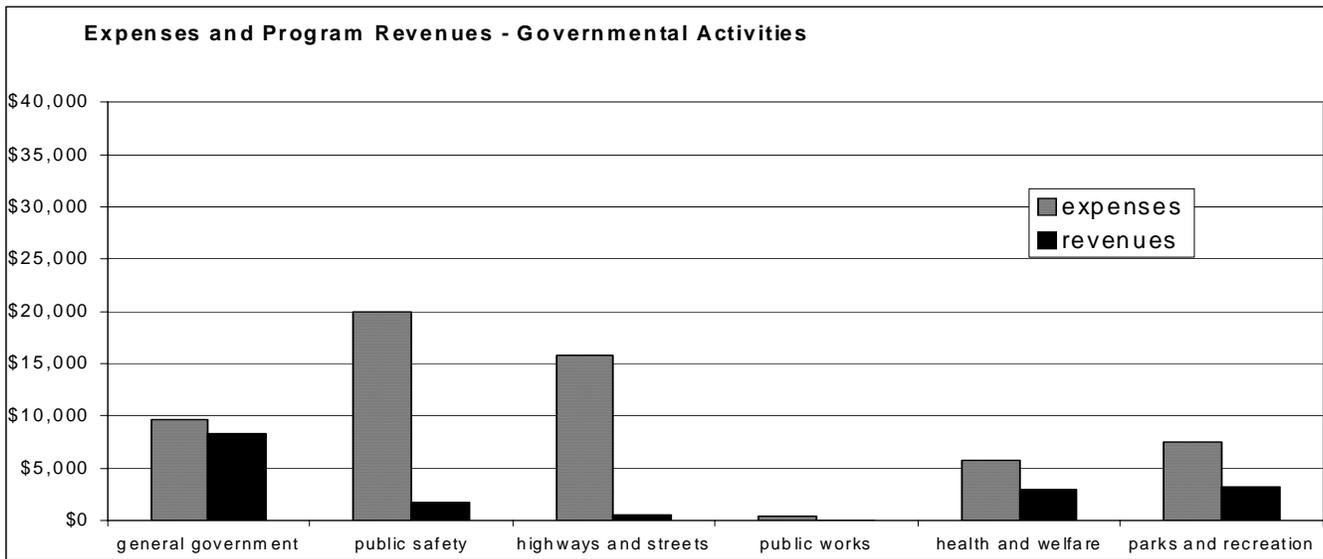
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
General Revenues:						
Property taxes	\$ 12,861	\$ 10,731	\$ -	\$ -	\$ 12,861	\$ 10,731
Sales taxes	22,879	22,601	1,644	1,560	24,523	24,161
Other taxes	8,651	8,409	943	940	9,594	9,349
Program Revenues:						
Charges for Services	7,838	7,728	14,746	12,854	22,584	20,582
Operating grants, contributions, & other intergovernmental funds	6,508	5,347	2,839	1,113	9,347	6,460
Capital grants & contributions	2,428	4,415	1,325	839	3,753	5,254
Other revenue	2,220	2,028	1,146	987	3,366	3,015
Total revenues	63,385	61,259	22,643	18,293	86,028	79,552
Expenses:						
Functions/Programs:						
General government	9,596	23,854	-	-	9,596	23,854
Public safety	19,947	21,134	-	-	19,947	21,134
Highway and streets	15,827	16,004	-	-	15,827	16,004
Public works	386	371	-	-	386	371
Health and welfare	5,803	5,909	-	-	5,803	5,909
Parks and recreation	7,565	5,187	-	-	7,565	5,187
Interest	3,803	4,670	-	-	3,803	4,670
Sewer	-	-	9,867	9,614	9,867	9,614
Mass Transit	-	-	4,930	4,875	4,930	4,875
Landfill	-	-	2,463	2,968	2,463	2,968
Other Proprietary Functions	-	-	1,797	2,200	1,797	2,200
Total expenditures	62,927	77,129	19,057	19,657	81,984	96,786
Excess (deficiency) of revenues over (under) expenses	458	(15,870)	3,586	(1,364)	4,044	(17,234)
Transfers	836	376	(836)	(376)	-	-
Change in net assets	1,294	(15,494)	2,750	(1,740)	4,044	(17,234)
Net assets - beginning, as restated	\$162,108	177,602	\$64,072	65,812	226,180	243,414
Net assets - ending	\$163,402	\$162,108	\$66,822	\$64,072	\$230,224	\$226,180

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

Governmental Activities. Governmental activities increased the City's net assets by \$1,294. The key elements in this increase are as follows:

- Coming off of a reassessment year and with property taxes from the new developments coming on line, property taxes showed a 19.8% increase over the prior year. Total receipts for these revenue sources were \$12,861 in FY07 up from \$10,731 in FY06.
- A major revenue source for governmental funds is sales tax. Sales tax revenue increased from \$22,601 in FY06 to \$22,879 in FY07. With the Shoppes at North Village, East Hills Mall and other retail establishments, this was the first year the City elected to take part in the sales tax holiday.
- Utility franchise fees are assessed on the gross receipts of utility companies who deliver or provide services to local residents and businesses. Franchise fee revenue remained flat from FY06 to FY07. 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.

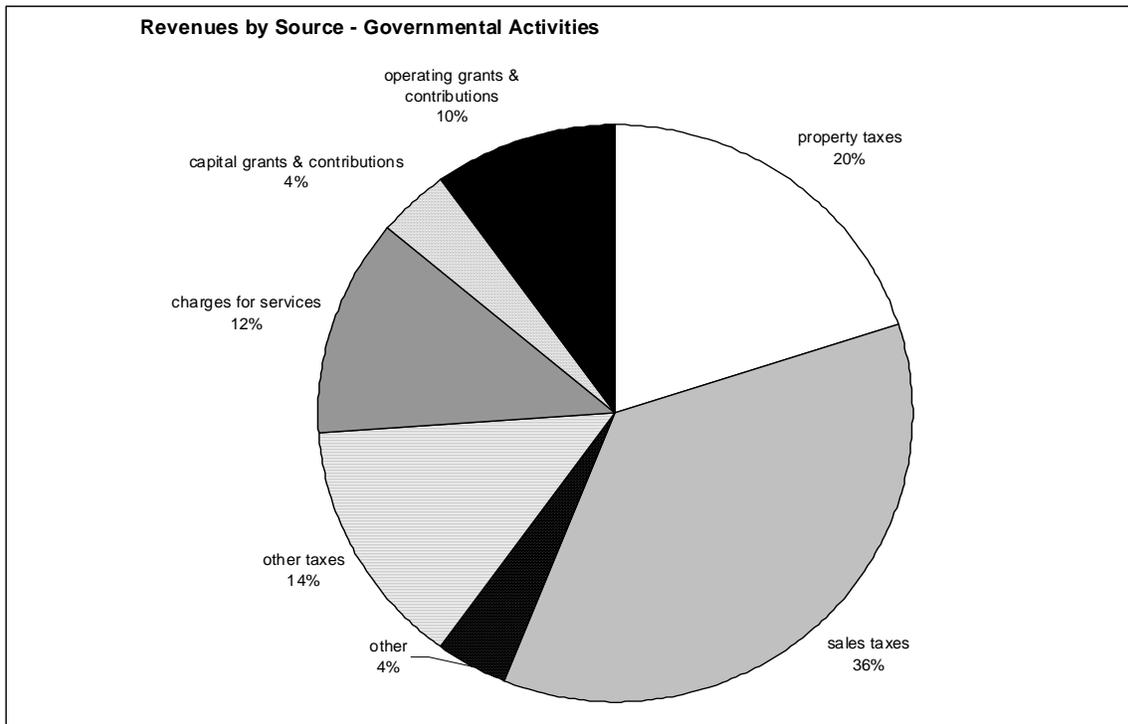


- Motor vehicle, fuel and road & bridge taxes, cigarette taxes, and hotel/motel taxes were up from FY06 revenue by \$181 where the increases are attributed to motor vehicle, fuel, and road and bridge taxes collected in the Streets Improvement Maintenance and Repair Fund and hotel/motel taxes as a positive revenue source for the Parks and Recreation Fund.
- License revenue is derived from business, liquor, dog, garage sale, trade exam, city stickers, and permits for building construction, special events, and dangerous buildings. There was an overall increase of \$20 over FY06 mainly from General fund's business license revenue.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

- Municipal Court in the General Fund and Animal Control in the Public Health Fund generated an increase of \$95 in fine revenue over last fiscal year. The boost in revenue for the General Fund is from an increase in the number of tickets and more cases. New fines and repeat offender penalties contributed to more revenue in the Health Fund.
- The City saw a decrease in general government expenses related to the Special Allocation fund. Development costs from the TIFs that were \$1,697 in FY07 down from \$14,828 in FY06.
- The City had a slight raise in the public safety expenses again over last year. \$20,665 for public safety in FY06 compared to \$21,253 in FY07. The majority of the increase belongs to the Police department for numerous reasons. The City experienced an increase in overtime costs due to the first year of the Weed and Seed grant from the US Department of Justice. A rise in fuel costs bombarded the Police Maintenance motor fuel expenditure line item compared to FY06. As a result of the new 911 communication system, the maintenance agreements were more than in the previous year. The Law Enforcement Center, as a joint project between the City of St. Joseph and Buchanan County was renovated which causing shared costs between the two agencies to increase from \$160 in FY06 to \$393 in FY07. The Fire department contributed to the increase in the public safety expenses as a result of the flood that occurred in May, 2007.



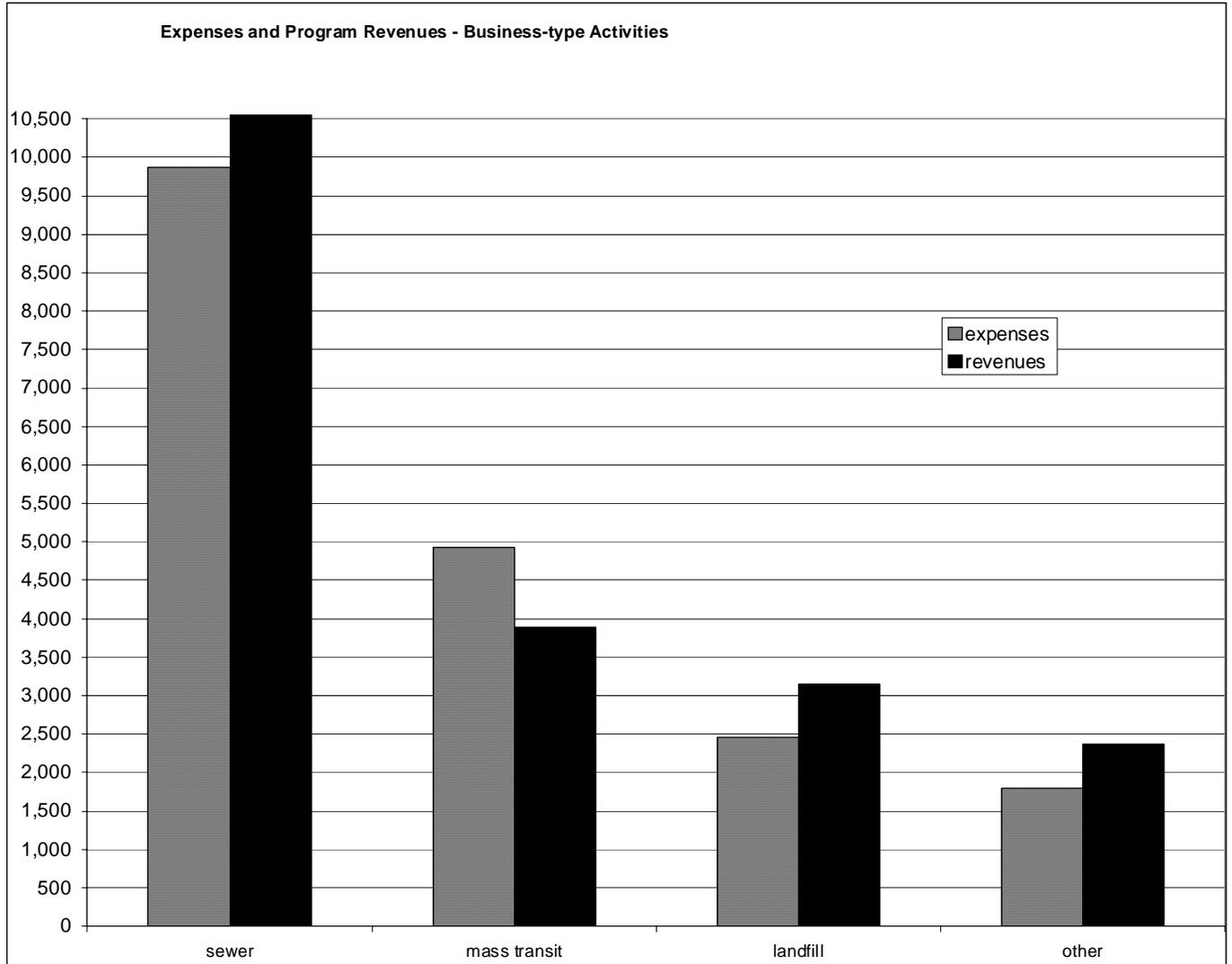
CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

Business-type activities. The net assets of the City's business-type activities increased \$2,750. Key elements of the increase within the business-type activities are:

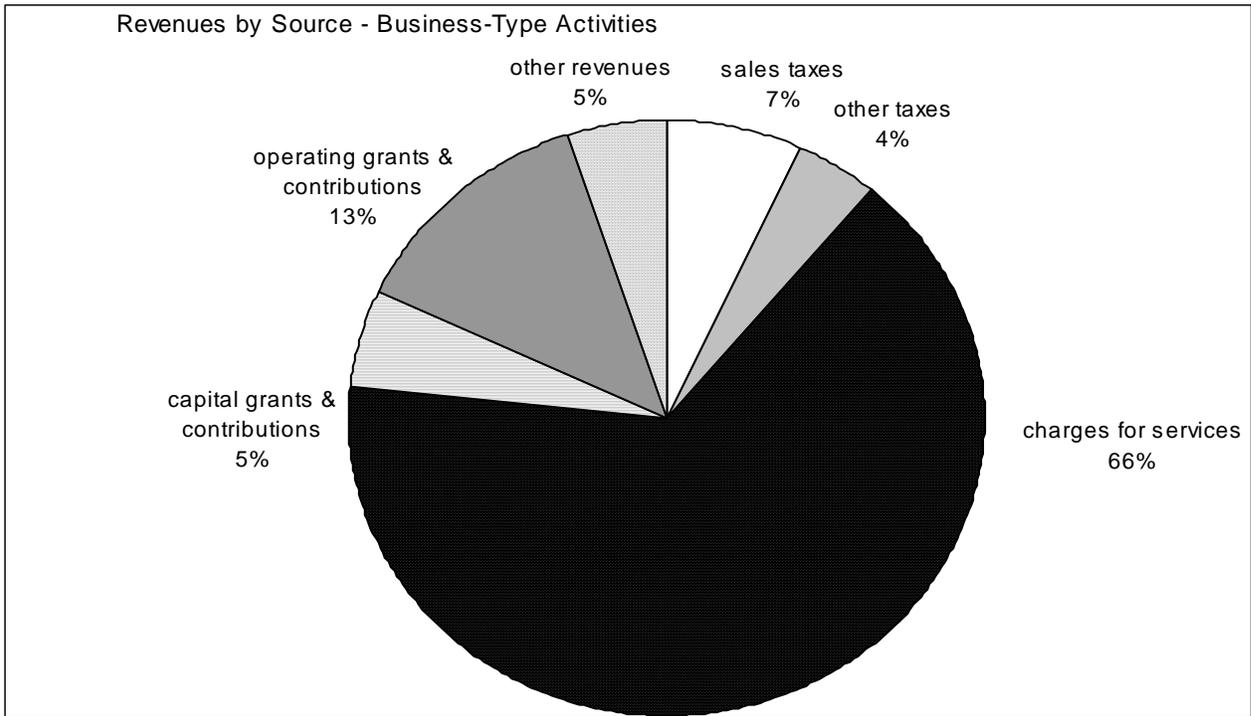
- Revenues from business-type activities went from \$18,293 in FY06 to \$22,643 for FY07 while expenses were lower in FY07 by \$600
- The charges for services operating revenue category reported an overall increase of \$1,892. Of that amount, increases in revenue belong to Aviation services, \$29, Sewer user charges, \$1,517, Mass Transit fares, \$34 and Landfill fees, \$350. Aviation hangar rent incurred a 3% rate increase and penalties were enforced for sewer code compliance causing revenue to go beyond last year numbers. Increased users lead to increased revenue for Mass Transit and Landfill with more riders and tonnage respectively. Parking services declined by \$13 and Golf user fees were down by \$25. These two are the only reported decreases in revenue for the business-type activities.
- Higher expenses in FY07 were incurred by two of the six business-type activities. Aviation services increased \$112 and Mass Transit climbed by \$55. As a way to lower future interest payments, the Star Loan in the Aviation fund was paid off early causing the fund to experience higher costs in this fiscal year. Mass Transit's expenditures reflected a spike in insurance rates for their employees.
- The other four business-type funds were successful in lowering their costs. The Parking fund was down by \$64 due to the vacant positions throughout the fiscal year in addition to the bond costs lower in FY07 compared to FY06. The Sewer fund reduced their expenditures by \$253 from the capital improvements associated with the bonds in the previous fiscal year. The Golf fund, as a result of the golf course drainage improvements in FY06, cut costs by \$28. The Landfill fund saw a decrease of \$505 in FY07 from two construction projects - the addition to the Maintenance building and the opening of the new cell at the Landfill.

CITY OF ST. JOSEPH, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007



CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007



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.

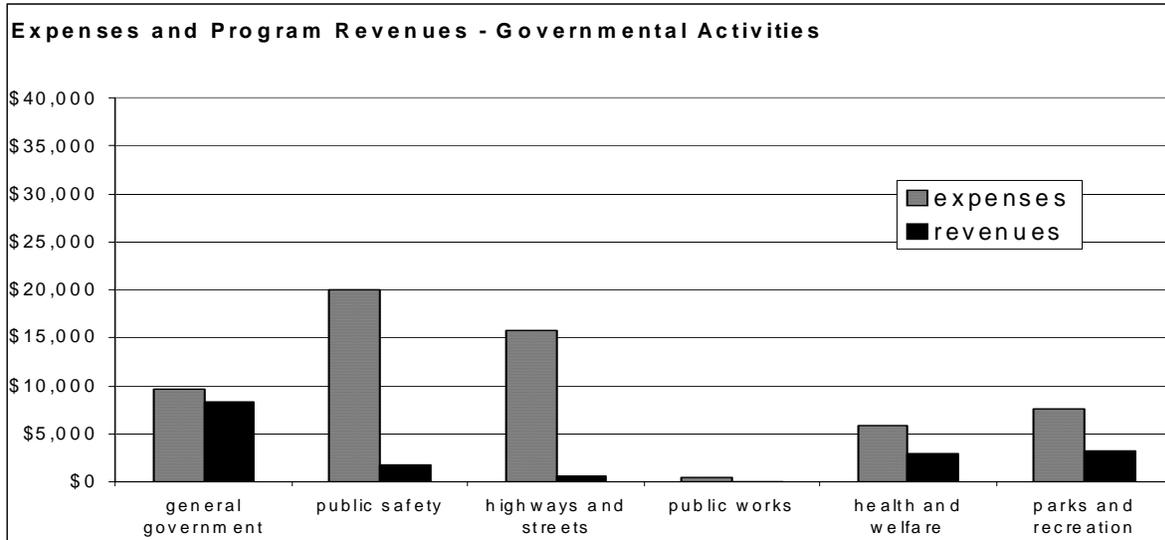
The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,552, while total general fund balance reached \$3,187. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9% of total general fund expenditures, while total fund balance represents 11% of that same amount.

The fund balance of the City's general fund increased \$44 during the current fiscal year. Key factors in this increase are as follows:

- General Fund's total revenue increased from \$25,760 in FY06 to \$26,810 in FY07 and total expenditures went from \$30,734 in FY06 to \$28,426 in FY07.
- Property tax and sales tax revenues came in over last year's revenue by \$874.
- Utility franchise fees collected for gas, electric, water, cable and telephone were \$60 more in FY07 than in FY06.
- Charges for services were \$52 higher than FY06.
- Licenses and permits receipts grew from \$1,204 in FY06 to \$1,218 in FY07. Most of the increase is due to a growth in business license revenue.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007



- Municipal Court in the General Fund generated a boost of \$53 in fine revenue over last fiscal year from an increase in the number of tickets and more cases.
- General government expenditures decreased \$795, while Public safety expenditures increased \$587. City departments were given the directive from the City Manager to decrease operating expenditures and it was a concerted effort in the General fund. The majority of the increase in the Public Safety expenditures belongs to the Police department for numerous reasons. The City experienced an increase in overtime costs due to the first year of the Weed and Seed grant. The completed Law Enforcement Center and the 911 communication system capital projects resulted in increased costs for the first year of the new maintenance agreements. The Fire department contributed to the increase from the flood expenditures that occurred in FY07.
- The Law Enforcement Center renovations and the improvements to the City's 911 communication system neared completion in FY06 with \$2,655 in expenditures compared to \$505 in FY07.

The Street Improvement, Maintenance & Repair (SIM&R) Fund is the second major fund for the City. This fund had an ending fund balance of \$3,974 of which \$2,544 represents unreserved fund balance. Unreserved fund balance represents 27% of the SIM&R fund's expenditures for the current year. The net change in fund balance of the SIM&R fund decreased by \$301 during the current fiscal year due to the following key factors:

- SIM&R produced an increase in total revenue from \$8,646 in FY06 to \$9,234 in FY07 for a difference of \$587. Motor vehicle and sales tax revenues are responsible for the majority of the increase with \$565 over last year.
- Expenditures were up from \$9,330 in FY06 to \$9,409 in FY07 for an increase of \$79.
- The transfers resulted in a negative effect to the net change in fund balance with \$126 this year compared to a positive effect of \$413 last fiscal year. This is from additional transfers to the Aviation and Parking funds.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

The Special Allocation Fund was established in FY04 to record transactions for the City's TIF districts and related bond issues. The ending fund balance of \$12,077 includes \$8,737 reserved for bond payments leaving \$3,340 unreserved. Unreserved fund balance represents 28% of the Special Allocation fund's total expenditures. The following key factors contributed to the Special Allocation's fund balance:

- The Special Allocation fund almost doubled their total revenue with \$3,473 in FY06 and \$6,914 in FY07.
- Property tax saw a huge jump in revenues from \$297 in FY06 to \$1,843 in FY07.
- As seen in the General fund, sales tax for the Special Allocation Fund went up from \$1,744 in FY06 to \$2,251 in this year.
- New in FY07, developer contributions provided for a \$1,437 increase in revenue over last fiscal year.
- With the projects for the TIF developments almost completed, the expenditures dropped from \$14,828 for FY06 to \$1,697 in FY07.
- Debt service related expenditures were higher in FY07 than FY06 by \$520.

The CIP Sales Tax Improvement Fund has a total fund balance of \$11,201. While unreserved, \$2,703 of this fund balance actually represents capital projects that have been appropriated but have not been completed. All of the budgeted monies within the capital improvement fund are attached to projects approved by the voters with the half-cent CIP sales tax issues voted on in 1998 and renewed in 2003. In November 2007, the voters again agreed with the CIP sales tax and approved the tax for another five years. Fund balance fluctuations are tied directly to the status of projects and/or to the timing of grant monies anticipated as reimbursements for up-front expenditures on the projects.

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

The Proprietary funds net assets activity resulted in an increase of \$2,724 over last year. Investment in capital assets is the largest and only component of net assets that showed a decrease of \$813 from last year. A portion of the City's proprietary fund net assets, 6% or \$4,066 represents resources that are subject to external restrictions on how they may be used. .

Unrestricted net assets at the end of the fiscal year were positive in the Sewer and Mass Transit Funds. The Sewer Fund claimed \$3,695 in unrestricted net assets while Mass Transit had \$292. Deficits resulted in the Landfill Fund of \$1,178. Increased landfill tipping fees along with controlling operating expenditures will help eliminate the deficit.

General Fund Budgetary Highlights

General Fund

Differences between the original budget and the final amended budget amounted to \$186. The differences can be briefly summarized as follows:

- Economic Adjustment Grant contracted with Council for Adult and Experimental Learning for workforce diagnostic analysis and strategy - \$80

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

- Purchase tactical vests/standard issue vests for the Police Department - \$56
- Upgrade Police photographic equipment and mug shot computer system - \$15
- Annual maintenance for Livescan Fingerprint System at the Police Department - \$11
- Temporary Full Time position to coordinate all permitting, inspection, and support for construction of new ethanol plant - \$28

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

- Revenues fell slightly below budgeted target by \$99.
- Expenditures were under budget by \$514. The Fire Department did not incur costs associated with a federal grant because the funding was not available to the City. Vacant positions and military leave salary and related benefits in the Police and Fire department make up the remaining amount.

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, 2007 amounts to \$263,609 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, office furniture and fixtures, roads, park improvements, major fire apparatus, sewer lines and wastewater treatment facility improvements. Major capital asset events during the current fiscal year included the following:

- Acquired ten (10) vehicles operated by the St. Joseph Police Department (\$189)
- Phil Welsh Stadium underwent renovations including locker rooms for the home and away teams (\$352)
- Reconstruction of the Hanger Apron at Rosecrans Memorial Airport (\$421)
- Expansion at the Wastewater Treatment Plant for new pork processing plant (\$1,341)
- Purchased a combination vactor/flusher truck for the Sewer Maintenance Division in the Sewer Fund (\$261)
- Received an Elgin Eagle Street Sweeper (\$183)
- Continued construction of the Riverfront Nature Center (\$1,491)
- Completed the retroactive reporting requirement of GASB Statement No. 34 resulting in addition to infrastructure Capital Assets of (\$132,777)

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

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

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 5,227	\$ 5,102	\$ 5,438	\$ 5,397	\$ 10,665	\$ 10,499
Buildings and system	13,814	14,749	20,328	21,220	34,142	35,969
Improvements other than buildings than buildings	20,472	8,452	5,260	5,149	25,732	13,601
Machinery and equipment	3,722	4,226	3,308	4,159	7,030	8,385
Infrastructure	135,219	141,237	1,422	1,499	136,641	142,736
Sewer Lines	-	-	30,276	29,625	30,276	29,625
Construction in progress	3,312	11,796	15,811	13,820	19,123	25,616
Total capital assets	\$ 181,766	\$ 185,562	\$ 81,843	\$ 80,869	\$ 263,609	\$ 266,431

Additional information on the City's capital assets can be found in the Notes to Financial Statements on page FN-18 of this report.

Debt Administration

At the end of the current fiscal year, the City had total debt outstanding of \$91,143. Of this amount, \$11,216 represents bonds secured solely by specified revenue sources (i.e., Revenue Bonds). The remaining \$79,927 is comprised of 1) \$707 of Public Building Authority Bonds covered by annual appropriations in the general government activity funds and by dedicated revenues of the Landfill and Parking Operations funds, 2) \$60 in Special Obligation Bonds for projects in, and supported by Municipal Golf fund, 3) \$19,430 Infrastructure Facility Bonds secured by loan payments made by the City pursuant to the financing agreement, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenue in the Special Allocation fund, 4) \$42,235 issued by the Industrial Development Authority Bonds in connection with The Shoppes at North Village project in the Special Allocation fund, 5) \$15,325 in the Missouri Development Finance Board Bonds which includes \$3,810 in the General and Special Allocation funds for the Public Safety Improvement projects and \$11,515 in the Sewer fund for the Sewerage System Improvements related to the Stockyards Redevelopment project, 6) \$2,029 in Developer Obligations for certified costs of the Holiday Inn TIF in the Special Allocation fund, and 7) by capital lease obligations for major pieces of equipment totaling \$100 supported through the Landfill fund, and \$41 supported through the Municipal Golf fund.

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

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

Revenue Bonds and Other Bonded Debt

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue Bonds	\$ -	\$ -	\$ 11,216	\$ 12,257	\$ 11,216	\$ 12,257
Public Building Authority Bonds	341	383	366	411	707	794
Special Obligation Bonds	-	-	60	90	60	90
Infrastructure Facility Bonds	19,430	19,545	-	-	19,430	19,545
Industrial Development Authority	42,235	42,985	-	-	42,235	42,985
MO Development Finance Board	3,810	5,395	11,515	11,720	15,325	17,115
Loans	-	-	-	169	-	169
Developer Obligation	2,029	2,379	-	-	2,029	2,379
Capital Lease Obligations	-	70	141	166	141	236
Total long-term debt	\$ 67,845	\$ 70,757	\$ 23,298	\$ 24,813	\$ 91,143	\$ 95,570

The City's total debt decreased by \$4,427 during the current fiscal year. The key factors in this decrease were as follows:

- The normal annual retirement of debt service.
- The Municipal Golf fund purchased a Jacobsen Rotary Mower under a capital lease agreement until 2010.
- The capital leases agreements in the General Fund were paid off early reducing the debt in that fund.
- The Aviation Fund was able to take advantage of the early pay off for the Star Loan.
- Additional information on the City's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City at June 30, 2007 is 4.5%, which is a decrease from a rate of 4.9% a year ago. This compares favorably to the state's average unemployment rate of 4.8% and reflects the expansion and addition of several small companies in the St. Joseph area.
- Eastowne Business Park, the proposed 350 acre business park, is located at the corner of Pickett and Riverside Roads. With the success of Mitchell Woods, St. Joseph is in the process of developing another business park for commercial offices and light industrial facilities.
- In November, the citizens voted to extend the CIP half cent sales tax until 2013. This will allow the City to further the projects promised to the citizens.
- New developments are occurring throughout the St. Joseph area with eight (8) approved Tax Increment Financing districts, four (4) of which are active.

Revenue Forecast.

In aggregate terms, City revenues came in under what was expected for the Fiscal Year ended June 30, 2007 (FY2007). However, when excluding bond proceeds, grant revenues (in most cases), and transfers overall City revenues showed modest to good improvement with a 1.5% increase over projections. Looking at only operating revenues (excluding CIP and Special Allocation revenues) projections came in almost exactly as projected - \$28,701 or .000394 over projections.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

FY2008 Budget decisions on major revenue categories were made almost five months prior to the end of the FY2007 fiscal year and were based on the following assumptions.

Property Tax Projections: Annual growth in property taxes for the past five years had fluctuated between less than 1% up to 5% in re-assessment years. Due to the Hancock Amendment, property tax growth is confined to the lower of 5% or the Consumer Price Index ceiling. New construction valuations and prior year tax collections are not restricted by the Hancock Amendment. FY2007 was a reassessment year. New construction valuations and the personal property taxes of new developments coming on-line were also remarkably high, resulting in the estimated 19% increase from FY2006. Although there has been low to average activity over the past year, because next year is not a reassessment year, real property tax revenues were estimated to increase in FY2008 by 2%. The County Assessor had lowered the assessed valuations totals for personal property values two years in a row in the recent past as a result of errors in assessed valuations, major plant closings and, to some degree, tax abatements provided as economic development initiatives. As a result, personal property tax revenue projections were only increased by 1.8-2.0%.

Sales Tax Projections: Beginning around FY2000 the annual growth in sales taxes slowed to an average of 1% to 1.5%. Staff has been cautiously optimistic that the local economy has begun to realize the positive effects of two, major economic boosts – the development of an up-scale shopping center in the northeast section of the City and the development of a major food processing plant just south of the downtown area. Both of these projects were completed and operational within FY2006 fiscal year. And indeed tax revenues increased at 2.35% and 1.58% in FY2005 and FY2006 respectively. Last year, staff projected a 2% growth in base sales tax revenue plus a conservative amount of the additional non-incremental sales taxes used in the market analysis for the North Shoppes Village project. FY2007 estimated actual revenues showed a 6% increase over FY06. An increase of 3% on all sales tax revenues was used for the FY2008 budget year.

Franchise Fee Projections: Annual change 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. A steady migration of the telecommunications business to wireless and data transmission has meant an 18% decrease in communications' franchise revenue over the last five years. At the time of the FY2008 budget development, proposed settlements with the telecommunications companies still had an unknown effect on revenues.

Historical revenue patterns are only marginally useful because they cannot predict future weather conditions or legislative impacts on utility revenues. For FY2008, budgeted franchise revenue was estimated as follows: Gas (2.4% increase from FY07 original budget), Electric (4% increase), Water (2% increase), Telephone (until the outcome of the settlements are known, same as current year projections), and Cable (2%).

Preliminary settlements with the telecoms have been realized. The City will receive a fairly significant amount of one-time revenue in the form of back taxes from the various companies. Those funds will

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

be used for one-time expenditures as yet determined by City Council. FY2009 budgets and beyond should be able to reflect the return of normal increases in communication's franchise revenues.

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

Riverboat gaming revenues had decreased every year since FY2001. The revenue losses were worsening – 2%, 5%, to an 8% decrease in FY2004. FY2005 was continuing that slide until the casino changed ownership in January. Since that time there has been a dramatic turn around. There was a 21% increase of FY2006 revenues over FY2005. FY2007 increase slowed to 10.5%. Staff has projected a modest increase of 3% increase for FY2008. Sewer fees and landfill tipping fees are determined by cost of service studies prepared by specialists. Increases Sewer discharge fees will take effect October 1, 2006. Given the anticipated increase in Landfill revenues with the addition of a major trash hauler to the City's customer base, no increases were implemented for that fund. Most other user fees were estimated to be above FY2007 levels as a result of an almost city-wide effort to identify cost of services and to raise user fees accordingly in many areas.

License/Permit/Fine Projections: Following City Council's decisions to look into increasing and adding some fines, revenues from that source were budgeted at a slight increase. Actual revenue received will depend on the Municipal Judge's decisions on what amounts to actually levy or waive as well as on the City's efforts to collect unpaid fines. All other license and permit revenues have remained fairly constant over the past 6 years. Revenue estimates were based largely on the experience and projections of the responsible departments.

Sale of Bonds: Bonds sales most often occur in response to individual capital project and capital outlay funding initiatives with little or no relationship to prior year bond sales. Most of the FY2006 bond sales were directly related to a number of TIF related infrastructure improvements. The \$5.5 million bond issue budgeted for sewer improvements in FY2007 did not occur. While no bond issues were budgeted in FY2008, Special Obligation Revenue Bonds in the amount of \$20 million were issued by the Industrial Development Authority for use by the City in completing major Sewer System and Wastewater Treatment upgrades to not only meet state and federal mandates, but to expand sewer mains in areas not currently served by the sewer system.

Expenditure Controls.

Going into the FY2007 budget process, most operating funds had been saddled with operating deficits that continued to erode fund balance. With that in mind, and taking into account a local economy that had as yet shown only slow growth, steps were taken to strengthen the City's financial position. Chief among these was to institute a freeze on employee salaries. As a result, total FY2007 operating budgets actually declined by 3.3% (\$2,427,500). Through a concerted effort made by staff, most funds turned around their financial prospects in FY2007 by growing operating revenues and achieving decreases in their operating expenses.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

The City Council expressed its desire to accomplish two important budget goals for FY2008 including balancing (revenues equal or exceed expenditures) all operating funds and resuming annual compensation increases for City employees. These budget objectives, were, of course, added to the always-present Council objective of delivering timely and effective municipal services to the City's customers.

Those goals – providing a 3% across-the-board increase to employees while presenting balanced budgets - were achieved in a number of ways, most coming from recommendations put forth by a Budget and Employee Compensation Task Force (Task Force) formed by the City Council in early FY2007. Recommendations from the Task Force included adjustments to selected revenues and expenditures. Major recommendations on the expenditure side as incorporated in the FY2008 budget are listed as follows:

- Reduced workers compensation self-insurance reserve from 2½% to 2% of covered payroll.
- Implemented separate reporting for health insurance coverage resulting in 3.5% as opposed to an 8.6% health insurance premium increase.
- Reduced base operating budgets by 5% in non-personnel accounts such as travel & training, materials & supplies and miscellaneous services.
- Increased specific user fees and fines not to exceed 5%.
- Assumed 1% payroll and benefit savings for vacant positions

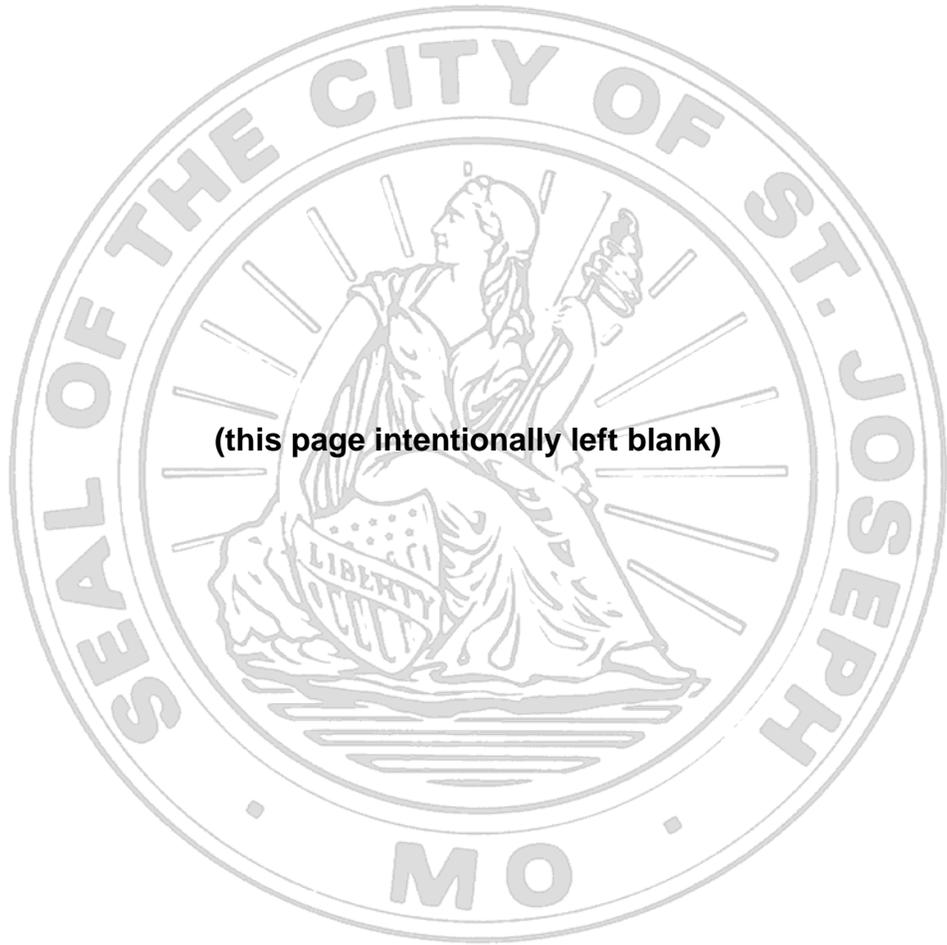
Along with Task Force recommendations, the FY2008 proposed budget benefited from lower actuarially-determined minimum pension contribution rates for general, police and fire employees.

In order to maintain positive fund balances in FY2008, the Parking and Aviation funds will be receiving transfers from the Gaming Fund. The Golf Course will get a transfer from Parks & Recreation Fund to help it meet a final, balloon debt service payment. Steps are currently underway to ask voters for a 3/8th cent sales tax to save transit services. Should that tax increase not pass, the City has also been following regulatory guidelines in order to decrease services if necessary

The City continues to examine its current Compensation Plan, looking for ways in which to implement fair, and financially responsible, employee pay increases.

Requests for Information

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



(this page intentionally left blank)

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
 JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 21,476,233	\$ 10,045,423	\$ 31,521,656
Receivables, net where applicable of allowances for uncollectibles	15,956,525	2,448,922	18,405,447
Loan receivables	3,907,954	-	3,907,954
Internal balances	(89,044)	89,044	-
Due from other governments	1,977,783	178,768	2,156,551
Prepaid items and deferred charges	1,755,806	615,275	2,371,081
Restricted assets:			
Cash and investments	11,357,639	4,265,850	15,623,489
Capital assets not being depreciated:			
Land	5,227,255	5,438,685	10,665,940
Construction in progress	3,312,346	15,810,557	19,122,903
Capital assets net of accumulated depreciation:			
Buildings	13,812,999	20,327,197	34,140,196
Improvements other than buildings	20,472,595	5,259,990	25,732,585
Machinery and equipment	3,646,928	3,285,547	6,932,475
Office Equipment	74,812	22,725	97,537
Infrastructure	135,219,218	31,698,510	166,917,728
Total assets	<u>238,109,049</u>	<u>99,486,493</u>	<u>337,595,542</u>
Liabilities			
Accounts payable and other current liabilities	3,507,369	1,363,431	4,870,800
Accrued interest payable	826,200	194,338	1,020,538
Noncurrent liabilities:			
Due within one year	4,992,629	1,744,886	6,737,515
Due in more than one year	65,380,941	21,754,257	87,135,198
Landfill closure and postclosure costs:			
Due within one year	-	73,500	73,500
Due in more than one year	-	7,534,455	7,534,455
Total liabilities	<u>74,707,139</u>	<u>32,664,867</u>	<u>107,372,006</u>
Net Assets			
Invested in capital assets, net of related debt	181,138,463	59,053,451	240,191,914
Restricted for:			
Debt service	9,378,287	4,065,619	13,443,906
Capital projects	9,427,150	-	9,427,150
Unrestricted (deficit)	(36,541,990)	3,702,556	(32,839,434)
Total net assets	<u>\$ 163,401,910</u>	<u>\$ 66,821,626</u>	<u>\$ 230,223,536</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, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 9,595,821	\$ 4,873,363	\$ 3,478,989	\$ -	\$ (1,243,469)	\$ -	\$ (1,243,469)
Public safety	19,946,741	496,759	522,132	674,614	(18,253,236)	-	(18,253,236)
Highways and streets	15,826,928	158,804	91,941	288,661	(15,287,522)	-	(15,287,522)
Public works	385,983	45,627	-	-	(340,356)	-	(340,356)
Health and welfare	5,803,456	749,166	2,206,733	-	(2,847,557)	-	(2,847,557)
Parks and recreation	7,564,744	1,514,198	208,288	1,464,368	(4,377,890)	-	(4,377,890)
Interest on long-term debt	3,802,505	-	-	-	(3,802,505)	-	(3,802,505)
Total governmental activities	<u>62,926,178</u>	<u>7,837,917</u>	<u>6,508,083</u>	<u>2,427,643</u>	<u>(46,152,535)</u>	<u>-</u>	<u>(46,152,535)</u>
Business-type activities:							
Aviation services	976,138	469,727	1,169,320	-	-	662,909	662,909
Parking services	445,675	343,396	-	-	-	(102,279)	(102,279)
Sewer services	9,867,502	10,242,357	522,757	1,324,937	-	2,222,549	2,222,549
Golf services	374,989	379,891	-	-	-	4,902	4,902
Transit services	4,929,923	158,916	1,147,299	-	-	(3,623,708)	(3,623,708)
Landfill services	2,462,903	3,151,363	-	-	-	688,460	688,460
Total business-type activities	<u>19,057,130</u>	<u>14,745,650</u>	<u>2,839,376</u>	<u>1,324,937</u>	<u>-</u>	<u>(147,167)</u>	<u>(147,167)</u>
Total primary government	<u>\$ 81,983,308</u>	<u>\$ 22,583,567</u>	<u>\$ 9,347,459</u>	<u>\$ 3,752,580</u>	<u>(46,152,535)</u>	<u>(147,167)</u>	<u>(46,299,702)</u>
General revenues:							
Property taxes					12,860,706	-	12,860,706
Sales taxes					22,879,226	1,643,460	24,522,686
Franchise taxes					4,016,906	942,673	4,959,579
Motor fuel taxes					3,750,470	-	3,750,470
Cigarette taxes					453,013	-	453,013
Hotel taxes					430,551	-	430,551
Unrestricted investment revenues					2,220,429	1,146,274	3,366,703
Transfers					835,608	(835,608)	-
Total general revenues and transfers					<u>47,446,909</u>	<u>2,896,799</u>	<u>50,343,708</u>
Change in net assets					1,294,374	2,749,632	4,044,006
Net assets - beginning, as restated					162,107,536	64,071,994	226,179,530
Net assets - ending					<u>\$ 163,401,910</u>	<u>\$ 66,821,626</u>	<u>\$ 230,223,536</u>

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

CITY OF ST. JOSEPH, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Street Improvement Maintenance & Repair	Special Allocation	CIP Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 1,330,913	\$ 2,894,362	\$ 1,018,227	\$ 10,565,155	\$ 4,052,466	\$ 19,861,123
Receivables	2,858,364	1,383,313	10,496,999	740,575	477,274	15,956,525
Loan receivables	-	-	-	-	3,907,954	3,907,954
Due from other funds	-	-	-	740,805	-	740,805
Due from other governments	54,878	19,578	-	1,169,035	734,292	1,977,783
Prepaid items	77,925	43,582	-	-	53,647	175,154
Restricted cash and investments	205,585	-	10,716,513	381,277	54,264	11,357,639
Total assets	<u>\$ 4,527,665</u>	<u>\$ 4,340,835</u>	<u>\$ 22,231,739</u>	<u>\$ 13,596,847</u>	<u>\$ 9,279,897</u>	<u>\$ 53,976,983</u>
Liabilities And Fund Balances						
Liabilities:						
Accounts payable	\$ 635,013	\$ 300,224	\$ 3,194	\$ 1,292,579	\$ 550,935	\$ 2,781,945
Contracts payable	-	411	-	103,097	35,249	138,757
Due to other funds	-	-	-	-	658,360	658,360
Other current liabilities	405,202	66,198	-	-	104,713	576,113
Deferred revenue	300,497	-	10,151,526	1,000,000	217,467	11,669,490
Total liabilities	<u>1,340,712</u>	<u>366,833</u>	<u>10,154,720</u>	<u>2,395,676</u>	<u>1,566,724</u>	<u>15,824,665</u>
Fund balances:						
Reserved for:						
Encumbrances	351,909	1,386,836	-	8,116,515	965,979	10,821,239
Debt service	205,302	-	8,737,444	381,277	54,264	9,378,287
Prepaid items	77,925	43,582	-	-	53,647	175,154
Long-term receivables	-	-	-	-	3,907,954	3,907,954
Unreserved reported in:						
General fund	2,551,817	-	-	-	-	2,551,817
Special revenue funds	-	2,543,584	3,339,575	-	2,575,164	8,458,323
Capital projects funds	-	-	-	2,703,379	156,165	2,859,544
Total fund balances	<u>3,186,953</u>	<u>3,974,002</u>	<u>12,077,019</u>	<u>11,201,171</u>	<u>7,713,173</u>	<u>38,152,318</u>
Total liabilities and fund balances	<u>\$ 4,527,665</u>	<u>\$ 4,340,835</u>	<u>\$ 22,231,739</u>	<u>\$ 13,596,847</u>	<u>\$ 9,279,897</u>	<u>\$ 53,976,983</u>

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

CITY OF ST. JOSEPH, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Fund balances – total governmental funds	\$ 38,152,318
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	181,766,153
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due.	(826,200)
Adjustment of deferred revenue	11,669,491
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund is included in the governmental activities in the statement of net assets.	658,600
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(69,599,104)
Deferred debt costs	<u>1,580,652</u>
Net assets of governmental activities	<u>\$ 163,401,910</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, 2007

	General	Street Improvement Maintenance & Repair	Special Allocation	CIP Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 6,511,273	\$ -	\$ 1,842,785	\$ -	\$ 4,366,908	\$ 12,720,966
Sales	11,354,049	5,065,207	2,251,296	5,479,415	-	24,149,967
Franchise	4,016,906	-	-	-	-	4,016,906
Motor Fuel	-	3,750,470	-	-	-	3,750,470
Cigarette	453,013	-	-	-	-	453,013
Hotel	-	-	-	-	430,551	430,551
Licenses and permits	1,217,663	11,300	-	-	236,232	1,465,195
Intergovernmental	585,188	91,941	-	1,141,608	3,878,472	5,697,209
Charges for services	1,398,450	105,057	-	-	3,241,034	4,744,541
Fines	1,058,711	-	-	-	42,454	1,101,165
Special assessments	-	-	-	-	47,522	47,522
Investment earnings	26,287	167,256	1,191,211	494,384	264,505	2,143,643
Contributions and donations	34,046	-	-	-	46,513	80,559
Payments in lieu of taxes	91,702	-	-	-	40,449	132,151
Other	62,849	42,446	1,628,715	1,500	728,480	2,463,990
Total revenues	26,810,137	9,233,677	6,914,007	7,116,907	13,323,120	63,397,848
Expenditures						
Current:						
General government	6,448,873	-	1,696,757	-	636,718	8,782,348
Public safety	21,252,553	-	-	-	-	21,252,553
Highways and streets	-	7,492,151	-	-	-	7,492,151
Public works	-	-	-	-	274,688	274,688
Health and welfare	-	-	-	-	5,406,459	5,406,459
Parks and recreation	-	-	-	-	4,576,833	4,576,833
Debt Service:						
Principal	119,092	-	1,215,654	1,490,000	93,546	2,918,292
Interest and fiscal charges	99,968	-	3,467,762	139,727	16,025	3,723,482
Capital outlay	505,405	1,916,619	-	4,583,763	311,620	7,317,407
Total expenditures	28,425,891	9,408,770	6,380,173	6,213,490	11,315,889	61,744,213
Excess (deficiency) of revenues over expenditures	(1,615,754)	(175,093)	533,834	903,417	2,007,231	1,653,635
Other financing sources (uses)						
Transfers in	2,640,886	767,220	-	1,066,822	1,291,750	5,766,678
Transfers out	(981,115)	(893,493)	(28,439)	-	(3,028,023)	(4,931,070)
Total other financing sources (uses),	1,659,771	(126,273)	(28,439)	1,066,822	(1,736,273)	835,608
Net change in fund balances	44,017	(301,366)	505,395	1,970,239	270,958	2,489,243
Fund balances - beginning	3,142,936	4,275,368	11,571,624	9,230,932	7,442,215	35,663,075
Fund balances - ending	\$ 3,186,953	\$ 3,974,002	\$ 12,077,019	\$ 11,201,171	\$ 7,713,173	\$ 38,152,318

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, 2007

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

Net changes in fund balances – total governmental funds \$ 2,489,243

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 capital outlays exceeded depreciation in the current period.

Capital Outlay	5,238,827	
Depreciation	<u>(9,220,271)</u>	(3,981,444)

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

Disposals	(102,993)	
Capital contribution	<u>288,661</u>	185,668

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (378,351)

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

Principal payments		2,918,287
Debt issuance costs and related amortization		<u>(107,206)</u>

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

Accrued interest		28,188
Compensated absences		<u>(56,144)</u>

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.

196,133

Change in net assets of governmental activities \$ 1,294,374

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

Business-type Activities - Enterprise Funds

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Total	Total Internal Service Fund
Assets						
Current assets:						
Cash and investments	\$ 3,006,781	\$ 8,634	\$ 6,295,904	\$ 734,104	\$ 10,045,423	\$ 1,615,110
Restricted cash and cash equivalents	1,545,200	-	2,015	83,942	1,631,157	-
Interest receivable	123,132	-	126,926	15,307	265,365	-
Accounts receivable (net of allowance for uncollectibles)	1,641,083	365,796	173,047	3,631	2,183,557	-
Due from other governments	-	-	-	178,768	178,768	-
Prepaid items	29,211	63,326	7,894	11,826	112,257	-
Total current assets	6,345,407	437,756	6,605,786	1,027,578	14,416,527	1,615,110
Noncurrent assets:						
Restricted cash and investments	2,632,914	-	63	1,716	2,634,693	-
Deferred charges	487,913	-	10,024	5,081	503,018	-
Capital assets:						
Land	528,294	189,134	1,312,472	3,408,785	5,438,685	-
Buildings	28,992,937	4,321,204	564,672	8,275,448	42,154,261	-
Improvements other than buildings	4,551,376	73,827	429,694	9,652,011	14,706,908	-
Machinery and equipment	10,475,576	5,558,172	3,766,664	1,470,424	21,270,836	-
Office furniture and fixtures	55,260	302,021	3,506	28,284	389,071	-
Construction in progress	15,008,582	-	-	801,975	15,810,557	-
Infrastructure	56,894,297	-	-	1,921,975	58,816,272	-
Less accumulated depreciation	(52,541,824)	(5,613,446)	(3,701,515)	(14,886,594)	(76,743,379)	-
Total capital assets (net of accumulated depreciation)	63,964,498	4,830,912	2,375,493	10,672,308	81,843,211	-
Total noncurrent assets	67,085,325	4,830,912	2,385,580	10,679,105	84,980,922	-
Total assets	\$ 73,430,732	\$ 5,268,668	\$ 8,991,366	\$ 11,706,683	\$ 99,397,449	\$ 1,615,110

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

Business-type Activities - Enterprise Funds

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Total Internal Service Fund
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 953,871	\$ 63,060	\$ 135,880	\$ 164,353	\$ 1,317,164	\$ 10,555
Due to other funds	-	82,445	-	-	82,445	-
Compensated absences	119,168	-	37,878	38,368	195,414	-
Claims payable	-	-	-	-	-	438,929
Deposits	31,843	-	-	14,424	46,267	-
Matured bonds payable	1,354,000	-	1,922	112,877	1,468,799	-
Matured interest payable	191,200	-	93	3,045	194,338	-
Capital lease payable	-	-	69,694	10,979	80,673	-
Landfill closure and postclosure liability	-	-	73,500	-	73,500	-
Total current liabilities	<u>2,650,082</u>	<u>145,505</u>	<u>318,967</u>	<u>344,046</u>	<u>3,458,600</u>	<u>449,484</u>
Noncurrent liabilities:						
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	21,377,392	-	-	-	21,377,392	-
Public Building Authority bonds payable	-	-	2,974	308,611	311,585	-
Capital lease payable	-	-	30,029	30,193	60,222	-
Compensated absences	-	-	-	5,058	5,058	-
Claims	-	-	-	-	-	335,537
Landfill closure and postclosure liability	-	-	7,534,455	-	7,534,455	-
Total noncurrent liabilities	<u>21,377,392</u>	<u>-</u>	<u>7,567,458</u>	<u>343,862</u>	<u>29,288,712</u>	<u>335,537</u>
Total liabilities	<u>24,027,474</u>	<u>145,505</u>	<u>7,886,425</u>	<u>687,908</u>	<u>32,747,312</u>	<u>785,021</u>
Net Assets						
Invested in capital assets, net of related debt	41,726,912	4,830,912	2,280,898	10,214,729	59,053,451	-
Restricted for debt service	3,981,021	-	1,985	82,613	4,065,619	-
Unrestricted	3,695,325	292,251	(1,177,942)	721,433	3,531,067	830,089
Total net assets	<u>\$ 49,403,258</u>	<u>\$ 5,123,163</u>	<u>\$ 1,104,941</u>	<u>\$ 11,018,775</u>	<u>66,650,137</u>	<u>\$ 830,089</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>171,489</u>	
Net assets of business-type activities					<u>\$ 66,821,626</u>	

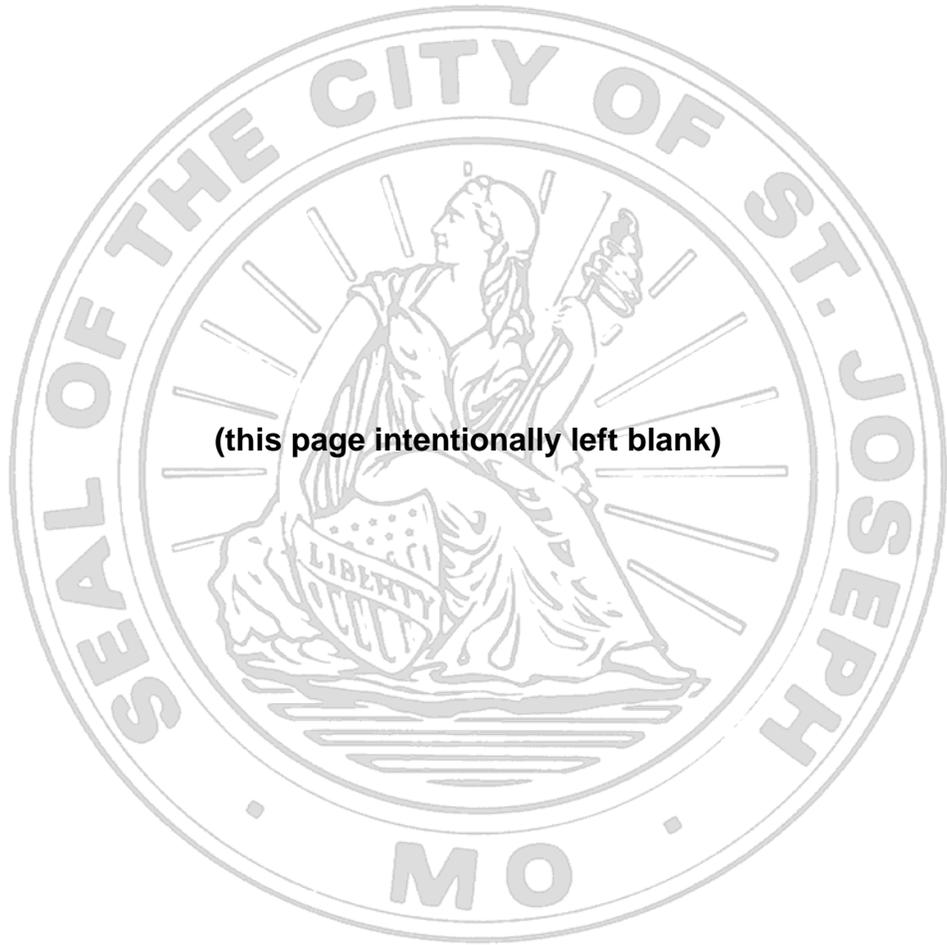
The accompanying notes are an integral part of these financial statements.

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Total Internal Service Fund
Operating revenues:						
Charges for services (pledged for sewer)	\$ 10,232,294	\$ 155,787	\$ 3,115,740	\$ 1,167,704	\$ 14,671,525	\$ 700,890
Other	10,063	3,129	35,623	25,310	74,125	-
Total operating revenues	<u>10,242,357</u>	<u>158,916</u>	<u>3,151,363</u>	<u>1,193,014</u>	<u>14,745,650</u>	<u>700,890</u>
Operating expenses:						
Personal services	3,094,149	4,259	908,426	727,202	4,734,036	-
Contractual services	2,030,283	3,316,068	572,557	210,394	6,129,302	556,380
Commodities	451,380	403,029	261,344	105,311	1,221,064	-
Heat, light and power	752,546	35,730	17,819	94,934	901,029	-
Depreciation	1,941,879	1,170,837	313,580	625,934	4,052,230	-
Closure and postclosure care costs	-	-	394,896	-	394,896	-
Total operating expenses	<u>8,270,237</u>	<u>4,929,923</u>	<u>2,468,622</u>	<u>1,763,775</u>	<u>17,432,557</u>	<u>556,380</u>
Operating income (loss)	<u>1,972,120</u>	<u>(4,771,007)</u>	<u>682,741</u>	<u>(570,761)</u>	<u>(2,686,907)</u>	<u>144,510</u>
Nonoperating revenues (expenses):						
Intergovernmental and other	522,757	1,147,299	-	1,169,320	2,839,376	-
Franchise taxes	-	942,673	-	-	942,673	-
Taxes	-	1,643,460	-	-	1,643,460	-
Investment income	812,500	(5,562)	310,315	29,021	1,146,274	76,786
Interest and fiscal charges	(1,606,587)	-	(10,122)	(33,027)	(1,649,736)	-
Total nonoperating revenues (expenses), net	<u>(271,330)</u>	<u>3,727,870</u>	<u>300,193</u>	<u>1,165,314</u>	<u>4,922,047</u>	<u>76,786</u>
Income (loss) before capital contributions and transfers	<u>1,700,790</u>	<u>(1,043,137)</u>	<u>982,934</u>	<u>594,553</u>	<u>2,235,140</u>	<u>221,296</u>
Capital contributions	1,324,937	-	-	-	1,324,937	-
Transfers in	28,439	-	-	542,043	570,482	-
Transfers out	(709,992)	(145,598)	(436,745)	(113,755)	(1,406,090)	-
Change in net assets	<u>2,344,174</u>	<u>(1,188,735)</u>	<u>546,189</u>	<u>1,022,841</u>	<u>2,724,469</u>	<u>221,296</u>
Total net assets - beginning, as restated	<u>47,059,084</u>	<u>6,311,898</u>	<u>558,752</u>	<u>9,995,934</u>	<u>608,793</u>	<u>608,793</u>
Total net assets - ending	<u>\$ 49,403,258</u>	<u>\$ 5,123,163</u>	<u>\$ 1,104,941</u>	<u>\$ 11,018,775</u>	<u>\$ 830,089</u>	<u>\$ 830,089</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. 25,163

Change in net assets of business-type activities \$ 2,749,632



(this page intentionally left blank)

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 9,937,806	\$ 240,921	\$ 3,079,862	\$ 1,192,678	\$ 14,451,267	\$ 700,890
Payments to suppliers	(3,401,399)	(3,931,955)	(918,514)	(290,419)	(8,542,287)	(622,160)
Payments to employees	(3,087,970)	(4,259)	(905,066)	(728,111)	(4,725,406)	-
Other operating revenues	10,063	3,129	35,623	25,310	74,125	-
Net cash provided (used) by operating activities	<u>3,458,500</u>	<u>(3,692,164)</u>	<u>1,291,905</u>	<u>199,458</u>	<u>1,257,699</u>	<u>78,730</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental grants	522,757	1,147,299	-	-	1,670,056	-
Taxes received	-	2,586,133	-	-	2,586,133	-
Transfers in / (out)	(681,553)	(66,919)	(436,745)	420,817	(764,400)	-
Net cash provided (used) by noncapital financing activities	<u>(158,796)</u>	<u>3,666,513</u>	<u>(436,745)</u>	<u>420,817</u>	<u>3,491,789</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments of debt principal	(1,263,000)	-	(1,831)	(249,392)	(1,514,223)	-
Payments of capital lease principal	-	-	(66,467)	-	(66,467)	-
Payments of debt interest and charges	(1,552,306)	-	(2,455)	(29,197)	(1,583,958)	-
Capital grants received	-	-	-	1,211,818	1,211,818	-
Purchase of capital assets	(2,620,576)	(29,909)	(106,023)	(908,929)	(3,665,437)	-
Net cash provided (used) by capital and related financing activities	<u>(5,435,882)</u>	<u>(29,909)</u>	<u>(176,776)</u>	<u>24,300</u>	<u>(5,618,267)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	8,830,427	47,427	13,734,762	1,227,592	23,840,208	3,586,747
Purchase of investments	(7,249,520)	-	(15,179,782)	(1,769,966)	(24,199,268)	(3,894,121)
Interest and dividends received	772,467	(5,562)	290,887	18,354	1,076,146	76,786
Net cash provided (used) by investing activities	<u>2,353,374</u>	<u>41,865</u>	<u>(1,154,133)</u>	<u>(524,020)</u>	<u>717,086</u>	<u>(230,588)</u>
Net increase (decrease) in cash and cash equivalents	217,196	(13,695)	(475,749)	120,555	(151,693)	(151,858)
Cash and cash equivalents - beginning	369,894	22,329	1,705,057	22,783	2,120,063	467,217
Cash and cash equivalents - ending	587,090	8,634	1,229,308	143,338	1,968,370	315,359
Investments	6,597,805	-	5,068,674	676,424	12,342,903	1,299,751
Total cash and investments	<u>\$ 7,184,895</u>	<u>\$ 8,634</u>	<u>\$ 6,297,982</u>	<u>\$ 819,762</u>	<u>\$ 14,311,273</u>	<u>\$ 1,615,110</u>
Cash and investments reported on the Statement of Net Assets:						
Unrestricted cash and investments	\$ 3,006,781	\$ 8,634	\$ 6,295,904	\$ 734,104	\$ 10,045,423	\$ 1,615,110
Restricted cash and investments	4,178,114	-	2,078	85,658	4,265,850	-
Total cash and investments	<u>\$ 7,184,895</u>	<u>\$ 8,634</u>	<u>\$ 6,297,982</u>	<u>\$ 819,762</u>	<u>\$ 14,311,273</u>	<u>\$ 1,615,110</u>

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 1,972,120	\$ (4,771,007)	\$ 682,741	\$ (570,761)	\$ (2,686,907)	\$ 144,510
Adjustments to reconciliation operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,941,879	1,170,837	313,580	625,934	4,052,230	-
Landfill closure and postclosure	-	-	394,896	-	394,896	-
Changes in operating assets and liabilities:						
Accounts receivable	(294,488)	86,134	(35,878)	26,953	(217,279)	-
Prepaid expenses	(6,689)	(63,326)	(504)	(5,844)	(76,363)	-
Accounts payable and contracts/claims payable	(160,501)	(114,802)	(66,290)	124,085	(217,508)	(65,780)
Accrued payroll and compensated absences	6,179	-	3,360	(909)	8,630	-
Net cash provided (used) by operating activities	<u>\$ 3,458,500</u>	<u>\$ (3,692,164)</u>	<u>\$ 1,291,905</u>	<u>\$ 199,458</u>	<u>\$ 1,257,699</u>	<u>\$ 78,730</u>
Non-cash capital and financing activities:						
Capital contributions	\$ 1,324,937	\$ -	\$ -	\$ -	\$ 1,324,937	\$ -
Assets acquired under capital leases	\$ -	\$ -	\$ -	\$ 41,172	\$ 41,172	\$ -

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 JUNE 30, 2007

	Pension Trust Fund	
	<u>Police Pension</u>	<u>Total Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 2,281,270	\$ 26,895
Investments:		
US Government obligations	3,646,402	-
Corporate bonds	4,112,202	-
Corporate stock	14,144,558	-
Preferred stock	137,548	-
Receivables:		
Taxes	-	178,355
Contributions	74,529	-
Accrued interest	149,762	1,092
Total assets	<u>\$ 24,546,271</u>	<u>\$ 206,342</u>
Liabilities		
Accounts payable	-	-
Due to others	-	206,342
Total liabilities	<u>-</u>	<u>206,342</u>
Net Assets		
Held in trust for pension benefits	<u>24,546,271</u>	<u>-</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Pension Trust Fund Police Pension
Additions:	
Member contributions	\$ 215,183
Employer contributions	1,675,386
Investment income	860,162
Net appreciation in fair value of investments	2,437,037
Less investment expenses	<u>(75,720)</u>
Total additions	<u>5,112,048</u>
Deductions:	
Benefit payments	1,463,371
Refunds of contributions	5,116
Administrative expenses	<u>30,154</u>
Total deductions	<u>1,498,641</u>
Change in net assets	3,613,407
Net assets - beginning	<u>20,932,864</u>
Net assets - ending	<u><u>\$ 24,546,271</u></u>

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of 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 of St. Joseph, Missouri, (the “City”) operates under a constitutional home rule charter as adopted by City Council on August 4, 1981, and as amended by Council on April 19, 1982. This charter provides for a council-manager form of government and the following services:

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

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

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

The definition of a legally separate entity includes possessing corporate powers that would distinguish it as being legally separate from the primary government. This includes the

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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.

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:

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

No separately issued financial statements are prepared for the Public Building Authority.

B. Government-Wide and Fund Financial Accounting

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

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is due and payable. However, interest and principal on general long-term debt is recognized when due, or when payments are due early in the next fiscal year, and the advance of resources to the debt service fund is mandatory, and debt service expenditures are recognized before year-end to match the resources provided for these payments.

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

The *Mass Transit Fund* accounts for the operations of the City-wide bus system and handicap van services. The operations are funded by user charges, 1% utility franchise fees, a 1/7th cent (\$.0015) transit sales tax and Federal Transit Administration operating and capital grants.

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

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, 2007

The *Agency Funds* are used to account for assets held by the City as an agent for the St. Joseph Museum Agency Fund and the St. Joseph Library Agency Fund. Agency funds report assets and liabilities and use the accrual basis of accounting to recognize receivables and payables.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are considered nonoperating.

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

D. Cash and Investments

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

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

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation. Balances in prepaid items at June 30, 2007, 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, 2007.

G. Restricted Assets

Portions of net assets are segregated for future use, and are; therefore, not available for current appropriation or expenditure. Proceeds from the sale of Public Building Authority, Industrial Development Authority and Missouri Development Finance Board bonds are restricted for project expenditures. The debt service reserve accounts held by the Trustee are restricted to pay debt service to meet bond covenant requirements.

H. Capital Assets

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

As part of GASB Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure capital assets. This requirement permits an optional further delay for implementation of the retroactive reporting requirements of the City's governmental infrastructure capital assets to the fiscal year ending 2007. The City implemented the basic model for fiscal year 2003 and implemented the retroactive infrastructure-related reporting requirements during the current fiscal year.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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

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

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

I. Compensated Absences

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

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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

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

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

J. Property Tax Revenue Recognition

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

K. Interfund Transactions

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”.

L. Net Assets

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

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

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

M. Use of Estimates

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

N. Deficit Fund Balance/Net Assets

The following Funds had a deficit unreserved fund balance or unrestricted net assets at June 30, 2007:

Special Revenue Funds

Community Development	(\$1,212,868)
-----------------------	---------------

Enterprise Funds

Landfill	(\$1,177,942)
----------	---------------

Increased landfill tipping fees and interfund transfers along with controlling operating expenditures will help eliminate the deficits.

NOTE 2: CASH DEPOSITS AND INVESTMENTS

Unrestricted cash deposits and investments are pooled and include cash held in commercial bank checking accounts 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.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

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

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

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

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

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

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

	Balance June 30, 2007
Cash on hand	\$ 13,335
Cash Deposit in Bank	6,178,202
Investments held by Trustee (Bond Reserves)	12,585,115
U.S. Government and Agency securities	28,395,388
Police Pension Trust:	
Cash	2,281,270
Investments	22,040,710
	24,321,980
	\$ 71,494,020

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Unrestricted – cash and investments	\$ 31,521,656	26,895	31,548,551
Restricted – cash and cash equivalents	15,623,489	—	15,623,489
Police Pension – cash and investments	—	24,321,980	24,321,980
Total	\$ 47,145,145	24,348,875	71,494,020

Investments for the City of St. Joseph, Missouri are as follows for the year ended June 30, 2007

	Investment Maturities (in years)		
	Cost	Fair Value	Less Than 1
Investment type:			
Debt Securities			
U.S. Agency Discount Notes	\$ 28,395,388	28,864,397	28,395,388

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Investments for the Police Pension fund are as follows for the year ended June 30, 2007:

	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 - 5	6 - 10
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 1,250,484	\$ -	\$ 1,250,484	\$ -
U.S. Agencies	2,395,918	-	1,906,073	489,845
Corporate Debt	4,112,202	674,370	3,437,832	-
	<u>7,758,604</u>	<u>\$ 674,370</u>	<u>\$ 6,594,389</u>	<u>\$ 489,845</u>
Other Investments:				
Corporate Stock	14,282,106			
Total	<u>\$ 22,040,710</u>			

Custodial Credit Risk – At June 30, 2007, the City reported bank deposits of \$6,178,202. The bank balance of \$6,709,138 was insured by federal depository insurance of \$100,000 and collateral securities held by the City’s agent in the name of the City. The total market value of the City’s collateral securities at June 30, 2007, was \$7,544,476 in the form of U.S. Government and Agency securities. At June 30, 2007, the City’s investments in U.S. Government and Agency securities of \$28,395,388 were held by commercial banks and broker-dealer firms. All U.S. Government and 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. Government and Agency securities discussed above which are recorded at cost due to their short-term nature.

The Police Pension investments totaling \$22,040,710 consist of \$3,646,402 in government fixed securities, \$4,112,202 in corporate bond fixed income securities, \$14,144,558 in common corporate stock, \$137,548 in nonconvertible preferred stock. The Police Pension fund’s investments are held by its investment custodian in the fund’s name, and cash totaling \$2,281,270 is uncollateralized.

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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 provide attractive investment returns from income and capital appreciation consistent with the moderate level of risk taken in the portfolio. This is a goal of relatively stable returns over the longer term, with some potential of negative returns in any given year. According to the Police Pension fund investment policy statement, the average maturity of the portfolio's fixed income component will not exceed 10 years.

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

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

Investment type:	Quality Ratings		
	Cost	Fair Value	AAA
Debt Securities			
U.S. Agency Discount	\$ 28,395,388	28,864,397	28,395,388

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" securities held in the portfolio with an overall quality average AA or better are allowed.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

Investment type:	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Debt Securities					
U.S. Treasuries	\$ 1,250,484	\$ 1,250,484	-	-	-
U.S. Agencies	2,395,918	2,395,918	-	-	-
Corporate Debt	4,112,202	1,126,488	\$ 1,517,698	\$ 1,070,040	\$ 397,976
	<u>7,758,604</u>	<u>\$ 4,772,890</u>	<u>\$ 1,517,698</u>	<u>\$ 1,070,040</u>	<u>\$ 397,976</u>
Other Investments:					
Corporate Stock	<u>14,282,106</u>				
Total	<u>\$ 22,040,710</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:

	2007	
	Fair Value	Concentration
Federal Home Loan Bank	\$ 9,800,734	34%
Federal National Mortgage Association	8,810,166	32%
Federal Farm Credit	9,784,488	34%
	<u>\$ 28,395,388</u>	<u>100%</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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

	2007	
	Fair Value	Concentration
U.S. Treasuries	\$ 1,250,484	16%
Federal Home Loan Bank	1,910,448	25%
Federal Farm Credit Bank	485,470	6%
Corporate Debt :		
Deutsche Telekom Intl	618,838	8%
BankBoston	422,730	5%
Deutsche Bank AG London	397,976	5%

Foreign Currency Risk – The City has no policy related to foreign currency risk. The Police Pension Plan’s exposure to foreign currency risk is as follows:

Investment	Currency	Maturity	Fair Value
Canada Government	Canadian dollar	11/5/2008	\$ 350,372

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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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

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

The City's 2006 property tax rate was \$1.55 per \$100 valuation (\$1.15 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. A special business district levy is imposed on landowners in this special downtown district of \$.81 per \$100 assessed valuation effective February 5, 1990, for seven years and extended by the voters effective January 1, 1997, and again on January 28, 2004, for an additional seven years. The tax levy is as follows:

Tax Year / Fiscal Year	2006 / 2007	2005 / 2006
General Fund	\$.63	\$.62
Public Safety	.07	.07
Parks & Recreation	.19	.19
Public Health	.21	.21
Museum	.05	.05
Library	.40	.40
Business District	.81	.85
Special Park District	.50	.50

As required by RSMo 137.073, the State Auditor examined and approved the property tax rates for 2006 which comply with Article X, Section 22 of the Missouri Constitution.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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 2006 and 2005 levies were as follows:

Tax Year / Fiscal Year	2006 / 2007	2005 / 2006	Change	Percent of Change
Real Property	\$604,882,031	\$597,842,110	\$7,039,921	1.0%
Personal Property	244,962,219	224,605,453	20,356,766	8.0%
Railroad Utilities	16,280,178	17,193,528	(913,350)	(5.0%)
Total	\$866,124,428	\$839,641,091	\$26,483,337	4.0%

Receivables as of June 30, 2007, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts	Accrued Interest	Taxes	Total Receivables	Allowance for Doubtful Accounts	Receivables, Net
<u>Government activities:</u>						
General	\$ 134,469	19,015	2,704,880	2,858,364	—	2,858,364
Street improvement, maintenance and repair	34,202	7,332	1,341,779	1,383,313	—	1,383,313
Special Allocation	10,322,994	2,670	171,335	10,496,999	—	10,496,999
CIP Sales Tax	9,143	27,724	703,708	740,575	—	740,575
Nonmajor governmental funds	71,850	17,700	387,724	477,274	—	477,274
Total governmental activities	\$ 10,572,658	74,441	5,309,426	15,956,525	-	15,956,525
<u>Business-type activities:</u>						
Sewer	1,671,083	123,132	—	1,794,215	(30,000)	1,764,215
Mass transit	—	—	365,796	365,796	—	365,796
Landfill	173,047	126,926	—	299,973	—	299,973
Nonmajor enterprise funds	3,631	15,307	—	18,938	—	18,938
Total business-type activities	\$ 1,847,760	265,365	365,796	2,478,922	(30,000)	2,448,922

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,102,128	125,127	—	\$ 5,227,255
Construction in progress	11,795,538	4,281,098	12,764,290	3,312,346
Total capital assets, not being depreciated	16,897,666	4,406,225	12,764,290	8,539,601
Capital assets, being depreciated:				
Buildings	31,514,162	—	87,546	31,426,616
Improvements other than buildings	12,754,471	12,615,949	—	25,370,420
Machinery and equipment	20,337,982	980,943	417,445	20,901,480
Infrastructure	253,112,501	288,661	—	253,401,162
Total capital assets being depreciated	317,719,116	13,885,553	504,991	331,099,678
Less accumulated depreciation for:				
Buildings	16,764,635	850,441	1,459	17,613,617
Improvements other than buildings	4,302,120	595,705	—	4,897,825
Machinery and equipment	16,112,199	1,468,080	400,539	17,179,740
Infrastructure	111,875,899	6,306,045	—	118,181,944
Total accumulated depreciation	149,054,853	9,220,271	401,998	157,873,126
Total capital assets, being depreciated, net	168,664,263	4,665,282	102,993	173,226,552
Governmental activities capital assets, net	\$ 185,561,929	9,071,507	12,867,283	\$ 181,766,153

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Sewer fund:				
Capital assets, not being depreciated:				
Land	\$ 487,074	41,220	—	\$ 528,294
Construction in progress	13,667,852	1,340,730	—	15,008,582
Total capital assets, not being depreciated	14,154,926	1,381,950	—	15,536,876
Capital assets, being depreciated:				
Buildings	28,961,666	31,271	—	28,992,937
Improvements other than buildings	3,957,747	593,629	—	4,551,376
Machinery and equipment	10,117,080	613,726	199,970	10,530,836
Sewer lines	55,569,360	1,324,937	—	56,894,297
Total capital assets being depreciated	98,605,853	2,563,563	199,970	100,969,446
Less accumulated depreciation for:				
Buildings	14,065,451	771,944	—	14,837,395
Improvements other than buildings	1,384,363	209,104	—	1,593,467
Machinery and equipment	9,405,996	286,888	199,970	9,492,914
Sewer lines	25,944,105	673,943	—	26,618,048
Total accumulated depreciation	50,799,915	1,941,879	199,970	52,541,824
Total capital assets, being depreciated, net	47,805,938	621,684	—	48,427,622
Total sewer fund capital assets, net	\$ 61,960,864	2,003,634	—	\$ 63,964,498
	Beginning Balance	Increases	Decreases	Ending Balance
Mass transit fund:				
Capital assets, not being depreciated:				
Land	\$ 189,134	—	—	\$ 189,134
Total capital assets, not being depreciated	189,134	—	—	189,134
Capital assets, being depreciated:				
Buildings	4,321,204	—	—	4,321,204
Improvements other than buildings	73,827	—	—	73,827
Machinery and equipment	5,847,344	29,909	17,060	5,860,193
Total capital assets being depreciated	10,242,375	29,909	17,060	10,255,224
Less accumulated depreciation for:				
Buildings	1,055,247	149,171	—	1,204,418
Improvements other than buildings	41,904	7,383	—	49,287
Machinery and equipment	3,362,518	1,014,283	17,060	4,359,741
Total accumulated depreciation	4,459,669	1,170,837	17,060	5,613,446
Total capital assets, being depreciated, net	5,782,706	(1,140,928)	—	4,641,778
Total mass transit capital assets, net	\$ 5,971,840	(1,140,928)	—	\$ 4,830,912

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

	Beginning Balance	Increases	Decreases	Ending Balance
Landfill fund:				
Capital assets, not being depreciated:				
Land	\$ 1,312,472	—	—	\$ 1,312,472
Construction in Progress	151,531	65,575	217,106	—
Total capital assets, not being depreciated	1,464,003	65,575	217,106	1,312,472
Capital assets, being depreciated:				
Buildings	362,163	217,106	14,597	564,672
Improvements other than buildings	429,694	—	—	429,694
Machinery and equipment	3,761,078	40,448	31,356	3,770,170
Total capital assets being depreciated	4,552,935	257,554	45,953	4,764,536
Less accumulated depreciation for:				
Buildings	252,626	12,564	9,976	255,214
Improvements other than buildings	178,805	33,174	—	211,979
Machinery and equipment	2,997,836	267,842	31,356	3,234,322
Total accumulated depreciation	3,429,267	313,580	41,332	3,701,515
Total capital assets, being depreciated, net	1,123,668	(56,026)	4,621	1,063,021
Total landfill capital assets, net	\$ 2,587,671	9,549	221,727	\$ 2,375,493
	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Nonmajor enterprise funds:				
Capital assets, not being depreciated:				
Land	3,408,785	—	—	3,408,785
Constuction in progress	\$ —	801,975	—	\$ 801,975
Total capital assets, not being depreciated	3,408,785	801,975	—	4,210,760
Capital assets, being depreciated:				
Buildings	8,275,448	—	—	8,275,448
Improvements other than buildings	9,624,385	27,626	—	9,652,011
Infrastructure	1,921,975	—	—	1,921,975
Machinery and equipment	1,378,206	120,502	—	1,498,708
Total capital assets being depreciated	21,200,014	148,128	—	21,348,142
Less accumulated depreciation for:				
Buildings	5,327,873	202,160	—	5,530,033
Improvements other than buildings	7,333,027	259,160	—	7,592,187
Infrastructure	422,836	76,877	—	499,713
Machinery and equipment	1,176,924	87,737	—	1,264,661
Total accumulated depreciation	14,260,660	625,934	—	14,886,594
Total capital assets, being depreciated, net	6,939,354	(477,806)	—	6,461,548
Total nonmajor enterprise fund capital assets, net	10,348,139	324,169	—	10,672,308
Total business-type activities capital assets, net	\$ 80,868,514	1,196,424	221,727	\$ 81,843,211

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	230,959
Public safety		1,089,172
Highways and streets		6,669,136
Public works		25,208
Health and welfare		146,437
Parks and recreation		<u>1,059,359</u>
Total depreciation expense – governmental activities	\$	<u><u>9,220,271</u></u>
Business-type activities:		
Aviation	\$	470,991
Parking		110,356
Sewer		1,941,879
Golf		44,587
Mass transit		1,170,837
Landfill		<u>313,580</u>
Total depreciation expense – business-type activities	\$	<u><u>4,052,230</u></u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007 are as follows:

	Interfund receivables	Interfund payables
Major governmental funds:		
1998 Sales Tax Improvement	\$ 740,805	
Nonmajor governmental funds		658,360
Major business-type fund:		
Mass Transit		82,445
Total	\$ 740,805	740,805

Interfund transfers consisted of the following amounts:

		Transfers To						Total
		General Fund	SIMR	CIP Sales Tax	Sewer	Nonmajor Governmental	Nonmajor Business-type	
Transfers From	Major Governmental Funds:							
	General Fund	\$ —	295,093	472	—	685,550	—	981,115
	Street Improvement Maintenance and Repair	453,010	—	—	—	—	440,483	893,493
	Special Allocation	—	—	—	28,439	—	—	28,439
	Nonmajor governmental	1,290,473	25,000	1,066,350	—	606,200	40,000	3,028,023
	Major Enterprise Funds:							
	Sewer	314,205	334,227	—	—	—	61,560	709,992
	Mass transit	145,598	—	—	—	—	—	145,598
	Landfill	323,845	112,900	—	—	—	—	436,745
	Nonmajor enterprise	113,755	—	—	—	—	—	113,755
Total	\$ 2,640,886	767,220	1,066,822	28,439	1,291,750	542,043	6,337,160	

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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

NOTE 6: LONG-TERM LIABILITIES

<u>Governmental activities</u>		Balance			Balance	Current
		7/1/06	Increases	Decreases	6/30/07	Portion
Public Building Authority Bonds	\$	425,506	—	(47,810)	377,696	50,200
Deferred charge on PBA bonds		(42,239)	—	5,695	(36,544)	—
Total PBA Bonds, Net		383,267	—	(42,115)	341,152	50,200
Capital lease obligation		69,823	—	(69,823)	—	—
Infrastructure Facility Bonds		19,545,000	—	(115,000)	19,430,000	150,000
Industrial Development Authority		42,985,000	—	(750,000)	42,235,000	1,055,000
MO Development Board Bonds		5,395,000	—	(1,585,000)	3,810,000	1,640,000
Developer Obligation		2,379,177	—	(350,654)	2,028,523	—
Compensated absences		1,698,285	1,832,263	(1,776,119)	1,754,429	1,658,500
Claims		850,801	468,079	(544,414)	774,466	438,929
Total Governmental activity						
Long-term liabilities	\$	73,306,353	2,300,342	(5,233,125)	70,373,570	4,992,629

Compensated absences are generally liquidated by the general fund.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Business-type activities	Balance 7/1/06	Increases	Decreases	Balance 6/30/07	Current Portion
Sewer Fund					
Revenue Bonds	\$ 12,359,000	-	(1,058,000)	11,301,000	1,114,000
Deferred chg on Adv Refunding	(101,529)	-	16,922	(84,607)	-
Total Revenue Bonds, Net	12,257,471	-	(1,041,078)	11,216,393	1,114,000
MO Development Board Bonds	11,720,000	-	(205,000)	11,515,000	240,000
Compensated Absences	112,989	154,238	(148,059)	119,168	119,168
Total sewer fund					
long-term liabilities	\$ 24,090,460	154,238	(1,394,137)	22,850,561	1,473,168
Landfill fund:					
Public Building Authority Bonds	\$ 16,295	-	(1,831)	14,464	1,922
Deferred charge on PBA bonds	(11,060)	-	1,491	(9,569)	-
Total PBA Bonds, Net	5,235	-	(340)	4,895	1,922
Capital Lease Obligations	166,190	-	(66,467)	99,723	69,694
Compensated Absences	34,518	50,682	(47,322)	37,878	37,878
Total landfill fund					
long-term liabilities	\$ 205,943	50,682	(114,129)	142,496	109,494
Nonmajor enterprise funds:					
Public Building Authority Bonds	\$ 448,200	-	(50,360)	397,840	52,877
Deferred charge on PBA bonds	(42,018)	-	5,665	(36,354)	-
Total PBA Bonds, Net	406,182	-	(44,695)	361,486	52,877
Loans	169,033	-	(169,033)	-	-
Special Obligation Bonds	90,000	-	(30,000)	60,000	60,000
Capital Lease Obligations	-	41,172	-	41,172	10,979
Compensated absences	44,335	38,365	(39,272)	43,428	38,368
Total nonmajor enterprise					
funds long-term liabilities	709,550	79,537	(283,000)	506,086	162,224
Total business-type activities					
long-term liabilities	\$ 25,005,953	284,457	(1,791,266)	23,499,143	1,744,886

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Year ending 30-Jun	Governmental Activities					
	Public Building Authority Bonds		Infrastructure Facility Bonds		MO Development Board Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 50,200	\$ 13,895	\$ 150,000	\$ 1,186,705	\$ 1,640,000	\$ 171,819
2009	50,200	12,364	665,000	1,178,965	100,000	89,819
2010	54,981	10,545	695,000	1,147,671	105,000	86,819
2011	52,591	8,490	730,000	1,114,096	105,000	83,406
2012	54,981	6,270	765,000	1,078,001	110,000	79,863
2013-2017	114,743	4,917	4,585,000	4,651,564	625,000	333,213
2018-2022	-	-	6,220,000	3,033,606	765,000	187,200
2023-2027	-	-	5,620,000	804,567	360,000	24,525
2028-2032	-	-	-	-	-	-
	<u>\$ 377,696</u>	<u>\$ 56,481</u>	<u>\$ 19,430,000</u>	<u>\$ 14,195,175</u>	<u>\$ 3,810,000</u>	<u>\$ 1,056,663</u>

Year ending 30-Jun	Governmental Activities		Business-type Activities			
	Industrial Development Bonds		Public Building Authority Bonds		MO Development Board Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 1,055,000	\$ 2,204,444	\$ 54,800	\$ 15,168	\$ 240,000	\$ 513,275
2009	1,060,000	2,159,544	54,800	13,497	415,000	506,075
2010	1,105,000	2,109,769	60,019	11,511	445,000	491,550
2011	1,110,000	2,058,725	57,409	9,268	465,000	473,750
2012	1,125,000	2,008,119	60,019	6,844	485,000	455,150
2013-2017	6,330,000	9,130,586	125,257	5,368	2,730,000	1,968,750
2018-2022	9,565,000	7,054,971	-	-	3,365,000	1,328,425
2023-2027	14,010,000	3,918,350	-	-	3,370,000	388,000
2028-2032	6,875,000	189,063	-	-	-	-
	<u>\$ 42,235,000</u>	<u>\$ 30,833,570</u>	<u>\$ 412,304</u>	<u>\$ 61,656</u>	<u>\$ 11,515,000</u>	<u>\$ 6,124,975</u>

Year ending 30-Jun	Business-type Activities				TOTAL DEBT SERVICE REQUIREMENT	
	Revenue Bonds		Special Obligation Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2008	\$ 1,114,000	\$ 584,701	\$ 60,000	\$ 2,880	\$ 4,364,000	\$ 4,692,887
2009	1,162,000	528,795	-	-	3,507,000	4,489,059
2010	1,230,000	468,898	-	-	3,695,000	4,326,763
2011	1,282,000	404,610	-	-	3,802,000	4,152,345
2012	1,360,000	336,272	-	-	3,960,000	3,970,518
2013-2017	4,848,000	685,701	-	-	19,358,000	16,780,099
2018-2022	245,000	53,660	-	-	20,160,000	11,657,862
2023-2027	60,000	3,075	-	-	23,420,000	5,138,517
2028-2032	-	-	-	-	6,875,000	189,063
	<u>\$ 11,301,000</u>	<u>\$ 3,065,712</u>	<u>\$ 60,000</u>	<u>\$ 2,880</u>	<u>\$ 89,141,000</u>	<u>\$ 55,397,111</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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.

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 are comprised of the following issuances at June 30, 2007:

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%	\$5,356,000
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%	4,200,000
Series 1999 – Sewer System Refunding and Improvement Revenue Bonds: due in annual installments through April 1, 2012; interest at 3.5% to 4.8%	1,090,000
Series 2003 – Sewer System Revenue Bonds: due in annual installments through April 1, 2023; interest at 1.3% to 5.125%	<u>655,000</u>
Total Revenue Bonds for Business-type Activities	<u>\$11,301,000</u>

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

On April 7, 1992, the voters of the City of St. Joseph, Missouri approved the City's issuance of \$17.6 million revenue in bonds for the purpose of repairing, constructing, improving, and extending the sanitary sewerage collection system of the City. On August 24, 1993, the City authorized the issuance of \$10,308,000 of sewerage system revenue bonds with the State Revolving Fund Program. On June 1, 1997, the City authorized the issuance of \$6,515,000 of sewerage system revenue bonds with the State Revolving Fund Program. These bonds are issued under the Missouri Leveraged State Water Pollution Control Revolving Fund Program established by the State Environmental Improvement and Energy Resources Authority (EIERA) in cooperation with the Missouri Department of Natural Resources and the Missouri Clean Water Commission. On September 2, 2003, the City authorized the remaining issuance of \$777,000 of sewerage system revenue bonds to finance construction projects.

In conjunction with this issuance, the City entered into a revolving loan program established by the Missouri Department of Natural Resources. The State of Missouri managed and invested the bond proceeds on behalf of the City. As the City incurred approved capital expenditures, the Department of Natural Resources reimbursed the City for the expenditures from the bond proceeds account and deposited funds into a reserve fund at 70% of the expenditure amount. This reserve fund serves as collateral on the Sewerage System Revenue Bonds in the event of default, and interest earnings on the reserve fund are used to reduce the City's interest payment on the outstanding bonds. The reserve fund is transferred back to the state as the bond issue is retired. As of June 30, 2007, \$6,689,200 has been advanced from the Missouri Department of Natural Resources into this reserve fund.

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

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's basic financial statements. Outstanding revenue bonds in the amount of \$2,225,000 were removed from the Sewer Enterprise Fund in connection with an in-substance defeasance. On June 30, 2007, outstanding revenue bonds related to prior in-substance defeasances are \$1,090,000.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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 Public Parking and Landfill Enterprise Funds and government-wide financial statement and consist of the following at June 30, 2007:

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% \$ 397,840

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Landfill); due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 14,464

Total PBA Bonds for the Business-type Activities \$ 412,304

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% \$ 334,097

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Parks & Recreation); Due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 28,996

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Public Health); due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 14,603

Total PBA Bonds for the Governmental Activities \$ 377,696

The City issued \$1,135,000 Public Building Authority Lease Refunding Revenue Bonds to refund two outstanding series of the Authority's lease revenue bonds and pay costs of

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

issuing the series 2003 bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental and business-type activities columns of the statement of net assets. On June 30, 2007, outstanding Public Building Authority bonds related to prior in-substance defeasances is \$ 790,000.

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 in 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 in Tax Increment Revenue Bonds to provide funding for costs of public and private improvements for The Shoppes at North Village. The Series 2005A and 2005B Bonds and interest are limited obligations of the Authority, payable solely from Payments in Lieu of Taxes and Economic Activity Tax Revenues. The total principal balance outstanding for the Industrial Development Authority Bonds as of June 30, 2007 is \$42,235,000.

Series 2005A – Industrial Development Authority Bonds (Special Allocation); due in annual installments through May 1, 2027; interest at 4.00% to 5.50%	\$ 25,250,000
Series 2005B – Industrial Development Authority Bonds (Special Allocation); due in annual installments through November 1, 2027; interest at 4.00% to 5.50%	<u>16,985,000</u>
Total Industrial Development Authority Bonds for Governmental Activities	<u>\$ 42,235,000</u>

Missouri Development Finance Board Bonds:

On December 1, 2004, the City of St. Joseph issued Missouri Development Finance Board Bonds Series 2004C and Series 2004D. \$11,720,000 of the proceeds of the Series 2004C was used to fund improvements to the City's sewerage system and pay certain blight remediation costs in connection with the City's Stockyard Redevelopment Project. In association with the 2004C Series, a financing agreement related to the issuance of Missouri Build Bonds was entered into by the Board, City and Triumph Foods. Under the agreement, subject to certain requirements, tax credits earned by Triumph Foods have been assigned to the trustee of the 2004C bonds. \$6,860,000 of the Series 2004D proceeds financed the cost of acquiring two new fire apparatus, completing the acquisition of new equipment for the Public Safety Communication System and funding improvements to the Law Enforcement Center. The bonds and the interest are special, limited obligations of the

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Board, payable by the Board solely from the loan payments made by the City. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City's statement of net assets. The annual appropriation covenant of the City constitutes a commitment to make loan payments under the financing agreements. The total principal balance outstanding for the MO Development Board Bonds as of June 30, 2007 is \$15,325,000.

Business-type Activities

Series 2004C – Infrastructure Facilities Revenue Bonds (Sewer); due in annual installments through March 1, 2025; interest at 2.65% to 5%	<u>\$11,515,000</u>
-------------------------------------------------------------------------------------------------------------------------------------------	---------------------

Governmental Activities

Series 2004D – Infrastructure Facilities Revenue Bonds (General); due in annual installments through March 1, 2024; interest at 3.00% to 5.00%	\$ 2,265,000
------------------------------------------------------------------------------------------------------------------------------------------------	--------------

Series 2004D – Infrastructure Facilities Revenue Bonds (CIP); due in annual installments through March 1, 2024; interest at 3.00% to 5.00%	<u>1,545,000</u>
--------------------------------------------------------------------------------------------------------------------------------------------	------------------

Total MO Development Board Bonds for the Governmental Activities	<u>\$ 3,810,000</u>
------------------------------------------------------------------	---------------------

Developer Obligations:

These 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 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. These developer obligations are limited to the amount of incremental taxes received attributable to each respective project; any deficiencies are solely the responsibility of the developer and do not constitute an obligation of the City.

Taxable 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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

expenditures of the City, therefore, is included or reported in the City's statement of net assets. The annual appropriation covenant of the City constitutes a commitment of all general funds of the City to make loan payments under the financing agreement. The total principal balance outstanding for the Taxable Infrastructure Facilities Revenue Bonds as of June 30, 2007 is \$19,430,000.

Series 2004A – Special Allocation; due in annual installments through March 1, 2025; interest at 4.00% to 6.00% \$ 9,170,000

Series 2004B – Special Allocation; due in annual installments through March 1, 2025; interest at 4.24% to 7.32% 10,260,000

Total Taxable Infrastructure Facility Revenue Bonds for Governmental \$19,430,000
Activities

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, 2007, the total annual sewer reserve charges due to the City through the agreement are payable as follows:

Year Ending June 30:	Total
<hr/>	<hr/>
2008	\$ 880,506
2009	972,996
2010	972,996
2011	972,996
2012	972,996
2013-2017	4,864,980
2018-2022	4,864,980
2023-2026	<u>2,432,490</u>
	16,934,940
Less interest	<u>(6,783,414)</u>
Net present value	<u><u>\$ 10,151,526</u></u>

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Special Obligation Bonds:

On July 13, 1998, the City Council approved the issuance of Special Obligation Capital Improvement Bonds for tee, green, fairway and cart path improvements at the City's Fairview Golf Course. The City is authorized under the provisions of the Constitution of Missouri and its Home Rule Charter to issue and sell special obligation bonds for the purpose of providing funds for capital improvements and to provide the principal of and interest on such special obligations bonds solely from the revenues derived from annual appropriations by the City Council. Special Obligation Bonds are reported in the Municipal Golf Enterprise Fund and consist of the following at June 30, 2007:

Series 1998 – Municipal golf; due in annual installments through May 1, 2008; interest at 4.25% to 4.80%	<u>\$ 60,000</u>
-------------------------------------------------------------------------------------------------------------	------------------

Industrial Development Revenue Bonds:

The City of St. Joseph issued Industrial Development Revenue Bonds to provide financial assistance to private entities. The bonds are secured by the improvements that are to be made. The debt service on these issues are paid solely from the private entities through lease agreements; therefore, the issues do not constitute a debt of the City and accordingly, are not included nor reported in the City's statement of net assets. The total principal balance outstanding for the Industrial Development Revenue Bonds as of June 30, 2007 is \$283,783,444.

NOTE 7: CAPITAL LEASE AGREEMENTS

Capital Lease Obligations:

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Capital lease obligations are reported in the government-wide financial statements and the enterprise fund statements and consist of the following at June 30, 2007:

Business-type activities:

June 15, 2007, Golf; Jacobsen Rotary Mower lease/purchase; due in annual installments through July 15, 2010; interest of 5.35%	\$ 41,172
December 24, 2003, Landfill; Advantage 525 compactor lease/purchase; due in monthly installments of \$6,077 through November 24, 2008; interest of 4.75%	<u>99,723</u>
Total Capital Lease Obligations for the Enterprise Funds	<u>\$ 140,895</u>

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, 2007:

		<u>Business-Type Activities</u>
Year ending June 30:		
2008	\$	84,087
2009		41,546
2010		11,160
2011		<u>11,160</u>
Total minimum lease payments		147,953
Less amount representing interest		<u>7,058</u>
Present value of net minimum lease payments	\$	<u><u>140,895</u></u>

The following schedule shows the amount and asset classifications for capital lease items as of June 30, 2007:

		<u>Business-Type Activities</u>
Machinery & equipment	\$	<u>501,172</u>
less: Accumulated depreciation		<u>(326,118)</u>
Total	\$	<u><u>175,054</u></u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 \$350,000 of each accident with specific excess coverage purchased to provide protection in excess of that amount. The City has an aggregate limit of \$1,000,000. A third party administrator is contracted to provide claims administration and payment services for worker's compensation. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Insurance Fund. An actuarial report is prepared to evaluate loss and allocated loss adjustment expense reserves for the self-funded workers compensation program and to determine the funding level of the program. The net assets of the Insurance Internal Service Fund is \$830,089.

As of June 30, 2007 incurred but not reported (IBNR) workers' compensation claims and claims payable of \$774,466 have been accrued as a liability in the Insurance Internal Service Fund.

Workers' Compensation Claims Payable

	Beginning Of Year	Current Year Claims and Changes in Estimates	Claim Payments	End of Year
Fiscal Year 2006	\$ 903,034	\$ 390,025	(\$ 442,258)	\$ 850,801
Fiscal Year 2007	850,801	468,079	(544,414)	774,466

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 9: COMMITMENTS

A. Construction Commitments

At June 30, 2007 the City had the following commitments of approximately \$8,475,844 to complete construction contracts.

	<u>Amounts</u>
Governmental Activities	
Major Governmental Fund:	
Capital Projects Fund	\$ <u>6,864,980</u>
Business-type Activities	
Major business-type funds:	
Sewer	981,009
Nonmajor business-type funds:	
Aviation	<u>629,856</u>
Total business-type Funds	<u>1,610,865</u>
 Total	 \$ <u><u>8,475,845</u></u>

B. Landfill Closure and Postclosure Care Liabilities

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

**LANDFILL CLOSURE
AND POSTCLOSURE CARE LIABILITIES
June 30, 2007**

Description	Amount	Anticipated Close Year	Capacity Used
City's Operating Landfill			
Area I	\$ 1,596,000	2008	98 %
Area II	2,047,900	2008	98 %
Area III	<u>3,093,352</u>	2017	47 %
	<u>\$ 6,737,252</u>		
 McArthur Drive Landfill	 <u>\$ 870,703</u>	 Closed	 100 %
 Total	 <u><u>\$ 7,607,955</u></u>		

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

During the year ended June 30, 2007, total closure and postclosure care liabilities increased \$394,896 from \$7,213,059 to \$7,607,955.

1. **City's Operating Landfill** - Total estimated future closure and postclosure care costs for the City's operating landfill are \$19,948,600 of which \$6,737,252 is reported as landfill closure and postclosure care liability at June 30, 2007, 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 \$13,211,348 as the remaining estimated capacity is consumed by the year 2017. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in environmental regulations.
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 \$870,703 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 cost are directly attributed to the Norris landfill.

On a biennial basis, 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 1999 tipping fee/cost analysis provides annual cash designations of \$353,227 for future closure and postclosure care expenses. At June 30, 2007, these cash designations totaled \$2,826,611 and will be increased annually subject to the availability of funds and the results of future tipping fee/cost analysis.

The City maintains a Contract of Obligation with the Missouri Department of Natural Resources (MDNR) in accordance with the Missouri Solid Waste Management Law. At June 30, 2007, the City's Contract of Obligation was \$10,179,979 including \$9,777,286 for the current operating landfill and \$402,693 for the "Free Property" landfill area that won't be accessed until after the year 2009.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

The Contract of Obligation does not require the City to restrict assets or record liabilities or reserve net assets. 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.

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.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 4.3% (general) and 39.0% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the City Council. The contribution provisions of the City are established by Missouri state statute.

Annual Pension Cost

For 2007, the City's annual pension cost of \$2,997,567 was equal to the required and actual contribution. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of February 28, 2007 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit, (d) preretirement mortality based on the RP-2000 Combined Healthy Table, set back 0 years for men and women, and (e) postretirement mortality based on the 1971 Group Annuity Mortality table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2007 was 15 years.

Police Pension

Plan Description

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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 Financial Services, 1100 Frederick, St. Joseph, MO 64501.

Funding Policy

The City is required to withhold participant contributions at a rate established in accordance with applicable state statutes as recommended by the Police Pension Board of Trustees and approved by the City Council. For the year ended June 30, 2007, the participant's contribution rate was 4%. The City is required to contribute at an actuarially determined rate; the current rate is 33.3% of annual covered payroll.

Annual Pension Cost

For 2007, the City's annual pension cost of \$1,675,384 was equal to the required and actual contribution. The required contribution was determined as part of the March 1, 2006 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of January 1, 2007 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%
Expenses	Anticipated expenses for current year are determined to be 0.6% of payroll
Mortality – healthy lives	1983 Group Annuity Mortality Table
Mortality – disabled lives	Mortality – healthy lives 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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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.

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	305	87	392
Terminated employees entitled to future benefits	-	-	-
Total Inactive Participants	305	87	392
Active Participants:			
Fully vested	N/A	22	22
Partially vested	N/A	91	91
Non-vested	N/A	-	-
Total Active Participants	514	113	627
Total Number of Participants	<u>819</u>	<u>200</u>	<u>1,019</u>

Three-Year Trend Information

	<u>Year</u> <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
LAGERS	06/30/05	2,641,708	100%	\$ -0-
	06/30/06	2,825,852	100%	-0-
	06/30/07	2,997,567	100%	-0-
Police Pension	06/30/05	1,695,887	100%	\$ -0-
	06/30/06	1,671,950	100%	-0-
	06/30/07	1,675,384	100%	-0-

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Employees who retire from the City are eligible to continue coverage in the City's health, dental and life insurance programs, as prescribed by City ordinances. As long as the retiree is participating in the plan, dependent spouses and eligible children may also participate in the plan. The premiums are paid entirely by the retired employee, with no contribution or obligation to contribute by the City for any of the insurance plans. As of June 30, 2007, there were 31 retirees participating in the health plan, 79 retirees participating in the dental plan and 184 retirees participating in the life insurance plan.

NOTE 12: PRIOR PERIOD ADJUSTMENTS

For the year ended June 30, 2007, management determined that the following adjustments were to be made to the opening fund balances/net assets:

1. The implementation of the infrastructure related reporting requirements of GASB Statement No. 34 resulted in an increase to net assets for the governmental activities.
2. Certain amounts relating to construction of the airport taxiway that had not been previously recorded required that an adjustment to the opening balance of net assets.

A summary of these changes is described below:

	Fund Statements		Government-Wide Statements	
	Governmental Funds	Enterprise Funds	Governmental Activities	Business-Type Activities
Beginning fund balances/net assets, as originally reported	\$ 35,663,075	\$ 62,426,527	\$ 29,330,634	\$ 62,572,853
Capital asset related adjustments				
Aviation fund	-	1,499,141	-	1,499,141
Governmental activities	-	-	132,776,902	-
Beginning fund balances/net assets, as restated	\$ 35,663,075	\$ 63,925,668	\$ 162,107,536	\$ 64,071,994

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 13: SUBSEQUENT EVENTS

On November 1, 2007, the City of St. Joseph has issued \$20,410,000 in Special Obligation Revenue Bonds to provide financial assistance for improvements to the city's sewerage system for the prevention, reduction and control of water pollution and of selected sewer main extensions. The interest rate on the bonds range from 4.25 – 5.0 percent and the maturity date is June 30, 2027.

NOTE 14: NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board issued Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The City offers health insurance plans to retirees and current employees as a group. Should the retiree take advantage of the health insurance plan, the retirees pay 100 percent of their premium. The City will treat the implicit rate subsidy as an OPEB, if material. Implementation of this pronouncement by the City will be June 30, 2008.

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, 2007

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 6,449,630	\$ 6,449,630	\$ 6,511,273	\$ 61,643
Sales	11,070,600	11,070,600	11,354,049	283,449
Franchise	4,118,900	4,118,900	4,016,906	(101,994)
Cigarette	480,500	480,500	453,013	(27,487)
Licenses and permits	1,205,905	1,205,905	1,217,663	11,758
Intergovernmental	1,075,927	1,164,197	585,188	(579,009)
Charges for services	1,204,525	1,229,948	1,398,450	168,502
Fines	957,500	957,500	1,058,711	101,211
Investment earnings	15,000	15,159	26,287	11,128
Contributions and donations	25,000	35,272	34,046	(1,226)
Payments in lieu of taxes	17,000	17,000	91,702	74,702
Other	130,625	164,367	62,849	(101,518)
Total revenues	26,751,112	26,908,978	26,810,137	(98,841)
Expenditures				
Current:				
General government				
City council				
Salaries	47,016	47,026	47,024	2
Benefits	118,846	118,336	98,784	19,552
Materials and supplies	2,500	3,000	2,263	737
Outside services	30,530	35,530	26,250	9,280
Total City council	198,892	203,892	174,321	29,571
City clerk				
Salaries	118,392	118,392	110,477	7,915
Benefits	34,354	34,354	31,882	2,472
Materials and supplies	3,600	3,620	2,807	813
Outside services	102,310	51,223	46,426	4,797
Total City clerk	258,656	207,589	191,592	15,997
Municipal court				
Salaries	269,696	269,696	252,975	16,721
Benefits	75,619	75,619	73,939	1,680
Materials and supplies	4,755	4,755	4,197	558
Outside services	92,676	92,556	82,445	10,111
Capital outlay	-	120	120	0
Total Municipal court	442,746	442,746	413,675	29,071
City manager				
Salaries	254,455	257,616	257,611	5
Benefits	86,520	78,338	77,250	1,088
Materials and supplies	2,250	1,850	1,373	477
Outside services	25,360	30,781	28,911	1,870
Total City manager	368,585	368,585	365,145	3,440

(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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Human resources				
Salaries	256,142	256,142	234,114	22,028
Benefits	74,382	74,382	67,013	7,369
Materials and supplies	7,700	7,866	6,081	1,785
Outside services	66,370	66,204	46,168	20,036
Total Human resources	404,594	404,594	353,377	51,217
Legal				
Salaries	369,608	369,608	368,249	1,359
Benefits	95,340	95,350	93,756	1,594
Materials and supplies	3,900	4,190	4,142	48
Outside services	151,487	170,898	170,575	323
Total Legal	620,335	640,046	636,723	3,323
Planning				
Salaries	206,724	206,724	206,447	277
Benefits	59,117	60,739	59,653	1,086
Materials and supplies	2,310	2,310	1,411	899
Outside services	27,305	105,683	96,409	9,274
Total Planning	295,456	375,456	363,920	11,536
Finance				
Salaries	676,823	676,823	660,620	16,203
Benefits	205,016	205,016	192,674	12,342
Materials and supplies	27,815	30,223	29,323	900
Outside services	322,735	320,327	253,084	67,243
Total Finance	1,232,389	1,232,389	1,135,701	96,688
Technology				
Salaries	282,674	282,674	282,335	339
Benefits	85,780	87,516	85,629	1,887
Materials and supplies	182,850	177,705	169,221	8,484
Outside services	120,486	123,670	120,803	2,867
Total Technology	671,790	671,565	657,988	13,577
Customer assistance				
Salaries	948,495	946,749	889,383	57,366
Benefits	299,854	298,392	272,161	26,231
Materials and supplies	60,855	71,376	64,835	6,541
Outside services	640,725	517,520	348,669	168,851
Capital outlay	13,700	25,000	24,854	146
Total Customer assistance	1,963,629	1,859,037	1,599,902	259,135
Other - unclassified				
Outside services	462,244	610,247	610,108	139
Total Other - unclassified	462,244	610,247	610,108	139
Total general government	6,919,316	7,016,146	6,502,451	513,695

(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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Public safety:				
Police				
Salaries	6,980,793	7,060,663	6,775,451	285,212
Benefits	3,343,569	3,370,952	3,088,111	282,841
Materials and supplies	326,252	416,671	413,728	2,943
Outside services	850,429	859,873	854,413	5,460
Capital outlay	250,000	241,618	241,529	89
Total Police	11,751,043	11,949,777	11,373,232	576,545
Fire				
Salaries	6,197,111	6,254,211	6,254,198	13
Benefits	3,414,709	3,444,224	3,444,054	170
Materials and supplies	235,720	233,056	224,177	8,879
Outside services	239,960	246,359	232,990	13,369
Capital outlay	651,571	451,621	-	451,621
Total Fire	10,739,071	10,629,471	10,155,420	474,051
Total public safety	22,490,114	22,579,248	21,528,652	1,050,596
Total expenditures	29,409,430	29,595,394	28,031,103	1,564,291
Deficiency of revenues under expenditures	(2,658,318)	(2,686,416)	(1,220,966)	1,465,450
Other financing sources (uses)				
Transfers in	2,810,693	2,755,879	2,640,886	(114,993)
Transfers out	(980,643)	(981,115)	(981,115)	-
Total other financing sources	1,830,050	1,774,764	1,659,771	(114,993)
Net change in fund balances, net	(828,268)	(911,652)	438,805	1,350,457
Fund balances - beginning, as restated	3,142,936	3,142,936	3,142,936	-
Fund balances - ending	\$ 2,314,668	\$ 2,231,284	\$ 3,581,741	\$ 1,350,457

(concluded)

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

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
STREET IMPROVEMENT MAINTENANCE AND REPAIR FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 Budget and Actual
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 4,845,620	\$ 4,845,620	\$ 5,065,207	\$ 219,587
Motor Fuel	3,802,390	3,802,390	3,750,470	(51,920)
Licenses and permits	11,000	11,000	11,300	300
Intergovernmental	113,597	113,597	91,941	(21,656)
Charges for services	406,600	406,600	105,057	(301,543)
Investment earnings	20,000	20,000	167,256	147,256
Other	12,000	18,425	42,446	24,021
Total revenues	<u>9,211,207</u>	<u>9,217,632</u>	<u>9,233,677</u>	<u>16,045</u>
Expenditures				
Current:				
Highways and Streets				
Salaries	3,298,080	3,298,080	3,169,202	128,878
Benefits	946,872	946,437	897,365	49,072
Materials and supplies	1,652,530	1,584,157	1,509,782	74,375
Outside services	2,304,882	2,401,280	1,975,095	426,185
Capital outlay	1,918,541	1,849,320	1,753,140	96,180
Total expenditures	<u>10,120,905</u>	<u>10,079,274</u>	<u>9,304,584</u>	<u>774,690</u>
Deficiency of revenues under expenditures	<u>(909,698)</u>	<u>(861,642)</u>	<u>(70,907)</u>	<u>790,735</u>
Other financing sources (uses)				
Transfers in	867,220	817,220	767,220	(50,000)
Transfers out	(768,010)	(893,493)	(893,493)	-
Total other financing sources	<u>99,210</u>	<u>(76,273)</u>	<u>(126,273)</u>	<u>(50,000)</u>
Net change in fund balances	(810,488)	(937,915)	(197,180)	740,735
Fund balances - beginning	4,275,368	4,275,368	4,275,368	-
Fund balances - ending	<u>\$ 3,464,880</u>	<u>\$ 3,337,453</u>	<u>\$ 4,078,188</u>	<u>\$ 740,735</u>

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

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SPECIAL ALLOCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 250,000	\$ 823,636	\$ 1,472,094	\$ 648,458
Sales	2,515,800	2,776,077	2,251,296	(524,781)
Investment earnings	-	359,557	1,191,211	831,654
Payments in lieu of taxes	200,000	306,200	370,691	64,491
Other	804,516	1,266,783	1,628,715	361,932
Total revenues	<u>3,770,316</u>	<u>5,532,253</u>	<u>6,914,007</u>	<u>1,381,754</u>
Expenditures				
Current:				
General Government				
Outside services	4,700,216	6,462,153	6,380,173	81,980
Total expenditures	<u>4,700,216</u>	<u>6,462,153</u>	<u>6,380,173</u>	<u>81,980</u>
Deficiency of revenues under expenditures	<u>(929,900)</u>	<u>(929,900)</u>	<u>533,834</u>	<u>1,463,734</u>
Other financing sources (uses)				
Transfers out	(83,000)	(83,000)	(28,439)	(54,561)
Total other financing sources	<u>(83,000)</u>	<u>(83,000)</u>	<u>(28,439)</u>	<u>(54,561)</u>
Net change in fund balances	(1,012,900)	(1,012,900)	505,395	1,409,173
Fund balances - beginning	11,571,624	11,571,624	11,571,624	-
Fund balances - ending	<u>\$ 10,558,724</u>	<u>\$ 10,558,724</u>	<u>\$ 12,077,019</u>	<u>\$ 1,409,173</u>

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

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2007

A. Budgetary Information

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

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

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

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

The City Council approves a formal budget document for the General, Special Revenue (except the CDBG Loan funds), Capital Projects (except the Downtown Business District fund), and

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2007

Enterprise Funds. Encumbrance accounting is employed in Governmental Fund Types. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is due and payable. However, interest and principal on general long-term debt is recognized when due, or when payments are due early in the next fiscal year, and the advance of resources to the debt service fund is mandatory, and debt service expenditures are recognized before year-end to match the resources provided for these payments.

The City Council during the fiscal year adopted a number of amendments to the budget to address unforeseen contingencies. The following schedule outlines the appropriation changes for the General, Special Revenue, Capital Projects and Enterprise Funds. The General budget increase is the result of the Economic Adjustment Grant and the purchase of tactical vests for the Police department. The Special Revenue increase includes the demolition of Heartland Hospital, the acceptance of the Weed and Seed Grant, TIF Pilots/EATs revenue allocation, and the Park department's land purchase and improvements at various park locations throughout the City. The Capital Projects increase is for Nature Center funding and locker rooms construction at Phil Welch and Bode Ice Arena. The increase in the Enterprise Funds is for equipment purchases in the Aviation Fund (snow broom), the Sewer Fund (sewer cleaning machine) and the Mass Transit Fund (video camera system for the buses).

2007 Budget			
Fund Type	Original Appropriation	Amended Appropriation	Increase
General	\$ 30,390,073	30,576,509	186,436
Special	31,530,246	35,669,683	4,139,437
Capital	14,948,658	16,338,373	1,389,715
Enterprise	27,578,521	28,795,907	1,217,386
Total	\$ 104,447,498	111,380,472	6,932,974

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2007**

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, 2007:

	General Fund	Street Improvement Maintenance and Repair Fund	Special Allocation Fund
	<u> </u>	<u> </u>	<u> </u>
Ending Fund Balance on budgetary basis	\$ 3,581,741	4,078,188	12,077,019
Encumbrances outstanding June 30, 2007	224,636	1,365,952	-
Prior Year Encumbrances Expended in FY 2007	(504,324)	(1,450,598)	-
Accrued payroll	<u>(115,100)</u>	<u>(19,540)</u>	<u>-</u>
Ending Fund Balance on GAAP basis	\$ <u><u>3,186,953</u></u>	<u><u>3,974,002</u></u>	<u><u>12,077,019</u></u>

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2007

**PENSION PLANS
SCHEDULE OF FUNDING PROGRESS**

LAGERS Pension

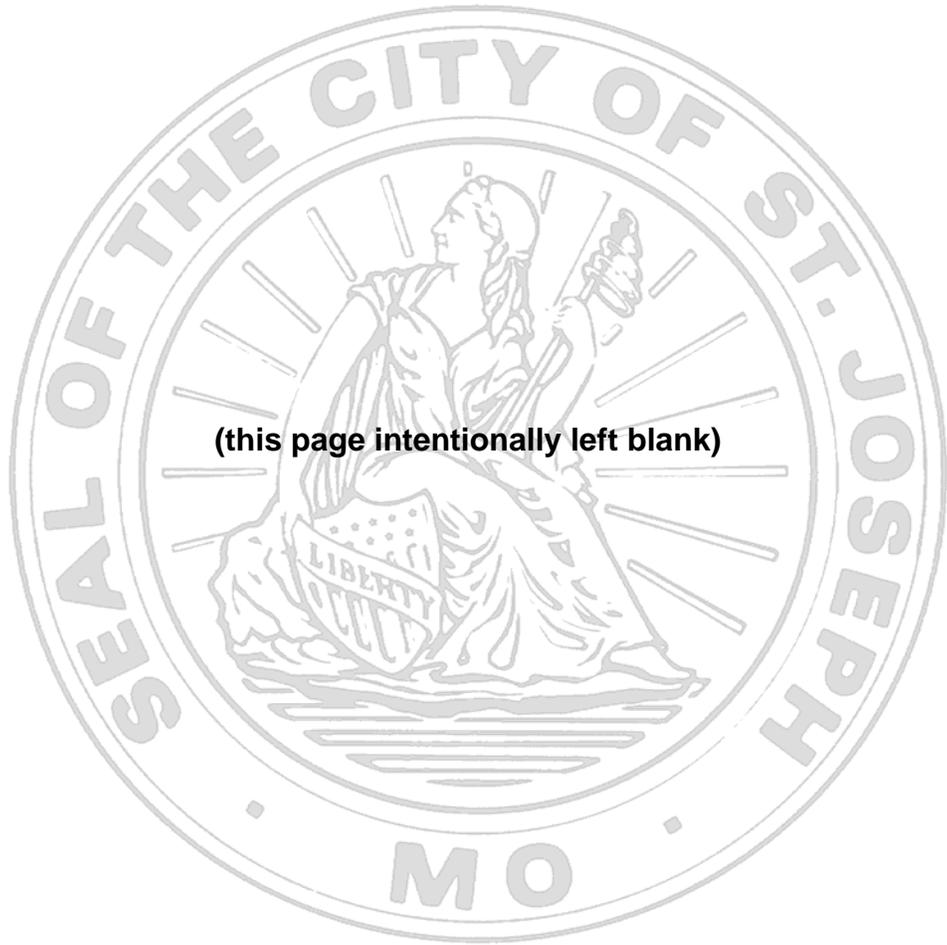
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess as a Percentage of Covered Payroll ((a-b)/c)
02/28/05	\$28,295,983	\$44,974,578	\$16,678,595	63.0%	\$19,936,767	84.0%
02/28/06	31,760,430	47,820,360	16,059,930	66.0%	20,763,920	77.0%
02/28/07	35,410,041	49,524,931	14,114,890	71.0%	20,792,977	68.0%

Police Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess as a Percentage of Covered Payroll ((a-b)/c)
03/01/05	\$18,233,797	\$30,819,539	\$12,585,742	59.2%	\$5,031,068	250.1%
03/01/06	20,369,111	32,390,571	12,021,460	62.9%	5,136,368	234.0%
01/01/07	22,953,206	33,248,289	10,295,083	69.0%	5,104,658	201.7%

**PENSION PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	Year Ended	Annual Required Contribution(ARC)	Percentage of ARC Contributed	Net Pension Obligation
LAGERS	06/30/04	\$ 2,199,557	100%	\$ —
	06/30/05	2,641,708	100%	—
	06/30/06	2,825,852	100%	—
Police Pension	06/30/04	\$ 1,641,927	100%	\$ —
	06/30/05	1,695,887	100%	—
	06/30/06	1,671,950	100%	—



(this page intentionally left blank)

CITY OF ST. JOSEPH, MISSOURI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special Revenue					
	Parks & Recreation	Public Health	Community Development	Riverboat Gaming	C.D Rehab Loan	Rental Rehab Loan
Assets						
Cash and investments	\$ 787,730	\$ 1,584,845	\$ 109,783	\$ 331,496	\$ 317,988	\$ 547,699
Receivables	314,615	121,962	-	36,844	-	-
Loan receivables	-	-	-	-	870,715	322,725
Due from other governments	-	88,638	451,639	194,015	-	-
Prepaid items	32,163	19,855	1,629	-	-	-
Restricted cash and investments	4,166	50,098	-	-	-	-
Total assets	\$ 1,138,674	\$ 1,865,398	\$ 563,051	\$ 562,355	\$ 1,188,703	\$ 870,424
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 118,297	\$ 39,428	\$ 183,956	\$ 194,925	\$ 4,853	\$ -
Contracts payable	-	-	35,249	-	-	-
Due to other funds	-	-	658,360	-	-	-
Other current liabilities	65,977	31,068	7,668	-	-	-
Deferred revenue	124,723	91,114	-	-	-	-
Total liabilities	308,997	161,610	885,233	194,925	4,853	-
Fund balances:						
Reserved for:						
Encumbrances	5,767	5,351	889,057	65,804	-	-
Bond payments	4,166	50,098	-	-	-	-
Prepaid items	32,163	19,855	1,629	-	-	-
Long-term receivables	-	-	-	-	870,715	322,725
Unreserved reported in:						
Special revenue funds	787,581	1,628,484	(1,212,868)	301,626	313,135	547,699
Capital projects funds	-	-	-	-	-	-
Total fund balances	829,677	1,703,788	(322,182)	367,430	1,183,850	870,424
Total liabilities and fund balances	\$ 1,138,674	\$ 1,865,398	\$ 563,051	\$ 562,355	\$ 1,188,703	\$ 870,424

Special Revenue		Total Nonmajor Special Revenue Funds	Capital Projects	
Historic Preservation Loan	Home Revolving Loan		Downtown Business District	Total Nonmajor Governmental Funds
\$ 96,458	\$ 122,486	\$ 3,898,485	\$ 153,981	\$ 4,052,466
-	-	473,421	3,853	477,274
297,785	2,416,729	3,907,954	-	3,907,954
-	-	734,292	-	734,292
-	-	53,647	-	53,647
-	-	54,264	-	54,264
<u>\$ 394,243</u>	<u>\$ 2,539,215</u>	<u>\$ 9,122,063</u>	<u>\$ 157,834</u>	<u>\$ 9,279,897</u>

\$ 96	\$ 9,341	\$ 550,896	\$ 39	\$ 550,935
-	-	35,249	-	35,249
-	-	658,360	-	658,360
-	-	104,713	-	104,713
-	-	215,837	1,630	217,467
<u>96</u>	<u>9,341</u>	<u>1,565,055</u>	<u>1,669</u>	<u>1,566,724</u>

-	-	965,979	-	965,979
-	-	54,264	-	54,264
-	-	53,647	-	53,647
297,785	2,416,729	3,907,954	-	3,907,954
96,362	113,145	2,575,164	-	2,575,164
-	-	-	156,165	156,165
<u>394,147</u>	<u>2,529,874</u>	<u>7,557,008</u>	<u>156,165</u>	<u>7,713,173</u>
<u>\$ 394,243</u>	<u>\$ 2,539,215</u>	<u>\$ 9,122,063</u>	<u>\$ 157,834</u>	<u>\$ 9,279,897</u>

CITY OF ST. JOSEPH, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue					
	Parks & Recreation	Public Health	Community Development	Riverboat Gaming	C.D Rehab Loan	Rental Rehab Loan
Revenues						
Taxes:						
Property	\$ 2,356,887	\$ 1,943,435	\$ -	\$ -	\$ -	\$ -
Hotel	430,551	-	-	-	-	-
Licenses and permits	92,699	143,533	-	-	-	-
Intergovernmental	163,512	872,466	2,842,494	-	-	-
Charges for services	1,332,426	467,401	-	1,441,207	-	-
Fines	-	42,454	-	-	-	-
Special assessments	-	-	47,522	-	-	-
Investment earnings	19,808	60,541	1,175	38,492	42,916	36,853
Contributions and donations	43,798	2,715	-	-	-	-
Payments in lieu of taxes	19,492	20,957	-	-	-	-
Other	45,275	23,096	202,202	178	324,368	15
Total revenues	4,504,448	3,576,598	3,093,393	1,479,877	367,284	36,868
Expenditures						
Current:						
General government	-	-	176,860	459,858	-	-
Public works	-	-	274,688	-	-	-
Health and welfare	-	2,884,935	2,521,524	-	-	-
Parks and recreation	4,576,833	-	-	-	-	-
Debt Service:						
Principal	49,407	44,139	-	-	-	-
Interest	1,236	14,789	-	-	-	-
Capital outlay	230,068	29,909	-	-	-	-
Total expenditures	4,857,544	2,973,772	2,973,072	459,858	-	-
Excess (deficiency) of revenues over (under) expenditures	(353,096)	602,826	120,321	1,020,019	367,284	36,868
Other financing sources (uses)						
Transfers in	512,068	323,830	393,352	62,500	-	-
Transfers out	(140,550)	(579,905)	(730,440)	(1,174,076)	(208,764)	-
Total other financing sources (uses), net	371,518	(256,075)	(337,088)	(1,111,576)	(208,764)	-
Net change in fund balances	18,422	346,751	(216,767)	(91,557)	158,520	36,868
Fund balances - beginning	811,255	1,357,037	(105,415)	458,987	1,025,330	833,556
Fund balances - ending	\$ 829,677	\$ 1,703,788	\$ (322,182)	\$ 367,430	\$ 1,183,850	\$ 870,424

Special Revenue		Total Nonmajor Special Revenue Funds	Capital Projects	
Historic Preservation Loan	Home Revolving Loan		Downtown Business District	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 4,300,322	\$ 66,586	\$ 4,366,908
-	-	430,551	-	430,551
-	-	236,232	-	236,232
-	-	3,878,472	-	3,878,472
-	-	3,241,034	-	3,241,034
-	-	42,454	-	42,454
-	-	47,522	-	47,522
16,180	41,173	257,138	7,367	264,505
-	-	46,513	-	46,513
-	-	40,449	-	40,449
(62)	133,408	728,480	-	728,480
16,118	174,581	13,249,167	73,953	13,323,120
-	-	636,718	-	636,718
-	-	274,688	-	274,688
-	-	5,406,459	-	5,406,459
-	-	4,576,833	-	4,576,833
-	-	93,546	-	93,546
-	-	16,025	-	16,025
-	-	259,977	51,643	311,620
-	-	11,264,246	51,643	11,315,889
16,118	174,581	1,984,921	22,310	2,007,231
-	-	1,291,750	-	1,291,750
-	(184,588)	(3,018,323)	(9,700)	(3,028,023)
-	(184,588)	(1,726,573)	(9,700)	(1,736,273)
16,118	(10,007)	258,348	12,610	270,958
378,029	2,539,881	7,298,660	143,555	7,442,215
\$ 394,147	\$ 2,529,874	\$ 7,557,008	\$ 156,165	\$ 7,713,173

CITY OF ST. JOSEPH, MISSOURI
PARKS, RECREATION AND CIVIC FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 2,323,710	\$ 2,329,168	\$ 2,356,887	\$ 27,719
Hotel	395,100	410,950	430,551	19,601
Licenses and permits	92,000	92,000	92,699	699
Intergovernmental	1,939,763	2,125,385	163,512	(1,961,873)
Charges for services	1,310,272	1,308,272	1,332,426	24,154
Investment earnings	4,850	4,850	19,808	14,958
Contributions and donations	30,500	36,171	43,798	7,627
Payments in lieu of taxes	-	19,492	19,492	(0)
Other	24,725	24,725	45,275	20,550
Total revenues	6,120,920	6,351,013	4,504,448	(1,846,565)
Expenditures				
Current:				
Parks & recreation				
Materials and supplies	449,025	503,525	503,431	94
Outside services	1,155,678	1,161,191	1,153,685	7,506
Capital outlay	2,508,098	2,740,599	245,903	2,494,696
Total Parks & recreation	7,049,431	7,304,172	4,801,632	2,502,540
Total expenditures	7,049,431	7,304,172	4,801,632	2,502,540
Deficiency of revenues under expenditures	(928,511)	(953,159)	(297,184)	655,975
Other financing sources (uses)				
Transfers in	1,078,968	1,014,533	512,068	(502,465)
Transfers out	(140,775)	(140,550)	(140,550)	-
Total other financing sources	938,193	873,983	371,518	(502,465)
Net change in fund balances	9,682	(79,176)	74,334	153,510
Fund balances - beginning	811,255	811,255	811,255	-
Fund balances - ending	\$ 820,937	\$ 732,079	\$ 885,589	\$ 153,510

CITY OF ST. JOSEPH, MISSOURI
PUBLIC HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 1,909,575	\$ 1,909,575	\$ 1,943,435	\$ 33,860
Licenses and permits	139,950	139,950	143,533	3,583
Intergovernmental	878,778	915,236	872,466	(42,770)
Charges for services	441,886	441,886	467,401	25,515
Fines	36,000	36,000	42,454	6,454
Investment earnings	26,500	26,500	60,541	34,041
Contributions and donations	4,000	4,000	2,715	(1,285)
Payments in lieu of taxes	-	-	20,957	20,957
Other	7,500	18,164	23,096	4,932
Total revenues	3,444,189	3,491,311	3,576,598	85,287
Expenditures				
Current:				
Public health				
Materials and supplies	159,499	170,973	141,678	29,295
Outside services	851,345	860,483	784,440	76,043
Capital outlay	32,835	33,485	29,909	3,576
Total Public health	3,206,106	3,225,734	2,968,411	257,323
Total expenditures	3,206,106	3,225,734	2,968,411	257,323
Deficiency of revenues under expenditures	238,083	265,577	608,187	342,610
Other financing sources (uses)				
Transfers in	323,830	323,830	323,830	-
Transfers out	(579,905)	(579,905)	(579,905)	-
Total other financing sources	(256,075)	(256,075)	(256,075)	-
Net change in fund balances	(17,992)	9,502	352,112	342,610
Fund balances - beginning	1,357,037	1,357,037	1,357,037	-
Fund balances - ending	\$ 1,339,045	\$ 1,366,539	\$ 1,709,149	\$ 342,610

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, 2007

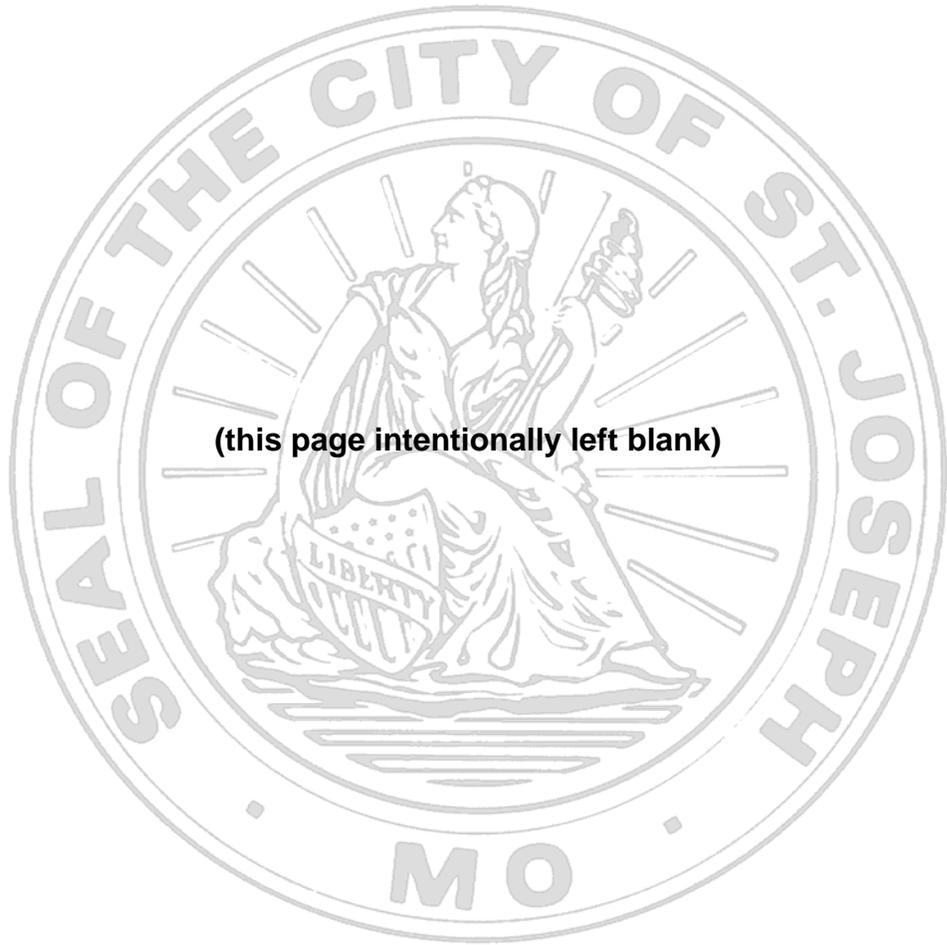
	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Intergovernmental	\$ 3,306,660	\$ 4,897,576	\$ 2,842,494	\$ (2,055,082)
Special assessments	20,000	20,000	47,522	27,522
Investment earnings	5,000	5,000	1,175	(3,825)
Other	-	-	202,202	202,202
Total revenues	<u>3,331,660</u>	<u>4,922,576</u>	<u>3,093,393</u>	<u>(1,829,183)</u>
Expenditures				
Current:				
C.D.B.G.				
Materials and supplies	14,967	12,999	6,721	6,278
Outside services	2,411,276	2,937,852	2,378,943	558,909
Capital outlay	4,440	4,440	-	4,440
Total C.D.B.G.	<u>2,960,060</u>	<u>3,493,973</u>	<u>2,881,006</u>	<u>612,967</u>
Total expenditures	<u>2,960,060</u>	<u>3,493,973</u>	<u>2,881,006</u>	<u>612,967</u>
Deficiency of revenues under expenditures	<u>371,600</u>	<u>1,428,603</u>	<u>212,387</u>	<u>(1,216,216)</u>
Other financing sources (uses)				
Transfers in	-	77,908	393,352	315,444
Transfers out	(371,600)	(1,506,511)	(730,440)	(776,071)
Total other financing sources	<u>(371,600)</u>	<u>(1,428,603)</u>	<u>(337,087)</u>	<u>(460,627)</u>
Net change in fund balances	-	-	(124,701)	(1,676,843)
Fund balances - beginning	(105,415)	(105,415)	(105,415)	-
Fund balances - ending	<u>\$ (105,415)</u>	<u>\$ (105,415)</u>	<u>\$ (230,116)</u>	<u>\$ (1,676,843)</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, 2007

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Charges for services	\$ 1,366,520	\$ 1,403,520	\$ 1,441,207	\$ 37,687
Investment earnings	26,250	26,250	38,492	12,242
Other	-	-	178	178
Total revenues	1,392,770	1,429,770	1,479,877	50,107
Expenditures				
Current:				
Riverboat				
Materials and supplies	47,500	19,900	9,900	10,000
Outside services	572,560	585,210	502,677	82,533
Capital outlay	115,100	15,100	-	15,100
Total Riverboat	735,160	620,210	512,577	107,633
Total expenditures	735,160	620,210	512,577	107,633
Deficiency of revenues under expenditures	657,610	809,560	967,300	157,740
Other financing sources (uses)				
Transfers in	-	-	62,500	62,500
Transfers out	(815,078)	(1,280,708)	(1,174,076)	(106,632)
Total other financing sources	(815,078)	(1,280,708)	(1,111,576)	(44,132)
Net change in fund balances	(157,468)	(471,148)	(144,276)	113,608
Fund balances - beginning	458,987	458,987	458,987	-
Fund balances - ending	\$ 301,519	\$ (12,161)	\$ 314,711	\$ 113,608

CITY OF ST. JOSEPH, MISSOURI
CIP SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Sales	\$ 5,353,020	\$ 5,353,020	\$ 5,479,415	\$ 126,395
Intergovernmental	2,912,000	2,034,681	1,141,608	(893,073)
Investment earnings	200,000	200,000	494,384	294,384
Contributions and donations	300,000	300,000	-	(300,000)
Other	-	-	1,500	1,500
Total revenues	8,765,020	7,887,701	7,116,907	(770,794)
Expenditures				
Current:				
Capital outlay				
Materials and supplies	-	100	96	4
Outside services	1,908,850	2,207,686	1,935,566	272,120
Capital outlay	12,436,567	13,527,346	10,054,219	3,473,127
Total Capital outlay	14,345,417	15,735,132	11,989,881	3,745,251
Total expenditures	14,345,417	15,735,132	11,989,881	3,745,251
Deficiency of revenues under expenditures	(5,580,397)	(7,847,431)	(4,872,975)	2,974,456
Other financing sources (uses)				
Transfers in	84,271	1,791,780	1,066,822	(724,958)
Transfers out	(603,241)	(603,241)	-	(603,241)
Total other financing sources	(518,970)	1,188,539	1,066,822	(1,328,199)
Net change in fund balances	(6,099,367)	(6,658,892)	(3,806,153)	1,646,257
Fund balances - beginning	9,230,932	9,230,932	9,230,932	-
Fund balances - ending	\$ 3,131,565	\$ 2,572,040	\$ 5,424,779	\$ 1,646,257



(this page intentionally left blank)

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2007

	Business-type Activities - Enterprise Funds			
	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 534,623	\$ 138,674	\$ 60,807	\$ 734,104
Restricted cash and cash equivalents	-	55,442	28,500	83,942
Interest receivable	10,782	2,825	1,700	15,307
Accounts receivable (net of allowance for uncollectibles)	2,992	639	-	3,631
Due from other governments	178,768	-	-	178,768
Prepaid items	9,079	1,620	1,127	11,826
Total current assets	736,244	199,200	92,134	\$ 1,027,578
Noncurrent assets:				
Restricted cash and cash equivalents	-	1,716	-	1,716
Deferred charges	-	4,155	926	5,081
Capital assets:				
Land	1,747,787	1,550,998	110,000	3,408,785
Buildings	3,404,754	4,641,281	229,413	8,275,448
Improvements other than buildings	8,349,631	366,776	935,604	9,652,011
Machinery and equipment	923,180	118,127	429,117	1,470,424
Office furniture and fixtures	5,840	18,194	4,250	28,284
Construction in progress	801,975	-	-	801,975
Infrastructure	1,921,975	-	-	1,921,975
Less accumulated depreciation	(9,263,193)	(4,397,376)	(1,226,025)	(14,886,594)
Total capital assets (net of accumulated depreciation)	7,891,949	2,298,000	482,359	10,672,308
Total noncurrent assets	7,891,949	2,303,871	483,285	10,679,105
Total assets	8,628,193	2,503,071	575,419	11,706,683
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable	143,765	6,868	13,720	164,353
Compensated absences	19,752	6,850	11,766	38,368
Deposits	7,099	7,325	-	14,424
Matured bonds payable	-	52,877	60,000	112,877
Matured interest payable	-	2,565	480	3,045
Capital lease payable	-	-	10,979	10,979
Total current liabilities	170,616	76,485	96,945	344,046
Noncurrent liabilities:				
Public Building Authority bonds payable	-	308,611	-	308,611
Capital lease payable	-	-	30,193	30,193
Compensated absences	892	-	4,166	5,058
Total noncurrent liabilities	892	308,611	34,359	343,862
Total liabilities	171,508	385,096	131,304	687,908
Net Assets				
Invested in capital assets, net of related debt	7,891,949	1,940,667	382,113	10,214,729
Restricted for debt service	-	54,593	28,020	82,613
Unrestricted	564,736	122,715	33,982	721,433
Total net assets	\$ 8,456,685	\$ 2,117,975	\$ 444,115	\$ 11,018,775

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 448,642	\$ 342,290	\$ 376,772	\$ 1,167,704
Other	21,085	1,106	3,119	25,310
Total operating revenues	<u>469,727</u>	<u>343,396</u>	<u>379,891</u>	<u>1,193,014</u>
Operating expenses:				
Personal services	295,427	233,307	198,468	727,202
Contractual services	142,948	48,529	18,917	210,394
Commodities	39,637	5,626	60,048	105,311
Heat, light and power	22,159	24,876	47,899	94,934
Depreciation	470,991	110,356	44,587	625,934
Total operating expenses	<u>971,162</u>	<u>422,694</u>	<u>369,919</u>	<u>1,763,775</u>
Operating income (loss)	<u>(501,435)</u>	<u>(79,298)</u>	<u>9,972</u>	<u>(570,761)</u>
Nonoperating revenues (expenses):				
Intergovernmental	1,169,320	-	-	1,169,320
Investment income	17,788	7,546	3,687	29,021
Interest and fiscal charges	(4,976)	(22,981)	(5,070)	(33,027)
Total nonoperating revenues (expenses)	<u>1,182,132</u>	<u>(15,435)</u>	<u>(1,383)</u>	<u>1,165,314</u>
Income (loss) before transfers	<u>680,697</u>	<u>(94,733)</u>	<u>8,589</u>	<u>594,553</u>
Transfers in	317,043	210,000	15,000	542,043
Transfers out	(55,100)	(40,000)	(18,655)	(113,755)
Change in net assets	<u>942,640</u>	<u>75,267</u>	<u>4,934</u>	<u>1,022,841</u>
Net assets - beginning, as restated	<u>7,514,045</u>	<u>2,042,708</u>	<u>439,181</u>	<u>9,995,934</u>
Net assets - ending	<u>\$ 8,456,685</u>	<u>\$ 2,117,975</u>	<u>\$ 444,115</u>	<u>\$ 11,018,775</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 445,743	\$ 340,242	\$ 406,693	\$ 1,192,678
Payments to suppliers	(92,637)	(76,353)	(121,429)	(290,419)
Payments to employees	(293,556)	(235,900)	(198,655)	(728,111)
Other operating revenues	21,085	1,106	3,119	25,310
Net cash provided (used) by operating activities	<u>80,635</u>	<u>29,095</u>	<u>89,728</u>	<u>199,458</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in / out	261,943	162,529	(3,655)	420,817
Net cash provided (used) by noncapital financing activities	<u>261,943</u>	<u>162,529</u>	<u>(3,655)</u>	<u>420,817</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments of debt principal	(169,033)	(50,359)	(30,000)	(249,392)
Payments of debt interest and charges	(4,976)	(19,654)	(4,567)	(29,197)
Capital grants received	1,211,818	-	-	1,211,818
Purchase of capital assets	(881,304)	-	(27,625)	(908,929)
Net cash provided (used) by capital and related financing activities	<u>156,505</u>	<u>(70,013)</u>	<u>(62,192)</u>	<u>24,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	877,792	229,224	120,576	1,227,592
Purchase of investments	(1,289,007)	(334,351)	(146,608)	(1,769,966)
Interest and dividends received	7,566	7,546	3,242	18,354
Net cash provided (used) by investing activities	<u>(403,649)</u>	<u>(97,581)</u>	<u>(22,790)</u>	<u>(524,020)</u>
Net increase (decrease) in cash and cash equivalents	95,434	24,030	1,091	120,555
Cash and cash equivalents - beginning	8,954	3,047	10,782	22,783
Cash and cash equivalents - ending	104,388	27,077	11,873	143,338
Investments	430,235	168,755	77,434	676,424
Total cash and investments	<u>\$ 534,623</u>	<u>\$ 195,832</u>	<u>\$ 89,307</u>	<u>\$ 819,762</u>
Cash and investments reported on the Statement of Net Assets:				
Unrestricted cash and investments	\$ 534,623	\$ 138,674	\$ 60,807	\$ 734,104
Restricted cash and investments	-	57,158	28,500	85,658
Total cash and investments	<u>\$ 534,623</u>	<u>\$ 195,832</u>	<u>\$ 89,307</u>	<u>\$ 819,762</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (501,435)	\$ (79,298)	\$ 9,972	\$ (570,761)
Adjustments to reconciliation operating income (loss) to net cash provided by operating activities:				
Depreciation	470,991	110,356	44,587	625,934
Changes in operating assets and liabilities:				
Accounts receivable	(2,992)	24	29,921	26,953
Prepaid expenses	(5,384)	(37)	(423)	(5,844)
Accounts payable and contracts/claims payable	117,584	643	5,858	124,085
Accrued payroll and compensated absences	1,871	(2,593)	(187)	(909)
Net cash provided (used) by operating activities	<u>\$ 80,635</u>	<u>29,095</u>	<u>89,728</u>	<u>199,458</u>
Non-cash capital and financing activities:				
Assets acquired under capital leases	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,172</u>	<u>\$ 41,172</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
FOR THE PERIOD ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Museum Tax Fund				
Assets:				
Cash and investments	\$ 7	\$ 429,689	\$ 402,918	\$ 26,778
Receivables:				
Taxes	22,638	24,269	22,638	24,269
Accrued interest	957	1,092	957	1,092
	<u>\$ 23,602</u>	<u>\$ 455,049</u>	<u>\$ 426,513</u>	<u>\$ 52,138</u>
Liabilities:				
Due to others	<u>\$ 23,602</u>	<u>\$ 455,049</u>	<u>\$ 426,513</u>	<u>\$ 52,138</u>
Library Tax Fund				
Assets:				
Cash and investments	\$ -	\$ 178,232	\$ 178,115	\$ 117
Receivables:				
Taxes	149,975	154,087	149,975	154,087
	<u>\$ 149,975</u>	<u>\$ 332,318</u>	<u>\$ 328,090</u>	<u>\$ 154,204</u>
Liabilities:				
Due to others	<u>\$ 149,975</u>	<u>\$ 154,204</u>	<u>\$ 149,975</u>	<u>\$ 154,204</u>
All Agency Funds				
Assets:				
Cash and investments	\$ 7	\$ 607,921	\$ 581,033	\$ 26,895
Receivables:				
Taxes	172,613	178,355	172,613	178,355
Accrued interest	957	1,092	957	1,092
	<u>\$ 173,577</u>	<u>\$ 787,368</u>	<u>\$ 754,603</u>	<u>\$ 206,342</u>
Liabilities:				
Due to others	<u>\$ 173,577</u>	<u>\$ 609,253</u>	<u>\$ 576,488</u>	<u>\$ 206,342</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.

Table 1

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

	<u>2003</u>	<u>2004</u>	<u>Fiscal Year</u> <u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 29,111,703	29,322,591	42,978,508	51,567,893	181,138,463
Restricted	6,301,050	5,572,772	15,359,724	11,586,030	18,805,437
Unrestricted	11,647,395	18,527,968	(19,476,602)	(33,823,289)	(36,541,990)
Total governmental activities net assets	<u>\$ 47,060,148</u>	<u>53,423,331</u>	<u>38,861,630</u>	<u>29,330,634</u>	<u>163,401,910</u>
Business-type activities	\$				
Invested in capital assets, net of related debt	53,334,648	59,565,885	61,317,196	58,367,018	59,053,451
Restricted	8,155,420	2,392,348	3,770,260	4,017,572	4,065,619
Unrestricted	2,427,039	1,822,265	(1,197,406)	188,263	3,702,556
Total business-type activities net assets	<u>\$ 63,917,107</u>	<u>63,780,498</u>	<u>63,890,050</u>	<u>62,572,853</u>	<u>66,821,626</u>
Primary government					
Invested in capital assets, net of related debt	\$ 82,446,351	88,888,476	104,295,704	109,934,911	240,191,914
Restricted	14,456,470	7,965,120	19,129,984	15,603,602	22,871,056
Unrestricted	14,074,434	20,350,233	(20,674,008)	(33,635,026)	(32,839,434)
Total primary government net assets	<u>\$ 110,977,255</u>	<u>117,203,829</u>	<u>102,751,680</u>	<u>91,903,487</u>	<u>230,223,536</u>

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

Note: FY 2005 Unrestricted net asset includes developer related debt that does not result in an asset for the City - \$38,942,000.

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

Table 2

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 8,162,055	\$ 3,448,810	\$ 39,676,618	\$ 23,853,935	\$ 9,595,821
Public safety	19,594,533	19,003,061	15,552,714	21,133,947	19,946,741
Highways and streets	6,052,644	9,479,906	9,473,469	10,042,359	15,826,928
Public works	1,283,978	257,751	274,980	370,810	385,983
Health and welfare	7,035,645	7,226,366	7,807,850	5,908,864	5,803,456
Parks and Recreation	3,541,370	6,119,506	5,094,993	5,187,029	7,564,744
Interest on long-term debt	100,734	25,430	983,094	4,669,961	3,802,505
Total governmental activities expenses	<u>45,770,959</u>	<u>45,560,830</u>	<u>78,863,718</u>	<u>71,166,905</u>	<u>62,926,178</u>
Business-type activities:					
Aviation	869,308	923,145	921,180	863,917	976,138
Parking	492,519	459,985	525,677	510,026	445,675
Sewer	7,496,824	7,918,146	10,233,920	9,614,343	9,867,502
Golf	436,367	411,499	410,943	403,045	374,989
Transit	3,881,183	4,291,909	4,550,225	4,874,741	4,929,923
Landfill	1,198,668	1,723,420	2,202,206	2,967,669	2,462,903
Total business-type activities expenses	<u>14,374,869</u>	<u>15,728,104</u>	<u>18,844,151</u>	<u>19,233,741</u>	<u>19,057,130</u>
Total primary government expenses	<u>\$ 60,145,828</u>	<u>\$ 61,288,934</u>	<u>\$ 97,707,869</u>	<u>\$ 90,400,646</u>	<u>\$ 81,983,308</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,283,021	\$ 3,799,256	\$ 4,600,425	\$ 4,635,231	\$ 4,873,363
Public safety	541,646	562,301	619,251	709,962	496,759
Highways and streets	656,891	151,963	281,004	150,512	158,804
Public works	478,916	15,669	18,046	36,730	45,627
Health and welfare	938,532	559,690	567,388	674,058	749,166
Parks and Recreation	10,756	1,245,464	1,187,399	1,521,336	1,514,198
Operating grants and contributions	6,081,057	6,630,787	5,339,972	5,347,446	6,508,083
Capital grants and contributions	654,879	808,616	10,899,818	4,414,950	2,427,643
Total governmental activities program revenues	<u>11,645,698</u>	<u>13,773,746</u>	<u>23,513,303</u>	<u>17,490,225</u>	<u>16,773,643</u>
Business-type activities:					
Charges for services:					
Aviation	349,599	393,286	410,800	441,058	469,727
Parking	295,434	355,464	359,257	356,273	343,396
Sewer	6,888,825	7,116,113	7,944,771	8,724,982	10,242,357
Golf	382,570	370,379	400,615	405,379	379,891
Transit	115,500	125,058	105,594	124,959	158,916
Landfill	2,356,690	2,923,924	3,006,818	2,801,026	3,151,363
Operating grants and contributions	956,320	917,265	917,764	1,112,699	2,839,376
Capital grants and contributions	1,377,413	1,512,453	3,128,516	839,014	1,324,937
Total business-type activities program revenues	<u>12,722,351</u>	<u>13,713,942</u>	<u>16,274,135</u>	<u>14,805,390</u>	<u>18,909,963</u>
Total primary government program revenues	<u>\$ 24,368,049</u>	<u>\$ 27,487,688</u>	<u>\$ 39,787,438</u>	<u>\$ 32,295,615</u>	<u>\$ 35,683,606</u>
Net (expense)/revenue					
Governmental activities	(34,125,261)	(31,787,084)	(55,350,415)	(53,676,680)	(46,152,535)
Business-type activities	(1,652,518)	(2,014,162)	(2,570,016)	(4,428,351)	(147,167)
Total primary government net expense	<u>\$ (35,777,779)</u>	<u>\$ (33,801,246)</u>	<u>\$ (57,920,431)</u>	<u>\$ (58,105,031)</u>	<u>\$ (46,299,702)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes					
Property taxes	\$ 8,885,541	\$ 9,279,250	\$ 9,960,360	\$ 10,730,888	\$ 12,860,706
Sales and use taxes	19,429,459	19,497,214	21,213,657	22,600,548	22,879,226
Franchise taxes	3,494,833	3,691,553	3,734,204	3,956,650	4,016,906
Motor fuel taxes	3,483,646	3,572,836	3,613,104	3,592,068	3,750,470
Cigarette taxes	444,354	452,770	437,460	459,855	453,013
Hotel taxes	339,110	354,801	389,986	400,792	430,551
Unrestricted investment earnings	323,973	311,348	910,325	2,028,405	2,220,429
Gain (loss) on sale of capital assets	(201,970)	48,713	73,644	-	-
Transfers	(2,971)	941,782	455,974	376,478	835,608
Total governmental activities	<u>36,195,975</u>	<u>38,150,267</u>	<u>40,788,714</u>	<u>44,145,684</u>	<u>47,446,909</u>

Business-type activities:

Sales and use taxes	1,458,333	1,460,047	1,501,994	1,560,135	1,643,460
Franchise taxes	782,374	841,936	887,532	939,913	942,673
Unrestricted investment earnings	591,009	504,901	740,503	987,584	1,146,274
Gain (loss) on sale of capital assets	15,960	12,451	5,513	-	-
Transfers	2,971	(941,782)	(455,974)	(376,478)	(835,608)
Total business-type activities	<u>2,850,647</u>	<u>1,877,553</u>	<u>2,679,568</u>	<u>3,111,154</u>	<u>2,896,799</u>
Total primary government	<u>\$ 39,046,622</u>	<u>\$ 40,027,820</u>	<u>\$ 43,468,282</u>	<u>\$ 47,256,838</u>	<u>\$ 50,343,708</u>

Changes in Net Assets

Governmental activities	\$ 2,070,714	\$ 6,363,183	\$ (14,561,701)	\$ (9,530,996)	\$ 1,294,374
Business-type activities	1,198,129	(136,609)	109,552	(1,317,197)	2,749,632
Total primary government	<u>\$ 3,268,843</u>	<u>\$ 6,226,574</u>	<u>\$ (14,452,149)</u>	<u>\$ (10,848,193)</u>	<u>\$ 4,044,006</u>

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

CITY OF ST. JOSEPH, MISSOURI
 Governmental Activities Tax Revenues By Source
 Last Five 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>Total</u>
2003	\$ 8,885,541	\$ 19,429,459	\$ 3,494,833	\$ 3,483,646	\$ 444,354	\$ 339,110	\$ 36,076,943
2004	9,279,250	19,497,214	3,691,553	3,572,836	452,770	354,801	36,848,424
2005	9,960,360	21,213,657	3,734,204	3,613,104	437,460	389,986	39,348,771
2006	10,730,888	22,600,548	3,956,650	3,592,068	459,855	400,792	41,740,801
2007	12,860,706	22,879,226	4,016,906	3,750,470	453,013	430,551	44,390,872

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

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 102,425	451,501	366,494	565,488	528,819	403,469	421,535	540,938	1,061,421	635,136
Unreserved	1,292,831	1,252,695	882,851	836,873	882,820	2,244,724	3,100,054	5,465,123	2,081,515	2,551,817
Total General Fund	\$ <u>1,395,256</u>	<u>1,704,196</u>	<u>1,249,345</u>	<u>1,402,361</u>	<u>1,411,639</u>	<u>2,648,193</u>	<u>3,521,589</u>	<u>6,006,061</u>	<u>3,142,936</u>	<u>3,186,953</u>
All other governmental funds										
Reserved	\$ 3,986,357	7,520,103	6,632,614	8,453,384	9,440,319	9,530,749	22,146,975	21,702,717	20,908,204	23,647,498
Unreserved, reported in:										
Special revenue funds	2,642,147	602,178	928,892	1,764,210	2,357,671	5,245,512	4,086,832	11,081,617	5,142,593	8,458,323
Capital project funds	2,651,937	3,406,273	5,769,516	5,859,267	3,142,441	5,364,774	4,771,513	2,117,955	6,469,342	2,859,544
Total all other governmental funds	\$ <u>9,280,441</u>	<u>11,528,554</u>	<u>13,331,022</u>	<u>16,076,861</u>	<u>14,940,431</u>	<u>20,141,035</u>	<u>31,005,320</u>	<u>34,902,289</u>	<u>32,520,139</u>	<u>34,965,365</u>

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

		Fiscal Year									
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues											
Taxes	\$	26,594,512	28,659,443	30,061,386	31,275,425	35,144,936	36,335,290	37,110,533	38,532,875	41,528,031	45,654,024
Licenses, fees and permits		1,271,988	1,278,700	1,233,404	1,353,954	1,165,397	1,259,208	1,376,641	1,403,084	1,445,418	1,465,195
Intergovernmental		5,982,922	7,275,725	7,302,128	5,211,172	5,757,234	6,735,936	7,439,403	5,830,759	8,951,096	5,697,209
Charges for services		1,681,216	1,997,844	2,057,916	2,010,945	2,172,509	2,379,460	2,785,721	4,179,090	4,584,989	4,744,541
Fines, forfeitures, and court costs		447,965	656,419	741,672	643,971	784,821	808,169	807,885	936,012	1,006,127	1,101,165
Special Assessments		38,774	23,786	20,746	31,007	17,813	11,815	18,140	21,802	39,688	47,522
Investment earnings		623,628	530,391	701,980	813,286	487,998	323,973	303,510	910,325	1,980,288	2,143,643
Other		706,664	819,878	290,426	1,047,998	745,448	507,196	1,326,956	733,525	789,906	2,544,549
Total revenues		<u>37,347,669</u>	<u>41,242,186</u>	<u>42,409,658</u>	<u>42,387,758</u>	<u>46,276,156</u>	<u>48,361,047</u>	<u>51,168,789</u>	<u>52,547,472</u>	<u>60,325,543</u>	<u>63,397,848</u>
Expenditures											
General government		4,251,406	4,643,749	5,500,413	4,885,067	4,776,223	5,936,326	6,496,521	36,267,743	23,608,397	8,782,348
Public safety		12,968,022	13,750,569	14,762,938	14,835,831	16,899,825	17,990,251	18,627,416	20,533,681	20,665,255	21,252,553
Highways and streets		8,076,506	8,751,313	7,934,711	6,892,660	8,148,914	6,879,745	6,968,828	6,900,810	7,566,077	7,492,151
Public works		177,644	231,244	274,934	250,760	307,844	352,546	253,312	274,980	344,143	274,688
Health and welfare		3,707,468	4,658,827	4,564,105	4,069,329	5,341,224	5,665,480	5,881,934	5,325,299	5,450,574	5,406,459
Parks and Recreation		2,832,802	3,663,272	3,752,604	3,311,231	3,676,430	3,505,279	3,862,181	4,029,293	4,420,506	4,576,833
Capital outlay		3,974,075	3,290,305	4,488,793	5,253,727	7,929,468	10,455,782	7,094,524	13,837,195	15,038,466	7,317,407
Debt Service											
Principal		1,941,746	256,850	272,745	296,112	300,449	207,370	70,000	696,934	1,713,663	2,918,292
Interest and bond costs		263,140	176,461	159,449	144,099	125,174	103,942	455,432	2,312,389	4,271,923	3,723,482
Total expenditures		<u>38,192,809</u>	<u>39,422,590</u>	<u>41,710,692</u>	<u>39,938,816</u>	<u>47,505,551</u>	<u>51,096,721</u>	<u>49,710,148</u>	<u>90,178,324</u>	<u>83,079,004</u>	<u>61,744,213</u>
Excess of revenues over (under) expenditures		(845,140)	1,819,596	698,966	2,448,942	(1,229,395)	(2,735,674)	1,458,641	(37,630,852)	(22,753,461)	1,653,635
Other Financing Sources (Uses)											
Transfers in		2,686,885	3,087,473	3,344,429	2,690,731	5,182,720	4,935,876	6,184,221	8,433,017	5,218,834	5,766,678
Transfers out		(2,388,502)	(2,648,864)	(2,695,778)	(2,308,360)	(5,080,477)	(4,938,847)	(5,242,439)	(7,977,043)	(4,842,356)	(4,931,070)
Issuance of debt		-	-	-	67,542	-	-	9,240,266	43,335,000	16,985,000	-
Capital leases		-	-	-	-	-	-	48,933	-	35,300	-
Sale of capital assets		-	-	-	-	-	48,114	48,059	221,319	111,408	-
Total other financing sources (uses)		<u>298,383</u>	<u>438,609</u>	<u>648,651</u>	<u>449,913</u>	<u>102,243</u>	<u>45,143</u>	<u>10,279,040</u>	<u>44,012,293</u>	<u>17,508,186</u>	<u>835,608</u>
Net change in fund balances	\$	<u>(546,757)</u>	<u>2,258,205</u>	<u>1,347,617</u>	<u>2,898,855</u>	<u>(1,127,152)</u>	<u>(2,690,531)</u>	<u>11,737,681</u>	<u>6,381,441</u>	<u>(5,245,275)</u>	<u>2,489,243</u>
Debt service as a percentage of non capital expenditures		6.98%	1.94%	1.16%	1.28%	0.99%	0.64%	1.10%	3.98%	8.47%	11.81%

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

Fiscal Year	Property Tax (1)	Sales Tax	Cigarette Tax	Motor Vehicle Tax	Utility Franchise Tax	Hotel Motel Tax (2)	Financial Institution Tax	Total
1998	\$ 7,430	\$ 12,456	\$ 481	\$ 3,220	\$ 2,913	\$ -	\$ 94	\$ 26,595
1999	7,850	13,496	487	3,294	3,066	341	125	28,659
2000	8,502	14,161	451	3,265	3,266	353	63	30,061
2001	8,554	14,473	444	3,462	3,950	344	49	31,276
2002	9,087	17,883	441	3,711	3,609	324	90	35,145
2003	9,067	19,429	444	3,484	3,495	339	77	36,335
2004	9,511	19,497	453	3,573	3,692	355	30	37,111
2005	10,298	20,030	437	3,613	3,734	390	30	38,533
2006	10,611	22,472	460	3,592	3,957	400	36	41,528
2007	12,817	24,150	453	3,750	4,017	431	36	45,654

(1) Includes interest and penalties.

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

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

Sales by Retail Category:	2000	2001	2002	2003	2004	2005	2006
Apparel stores	\$ 18,248	17,415	15,685	15,122	15,563	22,622	24,739
General merchandise	19,539	20,877	157,169	173,757	83,297	279,648	292,646
Food stores	115,776	106,956	97,375	100,179	105,386	112,337	114,235
Eating and drinking establishments	96,086	96,497	98,638	101,951	108,052	116,550	124,297
Home furnishings and appliances	26,719	64,653	68,312	68,411	67,312	75,994	79,286
T-8 Building materials and farm tools	29,908	26,203	23,159	22,289	29,188	34,068	32,685
Construction/Remodeling	3,493	2,979	3,571	6,690	5,806	5,335	4,765
Auto dealers and supplies	45,270	48,564	47,243	48,713	43,264	41,152	48,235
Wholesale Trade	40,826	35,536	28,988	27,447	21,825	23,732	27,285
Hotels, Motels	12,316	11,543	11,096	10,728	11,328	12,951	14,698
Communication	34,335	34,994	34,375	30,326	34,718	35,224	39,503
Other retail stores	209,811	240,319	120,777	114,163	102,011	91,268	86,650
All other outlets	86,075	45,254	43,415	42,176	49,361	51,367	58,000
Total	\$ <u>738,402</u>	<u>751,788</u>	<u>749,805</u>	<u>761,955</u>	<u>677,111</u>	<u>902,249</u>	<u>947,023</u>

Note: Amounts for 2007 are not provided due to only receiving partial year figures.

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

Source: 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	Calendar Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund	1.000	1.000	1.000	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Capital Improvements	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Mass Transit	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150
Total Direct Sales Tax Rate	1.650	1.650	1.650	2.150						
Total Local Option Sales Tax Rate										
State of Missouri										
General Sales Tax	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Education	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Total State of Missouri	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225
Buchanan County										
General Sales Tax	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Law Enforcement	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Capital Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
County Tourism	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Total Buchanan County	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100
City of St. Joseph	1.650	1.650	1.650	2.150	2.150	2.150	2.150	2.150	2.150	2.150
Total Direct and Overlapping Sales Tax Rate	6.975	6.975	6.975	7.475						

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

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	Estimated Actual Value	
1998	\$ 415,205	\$ 1,824,941	\$ 195,602	\$ 592,734	\$ 18,135	\$ 54,955	\$ 628,942	\$ 2,472,630	25.4%
1999	431,363	1,881,766	208,249	631,057	18,800	56,971	658,412	2,569,794	25.6%
2000	456,988	2,002,675	231,476	701,442	22,462	68,066	710,926	2,772,184	25.6%
2001	465,126	2,041,920	245,550	744,091	18,580	56,302	729,255	2,842,313	25.7%
2002	497,957	2,206,207	244,694	741,496	18,761	56,852	761,412	3,004,555	25.3%
2003	500,861	2,224,004	250,533	759,190	20,935	63,440	772,329	3,046,634	25.4%
2004	527,739	2,317,589	233,182	706,612	20,301	61,519	781,222	3,085,720	25.3%
2005	521,034	2,306,219	231,804	702,436	19,306	58,503	772,144	3,067,158	25.2%
2006	597,842	2,681,510	224,605	680,623	17,194	52,102	839,641	3,414,234	24.6%
2007	604,882	2,710,836	244,962	742,310	16,280	49,334	866,124	3,502,480	24.7%

T-10

- (1) Real estate exemptions not included.
- (2) On January 1, 1985 state-mandated reassessment set values at: 12% for agricultural property, 19% for residential property, and 32% for commercial property of the fair market value.

Table 10

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
1998	\$ 0.59	\$ 0.07	-	\$ 0.19	\$ 0.20	\$ 0.05	\$ 0.27	\$ 1.37	\$ 0.03	\$ 2.91	\$ 0.39	\$ 4.70
1999	0.60	0.07	-	0.20	0.20	0.05	0.27	1.39	0.03	2.87	0.43	4.72
2000	0.62	0.07	-	0.20	0.20	0.05	0.42	1.56	0.03	2.88	0.44	4.91
2001	0.62	0.07	-	0.20	0.20	0.05	0.42	1.56	0.03	3.26	0.44	5.29
2002	0.61	0.07	-	0.20	0.20	0.05	0.42	1.55	0.03	3.26	0.44	5.28
2003	0.61	0.07	-	0.20	0.20	0.05	0.42	1.55	0.03	3.26	0.44	5.28
2004	0.63	0.07	-	0.20	0.20	0.05	0.42	1.57	0.03	3.42	0.44	5.46
2005	0.65	0.07	-	0.21	0.20	0.05	0.42	1.60	0.03	4.05	0.46	6.14
2006	0.62	0.07	-	0.21	0.19	0.05	0.40	1.54	0.03	4.05	0.46	6.08
2007	0.63	0.07	-	0.21	0.19	0.05	0.40	1.55	0.03	4.05	0.46	6.09

Notes: # County Tax Breakdown for Current Year:

General Fund	0.07
Road & Bridge Fund	0.29
Handicap	<u>0.10</u>
Total County	<u>0.46</u>

T-11

CITY OF ST. JOSEPH, MISSOURI
PRINCIPAL TAXPAYERS
 JUNE 30, 2007

TAXPAYER	TYPE OF BUSINESS	2007			1998		
		ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION(1)	1997 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
Triumph Foods LLC	Pork Processing	\$ 12,122,560	1	1.40%	\$ -		
St. Joseph Foods	Meat Manufacturer	10,791,750	2	1.25%	-		
Wal Mart Stores Inc.	Retail Variety Store	10,201,530	3	1.18%	6,920,180	7	0.80%
HHS Properties, Inc.	Healthcare Industry	10,054,780	4	1.16%	-		
Missouri American Water Co	Water Utility	8,626,410	5	1.00%	5,279,660	9	0.61%
Johnson Controls Battery Grp	Battery Manufacturer	7,826,670	6	0.90%	5,042,110	10	0.58%
Boehringer Ingelheim	Animal Health Manufacturer	7,759,330	7	0.90%	5,330,510	8	0.62%
Belt Highway Investment	Shopping Mall	6,457,170	8	0.75%	8,222,940	3	0.95%
Ag Processing Inc	Soybean Processing	6,316,470	9	0.73%	7,419,160	5	0.86%
Albaugh Incorporated	Ag Chemical Manufacturer	6,204,650	10	0.72%	-		
Nestle - Friskies	Pet Food	-			17,668,320	1	2.04%
St. Joseph Light & Power	Electric Utility	-			7,138,430	6	0.82%
Quaker Oats	Food Manufacturing	-			14,442,160	2	1.67%
Carnation Can Company	Containers	-			7,421,000	4	0.86%
		<u>\$ 86,361,320</u>		<u>9.97%</u>	<u>\$ 84,884,470</u>		<u>9.80%</u>

(1) The total assessed valuation for 2007 = 866,124,428

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
T-13	1998	\$ 8,554,553	\$ 8,276,879	96.75%	\$ 185,496	\$ 8,462,375	98.92%
	1999	8,884,505	8,633,392	97.17%	251,616	8,885,008	100.01%
	2000	9,645,017	9,259,717	96.01%	245,721	9,505,438	98.55%
	2001	10,344,344	9,937,547	96.07%	371,818	10,309,365	99.66%
	2002	11,162,208	10,720,274	96.04%	350,833	11,071,107	99.18%
	2003	10,754,976	10,364,135	96.37%	433,654	10,797,789	100.40%
	2004	10,766,443	10,375,602	96.37%	380,941	10,756,543	99.91%
	2005	11,423,095	10,965,000	95.99%	439,385	11,404,385	99.84%
	2006	11,939,359	10,170,697	85.19%	329,771	10,500,468	87.95%
	2007	13,119,059	10,686,423	81.46%	-	10,686,423	81.46%

Table 13

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

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	PBA	MDFB	IFB/IDA	Developer Obligations	Capital Leases	Loans			
1998	\$ 1,525,300	\$ -	\$ -	\$ -	\$ -	\$ 1,071,711			
1999	1,343,720	-	-	-	-	996,441			
2000	1,146,350	-	-	-	-	921,065			
2001	938,980	-	-	-	54,284	845,581			
2002	726,610	-	-	-	41,786	770,000			
2003	589,240	-	-	-	67,160	700,000			
2004	542,640	-	9,170,000	-	91,586	630,000			
2005	475,706	6,860,000	45,645,000	2,467,000	56,280	-			
2006	425,506	5,395,000	62,530,000	2,379,177	69,828	-			
2007	341,152	3,810,000	61,665,000	2,028,523	-	-			

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			
1998	\$ 1,129,700	\$ -	\$ 18,128,000	\$ -	\$ 534,853	\$ -	\$ 22,389,564	Not Available	\$ 22,434
1999	1,056,280	-	17,652,000	265,000	403,625	-	21,717,066	1.40%	20,939
2000	973,650	-	16,895,000	245,000	858,405	393,036	21,432,506	1.10%	26,376
2001	886,020	-	16,116,000	225,000	628,792	359,240	20,053,897	1.03%	26,376
2002	793,389	-	15,309,000	200,000	386,894	324,102	18,551,781	1.05%	24,106
2003	755,760	-	14,460,000	175,000	195,936	287,569	17,230,665	0.96%	24,799
2004	592,360	-	14,316,000	150,000	315,500	249,585	26,057,671	1.43%	25,103
2005	519,294	11,720,000	13,365,000	120,000	229,580	210,093	81,667,953	4.40%	25,541
2006	464,495	11,720,000	12,359,001	90,000	166,191	169,033	95,768,231	4.88%	26,528
2007	366,381	11,515,000	11,216,393	60,000	99,723	-	91,102,172	4.34%	28,402

T-14

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		
1998	\$ -	\$ -	\$ -	0.00%	\$ -
1999	-	-	-	0.00%	-
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-

T-15

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, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Joseph School District	\$ 50,470,076	95.75%	\$ <u>48,325,098</u>
Subtotal, overlapping debt			48,325,098
City of St. Joseph direct debt			67,844,675
Total direct and overlapping debt			\$ <u><u>116,169,773</u></u>

T-16

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit (1)	\$ 125,788,450	131,682,498	142,185,111	145,851,051	152,282,321	154,465,774	156,244,388	154,428,775	167,928,218	173,224,886
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ <u>125,788,450</u>	<u>131,682,498</u>	<u>142,185,111</u>	<u>145,851,051</u>	<u>152,282,321</u>	<u>154,465,774</u>	<u>156,244,388</u>	<u>154,428,775</u>	<u>167,928,218</u>	<u>173,224,886</u>
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 2007

Assessed Value	\$ 866,124,428
Debt Limit (20% of assessed value)	173,224,886

General obligation:	
Total Bonded Debt	-
Less:	
Total net debt applicable to limit	-
Legal debt margin	\$ <u>173,224,886</u>

T-17

Notes:

(1) Total tangible property assessed value as of January 1, 2006 as certified by the County Clerk on June 30, 2006

(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.

Table 17

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>						
1998	\$ 6,626	\$ 4,211	\$ 2,415	\$ 470	\$ 848	1.83
1999	6,911	3,945	2,966	686	965	1.80
2000	7,326	4,537	2,789	779	877	1.68
2001	7,964	4,557	3,407	807	827	2.09
2002	7,577	4,753	2,824	849	790	1.72
2003	7,395	5,164	2,231	884	751	1.37
2004	7,473	5,709	1,764	951	739	1.04
2005	9,824	7,814	2,010	1,006	691	1.18
2006	10,108	6,302	3,806	1,058	639	2.24
2007	11,299	5,626	5,673	1,114	585	3.34

T-18

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)
1998	69,622	\$ 1,561,900	\$ 22,434	35.00	12,234	4.70%
1999	73,990	1,549,277	20,939	35.30	12,184	4.70%
2000	74,013	1,952,167	26,376	36.50	11,817	2.40%
2001	73,492	1,938,425	26,376	36.80	11,733	5.60%
2002	73,163	1,763,667	24,106	37.00	11,689	6.20%
2003	72,744	1,803,978	24,799	37.20	11,817	6.00%
2004	72,602	1,822,528	25,103	37.60	11,689	5.40%
2005	72,661	1,855,835	25,541	37.90	11,690	5.90%
2006	73,990	1,962,807	26,528	37.90	11,466	4.90%
2007	73,990	2,101,464	28,402	35.30	11,718	4.50%

T-19

- 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
2007 and 1998

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Heartland Health	2,800	1	4.20%	2,400	1	7.13%
Triumph Foods	2,329	2	3.50%	-		
St. Joseph School District	2,200	3	3.30%	1,560	2	4.63%
Altec Industries	959	4	1.40%	558	8	1.66%
American Family	820	5	1.20%	558	9	1.66%
Boehringer Ingelheim Vetmedica	748	6	1.10%	-		
System and Services Technology	744	7	1.10%	-		
Sara Lee	700	8	1.10%	-		
City of St. Joseph, Missouri	665	9	1.00%	617	7	1.83%
Western Reception Diagnostic	576	10	0.90%	-		
Snorkel				800	3	2.38%
Johnson Controls				678	4	2.01%
Mead Products				675	5	2.00%
Quaker Oats Company				627	6	1.86%
MO Western State College				550	10	1.63%
Total	12,541		18.80%	9,023		26.79%

Source: St. Joseph Area Chamber of Commerce

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

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Mayor/Council	1	1	1	1	1	1	1	1	1	1
City Clerk	2	2	2	2	2	2	3	3	3	3
City Manager	4	4	4	4	3	3	3	3	4	4
Technology & Communications	-	-	-	-	-	6	5	5	5	5
Municipal Court	5	7	5	5	6	8	5	5	5	6
Legal	5	5	6	6	6	6	7	7	7	7
Financial Services	24	26	25	24	24	18	19	14	15	15
Human resources	5	5	5	5	5	5	5	5	5	5
Customer Assistance	17	15	17	18	21	17	17	25	26	25
Public Safety										
Police - Arrest Powers	104	106	106	105	108	115	114	116	117	118
Police - Civilian	35	42	41	41	41	40	39	41	41	41
Fire Protection	127	130	131	130	131	127	131	131	131	131
Fire - Civilian	2	2	2	2	2	2	2	3	3	3
Public Works										
Engineering	12	13	13	11	10	10	11	11	10	10
Public Works Administration	5	5	5	4	4	4	5	5	4	5
Streets	65	65	54	54	59	63	62	59	61	62
Traffic	8	8	8	8	8	8	8	8	8	8
Airport	5	5	6	6	6	6	6	6	6	6
Parking Services	-	-	6	6	6	6	6	6	6	6
Landfill	18	19	16	16	16	16	15	16	16	17
Recycling Center	-	-	3	3	3	3	3	2	2	2
Sewer Maintenance	13	12	17	17	17	16	17	17	14	19
Water Pollution Control	44	43	42	42	42	43	42	41	42	45
Health Department	32	34	34	35	37	41	41	41	41	42
Parks and Recreation	51	51	52	49	51	50	50	47	48	48
Community Development										
Planning	2	4	5	4	3	5	5	5	4	4
Housing & Community Dev	7	10	7	8	6	8	8	7	8	9
Total	593	614	613	606	618	629	630	630	633	647

T-21

Source: City of St. Joseph Annual Report

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

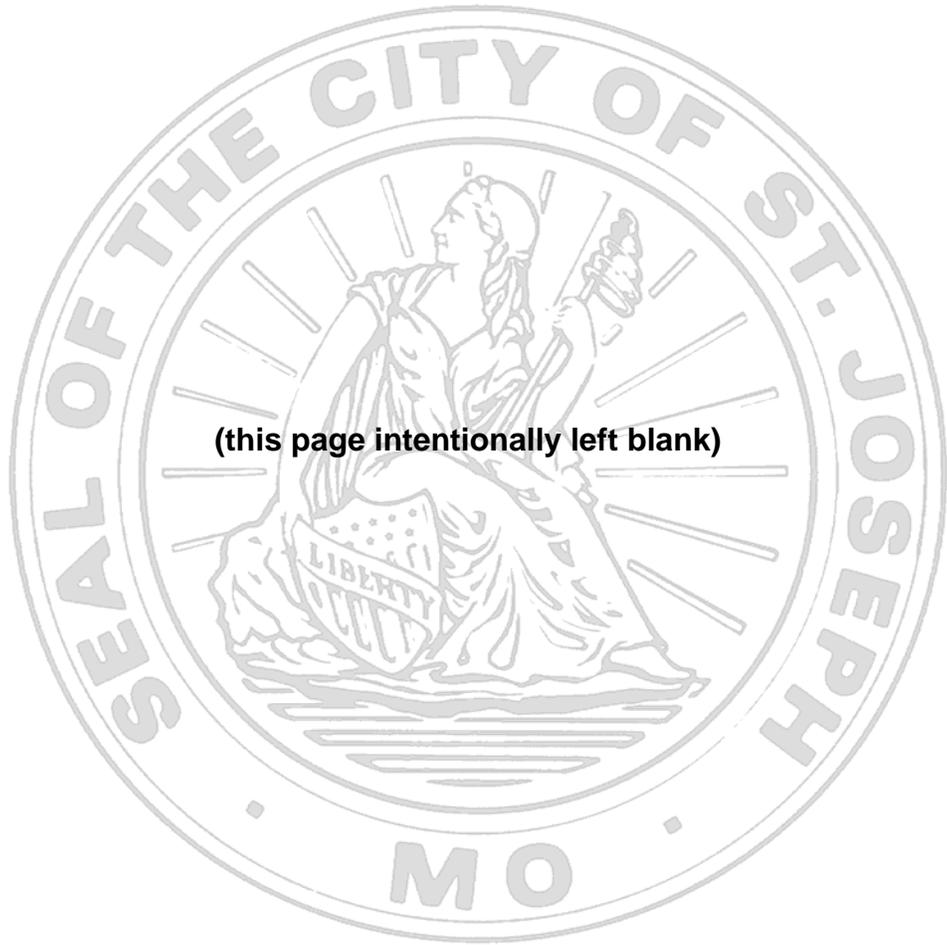
Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police										
Physical Arrests	5,789	5,687	5,060	7,291	6,226	7,230	7,859	6,679	5,610	6,183
Traffic Violations	11,856	11,856	18,406	18,679	17,232	14,644	15,336	15,669	15,688	11,541
Parking Violations	17,943	19,824	20,099	19,219	14,656	12,629	12,629	11,307	11,620	10,182
Fire										
Total Alarms	6,590	6,957	7,386	10,456	10,557	12,508	6,642	6,621	6,895	7,322
Inspections	977	1,040	2,453	2,704	2,966	348	515	250	500	398
Water										
Number of customers	30,709	35,417	31,129	31,402	31,553	36,878	36,878	36,878	31,751	32,480
Daily Average Water Consumption	15,107,000	15,450,000	16,038,000	15,200,000	14,363,000	14,994,000	15,156,000	14,933,000	15,000,000	17,083,000
Sewer										
Number of customers	25,306	25,417	25,722	25,895	25,764	25,764	26,397	30,878	31,751	26,768
Daily Average Wastewater Treated	18,500,000	20,000,000	13,500,000	23,000,000	20,300,000	12,800,000	17,000,000	17,000,000	15,000,000	15,000,000

T-22

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

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Vehicles	65	74	77	82	104	84	91	91	108	108
Fire										
Fire Stations	9	9	9	9	9	9	9	9	9	9
Public Works										
Total area (square miles)	45.300	45.300	45.300	45.050	45.045	45.045	45.045	44.443	44.443	45.443
Paved miles	412.0	531.0	531.0	531.0	531.0	418.0	425.0	425.0	426.3	426.4
Culture and Recreation										
Park acreage	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Parks	49	49	46	48	49	49	46	46	46	46
Ball Fields	19	19	17	19	23	23	22	23	23	23
Community Centers	4	4	4	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	9	14	13	13	13	13	13	12	17	12
Transmission/Distribution Circuits (miles)	602.00	765.00	792.00	781.00	1,000.00	800.00	1,000.00	793.00	799.25	805.94
Street Lights	5,483	5,631	5,689	5,725	5,755	5,883	5,933	6,097	6,652	6,880
Water										
Water mains (miles)	594	594	594	598	600	604	619	605	620	609
Fire hydrants	2,792	2,797	2,815	2,843	2,887	2,986	2,986	2,985	3,141	3,186
Maximum daily pumpage (millions of gallons)	21	21	30	30	30	30	30	30	30	30
Sewer										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	355	369	366	366	372	372	386	377	388	389
Maximum daily capacity of treatment (MGD)	27	27	27	27	27	27	27	27	27	27

T-23



(this page intentionally left blank)