

City of St. Joseph, Missouri



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2006

CITY OF ST. JOSEPH, MISSOURI

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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, 2006

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INTRODUCTORY SECTION

CITY OF ST. JOSEPH, MISSOURI

PRINCIPAL OFFICIALS

Ken Shearin
Mayor

CITY COUNCIL

Roger E. Baker

Donna Jean Boyer

Mike A. 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

Glenda Klein

Parks and Recreation

Bill R. McKinney

Police Chief

Chris Connally

Public Health

Debra Bradley

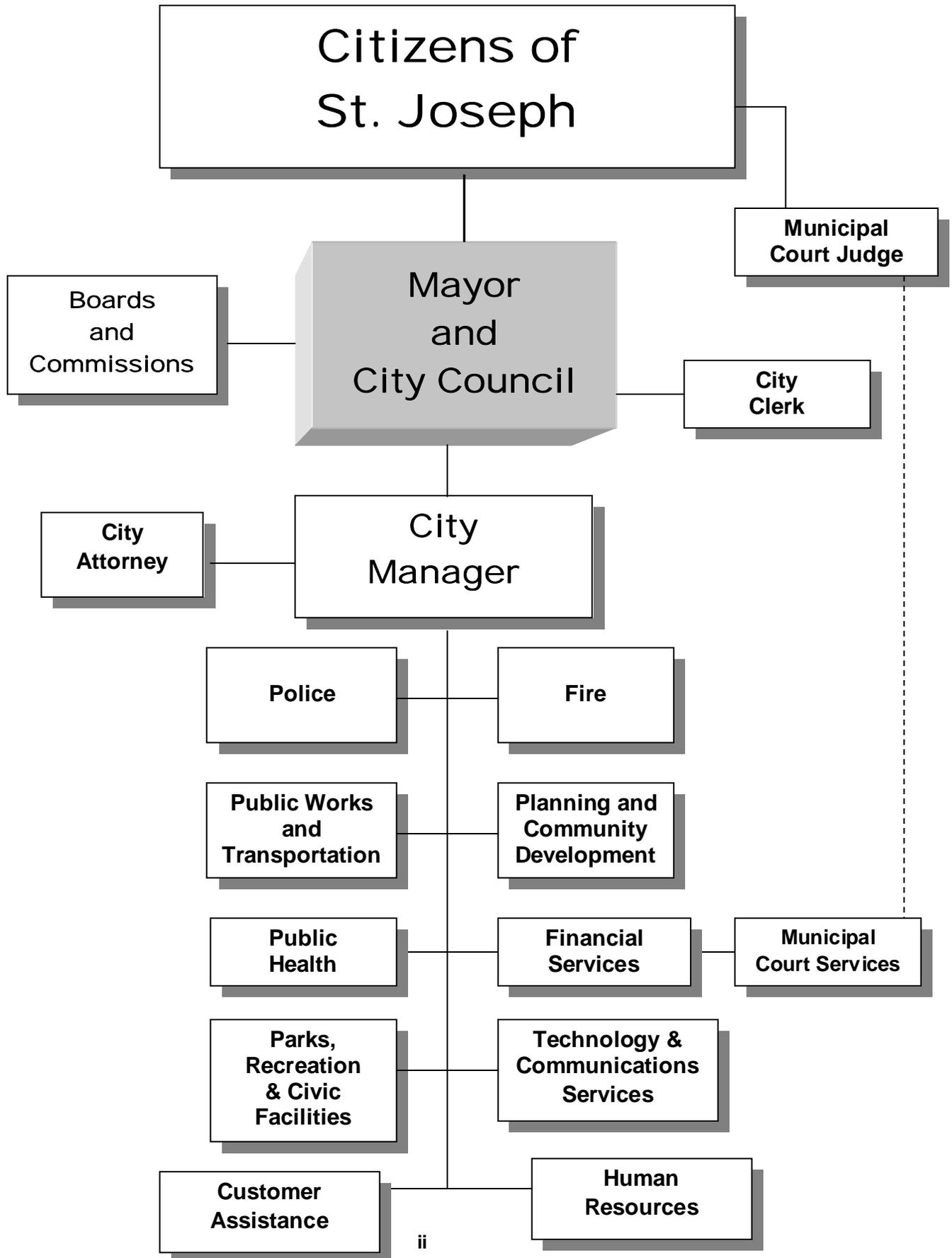
Public Works & Transportation

J. Bruce Woody

Technology & Communication Services

Steve Hofferber

ORGANIZATION CHART



City of St. Joseph

1100 Frederick Avenue St. Joseph, Missouri 64501

November 30, 2006

Honorable Mayor, Members of the City Council, City Manager, 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, 2006, 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 & Co., P.C. has audited the City's financial statements. The purpose of the audit conducted by Cochran Head & Co., P.C. was to review and provide reasonable assurance that the City's financial statements for fiscal year ended June 30, 2006, are free of material

misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the government-wide and fund 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. The financial statement audit for the fiscal year ended June 30, 2006 disclosed no material internal control weaknesses or material violations of laws and regulations. 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). Based on these guidelines, the report consists of three sections:

1. **Introductory Section** - The introductory section includes this transmittal letter, the City's organizational chart, a list of elected and appointed officials, and the Certificate of Achievement for Excellence in Financial Reporting received by the City for the 2005 CAFR.
2. **Financial Section** - The financial section includes the independent auditors' report, Management's Discussion and Analysis, Financial Statements and Notes to the financial statements, Combining Statement for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. **Statistical Section** – The statistical section includes tables of unaudited data depicting the financial history of the City, information concerning the governmental units that overlap the City, and economic and demographic information.

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 163,399. The City's population of 73,990 represents 45.2% 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 67,350 with 64,083 employed for the period ending June 30, 2006, producing an unemployment rate of 4.90%. At this time last year the unemployment rate was 5.90%. 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 2,900 jobs, or 4.5% of the total employed work force. Heartland Health is an integrated health system, including a comprehensive acute care medical center, physician practices, and a health plan. This consolidation has provided stability and expansion in the regional health services industry. The ten largest employers provide a total of 10,221 jobs, representing 15.9% 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	2,900	4.5%
St. Joseph School District	Public Education	1,650	2.6%
Triumph Foods	Pork Processing	1,000	1.6%
American Family	Insurance	841	1.3%
Altec Industries	Utility Equipment	840	1.3%
City of St. Joseph, Missouri	Government	655	1.0%
Boehringer Ingelheim Vetmedica	Animal Pharmaceuticals	607	0.9%
Western Reception Diagnostic	Correctional Facility	590	0.9%
System & Services Technology	Loan Servicing	584	0.9%
Johnson Controls	Automotive Storage	554	0.9%
Total		10,221	15.9%

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 & 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 plans for a major expansion at its soybean processing plant located in St. Joseph. The multi-million dollar project includes installation of new processing equipment, additional soybean storage capacity, expanded rail siding, and upgrades to the truck unloading facilities.

BMS Management announced expansion and completed the purchase of the former Stetson Hat building. They will expand their warehousing, packaging, and distribution operations into the facility. The company plans to add an additional 150 employees and will invest \$5 million in the building and related equipment.

Lifeline Foods is to construct an ethanol production facility in St. Joseph. 35 new jobs will be added with \$60 million in new investment. The facility will include the latest in ethanol processing technology and is 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.

Lowe's Companies, Inc. selected St. Joseph as the location for their 14th flatbed distribution center in the United States. The facility will employ 35 people when it becomes operational and will create additional positions as the need arises. An investment of \$12 to \$16 million dollars will enable the facility to serve a nine state region in the Midwest.

Menard's is opening a home improvement store in St. Joseph, Missouri. This is the 11th state for the company headquartered in Eau Claire, Wisconsin. This privately held company is the third largest home improvement center offering residents everything from building materials to greeting cards.

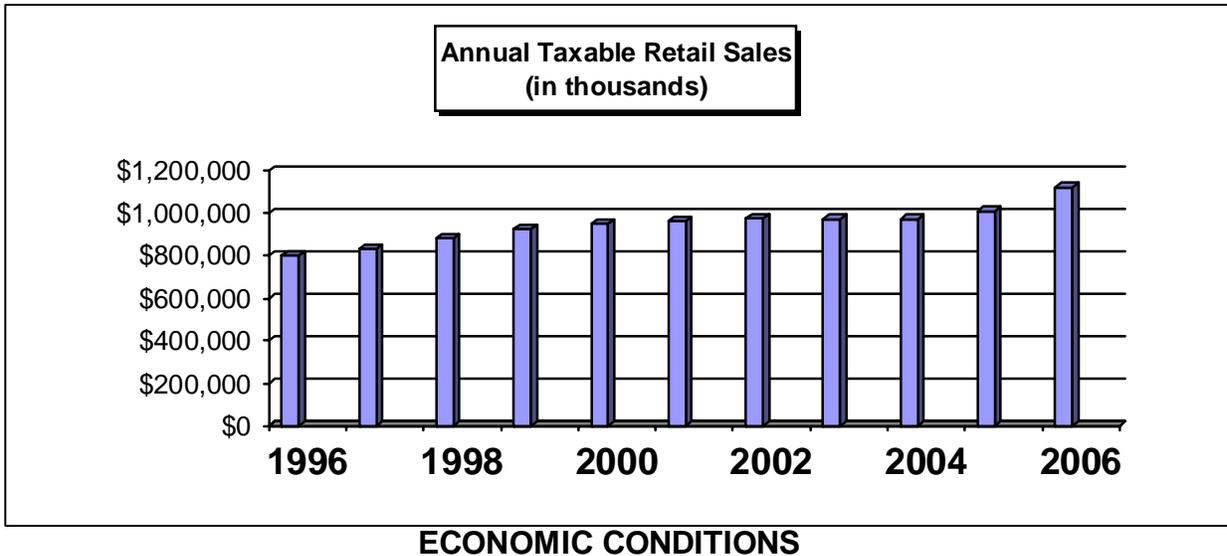
Missouri Air National Guard (MoANG) 139th Airlift Wing (AW), based at Rosecrans Memorial Airport, has been working on a master plan to relocate the existing 98-acre military base to a new 125-acre location. This plan will support over \$120 million dollars of facility and infrastructure improvements at the airport.

Triumph Foods, selected St. Joseph to serve as their corporate headquarters and new pork processing facility with a \$140 million investment in the community. Designed as the most modern and efficient pork processing facility in the United States, the 630,000 square foot facility has 1,000 employees. As a result of Triumph Foods' selection, the City will invest \$13.5 million dollars worth of improvements in the wastewater treatment plant.

Taxable Annual Retail Sales and City Sales Tax

The State of Missouri reported a “pull factor” of 1.14 for the City constant with last year's factor. Maintaining the pull factor indicates stability in St. Joseph's economy demonstrating more people are coming to St. Joseph than are leaving, for their retail shopping. The opening of The Shoppes at North Village has enhanced purchasing power in the St. Joseph area and has brought customers from the St Joseph and surrounding area.

One of the City's largest general revenue sources, the one and one-half cent local sales tax increased for fiscal year 2006. 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 ten years.



After initial failure of a 7/8 of one-cent sales tax in August 2000, the qualified voters of St. Joseph, on April 3, 2001, approved an additional one-half cent general sales tax to continue existing service levels. The tax became effective October 1, 2001 and provides \$4.8 million each year for the compensation and classification plan.

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. The City is preparing to take a fifth CIP Sales Tax extension proposal to the voters in November 2007.

Business Licenses

Growth was demonstrated in the local community as evidenced by the number of business licenses issued. The City issued 4,706 business licenses for fiscal year ended June 30, 2006. This is an increase of 72 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. Also located in St. Joseph, the St. Joseph Storm, an indoor football team, associated with the National Indoor Football League.

After recent renovations to the Noyes Sports Complex, the United States Tennis Association held the women qualifying tournament in July 2006 with 38 participants from twelve countries represented.

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 districts, regional, and state tournaments and special events were held this season with over 260 league teams participating each week.

To mark the 60th anniversary of the Air National Guard in St. Joseph, the City of St. Joseph, Buchanan County, and Missouri Air National Guard hosted the 2006 STJ Air Show. It was a popular draw with over 50,000 in attendance for the 2 day weekend event.

In August, 2006, the Allied Arts Council of St. Joseph produced the fourteenth 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 nine (9) 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 six (6) TIF projects at June 30, 2006.
- 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 six (6) Developer Agreements at June 30, 2006.
- 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, 2006.
- 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, as of June 30, 2006.
- 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, 2006.

- 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, six (6) issue areas were identified with action teams developed to implement strategies and initiatives to address these concerns. Some of the 205 initiatives which the City is involved include:

Community Appearance Plan - After years of struggling with maintenance, ownership issues and the negative value of vacant lots and structures the City Council initiated a "grass roots" effort to develop a strategic vision that would comprehensively address local problems that lead to a poor appearance of our community, particularly in the older neighborhoods. This community - wide initiative is a result of residential concerns plus information directly related to community appearance. This initiative aims to encourage residents to take an active role.

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, quarterly neighborhood newsletter, public access cable channel, complaint

hotline, Property Maintenance Division activities, Student in Government Day, resident surveys, and the weekly City Manager's Report.

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 Services 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 Downtown Master Plan – City officials and members of the Chamber of Commerce and Downtown Partnership created a Master Plan Committee made up of residents interested in downtown redevelopment. The Downtown Master Plan defines public improvements necessary to 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. Construction could possibly start in early 2007.

Brownfield Redevelopment Effort - The City is also working on the Brownfield Initiative Project in conjunction with the Downtown Precise Plan. The City was awarded a \$200,000 Brownfield Assessment Demonstration Pilot Grant to assess properties in a 255 acre zone on the south side of downtown. In addition, the City has received a Brownsfield Economic Development Grant (BEDI) in the amount of \$1.2 million. BEDI assisted projects are required to include Section 108 Loan Guarantee funds. Council also received a \$10 million Section 108 Loan Guarantee assistance to be used for the Brownsfield Area.

St. Joseph Regional Port Authority – Adjacent to the Riverfront Industrial Development Area (Brownsfield) area 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, 2006, 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, 2006.

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, 2005. This was the sixteenth 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, 2005

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.



Carla E. Judge

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

CH**COCHRAN, HEAD & CO., P.C.****& Co***Certified Public Accountants*

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Joseph, Missouri (the City), as of and for the year ended June 30, 2006, 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.

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, 2006, and the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2006, 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.

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(913) 378-1177 FAX

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

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 20, 2006

Cochran, Harold H. KC

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006

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, 2006. 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 \$91,903 (*net assets*).
- The City's total net assets decreased \$10,849. Approximately \$9,532 is attributable to a decrease in "governmental activities". "Business-type activities" contributed slightly to the decrease by \$1,317.
- As of the close of the current fiscal year, the City's funds reported combined ending governmental fund balances of \$35,663, a decrease of \$5,245 in comparison with the prior year. Approximately \$13,693 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 \$2,082, or 7% of total general fund expenditures.
- The City's investment in capital assets for its governmental and business-type activities went up \$16,520 with construction in progress responsible for \$12,482. More information is provided on page MD-11.
- The City's total long-term debt as detailed on page MD-12 increased by \$14,128 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, 2006

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

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

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

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

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

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *street improvement maintenance & repair 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, 2006

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 \$91,903 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, 2006**

City of St. Joseph's Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 53,316	\$ 59,263	\$ 17,203	\$ 25,160	\$ 70,519	\$ 84,423
Capital assets	52,785	41,637	79,369	73,997	132,154	115,634
Total assets	<u>106,101</u>	<u>100,900</u>	<u>96,572</u>	<u>99,157</u>	<u>202,673</u>	<u>200,057</u>
Long-term liabilities	68,641	53,404	30,504	31,462	99,145	84,866
Other liabilities	8,130	8,634	3,495	3,805	11,625	12,439
Total liabilities	<u>76,771</u>	<u>62,038</u>	<u>33,999</u>	<u>35,267</u>	<u>110,770</u>	<u>97,305</u>
Net assets						
Invested in capital assets, net of related debt	51,568	42,979	58,367	61,317	109,935	104,296
Restricted	11,586	15,360	4,018	3,770	15,604	19,130
Unrestricted	(33,824)	(19,477)	188	(1,197)	(33,636)	(20,674)
Total net assets	<u>\$ 29,330</u>	<u>\$ 38,862</u>	<u>\$ 62,573</u>	<u>\$ 63,890</u>	<u>\$ 91,903</u>	<u>\$ 102,752</u>

At the end of the current fiscal year, the City is able to report positive balances in the invested in capital assets and restricted net asset categories, for the government as a whole, as well as for its separate governmental activities. However, the unrestricted net asset category for the governmental activities is still negative continuing from FY05 into FY06. 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 turned their negative unrestricted net assets into a positive \$188 for FY06.

An additional portion of the City's net assets, 17% or \$15,604 represents resources that are subject to external restrictions on how they may be used. Governmental activities claim 13% or \$11,586 while the business type activities have the other 4% or \$4,018.

The City's net assets decreased by \$10,849 during the current fiscal year. Governmental activities represent a \$9,532 decrease in the City's net assets and a \$1,317 decrease 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, 2006

City of St. Joseph's Changes in Net Assets

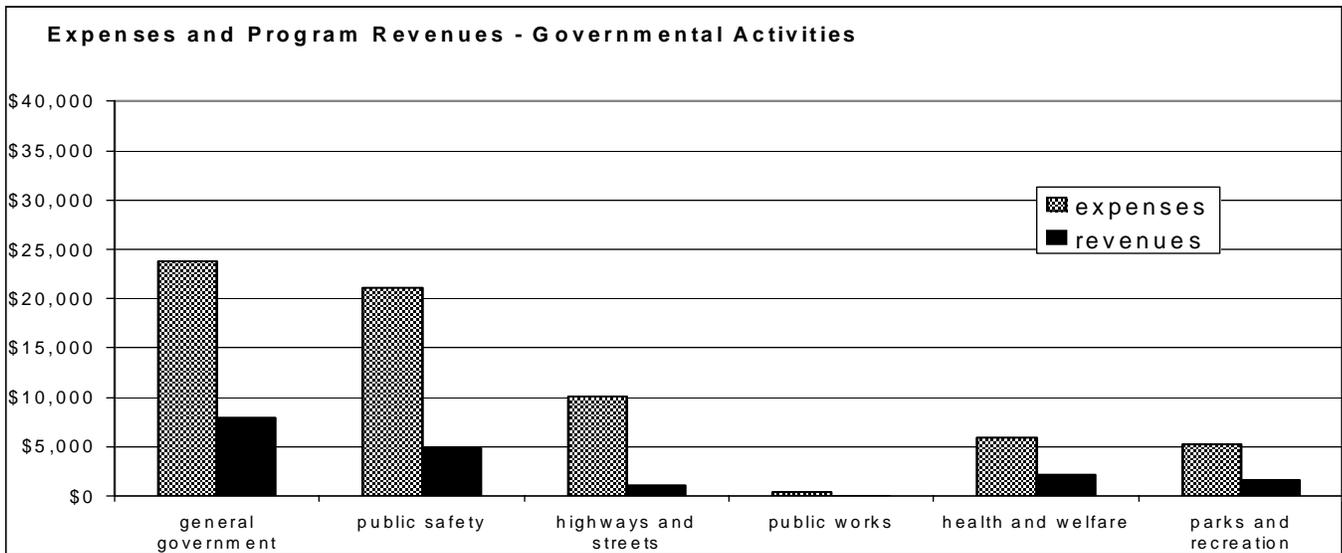
	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
General Revenues:						
Property taxes	\$ 10,731	\$ 9,960	\$ -	\$ -	\$ 10,731	\$ 9,960
Sales taxes	22,601	21,214	1,560	1,501	24,161	22,715
Other taxes	8,409	8,175	940	887	9,349	9,062
Program Revenues:						
Charges for Services	7,728	7,273	12,854	12,228	20,582	19,501
Operating grants, contributions, & other intergovernmental funds	5,347	5,340	1,113	918	6,460	6,258
Capital grants & contributions	4,415	9,374	839	3,129	5,254	12,503
Gain on sale of capital assets	-	74	-	6	0	80
Other revenue	2,028	910	987	741	3,015	1,651
Total revenues	61,259	62,320	18,293	19,410	79,552	81,730
Expenses:						
Functions\Programs:						
General government	23,854	37,152	-	-	23,854	37,152
Public safety	21,134	15,553	-	-	21,134	15,553
Highway and streets	10,042	9,473	-	-	10,042	9,473
Public works	371	275	-	-	371	275
Health and welfare	5,909	7,808	-	-	5,909	7,808
Parks and recreation	5,187	5,095	-	-	5,187	5,095
Interest	4,670	983	-	-	4,670	983
Sewer	-	-	9,614	10,906	9,614	10,906
Mass Transit	-	-	4,875	4,550	4,875	4,550
Landfill	-	-	2,968	2,202	2,968	2,202
Other Proprietary Functions	-	-	1,777	1,858	1,777	1,858
Total expenditures	71,167	76,339	19,234	19,516	90,401	95,855
Excess (deficiency) of revenues over (under) expenditures	(9,908)	(14,019)	(941)	(106)	(10,849)	(14,125)
Transfers	376	456	(376)	(456)	-	-
Change in net assets	(9,532)	(13,563)	(1,317)	(562)	(10,849)	(14,125)
Net assets - beginning	38,862	52,425	63,890	64,452	102,752	116,877
Net assets - ending	\$29,330	\$38,862	\$62,573	\$63,890	\$91,903	\$102,752

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

Governmental Activities. Governmental activities decreased the City's net assets by \$9,532. The key elements in this decrease are as follows:

- Coming off of a reassessment year, property taxes showed an increase over the prior year for combined real and personal property revenues. Total receipts for these two revenue sources were \$10,731 in FY06 up from \$9,960 in FY05.
- A major revenue source for governmental funds is sales tax. Sales tax revenue increased from \$21,214 in FY05 to \$22,601 in FY06. Due to the opening of The Shoppes at North Village, the sales tax helps cover the development costs of the TIF bonds.
- Motor vehicle, fuel and road & bridge taxes, cigarette taxes, and hotel/motel taxes were up from FY05 revenue by \$12 where the increases are attributed to cigarette taxes collected in the General Fund and hotel/motel taxes as a positive revenue source for the Parks and Recreation Fund.
- 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 did not make a notable change from FY05 to FY06. 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.

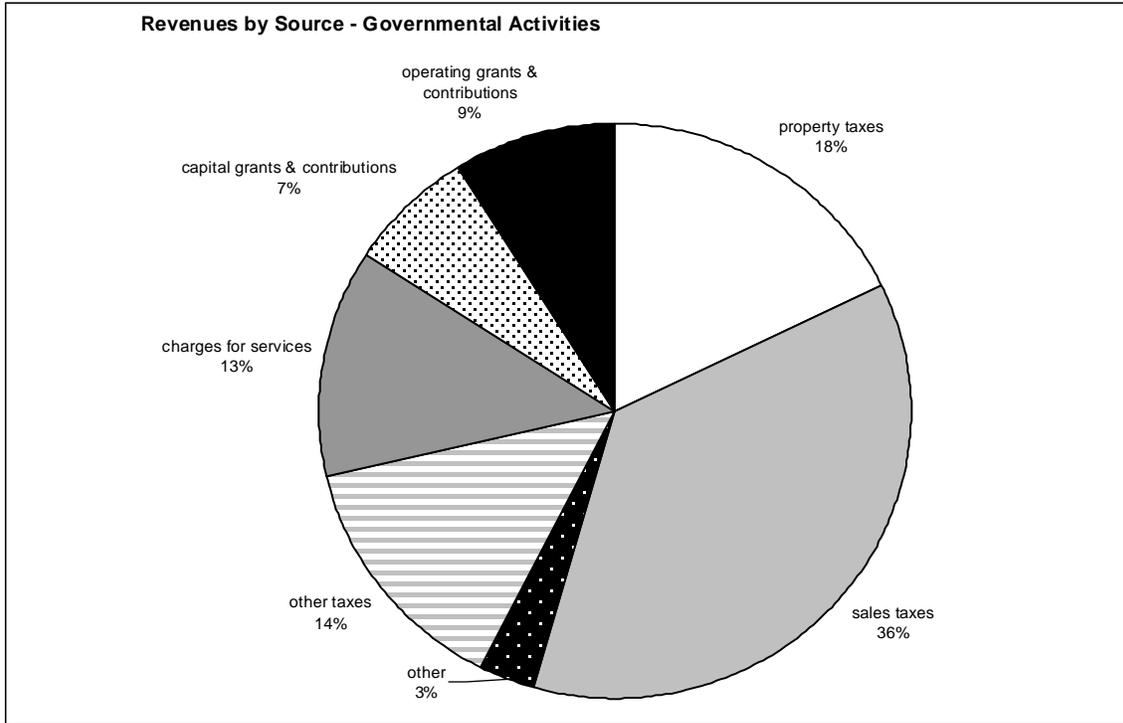


- The City reported an increase in interest earnings in the Governmental Funds from the third party bond trustee accounts prior to reimbursement of construction costs.
- The City saw a raise in the public safety expenditures over last year. \$15,553 for public safety in FY05 compared to \$21,134 in FY06.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006

- FY06 was the first year for principal and interest payments on newly issued debt in the General, Special Allocation, and CIP funds.



Business-type activities. The net assets of the City's business-type activities decreased \$1,317. Key elements of the decrease within the business-type activities are:

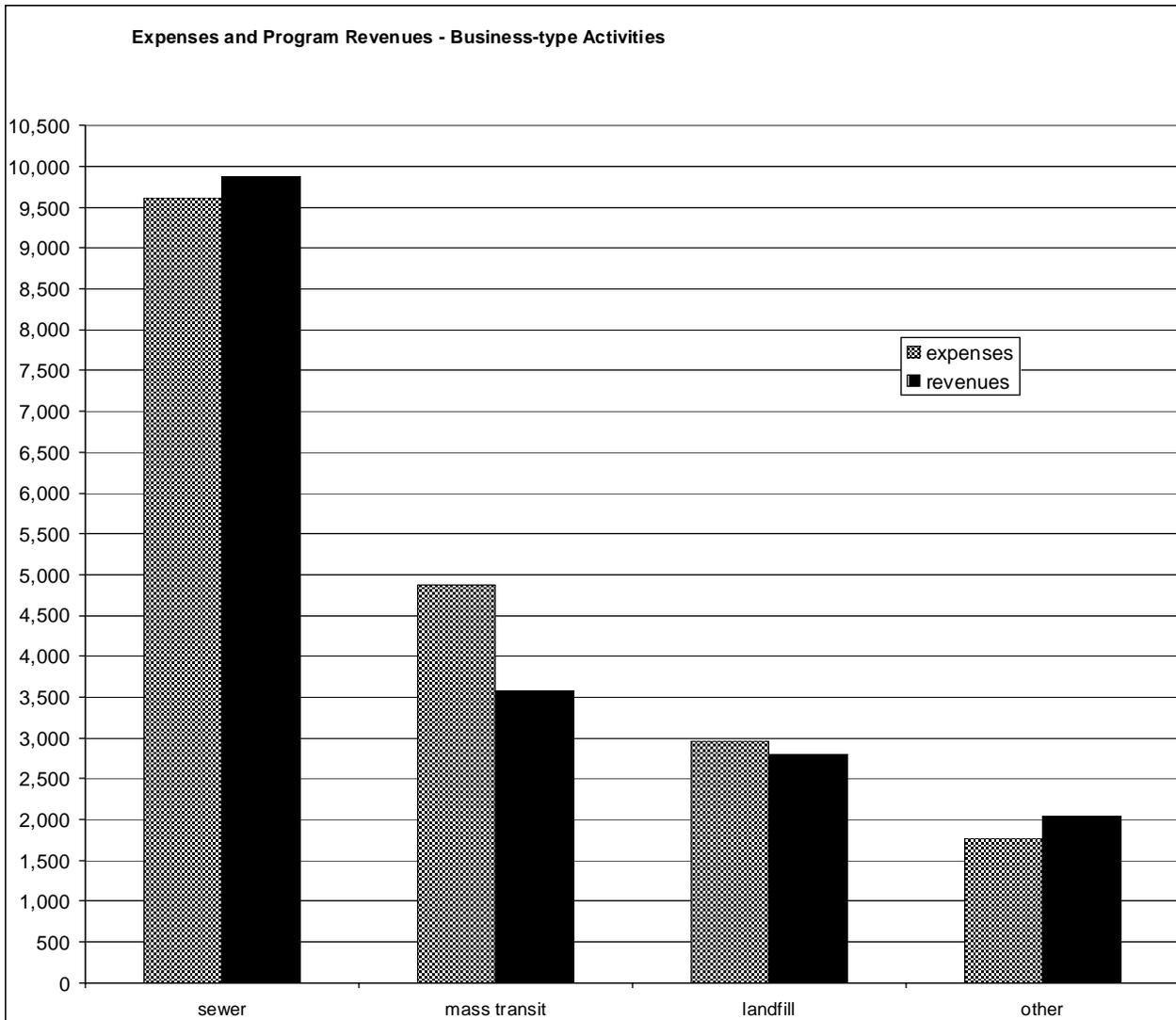
- Operating revenues from business-type activities rose from \$12,228 in FY05 to \$12,854 this fiscal year. Operating expenses stayed constant from \$17,599 last fiscal year to \$17,585 in FY06.
- The charges for services revenue category reported an overall increase of \$626. Of that amount, increases in revenue belong to Aviation services, \$30, Sewer user charges, \$781, Golf user fees, \$5, and Mass Transit user charges, \$19. Parking services declined by \$3 and Landfill user fees were down by \$206. These two are the only reported decreases in revenue for the business-type activities. The sewer and landfill charges provide the largest percentage of user fees coming in at approximately 90%.
- Higher expenses in FY06 were incurred by two of the six business-type activities. Of the \$390 over last year's totals, Mass Transit services increased \$324 and Landfill climbed \$765. Reflected in the increase for Mass Transit is an additional year of depreciation for the new bus fleet. Missouri DNR fees were reclassified to expenses in FY06 causing a \$125 difference in the Landfill Fund. New cell construction was started at the Landfill in order to provide additional disposal areas to customers adding \$331 to expenses. With the price of fuel continuing to rise throughout

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

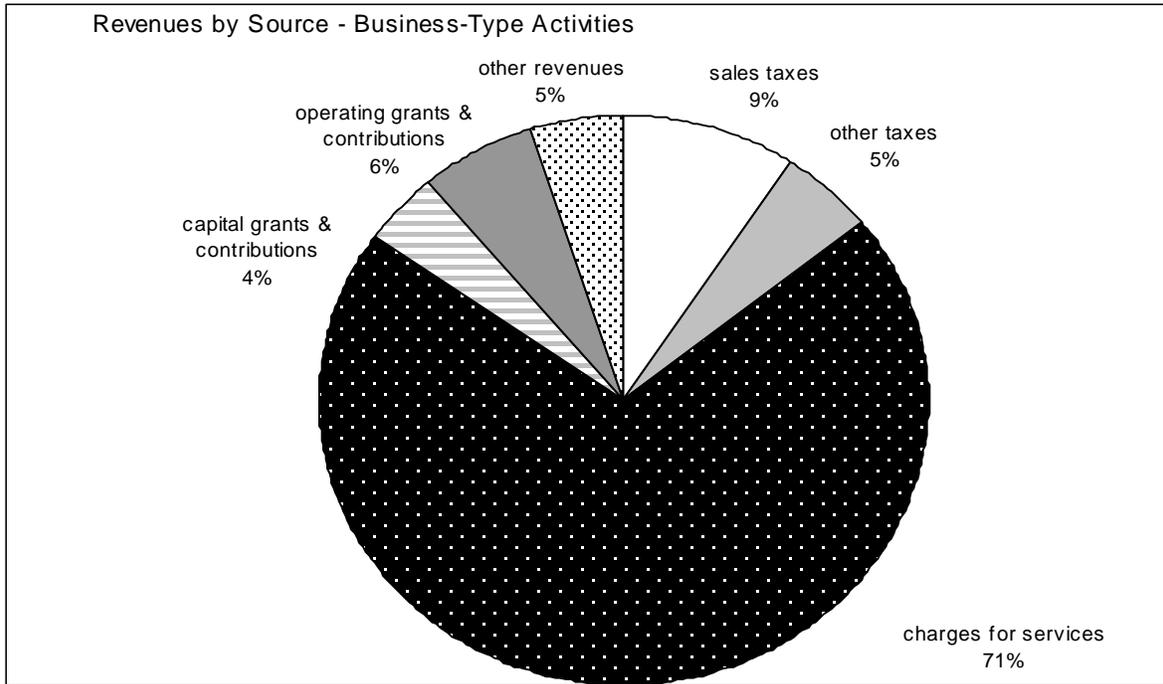
FY06, Mass Transit exhausted its fuel budget by \$80 over last year's budget as did Landfill by \$73.

- The other four business-type funds were successful in lowering their costs. Aviation was down by \$57, Parking decreased by \$16, Sewer cut costs by \$620, and Golf reduced expenses by \$8.



CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006



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 \$2,082, while total general fund balance reached \$3,143. 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 7% of total general fund expenditures, while total fund balance represents 10% of that same amount.

The fund balance of the City's general fund decreased \$2,863 during the current fiscal year. Key factors in this decrease are as follows:

- Property tax and sales tax revenues came in over last year's revenue by \$377.
- Charges for services in the General fund were \$109 lower than FY05. This is due to the anticipated decrease in total inspection fees after all the construction from Triumph Foods and North Shoppes.
- Licenses and permits receipts grew from \$1,139 in FY05 to \$1,204 in FY06. Most of the increase is due to a \$40 growth in business license revenue.
- The interest rates on the City's investment increased which allowed the General fund to recognize an increase to the interest earnings of \$40.
- The spike in Capital Outlay is mainly from the purchase of a \$1.2 million mobile data system.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006

- In 2005, the City issued \$2,425 in 2004D Series Missouri Development Finance Board Bonds to provide financing for three Public Safety Improvement projects including renovations to the Law Enforcement Center, purchase of two fire trucks, and improvements to the City's 911 communication system. The General fund incurred \$140 more in principal and interest payments in FY06 compared to FY05.
- General government expenditures increased \$1,452, while Public safety expenditures increased \$132.

The Street Improvement, Maintenance & Repair (SIM&R) Fund is the second major fund for the City. This fund had an ending fund balance of \$4,275 of which \$2,687 represents unreserved fund balance. Unreserved fund balance represents 29% of the SIM&R fund's expenditures for the current year. The fund balance of the SIM&R fund decreased by \$271 during the current fiscal year due to the following key factors:

- Motor vehicle and sales tax revenues came in over last year's revenue by \$216.
- The SIM&R fund revenue for licenses and permits decreased by \$17 as a result of a decrease in sidewalk/street permits and street utility permits. Street Utility Cut Repair revenue went down from \$237 in FY05 to \$95 in FY06 causing charges for services to reflect \$142 in lower revenue. The utility companies have minimized the number of meter replacements over the last couple of years. Grant revenue was roughly \$264 higher in FY05 compared to FY06. Last fiscal year, the State of Missouri awarded the City \$220 in Federal Transit Authority grant funding. This fiscal year, the City was allocated \$123 from the State for a difference of \$97. The Parker Road project was completed in FY05 and \$169 was reimbursed by Missouri DNR leaving no revenue anticipated in FY06.

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 \$11,572 includes \$11,448 reserved for bond payments leaving \$124 unreserved. Unreserved fund balance represents 1% of the Special Allocation fund's total expenditures. The following key factors contributed to the Special Allocation's fund balance:

- The Industrial Development Authority issued \$16,985 in bonds that related to the development and infrastructure costs of The Shoppes at North Village project payable by Payments in Lieu of Taxes and Economic Activity Tax Revenues.
- Property and Sales tax receipts jumped to \$2,041 in FY06 from \$317 in FY05. This is a result of the remaining stores in North Shoppes opening in FY06.
- Interest earnings increased \$751 largely due to bond revenues earning interest before their use in project reimbursements.
- Bond related expenditures were higher in FY06 than FY05 by \$2,056.

The CIP Sales Tax Improvement Fund has a total fund balance of \$9,231. While unreserved, \$6,335 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.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006

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 caused a decrease of \$1,317 from last year. A portion of the City's proprietary fund net assets, 6% or \$4,018 represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets in the proprietary funds reported a negative \$1,197 in FY05 having the opposite effect in FY06 with a positive \$188.

Unrestricted net assets at the end of the fiscal year were positive in the Sewer and Mass Transit Funds. The Sewer Fund claimed \$1,349 in unrestricted net assets while Mass Transit had \$340. Deficits resulted in the Landfill Fund of \$1,871. Increased landfill tipping fees and interfund transfers 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 \$5,481. The differences can be briefly summarized as follows:

- The Law Enforcement Center expansion is not completed yet.
- Grants were accepted for the Community Development, Police and Fire departments.
- The City upgraded the Phone Voice Messaging system.
- With the pork processing facility, increased expenditure and revenue resulted from inspections.
- Police officers and fire fighters volunteered their services to the victims of Hurricane Katrina.

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, 2006 amounts to \$132,154 (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 two (2) Pierce Custom Pumper Trucks operated by the St. Joseph Fire Department (\$435)
- Complete renovations at City Hall included the new HVAC system (\$298)
- Improvements to the Rosecrans Apron Taxiway (\$167)
- Three (3) fire stations have renovated kitchens, living, and sleeping areas (\$725)
- Expansion at the Wastewater Treatment Plant for new pork processing plant (\$7,149)
- Improvements to the City's 911 communication system (\$5,924)
- Beginning the Riverfront Nature Center (\$305)

CITY OF ST. JOSEPH, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

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

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 4,172	\$ 4,172	\$ 5,398	\$ 5,461	\$ 9,570	\$ 9,633
Buildings and system improvements other than buildings than buildings	14,750	15,755	20,834	22,025	35,584	37,780
Machinery and equipment	8,452	3,145	5,482	4,687	13,934	7,832
Infrastructure	4,226	3,654	4,211	5,406	8,437	9,060
Construction in progress	9,390	7,698	29,625	30,499	39,015	38,197
Total capital assets	11,795	7,213	13,819	5,919	25,614	13,132
	\$ 52,785	\$ 41,637	\$ 79,369	\$ 73,997	\$ 132,154	\$ 115,634

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 \$95,570. Of this amount, \$12,257 represents bonds secured solely by specified revenue sources (i.e., Revenue Bonds). The remaining \$83,243 is comprised of 1) \$794 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) \$90 in Special Obligation Bonds for projects in, and supported by Municipal Golf fund, 3) \$19,545 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) \$42,985 issued by the Industrial Development Authority Bonds in connection with The Shoppes at North Village project in the Special Allocation fund, 5) \$17,115 in the Missouri Development Finance Board Bonds which includes \$5,395 in the General and Special Allocation funds for the Public Safety Improvement projects and \$11,720 in the Sewer fund for the Sewerage System Improvements related to the Stockyards Redevelopment project, 6) \$169 representing a STAR loan covered by revenues in the Aviation fund, 7) \$2,379 in Developer Obligations for certified costs of the Holiday Inn TIF in the Special Allocation fund, and 8) by capital lease obligations for major pieces of equipment totaling \$166 supported through the Landfill fund, and \$70 supported through the General and Parks, Recreation, and Civic Facilities funds.

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, 2006**

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue Bonds	\$ -	\$ -	\$ 12,257	\$ 13,247	\$ 12,257	\$ 13,247
Public Building Authority Bonds	383	428	411	459	794	887
Special Obligation Bonds	-	-	90	120	90	120
Infrastructure Facility Bonds	19,545	19,645	-	-	19,545	19,645
Industrial Development Authority	42,985	26,000	-	-	42,985	26,000
MO Development Finance Board	5,395	6,860	11,720	11,720	17,115	18,580
Loans	-	-	169	210	169	210
Developer Obligation	2,379	2,467	-	-	2,379	2,467
Capital Lease Obligations	70	56	166	230	236	286
Total long-term debt	\$ 70,757	\$ 55,456	\$ 24,813	\$ 25,986	\$ 95,570	\$ 81,442

The City's total debt increased by \$14,128 during the current fiscal year. The key factors in this increase were as follows:

- The normal annual retirement of debt service.
- The Industrial Development Authority of St. Joseph, Missouri financed Series 2005B in association with The Shoppes at North Village project payable solely from Payments in Lieu of Taxes and Economic Activity Tax Revenues.
- The City recognized the \$2.5 million developer obligation for the Third Street Hotel and paid \$88 to the Hotel in FY06.
- 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, 2006 is 4.9%, which is a decrease from a rate of 5.90% a year ago. This compares favorably to the state’s average unemployment rate of 4.7% and reflects the expansion and addition of several small companies in the St. Joseph area.
- The City remains a regional draw in northwest Missouri for jobs, retail sales, new and expanding businesses and has managed to achieve a steady, but small, increase in economic well-being.
- Two new businesses are helping to boost the City’s economic future. A \$151 million pork processing facility began production as of January 1, 2006. The construction of the facility has already provided a boost to the construction industry in the area. An upscale retail and theater development, the Shoppes at North Village, totaling an estimated \$375 million completed opening stores in June of 2006.

All of these factors were considered in preparing the City's budget for the 2007 fiscal year. 2006 was a year of “wait and see”. Wait to see what impact the Shoppes had on the existing retail base. Wait to see how the pork processing facility (and influx of a new work force) impacted City services. Wait to see if any spin-off development occurred. Wait to see how the April 2006 local elections affected the make-up of the City Council. All nine seats on the Council were up for re-election. The result – a new Mayor and seven new Council members. Only one seated Council member was returned to

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006

office. Taking office less than six weeks before the FY2007 budget had to be adopted did have an impact on what could be addressed in the new fiscal year. More discussion on that at the end of this section.

There was a decrease in base sales tax revenues over the FY2006 fiscal year. While some of that was undoubtedly the result of consumers checking out the new retail possibilities at the Shoppes, it is also true that revenues from eight of the top nine retail establishments in the City had been in a decline for at least the previous three years. Revenues from the TIF economic activity taxes (EATS) exceeded budget estimates, but not enough to offset the less-than budgeted performance of base sales taxes.

In aggregate terms, City revenues came in under what was expected for the fiscal year ended June 30, 2006. However, when controlled for bond proceeds, grant revenues, and transfers, overall City revenues showed modest to good improvement and came in almost exactly as projected (around \$210,000 over projections) or .003% over projections.

On the expenditure side, operating budgets in aggregate came in almost exactly with the Adopted Budget and one percent (1%) under mid-year projections. Coupled with mostly positive revenue results, all funds except Sewer, Mass Transit, and Municipal Golf ended up with fund balances better than projected.

However, most operating funds are still saddled with operating deficits that continue to erode fund balance. With that in mind, and taking into account a local economy that is growing slowly, the major change in the FY2007 budget was a freeze on employee salaries.

The City's compensation plan, instituted in 2002, brought employee salaries up to 90% of market value for the first time in many years. A new, half-cent general sales tax approved by the voters in 2002 supported the implementation of the compensation plan in the general government activities. While there were initial transfers to the business-type activities from the general fund when the compensation plan was initiated, the City Council adopted a policy that these enterprise funds should cover their own costs. Most of these subsidies were returned to the general fund in the 2004 budget. The remainder of the subsidy provided to the Sewer fund was returned in the 2005 fiscal year. Although salaries continued to increase at 4 – 5% as employees advanced through the step matrix, revenues did not keep pace. Going into the FY2007 budget process it was clear that employee salary increases had to be frozen for one year and steps taken to eliminate budget operating deficits and to put a plan together for future employee raises.

A Compensation Task Force comprised of the City Manager, the directors of Human Resources and Financial Services, two Council members, and representatives of the major employee working groups was formed. The Task Force will be meeting throughout the first half of the FY2007 to work on recommendations for full Council's consideration.

No new taxes were contemplated for the 2007 fiscal year. Annual studies of sewer fund rates and bi-annual studies for landfill tipping fees help to generate sufficient funds to maintain those enterprises. Although regular reviews of all user fees have become a part of the annual budget process, there were

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

no substantial increases proposed in FY2007, giving the new Council a chance to familiarize themselves with the City, the City budget and the City's financial requirements.

The first step to strengthening the City's financial position was the conservation approach taken to the FY2007 budget. Total operating budgets actually declined by 3.3% (\$2,427,500). The City Manager and the current City Council are committed to addressing the financial issues throughout the 2007 fiscal year.

Requests for Information

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 17,371,659	\$ 6,623,123	\$ 23,994,782
Receivables, net where applicable of allowances for uncollectibles	17,612,704	2,158,731	19,771,435
Loan receivables	3,810,110	-	3,810,110
Internal balances	(135,089)	135,089	-
Due from other governments	1,185,100	221,266	1,406,366
Prepaid items and deferred charges	1,846,211	583,279	2,429,490
Restricted assets:			
Cash and investments	11,625,708	7,480,783	19,106,491
Capital assets not being depreciated:			
Land	4,172,234	5,397,465	9,569,699
Construction in progress	11,795,538	13,819,383	25,614,921
Capital assets net of accumulated depreciation:			
Buildings	14,749,527	20,833,445	35,582,972
Improvements other than buildings	8,452,351	5,482,184	13,934,535
Machinery and equipment	4,149,779	4,143,283	8,293,062
Office Equipment	76,004	68,360	144,364
Infrastructure	9,389,594	29,625,255	39,014,849
Total assets	<u>106,101,430</u>	<u>96,571,646</u>	<u>202,673,076</u>
Liabilities			
Accounts payable and other current liabilities	2,609,070	1,768,532	4,377,602
Accrued interest payable	854,388	198,842	1,053,230
Unearned revenue	985	-	985
Noncurrent liabilities:			
Due within one year	4,665,321	1,454,347	6,119,668
Due in more than one year	68,641,032	23,364,013	92,005,045
Landfill closure and postclosure costs:			
Due within one year	-	73,500	73,500
Due in more than one year	-	7,139,559	7,139,559
Total liabilities	<u>76,770,796</u>	<u>33,998,793</u>	<u>110,769,589</u>
Net Assets			
Invested in capital assets, net of related debt	51,567,893	58,367,018	109,934,911
Restricted for:			
Debt service	8,634,671	4,017,572	12,652,243
Capital projects	2,951,359	-	2,951,359
Unrestricted (deficit)	(33,823,289)	188,263	(33,635,026)
Total net assets	<u>\$ 29,330,634</u>	<u>\$ 62,572,853</u>	<u>\$ 91,903,487</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, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 23,853,935	\$ 4,635,231	\$ 3,284,236	\$ -	\$ (15,934,468)	\$ -	\$ (15,934,468)
Public safety	21,133,947	709,962	503,639	3,534,758	(16,385,588)	-	(16,385,588)
Highways and streets	10,042,359	150,512	84,010	811,300	(8,996,537)	-	(8,996,537)
Public works	370,810	36,730	-	-	(334,080)	-	(334,080)
Health and welfare	5,908,864	674,058	1,412,156	1,872	(3,820,778)	-	(3,820,778)
Parks and recreation	5,187,029	1,521,336	63,405	67,020	(3,535,268)	-	(3,535,268)
Interest on long-term debt	4,669,961	-	-	-	(4,669,961)	-	(4,669,961)
Total governmental activities	<u>71,166,905</u>	<u>7,727,829</u>	<u>5,347,446</u>	<u>4,414,950</u>	<u>(53,676,680)</u>	<u>-</u>	<u>(53,676,680)</u>
Business-type activities:							
Aviation services	863,917	441,058	-	808,904	-	386,045	386,045
Parking services	510,026	356,273	-	-	-	(153,753)	(153,753)
Sewer services	9,614,343	8,724,982	156,571	-	-	(732,790)	(732,790)
Golf services	403,045	405,379	-	27,626	-	29,960	29,960
Transit services	4,874,741	124,959	956,128	2,484	-	(3,791,170)	(3,791,170)
Landfill services	2,967,669	2,801,026	-	-	-	(166,643)	(166,643)
Total business-type activities	<u>19,233,741</u>	<u>12,853,677</u>	<u>1,112,699</u>	<u>839,014</u>	<u>-</u>	<u>(4,428,351)</u>	<u>(4,428,351)</u>
Total primary government	<u>\$ 90,400,646</u>	<u>\$ 20,581,506</u>	<u>\$ 6,460,145</u>	<u>\$ 5,253,964</u>	<u>(53,676,680)</u>	<u>(4,428,351)</u>	<u>(58,105,031)</u>
General revenues:							
Property taxes					10,730,888	-	10,730,888
Sales taxes					22,600,548	1,560,135	24,160,683
Franchise taxes					3,956,650	939,913	4,896,563
Motor fuel taxes					3,592,068	-	3,592,068
Cigarette taxes					459,855	-	459,855
Hotel taxes					400,792	-	400,792
Unrestricted investment revenues					2,028,405	987,584	3,015,989
Transfers					376,478	(376,478)	-
Total general revenues and transfers					<u>44,145,684</u>	<u>3,111,154</u>	<u>47,256,838</u>
Change in net assets					<u>(9,530,996)</u>	<u>(1,317,197)</u>	<u>(10,848,193)</u>
Net assets - beginning, as restated					<u>38,861,630</u>	<u>63,890,050</u>	<u>102,751,680</u>
Net assets - ending					<u>\$ 29,330,634</u>	<u>\$ 62,572,853</u>	<u>\$ 91,903,487</u>

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

CITY OF ST. JOSEPH, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General	Street Improvement Maintenance & Repair	Special Allocation	CIP Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 1,341,260	\$ 3,114,894	\$ 244,928	\$ 7,473,829	\$ 3,737,154	\$ 15,912,065
Receivables	3,485,764	1,616,615	10,648,334	1,154,389	707,602	17,612,704
Loan receivables	-	-	-	-	3,810,110	3,810,110
Due from other funds	-	-	122,972	906,132	-	1,029,104
Due from other governments	39,884	65,479	-	215,000	864,737	1,185,100
Prepaid items	73,146	42,756	-	-	48,146	164,048
Restricted cash and investments	369,327	-	10,826,122	375,995	54,264	11,625,708
Total assets	<u>\$ 5,309,381</u>	<u>\$ 4,839,744</u>	<u>\$ 21,842,356</u>	<u>\$ 10,125,345</u>	<u>\$ 9,222,013</u>	<u>\$ 51,338,839</u>
Liabilities And Fund Balances						
Liabilities:						
Accounts payable	\$ 820,265	\$ 230,276	\$ -	\$ 400,784	\$ 510,486	\$ 1,961,811
Contracts payable	-	5	-	160,751	72,644	233,400
Due to other funds	52,054	54,598	-	12,554	898,661	1,017,867
Other current liabilities	290,102	46,657	-	-	77,099	413,858
Unearned revenue	985	-	-	-	-	985
Deferred revenue	1,003,039	232,840	10,270,732	320,324	220,908	12,047,843
Total liabilities	<u>2,166,445</u>	<u>564,376</u>	<u>10,270,732</u>	<u>894,413</u>	<u>1,779,798</u>	<u>15,675,764</u>
Fund balances:						
Reserved for:						
Encumbrances	794,317	1,540,975	-	2,535,440	1,063,342	5,934,074
Bond payments	193,957	-	11,447,831	360,205	54,264	12,056,257
Prepaid items	73,147	42,756	-	-	48,145	164,048
Long-term receivables	-	5,136	-	-	3,810,110	3,815,246
Unreserved reported in:						
General fund	2,081,515	-	-	-	-	2,081,515
Special revenue funds	-	2,686,501	123,793	-	2,332,299	5,142,593
Capital projects funds	-	-	-	6,335,287	134,055	6,469,342
Total fund balances	<u>3,142,936</u>	<u>4,275,368</u>	<u>11,571,624</u>	<u>9,230,932</u>	<u>7,442,215</u>	<u>35,663,075</u>
Total liabilities and fund balances	<u>\$ 5,309,381</u>	<u>\$ 4,839,744</u>	<u>\$ 21,842,356</u>	<u>\$ 10,125,345</u>	<u>\$ 9,222,013</u>	<u>\$ 51,338,839</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, 2006

Fund balances – total governmental funds	\$ 35,663,075
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	52,785,027
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due.	(854,388)
Adjustment of deferred revenue	12,047,842
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.	462,467
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(72,455,552)
Deferred debt costs	<u>1,682,163</u>
Net assets of governmental activities	<u>\$ 29,330,634</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, 2006

	General	Street Improvement Maintenance & Repair	Special Allocation	CIP Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Property	\$ 6,124,662	-	\$ 297,449	-	\$ 4,120,626	\$ 10,542,737
Sales	10,867,074	\$ 4,658,580	1,743,774	\$ 5,202,172	-	22,471,600
Franchise	3,956,650	-	-	-	-	3,956,650
Motor Fuel	-	3,592,068	-	-	-	3,592,068
Cigarette	459,855	-	-	-	-	459,855
Hotel	-	-	-	-	400,792	400,792
Licenses and permits	1,203,866	9,451	-	-	232,101	1,445,418
Intergovernmental	553,000	84,010	-	3,596,027	4,718,059	8,951,096
Charges for services	1,346,615	102,467	-	-	3,135,907	4,584,989
Investment earnings	99,407	161,087	1,157,119	385,849	176,826	1,980,288
Contributions and donations	31,095	-	-	-	29,475	60,570
Payments in lieu of taxes	21,287	-	83,042	-	-	104,329
Other	125,986	38,594	192,100	323	372,333	729,336
Total revenues	25,760,000	8,646,257	3,473,484	9,184,371	13,261,431	60,325,543
Expenditures						
Current:						
General government	7,244,025	-	14,828,412	-	1,535,960	23,608,397
Public safety	20,665,255	-	-	-	-	20,665,255
Highways and streets	-	7,566,077	-	-	-	7,566,077
Public works	-	-	-	-	344,143	344,143
Health and welfare	-	-	-	-	5,450,574	5,450,574
Parks and recreation	-	-	-	-	4,420,506	4,420,506
Debt Service:						
Principal	65,000	-	187,823	1,400,000	50,200	1,703,023
Interest	100,319	-	3,459,552	178,850	16,234	3,754,955
Bond issuance costs	5,267	-	515,950	5,551	840	527,608
Capital outlay	2,654,530	1,764,127	-	10,370,898	248,911	15,038,466
Total expenditures	30,734,396	9,330,204	18,991,737	11,955,299	12,067,368	83,079,004
Excess (deficiency) of revenues over expenditures	(4,974,396)	(683,947)	(15,518,253)	(2,770,928)	1,194,063	(22,753,461)
Other financing sources (uses)						
Transfers in	3,168,966	862,520	-	142,625	1,044,723	5,218,834
Transfers out	(1,089,570)	(449,540)	(697,413)	(111,672)	(2,494,161)	(4,842,356)
Bonds issued	-	-	16,985,000	-	-	16,985,000
Capital lease	-	-	-	-	35,300	35,300
Sale of capital assets	31,875	-	-	-	79,533	111,408
Total other financing sources (uses)	2,111,271	412,980	16,287,587	30,953	(1,334,605)	17,508,186
Net change in fund balances	(2,863,125)	(270,967)	769,334	(2,739,975)	(140,542)	(5,245,275)
Fund balances - beginning, as restated	6,006,061	4,546,335	10,802,290	11,970,907	7,582,757	40,908,350
Fund balances - ending	\$ 3,142,936	\$ 4,275,368	\$ 11,571,624	\$ 9,230,932	\$ 7,442,215	\$ 35,663,075

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, 2006

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

Net changes in fund balances – total governmental funds \$ (5,245,275)

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. 9,844,058

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 1,303,154

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 74,471

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.

Proceeds from debt issuance	(16,985,000)
Principal payments	1,703,023
Debt issuance costs and related amortization	(5,987)
Capital lease proceeds	(35,300)

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	(359,657)
Compensated absences	(47,313)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and garage charges, to individual funds. The net revenue of certain activities of the internal service fund is reported with the governmental activities.

	222,830
Change in net assets of governmental activities	\$ <u><u>(9,530,996)</u></u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-type Activities - Enterprise Funds					Total Internal Service Fund
	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Total	
Assets						
Current assets:						
Cash and investments	\$ 1,155,559	\$ 69,756	\$ 5,326,633	\$ 71,175	\$ 6,623,123	\$ 1,459,594
Resctricted cash and cash equivalents	1,458,256	-	1,932	81,626	1,541,814	-
Interest receivable	83,099	1,406	107,498	1,856	193,859	-
Accounts receivable (net of allowance for uncollectibles)	1,346,595	450,524	137,169	30,584	1,964,872	-
Due from other governments	-	-	-	221,266	221,266	-
Prepaid items	22,522	-	7,390	5,982	35,894	-
Total current assets	4,066,031	521,686	5,580,622	412,489	10,580,828	1,459,594
Noncurrent assets:						
Restricted cash and investments	5,934,791	-	146	4,032	5,938,969	-
Deferred charges	529,329	-	11,586	6,470	547,385	-
Capital assets:						
Land	487,074	189,134	1,312,472	3,408,785	5,397,465	-
Buildings	28,961,666	4,321,204	362,163	7,889,611	41,534,644	-
Improvements other than buildings	3,957,747	73,827	429,694	9,959,014	14,420,282	-
Machinery and equipment	10,061,819	5,545,323	3,757,572	1,401,130	20,765,844	-
Office furniture and fixtures	55,261	302,021	3,506	28,284	389,072	-
Construction in progress	13,667,852	-	151,531	-	13,819,383	-
Sewer lines	55,569,360	-	-	-	55,569,360	-
Less accumulated depreciation	(50,799,915)	(4,459,669)	(3,429,267)	(13,837,824)	(72,526,675)	-
Total capital assets (net of accumulated depreciation)	61,960,864	5,971,840	2,587,671	8,849,000	79,369,375	-
Total noncurrent assets	68,424,984	5,971,840	2,599,403	8,859,502	85,855,729	-
Total assets	\$ 72,491,015	\$ 6,493,526	\$ 8,180,025	\$ 9,271,991	\$ 96,436,557	1,459,594

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-type Activities - Enterprise Funds					Total Internal Service Fund
	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 1,114,372	\$ 176,862	\$ 202,170	\$ 38,289	\$ 1,531,693	\$ -
Due to other funds	-	3,766	-	7,471	11,237	-
Compensated absences	112,989	-	34,518	40,086	187,593	-
Claims payable	-	-	-	-	-	491,560
Deposits	31,843	1,000	-	16,403	49,246	-
Matured bonds payable	1,263,000	-	1,831	123,049	1,387,880	-
Matured interest payable	195,256	-	101	3,485	198,842	-
Capital lease payable	-	-	66,467	-	66,467	-
Landfill closure and postclosure liability	-	-	73,500	-	73,500	-
Noncurrent liabilities:						
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	22,714,471	-	-	-	22,714,471	-
Star Loans payable	-	-	-	126,343	126,343	-
Public Building Authority bonds payable	-	-	3,404	355,823	359,227	-
Special obligation bonds payable	-	-	-	60,000	60,000	-
Capital lease payable	-	-	99,723	-	99,723	-
Compensated absences	-	-	-	4,249	4,249	-
Claims	-	-	-	-	-	359,241
Landfill closure and postclosure liability	-	-	7,139,559	-	7,139,559	-
Total noncurrent liabilities	22,714,471	-	7,242,686	546,415	30,503,572	359,241
Total liabilities	25,431,931	181,628	7,621,273	775,198	34,010,030	850,801
Net Assets						
Invested in capital assets, net of related debt	41,777,091	5,971,840	2,427,832	8,190,255	58,367,018	-
Restricted for debt service	3,933,422	-	1,977	82,173	4,017,572	-
Unrestricted	1,348,571	340,058	(1,871,057)	224,365	41,937	608,793
Total net assets	\$ 47,059,084	\$ 6,311,898	\$ 558,752	\$ 8,496,793	62,426,527	\$ 608,793
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					146,326	
Net assets of business-type activities					\$ 62,572,853	

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

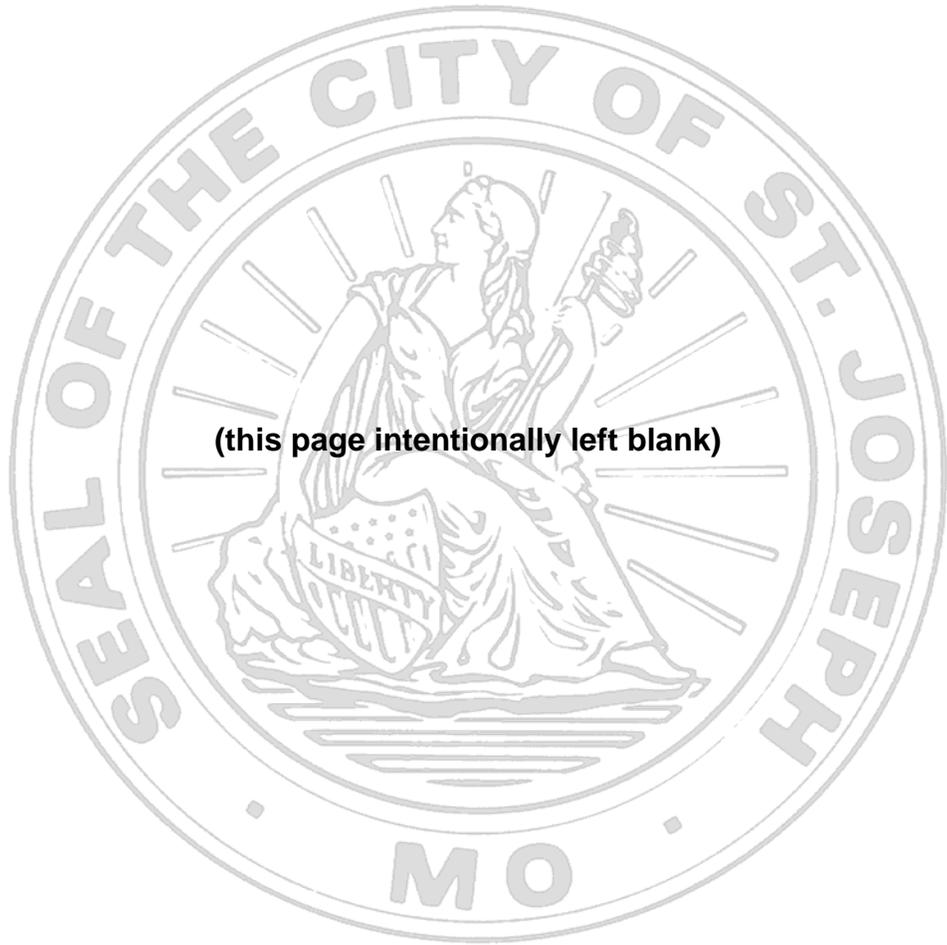
CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Total Internal Service Fund
Operating revenues:						
Charges for services (pledged for sewer)	\$ 8,709,878	\$ 122,210	\$ 2,781,709	\$ 1,177,288	\$ 12,791,085	711,687
Other	15,104	2,749	19,317	25,422	62,592	-
Total operating revenues	<u>8,724,982</u>	<u>124,959</u>	<u>2,801,026</u>	<u>1,202,710</u>	<u>12,853,677</u>	<u>711,687</u>
Operating expenses:						
Personal services	2,871,095	3,220	914,478	770,078	4,558,871	-
Contractual services	2,178,278	3,225,896	1,016,910	177,741	6,598,825	500,144
Commodities	408,418	389,172	265,610	103,198	1,166,398	-
Heat, light and power	654,257	38,183	14,606	98,949	805,995	-
Depreciation	1,880,032	1,218,270	329,100	588,692	4,016,094	-
Closure and postclosure care costs	-	-	438,397	-	438,397	-
Total operating expenses	<u>7,992,080</u>	<u>4,874,741</u>	<u>2,979,101</u>	<u>1,738,658</u>	<u>17,584,580</u>	<u>500,144</u>
Operating income (loss)	<u>732,902</u>	<u>(4,749,782)</u>	<u>(178,075)</u>	<u>(535,948)</u>	<u>(4,730,903)</u>	<u>211,543</u>
Nonoperating revenues (expenses):						
Intergovernmental	156,571	956,128	-	-	1,112,699	-
Franchise taxes	-	939,913	-	-	939,913	-
Taxes	-	1,560,135	-	-	1,560,135	-
Investment income	743,483	1,108	241,859	1,134	987,584	48,117
Interest and fiscal charges	(1,634,420)	-	(13,241)	(38,330)	(1,685,991)	-
Total nonoperating revenues (expenses), net	<u>(734,366)</u>	<u>3,457,284</u>	<u>228,618</u>	<u>(37,196)</u>	<u>2,914,340</u>	<u>48,117</u>
Income (loss) before capital contributions and transfers	<u>(1,464)</u>	<u>(1,292,498)</u>	<u>50,543</u>	<u>(573,144)</u>	<u>(1,816,563)</u>	<u>259,660</u>
Capital contributions	-	2,484	-	836,530	839,014	-
Transfers in	674,247	-	-	216,125	890,372	-
Transfers out	(620,200)	(118,600)	(423,600)	(104,450)	(1,266,850)	-
Change in net assets	<u>52,583</u>	<u>(1,408,614)</u>	<u>(373,057)</u>	<u>375,061</u>	<u>(1,354,027)</u>	<u>259,660</u>
Total net assets - beginning, as restated	<u>47,006,501</u>	<u>7,720,512</u>	<u>931,809</u>	<u>8,121,732</u>		<u>349,133</u>
Total net assets - ending	<u>\$ 47,059,084</u>	<u>\$ 6,311,898</u>	<u>\$ 558,752</u>	<u>\$ 8,496,793</u>		<u>\$ 608,793</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. 36,830

Change in net assets of business-type activities \$ (1,317,197)

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



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CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 8,203,442	\$ 1,199,515	\$ 2,809,607	\$ 1,162,993	\$ 13,375,557	\$ 711,687
Payments to suppliers	(4,450,266)	(3,630,800)	(1,258,035)	(382,162)	(9,721,263)	(564,440)
Payments to employees	(2,866,446)	(3,220)	(924,540)	(767,608)	(4,561,814)	-
Other operating revenues	15,104	2,749	19,317	25,422	62,592	-
Net cash provided (used) by operating activities	901,834	(2,431,756)	646,349	38,645	(844,928)	147,247
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Franchise tax received	-	864,571	-	-	864,571	-
Sales tax received	-	1,522,155	-	-	1,522,155	-
Transfers in	674,247	-	-	216,125	890,372	-
Transfers out	(620,200)	(118,600)	(423,600)	(104,450)	(1,266,850)	-
Net cash provided (used) by noncapital financing activities	54,047	2,268,126	(423,600)	111,675	2,010,248	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments of debt principal	(989,078)	-	(432)	(118,272)	(1,107,782)	-
Payments of capital lease principal	-	-	(63,390)	-	(63,390)	-
Payments of debt interest and charges	(1,595,063)	-	(11,685)	(37,343)	(1,644,091)	-
Capital grants received	723,414	46,711	-	615,264	1,385,389	-
Purchase of capital assets	(7,839,833)	(57,686)	(406,166)	(674,993)	(8,978,678)	-
Net cash provided (used) by capital and related financing activities	(9,700,560)	(10,975)	(481,673)	(215,344)	(10,408,552)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	11,639,371	328,250	15,265,390	251,770	27,484,781	4,022,847
Purchase of investments	(3,221,416)	(194,462)	(14,849,356)	(198,417)	(18,463,651)	(4,068,991)
Interest and dividends received	696,207	3,054	209,055	1,473	909,789	48,117
Net cash provided (used) by investing activities	9,114,162	136,842	625,089	54,826	9,930,919	1,973
Net increase (decrease) in cash and cash equivalents	369,483	(37,763)	366,165	(10,198)	687,687	149,220
Cash and cash equivalents - beginning	411	60,092	1,338,892	32,981	1,432,376	317,997
Cash and cash equivalents - ending	369,894	22,329	1,705,057	22,783	2,120,063	467,217
Investments	8,178,712	47,427	3,623,654	134,050	11,983,843	992,377
Total cash and investments	\$ 8,548,606	\$ 69,756	\$ 5,328,711	\$ 156,833	\$ 14,103,906	\$ 1,459,594
Cash and investments reported on the Statement of Net Assets:						
Unrestricted cash and investments	1,155,559	69,756	5,326,633	71,175	6,623,123	1,459,594
Restricted cash and investments	7,393,047	-	2,078	85,658	7,480,783	-
Total cash and investments	\$ 8,548,606	\$ 69,756	\$ 5,328,711	\$ 156,833	\$ 14,103,906	\$ 1,459,594

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	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)	\$ 732,902	\$ (4,749,782)	\$ (178,075)	\$ (535,948)	\$ (4,730,903)	\$ 211,543
Adjustments to reconciliation operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,880,032	1,218,270	329,100	588,692	4,016,094	-
(Increase) decrease in:						
Accounts receivable	(663,007)	121,178	27,898	(14,296)	(528,227)	-
Prepaid expenses	414	60,405	138	(163)	60,794	-
Increase (decrease) in:						
Accounts payable and contracts/claims payable	(1,209,727)	(37,955)	38,954	(2,111)	(1,210,839)	(64,296)
Accrued payroll and compensated absences	4,649	-	(10,063)	2,471	(2,943)	-
Operating grants received	156,571	956,128	-	-	1,112,699	-
Net cash provided (used) by operating activities	<u>\$ 901,834</u>	<u>\$ (2,431,756)</u>	<u>\$ 646,349</u>	<u>\$ 38,645</u>	<u>\$ (844,928)</u>	<u>\$ 147,247</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	Pension Trust Fund	Total Agency Funds
	Police Pension	
Assets		
Cash and cash equivalents	\$ 2,173,012	\$ 3
Investments:		
US Government obligations	3,630,486	4
Corporate bonds	3,218,267	-
Corporate stock	11,313,517	-
Preferred stock	409,625	-
Receivables:		
Taxes	-	172,613
Contributions	69,673	-
Accrued interest	122,952	957
Total assets	<u>\$ 20,937,532</u>	<u>\$ 173,577</u>
Liabilities		
Accounts payable	4,668	-
Due to others	-	173,577
Total liabilities	<u>4,668</u>	<u>173,577</u>
Net Assets		
Held in trust for pension benefits	<u>\$ 20,932,864</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, 2006

	Pension Trust Fund Police Pension
Additions:	
Member contributions	\$ 213,443
Employer contributions	1,671,950
Investment income	740,502
Net appreciation in fair value of investments	967,725
Less investment expenses	<u>(73,707)</u>
Total additions	<u>3,519,913</u>
Deductions:	
Benefit payments	1,333,240
Refunds of contributions	6,422
Administrative expenses	9,450
Total deductions	<u>1,349,112</u>
Change in net assets	2,170,801
Net assets - beginning	<u>18,762,063</u>
Net assets - ending	<u><u>\$ 20,932,864</u></u>

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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, 2006

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 is recorded in the government-wide statement of net assets. Debt issued by the Authority for Enterprise Funds and related fixed 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, 2006

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, 2006**

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, 2006

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.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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

E. Receivables

All trade receivables are shown net of an allowance for uncollectibles as determined by management.

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, 2006, 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, 2006.

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

implemented the basic model for fiscal year 2003 and will implement the retroactive infrastructure-related reporting requirements by 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 motorzied 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 years

I. Compensated Absences

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Vacation leave is earned at the following rates:

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

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

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

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

J. Property Tax Revenue Recognition

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

L. Net Assets

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

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

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

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

M. Use of Estimates

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

N. Deficit Fund Balance/Net Assets

The following Funds had a deficit unreserved fund balance or unrestricted net asset at June 30, 2006:

Special Revenue Funds	
Community Development	(\$1,097,266)
Enterprise Funds	
Public Parking	(\$18,660)
Landfill	(\$1,871,057)

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

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.

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

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

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

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

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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

		Balance June 30, 2006		
		<hr/>		
Cash on hand	\$	12,235		
Cash Deposit in Bank		3,351,870		
Investments held by Trustee (Bond Reserves)		16,116,498		
U.S. Government and Agency securities		23,620,677		
Police Pension Trust:				
Cash		2,173,012		
Investments		18,571,895		
		<hr/>		
		20,744,907		
		<hr/>		
	\$	63,846,187		
		<hr/> <hr/>		
		<hr/>		
		Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
		<hr/>	<hr/>	<hr/>
Unrestricted – cash and cash equivalents	\$	7,680,739	2	7,680,741
Unrestricted – investments		16,314,043	4	16,314,047
Restricted – cash and cash equivalents		19,106,491	—	19,106,491
Police Pension – cash and investments		—	20,744,907	20,744,907
		<hr/>	<hr/>	<hr/>
Total	\$	43,101,273	20,744,914	63,846,187
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Investments for the City of St. Joseph, Missouri are as follows for the year ended June 30, 2006

		Investment Maturities (in years)		
		Cost	Fair Value	Less Than 1
		<hr/>	<hr/>	<hr/>
Investment type:				
Debt Securities				
U.S. Agency Discount Notes	\$	23,620,677	23,956,663	23,620,677
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Investments for the Police Pension fund are as follows for the year ended June 30, 2006:

	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 - 5	6 - 10
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 1,242,826	\$ -	\$ 954,331	\$ 288,495
U.S. Agencies	2,387,660	-	1,424,298	963,363
Corporate Debt	3,218,267	1,204,564	2,013,704	-
	<u>6,848,753</u>	<u>\$ 1,204,564</u>	<u>\$ 4,392,333</u>	<u>\$ 1,251,858</u>
Other Investments:				
Corporate Stock	11,723,141			
Total	<u>\$ 18,571,895</u>			

Custodial Credit Risk – At June 30, 2006, the City reported bank deposits of \$3,351,870. The bank balance of \$4,115,658 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, 2006, was \$8,034,687 in the form of U.S. Government and Agency securities. At June 30, 2006, the City’s investments in U.S. Government and Agency securities of \$23,620,677 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 \$18,571,895 consist of \$3,630,486 in government fixed securities, \$3,218,267 in corporate bond fixed income securities, \$11,313,517 in common corporate stock, \$409,625 in nonconvertible preferred stock. The Police Pension fund’s investments are held by its investment custodian in the fund’s name, and cash totaling \$2,173,012 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
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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	\$ 23,620,677	\$23,956,663	\$23,620,677

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

Investment type:	Fair Value	Quality Ratings			
		AAA	AA	A	BAA
Debt Securities					
U.S. Treasuries	\$ 1,242,826	\$ 1,242,826	\$ -	\$ -	\$ -
U.S. Agencies	2,387,660	2,387,660	-	-	-
Corporate Debt	3,218,267	448,287	1,316,923	1,352,817	100,241
	<u>6,848,753</u>	<u>\$ 4,078,773</u>	<u>\$ 1,316,923</u>	<u>\$ 1,352,817</u>	<u>\$ 100,241</u>

Other Investments:

Corporate Stock	<u>11,723,142</u>
Total	<u>\$ 18,571,895</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:

	2006	
	Fair Value	Concentration
Federal Home Loan Bank	\$ 3,986,730	17%
Federal National Mortgage Association	9,031,480	38%
Federal Farm Credit	10,972,981	46%
	<u>\$ 23,991,191</u>	<u>100%</u>

The Police Pension Board established asset allocation guidelines in its investment policy statement to achieve the long term investment objectives. The asset allocation mix should be maintained as follows: 1) Equity investments will range between a maximum of 60%, and a minimum of 40% of the total portfolio within the total equity exposure. 2) Investments in international securities may comprise up to 10% of the total portfolio value. 3) Fixed income investments will range between a maximum of 60% and a minimum of 40% of the total portfolio. 4) Cash investments will range between 0% and 20%, of the total portfolio. Convertible securities may represent attractive investment

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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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.

	2006	
	Fair Value	Concentration
U.S. Treasuries	\$ 1,242,826	18%
Federal Home Loan Bank	1,908,595	28%
Federal Farm Credit Bank	479,065	7%
Corporate Debt :		
Bank One Corp	350,325	5%
BankBoston	424,872	6%
Bristol-Myers	398,936	6%
Campbell Soup Co	349,783	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	\$ 350,354

NOTE 3: RECEIVABLES

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

	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 2005 property tax rate was \$1.54 per \$100 valuation (\$1.14 per \$100 valuation in areas annexed effective December 30, 1972.) An additional special assessment of \$.50 per \$100 assessed value of land only is levied in the Park District for park maintenance and repair. A special business district levy is imposed on landowners in this special downtown district of \$.85 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	2005/2006	2004/2005
General Fund	\$.62	\$.65
Public Safety	.07	.07
Parks & Recreation	.19	.20
Public Health	.21	.22
Library	.40	.42
Museum	.05	.05
Business District	.85	.85

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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 2005 and 2004 levies were as follows:

Tax year/ Fiscal year	2005/2006	2004/2005	Change	Percent of Change
Real Property	\$597,842,110	\$521,033,760	\$76,808,350	15%
Personal Property	224,605,453	231,803,997	(7,198,544)	(.3%)
Railroad Utilities	17,193,528	19,306,117	(2,112,589)	(1.0%)
Total	\$839,641,091	\$772,143,874	\$67,497,217	13.7%

Receivables as of June 30, 2006, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts	Accrued Interest	Taxes	Total Receivables	Allowance for Doubtful Accounts	Receivables, Net
Government activities:						
General	\$ 124,388	17,345	3,344,031	3,485,764	—	3,485,764
Street improvement, maintenance and repair	27,337	13,915	1,575,363	1,616,615	—	1,616,615
Special Allocation	10,647,513	821	—	10,648,334	—	10,648,334
CIP Sales Tax	115,756	28,104	1,010,529	1,154,389	—	1,154,389
Nonmajor governmental funds	299,972	19,651	387,979	707,602	—	707,602
Total governmental activities	11,214,966	79,836	6,317,902	17,612,704	-	17,612,704
Business-type activities:						
Sewer	1,376,595	83,099	—	1,459,694	(30,000)	1,429,694
Mass transit	—	1,406	450,524	451,930	—	451,930
Landfill	137,169	107,498	—	244,667	—	244,667
Nonmajor enterprise funds	30,584	1,856	—	32,440	—	32,440
Total business-type activities	1,544,348	193,859	450,524	2,188,731	(30,000)	2,158,731
Total Net Receivables	\$ 12,759,314	273,695	6,768,426	19,801,435	(30,000)	19,771,435

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,172,234	—	—	\$ 4,172,234
Construction in progress	7,212,708	10,921,946	6,339,116	11,795,538
Total capital assets, not being depreciated	11,384,942	10,921,946	6,339,116	15,967,772
Capital assets, being depreciated:				
Buildings	31,649,267	87,546	222,651	31,514,162
Improvements other than buildings	7,175,245	5,579,226	—	12,754,471
Machinery and equipment	18,983,889	2,011,270	657,177	20,337,982
Infrastructure	8,388,352	2,035,485	—	10,423,837
Total capital assets being depreciated	66,196,753	9,713,527	879,828	75,030,452
Less accumulated depreciation for:				
Buildings	15,894,275	874,070	3,710	16,764,635
Improvements other than buildings	4,029,822	272,298	—	4,302,120
Machinery and equipment	15,329,822	1,425,791	643,414	16,112,199
Infrastructure	689,961	344,282	—	1,034,243
Total accumulated depreciation	35,943,880	2,916,441	647,124	38,213,197
Total capital assets, being depreciated, net	30,252,873	6,797,086	232,704	36,817,255
Governmental activities capital assets, net	\$ 41,637,815	17,719,032	6,571,820	\$ 52,785,027

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Business-type activities				
Sewer fund:				
Capital assets, not being depreciated:				
Land	\$ 487,074	—	—	\$ 487,074
Construction in progress	6,120,358	8,141,075	593,581	13,667,852
Total capital assets, not being depreciated	6,607,432	8,141,075	593,581	14,154,926
Capital assets, being depreciated:				
Buildings	28,961,666	—	—	28,961,666
Improvements other than buildings	3,322,463	635,284	—	3,957,747
Machinery and equipment	10,029,051	124,685	36,656	10,117,080
Sewer lines	55,569,360	—	—	55,569,360
Total capital assets being depreciated	97,882,540	759,969	36,656	98,605,853
Less accumulated depreciation for:				
Buildings	13,294,028	771,423	—	14,065,451
Improvements other than buildings	1,216,861	167,502	—	1,384,363
Machinery and equipment	9,173,755	268,897	36,656	9,405,996
Sewer lines	25,271,895	672,210	—	25,944,105
Total accumulated depreciation	48,956,539	1,880,032	36,656	50,799,915
Total capital assets, being depreciated, net	48,926,001	(1,120,063)	—	47,805,938
Total sewer fund capital assets, net	\$ 55,533,433	7,021,012	593,581	\$ 61,960,864
	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	5,905,416	—	58,072	5,847,344
Total capital assets being depreciated	10,300,447	—	58,072	10,242,375
Less accumulated depreciation for:				
Buildings	906,076	149,171	—	1,055,247
Improvements other than buildings	34,521	7,383	—	41,904
Machinery and equipment	2,358,874	1,061,716	58,072	3,362,518
Total accumulated depreciation	3,299,471	1,218,270	58,072	4,459,669
Total capital assets, being depreciated, net	7,000,976	(1,218,270)	—	5,782,706
Total mass transit capital assets, net	\$ 7,190,110	(1,218,270)	—	\$ 5,971,840

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Landfill fund:				
Capital assets, not being depreciated:				
Land	\$ 1,376,071	—	63,599	\$ 1,312,472
Construction in Progress	—	151,531	—	151,531
Total capital assets, not being depreciated	<u>1,376,071</u>	<u>151,531</u>	<u>63,599</u>	<u>1,464,003</u>
Capital assets, being depreciated:				
Buildings	362,163	—	—	362,163
Improvements other than buildings	429,694	—	—	429,694
Machinery and equipment	<u>3,822,338</u>	<u>318,236</u>	<u>379,496</u>	<u>3,761,078</u>
Total capital assets being depreciated	<u>4,614,195</u>	<u>318,236</u>	<u>379,496</u>	<u>4,552,935</u>
Less accumulated depreciation for:				
Buildings	243,194	9,432	—	252,626
Improvements other than buildings	145,631	33,174	—	178,805
Machinery and equipment	<u>3,090,837</u>	<u>286,494</u>	<u>379,495</u>	<u>2,997,836</u>
Total accumulated depreciation	<u>3,479,662</u>	<u>329,100</u>	<u>379,495</u>	<u>3,429,267</u>
Total capital assets, being depreciated, net	<u>1,134,533</u>	<u>(10,864)</u>	<u>1</u>	<u>1,123,668</u>
Total landfill capital assets, net	<u>\$ 2,510,604</u>	<u>140,667</u>	<u>63,600</u>	<u>\$ 2,587,671</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nonmajor enterprise funds:				
Capital assets, not being depreciated:				
Land	\$ 3,408,785	—	—	\$ 3,408,785
Total capital assets, not being depreciated	<u>3,408,785</u>	<u>—</u>	<u>—</u>	<u>3,408,785</u>
Capital assets, being depreciated:				
Buildings	7,889,611	—	—	7,889,611
Improvements other than buildings	9,343,213	615,801	—	9,959,014
Machinery and equipment	<u>1,370,230</u>	<u>59,184</u>	<u>—</u>	<u>1,429,414</u>
Total capital assets being depreciated	<u>18,603,054</u>	<u>674,985</u>	<u>—</u>	<u>19,278,039</u>
Less accumulated depreciation for:				
Buildings	5,066,646	261,227	—	5,327,873
Improvements other than buildings	7,085,062	247,965	—	7,333,027
Machinery and equipment	<u>1,097,424</u>	<u>79,500</u>	<u>—</u>	<u>1,176,924</u>
Total accumulated depreciation	<u>13,249,132</u>	<u>588,692</u>	<u>—</u>	<u>13,837,824</u>
Total capital assets, being depreciated, net	<u>5,353,922</u>	<u>86,293</u>	<u>—</u>	<u>5,440,215</u>
Total nonmajor enterprise fund capital assets, net	<u>8,762,707</u>	<u>86,293</u>	<u>—</u>	<u>8,849,000</u>
Total business-type activities capital assets, net	<u>\$ 73,996,854</u>	<u>6,029,702</u>	<u>657,181</u>	<u>\$ 79,369,375</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	165,126
Public safety		871,906
Highways and streets		790,078
Public works		26,667
Health and welfare		148,451
Parks and recreation		<u>914,213</u>
Total depreciation expense – governmental activities	\$	<u><u>2,916,441</u></u>
Business-type activities:		
Aviation	\$	376,449
Parking		168,760
Sewer		1,880,032
Golf		43,483
Mass transit		1,218,270
Landfill		<u>329,100</u>
Total depreciation expense – business-type activities	\$	<u><u>4,016,094</u></u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances consisting of fund allocations of pooled cash shortages, Economic Activity taxes that were due to the Special Allocation Fund and the Internal Service Allocation at June 30, 2006 are as follows:

	Interfund receivables	Interfund payables
Major governmental funds:		
General	\$ —	52,054
SIM&R	—	54,598
Special Allocation	122,972	—
1998 Sales Tax Improvement	906,132	12,554
Nonmajor governmental funds	—	898,661
Major business-type fund:		
Mass Transit	—	3,766
Nonmajor business-type funds		7,471
Total	\$ 1,029,104	1,029,104

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	\$ —	404,020	—	—	685,550	—	1,089,570
	Street Improvement Maintenance and Repair	449,540	—		—	—	—	449,540
	1998 Sales Tax Improvement	—	—			11,672	100,000	111,672
	Special Allocation	(3,338)	—	11,758	674,247	14,746	—	697,413
	Nonmajor governmental	1,864,414	100,000	130,867		332,755	66,125	2,494,161
	Major Enterprise Funds:							
	Sewer	324,600	245,600		—	—	50,000	620,200
	Mass transit	118,600			—	—	—	118,600
	Landfill	310,700	112,900		—	—	—	423,600
Nonmajor enterprise	104,450	—		—	—	—	104,450	
Total	\$ 3,168,966	862,520	142,625	674,247	1,044,723	216,125	6,109,206	

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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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	Increases	Decreases	Balance	Current
	7/1/05			6/30/06	Portion
Public Building Authority Bonds	\$ 475,706	—	(50,200)	425,506	47,810
Deferred charge on PBA bonds	(47,935)	—	5,697	(42,239)	—
Total PBA Bonds, Net	427,771	—	(44,503)	383,267	47,810
Capital lease obligation	56,280	35,300	(21,757)	69,823	29,458
Infrastructure Facility Bonds	19,645,000	—	(100,000)	19,545,000	115,000
Industrial Development Authority	26,000,000	16,985,000	—	42,985,000	750,000
MO Development Board Bonds	6,860,000	—	(1,465,000)	5,395,000	1,585,000
Developer Obligation	2,467,000	—	(87,823)	2,379,177	—
Compensated absences	1,650,972	1,669,266	(1,621,953)	1,698,285	1,646,493
Claims	653,970	196,831	—	850,801	491,560
Total Governmental activity					
Long-term liabilities	\$ 57,760,993	18,886,397	(3,341,036)	73,306,353	4,665,321

Compensated absences are generally liquidated by the general fund.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Business-type activities	Balance 7/1/05	Increases	Decreases	Balance 6/30/06	Current Portion
Sewer Fund					
Revenue Bonds	\$ 13,365,000	-	(1,006,000)	12,359,000	1,058,000
Deferred charge on Adv Refunding	(118,451)	-	16,922	(101,529)	-
Total Revenue Bonds, Net	13,246,549	-	(989,078)	12,257,471	1,058,000
MO Development Board Bonds	11,720,000	-	-	11,720,000	205,000
Compensated Absences	108,340	150,709	(146,060)	112,989	112,989
Total sewer fund long-term liabilities	\$ 25,074,889	150,709	(1,135,138)	24,090,460	1,375,989
Landfill fund:					
Public Building Authority Bonds	\$ 18,217	-	(1,922)	16,295	1,831
Deferred charge on PBA bonds	(12,550)	-	1,490	(11,060)	-
Total PBA Bonds, Net	5,667	-	(432)	5,235	1,831
Capital Lease Obligations	229,580	-	(63,390)	166,190	66,467
Compensated Absences	44,580	38,461	(48,523)	34,518	34,518
Total landfill fund long-term liabilities	\$ 279,827	38,461	(112,345)	205,943	102,816
Nonmajor enterprise funds:					
Public Building Authority Bonds	\$ 501,077	-	(52,877)	448,200	50,359
Deferred charge on PBA bonds	(47,683)	-	5,665	(42,018)	-
Total PBA Bonds, Net	453,394	-	(47,212)	406,182	50,359
Loans	210,093	-	(41,060)	169,033	42,690
Special Obligation Bonds	120,000	-	(30,000)	90,000	30,000
Compensated absences	41,865	43,960	(41,490)	44,335	40,086
Total nonmajor enterprise funds long-term liabilities	825,352	43,960	(159,762)	709,550	163,135
Total business-type activities long-term liabilities	\$ 26,180,068	233,130	(1,407,245)	25,005,953	1,641,940

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Year ending 30-Jun	Governmental Activities					
	Public Building Authority Bonds		Infrastructure Facility Bonds		MO Development Board Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 47,810	\$ 15,184	\$ 115,000	\$ 1,192,144	\$ 1,585,000	\$ 235,219
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
2012-2016	169,724	11,187	4,315,000	4,916,869	600,000	356,375
2017-2021	-	-	5,855,000	3,393,400	735,000	220,275
2022-2026	-	-	7,020,000	1,257,470	525,000	48,150
	<u>\$ 425,506</u>	<u>\$ 71,665</u>	<u>\$ 19,545,000</u>	<u>\$ 15,387,320</u>	<u>\$ 5,395,000</u>	<u>\$ 1,291,882</u>

Year ending 30-Jun	Governmental Activities		Business-type Activities			
	Industrial Development Bonds		Public Building Authority Bonds		Infrastructure Facility Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 750,000	\$ 2,240,544	\$ 52,190	\$ 16,576	\$ 205,000	\$ 518,708
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
2012-2016	5,950,000	9,453,503	185,277	12,212	2,625,000	2,073,750
2017-2021	8,855,000	7,540,232	-	-	3,220,000	1,473,325
2022-2026	12,990,000	4,651,203	-	-	4,105,000	593,250
2027-2031	10,110,000	656,150	-	-	-	-
	<u>\$ 42,985,000</u>	<u>\$ 33,074,114</u>	<u>\$ 464,495</u>	<u>\$ 78,232</u>	<u>\$ 11,720,000</u>	<u>\$ 6,643,683</u>

Year ending 30-Jun	Business-type Activities				TOTAL DEBT SERVICE REQUIREMENT	
	Revenue Bonds		Special Obligation Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2007	\$ 1,058,000	\$ 638,687	\$ 30,000	\$ 4,305	\$ 3,843,000	\$ 4,861,367
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
2012-2016	5,638,000	990,694	-	-	19,483,001	17,814,590
2017-2021	760,000	79,059	-	-	19,425,000	12,706,291
2022-2026	115,000	8,955	-	-	24,755,000	6,559,028
2027-2031	-	-	-	-	10,110,000	656,150
	<u>\$ 12,359,000</u>	<u>\$ 3,704,399</u>	<u>\$ 90,000</u>	<u>\$ 7,185</u>	<u>\$ 92,984,001</u>	<u>\$ 60,258,480</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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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, 2006:

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%	\$5,884,000
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%	4,510,000
Series 1999 – Sewer System Refunding and Improvement Revenue Bonds: due in annual installments through April 1, 2012; interest at 3.5% to 4.8%	1,280,000
Series 2003 – Sewer System Revenue Bonds: due in annual installments through April 1, 2023; interest at 1.3% to 5.125%	<u>685,000</u>
Total Revenue Bonds for Business-type Activities	<u>\$12,359,000</u>

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

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 manages and invests the bond proceeds on behalf of the City. As the City incurs approved capital expenditures, the Department of Natural Resources reimburses the City for the expenditures from the bond proceeds account and deposits into a reserve fund at 70% of the expenditure amount. This reserve fund will serve as collateral on the Sewerage System Revenue Bonds in the event of default, and interest earnings on the reserve fund will be 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, 2006, \$5,000,374 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, 2006, outstanding revenue bonds related to prior in-substance defeasances is \$1,635,000.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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, 2006:

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% \$ 448,200

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Landfill); due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 16,295

Total PBA Bonds for the Business-type Activities \$ 464,495

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% \$ 376,388

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Parks & Recreation); Due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 32,667

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Public Health); due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 16,451

Total PBA Bonds for the Governmental Activities \$ 425,506

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 issuing the series 2003 bonds. As a result, the refunded bonds are considered to be

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

deceased and the liability has been removed from the governmental and business-type activities columns of the statement of net assets. On June 30, 2006, outstanding Public Building Authority bonds related to prior in-substance defeasances is \$ 995,000.

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, 2006 is \$42,985,000.

Series 2005A – Industrial Development Authority Bonds
(Special Allocation); due in annual installments through
May 1, 2027; interest at 4.00% to 5.50% \$ 26,000,000

Series 2005B – Industrial Development Authority Bonds
(Special Allocation); due in annual installments through
November 1, 2027; interest at 4.00% to 5.50% 16,985,000

Total Industrial Development Authority Bonds for Governmental Activities \$ 42,985,000

Missouri Development Finance Board Bonds:

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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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, 2006 is \$17,115,000.

Business-type Activities

Series 2004C – Infrastructure Facilities Revenue Bonds (Sewer); due in annual installments through March 1, 2025; interest at 2.65% to 5% \$11,720,000

Governmental Activities

Series 2004D – Infrastructure Facilities Revenue Bonds (General); due in annual installments through March 1, 2024; interest at 3.00% to 5.00% \$ 2,360,000

Series 2004D – Infrastructure Facilities Revenue Bonds (CIP); due in annual installments through March 1, 2024; interest at 3.00% to 5.00% 3,035,000

Total MO Development Board Bonds for the Governmental Activities \$ 5,395,000

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 Property Improvement and Public Improvement costs. The bonds are secured by loan

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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payments made by the City pursuant to the financing agreement, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenues. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City's statement of net assets. The annual appropriation covenant of the City constitutes a commitment of all general funds of the City to make loan payments under the financing agreement. The total principal balance outstanding for the Taxable Infrastructure Facilities Revenue Bonds as of June 30, 2006 is \$19,545,000.

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%	<u>10,375,000</u>
Total Taxable Infrastructure Facility Revenue Bonds for Governmental Activities	<u><u>\$19,545,000</u></u>

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, 2006, the total annual sewer reserve charges due to the City through the agreement are payable as follows:

Year Ending June 30:	Total
2007	\$ 788,016
2008	880,506
2009	972,996
2010	972,996
2011	972,696
2012-2016	4,863,480
2017-2021	4,863,480
2022-2025	3,890,784
	18,204,954
Less interest	(7,934,222)
Net present value	\$ 10,270,732

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, 2006

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, 2006:

Series 1998 – Municipal golf; due in annual installments through
May 1, 2008; interest at 4.25% to 4.80% \$ 90,000

Other Obligations:

On March 1, 2000, the City signed a promissory note in the amount of \$400,000 with the Missouri Highway and Transportation Commission pursuant to the provisions of the Missouri Highway and Transportation Commission State Transportation Assistance Revolving (STAR) Fund Loan Agreement. The purpose is to assist in the construction of 24 T-hangars located at the Rosecrans Memorial Airport. This note is reported in the Aviation Enterprise Fund at June 30, 2006 as follows:

Business-type Activities:

March 1, 2000, Missouri Highway Transportation Commission State
Transportation Assistance Revolving (STAR) Fund Loan Agreement;
due in monthly installments of \$4,044 through March 31, 2010;
interest at 3.90% \$ 169,033

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Other obligations debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
Year Ending June 30,		
2007	\$ 42,690	\$ 5,835
2008	44,385	4,140
2009	46,148	2,377
2010	<u>35,810</u>	<u>584</u>
Total	<u>\$ 169,033</u>	<u>\$ 12,936</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, 2006 is \$293,858,556.

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.

Capital lease obligations are reported in the government-wide financial statements and consist of the following at June 30, 2006:

Enterprise Funds:

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>166,190</u>
Total Capital Lease Obligations for the Enterprise Funds	<u>\$ 166,190</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Governmental Activities:

May 13, 2004, (General); (2) 2004 Ford F150 Heritage 4 x 4 Lease/Purchase; due in monthly installments of \$713 through April 13, 2008; interest at 5.75%	\$ 14,848
June 7, 2004; (General); 2004 Ford Econoline E 350 Lease/Purchase; due in monthly installments of \$425 through May 7, 2008; Interest at 5.75%	9,240
June 1, 2003, (Parks, Recreation, and Civic Facilities); Isuzu Rear Loader Lease/Purchase; due in annual installments through June 1, 2007; interest at 5.9%	10,435
September 15, 2005, (Parks, Recreation, and Civic Facilities); Caterpillar 420D backhoe/loader Lease/Purchase; due in annual installments through September 1, 2011; interest at 3.75%	<u>35,300</u>
Total Capital Lease Obligations for the governmental Activities	<u>\$ 69,823</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, 2006:

	Governmental Activities	Business Activities
Year ending June 30:		
2007	\$ 32,807	72,927
2008	19,904	72,927
2009	8,097	30,386
2010	8,097	—
2011	8,097	—
Total minimum lease payments	<u>77,002</u>	176,240
Less amount representing interest	7,179	10,050
Present value of net minimum lease payments	<u>\$ 69,823</u>	<u>166,190</u>

The following schedule shows the amount and asset classifications for capital lease items as of June 30, 2006:

	Governmental Activities	Business Activities
Machinery & equipment	\$ 146,017	460,000
less: Accumulated depreciation	<u>(70,106)</u>	<u>(230,000)</u>
Total	<u>\$ 75,911</u>	<u>230,000</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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 \$608,793.

As of June 30, 2006 incurred but not reported (IBNR) workers' compensation claims and claims payable of \$850,801 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 2005	\$ 712,986	\$ 614,474	(\$ 424,426)	\$ 903,034
Fiscal Year 2006	903,034	390,025	(442,258)	850,801

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 9: COMMITMENTS

A. Construction Commitments

At June 30, 2006 the City had the following commitments of approximately \$5,047,426 to complete construction contracts.

	<u>Amounts</u>
Governmental Activities	
Major Governmental Fund:	
Capital Projects Fund	\$ 2,536,465
Business-type Activities	
Major business-type funds:	
Sewer	2,383,215
Transit	4,772
Landfill	65,575
Nonmajor business-type funds:	
Aviation	57,400
Total business-type Funds	2,510,962
 Total	 \$ <u><u>5,047,426</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, 2006**

Description	Amount	Anticipated Close Year	Capacity Used
City's Operating Landfill			
Area I	\$ 1,596,000	2006	97%
Area II	2,047,900	2006	97%
Area III	2,698,456	2017	36%
	<u>\$ 6,342,356</u>		
 McArthur Drive Landfill	 \$ 870,703	 Closed	 100 %
 Total	 <u><u>\$ 7,213,059</u></u>		

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

During the year ended, June 30, 2006, total closure and postclosure care liabilities increased \$438,397 from \$6,774,662 to \$7,213,059. The increase resulted primarily from revisions to remaining capacity measurements for Areas I & II of the operating landfill.

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 \$6,342,356 is reported as landfill closure and postclosure care liability at June 30, 2006, 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 \$4,321,541 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, 2006, these cash designations totaled \$2,472,611 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, 2006, the City's Contract of Obligation was \$7,755,025 including \$7,374,777 for the current operating landfill and \$380,248 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, 2006**

The Contract of Obligation does not require the City to restrict assets, record liabilities, or reserve retained earnings. 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, 2006

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 3.3% (general) and 38.8% (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 2006, the City's annual pension cost of \$2,825,852 was equal to the required and actual contribution. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005 annual actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of February 28, 2006 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, 2006 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, 2006**

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, 2006, the participant's contribution rate was 4%. The City is required to contribute at an actuarially determined rate; the current rate is 31.06% of annual covered payroll.

Annual Pension Cost

For 2006, the City's annual pension cost of \$1,671,950 was equal to the required and actual contribution. The required contribution was determined as part of the March 1, 2005 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of March 1, 2006 included:

Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 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, 2006**

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	296	83	379
Terminated employees entitled to future benefits	-	-	-
Total Inactive Participants	296	83	379
Active Participants:			
Fully vested	N/A	21	21
Partially vested	N/A	93	93
Non-vested	N/A	-	-
Total Active Participants	517	114	631
Total Number of Participants	<u>813</u>	<u>197</u>	<u>1,010</u>

Three-Year Trend Information

	<u>Year</u> <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
LAGERS	06/30/04	\$ 2,199,557	100%	\$ -0-
	06/30/05	2,641,708	100%	-0-
	06/30/06	2,825,852	100%	-0-
Police Pension	06/30/04	\$1,641,927	100%	\$ -0-
	06/30/05	1,695,887	100%	-0-
	06/30/06	1,671,950	100%	-0-

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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, 2006, there were 37 retirees participating in the health plan, 75 retirees participating in the dental plan and 193 retirees participating in the life insurance plan.

NOTE 12: PRIOR PERIOD ADJUSTMENTS

For the year ended June 30, 2006, management determined that the following adjustments were to be made to the opening fund balances/net assets:

1. Certain amounts accrued as receivables for franchise taxes in prior years required adjustment.
2. Certain billings in the sewer fund that were receivable at year end had not been previously recorded.
3. Certain amounts relating to construction in progress, the value of sewer lines, and capital assets contributed from developers that had not been previously recorded required that an adjustment to the opening balance of net assets.
4. Management determined that the City has been making pension contributions in accordance with the actuarial valuation, and therefore an adjustment was required to remove the net pension asset from the governmental activities.
5. Management determined that certain amounts recorded as receivables in the governmental activities in the prior year required adjustment.
6. Certain liabilities related to developer obligations that had not been previously recorded required that an adjustment to the opening balance of net assets be made for the governmental activities.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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	\$ 41,119,852	\$ 32,871,920	\$ 44,419,739	\$ 32,981,416
Franchise tax accrual adjustments				
General fund	(211,502)	-	(211,502)	-
Mass transit fund	-	(57,686)	-	(57,686)
Accounts receivable adjustment				
Sewer fund	-	467,632	-	467,632
Capital asset related adjustments				
Sewer fund	-	30,498,688	-	30,498,688
Governmental activities	-	-	3,584,337	-
Net pension asset adjustment	-	-	(281,445)	-
Receivable adjustment	-	-	(6,182,499)	-
Developer obligations	-	-	(2,467,000)	-
Beginning fund balances/net assets, as restated	<u>\$ 40,908,350</u>	<u>\$ 63,780,554</u>	<u>\$ 38,861,630</u>	<u>\$ 63,890,050</u>

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, 2006

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 6,096,250	\$ 6,096,250	\$ 6,124,662	\$ 28,412
Sales	11,226,900	11,226,900	10,867,074	(359,826)
Franchise	4,116,945	4,116,945	3,956,650	(160,295)
Cigarette	471,065	471,065	459,855	(11,210)
Licenses and permits	1,137,000	1,137,000	1,203,866	66,866
Intergovernmental	375,489	873,797	553,000	(320,797)
Charges for services	1,360,455	1,361,330	1,346,615	(14,715)
Fines	910,400	910,400	970,503	60,103
Investment earnings	13,945	73,945	99,407	25,462
Contributions and donations	38,700	44,908	31,095	(13,813)
Payments in lieu of taxes	17,000	17,000	21,287	4,287
Other	54,680	204,395	125,986	(78,409)
Total revenues	25,818,829	26,533,935	25,760,000	(773,935)
Expenditures				
Current:				
General government				
City council				
Salaries	59,766	59,766	57,279	2,487
Benefits	107,301	107,301	90,717	16,584
Materials and supplies	5,900	6,200	4,155	2,045
Outside services	38,890	38,590	31,448	7,142
Total City council	211,857	211,857	183,599	28,258
City clerk				
Salaries	116,363	115,213	112,323	2,890
Benefits	31,790	32,940	32,883	57
Materials and supplies	3,700	4,750	4,699	51
Outside services	22,210	24,630	22,835	1,795
Capital outlay	70,000	66,530	65,578	952
Total City clerk	244,063	244,063	238,318	5,745
Municipal court				
Salaries	278,120	278,120	265,798	12,322
Benefits	71,731	71,731	68,269	3,462
Materials and supplies	4,755	8,994	8,969	25
Outside services	88,715	84,476	80,757	3,719
Total Municipal court	443,321	443,321	423,793	19,528
City manager				
Salaries	246,536	252,814	252,814	-
Benefits	77,390	75,796	74,049	1,747
Materials and supplies	1,950	2,838	2,614	224
Outside services	44,105	44,811	44,492	319
Total City manager	369,981	376,259	373,969	2,290

(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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Human resources				
Salaries	253,999	256,024	255,995	29
Benefits	69,558	69,558	65,124	4,434
Materials and supplies	8,300	8,300	5,909	2,391
Outside services	55,365	55,365	40,158	15,207
Total Human resources	387,222	389,247	367,186	22,061
Legal				
Salaries	367,099	367,099	364,589	2,510
Benefits	88,881	88,881	86,939	1,942
Materials and supplies	3,400	2,770	2,715	55
Outside services	126,252	126,882	126,706	176
Total Legal	585,632	585,632	580,949	4,683
Planning				
Salaries	213,750	210,750	189,128	21,622
Benefits	57,171	58,851	52,543	6,308
Materials and supplies	2,910	2,215	2,197	18
Outside services	24,725	176,740	106,797	69,943
Total Planning	298,556	448,556	350,665	97,891
Finance				
Salaries	678,088	678,093	670,909	7,184
Benefits	192,032	191,711	187,835	3,876
Materials and supplies	27,840	28,140	27,181	959
Outside services	304,540	334,521	322,194	12,327
Capital outlay	-	11,000	11,000	-
Total Finance	1,202,500	1,243,465	1,219,119	24,346
Technology				
Salaries	285,465	285,465	285,401	64
Benefits	80,136	80,764	80,126	638
Materials and supplies	153,175	191,888	191,887	1
Outside services	86,616	101,319	101,315	4
Capital outlay	-	70,830	70,829	1
Total Technology	605,392	730,266	729,558	708
Customer assistance				
Salaries	1,019,208	976,562	884,557	92,005
Benefits	285,319	279,144	251,397	27,747
Materials and supplies	40,705	76,769	71,638	5,131
Outside services	599,665	647,107	481,621	165,486
Capital outlay	17,998	51,498	46,719	4,779
Total Customer assistance	1,962,895	2,031,080	1,735,932	295,148
Other - unclassified				
Salaries	34,000	7,870	-	7,870
Materials and supplies	-	228,330	228,042	288
Outside services	869,075	1,137,874	1,137,305	569
Capital outlay	-	4,067,638	2,417,794	1,649,844
Total Other - unclassified	903,075	5,441,712	3,783,141	1,658,571
Total general government	7,214,494	12,145,458	9,986,229	2,159,229 (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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Public safety:				
Police				
Salaries	6,923,761	7,002,367	6,729,528	272,839
Benefits	3,289,309	3,317,331	3,004,424	312,907
Materials and supplies	298,362	360,345	347,341	13,004
Outside services	626,467	674,135	639,811	34,324
Capital outlay	283,257	280,539	262,403	18,136
Total Police	11,421,156	11,634,717	10,983,507	651,210
Fire				
Salaries	6,348,007	6,348,007	6,235,343	112,664
Benefits	3,415,082	3,415,582	3,374,484	41,098
Materials and supplies	132,420	410,819	225,275	185,544
Outside services	250,645	306,457	284,384	22,073
Capital outlay	101,260	102,843	100,612	2,231
Total Fire	10,247,414	10,583,708	10,220,098	363,610
Total public safety	21,668,570	22,218,425	21,203,605	1,014,820
Total expenditures	28,883,064	34,363,883	31,189,834	3,174,049
Deficiency of revenues under expenditures	(3,064,235)	(7,829,948)	(5,429,834)	2,400,114
Other financing sources (uses)				
Transfers in	2,897,225	3,270,680	3,168,966	(101,714)
Transfers out	(1,089,570)	(1,089,570)	(1,089,570)	-
Sale of capital assets	-	8,376	31,875	23,499
Total other financing sources	1,807,655	2,189,486	2,111,271	(78,215)
Net change in fund balances, net	(1,256,580)	(5,640,462)	(3,318,563)	2,321,899
Fund balances - beginning, as restated	6,006,061	6,006,061	6,006,061	-
Fund balances - ending	<u>\$ 4,749,481</u>	<u>\$ 365,599</u>	<u>\$ 2,687,498</u>	<u>\$ 2,321,899</u>

(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, 2006

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Sales	\$ 4,686,200	\$ 4,686,200	\$ 4,658,580	\$ (27,620)
Motor Fuel	3,717,040	3,717,040	3,592,068	(124,972)
Licenses and permits	11,000	11,000	9,451	(1,549)
Intergovernmental	122,643	122,643	84,010	(38,633)
Charges for services	403,500	403,500	102,467	(301,033)
Investment earnings	20,000	20,000	161,087	141,087
Other	10,000	10,000	38,594	28,594
Total revenues	<u>8,970,383</u>	<u>8,970,383</u>	<u>8,646,257</u>	<u>(324,126)</u>
Expenditures				
Current:				
Highways and Streets				
Salaries	3,334,814	3,334,815	3,226,777	108,038
Benefits	885,610	891,139	853,782	37,357
Materials and supplies	1,583,830	1,555,246	1,533,704	21,542
Outside services	2,143,944	2,128,526	1,823,476	305,050
Judgements & claims	98,595	115,767	109,113	6,654
Capital outlay	1,952,480	2,016,327	1,968,166	48,161
Total Highways and Streets	<u>9,999,273</u>	<u>10,041,820</u>	<u>9,515,018</u>	<u>526,802</u>
Total expenditures	<u>9,999,273</u>	<u>10,041,820</u>	<u>9,515,018</u>	<u>526,802</u>
Deficiency of revenues under expenditures	<u>(1,028,890)</u>	<u>(1,071,437)</u>	<u>(868,761)</u>	<u>202,676</u>
Other financing sources (uses)				
Transfers in	862,520	862,520	862,520	-
Transfers out	(449,540)	(449,540)	(449,540)	-
Total other financing sources	<u>412,980</u>	<u>412,980</u>	<u>412,980</u>	<u>-</u>
Net change in fund balances	<u>(615,910)</u>	<u>(658,457)</u>	<u>(455,781)</u>	<u>202,676</u>
Fund balances - beginning	<u>4,546,335</u>	<u>4,546,335</u>	<u>4,546,335</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,930,425</u>	<u>\$ 3,887,878</u>	<u>\$ 4,090,554</u>	<u>\$ 202,676</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 45,540	\$ 45,540	\$ 297,449	\$ 251,909
Sales	3,407,390	3,407,390	1,743,774	(1,663,616)
Investment earnings	-	4,349	1,157,119	1,152,770
Payments in lieu of taxes	222,840	222,840	83,042	(139,798)
Other	812,516	1,508,443	192,100	(1,316,343)
Total revenues	<u>4,488,286</u>	<u>5,188,562</u>	<u>3,473,484</u>	<u>(1,715,078)</u>
Expenditures				
Current:				
General Government				
Outside services	2,467,201	20,548,699	18,989,739	1,558,960
Total General Government	<u>2,467,201</u>	<u>20,548,699</u>	<u>18,989,739</u>	<u>1,558,960</u>
Total expenditures	<u>2,467,201</u>	<u>20,548,699</u>	<u>18,989,739</u>	<u>1,558,960</u>
Deficiency of revenues under expenditures	<u>2,021,085</u>	<u>(15,360,137)</u>	<u>(15,516,255)</u>	<u>(156,118)</u>
Other financing sources (uses)				
Transfers out	(491,685)	(700,805)	(697,414)	3,391
Bonds Issued	-	14,794,890	16,985,000	2,190,110
Total other financing sources	<u>(491,685)</u>	<u>14,094,085</u>	<u>16,287,586</u>	<u>2,193,501</u>
Net change in fund balances	1,529,400	(1,266,052)	771,331	2,037,383
Fund balances - beginning	10,802,290	10,802,290	10,802,290	-
Fund balances - ending	<u>\$ 12,331,690</u>	<u>\$ 9,536,238</u>	<u>\$ 11,573,621</u>	<u>\$ 2,037,383</u>

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

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2006

A. Budgetary Information

Annual budgets are adopted by City Ordinances for the General, Special Revenue, 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, 2006

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 LEC Expansion project not yet completed. The Special Revenue increase includes the demolition of Heartland Hospital, TIF reimbursement of project costs, The Shoppes at North Village bond issue and Triumph Foods Pork Processing Facility. The Capital Projects increase is for the Police's Communication Center upgrade. The increase in the Enterprise Funds is for the base relocation of the Air National Guard and the new construction at the Landfill.

2006 Budget			
Fund Type	Original Appropriation	Amended Appropriation	Increase
General	\$ 29,972,634	35,453,453	5,480,819
Special	28,399,411	49,359,551	20,960,140
Capital	6,089,339	7,931,083	1,841,744
Enterprise	20,972,917	23,202,447	2,229,530
Total	\$ 85,434,301	115,946,534	30,512,233

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2006**

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, 2006:

	General Fund	Street Improvement Maintenance and Repair Fund	Special Allocation Fund
	<u> </u>	<u> </u>	<u> </u>
Ending Fund Balance on budgetary basis	\$ 2,687,498	4,090,554	11,573,621
FY 2006 Encumbrances Outstanding June 30, 2006	746,692	1,530,756	
FY 2005 Encumbrances Expended in FY 2006	(226,316)	(1,337,566)	(1,997)
Accrued payroll	<u>(64,938)</u>	<u>(8,376)</u>	
Ending Fund Balance on GAAP basis	<u>\$ 3,142,936</u>	<u>4,275,368</u>	<u>11,571,624</u>

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2006**

**PENSION PLANS
SCHEDULE OF FUNDING PROGRESS**

LAGERS Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)
02/28/04	26,412,897	40,274,493	13,861,596	66.0%	19,284,900	72.0%
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

Police Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)
03/01/04	16,525,149	28,892,605	12,367,456	57.2	4,607,684	268.4
03/01/05	18,233,797	30,819,539	12,585,742	59.2	5,031,068	250.1
03/01/06	20,369,111	32,390,571	12,021,460	52.9	5,136,368	234.0

**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%	—

CITY OF ST. JOSEPH, MISSOURI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue					
	Parks & Recreation	Public Health	Community Development	Riverboat Gaming	C.D Rehab Loan	Rental Rehab Loan
Assets						
Cash and investments	\$ 624,749	\$ 1,239,099	\$ 396,361	\$ 345,337	\$ 344,385	\$ 500,656
Receivables	336,031	125,142	-	220,167	-	-
Loan receivables	-	-	-	-	693,374	350,942
Due from other governments	100,776	72,061	691,900	-	-	-
Prepaid items	27,800	18,762	1,584	-	-	-
Restricted cash and investments	4,166	50,098	-	-	-	-
Total assets	<u>\$ 1,093,522</u>	<u>\$ 1,505,162</u>	<u>\$ 1,089,845</u>	<u>\$ 565,504</u>	<u>\$ 1,037,759</u>	<u>\$ 851,598</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 118,580	\$ 36,177	\$ 218,861	\$ 105,723	12,429	18,042
Contracts payable	-	-	71,850	794	-	-
Due to other funds	-	-	898,661	-	-	-
Other current liabilities	47,398	23,813	5,888	-	-	-
Deferred revenue	116,289	88,135	-	-	-	-
Total liabilities	<u>282,267</u>	<u>148,125</u>	<u>1,195,260</u>	<u>106,517</u>	<u>12,429</u>	<u>18,042</u>
Fund balances:						
Reserved for:						
Encumbrances	45,325	3,965	990,267	14,285	-	-
Bond payments	4,166	50,098	-	-	-	-
Prepaid items	27,800	18,761	1,584	-	-	-
Long-term receivables	-	-	-	-	693,374	350,942
Unreserved reported in:						
Special revenue funds	733,964	1,284,213	(1,097,266)	444,702	331,956	482,614
Capital projects funds	-	-	-	-	-	-
Total fund balances	<u>811,255</u>	<u>1,357,037</u>	<u>(105,415)</u>	<u>458,987</u>	<u>1,025,330</u>	<u>833,556</u>
Total liabilities and fund balances	<u>\$ 1,093,522</u>	<u>\$ 1,505,162</u>	<u>\$ 1,089,845</u>	<u>\$ 565,504</u>	<u>\$ 1,037,759</u>	<u>\$ 851,598</u>

Special Revenue		Total Nonmajor Special Revenue Funds	Capital Projects	
Historic Preservation Loan	Home Revolving Loan		Downtown Business District	Total Nonmajor Governmental Funds
\$ 41,815	\$ 110,733	\$ 3,603,135	\$ 134,019	\$ 3,737,154
-	-	681,340	26,262	707,602
336,388	2,429,406	3,810,110	-	3,810,110
-	-	864,737	-	864,737
-	-	48,146	-	48,146
-	-	54,264	-	54,264
\$ 378,203	\$ 2,540,139	\$ 9,061,732	\$ 160,281	\$ 9,222,013

174	258	\$ 510,244	\$ 242	\$ 510,486
-	-	72,644	-	72,644
-	-	898,661	-	898,661
-	-	77,099	-	77,099
-	-	204,424	16,484	220,908
174	258	1,763,072	16,726	1,779,798

-	-	1,053,842	9,500	1,063,342
-	-	54,264	-	54,264
-	-	48,145	-	48,145
336,388	2,429,406	3,810,110	-	3,810,110
41,641	110,475	2,332,299	-	2,332,299
-	-	-	134,055	134,055
378,029	2,539,881	7,298,660	143,555	7,442,215
\$ 378,203	\$ 2,540,139	\$ 9,061,732	\$ 160,281	\$ 9,222,013

CITY OF ST. JOSEPH, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	Special Revenue					
	Parks & Recreation	Public Health	Community Development	Riverboat Gaming	C.D Rehab Loan	Rental Rehab Loan
Revenues						
Taxes:						
Property	\$ 2,230,087	\$ 1,828,264	-	-	-	-
Hotel	400,792	-	-	-	-	-
Licenses and permits	92,241	139,860	-	-	-	-
Intergovernmental	63,405	832,599	\$ 3,822,055	-	-	-
Charges for services	1,355,375	453,057	1,800	\$ 1,325,675	-	-
Fines	-	35,624	-	-	-	-
Special assessments	-	-	39,688	-	-	-
Investment earnings	14,777	45,341	4,025	21,411	\$ 25,046	\$ 11,868
Contributions and donations	27,322	2,153	-	-	-	-
Other	46,398	23,203	62,062	-	122,167	10
Total revenues	4,230,397	3,360,101	3,929,630	1,347,086	147,213	11,878
						10.03
Expenditures						
Current:						
General government	-	-	1,128,703	296,364	110,893	-
Public works	-	-	344,143	-	-	-
Health and welfare	-	3,001,686	2,448,888	-	-	-
Parks and recreation	4,420,506	-	-	-	-	-
Debt Service:						
Principal	3,854	46,346	-	-	-	-
Interest	1,246	14,988	-	-	-	-
Bond issuance costs	70	770	-	-	-	-
Capital outlay	140,773	89,452	3,399	-	-	-
Total expenditures	4,566,449	3,153,242	3,925,133	296,364	110,893	-
Excess (deficiency) of revenues over (under) expenditures	(336,052)	206,859	4,497	1,050,722	36,320	11,878
Other financing sources (uses)						
Transfers in	508,153	323,830	197,994	14,746	-	-
Transfers out	(119,400)	(536,315)	(423,217)	(1,207,535)	(89,052)	-
Capital lease	35,300	-	-	-	-	-
Sale of capital assets	-	-	79,533	-	-	-
Total other financing sources (uses),net	424,053	(212,485)	(145,690)	(1,192,789)	(89,052)	-
Net change in fund balances	88,001	(5,626)	(141,193)	(142,067)	(52,732)	11,878
Fund balances - beginning	723,254	1,362,663	35,778	601,054	1,078,062	821,678
Fund balances - ending	\$ 811,255	\$ 1,357,037	\$ (105,415)	\$ 458,987	\$ 1,025,330	\$ 833,556

Special Revenue		Total Nonmajor Special Revenue Funds	Capital Projects	
Historic Preservation Loan	Home Revolving Loan		Downtown Business District	Total Nonmajor Governmental Funds
-	-	\$ 4,058,351	\$ 62,275	\$ 4,120,626
-	-	400,792	-	400,792
-	-	232,101	-	232,101
-	-	4,718,059	-	4,718,059
-	-	3,135,907	-	3,135,907
-	-	35,624	-	35,624
-	-	39,688	-	39,688
\$ 14,735	\$ 34,857	172,060	4,766	176,826
-	-	29,475	-	29,475
69	118,424	372,333	-	372,333
14,804	153,281	13,194,390	67,041	13,261,431
69.48	118,423.27			
-	-	1,535,960	-	1,535,960
-	-	344,143	-	344,143
-	-	5,450,574	-	5,450,574
-	-	4,420,506	-	4,420,506
-	-	50,200	-	50,200
-	-	16,234	-	16,234
-	-	840	-	840
-	-	233,624	15,287	248,911
-	-	12,052,081	15,287	12,067,368
14,804	153,281	1,142,309	51,754	1,194,063
-	-	1,044,723	-	1,044,723
-	(108,942)	(2,484,461)	(9,700)	(2,494,161)
-	-	35,300	-	35,300
-	-	79,533	-	79,533
-	(108,942)	(1,324,905)	(9,700)	(1,334,605)
14,804	44,339	(182,596)	42,054	(140,542)
363,225	2,495,542	7,481,256	101,501	7,582,757
\$ 378,029	\$ 2,539,881	\$ 7,298,660	\$ 143,555	\$ 7,442,215

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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes:				
Property	\$ 2,189,010	\$ 2,189,010	\$ 2,230,088	\$ 41,078
Hotel	391,200	391,200	400,792	9,592
Licenses and permits	92,000	92,000	92,242	242
Intergovernmental	1,518,490	1,585,490	63,405	(1,522,085)
Charges for services	1,302,300	1,383,324	1,355,374	(27,950)
Investment earnings	1,800	1,800	14,777	12,977
Contributions and donations	20,660	23,610	27,322	3,712
Other	23,725	23,725	46,398	22,673
Total revenues	<u>5,539,185</u>	<u>5,690,159</u>	<u>4,230,398</u>	<u>(1,459,761)</u>
Expenditures				
Current:				
Parks & recreation				
Salaries	2,387,636	2,351,990	2,236,807	115,183
Benefits	547,371	550,141	527,844	22,297
Materials and supplies	353,935	471,739	471,628	111
Outside services	1,158,548	1,130,479	1,126,553	3,926
Capital outlay	2,032,129	2,156,644	171,002	1,985,642
Total Parks & recreation	<u>6,479,619</u>	<u>6,660,993</u>	<u>4,533,834</u>	<u>2,127,159</u>
Total expenditures	<u>6,479,619</u>	<u>6,660,993</u>	<u>4,533,834</u>	<u>2,127,159</u>
Deficiency of revenues under expenditures	<u>(940,434)</u>	<u>(970,834)</u>	<u>(303,436)</u>	<u>667,398</u>
Other financing sources (uses)				
Transfers in	964,533	994,933	508,153	(486,780)
Transfers out	(119,400)	(119,400)	(119,400)	-
Total other financing sources (uses), net	<u>845,133</u>	<u>875,533</u>	<u>388,753</u>	<u>(486,780)</u>
Net change in fund balances	(95,301)	(95,301)	85,317	180,618
Fund balances - beginning	723,254	723,254	723,254	-
Fund balances - ending	<u>\$ 627,953</u>	<u>\$ 627,953</u>	<u>\$ 808,571</u>	<u>\$ 180,618</u>

CITY OF ST. JOSEPH, MISSOURI
PUBLIC HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 1,832,570	\$ 1,832,570	\$ 1,828,265	\$ (4,305)
Licenses and permits	139,800	139,800	139,861	61
Intergovernmental	814,536	883,136	832,599	(50,537)
Charges for services	355,436	355,436	453,058	97,622
Fines	36,600	36,600	35,624	(976)
Investment earnings	13,000	13,000	45,341	32,341
Contributions and donations	4,000	4,000	2,153	(1,847)
Other	-	4,600	23,203	18,603
Total revenues	<u>3,195,942</u>	<u>3,269,142</u>	<u>3,360,104</u>	<u>90,962</u>
Expenditures				
Current:				
Public health				
Salaries	1,683,710	1,688,380	1,658,185	30,195
Benefits	468,071	470,326	443,158	27,168
Materials and supplies	162,395	203,637	148,336	55,301
Outside services	829,154	871,734	797,403	74,331
Capital outlay	-	87,805	85,242	2,563
Total Public health	<u>3,143,330</u>	<u>3,321,882</u>	<u>3,132,324</u>	<u>189,558</u>
Total expenditures	<u>3,143,330</u>	<u>3,321,882</u>	<u>3,132,324</u>	<u>189,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,612</u>	<u>(52,740)</u>	<u>227,780</u>	<u>280,520</u>
Other financing sources (uses)				
Transfers in	323,830	323,830	323,830	-
Transfers out	(536,315)	(536,315)	(536,315)	-
Total other financing sources (uses), net	<u>(212,485)</u>	<u>(212,485)</u>	<u>(212,485)</u>	<u>-</u>
Net change in fund balances	(159,873)	(265,225)	15,295	280,520
Fund balances - beginning	1,362,663	1,362,663	1,362,663	-
Fund balances - ending	<u>\$ 1,202,790</u>	<u>\$ 1,097,438</u>	<u>\$ 1,377,958</u>	<u>\$ 280,520</u>

CITY OF ST. JOSEPH, MISSOURI
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2006

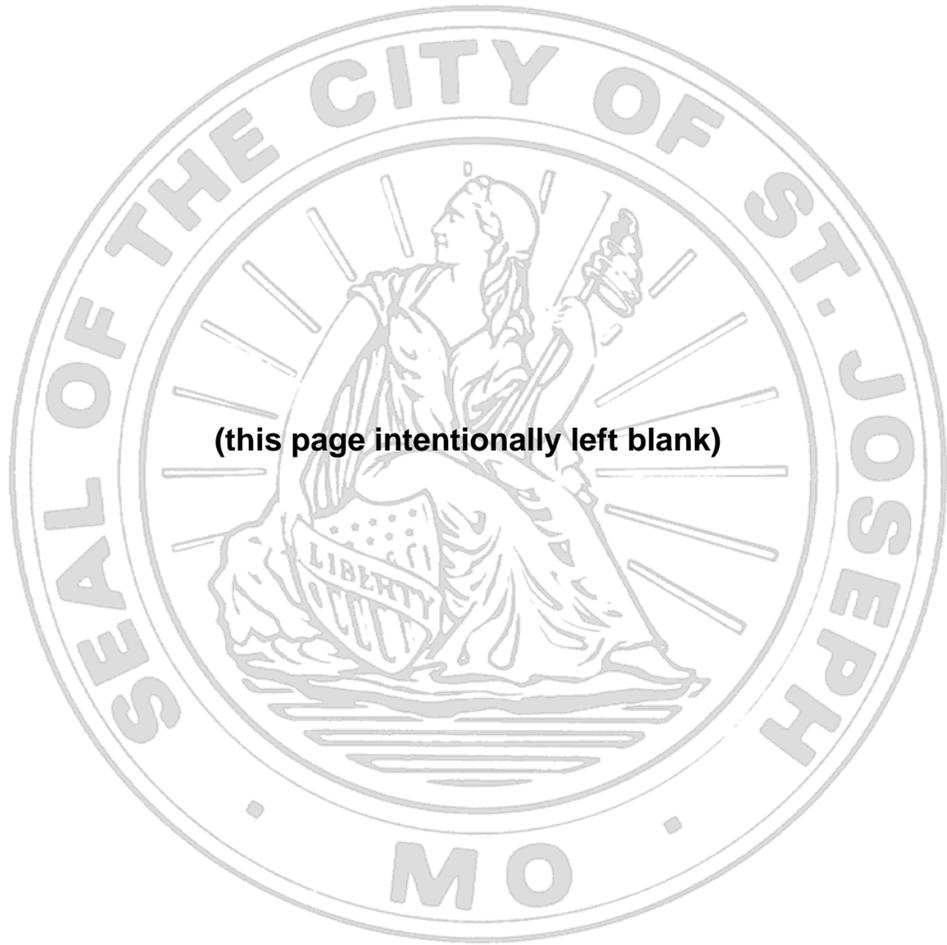
	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Intergovernmental	\$ 3,474,141	\$ 5,296,274	\$ 3,822,055	\$ (1,474,219)
Special assessments	18,000	18,000	41,489	23,489
Investment earnings	2,000	2,000	4,026	2,026
Other	-	-	62,062	62,062
Total revenues	<u>3,494,141</u>	<u>5,316,274</u>	<u>3,929,632</u>	<u>(1,386,642)</u>
Expenditures				
Current:				
C.D.B.G.				
Salaries	382,482	383,256	383,253	3
Benefits	130,799	129,025	117,168	11,857
Materials and supplies	13,848	16,048	13,704	2,344
Outside services	2,603,262	4,352,240	3,548,042	804,198
Capital outlay	4,440	4,440	2,580	1,860
Total C.D.B.G.	<u>3,134,831</u>	<u>4,885,009</u>	<u>4,064,747</u>	<u>820,262</u>
Total expenditures	<u>3,134,831</u>	<u>4,885,009</u>	<u>4,064,747</u>	<u>820,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>359,310</u>	<u>431,265</u>	<u>(135,115)</u>	<u>(566,380)</u>
Other financing sources (uses)				
Transfers in	-	-	197,994	197,994
Transfers out	(359,310)	(431,265)	(423,217)	8,048
Sale of capital assets	-	-	79,533	79,533
Total other financing sources (uses), net	<u>(359,310)</u>	<u>(431,265)</u>	<u>(145,690)</u>	<u>285,575</u>
Net change in fund balances	-	-	(280,805)	(280,805)
Fund balances - beginning	35,778	35,778	35,778	-
Fund balances - ending	<u>\$ 35,778</u>	<u>\$ 35,778</u>	<u>\$ (245,027)</u>	<u>\$ (280,805)</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, 2006

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Charges for services	\$ 1,086,900	\$ 1,086,900	\$ 1,325,676	\$ 238,776
Investment earnings	7,700	7,700	21,411	13,711
Total revenues	1,094,600	1,094,600	1,347,087	252,487
Expenditures				
Current:				
Riverboat				
Outside services	258,100	265,600	205,892	59,708
Total Riverboat	258,100	265,600	205,892	59,708
Total expenditures	258,100	265,600	205,892	59,708
Excess of revenues over expenditures	836,500	829,000	1,141,195	312,195
Other financing sources (uses)				
Transfers in	-	-	14,746	14,746
Transfers out	(960,807)	(1,398,223)	(1,207,534)	190,689
Total other financing sources (uses), net	(960,807)	(1,398,223)	(1,192,788)	205,435
Net change in fund balances	(124,307)	(569,223)	(51,593)	517,630
Fund balances - beginning	601,054	601,054	601,054	-
Fund balances - ending	\$ 476,747	\$ 31,831	\$ 549,461	\$ 517,630

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, 2006

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Sales	\$ 5,316,550	\$ 5,316,550	\$ 5,202,172	(114,378)
Intergovernmental	-	347,190	3,596,027	3,248,837
Investment earnings	100,000	100,000	385,849	285,849
Other	-	5,000	323	(4,677)
Total revenues	<u>5,416,550</u>	<u>5,768,740</u>	<u>9,184,371</u>	<u>3,415,631</u>
Expenditures				
Current:				
Capital outlay				
Benefits	-	80	79	1
Outside services	1,180,000	1,291,239	2,322,538	(1,031,299)
Capital outlay	<u>2,807,748</u>	<u>4,532,622</u>	<u>2,636,806</u>	<u>1,895,816</u>
Total Capital outlay	<u>3,987,748</u>	<u>5,823,941</u>	<u>4,959,423</u>	<u>864,518</u>
Total expenditures	<u>3,987,748</u>	<u>5,823,941</u>	<u>4,959,423</u>	<u>864,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,428,802</u>	<u>(55,201)</u>	<u>4,224,948</u>	<u>4,280,149</u>
Other financing sources (uses)				
Transfers in	84,215	190,203	142,625	(47,578)
Transfers out	(522,741)	(522,741)	(111,672)	411,069
Total other financing sources (uses)	<u>(438,526)</u>	<u>(332,538)</u>	<u>30,953</u>	<u>363,491</u>
Net change in fund balances	990,276	(387,739)	4,255,901	4,643,640
Fund balances - beginning	11,970,907	11,970,907	11,970,907	-
Fund balances - ending	<u>\$ 12,961,183</u>	<u>\$ 11,583,168</u>	<u>\$ 16,226,808</u>	<u>\$ 4,643,640</u>



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CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2006

Business-type Activities - Enterprise Funds

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 27,974	\$ 9,517	\$ 33,684	\$ 71,175
Restricted cash and cash equivalents	-	53,126	28,500	81,626
Interest receivable	560	41	1,255	1,856
Accounts receivable (net of allowance for uncollectibles)	-	663	29,921	30,584
Due from other governments	221,266	-	-	221,266
Prepaid items	3,695	1,583	704	5,982
Total current assets	<u>253,495</u>	<u>64,930</u>	<u>94,064</u>	<u>\$ 412,489</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	4,032	-	4,032
Deferred charges	-	4,803	1,667	6,470
Capital assets:				
Land	1,747,787	1,550,998	110,000	3,408,785
Buildings	3,018,917	4,641,281	229,413	7,889,611
Improvements other than buildings	8,735,468	315,568	907,978	9,959,014
Machinery and equipment	843,851	169,334	387,945	1,401,130
Office furniture and fixtures	5,840	18,194	4,250	28,284
Less accumulated depreciation	<u>(8,369,368)</u>	<u>(4,287,019)</u>	<u>(1,181,437)</u>	<u>(13,837,824)</u>
Total capital assets (net of accumulated depreciation)	<u>5,982,495</u>	<u>2,408,356</u>	<u>458,149</u>	<u>8,849,000</u>
Total noncurrent assets	<u>5,982,495</u>	<u>2,417,191</u>	<u>459,816</u>	<u>8,859,502</u>
Total assets	<u>6,235,990</u>	<u>2,482,121</u>	<u>553,880</u>	<u>9,271,991</u>

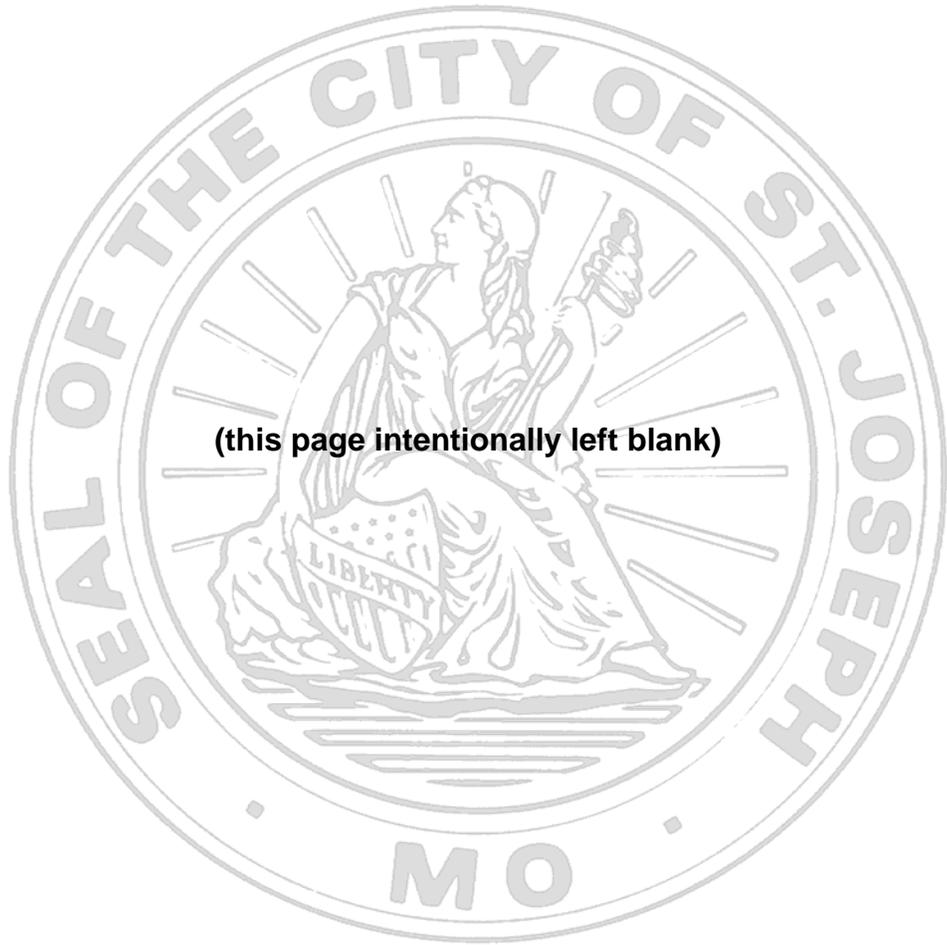
CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2006

Business-type Activities - Enterprise Funds

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable	\$ 26,274	\$ 4,153	\$ 7,862	\$ 38,289
Due to other funds	-	7,471	-	7,471
Compensated absences	18,644	8,809	12,633	40,086
Deposits	7,006	9,397	-	16,403
Matured bonds payable	42,690	50,359	30,000	123,049
Matured interest payable	-	2,767	718	3,485
Total current liabilities	<u>94,614</u>	<u>82,956</u>	<u>51,213</u>	<u>228,783</u>
Noncurrent liabilities:				
Star Loans payable	126,343	-	-	126,343
Public Building Authority bonds payable	-	355,823	-	355,823
Special obligation bonds payable	-	-	60,000	60,000
Compensated absences	129	634	3,486	4,249
Total noncurrent liabilities	<u>126,472</u>	<u>356,457</u>	<u>63,486</u>	<u>546,415</u>
Total liabilities	<u>221,086</u>	<u>439,413</u>	<u>114,699</u>	<u>775,198</u>
Net Assets				
Invested in capital assets, net of related debt	5,813,462	2,006,977	369,816	8,190,255
Restricted for debt service	-	54,391	27,782	82,173
Unrestricted	201,442	(18,660)	41,583	224,365
Total net assets	<u>\$ 6,014,904</u>	<u>\$ 2,042,708</u>	<u>\$ 439,181</u>	<u>\$ 8,496,793</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
AS OF JUNE 30, 2006

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 418,830	\$ 354,064	\$ 404,394	\$ 1,177,288
Other	22,228	2,209	985	25,422
Total operating revenues	441,058	356,273	405,379	1,202,710
Operating expenses:				
Personal services	326,562	238,218	205,298	770,078
Contractual services	88,206	49,303	40,232	177,741
Commodities	41,205	6,802	55,191	103,198
Heat, light and power	24,031	22,821	52,097	98,949
Depreciation	376,449	168,760	43,483	588,692
Total operating expenses	856,453	485,904	396,301	1,738,658
Operating loss	(415,395)	(129,631)	9,078	(535,948)
Nonoperating revenues (expenses):				
Investment income	(2,069)	753	2,450	1,134
Interest and fiscal charges	(7,464)	(24,122)	(6,744)	(38,330)
Gain on disposal of fixed assets	-	-	-	-
Total nonoperating revenues (expenses)	(9,533)	(23,369)	(4,294)	(37,196)
Loss before capital contributions and transfers	(424,928)	(153,000)	4,784	(573,144)
Capital contributions	808,904	-	27,626	836,530
Transfers in	150,000	66,125	-	216,125
Transfers out	(38,200)	(39,100)	(27,150)	(104,450)
Change in net assets	495,776	(125,975)	5,260	375,061
Net assets - beginning	5,519,128	2,168,683	433,921	8,121,732
Net assets - ending	\$ 6,014,904	\$ 2,042,708	\$ 439,181	\$ 8,496,793



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CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 434,140	\$ 354,380	\$ 374,473	\$ 1,162,993
Payments to suppliers	(162,751)	(70,991)	(148,420)	(382,162)
Payments to employees	(323,513)	(238,771)	(205,324)	(767,608)
Other operating revenues	22,228	2,209	985	25,422
Net cash provided (used) by operating activities	<u>(29,896)</u>	<u>46,827</u>	<u>21,714</u>	<u>38,645</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	150,000	66,125	-	216,125
Transfers out	(38,200)	(39,100)	(27,150)	(104,450)
Net cash provided (used) by noncapital financing activities	<u>111,800</u>	<u>27,025</u>	<u>(27,150)</u>	<u>111,675</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments of debt principal	(41,060)	(47,212)	(30,000)	(118,272)
Payments of debt interest and charges	(7,464)	(23,642)	(6,237)	(37,343)
Capital grants received	587,638	-	27,626	615,264
Purchase of capital assets	(596,151)	(51,216)	(27,626)	(674,993)
Net cash (used) by capital and related financing activities	<u>(57,037)</u>	<u>(122,070)</u>	<u>(36,237)</u>	<u>(215,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	63,266	62,298	126,206	251,770
Purchase of investments	(77,986)	(26,530)	(93,901)	(198,417)
Interest and dividends received	(2,619)	1,492	2,600	1,473
Net cash provided by investing activities	<u>(17,339)</u>	<u>37,260</u>	<u>34,905</u>	<u>54,826</u>
Net decrease in cash and cash equivalents	7,528	(10,958)	(6,768)	(10,198)
Cash and cash equivalents - beginning	1,426	14,005	17,550	32,981
Cash and cash equivalents - ending	8,954	3,047	10,782	22,783
Investments	19,020	63,628	51,402	134,050
Total cash and investments	<u>\$ 27,974</u>	<u>\$ 66,675</u>	<u>\$ 62,184</u>	<u>\$ 156,833</u>
Cash and investments reported on the Statement of Net Assets:				
Unrestricted cash and investments	\$ 27,974	\$ 9,517	\$ 33,684	71,175
Restricted cash and investments	-	57,158	28,500	85,658
Total cash and investments	<u>\$ 27,974</u>	<u>\$ 66,675</u>	<u>\$ 62,184</u>	<u>\$ 156,833</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating loss to net cash provided by operating activities:				
Operating income (loss)	\$ (415,395)	\$ (129,631)	\$ 9,078	(535,948)
Adjustments to reconciliation operating loss to net cash provided by operating activities:				
Depreciation	376,449	168,760	43,483	588,692
(Increase) decrease in:				
Accounts receivable	15,309	316	(29,921)	(14,296)
Prepaid expenses	(293)	2	128	(163)
Increase (decrease) in:				
Accounts payable	(9,016)	7,933	(1,028)	(2,111)
Compensated absences	3,050	(553)	(26)	2,471
Net cash provided (used) by operating activities	<u>(29,896)</u>	<u>46,827</u>	<u>21,714</u>	<u>38,645</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
FOR THE PERIOD ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Museum Tax Fund				
Assets:				
Cash and investments	\$ 12,166	\$ 427,040	\$ 439,199	\$ 7
Receivables:				
Taxes	22,791	425,330	425,483	22,638
Accrued interest	990	1,524	1,557	957
	<u>\$ 35,947</u>	<u>\$ 853,894</u>	<u>\$ 866,239</u>	<u>\$ 23,602</u>
Liabilities:				
Due to others	<u>\$ 35,947</u>	<u>\$ 429,478</u>	<u>\$ 441,823</u>	<u>\$ 23,602</u>
Library Tax Fund				
Assets:				
Receivables:				
Taxes	<u>\$ 149,441</u>	<u>\$ 164,407</u>	<u>\$ 163,873</u>	<u>\$ 149,975</u>
Liabilities:				
Due to others	<u>\$ 149,441</u>	<u>\$ 164,407</u>	<u>\$ 163,873</u>	<u>\$ 149,975</u>
All Agency Funds				
Assets:				
Cash and investments	\$ 12,166	\$ 427,040	\$ 439,199	\$ 7
Receivables:				
Taxes	172,232	589,737	589,356	172,613
Accrued interest	990	1,524	1,557	957
	<u>\$ 185,388</u>	<u>\$ 1,018,301</u>	<u>\$ 1,030,112</u>	<u>\$ 173,577</u>
Liabilities:				
Due to others	<u>\$ 185,388</u>	<u>\$ 593,885</u>	<u>\$ 605,696</u>	<u>\$ 173,577</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	6-11
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	12-16
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	17-19
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	20-21
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 Four Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 29,111,703	29,322,591	42,978,508	51,567,893
Restricted	6,301,050	5,572,772	15,359,724	11,586,030
Unrestricted	11,647,395	18,527,968	(19,476,602)	(33,823,290)
Total governmental activities net assets	<u>\$ 47,060,148</u>	<u>53,423,331</u>	<u>38,861,630</u>	<u>29,330,633</u>
Business-type activities	\$			
Invested in capital assets, net of related debt	53,334,648	59,565,885	61,317,196	58,367,018
Restricted	8,155,420	2,392,348	3,770,260	4,017,572
Unrestricted	2,427,039	1,822,265	(1,197,406)	188,263
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>
Primary government				
Invested in capital assets, net of related debt	\$ 82,446,351	88,888,476	104,295,704	109,934,911
Restricted	14,456,470	7,965,120	19,129,984	15,603,602
Unrestricted	14,074,434	20,350,233	(20,674,008)	(33,635,027)
Total primary government net assets	<u>\$ 110,977,255</u>	<u>117,203,829</u>	<u>102,751,680</u>	<u>91,903,486</u>

Note: GASB 34 was implemented in fiscal year 2003, so only four 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.

Table 2

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 8,162,055	\$ 3,448,810	\$ 39,676,618	\$ 23,853,935
Public safety	19,594,533	19,003,061	15,552,714	21,133,947
Highways and streets	6,052,644	9,479,906	9,473,469	10,042,359
Public works	1,283,978	257,751	274,980	370,810
Health and welfare	7,035,645	7,226,366	7,807,850	5,908,864
Parks and Recreation	3,541,370	6,119,506	5,094,993	5,187,029
Interest on long-term debt	100,734	25,430	983,094	4,669,961
Total governmental activities expenses	<u>45,770,959</u>	<u>45,560,830</u>	<u>78,863,718</u>	<u>71,166,905</u>
Business-type activities:				
Aviation	869,308	923,145	921,180	863,917
Parking	492,519	459,985	525,677	510,026
Sewer	7,496,824	7,918,146	10,233,920	9,614,343
Golf	436,367	411,499	410,943	403,045
Transit	3,881,183	4,291,909	4,550,225	4,874,741
Landfill	1,198,668	1,723,420	2,202,206	2,967,669
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>
Total primary government expenses	<u>\$ 60,145,828</u>	<u>\$ 61,288,934</u>	<u>\$ 97,707,869</u>	<u>\$ 90,400,646</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,283,021	\$ 3,799,256	\$ 4,600,425	\$ 4,635,231
Public safety	541,646	562,301	619,251	709,962
Highways and streets	656,891	151,963	281,004	150,512
Public works	478,916	15,669	18,046	36,730
Health and welfare	938,532	559,690	567,388	674,058
Parks and Recreation	10,756	1,245,464	1,187,399	1,521,336
Operating grants and contributions	6,081,057	6,630,787	5,339,972	5,347,446
Capital grants and contributions	654,879	808,616	10,899,818	4,414,950
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>
Business-type activities:				
Charges for services:				
Aviation	349,599	393,286	410,800	441,058
Parking	295,434	355,464	359,257	356,273
Sewer	6,888,825	7,116,113	7,944,771	8,724,982
Golf	382,570	370,379	400,615	405,379
Transit	115,500	125,058	105,594	124,959
Landfill	2,356,690	2,923,924	3,006,818	2,801,026
Operating grants and contributions	956,320	917,265	917,764	1,112,699
Capital grants and contributions	1,377,413	1,512,453	3,128,516	839,014
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>
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>
Net (expense)/revenue				
Governmental activities	(34,125,261)	(31,787,084)	(55,350,415)	(53,676,680)
Business-type activities	(1,652,518)	(2,014,162)	(2,570,016)	(4,428,351)
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>

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
Sales and use taxes	19,429,459	19,497,214	21,213,657	22,600,548
Franchise taxes	3,494,833	3,691,553	3,734,204	3,956,650
Motor fuel taxes	3,483,646	3,572,836	3,613,104	3,592,068
Cigarette taxes	444,354	452,770	437,460	459,855
Hotel taxes	339,110	354,801	389,986	400,792
Unrestricted investment earnings	323,973	311,348	910,325	2,028,405
Gain (loss) on sale of capital assets	(201,970)	48,713	73,644	-
Transfers	(2,971)	941,782	455,974	376,478
Total governmental activities	<u>36,195,975</u>	<u>38,150,267</u>	<u>40,788,714</u>	<u>44,145,684</u>

Business-type activities:

Sales and use taxes	1,458,333	1,460,047	1,501,994	1,560,135
Franchise taxes	782,374	841,936	887,532	939,913
Unrestricted investment earnings	591,009	504,901	740,503	987,584
Gain (loss) on sale of capital assets	15,960	12,451	5,513	-
Transfers	2,971	(941,782)	(455,974)	(376,478)
Total business-type activities	<u>2,850,647</u>	<u>1,877,553</u>	<u>2,679,568</u>	<u>3,111,154</u>

Total primary government	\$ <u>39,046,622</u>	\$ <u>40,027,820</u>	\$ <u>43,468,282</u>	\$ <u>47,256,838</u>
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Changes in Net Assets

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

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

Table 3

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

T-4

<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

Note: GASB 34 was implemented in fiscal year 2003, so only four 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									
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
15	General Fund										
	Reserved	\$ 232,694	102,425	451,501	366,494	565,488	528,819	403,469	421,535	540,938	1,061,421
	Unreserved	1,783,817	1,292,831	1,252,695	882,851	836,873	882,820	2,244,724	3,100,054	5,465,123	2,081,515
	Total General Fund	\$ 2,016,511	1,395,256	1,704,196	1,249,345	1,402,361	1,411,639	2,648,193	3,521,589	6,006,061	3,142,936
	All other governmental funds										
	Reserved	\$ 5,884,114	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
	Unreserved, reported in:										
	Special revenue funds	897,626	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
	Capital project funds	2,424,202	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
	Total all other governmental funds	\$ 9,205,942	9,280,441	11,528,554	13,331,022	16,076,861	14,940,431	20,141,035	31,005,320	34,902,289	32,520,139

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

		Fiscal Year									
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues											
Taxes	\$	26,053,634	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
Licenses, fees and permits		1,258,277	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
Intergovernmental		7,664,391	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
Charges for services		1,718,584	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
Fines, forfeitures, and court costs		450,646	447,965	656,419	741,672	643,971	784,821	808,169	807,885	936,012	1,006,127
Special Assessments		51,780	38,774	23,786	20,746	31,007	17,813	11,815	18,140	21,802	39,688
Investment earnings		715,854	623,628	530,391	701,980	813,286	487,998	323,973	303,510	910,325	1,980,288
Other		824,378	706,664	819,878	290,426	1,047,998	745,448	507,196	1,326,956	733,525	789,906
Total revenues		<u>38,737,544</u>	<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>
Expenditures											
General government		4,200,904	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
Public safety		12,492,709	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
Highways and streets		7,037,885	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
Public works		145,309	177,644	231,244	274,934	250,760	307,844	352,546	253,312	274,980	344,143
Health and welfare		4,176,609	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
Parks and Recreation		2,291,450	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
Capital outlay		6,728,022	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
Debt Service											
Principal		2,450,549	1,941,746	256,850	272,745	296,112	300,449	207,370	70,000	696,934	1,713,663
Interest		401,165	263,140	176,461	159,449	144,099	125,174	103,942	30,439	968,034	3,744,315
Bond costs		-	-	-	-	-	-	-	424,993	1,344,355	527,608
Total expenditures		<u>39,924,602</u>	<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>
Excess of revenues over (under) expenditures		(1,187,058)	(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)
Other Financing Sources (Uses)											
Transfers in		5,149,019	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
Transfers out		(4,511,528)	(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)
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>637,491</u>	<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>
Net change in fund balances	\$	<u>(549,567)</u>	<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>
Debt service as a percentage of non capital expenditures		8.57%	6.98%	1.94%	1.16%	1.28%	0.99%	0.64%	1.10%	3.98%	8.47%

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
1997	\$6,952	\$12,492	\$439	\$3,165	\$2,945	\$0	\$61	\$26,054
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	3,903	355	30	37,322
2005	10,298	20,030	437	3,613	3,734	390	30	38,533
2006	11,519	22,472	460	3,592	3,957	401	30	42,430

(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
Sales Tax Rates
 Direct and Overlapping Governments
 Last Ten Calendar Years
 (in percent)

Direct Sales Tax Rate City of St. Joseph	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund	1.000	1.000	1.000	1.000	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	1.650	2.150	2.150	2.150	2.150	2.150	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	1.650	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	6.975	7.475	7.475	7.475	7.475	7.475	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	
1997	\$377,769	\$1,650,171	\$180,772	\$547,795	\$17,247	\$52,262	\$575,788	\$2,250,228	25.6%
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%

(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.

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Table 9

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
1997	\$ 0.60	\$ 0.07	-	\$ 0.19	\$ 0.20	\$ 0.05	\$ 0.270	\$ 1.38	\$ 0.03	\$ 2.87	\$ 0.40	\$ 4.68
1998	0.59	0.07	-	0.19	0.20	0.05	0.270	1.37	0.03	2.91	0.39	4.70
1999	0.60	0.07	-	0.20	0.20	0.05	0.270	1.39	0.03	2.87	0.43	4.72
2000	0.62	0.07	-	0.20	0.20	0.05	0.420	1.56	0.03	2.88	0.44	4.91
2001	0.62	0.07	-	0.20	0.20	0.05	0.420	1.56	0.03	3.26	0.44	5.29
2002	0.61	0.07	-	0.20	0.20	0.05	0.420	1.55	0.03	3.26	0.44	5.28
2003	0.61	0.07	-	0.20	0.20	0.05	0.420	1.55	0.03	3.26	0.44	5.28
2004	0.63	0.07	-	0.20	0.20	0.05	0.420	1.57	0.03	3.42	0.44	5.46
2005	0.65	0.07	-	0.21	0.20	0.05	0.420	1.60	0.03	4.05	0.46	6.14
2006	0.62	0.07	-	0.22	0.19	0.05	0.400	1.55	0.03	4.05	0.46	6.09

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Notes: # County Tax Breakdown for Current Year:
 General Fund 0.07
 Road & Bridge Fund 0.29
 Handicap 0.10
Total County 0.46

CITY OF ST. JOSEPH, MISSOURI
PRINCIPAL TAXPAYERS
 JUNE 30, 2006

TAXPAYER	TYPE OF BUSINESS	2006			1997		
		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	5.40%	-		
St. Joseph Foods	Meat Manufacturer	10,791,750	2	4.80%	-		
HHS Properties, Inc.	Healthcare Industry	9,568,900	3	4.26%	-		
Boehringer Ingelheim	Animal Health Manufacturer	7,646,280	4	3.40%	\$ 5,245,920	10	2.34%
Missouri American Water Co	Water Utility	7,360,000	5	3.28%	5,893,830	9	2.62%
Belt Highway Investment	Shopping Mall	6,478,080	6	2.88%	8,263,330	5	3.68%
Ag Processing Inc	Soybean Processing	6,301,670	7	2.81%	6,825,930	7	3.04%
Albaugh Incorporated	Ag Chemical Manufacturer	6,204,650	8	2.76%	-		
Johnson Controls Battery Grp	Battery Manufacturer	6,090,580	9	2.71%	-		
HGI St Jo	Casino	5,575,480	10	2.48%	-		
Carnation - Friskies	Pet Food	-			15,457,580	1	6.88%
St. Joseph Light & Power	Electric Utility	-			14,935,038	2	6.65%
Quaker Oats	Food Manufacturing	-			13,316,920	3	5.93%
Carnation Can Company	Containers	-			8,567,300	4	3.81%
Wal Mart Stores Inc.	Retail Variety Store	-			7,111,180	6	3.17%
Southwestern Bell Telephone	Telephone Utility	-			6,421,524	8	2.86%
		<u>\$ 78,139,950</u>		<u>34.79%</u>	<u>\$ 92,038,552</u>		<u>40.98%</u>

(1) The total assessed valuation for 2006 = 839,641,091

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-12	1997	\$ 7,908,417	\$ 7,708,957	97.48%	\$ 185,502	\$ 7,894,459	99.82%
	1998	8,554,553	8,276,879	96.75%	251,490	8,528,369	99.69%
	1999	8,884,505	8,633,392	97.17%	245,742	8,879,134	99.94%
	2000	9,645,017	9,259,717	96.01%	371,700	9,631,417	99.86%
	2001	10,344,344	9,937,547	96.07%	350,872	10,288,419	99.46%
	2002	11,162,208	10,720,274	96.04%	431,748	11,152,022	99.91%
	2003	10,754,976	10,364,135	96.37%	374,698	10,738,833	99.85%
	2004	10,766,443	10,375,602	96.37%	349,403	10,725,006	99.62%
	2005	11,423,095	10,965,000	95.99%	322,899	11,287,899	98.82%
	2006	11,939,359	10,170,697	85.19%	-	10,170,697	85.19%

Table 12

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			
1997	\$ 3,391,880	-	-	-	-	\$ 1,146,877			
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	-			

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			
1997	\$ 1,198,120	-	\$ 18,598,000	-	\$ 195,973	-	\$ 24,530,850	Not Available	\$ Not Available
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	4.60%	24,430
2006	464,495	11,720,000	12,359,001	90,000	166,191	169,033	95,768,231	4.97%	26,028

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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		
1997	\$ -	\$ -	\$ -	0.00%	\$ -
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%	-

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

CITY OF ST. JOSEPH, MISSOURI
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Joseph School District	\$ 32,570,000	95.75%	\$ <u>31,185,775</u>
Subtotal, overlapping debt			31,185,775
City of St. Joseph direct debt			70,799,511
Total direct and overlapping debt			<u><u>101,985,286</u></u>

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

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

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit (1)	\$ 115,157,563	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
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 115,157,563</u>	<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>
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 2006

Assessed Value \$ 839,641,091
Debt Limit (20% of assessed value) 167,928,218

General obligation: _____
Total Bonded Debt _____ -
Less: _____
Total net debt applicable to limit _____ -
Legal debt margin \$ 167,928,218

Notes:

(1) Total tangible property assessed value as of January 1, 2005 as certified by the County Clerk on June 30, 2005.

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

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

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

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

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

Fiscal Year	Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
<u>Sewer</u>						
1997	\$ 5,992	\$ 4,212	\$ 1,780	\$ 429	\$ 665	1.63
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

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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 (1)	School Enrollment (2)	Unemployment Rate (1)
1997	70,208	\$ Not Available	\$ Not Available	34.20	12,199	5.20%
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	1,775,108	24,430	37.90	11,690	5.90%
2006	73,990	1,925,812	26,028	37.90	11,466	4.90%

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Sources: 1 Census.gov and OSEDA.MO.EDU
2 Information provided by school districts.

Table 18

CITY OF ST. JOSEPH, MISSOURI
Principal Employers
2006 and 1997

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Heartland Health	2,900	1	4.50%	2,481	1	7.39%
School District of St. Joseph	1,650	2	2.60%	1,565	2	4.66%
Triumph Foods	1,000	3	1.60%			
American Family Insurance	841	4	1.30%			
Altec Industries	840	5	1.30%	560	9	1.67%
City of St. Joseph, Missouri	655	6	1.00%	617	6	1.83%
Boehringer Ingelheim Vetmedica, Inc.	607	7	0.90%			
Western Reception Diagnostic & Correction Center	590	8	0.90%			
Systems & Services Technologies, Inc.	584	9	0.90%			
Johnson Controls	554	10	0.90%	725	3	2.16%
Snorkel				677	4	2.01%
Mead Products				675	5	2.01%
Quaker Oats Company				604	7	1.80%
MO Western State College				581	8	1.73%
Wal-Mart				550	10	1.64%
Total	<u>10,221</u>		<u>15.90%</u>	<u>9,035</u>		<u>26.90%</u>

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	T									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Mayor/Council	1	1	1	1	1	1	1	1	1	1
City Clerk	2	2	2	2	2	2	2	3	3	3
City Manager	4	4	4	4	4	3	3	3	3	4
Technology & Communications	-	-	-	-	-	-	6	5	5	5
Municipal Court	5	5	7	5	5	6	8	5	5	5
Legal	6	5	5	6	6	6	6	7	7	7
Financial Services	21	24	26	25	24	24	18	19	14	15
Human resources	5	5	5	5	5	5	5	5	5	5
Customer Assistance	18	17	15	17	18	21	17	17	25	26
Public Safety										
Police - Arrest Powers	106	104	106	106	105	108	115	114	116	117
Police - Civilian	35	35	42	41	41	41	40	39	41	41
Fire Protection	130	127	130	131	130	131	127	131	131	131
Fire - Civilian	2	2	2	2	2	2	2	2	3	3
Public Works										
Engineering	12	12	13	13	11	10	10	11	11	10
Public Works Administration	5	5	5	5	4	4	4	5	5	4
Streets	64	65	65	54	54	59	63	62	59	61
Traffic	8	8	8	8	8	8	8	8	8	8
Airport	5	5	5	6	6	6	6	6	6	6
Parking Services	-	-	-	6	6	6	6	6	6	6
Landfill	19	18	19	16	16	16	16	15	16	16
Recycling Center	-	-	-	3	3	3	3	3	2	2
Sewer Maintenance	13	13	12	17	17	17	16	17	17	14
Water Pollution Control	44	44	43	42	42	42	43	42	41	42
Health Department	30	32	34	34	35	37	41	41	41	41
Parks and Recreation	52	51	51	52	49	51	50	50	47	48
Community Development										
Planning	3	2	4	5	4	3	5	5	5	4
Housing & Community Dev	8	7	10	7	8	6	8	8	7	8
Total	598	593	614	613	606	618	629	630	630	633

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Physical Arrests	4,676	5,789	5,687	5,060	7,291	6,226	7,230	7,859	6,679	5,610
Traffic Violations	10,323	11,856	11,856	18,406	18,679	17,232	14,644	15,336	15,669	15,688
Parking Violations	21,077	17,943	19,824	20,099	19,219	14,656	12,629	12,629	11,307	11,620
Fire										
Total Alarms	6,625	6,590	6,957	7,386	10,456	10,557	12,508	6,642	6,621	6,895
Inspections	1,089	977	1,040	2,453	2,704	2,966	348	515	250	500
Water										
Number of customers	34,904	30,709	35,417	31,129	31,402	31,553	36,878	36,878	36,878	31,751
Daily Average Water Consumption	14,485,000	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
Sewer										
Number of customers	26,641	25,306	25,417	25,722	25,895	25,764	25,764	26,397	30,878	31,751
Daily Average Wastewater Treated	17,500,000	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

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

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Vehicles	59	65	74	77	82	104	84	91	91	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	45.300	45.050	45.045	45.045	45.045	44.443	44.443
Paved miles	531.0	412.0	531.0	531.0	531.0	531.0	418.0	425.0	425.0	426.3
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	49	46	48	49	49	46	46	46
Ball Fields	19	19	19	17	19	23	23	22	23	23
Community Centers	4	4	4	4	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	39	9	14	13	13	13	13	13	12	17
Transmission/Distribution Circuits (miles)	3,062.00	602.00	765.00	792.00	781.00	1,000.00	800.00	1,000.00	793.00	799.25
Street Lights	5,372	5,483	5,631	5,689	5,725	5,755	5,883	5,933	6,097	6,652
Water										
Water mains (miles)	594	594	594	594	598	600	604	619	605	620
Fire hydrants	2,731	2,792	2,797	2,815	2,843	2,887	2,986	2,986	2,985	3,141
Maximum daily pumpage (millions of gallons)	21	21	21	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	355	369	366	366	372	372	386	377	388
Maximum daily capacity of treatment (MGD)	27	27	27	27	27	27	27	27	27	27