

City of St. Joseph, Missouri



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2012

CITY OF ST. JOSEPH, MISSOURI

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by the Administrative Services Department

Carolyn Harrison
Director of Administrative Services

CITY OF ST. JOSEPH, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2012

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INTRODUCTORY SECTION

CITY OF ST. JOSEPH, MISSOURI

PRINCIPAL OFFICIALS

Bill Falkner
Mayor

CITY COUNCIL

Donna Jean Boyer

Pat Jones

P J Kovac

Barbara LaBass

Byron Myers

Jeff Penland

Gary Roach

Joyce Starr

J. Bruce Woody
City Manager

Administrative Services

Carolyn Harrison

City Attorney

Lisa Robertson

City Clerk

Paula Heyde

Fire Chief

Michael Dalsing

Parks, Recreation & Civic Facilities

Bill McKinney

Planning & Community Development

Clint Thompson

Police Chief

Chris Connally

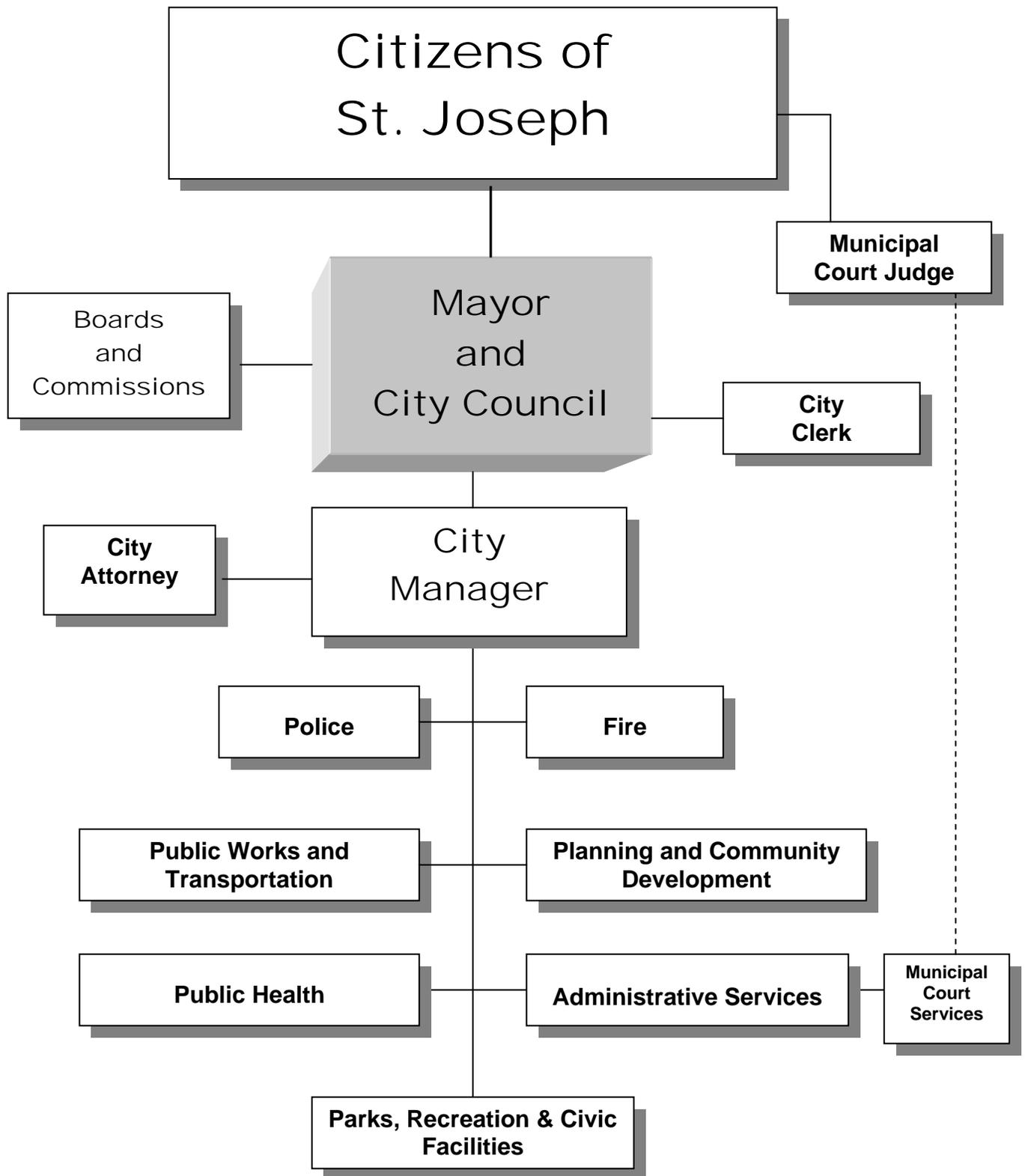
Public Health

Debra Bradley

Public Works & Transportation

Jody Carlson

ORGANIZATION CHART



City of St. Joseph

1100 Frederick Avenue St. Joseph, Missouri 64501

December 14, 2012

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

The comprehensive annual financial report of the City of St. Joseph, Missouri (the City) for the Fiscal Year Ended June 30, 2012, is hereby submitted in compliance with Article IV, Section 4.4 (f) of the City Charter. The Charter requires that the City of St. Joseph issues annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of its data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The independent accounting firm of Cochran Head Vick & Co., P.C. has audited the City's financial statements. The purpose of the audit conducted by Cochran Head Vick & Co., P.C. was to review and provide reasonable assurance that the City's financial statements for fiscal year ended June 30, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

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

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

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

PROFILE OF THE CITY

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

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local economy

The City is the central services provider for a four county area of northwest Missouri and northeast Kansas with a combined population of 127,574. The City's population of 77,185 represents 61% of the total service area. Located in the heart of the country, St. Joseph's prime location provides for access to customers and suppliers. From Canada to Mexico, Interstate 29, a major north-south interstate runs through the city. St. Joseph has two airports available. South of St. Joseph is Kansas City International (KCI) airport and just west over the Missouri River is Rosecrans Memorial Airport serving St. Joseph's civilian and military needs by providing capacity for any size aircraft. The Missouri River borders St. Joseph allowing the public river port facility the ability to give area businesses the option of

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

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

Labor Force

St. Joseph's Metropolitan Statistical Area (MSA) consists of Andrew, Buchanan, and DeKalb Counties in Missouri and Doniphan County in Kansas. The St. Joseph MSA maintains a civilian labor force of 73,329 with 69,129 employed for the period ending June 30, 2012, producing an unemployment rate of 5.7%. At this time last year the unemployment rate was 8.2%. The unemployment rate is lower than Missouri's rate of 7.1%.

Major Employers

St. Joseph's economy is highly diversified, with major industrial, manufacturing, financial services, healthcare, and educational institutions. The City's largest employer, Heartland Health, provides 3,451 jobs, or 5.0% of the total employed work force. Heartland Health is an integrated health system, including a comprehensive acute care medical center, physician practices, and a health plan. This consolidation has provided stability and expansion in the regional health services industry. The ten largest employers provide a total of 12,088 jobs, representing 18.6% of the total employed work force. These employers are listed as follows:

TEN LARGEST EMPLOYERS			
Employer	Industry	Number	% of Work Force
Heartland Health	Health Services	3,451	5.0%
Triumph Foods	Pork Processing	2,240	3.2%
St. Joseph School District	Public Education	1,882	2.7%
Altec Industries	Utility Equipment	880	1.3%
Boehringer Ingelheim Vetmedica	Animal Pharmaceuticals	838	1.2%
American Family	Insurance	820	1.2%
System & Services Technologies	Financial Services	745	1.1%
Sara Lee Foods	Meat Products	700	1.0%
Johnson Controls	Battery Manufacturer	697	1.0%
City of St. Joseph	Government	635	0.9%
Total		12,888	18.6%

Economic Development Efforts

The St. Joseph economy in FY2012 felt the impact of the economic slow-down, but continued to experience moderate growth and expansion. The level of ongoing cooperation among the City, County, Chamber of Commerce and the business community was reflected in the level of economic development success demonstrated throughout the year.

New and Existing Businesses

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

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

Multipurpose Athletic Center, a new 30,000 square foot recreational building was built on the site of the old Hoffman softball field located next to Phil Welch Stadium. Opened in June, 2012, the new center boasts three gymnasiums, a fitness room, a mezzanine level running track, two community rooms, concession area, and office space.

Boehringer Ingelheim Vetmedica, Inc., held a dedication ceremony and grand opening for the anticipated construction of the new Biological Vaccine Production Facility, a \$100 million investment in the community. The project nearly doubles the production square footage. This signifies a major investment by the company into its St. Joseph facilities as the company's corporate headquarters.

St. Joseph Plastics, Buyers and Sellers of Industrial Plastic Scrap, created a new recycling process - extrusion pelletizing technology – to make plastic pellets out of a used product. The Missouri Enhanced Enterprise Zone program was utilized to purchase three Erema TVE pelletizing lines able to recycle over 7,000 lbs per hour of plastic in one continuous process. Total investment of \$770,000 with the creation of eight new jobs will be completed within two years.

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

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

Triumph Foods, LLC, one of the leading pork processors in the United States, added 30,000 square feet to accommodate new combo and export coolers in their St. Joseph facility. This addition will add 30 new jobs to the already dedicated workforce of 2,800 employees for a total investment of \$9.5 million.

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

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

Candlewood Suites, St. Joseph's newest hotel, adjacent to The Shoppes at North Village, recently opened its doors for their extended-stay guests. The \$5.5 million hotel boasts 80 suites with complete fitness center, a 24 hour business center, and guest laundry.

Dick's Sporting Goods, invited the St. Joseph community to its three day grand opening weekend. The 45,000 square foot Cook Crossing location is the retailer's 10th store in the state of Missouri and its 486th nationwide. Dick's Sporting Goods is an authentic full-line sporting goods retailer offering a broad assortment of brand name sporting goods equipment, apparel and footwear – the equipment solution for athletes of all ages.

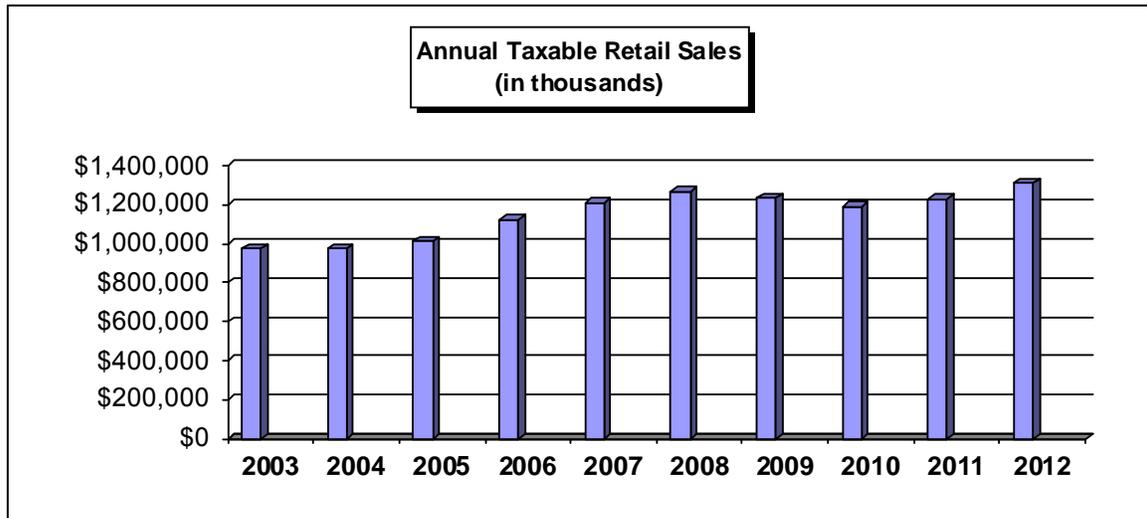
ALDI, second business to open at Cook Crossing, a new development on the northwest corner of Cook Road and the Belt Highway. ALDI's new 18,000 square foot location showcases the "new look: of ALDI. With higher ceilings, improved natural lighting and environmentally friendly building materials – such as recycled materials and energy-saving refrigeration and light bulbs – the store will offer customers a simple and easy-to-navigate shopping experience.

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

St. Joseph Landfill Power Generating Station, an innovative project between the City of St. Joseph and KCP&L. The landfill gas to energy project consists of 47 wells that provide triple benefit of collecting and destroying methane gas and turning it into renewable energy, producing revenue to help keep the gate fee at the St. Joseph Landfill one of the lowest in the state, and another way the regional landfill is protecting the environment.

Taxable Annual Retail Sales and City Sales Tax

Receipts from one of the City’s largest general revenue sources, the one and one-half cent local sales tax increased slightly in fiscal year 2012. Total retail sales in St. Joseph increased as reflected in the total sales tax remitted to the City. The following chart depicts the annual taxable retail sales over the last ten years.



ECONOMIC CONDITIONS

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

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

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

Business Licenses

The slow economy was also reflected in the number of business licenses issued. The City issued 4,680 business licenses for fiscal year ended June 30, 2012. This is a decrease of 69 businesses in the St. Joseph local economy from the previous year.

Work Force Education and Training

The City has a well-regarded public school system as well as private and parochial elementary, middle, and high schools. The St. Joseph Public School District includes three high schools, four middle schools, and 16 elementary schools with enrollment of 11,039 students.

Missouri Western State University (MWSU), Hillyard Area Vocational Technical School, and Vatterott Community College are located in St. Joseph. MWSU has certificates, associate degrees, four-year baccalaureate programs and a number of master's degree programs. With enrollment of more than 6,200 students, MWSU serves both the needs of traditional as well as non traditional students. The Western Institute at MWSU is home to many community outreach programs and services. Northwest Missouri State University (NWMSU), located 45 miles north of St. Joseph in Maryville, is a four-year university. NWMSU conducts graduate classes from its downtown St. Joseph location. Hillyard Technical School provides classes with hands on experience up to 30 credit hours. MWSU and Hillyard have joined efforts to enhance technical educational programs. Students can transfer from a certificate program at Hillyard to associate, bachelor and/or master degree programs at MWSU. In less than two years, students can earn a Diploma or Associate Degree from Vatterott College in a variety of careers.

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

From a heritage rich in agriculture, St. Joseph has a strong life sciences-based economy with over 6,500 jobs directly employed in such businesses as animal pharmaceuticals, agriculture chemicals, food processing, health care, animal research and development and seed production. These companies are located in St. Joseph, as Northwest Missouri boasts the highest crop yields for soybeans and corn in the state of Missouri and provides easy access to raw materials for manufacturing. Locally, a life science network has been formed to provide direction and input to the initiative of creating an applied Life Science Institute in St.

Joseph in order to attract more life sciences jobs to the area. The group includes representatives from the City, County, Missouri Western State University, St. Joseph Area Chamber of Commerce, and life science businesses.

Culture and Recreation

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

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

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

The Public Works and the Parks and Recreation departments joined forces to create the Hike and Bike Trail system in St. Joseph. This system increases the pedestrian access to the full length of the parkway from Krug Park 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.

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

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

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

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

Phil Welch, a 5,000 seat stadium, is home to the St. Joseph Mustangs competing in the MINK League averaging 1,282 fans per game. The Mustang's season resulted in attendance of over 25,000 fans and the 2012 MINK League Championship.

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

Missouri Theater, a 1927 former movie theater listed on the National Register of Historic Landmarks, is an architectural asset to downtown St. Joseph sponsoring many St. Joseph arts organizations and touring theatrical groups.

The Remington Nature Center visitors and guests are greeted by a life-sized Mammoth and calf along with the only mammoth bones excavated in Missouri, which happen to have been found in Buchanan County. As the journey begins, guests will see a 7,000 gallon aquarium home to Missouri River fishes. Throughout the Center are interactive displays, artifacts, and animal exhibits native to the St. Joseph area. Visitors will stroll through time and witness how civilization from 10,000 B.C. to the turn of the 20th Century impacted nature. Outside next to the "Mighty MO", the riverwalk is available to view the Loess Hills Bluffs and the Living History Preserve. The city of St. Joseph intends to utilize the 15,000 square foot center to educate, entertain, and enlighten guests and visitors in an enjoyable environment.

Heritage Park Softball Complex, located near the Remington Nature Center, features a five field complex where numerous invitational, an Amateur Softball Association (ASA) youth state tournament, and the Air National Guard national tournament, along with several special events were held this season. Missouri Western State University hosted the 2010 NCAA Division II Women's Softball Champions at Heritage Park featured on CBS College Sports. St. Joseph also hosted the Missouri State High School softball championships in 2007 and 2008. The ASA selected Heritage Complex as the 2009 ASA Complex of the Year. From 2013 – 2015, twelve national tournaments are scheduled to take place at Heritage Park.

The City boasts an aquatic park complete with two water slides, floating river, and children play area. Adjacent to the Aquatic Center, the 23 acre facility has 12 lighted tennis courts, 16 horseshoe courts, two bantam football/soccer fields, a ball field, and a running track. In July 2011, for the ninth consecutive year, the United States Tennis Association held the Heartland USTA Women's Tennis Classic Tournament at the Noyes Tennis Courts. The tournament saw 33

qualifier participants representing 13 countries competing for the 16 spots to go against the 16 pro seeds.

In August, 2011, the Allied Arts Council of St. Joseph produced the nineteenth annual Trails West! ® Festival, with 40,000 in attendance. Other festivals and parades include the Apple Blossom Parade and BBQ in May, Northside Festival and Coleman Hawkins Jazz Festival each June, St. Patrick's Mexican Fiesta the first weekend in August, Southside Fall Festival and Parade the middle of September, and Pumpkinfest every October.

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

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

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

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

- Enterprise Zone Benefits – The City, per RSMo 135.215, participates in the "Enterprise Zones" program designed to ease the financial burden on growing businesses. Eligible facilities can receive a minimum of 50% abatement of property taxes for improvements made to real property for a period of 10 years from assessment of improvements.

- Missouri Chapter 100 bonds – The City, per RSMo 100.090, is granted the authority to issue Industrial Development Revenue Bonds in the amount not to exceed ten percent of the assessed valuation of the taxable tangible property in the City for special industrial development projects for private corporations, partnerships, or individuals. The City shall bear no pecuniary liability. The bond is payable solely from the revenue pledged to the payment and does not constitute a debt of the City. Currently, there are 15 companies benefiting from these Missouri Chapter 100 bonds.

- Tax Increment Financing (TIF) – Redirects incremental increases in economic activity taxes, property taxes and/or user fees within qualifying jurisdictions for the exclusive use of paying off bonds issued or developer obligations that were used to finance infrastructure and related business developments within the jurisdiction. The City had ten (10) approved and nine (9) active TIF projects at June 30, 2012.

- Developer Agreements – Special assessments, tax abatements, loans and other financing assistance negotiated directly between the City and the business requesting such assistance in order to achieve a common objective generally held to be in the best interest of the community. The City had three (3) Developer Agreements at June 30, 2012.

- Community Improvement Districts (CID) – Special assessments, taxes and/or fees can be established in order to make improvements and support business activity and economic development within designated boundaries of the district. The City had three (3) Community Improvement Districts established at June 30, 2012.

- Neighborhood Improvement Districts (NID) – Special assessments levied on benefiting properties to make improvements within designated boundaries. The City had three (3) Neighborhood Sewer Improvement Districts and three (3) Neighborhood Lighting Improvement Districts, as of June 30, 2012.

- Special Business District – Real property and businesses may be taxed within designated boundaries in order to make improvements. The City had one (1) Special Business District, the Downtown Business District (DBD) established February, 1990 that expired in fiscal year 2012. The DBD was replaced by a Downtown CID, one of the three mentioned above.

- Transportation Development District (TDD) – Transportation related infrastructure improvements can be financed through special assessments, property taxes or sales taxes levied within designated boundaries. The City had one (1) TDD as of June 30, 2012.
- Low interest loan programs offered through Community Development Block Grant (CDBG) programs.
- Direct Loans from City Operating Accounts – The City has, on occasion, entered into temporary loans with companies as inducements for further development. A \$100,000 short-term loan from the City's emergency reserves to a developer of speculative shell buildings at Mitchell Woods Business Park and a \$420,000 short-term loan from CDBG and the cell phone programs to a developer for rehabilitation of the Corby Building are just two examples.
- Infrastructure (in-kind) Improvements – In order to entice new and existing business to relocate to or expand in St. Joseph, the City frequently takes it upon itself to make the necessary sewerage, street, lighting and similar infrastructure improvements.
- Participation in Mo-Kan Regional Council (Mo-Kan). The City contributes annually for representation on the Board of Directors and membership in Mo-Kan. In addition to its many other responsibilities, Mo-Kan works in Northwest Missouri and Northeast Kansas in areas of financing and economic development, on-the-job customized training programs and worker reentry program under the Workforce Improvement Act, loan packaging and grant applications.

The Community Alliance of St. Joseph is comprised of representative from the City, County, Chamber, University, School District, and major private enterprises. The Alliance promotes a shared vision for the community through collective input from citizens to provide a strategic plan and implementation process to help St. Joseph optimize its potential. Its goal is to work together to advance improved informational opportunities and attainment, as well as improved livability and quality jobs to promote growth and a solid future for St. Joseph and its residents. Some of the initiatives the city has developed and implemented to address these issues include:

Improved Citizen Communications – The city continues to improve and expand its methods of communicating with residents. In addition to regularly scheduled City Council meetings, work sessions, committee meetings and public hearings, the city continues to reach out to its citizens through the City Council bi-monthly town hall **City Talk** public forums, Student in Government Day, resident surveys, government access

channel, 24-hour complaint hotline, interactive website, and educational campaigns. The City Weekly publication is produced to provide information to residents on a regular basis. The city also uses social networking as a means to communicate with residents via Facebook and Twitter. Regular city council meetings are televised live and rebroadcast on the city's government access channel.

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

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

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

Long-term financial planning - A Five Year Capital Improvement Program is adopted by City Resolution. The Five Year Plan provides a summary of proposed improvements, estimate of project costs, and plan for financing. The City's capital improvement initiatives are funded primarily by the half-cent Capital Projects sales taxes, government grants, revenue bond proceeds and operating reserves. The current half-cent sales tax is a five year tax that was extended for the fifth time by the voters in August, 2012.

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

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

- **Riverfront/Riverwalk Redevelopment** – City officials, downtown representatives and business owners are pursuing redevelopment

strategies for the Riverfront along the Missouri River. Private development has already occurred in this area to include St Joe Frontier Casino facility and shops and cabin rental facilities. In early 2001, the City entered into an engineering and design component services contract with a consultant to assist in preparation of the Riverfront Development Master Plan. The Plan calls for a riverfront recreation complex, riverwalk, county fairgrounds, and nature center among other amenities. In April 2003, Heritage Softball Complex was built and available for play.

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

The Remington Nature Center held its grand opening on November 1, 2008. The Federal Government provided a \$992,000 VA/HUD grant and the Missouri Department of Conservation provided a \$1,000,000 Challenge grant to build a nature center. Another \$1,400,000 came from the City's one-half cent Capital Improvement Sales Tax and \$1,000,000 from Buchanan County.

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

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

As mentioned earlier, the City, through approval of a vote in June, 2011, from St. Joseph residents, increased the hotel lodging tax from 3% to 6% starting in 2012 to generate additional revenue for both

downtown and riverfront redevelopment activities. Money generated from this tax will help fund a portion of the proposed “Downtown Event Center.”

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

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

Under Missouri State Law, the City has the authority to issue general obligation bonds payable from ad valorem taxes to finance capital improvements upon two-thirds majority vote and, on general election dates, a four-sevenths majority vote, of the qualified voters. The Missouri Constitution provides that the amount of bonds payable from tax receipts (including bonds payable from special assessments) shall not exceed twenty percent of the total assessed valuation of the taxable property in the City. At June 30, 2012, the City had no general obligation debt.

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

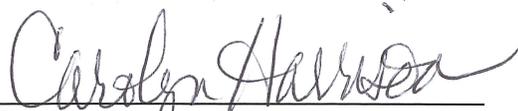
Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

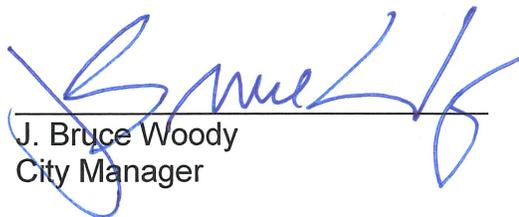
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Joseph, Missouri, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the twenty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The preparation of this CAFR was made possible by the efforts of many City staff. Special thanks are extended to Tom Mahoney, Associate Director, Accounting and Procurement, and his staff for their efforts and to the Members of the City Council for their continued support.

Respectfully submitted,



Carolyn Harrison
Director of Administrative Services



J. Bruce Woody
City Manager

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, 2011

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



COCHRAN HEAD VICK & CO., P.C.

& Co

Certified Public Accountants

Independent Auditors' Report

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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 aggregate remaining fund information of the City of St. Joseph, Missouri, (the City) as of and for the year ended June 30, 2012, 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and cash flow, where applicable, thereof 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 December 14, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 financial statements. The combining and individual fund financial statements, schedules and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

December 14, 2012

Cochran Hood Vick & Co., P.C.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$236,823,990 (*net assets*).
- The City's total net assets increased \$17,354,433 - \$4,913,268 is attributable to an increase in "Governmental activities" while "Business-type activities" contributed an increase of \$12,441,165.
- As of the close of the current fiscal year, the City's funds reported combined ending governmental fund balances of \$39,042,911 an increase of \$609,511 in comparison with the prior year. \$3,875,187 is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the fiscal year, unassigned fund balance for the general fund was \$4,160,485 or 11% of total general fund expenditures.
- The City's investment in capital assets for its governmental and business-type activities increased \$10,574,126. More information is provided on page MD-12.
- The City's total long-term debt as detailed on page MD-13 increased \$13,873,796 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *General Fund*, *Special Allocation Fund* and *Capital Projects Fund*. These funds are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its municipal landfill, golf course, sewer

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

treatment & maintenance facilities, airport, parking lots & garages, and mass transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally across the City's various functions. The City uses an internal service fund to account for its workers' compensation management and claims activities. This service benefits both governmental and business-type functions; therefore certain amounts are allocated based on its percentage of use by the functions.

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$236,823,990 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, 2012**

City of St. Joseph's Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011*	2012	2011*	2012	2011*
Current and other assets	\$ 55,141,160	\$ 56,231,375	\$ 57,145,100	\$ 38,510,736	\$ 112,286,260	\$ 94,742,111
Capital assets	178,259,204	180,136,124	108,698,655	96,247,609	286,957,859	276,383,733
Total assets	<u>233,400,364</u>	<u>236,367,499</u>	<u>165,843,755</u>	<u>134,758,345</u>	<u>399,244,119</u>	<u>371,125,844</u>
Long-term liabilities	85,411,295	91,391,598	60,167,916	40,450,843	145,579,211	131,842,441
Other liabilities	10,696,361	12,596,461	6,144,557	7,217,385	16,840,918	19,813,846
Total liabilities	<u>96,107,656</u>	<u>103,988,059</u>	<u>66,312,473</u>	<u>47,668,228</u>	<u>162,420,129</u>	<u>151,656,287</u>
Net assets						
Invested in capital assets, net of related debt	176,097,074	177,925,146	51,635,107	61,758,837	227,732,181	239,683,983
Restricted	29,874,242	30,499,400	27,664,014	7,010,353	57,538,256	37,509,753
Unrestricted (deficit)	(68,678,608)	(76,045,106)	20,232,161	18,320,927	(48,446,447)	(57,724,179)
Total net assets	<u>\$ 137,292,708</u>	<u>\$ 132,379,440</u>	<u>\$ 99,531,282</u>	<u>\$ 87,090,117</u>	<u>\$ 236,823,990</u>	<u>\$ 219,469,557</u>

* as restated

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

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

Unlike the governmental activities, the business-type activities show positive unrestricted net assets for FY12 of \$20,232,161.

An additional portion of the City's net assets, 24% or \$57,538,256 represents resources that are subject to external restrictions on how they may be used. Governmental activities claim 13% or \$29,874,242 while the business-type activities have the other 11% or \$27,664,014.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

As previously stated, the City's net assets increased \$17,354,433 during the current fiscal year. Governmental activities represent a \$4,913,268 increase in the City's net assets and a \$12,441,165 increase in net assets is reported in connection with the City's business-type activities.

City of St. Joseph's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011*	2012	2011*	2012	2011*
Revenues:						
General Revenues:						
Property taxes	\$ 13,285,118	\$ 12,404,637	\$ -	\$ -	\$ 13,285,118	\$ 12,404,637
Sales taxes	24,724,085	23,538,465	4,291,043	4,085,862	29,015,128	27,624,327
Other taxes	15,756,090	14,753,840	1,130,630	1,109,866	16,886,720	15,863,706
Other revenue	697,834	743,816	301,664	330,070	999,498	1,073,886
Program Revenues:						
Charges for services	8,353,868	9,252,999	22,993,309	20,946,921	31,347,177	30,199,920
Operating grants & contributions	6,709,670	6,904,263	2,659,336	2,559,544	9,369,006	9,463,807
Capital grants & contributions	2,239,178	1,306,274	6,928,194	3,287,255	9,167,372	4,593,529
Total revenues	71,765,843	68,904,294	38,304,176	32,319,518	110,070,019	101,223,812
Expenses:						
Functions\Programs:						
General government	11,391,801	13,596,637	-	-	11,391,801	13,596,637
Public safety	24,624,508	25,728,700	-	-	24,624,508	25,728,700
Highway and streets	16,878,702	15,698,362	-	-	16,878,702	15,698,362
Public works	416,183	398,643	-	-	416,183	398,643
Health and welfare	5,383,486	6,380,731	-	-	5,383,486	6,380,731
Parks and recreation	7,373,783	7,377,233	-	-	7,373,783	7,377,233
Interest	2,683,179	3,612,293	-	-	2,683,179	3,612,293
Aviation	-	-	1,087,908	1,127,663	1,087,908	1,127,663
Sewer	-	-	13,402,293	14,737,097	13,402,293	14,737,097
Mass transit	-	-	5,286,344	5,111,531	5,286,344	5,111,531
Other proprietary functions	-	-	4,187,399	3,910,685	4,187,399	3,910,685
Total expenses	68,751,642	72,792,599	23,963,944	24,886,976	92,715,586	97,679,575
Excess (deficiency) of revenues over (under) expenses	3,014,201	(3,888,305)	14,340,232	7,432,542	17,354,433	3,544,237
Special item	-	-	-	5,380,449	-	5,380,449
Transfers	1,899,067	414,691	(1,899,067)	(414,691)	-	-
Change in net assets	4,913,268	(3,473,614)	12,441,165	12,398,300	17,354,433	8,924,686
Net assets - beginning	132,379,440	135,853,054	87,090,117	74,691,817	219,469,557	210,544,871
Net assets - ending	\$137,292,708	\$132,379,440	\$99,531,282	\$87,090,117	\$236,823,990	\$219,469,557

* as restated

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

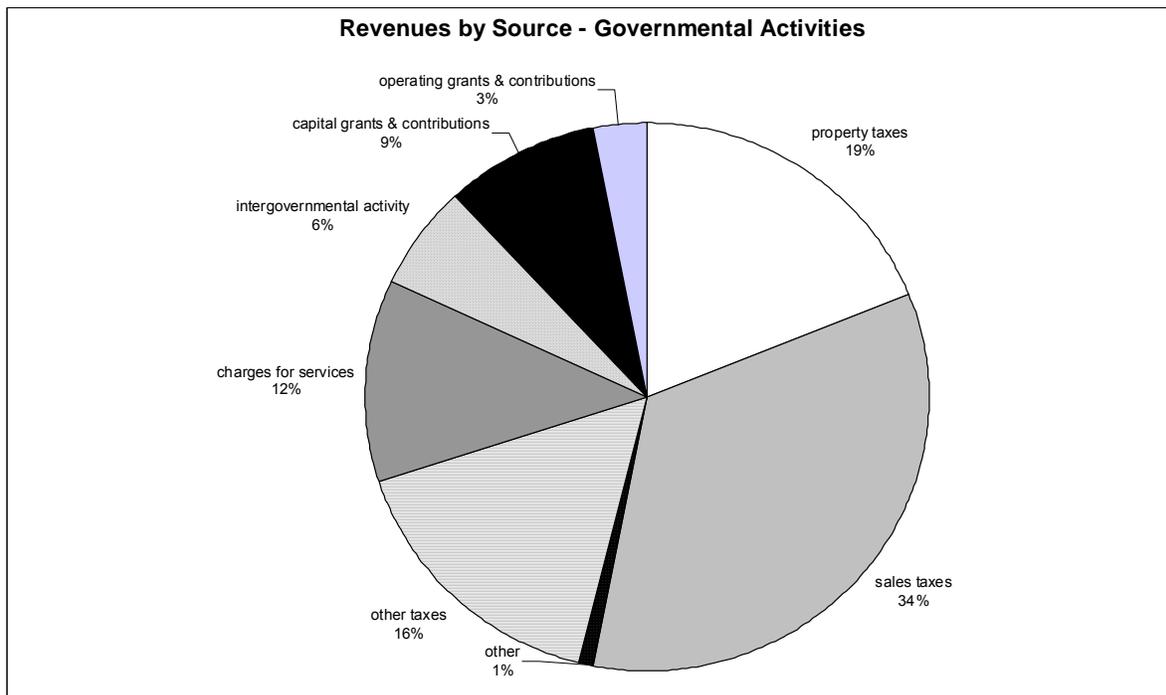
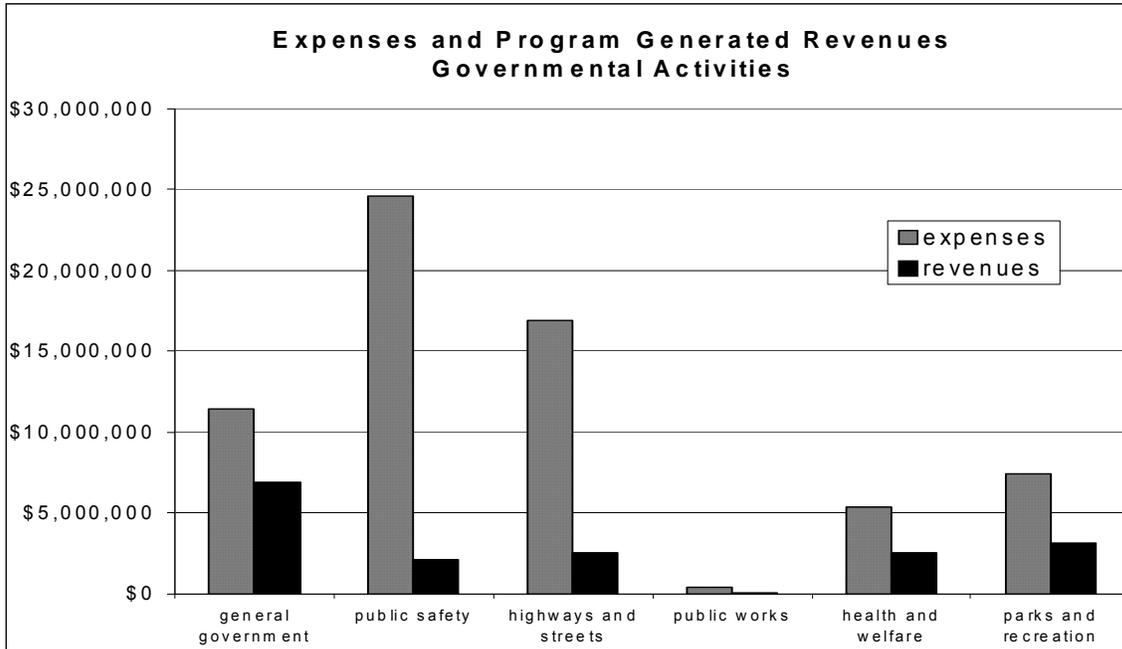
Governmental Activities. Governmental activities increased the City's net assets by \$4,913,268. The key elements to this increase are as follows:

- Utility franchise fees, assessed on the gross receipts of utility companies who deliver or provide services to local residents and businesses (electric, water, natural gas, cable, communications), had an overall increase in revenue. Significant year to year fluctuations in the gas, electric, and water franchise fee revenues frequently occur in response to unusual seasonal climates. During most years these climactic conditions average out producing no noticeable or significant volatility in revenues overall. In FY12, utility franchise taxes displayed an increase from \$6,653,184 to \$6,716,146.
- Property taxes showed an increase this fiscal year after a two year decline in collections. Total receipts for this revenue source was \$13,285,118 in FY 12 up from \$12,404,637 in FY11. During a reassessment year, Buchanan County Clerk reported total current real property valuations were \$40.5 million more than tax year 2010 (FY11). Buchanan County Collector's also released prior year protested personal property taxes from four major industrial taxpayers combined with taxable property back on the tax rolls following the expiration of a Chapter 100 abatement for a major industry to produce an increase to personal property revenues.
- Retail sales tax revenue improved by \$1,185,620 across the board in the governmental funds which indicates an improving economy. Intergovernmental activity tax revenues were favorable for most of the TIF plans in the Special Allocation fund coming up from \$3,734,112 in FY11 to \$4,309,127 in FY12. The East Hills development claimed new tenants as well as the new Cooks Crossing development that opened at the end of April.
- Motor vehicle, fuel and road & bridge taxes, cigarette taxes, and hotel/motel taxes reported more revenue in FY12 by a combined \$364,273. Unfortunately, gasoline prices continued on the high side which had a negative impact for motor vehicle fuel taxes in the Streets Maintenance fund causing the receipts to go down by \$7,740. Fuel taxes are distributed on usage, not cost. Cigarette taxes went from \$439,289 in FY11 down to \$438,673 in FY12. This could be the result of consumers smoking less to improve their health to meet insurance requirements, of more non smoking establishments, and/or due to the increase in the cost. The majority of the \$364,273 increase in these areas belongs to hotel/motel taxes claiming \$372,629 of it. For the last couple of years, the city held in escrow the additional 3% hotel/motel tax collections for future economic development. This fiscal year, the city recognized the additional 3% as revenue.
- Interest earnings dropped from \$743,281 in FY11 to \$697,834 in FY12 even though cash balances remained relatively the same as the previous fiscal year. This is the direct result of continuing low interest rates as established by the Fed.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

- During FY2012, grants and contributions in total increased a net \$738,311. A decrease in operating grants and contributions of \$194,593 was offset by an increase of \$932,904 in capital grants and contributions. The increase on the capital side is largely the result of refinancing of the MDFB Series 2004A bonds in the Special Allocation fund.



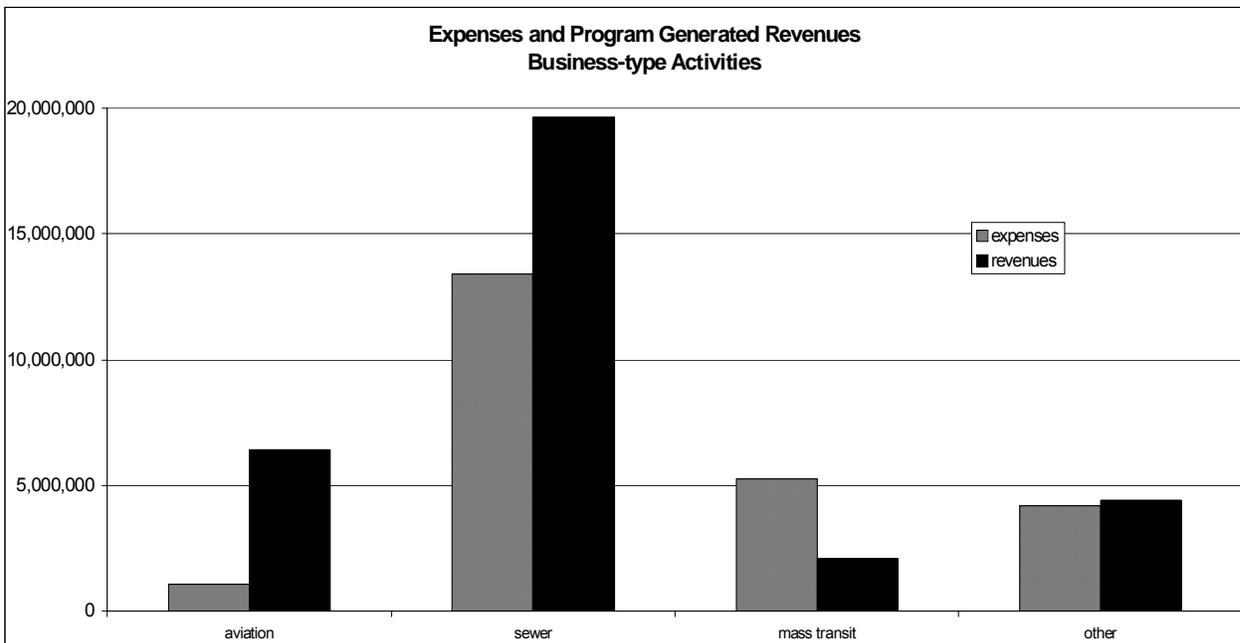
CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Total expenses for the governmental activities declined by \$4,040,957, dropping from \$72,792,599 in FY11 to \$68,751,642 in FY12. General government, public safety, health and welfare, parks and recreation, and interest on long-term debt all saw a savings from the previous year. Highways, streets, and public works experienced \$1,197,880 in higher costs. The impact of increasing fuel prices as well as the cost of maintenance and repair of equipment, vehicles, and buildings will be an ever growing segment of the annual expenditures.

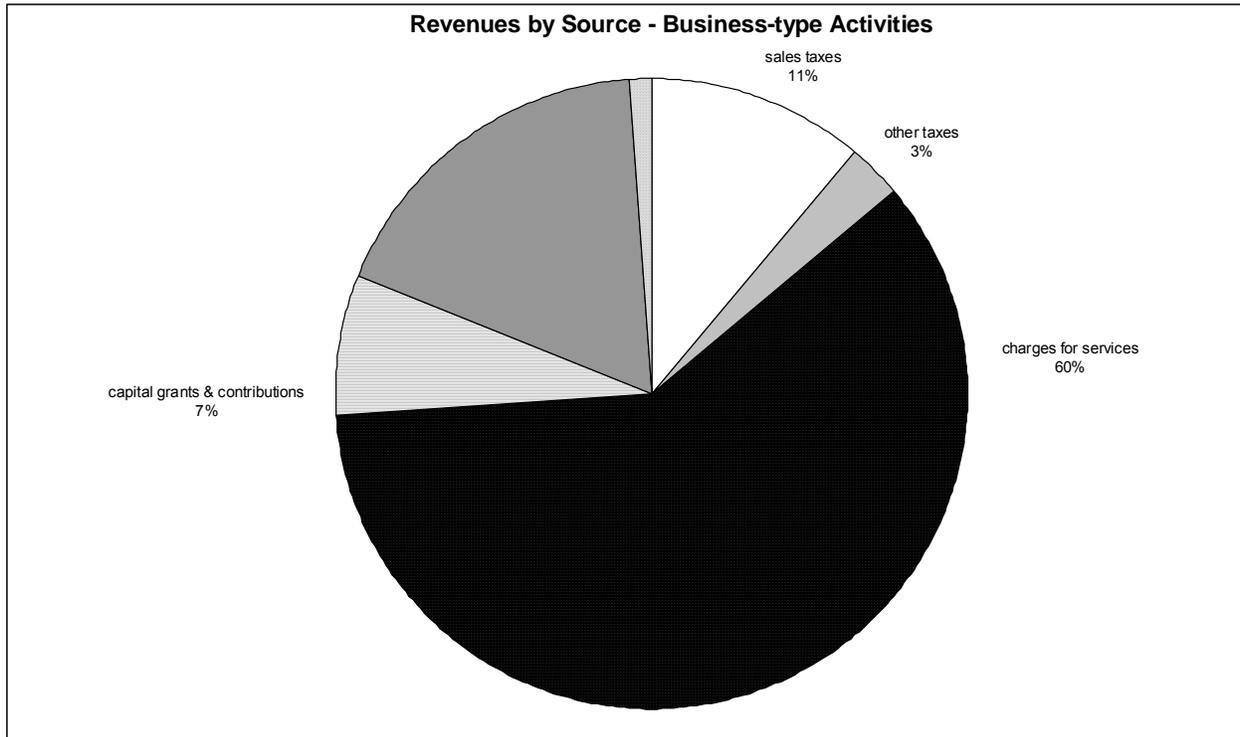
Business-type activities. The net assets of the City's business-type activities increased \$12,441,165. Key elements of the increase within the business-type activities were:

- Revenues from business-type activities went from \$32,319,518 in FY11 to \$38,304,176 in FY12, an increase of \$5,984,658.
- The largest boost in revenue for business-type activities came from \$2,908,362 in capital grant revenues in Aviation. The City received grants from the Missouri Air National Guard and Federal Aviation Administration for the reconstruction of the Alpha Taxiway.
- Transit operations are the only business-type service receiving sales tax and utility franchise fees revenues. In this area, slight increases in both revenue sources amounted to \$225,945.
- Decreases in revenues from Aviation charges, Parking fees and permits, and Landfill tipping fees slightly offset the revenue increases from the 12% rate hike in sewer rates; the increase in transit ridership; and new revenue streams added at Fairview Golf Course following city takeover of management services there. Nevertheless, the "charges for services" operating revenue category reported an overall increase of \$2,046,388.



CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**



- Overall expenses in the business type activities were trimmed \$923,032, down from \$24,886,976. There were increases in all areas except Aviation and Water Protection. Significant savings resulted in Aviation from a long term staff vacancy and from less overtime use than the previous year. Water Protection services spent \$1,334,804 less in FY12 for EPA mandated expenses than in previous years. Offsetting these savings: parking operations experienced maintenance problems with gate at 6th and Jules parking lot; the golf course had \$65,360 in higher costs as a result of increased water usage due to extremely dry conditions and of higher than budgeted use of part time personnel; various vehicle maintenance and repair expenses plus climbing fuel costs raised Transit outlays by \$174,813 and Landfill operations by \$192,124.

Financial Analysis of the City's Funds

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

The *General Fund* is the main operating fund of the City. It records all assets, liabilities, revenues, and expenditures that are not assigned to a special purpose fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,160,485 while total general fund balance reached \$10,010,022. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. City Council has adopted a fund balance policy which includes a target for unassigned general fund balance of 10% of expenditures. At the end of FY12, unassigned fund balance represented 11% of total general fund expenditures, while total fund balance represented 25% of that same amount.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Total fund balance of the City's general fund increased \$2,315,180 during the current fiscal year. The increase in fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

- Revenue for the General fund totaled \$44,940,449 up from \$43,970,756 while expenditures slightly declined by \$553,128.
- General government function expenditures produced savings of \$838,132 and \$81,291 less was spent for capital outlay.
- Operating expenditures including utilities, insurances, fuel, and maintenance and repair across the fund, caused highways, streets, public works, health and welfare, and parks and recreation to increase slightly in total and in the future will be an on going challenge.
- Between regular overtime and FLSA overtime, Fire Suppression ended significantly over budget. The huge expenditure had the program in the negative and the fire department, in total, over budget. The additional expenditures in the overtime spilled over into the pension and payroll tax line items for Fire Suppression. Savings from the Police department vacancies were required to cover the deficits.

The *Special Allocation Fund* was established in FY04 to record transactions for the City's TIF districts, special economic development districts, and any related bond issues. The ending fund balance of \$11,479,688 is restricted for debt service payments or pay-as-you go distributions as the case may be. There was a decrease in fund balance of \$1,254,192 from FY11. The three districts for which TIF bonds had been issued – Triumph, North Shoppes, and Mitchell Road Corridor – all generated sufficient revenues to meet bond payments. Disbursements to the other pay-as-you-go districts were roughly equal to revenues received minus collection fees and slight differences in timing between receipt and distribution of monies.

The *Capital Projects Fund* had a total fund balance of \$10,590,804. All of the budgeted monies within this fund are attached to projects approved by the voters with the five-year, half-cent CIP sales tax issue renewed for the fifth time in August 2012. Fund balance fluctuations are tied directly to the status of projects and/or to the timing of grant monies anticipated as reimbursements for up-front expenditures on the projects.

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

The Proprietary funds net assets activity resulted in an increase of \$12,386,971 over last year. Investment in capital assets, the largest component of net assets, had a decrease of \$10,123,728 from last year. A portion of the City's proprietary fund net assets, 28% or \$27,664,014, represents resources subject to external restrictions on how they may be used. The city issued Sewer Bond Series 2011E in this fiscal year for future sewer improvements and mandates from the EPA.

Unrestricted net assets at the end of the fiscal year were positive in all Proprietary funds except Municipal Golf fund. The Aviation fund showed \$500,662, Parking fund presented \$151,007, Water

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Protection fund claimed \$6,909,227, Mass Transit had \$9,127,427, while the Landfill fund reported an unrestricted net asset balance of \$3,777,732. A negative unrestricted net asset balance of \$70,095 resulted in the Municipal Golf fund. With the nice, mild weather experienced throughout the year, Municipal Golf recorded more revenue than expected. However, they are still working on the added city staff management and responsibilities and getting expenditures under control.

General Fund Budgetary Highlights

The General Fund went into the 2012 fiscal year with a budgeted operating deficit. However, there were overall budget savings of \$1,351,206 and revenues came in over the original budget by \$1,544,100 turning the budgeted deficit into an actual surplus.

- FY 2012's local economy had a small turn around and presented the City with a significant sales tax revenue increase in FY2012 from FY2011.
- Hotel/Motel taxes exceeded budget when compared to FY11. The additional 3% increase for the past two years was recognized as revenue this fiscal year in the General Fund. A major softball tournament filled hotel rooms for several days as did the changes to the Chief's training camp schedule.
- There has been a two year decrease in property taxes but FY12 showed a significant reversal. Per Buchanan County Clerk, total current real property valuations were \$40.5 million more than tax year 2010 (FY11). Buchanan County Collector's also released prior year protested personal property taxes from four major industrial taxpayers. This, combined with taxable property back on the tax rolls following the expiration of a Chapter 100 abatement for a major industry, produced an increase to personal property revenues.
- Most utility taxes completed the year close to or above budget except for cell phone revenue. The final, one time court ordered settlement of telecom company back taxes was received in FY11 and revenues from this year forward reflect ongoing remittances.
- Increased fuel prices hit across all departments as did maintenance and repair of City facilities and equipment. These represent an ever-growing segment of annual expenditures.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations including transfers out were increased \$617,021 in the General Fund. These budget amendments can be briefly summarized as follows:

- Public safety recognized awarded and unused grant funds for FY12 in the amount of \$327,299.
- Final construction and acquisition costs of the multipurpose athletic facility track and fitness equipment were increased by \$58,161.
- Fire damage at Missouri Theater Rose Shop caused \$64,947 in reconstruction costs.
- The Health department had a roll forward of \$83,220 in unused grant funds from FY11.
- The Metropolitan Planning Organization (MPO) program saw an increase of \$20,000 in professional planning services.
- Police received \$17,170 in unexpected revenue from auctioned vehicles, \$2,500 from the sale of a K9, and \$18,083 from insurance proceeds for damaged police vehicles.

Actual expenditures were less than the amount appropriated. This was largely the result of an intentional under-spending of the budget through delays in filling of vacant positions and continued cost containment measures where possible. The areas which experienced the greatest amount of

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

savings were: Planning and Community Development, \$244,957; Public Safety, \$260,515; Parks and Recreation, \$166,980; Health and Welfare, and \$171,263.

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, 2012 amounts to \$286,957,859 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, office furniture and fixtures, roads, bridges, park improvements, major fire apparatus, sewer lines and wastewater treatment facility improvements. Major capital asset events during the current fiscal year included the following:

- Completed construction of REC Center (\$4,036,391)
- Finalized Hike and Bike Trail Phase 11 and 12 (\$364,729)
- Rehabilitated the Alpha Taxiway at Rosecrans Memorial Airport (\$5,107,105)
- Obtained land and easements in order to begin construction on Whitehead Stormwater Separation Project (\$1,653,489)
- Started construction phase of Eastside Wastewater Improvement Project (\$919,712)
- Continued construction on the Disinfection/Effluent Pump Station (\$4,320,709)
- Replaced a Morbark Brush Grinder located at the Landfill (\$385,000)
- Bought Spartan Aerial Platform Fire Truck (\$818,587)
- Acquired a Hyundai Hi Loader for Landfill (\$149,680)
- Purchased a International Vactor Ramjet for Sewer Maintenance (\$199,277)
- Recognized donated sewers (\$878,440) and streets (\$1,545,550)

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

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 5,762,337	\$ 5,694,829	\$ 7,170,586	\$ 6,390,324	\$ 12,932,923	\$ 12,085,153
Buildings	23,550,116	17,234,674	17,345,454	18,418,149	40,895,570	35,652,823
Improvements other than buildings	26,632,137	25,845,031	20,817,737	18,424,977	47,449,874	44,270,008
Machinery and equipment	4,636,759	4,576,114	3,557,973	4,099,291	8,194,732	8,675,405
Infrastructure	116,882,014	120,222,408	38,155,208	37,267,900	155,037,222	157,490,308
Construction in progress	795,841	6,563,068	21,651,697	11,646,968	22,447,538	18,210,036
Total capital assets	\$ 178,259,204	\$ 180,136,124	\$ 108,698,655	\$ 96,247,609	\$ 286,957,859	\$ 276,383,733

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

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of \$144,890,788, an increase of \$13,873,796. The key factor in this net increase was the issuance of the 2011E Bond Series in the Water Protection fund and the refunding of the 2004A Bond Series with the 2011A Bond Series plus the normal annual retirement of debt service. Of the current amount, \$5,153,000 represents bonds

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

secured solely by specified revenue sources (i.e., Revenue Bonds). The remaining \$139,737,788 is comprised of the following:

- \$221,795 of Public Building Authority Bonds covered by annual appropriations in the general government activity funds and by dedicated revenues of the Landfill and Parking Operations funds. All of the PBA Bonds will be retired in FY2014;
- \$36,525,034 Infrastructure Facility Bond loan payments funded by PILOTS and EATS pursuant to the financing agreements, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenue in the Special Allocation fund and Water Protection fund;
- \$61,690,000 issued by the Industrial Development Authority Bonds in connection with The Shoppes at North Village, the Mitchell Avenue Corridor, and Sewer Improvement projects in the Special Allocation fund and Water Protection fund;
- \$11,215,000 in Missouri Development Finance Board Bonds which includes \$1,750,000 in the General fund for the Law Enforcement Center expansion project and \$9,465,000 in the Water Protection fund for the Sewerage System Improvements related to the Stockyards Redevelopment project and to federal- and state-mandated water protection measures;
- \$29,730,100 in Developer Pay-As-You-Go Obligations for certified costs in the Special Allocation fund;
- \$355,859 in capital lease obligations for major pieces of equipment located in the Municipal Golf fund and in the General fund.
- The Missouri State Constitution permits a City, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for “City purposes” not to exceed specified percentages of the assessed value of taxable tangible property. Currently, the City has no outstanding general obligation debt. Standard & Poors has given the City an issuer rating of A+ and the City’s current bonds ratings of A. The ratings were re-affirmed in November 2011. The city’s financial position is strong overall and St. Joseph’s financial management practices are considered good under the Standard and Poor’s Financial Management Assessment (FMA).

Revenue Bonds and Other Bonded Debt

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue Bonds	\$ -	\$ -	\$ 5,153,000	\$ 6,496,079	\$ 5,153,000	\$ 6,496,079
Public Building Authority Bonds	106,675	155,961	115,120	167,982	221,795	323,943
Industrial Development Authority	41,280,000	42,565,000	20,410,000	20,410,000	61,690,000	62,975,000
Infrastructure Facility Bonds	14,650,034	17,190,000	21,875,000	-	36,525,034	17,190,000
MO Development Finance Board	1,750,000	1,860,000	9,465,000	9,950,000	11,215,000	11,810,000
Developer Obligation	29,730,100	31,948,993	-	-	29,730,100	31,948,993
Capital Lease Obligations	305,458	195,021	50,401	77,956	355,859	272,977
Total long-term debt	\$ 87,822,267	\$ 93,914,975	\$ 57,068,521	\$ 37,102,017	\$ 144,890,788	\$ 131,016,992

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

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Economic Factors and Next Year's Budgets and Rates

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

Regarding economic development activities and specifically the new Eastowne Business Park, three lots were sold in FY2012, including the lot for the shell building, which is now completed and for sale. There has been considerable interest in the building which is 50,000 square feet and expandable to 100,000 square feet. Site selectors quite often will not consider a community unless there is an inventory of buildings for their clients who are looking to relocate or expand their business. The City contracts with the Chamber of Commerce for economic development services. Last year the Chamber responded to 27 new attraction projects and worked on 14 active expansion projects. Twice as many jobs were created and three times the capital investment took place in 2012 as compared to 2011. Local start-up businesses, existing business expansion and new business attraction are all components of economic development that will help create jobs that ultimately can lead to a more stable business environment.

More details on the specific economic development activities within the city in FY2012 can be found in the Transmittal Letter at the front of this document.

Revenue Forecast

FY2013 Budget decisions on major revenue categories were made almost five months prior to the end of the FY2012 fiscal year and were based on the following assumptions.

Sales Tax - General, CIP, and Transit sales tax revenues were projected to increase at the low rate of 0.4%. Luckily there was growth in revenues in FY2012. As of April, revenues were more than 10% ahead of projected trend that time of the year and 5.5% more than FY2011 YTD. At the time projections were made for FY2012, there was still one-quarter of the year remaining. FY2012 Projections were increased by 3% and FY2013 by 2.5% over those.

Given the wide fluctuation in Fuel tax revenue, which fund street maintenance activities, projections were budgeted based on an average of two prior year actual revenues and the current year projected revenue.

Hotel/Motel original 3% tax revenues were budgeted at a 2% increase. The portion of the tax rate (3%) recently approved by voters for downtown and riverfront development projects was projected at the same level.

Real and Personal Tax Revenues - Taken in total, there has been little increase in property tax revenues over the past five years. The Hancock Amendment ties assessed valuation increases to the variance in the CPI plus any new construction valuation. Neither category has showed a lot of growth. With little increase in assessed valuations, there were, at best, minimal increases in real property tax revenues projected. There was an uptick in revenues in FY2012 as the result of the 2011 reassessment year and

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

from the resolution of several high-dollar protested tax cases. The estimate for FY2013 is for flat revenues once the protested tax receipts are accounted for. Both real and personal property tax revenues were budgeted with a 2% increase over FY2011 actuals.

Franchise Fees - Annual growth in Franchise Fees for the past few years has ranged from a negative 10% to a 25% increase (in FY2001). Fluctuations in franchise fee revenues correspond to changes in annual weather conditions and rate increases (or decreases) by individual utilities, as well as restrictions imposed by State Statutes. Gas, Electric, and Water revenues were based on three year averages. Cable estimates were based on the prior year actual. Telephone receipts were projected to increase 1%.

A steady migration of the telecommunications business to wireless and data transmission had meant an 18% decrease in communications' franchise revenue from 2005 through 2009. Settlements with the telecommunications companies brought in about \$2.9 million in one-time payments for back taxes late in FY2008. FY2009, FY2010 and FY2011 also enjoyed hefty one-time settlement payments. FY2012 was the first year of receipts without the addition of one-time settlements. FY2013 "cell phone revenue" was budgeted at the FY2012 projection level. These funds are used for one-time purchases or activities.

A major change was made for the FY2013 budget in how the City's publically owned utilities contribute revenue to the General Fund. Previous budgets document costs through an indirect cost allocation plan which accounts for staff time and expenses for providing services to the wastewater utility and the landfill utility. This method is common among municipalities for accounting for costs generated by the public utility for overhead expenses from other departments and divisions such as Legal, Administrative Services, and Public Works. But under that method what is not fully accounted for are costs created by the public utility for use of the public right-of-way. While not charging the public utility a fee for this use has helped to keep utility costs low, it also means reduced revenue to the General Fund with the net effect of that fund underwriting the cost of those utilities. Private investor owned utilities pay a franchise fee of 7% of gross revenues. Not charging a similar fee for the publically owned utilities doesn't reflect the true cost of the service, nor does it fairly compensate the General Fund for its service. Starting in the FY2013 budget, both the wastewater and landfill utilities began paying a similar fee based on 7% of gross revenues in the form of a Payment In Lieu Of Taxes (or PILOT) will benefit the General Fund annually. This basis of payment is actually more common than indirect cost allocations among cities with municipally owned utilities although a few do both.

User Fees - Sewer fees are determined by cost of service studies prepared by specialists. However, since the study was not completed in time for budget projections, FY2013 revenues were based on the rate increase (11%) anticipated in the prior year study.

A Landfill Tipping Fee study was completed in FY2012 and the FY2013 budget was originally projected to reflect the recommended \$4 per ton charge. The City's tipping fee would still be the lowest in the state. However, during the budget hearings, City Council did not support the increase and revenue projections were accordingly reduced to the FY2011 actual level. Other user fee revenue estimates were generally provided by departments, based on their history as well as projected activity for the next fiscal year.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Licenses/Permits/Fines - Fine revenue was not meeting projections at mid-year, so FY2013 budget estimates were reduced to FY2011 projections. All other license and permit revenues have remained fairly constant over the past few years. Revenue estimates are based largely on the experience and projections of the responsible departments. Given the slight rally in the economy, revenues for inspection fees and plan review have been held steady if not increased slightly depending on the fee.

Sale of Bonds -A planned issue of Special Obligation Revenue Bonds through the State Revolving Fund (SRF) program in the estimated amount of \$26,629,000 was budgeted in FY2013 for the on-going improvements at the Wastewater Plant.

Expenditure Controls

City-wide, FY2012 operating expenditures came in less than one percent more than projections and 2% lower than the original budget. Delays in filling vacant positions, along with other cost-saving measures taken during the year, helped to keep expenditures under budget.

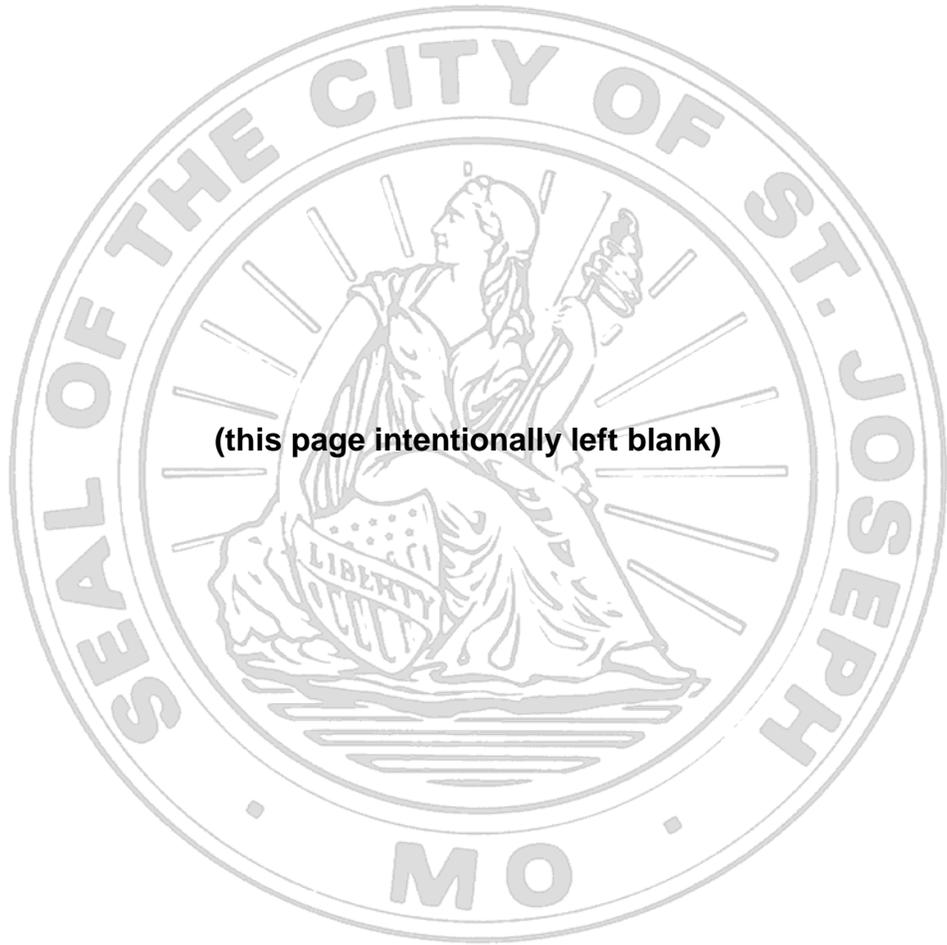
With some growth in sales tax and property tax revenues, for the first time in three years a 2% cost-of-living increase was budgeted for employees. To offset this increase, plus the increases in pension contribution rates and in health insurance premium costs, the following cost saving measures were instituted:

- A reorganization of departments and personnel resulting in the net reduction of one director position and consolidation of that department's programs into other areas; down-grading two other director positions and consolidation of those programs into another department. Net savings in the reorganization equaled \$137,000.
- Elimination of a position in both Parking Operations and the City Manager's Office.
- The decrease in HUD funding resulted in elimination of a position in the CDBG Home program.
- Going paperless in Municipal Court resulted in elimination of one part-time position and of other supply expenses.
- As the result of contract negotiations with Transit employees' union, labor costs were reduced by \$400,000.

The FY2013 Annual Budget at \$132,738,000 was a 4.6% percent decrease from the FY2012 budget primarily due to reductions in the magnitude of projected capital project expenditures in the Water Protection fund. The City's operating component of the budget decreased by 1.7% (\$1,555,000) to \$91,240,000.

Requests for Information

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



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CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
 JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 22,712,905	\$ 22,113,103	\$ 44,826,008
Receivables, net where applicable of allowances for uncollectibles	15,812,815	3,893,094	19,705,909
Other receivables	-	1,056,028	1,056,028
Loan receivables	3,745,456	-	3,745,456
Property held for resale	241,706	-	241,706
Internal balances	163,799	(163,799)	-
Due from other governments	994,510	1,302,082	2,296,592
Prepaid items and deferred charges	1,326,045	694,268	2,020,313
Restricted assets:			
Cash and investments	10,143,924	28,250,324	38,394,248
Capital assets:			
Capital assets, not being depreciated	6,558,178	28,822,283	35,380,461
Capital assets net of accumulated depreciation	171,701,026	79,876,372	251,577,398
Total assets	<u>233,400,364</u>	<u>165,843,755</u>	<u>399,244,119</u>
Liabilities			
Accounts payable and other current liabilities	3,799,456	2,960,492	6,759,948
Accrued interest payable	696,217	581,338	1,277,555
Noncurrent liabilities:			
Due within one year	6,200,688	2,529,227	8,729,915
Due in more than one year	85,411,295	54,831,956	140,243,251
Landfill closure and postclosure costs:			
Due within one year	-	73,500	73,500
Due in more than one year	-	5,335,960	5,335,960
Total liabilities	<u>96,107,656</u>	<u>66,312,473</u>	<u>162,420,129</u>
Net Assets			
Invested in capital assets, net of related debt	176,097,074	51,635,107	227,732,181
Restricted for:			
Debt service	11,033,630	27,664,014	38,697,644
Capital projects	12,527,743	-	12,527,743
Loan programs	4,831,355	-	4,831,355
Economic development	665,701	-	665,701
Museum	340,292	-	340,292
Other purposes	475,521	-	475,521
Unrestricted (deficit)	(68,678,608)	20,232,161	(48,446,447)
Total net assets	<u>\$ 137,292,708</u>	<u>\$ 99,531,282</u>	<u>\$ 236,823,990</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, 2012

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	\$ 11,391,801	\$ 4,488,893	\$ 2,411,548	\$ -	\$ (4,491,360)	\$ -	\$ (4,491,360)
Public safety	24,624,508	680,798	1,358,138	67,559	(22,518,013)	-	(22,518,013)
Highways and streets	16,878,702	260,965	498,934	1,814,431	(14,304,372)	-	(14,304,372)
Public works	416,183	85,748	-	-	(330,435)	-	(330,435)
Health and welfare	5,383,486	559,092	1,944,775	44,785	(2,834,834)	-	(2,834,834)
Parks and recreation	7,373,783	2,278,372	496,275	312,403	(4,286,733)	-	(4,286,733)
Interest on long-term debt	2,683,179	-	-	-	(2,683,179)	-	(2,683,179)
Total governmental activities	<u>68,751,642</u>	<u>8,353,868</u>	<u>6,709,670</u>	<u>2,239,178</u>	<u>(51,448,926)</u>	<u>-</u>	<u>(51,448,926)</u>
Business-type activities:							
Aviation services	1,087,908	381,111	-	6,049,754	-	5,342,957	5,342,957
Parking services	348,149	354,578	-	-	-	6,429	6,429
Sewer services	13,402,293	17,807,964	947,878	878,440	-	6,231,989	6,231,989
Golf services	835,932	783,605	-	-	-	(52,327)	(52,327)
Transit services	5,286,344	394,945	1,711,458	-	-	(3,179,941)	(3,179,941)
Landfill services	3,003,318	3,271,106	-	-	-	267,788	267,788
Total business-type activities	<u>23,963,944</u>	<u>22,993,309</u>	<u>2,659,336</u>	<u>6,928,194</u>	<u>-</u>	<u>8,616,895</u>	<u>8,616,895</u>
Total primary government	<u>\$ 92,715,586</u>	<u>\$ 31,347,177</u>	<u>\$ 9,369,006</u>	<u>\$ 9,167,372</u>	<u>(51,448,926)</u>	<u>8,616,895</u>	<u>(42,832,031)</u>
General revenues:							
Property taxes					13,285,118	-	13,285,118
Sales taxes					24,724,085	4,291,043	29,015,128
Franchise taxes					6,716,146	1,130,630	7,846,776
Motor fuel taxes					3,476,388	-	3,476,388
Cigarette taxes					438,673	-	438,673
Hotel taxes					815,756	-	815,756
Intergovernmental activity taxes					4,309,127	-	4,309,127
Unrestricted investment revenues					697,834	295,082	992,916
Gain on sale of capital assets					-	6,582	6,582
Transfers in (out)					1,899,067	(1,899,067)	-
Total general revenues and transfers					<u>56,362,194</u>	<u>3,824,270</u>	<u>60,186,464</u>
Change in net assets					4,913,268	12,441,165	17,354,433
Net assets - beginning, as restated					132,379,440	87,090,117	219,469,557
Net assets - ending					<u>\$ 137,292,708</u>	<u>\$ 99,531,282</u>	<u>\$ 236,823,990</u>

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

CITY OF ST. JOSEPH, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Special Allocation	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 6,660,841	\$ 1,135,537	\$ 9,754,571	\$ 3,875,155	\$ 21,426,104
Receivables	5,074,650	9,073,117	1,057,974	607,074	15,812,815
Loan receivables	321,246	-	-	3,424,210	3,745,456
Property held for resale	-	-	-	241,706	241,706
Due from other funds	-	-	641,498	-	641,498
Due from other governments	270,933	-	154,857	568,720	994,510
Prepaid items	147,867	-	-	27,548	175,415
Restricted cash and investments	250,159	9,893,765	-	-	10,143,924
Total assets	<u>\$ 12,725,696</u>	<u>\$ 20,102,419</u>	<u>\$ 11,608,900</u>	<u>\$ 8,744,413</u>	<u>\$ 53,181,428</u>
Liabilities And Fund Balances					
Liabilities:					
Accounts payable	\$ 969,465	\$ 236,174	\$ 901,855	\$ 653,344	\$ 2,760,838
Due to other funds	-	-	-	590,851	590,851
Accrued payroll	1,070,983	-	-	14,664	1,085,647
Deferred revenue	675,226	8,386,557	116,241	523,157	9,701,181
Total liabilities	<u>2,715,674</u>	<u>8,622,731</u>	<u>1,018,096</u>	<u>1,782,016</u>	<u>14,138,517</u>
Fund balances:					
Nonspendable	469,113	-	-	147,548	616,661
Restricted	715,017	11,479,688	10,590,804	7,100,147	29,885,656
Committed	1,406,328	-	-	-	1,406,328
Assigned	3,259,079	-	-	-	3,259,079
Unassigned	4,160,485	-	-	(285,298)	3,875,187
Total fund balances	<u>10,010,022</u>	<u>11,479,688</u>	<u>10,590,804</u>	<u>6,962,397</u>	<u>39,042,911</u>
Total liabilities and fund balances	<u>\$ 12,725,696</u>	<u>\$ 20,102,419</u>	<u>\$ 11,608,900</u>	<u>\$ 8,744,413</u>	<u>\$ 53,181,428</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, 2012**

Fund balances – total governmental funds	\$ 39,042,911
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	178,259,204
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due.	(696,217)
Liabilities for earned but deferred revenues in fund statements.	9,701,184
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.	(326,116)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(89,838,888)
Deferred debt costs	<u>1,150,630</u>
Net assets of governmental activities	<u>\$ 137,292,708</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, 2012

	General	Special Allocation	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 11,532,669	\$ 601,556	\$ -	\$ 1,209,615	\$ 13,343,840
Sales	16,740,650	2,453,648	5,529,787	-	24,724,085
Franchise	6,716,146	-	-	-	6,716,146
Motor Fuel	819,674	-	-	2,656,714	3,476,388
Cigarette	438,673	-	-	-	438,673
Hotel	815,756	-	-	-	815,756
Intergovernmental activity	-	4,309,127	-	-	4,309,127
Licenses and permits	1,396,344	-	-	96,754	1,493,098
Intergovernmental	2,498,438	-	978,344	3,190,631	6,667,413
Charges for services	2,789,328	7,000	-	1,005,179	3,801,507
Fines	922,214	-	-	-	922,214
Special assessments	-	-	-	30,610	30,610
Investment earnings	16,487	593,767	11,192	75,177	696,623
Contributions and donations	56,173	-	250,000	-	306,173
Other	197,897	1,179,145	547,233	227,544	2,151,819
Total revenues	44,940,449	9,144,243	7,316,556	8,492,224	69,893,472
Expenditures					
Current:					
General government	6,608,788	733,464	-	1,855,044	9,197,296
Public safety	23,042,799	-	-	-	23,042,799
Highways and streets	2,848,371	-	-	5,347,327	8,195,698
Public works	-	-	-	272,492	272,492
Health and welfare	3,130,325	-	-	2,037,025	5,167,350
Parks and recreation	2,826,344	-	-	1,887,703	4,714,047
Debt Service:					
Principal	217,724	6,230,097	-	-	6,447,821
Interest and fiscal charges	103,706	3,701,347	-	-	3,805,053
Capital outlay	656,163	-	8,600,572	1,821,589	11,078,324
Total expenditures	39,434,220	10,664,908	8,600,572	13,221,180	71,920,880
Excess (deficiency) of revenues over expenditures	5,506,229	(1,520,665)	(1,284,016)	(4,728,956)	(2,027,408)
Other financing sources (uses)					
Transfers in	2,547,964	1,916	642,664	5,773,138	8,965,682
Transfers out	(5,924,071)	-	-	(1,142,544)	(7,066,615)
Refunding Bonds issued	-	6,685,000	-	-	6,685,000
Payment to refunded bond escrow agent	-	(6,420,443)	-	-	(6,420,443)
Capital lease	163,180	-	-	-	163,180
Sale of capital assets	21,878	-	250,298	37,939	310,115
Total other financing sources (uses), net	(3,191,049)	266,473	892,962	4,668,533	2,636,919
Net change in fund balances	2,315,180	(1,254,192)	(391,054)	(60,423)	609,511
Fund balances - beginning	7,694,842	12,733,880	10,981,858	7,022,820	38,433,400
Fund balances - ending	\$ 10,010,022	\$ 11,479,688	\$ 10,590,804	\$ 6,962,397	\$ 39,042,911

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, 2012

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

Net changes in fund balances – total governmental funds \$ 609,511

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

Capital outlay	6,913,817	
Depreciation	<u>(10,377,900)</u>	(3,464,083)

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

Disposals	(70,680)	
Capital contribution	<u>1,657,843</u>	1,587,163

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (37,683)

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	(6,685,000)
Principal payments	13,627,266
Debt issuance costs and related amortization	235,253
Capital lease proceeds	(163,180)
Developer obligation	(1,000,649)

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	127,619
Compensated absences and OPEB obligations	(164,332)

Internal Service Funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with the governmental activities. 241,383

Change in net assets of governmental activities \$ 4,913,268

The accompanying notes are an integral part of these financial statements

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds					Total Internal Service Fund
	Aviation	Sewer	Mass Transit	Other Enterprise Funds	Total	
Assets						
Current assets:						
Cash and investments	\$ 7,772	\$ 4,085,371	\$ 8,565,185	\$ 9,454,775	\$ 22,113,103	\$ 1,286,801
Restricted cash and cash equivalents	-	2,355,636	-	59,236	2,414,872	-
Interest receivable	-	2,012	1,839	2,026	5,877	-
Accounts receivable (net of allowance for uncollectibles)	29,476	2,808,959	862,375	186,407	3,887,217	-
Other receivables	-	1,056,028	-	-	1,056,028	-
Due from other governments	725,701	478,974	97,407	-	1,302,082	-
Prepaid items	5,904	54,006	3,083	23,840	86,833	-
Total current assets	<u>768,853</u>	<u>10,840,986</u>	<u>9,529,889</u>	<u>9,726,284</u>	<u>30,866,012</u>	<u>1,286,801</u>
Noncurrent assets:						
Restricted cash and investments	-	25,835,452	-	-	25,835,452	-
Deferred charges	-	604,305	-	3,130	607,435	-
Capital assets:						
Capital assets, not being depreciated:	10,673,613	13,650,279	927,382	3,571,009	28,822,283	-
Capital assets net of accumulated depreciation:	5,327,373	67,769,435	2,835,881	3,943,683	79,876,372	-
Total capital assets (net of accumulated depreciation)	<u>16,000,986</u>	<u>81,419,714</u>	<u>3,763,263</u>	<u>7,514,692</u>	<u>108,698,655</u>	<u>-</u>
Total noncurrent assets	<u>16,000,986</u>	<u>107,859,471</u>	<u>3,763,263</u>	<u>7,517,822</u>	<u>135,141,542</u>	<u>-</u>
Total assets	<u>\$ 16,769,839</u>	<u>\$ 118,700,457</u>	<u>\$ 13,293,152</u>	<u>\$ 17,244,106</u>	<u>\$ 166,007,554</u>	<u>\$ 1,286,801</u>
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 210,468	\$ 1,899,101	\$ 402,462	\$ 234,090	\$ 2,746,121	\$ 3,621
Due to other funds	28,479	-	-	22,167	50,646	-
Claims payable	-	-	-	-	-	1,146,515
Accrued payroll	8,581	103,687	-	51,457	163,725	-
Accrued interest payable	-	580,395	-	943	581,338	-
Long-term obligations due in one year	15,022	2,355,636	-	158,569	2,529,227	-
Landfill closure and postclosure liability	-	-	-	73,500	73,500	-
Total current liabilities	<u>262,550</u>	<u>4,938,819</u>	<u>402,462</u>	<u>540,726</u>	<u>6,144,557</u>	<u>1,150,136</u>
Noncurrent liabilities:						
Claims	-	-	-	-	-	626,580
Long term obligations due in more than one year (net of unamortized discounts and deferred amount on refunding)	5,641	54,725,004	-	101,311	54,831,956	-
Landfill closure and postclosure liability	-	-	-	5,335,960	5,335,960	-
Total noncurrent liabilities	<u>5,641</u>	<u>54,725,004</u>	<u>-</u>	<u>5,437,271</u>	<u>60,167,916</u>	<u>626,580</u>
Total liabilities	<u>268,191</u>	<u>59,663,823</u>	<u>402,462</u>	<u>5,977,997</u>	<u>66,312,473</u>	<u>1,776,716</u>
Net Assets						
Invested in capital assets, net of related debt	16,000,986	24,521,686	3,763,263	7,349,172	51,635,107	-
Restricted for debt service	-	27,605,721	-	58,293	27,664,014	-
Unrestricted (deficit)	500,662	6,909,227	9,127,427	3,858,644	20,395,960	(489,915)
Total net assets	<u>\$ 16,501,648</u>	<u>\$ 59,036,634</u>	<u>\$ 12,890,690</u>	<u>\$ 11,266,109</u>	<u>99,695,081</u>	<u>\$ (489,915)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(163,799)	
Net assets of business-type activities					<u>\$ 99,531,282</u>	

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Aviation	Sewer	Mass Transit	Other Enterprise Funds	Totals	Total Internal Service Fund
Operating revenues:						
Charges for services	\$ 333,469	\$ 17,782,291	\$ 315,584	\$ 4,368,236	\$ 22,799,580	\$ 874,909
Other	47,642	25,673	79,361	41,053	193,729	-
Total operating revenues	<u>381,111</u>	<u>17,807,964</u>	<u>394,945</u>	<u>4,409,289</u>	<u>22,993,309</u>	<u>874,909</u>
Operating expenses:						
Personal services	342,158	3,634,623	3,367	1,585,906	5,566,054	-
Contractual services	132,909	3,969,462	4,412,222	844,737	9,359,330	580,543
Commodities	41,582	541,522	606,948	612,438	1,802,490	-
Heat, light and power	36,819	1,117,320	38,475	129,366	1,321,980	-
Depreciation	534,440	2,941,600	225,332	824,243	4,525,615	-
Closure and postclosure care costs	-	-	-	130,680	130,680	-
Total operating expenses	<u>1,087,908</u>	<u>12,204,527</u>	<u>5,286,344</u>	<u>4,127,370</u>	<u>22,706,149</u>	<u>580,543</u>
Operating income (loss)	<u>(706,797)</u>	<u>5,603,437</u>	<u>(4,891,399)</u>	<u>281,919</u>	<u>287,160</u>	<u>294,366</u>
Nonoperating revenues (expenses):						
Intergovernmental and other	-	947,878	1,711,458	-	2,659,336	-
Franchise taxes	-	-	1,130,630	-	1,130,630	-
Taxes	-	-	4,291,043	-	4,291,043	-
Investment income	(1,967)	275,659	9,105	12,285	295,082	1,211
Interest and fiscal charges	-	(1,251,542)	-	(21,252)	(1,272,794)	-
Gain (loss) on disposal of capital assets	232	5,496	854	(39,195)	(32,613)	-
Total nonoperating revenues (expenses), net	<u>(1,735)</u>	<u>(22,509)</u>	<u>7,143,090</u>	<u>(48,162)</u>	<u>7,070,684</u>	<u>1,211</u>
Income (loss) before capital contributions and transfers	<u>(708,532)</u>	<u>5,580,928</u>	<u>2,251,691</u>	<u>233,757</u>	<u>7,357,844</u>	<u>295,577</u>
Capital contributions and grants	6,049,754	878,440	-	-	6,928,194	-
Transfers in	108,290	203,250	-	6,500	318,040	-
Transfers out	(67,469)	(920,518)	(154,219)	(1,074,901)	(2,217,107)	-
Change in net assets	<u>5,382,043</u>	<u>5,742,100</u>	<u>2,097,472</u>	<u>(834,644)</u>	<u>12,386,971</u>	<u>295,577</u>
Total net assets - beginning, as restated	<u>11,119,605</u>	<u>53,294,534</u>	<u>10,793,218</u>	<u>12,100,753</u>		<u>(785,492)</u>
Total net assets - ending	<u>\$ 16,501,648</u>	<u>\$ 59,036,634</u>	<u>\$ 12,890,690</u>	<u>\$ 11,266,109</u>		<u>\$ (489,915)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					54,194	
Change in net assets of business-type activities					<u>\$ 12,441,165</u>	

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Aviation	Sewer	Mass Transit	Other Enterprise Funds	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 303,993	\$ 17,387,105	\$ 283,582	\$ 4,360,475	\$ 22,335,155	\$ 874,909
Payments to suppliers	(2,538,035)	(5,199,159)	(4,811,896)	(1,561,565)	(14,110,655)	(630,256)
Payments to employees	(356,099)	(3,708,405)	(3,367)	(1,590,663)	(5,658,534)	-
Other operating revenues	47,642	25,673	79,361	41,053	193,729	-
Net cash provided (used) by operating activities	(2,542,499)	8,505,214	(4,452,320)	1,249,300	2,759,695	244,653
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental grants	-	468,904	1,712,900	-	2,181,804	-
Taxes received	-	-	5,421,673	-	5,421,673	-
Transfers in	108,290	203,250	-	6,500	318,040	-
Transfers out	(38,990)	(920,518)	(154,219)	(1,052,734)	(2,166,461)	-
Net cash provided (used) by noncapital financing activities	69,300	(248,364)	6,980,354	(1,046,234)	5,755,056	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond Proceeds	-	22,275,000	-	-	22,275,000	-
Payments of debt principal	-	(1,857,000)	-	(77,763)	(1,934,763)	-
Payments of debt interest and charges	-	(1,736,389)	-	(22,129)	(1,758,518)	-
Capital grants received	7,083,711	-	-	-	7,083,711	-
Purchase of capital assets	(5,237,467)	(10,194,477)	(152,725)	(546,164)	(16,130,833)	-
Net cash provided (used) by capital and related financing activities	1,846,244	8,487,134	(152,725)	(646,056)	9,534,597	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	471,468	(25,995,287)	(2,649,099)	(16,049,149)	(44,222,067)	(1,417,794)
Purchase of investments	6,676	8,041,526	-	15,457,093	23,505,295	1,105,278
Interest and dividends received	(1,866)	275,150	8,247	11,829	293,360	1,211
Net cash provided (used) by investing activities	476,278	(17,678,611)	(2,640,852)	(580,227)	(20,423,412)	(311,305)
Net increase (decrease) in cash and cash equivalents	(150,677)	(934,627)	(265,543)	(1,023,217)	(2,374,064)	(66,652)
Cash and cash equivalents - beginning	151,773	2,255,310	1,473,794	2,356,957	6,237,834	248,175
Cash and cash equivalents - ending	1,096	1,320,683	1,208,251	1,333,740	3,863,770	181,523
Investments	6,676	30,955,776	7,356,934	8,180,271	46,499,657	1,105,278
Total cash and investments	\$ 7,772	\$ 32,276,459	\$ 8,565,185	\$ 9,514,011	\$ 50,363,427	\$ 1,286,801
Cash and investments reported on the Statement of Net Assets:						
Unrestricted cash and investments	\$ 7,772	\$ 4,085,371	\$ 8,565,185	\$ 9,454,775	\$ 22,113,103	\$ 1,286,801
Restricted cash and investments	-	28,191,088	-	59,236	28,250,324	-
Total cash and investments	\$ 7,772	\$ 32,276,459	\$ 8,565,185	\$ 9,514,011	\$ 50,363,427	\$ 1,286,801

(continued)

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Aviation	Sewer	Mass Transit	Other Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (706,797)	\$ 5,603,437	\$ (4,891,399)	\$ 281,919	\$ 287,160	\$ 294,366
Adjustments to reconciliation operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	534,440	2,941,600	225,332	824,243	4,525,615	-
Landfill closure and postclosure	-	-	-	121,499	121,499	-
Changes in operating assets and liabilities:						
Accounts and other receivables	(29,476)	(395,186)	(32,002)	(7,761)	(464,425)	-
Prepaid expenses	(3,719)	(34,436)	(3,083)	(8,124)	(49,362)	-
Accounts payable and contracts/claims payable	(2,323,006)	463,581	248,832	42,281	(1,568,312)	(49,713)
Accrued payroll and compensated absences	(13,941)	(73,782)	-	(4,757)	(92,480)	-
Net cash provided (used) by operating activities	<u>\$ (2,542,499)</u>	<u>\$ 8,505,214</u>	<u>\$ (4,452,320)</u>	<u>\$ 1,249,300</u>	<u>\$ 2,759,695</u>	<u>\$ 244,653</u>
Non-cash capital and financing activities:						
Capital contributions	\$ -	\$ 878,440	\$ -	\$ -	\$ 878,440	\$ -
	<u>\$ -</u>	<u>\$ 878,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,440</u>	<u>\$ -</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Pension Trust Fund	Total Agency Funds
	Police Pension	
Assets		
Cash and cash equivalents	\$ 2,634	\$ 75,085
Investments:		
Government obligations	2,959,617	-
Other debt securities	8,768,933	-
Corporate stock	16,528,949	-
Receivables:		
Taxes	-	260,454
Contributions	81,187	-
Accrued interest	120,507	-
Total assets	<u>28,461,827</u>	<u>335,539</u>
Liabilities		
Accounts payable	3,220	-
Due to others	-	335,539
Total liabilities	<u>3,220</u>	<u>\$ 335,539</u>
Net Assets		
Held in trust for pension benefits	<u>\$ 28,458,607</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, 2012

	Pension Trust Fund <u>Police Pension</u>
Additions:	
Member contributions	\$ 221,041
Employer contributions	1,715,703
Investment income	757,579
Net (depreciation) in fair value of investments	(346,508)
Less investment expenses	<u>(63,511)</u>
Total additions	<u>2,284,304</u>
Deductions:	
Benefit payments	1,744,596
Administrative expenses	<u>73,073</u>
Total deductions	<u>1,817,669</u>
Change in net assets	466,635
Net assets - beginning	<u>27,991,972</u>
Net assets - ending	<u><u>\$ 28,458,607</u></u>

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

Blended Component Unit:

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

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

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

B. Government-Wide and Fund Financial Accounting

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

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

The *Aviation Fund* accounts for operation and maintenance of Rosecrans Memorial Airport. The Airport is supported by hangar and restaurant rents as well as leases from Missouri Air National Guard and Federal Aviation Administration.

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Additionally, the City reports the following fund types:

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

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

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

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

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

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

D. Cash and Investments

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

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

E. Receivables

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

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation. Balances in prepaid items at June 30, 2012, 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, 2012.

G. Property Held for Resale

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

H. Restricted Assets

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

I. Capital Assets

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense and fiscal charges incurred by the Sewer fund during the current fiscal year was \$1,825,564. Of this amount, \$1,462,075 was included as part of the cost of capital assets under construction in connection with Sewer fund construction projects.

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

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

- Computer equipment	3 years
- Motor vehicles and motorized equipment	5 years
- Furniture, machinery and equipment	10 years
- Buildings and improvements	30 years
- Sewer treatment plant	50 years
- Streets Infrastructure	25 years
- Sewer Infrastructure	40 years
- Bridge Infrastructure	50 years

J. 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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Employees who retire in accordance with one of the City’s pension programs will receive lump-sum payment for part of their accrued medical leave balance.

Vacation leave is earned at the following rates:

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

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

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

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

K. Property Tax Revenue Recognition

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

L. Interfund Activity

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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”.

M. Net Assets/Fund Balance

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.”

Fund Balances

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

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

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

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

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

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

N. 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.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

O. Deficit Fund Balance/Net Assets

The following Funds had a deficit fund balance/net assets at June 30, 2012 that will be eliminated by future revenues or transfers:

Governmental Funds	
Community Development Block Grant	\$163,401

Internal Service Funds	
Worker's Compensation	\$489,915

P. Reclassifications

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2: CASH DEPOSITS AND INVESTMENTS

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

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

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

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, 2012**

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, 2012
	<hr/>
Cash on hand	\$ 22,235
Cash Deposit in Bank	5,172,574
Investments held by Trustee (Bond Reserves)	33,117,410
US Agency Securities	44,983,122
Police Pension Trust:	
Cash	2,634
Investments	28,257,499
	<hr/>
	28,260,133
	<hr/>
	\$ 111,555,474
	<hr/> <hr/>

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
	<hr/>	<hr/>	<hr/>
Unrestricted – cash and investments	\$ 44,826,008	\$ 75,085	\$ 44,901,093
Restricted – cash and investments	38,394,248	—	38,394,248
Police Pension – cash and investments	—	28,260,133	28,260,133
Total	<hr/>	<hr/>	<hr/>
	\$ 83,220,256	\$ 28,335,218	\$ 111,555,474
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Investments for the City of St. Joseph, Missouri are as follows for the year ended June 30, 2012

Investment type:	Investment Maturities (in years)		
	Cost	Fair Value	Less Than 1
	<hr/>	<hr/>	<hr/>
Debt Securities			
US Agency Securities	\$ 44,983,122	\$ 44,992,309	\$ 44,983,122

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Investments for the Police Pension fund are as follows for the year ended June 30, 2012:

	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 - 5	6 - 10
Investment type:				
Debt Securities				
US Agencies	\$ 2,595,690	\$ 2,344,595	\$ 251,095	-
US Treasuries	255,687	-	255,687	-
Muni Obligations	108,240	-	108,240	-
Foreign debt	316,506	-	316,506	-
Credit bond fund	157,065	157,065		
Corporate debt	8,295,362	1,127,794	6,558,606	608,962
	11,728,550	\$ 3,629,454	\$ 7,490,134	\$ 608,962
Other Investments:				
Corporate stock	16,528,949			
Total	\$ 28,257,499			

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

As of June 30, 2012, the bank deposits are insured by federal depository insurance and collateral securities held by the City’s agent in the name of the City. All U.S. Agency securities were insured through the broker-dealers’ membership in the Securities Investor Protection Corporation (SIPC) and through surety bonds purchased by them from private insurance companies. Investments are reported at fair value based upon quoted market prices at the valuation date, except for the U.S. Agency securities discussed above which are recorded at cost due to their short-term nature.

The Police Pension investments totaling \$28,257,499 consist of \$2,851,377 in government fixed securities and treasuries, \$108,240 in municipal bonds, \$157,065 in credit bond fund, \$316,506 in foreign debt, \$8,295,362 in corporate bond fixed income securities, and \$16,528,949 in common corporate stock. The Police Pension fund’s investments are held by its investment custodian in the fund’s name.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

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

Investment type:	Quality Ratings		
	Cost	Fair Value	AA
Debt Securities			
US Agency Securities	\$ 44,983,122	\$ 44,992,309	\$ 44,983,122

The Police Pension fund follows the prudent person rule with certain fixed income securities portfolio constraints. According to the Police Pension fund investment policy statement only “investment grade” debt securities will be held in the portfolio.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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Credit ratings for the Police Pension fund investments that are rated are as follows:

Investment type:	Quality Ratings				
	Fair <u>Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BAA</u>
Debt Securities					
US Agencies	\$ 2,595,690	\$ —	\$ 2,595,690	\$ —	\$ —
US Treasuries	255,687	—	255,687	—	—
Muni Obligations	108,240	—	108,240	—	—
Foreign Debt	316,506	—	316,506	—	—
Credit bond fund	157,065	—	—	157,065	—
Corporate debt	8,295,362	412,709	1,422,126	4,059,037	2,401,490
	11,728,550	\$ 412,709	\$ 4,698,249	\$ 4,216,102	\$ 2,401,490

Other Investments:

Corporate stock	16,528,949
Total	\$ 28,257,499

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

	Carrying Value	Concentration
Federal Home Loan Bank	\$ 15,994,457	36%
Federal National Mortgage Association	12,995,055	28%
Federal Farm Credit	15,993,610	36%
	\$ 44,983,122	100%

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

The Police Pension Board established asset allocation guidelines in its investment policy statement to achieve the long term investment objectives. The asset allocation mix should be maintained as follows: 1) Equity investments will range between a maximum of 60%, and a minimum of 40% of the total portfolio within the total equity exposure. 2) Investments in international securities may comprise up to 15% of the total portfolio value. 3) Fixed income investments will range between a maximum of 60% and a minimum of 40% of the total portfolio. 4) Cash investments will range between 0% and 20%, of the total portfolio. 5) Convertible securities may represent attractive investment alternatives and limited to 10% of the portfolio value. To ensure diversification of the fixed income securities, credit exposure to any individual issuer, other than the U.S. Government, shall not exceed 10% of the total fixed income portfolio assets.

	2012	
	Fair Value	Concentration
Federal Farm Credit Bank	\$ 756,615	6%
Goldman Sachs Financial Square Government Fund	1,839,075	16%

NOTE 3: RECEIVABLES

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

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

The City's 2012 property tax rate was \$1.53 per \$100 valuation (\$1.13 per \$100 valuation in areas annexed effective December 30, 1972.) An additional special assessment of \$.50 per \$100 assessed value of land only is levied in the Park District for park maintenance and repair. The tax levy is as follows:

Tax Year/Fiscal Year	2011/2012	2010/2011
City:		
General Fund	\$.60	\$.60
Public Safety	.07	.07
Parks & Recreation	.20	.20
Public Health	.21	.21
Library	.40	.40
Museum	.05	.05
Business District	.00	.78
Special Park	.50	.50

As required by RSMo 137.073, the State Auditor examined and approved the property tax rates for 2012 which comply with Article X, Section 22 of the Missouri Constitution.

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

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

The assessed valuation of all tangible taxable property for the 2011 and 2010 levies were as follows:

Tax Year/ Fiscal Year	<u>2011 / 2012</u>	<u>2010 / 2011</u>	<u>Change</u>	Percent of <u>Change</u>
Real Property	\$ 676,611,540	\$ 636,915,160	\$ 39,696,380	6%
Personal Property	270,538,631	284,496,248	(13,957,617)	(5)%
Railroad Utilities	28,193,204	21,011,620	7,181,584	34%
Total	<u>\$ 975,343,375</u>	<u>\$ 942,423,028</u>	<u>\$ 32,920,347</u>	<u>3%</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Receivables as of June 30, 2012, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts and Other	Accrued Interest	Taxes	Total Receivables	Allowance for Doubtful Accounts	Receivables, Net
Governmental activities:						
General	\$ 194,322	\$ 24,811	\$ 4,855,517	\$ 5,074,650	\$ -	\$ 5,074,650
Special Allocation	8,525,640	106	547,371	9,073,117	-	9,073,117
CIP Sales Tax	263,308	988	793,678	1,057,974	-	1,057,974
Nonmajor governmental funds	191,817	1,279	413,978	607,074	-	607,074
Total governmental activities	<u>9,175,087</u>	<u>27,184</u>	<u>6,610,544</u>	<u>15,812,815</u>	<u>-</u>	<u>15,812,815</u>
Business-type activities:						
Aviation	29,476	-	-	29,476	-	29,476
Sewer	3,894,987	2,012	-	3,896,999	(30,000)	3,866,999
Mass Transit	8,148	1,839	854,227	864,214	-	864,214
Nonmajor enterprise funds	186,407	2,026	-	188,433	-	188,433
Total business-type activities	<u>4,119,018</u>	<u>5,877</u>	<u>854,227</u>	<u>4,979,122</u>	<u>(30,000)</u>	<u>4,949,122</u>
Total Net Receivables	<u>\$ 13,294,105</u>	<u>\$ 33,061</u>	<u>\$ 7,464,771</u>	<u>\$ 20,791,937</u>	<u>\$ (30,000)</u>	<u>\$ 20,761,937</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,694,829	\$ 67,508	\$ —	\$ 5,762,337
Construction in progress	6,563,068	5,111,200	10,878,427	795,841
Total capital assets, not being depreciated	12,257,897	5,178,708	10,878,427	6,558,178
Capital assets, being depreciated:				
Buildings	38,366,266	7,321,032	62,562	45,624,736
Improvements other than buildings	34,217,534	1,871,469	24,907	36,064,096
Machinery and equipment	24,660,455	1,716,855	1,462,471	24,914,839
Infrastructure	264,914,083	3,362,023	—	268,276,106
Total capital assets being depreciated	362,158,338	14,271,379	1,549,940	374,879,777
Less accumulated depreciation for:				
Buildings	21,131,592	971,714	28,686	22,074,620
Improvements other than buildings	8,372,503	1,083,398	23,942	9,431,959
Machinery and equipment	20,084,341	1,620,371	1,426,632	20,278,080
Infrastructure	144,691,675	6,702,417	—	151,394,092
Total accumulated depreciation	194,280,111	10,377,900	1,479,260	203,178,751
Total capital assets, being depreciated, net	167,878,227	3,893,479	70,680	171,701,026
Total Governmental activities capital assets, net	\$ 180,136,124	\$ 9,072,187	\$ 10,949,107	\$ 178,259,204

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Aviation fund:				
Capital assets, not being depreciated:				
Land	\$ 1,747,787	\$ —	\$ —	\$ 1,747,787
Construction in Progress	<u>4,707,591</u>	<u>5,214,701</u>	<u>996,466</u>	<u>8,925,826</u>
Total capital assets, not being depreciated	6,455,378	5,214,701	996,466	10,673,613
Capital assets, being depreciated:				
Buildings	3,462,229	—	—	3,462,229
Improvements other than buildings	9,404,382	—	—	9,404,382
Machinery and equipment	1,461,481	23,000	1,000	1,483,481
Infrastructure	<u>1,921,975</u>	<u>996,465</u>	<u>—</u>	<u>2,918,440</u>
Total capital assets being depreciated	16,250,067	1,019,465	1,000	17,268,532
Less accumulated depreciation for:				
Buildings	1,783,874	100,503	—	1,884,377
Improvements other than buildings	7,604,239	175,593	—	7,779,832
Machinery and equipment	1,212,377	161,536	1,000	1,372,913
Infrastructure	<u>807,229</u>	<u>96,808</u>	<u>—</u>	<u>904,037</u>
Total accumulated depreciation	11,407,719	534,440	1,000	11,941,159
Total capital assets, being depreciated, net	<u>4,842,348</u>	<u>485,025</u>	<u>—</u>	<u>5,327,373</u>
Total aviation fund capital assets, net	\$ <u>11,297,726</u>	\$ <u>5,699,726</u>	\$ <u>996,466</u>	\$ <u>16,000,986</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Sewer fund:				
Capital assets, not being depreciated:				
Land	\$ 882,394	\$ 780,262	\$ —	\$ 1,662,656
Construction in progress	<u>6,338,289</u>	<u>8,966,934</u>	<u>3,317,600</u>	<u>11,987,623</u>
Total capital assets, not being depreciated	7,220,683	9,747,196	3,317,600	13,650,279
Capital assets, being depreciated:				
Buildings	29,875,272	—	—	29,875,272
Improvements other than buildings	19,743,451	3,317,600	—	23,061,051
Machinery and equipment	12,012,014	452,777	424,343	12,040,448
Infrastructure	<u>65,829,150</u>	<u>878,440</u>	<u>—</u>	<u>66,707,590</u>
Total capital assets being depreciated	127,459,887	4,648,817	424,343	131,684,361
Less accumulated depreciation for:				
Buildings	17,823,026	758,572	—	18,581,598
Improvements other than buildings	3,803,523	685,876	—	4,489,399
Machinery and equipment	10,095,124	606,363	424,343	10,277,144
Infrastructure	<u>29,675,996</u>	<u>890,789</u>	<u>—</u>	<u>30,566,785</u>
Total accumulated depreciation	61,397,669	2,941,600	424,343	63,914,926
Total capital assets, being depreciated, net	<u>66,062,218</u>	<u>1,707,217</u>	<u>—</u>	<u>67,769,435</u>
Total sewer fund capital assets, net	\$ <u>73,282,901</u>	\$ <u>11,454,413</u>	\$ <u>3,317,600</u>	\$ <u>81,419,714</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Mass Transit fund:				
Capital assets, not being depreciated:				
Land	\$ 189,134	\$ —	\$ —	\$ 189,134
Construction in Progress	601,086	153,579	16,417	738,248
Total capital assets, not being depreciated	790,220	153,579	16,417	927,382
Capital assets, being depreciated:				
Buildings	4,504,513	—	—	4,504,513
Improvements other than buildings	103,532	—	—	103,532
Machinery and equipment	5,708,230	16,417	283,099	5,441,548
Total capital assets being depreciated	10,316,275	16,417	283,099	10,049,593
Less accumulated depreciation for:				
Buildings	1,777,221	147,585	—	1,924,806
Improvements other than buildings	38,537	6,231	—	44,768
Machinery and equipment	5,455,721	71,516	283,099	5,244,138
Total accumulated depreciation	7,271,479	225,332	283,099	7,213,712
Total capital assets, being depreciated, net	3,044,796	(208,915)	—	2,835,881
Total mass transit fund capital assets, net	\$ 3,835,016	\$ (55,336)	\$ 16,417	\$ 3,763,263
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nonmajor enterprise funds:				
Capital assets, not being depreciated:				
Land	\$ 3,571,009	\$ —	\$ —	\$ 3,571,009
Total capital assets, not being depreciated	3,571,009	—	—	3,571,009
Capital assets, being depreciated:				
Buildings	6,561,156	—	—	6,561,156
Improvements other than buildings	2,012,907	—	—	2,012,907
Machinery and equipment	6,162,840	554,164	311,361	6,405,643
Total capital assets being depreciated	14,736,903	554,164	311,361	14,979,706
Less accumulated depreciation for:				
Buildings	4,600,899	90,957	24,921	4,666,935
Improvements other than buildings	1,392,996	57,140	—	1,450,136
Machinery and equipment	4,482,051	676,146	239,245	4,918,952
Total accumulated depreciation	10,475,946	824,243	264,166	11,036,023
Total capital assets, being depreciated, net	6,952,149	(270,079)	47,195	3,943,683
Total nonmajor enterprise fund capital assets, net	10,523,158	(270,079)	47,195	7,514,692
Total business-type activities capital assets, net	\$ 96,247,609	\$ 16,828,724	\$ 4,377,678	\$ 108,698,655

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	220,053
Public safety		1,655,506
Highways and streets		7,049,135
Health and welfare		170,737
Parks and recreation		<u>1,282,469</u>
Total depreciation expense – governmental activities	\$	<u><u>10,377,900</u></u>
Business-type activities:		
Aviation	\$	534,440
Sewer		2,941,600
Mass Transit		225,332
Non-major enterprise funds		<u>824,243</u>
Total depreciation expense – business-type activities	\$	<u><u>4,525,615</u></u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances consisting of fund allocations of pooled cash shortages and the Internal Service Allocation at June 30, 2012 are as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
Major governmental funds:		
CIP Sales Tax Improvement	\$ 641,498	\$ —
Nonmajor governmental funds	—	590,851
Major enterprise funds:		
Aviation	—	28,479
Nonmajor enterprise funds	—	22,168
Total	<u>\$ 641,498</u>	<u>\$ 641,498</u>

Interfund transfers consisted of the following amounts:

		<u>Transfers To</u>							
		<u>General Fund</u>	<u>Special Allocation</u>	<u>CIP Sales Tax</u>	<u>Nonmajor Governmental</u>	<u>Aviation Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Business-type</u>	<u>Total</u>
Transfers From	Major Governmental Funds:								
	General Fund	\$ —	\$ —	\$ 437,175	\$ 5,286,896		\$ 200,000		\$ 5,924,071
	Nonmajor governmental	707,397	1,916	205,489	161,242	60,000		6,500	1,142,544
	Major Enterprise Funds:								
	Aviation	67,469							67,469
	Sewer	872,228	—	—		48,290		—	920,518
	Mass transit	154,219	—	—				—	154,219
	Nonmajor enterprise	746,651	—	—	325,000		3,250	—	1,074,901
	Total	<u>\$ 2,547,964</u>	<u>\$ 1,916</u>	<u>\$ 642,664</u>	<u>\$ 5,773,138</u>	<u>\$ 108,290</u>	<u>\$ 203,250</u>	<u>\$ 6,500</u>	<u>\$ 9,283,722</u>

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6: LONG-TERM LIABILITIES

Governmental Activities	Balance 7/1/11 (as restated)	Increases	Decreases	Balance 6/30/12	Current Portion
Public Building Authority Bonds	\$ 169,725	\$ —	\$ (54,981)	\$ 114,744	\$ 62,153
Deferred Charge on PBA Bonds	(13,764)	—	5,695	(8,069)	—
Total PBA Bonds, Net	155,961	—	(49,286)	106,675	62,153
Industrial Development					
Authority Bonds	42,565,000	—	(1,285,000)	41,280,000	1,245,000
Infrastructure Facility					
Revenue Bonds	17,190,000	6,685,000	(8,905,000)	14,970,000	825,000
Deferred Charge on IFR Bonds		(336,315)	16,349	(319,966)	—
Total IFR Bonds, Net	17,190,000	6,348,685	(8,888,651)	14,650,034	825,000
MO Development Finance					
Board Bonds	1,860,000	—	(110,000)	1,750,000	115,000
Developer Obligation	31,948,993	1,000,649	(3,219,542)	29,730,100	1,300,000
Capital Lease Obligations	195,021	163,180	(52,743)	305,458	99,854
Compensated Absences *	1,495,936	1,222,208	(1,215,975)	1,502,169	1,407,166
OPEB Obligation*	356,353	158,099	—	514,452	—
Claims	1,814,337	409,668	(450,910)	1,773,095	1,146,515
Total Governmental activities					
Long-term liabilities	\$ 97,581,601	\$ 9,302,489	\$ (15,272,107)	\$ 91,611,983	\$ 6,200,688

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Business-type Activities	Balance 7/1/11 (as restated)	Increases	Decreases	Balance 6/30/12	Current Portion
Aviation Fund					
Compensated Absences	\$ 25,051	\$ 2,266	\$ (12,295)	\$ 15,022	\$ 15,022
OPEB Obligation	3,908	1,733	-	5,641	-
Total aviation fund					
Long-term liabilities	28,959	3,999	(12,295)	20,663	15,022
Water Protection Fund					
Revenue Bonds	6,513,000	-	(1,360,000)	5,153,000	1,178,000
Deferred Charge Advance Refund	(16,921)	-	16,921	-	-
Total Revenue Bonds, Net	6,496,079	-	(1,343,079)	5,153,000	1,178,000
Industrial Development	20,410,000	-	-	20,410,000	-
Authority Bonds					
Infrastructure Facility	-	22,275,000	(400,000)	21,875,000	550,000
Revenue Bonds					
MO Development Finance	9,950,000	-	(485,000)	9,465,000	505,000
Board Bonds					
Compensated Absences	130,234	139,579	(147,177)	122,636	122,636
OPEB Obligation	38,100	16,904	-	55,004	-
Total water protection fund					
Long-term liabilities	37,024,413	22,431,483	(2,375,256)	57,080,640	2,355,636
Nonmajor enterprise funds:					
Public Building Authority Bonds	185,276	-	(60,019)	125,257	67,847
Deferred charge on PBA bonds	(17,294)	-	7,158	(10,136)	-
Total PBA Bonds, Net	167,982	-	(52,861)	115,121	67,847
Capital Leases	77,956	-	(27,555)	50,401	29,538
Closure/Post Closure	5,287,961	130,680	(9,181)	5,409,460	73,500
Compensated absences	62,796	69,527	(61,738)	70,585	61,184
OPEB Obligation	16,467	7,306	-	23,773	-
Total nonmajor enterprise funds					
Long-term liabilities	5,613,162	207,513	(151,335)	5,669,340	232,069
Total Business-type activities					
Long-term liabilities	\$ 42,666,534	\$ 22,642,995	\$ (2,538,886)	\$ 62,770,643	\$ 2,602,727

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Year ending 30-Jun	Governmental Activities					
	Public Building Authority Bonds		Industrial Development Authority Bonds		Infrastructure Facility Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 62,153	\$ 3,734	\$ 1,245,000	\$ 2,202,175	\$ 825,000	\$ 852,130
2014	52,592	1,183	1,305,000	2,135,247	855,000	818,548
2015	-	-	1,445,000	2,061,356	905,000	778,373
2016	-	-	1,550,000	1,979,956	950,000	732,667
2017	-	-	1,710,000	1,893,102	995,000	684,359
2018-2022	-	-	10,785,000	7,910,771	5,840,000	2,566,856
2023-2027	-	-	15,600,000	4,400,701	4,600,000	649,723
2028-2032	-	-	7,640,000	252,861	-	-
	<u>\$ 114,744</u>	<u>\$ 4,917</u>	<u>\$ 41,280,000</u>	<u>\$ 22,836,169</u>	<u>\$ 14,970,000</u>	<u>\$ 7,082,656</u>

Year ending 30-Jun	TOTAL GOVERNMENTAL ACTIVITIES DEBT SERVICE REQUIREMENT			
	MO Development Finance Board Bonds		GOVERNMENTAL ACTIVITIES DEBT SERVICE REQUIREMENT	
	Principal	Interest	Principal	Interest
2013	\$ 115,000	\$ 76,013	\$ 2,247,153	\$ 3,134,052
2014	120,000	71,700	2,332,592	3,026,678
2015	125,000	66,900	2,475,000	2,906,629
2016	130,000	61,900	2,630,000	2,774,523
2017	135,000	56,700	2,840,000	2,634,161
2018-2022	765,000	187,200	17,390,000	10,664,827
2023-2027	360,000	24,524	20,560,000	5,074,948
2028-2032	-	-	7,640,000	252,861
	<u>\$ 1,750,000</u>	<u>\$ 544,937</u>	<u>\$ 58,114,744</u>	<u>\$ 30,468,679</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Year ending 30-Jun	Business-type Activities					
	Public Building Authority Bonds		Industrial Development Authority Bonds		MO Development Finance Board Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 67,847	4,076	\$ -	\$ 988,581.00	\$ 505,000	\$ 435,750
2014	57,409	1,292	-	988,581.00	525,000	415,550
2015	-	-	-	988,581.00	545,000	394,550
2016	-	-	-	988,581.00	565,000	372,750
2017	-	-	670,000	988,581.00	590,000	350,150
2018-2022	-	-	6,895,000	4,208,413	3,365,000	1,328,425
2023-2027	-	-	12,845,000	2,319,750	3,370,000	388,000
2028-2032	-	-	-	-	-	-
	<u>\$ 125,257</u>	<u>\$ 5,368</u>	<u>\$ 20,410,000</u>	<u>\$ 11,471,068</u>	<u>\$ 9,465,000</u>	<u>\$ 3,685,175</u>

Year ending 30-Jun	TOTAL BUSINESS-TYPE ACTIVITIES DEBT SERVICE REQUIREMENTS					
	Revenue Bonds		Infrastructure Facility Revenue Bonds		DEBT SERVICE REQUIREMENTS	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,178,000	263,720	\$ 550,000	1,042,713	\$ 2,300,847	\$ 2,734,840
2014	1,245,000	199,345	565,000	1,026,213	2,392,409	2,630,981
2015	1,315,000	131,293	580,000	1,009,263	2,440,000	2,523,687
2016	540,000	60,066	600,000	991,863	1,705,000	2,413,260
2017	570,000	31,279	620,000	973,863	2,450,000	2,343,873
2018-2022	245,000	53,660	3,485,000	4,477,115	13,990,000	10,067,613
2023-2027	60,000	3,075	4,335,000	3,627,364	20,610,000	6,338,189
2028-2032	-	-	5,545,000	2,414,313	5,545,000	2,414,313
	<u>\$ 5,153,000</u>	<u>\$ 742,438</u>	<u>\$ 21,875,000</u>	<u>\$ 16,334,289</u>	<u>\$ 57,028,257</u>	<u>\$ 32,238,337</u>

Year ending 30-Jun	TOTAL DEBT SERVICE REQUIREMENTS	
	Principal	Interest
	2013	\$ 4,548,000
2014	4,725,000	5,657,659
2015	4,915,000	5,430,316
2016	4,335,000	5,187,783
2017	5,290,000	4,978,034
2018-2022	31,380,000	20,732,440
2023-2027	41,170,000	11,413,137
2028-2032	13,185,000	2,667,174
2033-2036	5,595,000	771,582
	<u>\$ 115,143,001</u>	<u>\$ 62,707,016</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

General Obligation Bonds:

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

Public Building Authority Bonds:

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

Public Building Authority (PBA) Bonds are reported in the government wide financial statement and the Public Parking and Landfill Enterprise Funds at June 30, 2012 for a total principal balance outstanding of \$240,002.

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%	\$ 101,499
Series 2003 – Collateralized Lease Refunding Revenue Bonds (Parks & Recreation); Due in annual installments through November 1, 2013; interest at 1.45% to 4.5%	8,809
Series 2003 – Collateralized Lease Refunding Revenue Bonds (Public Health); due in annual installments through November 1, 2013; interest at 1.45% to 4.5%	<u>4,436</u>
Total PBA Bonds for the Governmental Activities	<u>\$ 114,744</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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% \$ 120,863

Series 2003 – Collateralized Lease Refunding Revenue Bonds (Landfill); due in annual installments through November 1, 2013; interest at 1.45% to 4.5% 4,394

Total PBA Bonds for the Business-type Activities \$ 125,257

Industrial Development Authority Bonds:

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

The total principal balance outstanding for the Industrial Development Authority Bonds as of June 30, 2012 is \$61,690,000.

Governmental Activities

Series 2005A – Industrial Development Authority Bonds (Special Allocation); due in annual installments through May 1, 2027; interest at 4.00% to 5.50%	\$ 21,715,000
Series 2005B – Industrial Development Authority Bonds (Special Allocation); due in annual installments through November 1, 2027; interest at 4.00% to 5.50%	15,065,000
Series 2008 – Industrial Development Authority Bonds (Special Allocation); due in annual installments through March 1, 2029; interest at 5.50%	<u>4,500,000</u>
Total Industrial Development Authority Bonds for Governmental Activities	<u>\$ 41,280,000</u>

Business-type Activities

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

Infrastructure Facility Revenue Bonds:

The City of St. Joseph issued Taxable Infrastructure Facility Revenue Bonds to obtain financial assistance with the Stockyards Redevelopment Agreement for the purpose of Private Property Improvement costs. The bonds are secured by loan payments made by the City pursuant to the financing agreement, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenues. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City's statement of net 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. Bond Series 2004A was refunded in December, 2011, with the Bond Series 2011A. To meet Missouri Department of Natural Resource mandates the City of St. Joseph on December 1, 2011, issued Missouri Development Finance Board Infrastructure Facilities Revenue Bonds Series 2011E.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The total principal balance outstanding for the Taxable Infrastructure Facilities Revenue Bonds as of June 30, 2012 is \$36,845,000.

Governmental Activities

Series 2004B – Infrastructure Facility Revenue Bonds (Special Allocation); due in annual installments through March 1, 2025; interest at 4.24% to 7.32%	\$ 8,745,000
Series 2011A – Infrastructure Facility Revenue Refunding Bonds (Special Allocation); due in annual installments through May 1, 2024; interest at 2.00% to 4.625%	<u>6,225,000</u>
Total Infrastructure Facility Revenue Bonds Governmental Activities	<u>\$ 14,970,000</u>

Business-type Activities

Series 2011E – Infrastructure Facilities Revenue Bonds (Sewer); due in annual installments through May 1, 2036; interest at 2.00% to 5.375%	<u>\$ 21,875,000</u>
Total Infrastructure Facility Revenue Bonds Business-type Activities	<u>\$ 21,875,000</u>

Advance Refunding

The Missouri Development Finance Board (the Board) issued \$6,685,000 Infrastructure Facilities Revenue Bonds (City of St. Joseph, Missouri), Series 2011A to advance refund the City's Series 2004A Infrastructure Facility Revenue Bonds. The net bond proceeds of the bonds together with other available funds totaling \$8,288,897 were deposited in trust with an escrow agent to provide for all future debt service payments on the refunded Series 2004A Infrastructure Facility Revenue Bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds have been removed from the long-term debt. The refunding resulted in a difference between the requisition price and the net carrying amount of the old debt of \$336,315. This amount is reported as a deduction from bonds payable and is amortized over the remaining life of the refunded debt using the straight-line method. The City completed this advance refunding to reduce its debt service payments by \$2,077,412 and to obtain an economic gain of \$1,603,267.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Missouri Development Finance Board Bonds:

On December 1, 2004, the City of St. Joseph issued Missouri Development Finance Board Bonds Series 2004C and Series 2004D. \$11,720,000 of the proceeds of the Series 2004C was used to fund improvements to the City's sewerage system and pay certain blight remediation costs in connection with the City's Stockyard Redevelopment Project. In association with the 2004C Series, a financing agreement related to the issuance of Missouri Build Bonds was entered into by the Board, City and Triumph Foods. Under the agreement, subject to certain requirements, tax credits earned by Triumph Foods have been assigned to the trustee of the 2004C bonds. \$6,860,000 of the Series 2004D proceeds financed the cost of acquiring two new fire apparatus, completing the acquisition of new equipment for the Public Safety Communication System and funding improvements to the Law Enforcement Center. The bonds and the interest are special, limited obligations of the Board, payable by the Board solely from the loan payments made by the City. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City's statement of net assets. The annual appropriation covenant of the City constitutes a commitment to make loan payments under the financing agreements. The total principal balance outstanding for the MO Development Board Bonds as of June 30, 2012 is \$11,215,000.

Governmental Activities

Series 2004D – Infrastructure Facilities Revenue Bonds (General); due in annual installments through March 1, 2024; interest at 3.00% to 5.00% \$ 1,750,000

Business-type Activities

Series 2004C – Infrastructure Facilities Revenue Bonds (Sewer); due in annual installments through March 1, 2025; interest at 2.65% to 5.00% \$ 9,465,000

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Revenue Bonds:

The City of St. Joseph, Missouri issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue Bonds payables are recorded in the Sewer Enterprise Fund and total principal outstanding at June 30, 2012 is \$5,153,000.

Business-type Activities

Series 1993A – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through July 1, 2015; interest at 3.70% to 5.4% \$2,278,000

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% 2,375,000

Series 2003 – Sewer System Revenue Bonds: due in annual installments through April 1, 2023; interest at 1.3% to 5.125% 500,000

Total Revenue Bonds for Business-type Activities \$5,153,000

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

In conjunction with this issuance, the City entered into a revolving loan program established by the Missouri Department of Natural Resources. The State of Missouri managed and invested the bond proceeds on behalf of the City. As the City incurred approved capital expenditures, the Department of Natural Resources reimbursed the City for the expenditures from the bond proceeds account and deposited funds into a reserve

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

fund at 70% of the expenditure amount. This reserve fund serves as collateral on the Sewerage System Revenue Bonds in the event of default, and interest earnings on the reserve fund are used to reduce the City's interest payment on the outstanding bonds. The reserve fund is transferred back to the state as the bond issue is retired. As of June 30, 2012, \$3,257,100 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 2003 Sewer Revenue Refunding series. Net revenues of the City's sewerage system are sufficient to pay both the principal and interest on all the Sewerage System Refunding and Improvement Revenue Bonds that have been pledged for payment of the principal and interest on the bonds as they mature.

Wastewater Improvement Agreement

In conjunction with the issuance of the 2004B bond issuance, the City entered into a wastewater improvement agreement with Triumph Foods, LLC (Triumph). The agreement requires that Triumph pay the City monthly sewer reserve charges beginning February 2005. As of June 30, 2012, the total annual sewer reserve charges due to the City through the agreement are payable as follows:

Year Ending June 30:	Total
2013	\$ 972,996
2014	972,996
2015	972,996
2016	972,996
2017	972,996
2018-2022	4,864,980
2023-2027	2,477,270
	<u>12,207,230</u>
Less interest	<u>(3,820,673)</u>
Net present value	<u>\$ 8,386,557</u>

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Industrial Development Revenue Bonds:

The City of St. Joseph issued Industrial Development Revenue Bonds to provide economic financial assistance to private entities. The bonds are secured by the improvements that are to be made. The debt service on these issues are paid solely from the private entities through lease agreements; therefore, the issues do not constitute a debt of the City and accordingly, are not included nor reported in the City's statement of net assets. The total principal balance outstanding for the Industrial Development Revenue Bonds as of June 30, 2012 is \$380,369,916.

Tax Increment Financing (TIF) Bonds and Developer Obligations:

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

The City has pledged a portion of future property tax, sales tax, and franchise tax revenue to repay \$65,255,000 in tax increment financing bonds issued at various dates beginning in 2004 to finance redevelopment projects within each of the respective TIF plans. The bonds are payable solely from the incremental increase in the property, sales, and franchise taxes generated within the TIF plans. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the TIF bonds. Should TIF revenues not be sufficient to meet the required debt service obligations, the City is obligated in certain instances (Series 2004 B \$8,745,000 and Series 2011 A \$6,225,000 Infrastructure Facility Revenue Bonds) to make such bond payments from any other sources of its revenues. Management does not anticipate that any of the City's funds will be required to make up any deficiency in bond payments during the next fiscal year.

Developer obligations represent developer project costs that have been certified by the City as eligible for reimbursement from tax increment financing revenues attributable to each respective project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from certain incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. The City has estimated that \$1,300,000 of these obligations will be paid in 2012. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the City.

At June 30, 2012, total principal and interest remaining on the bonds was \$86,168,825 and outstanding developer obligations were \$29,730,100. The bonds are scheduled to

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

For the current year, principal and interest paid on TIF bonds and developer obligations totaled \$8,062,990. Incremental revenues from the City included \$2,453,648 in sales taxes, \$575,782 in property taxes and \$261,129 in other economic activity revenues. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues from other taxing districts and governmental entities, developer contributions, and debt trust funds.

NOTE 7: CAPITAL LEASE AGREEMENTS

Capital Lease Obligations:

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

Capital lease obligations are reported in the government-wide financial statements and the enterprise fund statements and consist of the following at June 30, 2012:

Governmental Activities:

General fund; Mail Machine; due in monthly installments of \$ 380 through April 2016; interest of 58.590%	\$ 6,923
General fund; Fitness Equipment; due in monthly installments of \$4,508 through May 2015; interest of 2.500%	151,998
General fund; Copiers; due in monthly installments of \$ 4,781 through April 2015; interest of 7.250%.	<u>146,537</u>
Total Lease Obligations for the Governmental Activities	<u>\$305,458</u>

Business-type Activities:

Golf fund; Golf Carts; due in monthly installments of \$ 2,677 through February 2014; interest of 6.97%	<u>\$50,401</u>
Total Lease Obligations for the Business-type Activities	<u>\$50,401</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012:

	Governmental Activities	Business-type Activities
Year ending June 30:		
2013	\$ 116,013	\$ 32,119
2014	116,013	21,412
2015	101,944	-
2016	3,985	-
	<hr/>	<hr/>
Total minimum lease payments	337,955	53,531
Less amount representing interest	(32,497)	(3,130)
Present value of net minimum lease payments	<hr/> <hr/>	<hr/> <hr/>
	\$ 305,458	\$ 50,401

The following schedule shows the amount and asset classifications for capital lease items as of June 30, 2012:

	Governmental Activities	Business-type Activities
Machinery & equipment	\$ 361,875	\$ 111,840
less: Accumulated depreciation	(107,856)	(55,920)
Present value of net minimum lease payments	<hr/> <hr/>	<hr/> <hr/>
	\$ 254,019	\$ 55,920

NOTE 8: RISK MANAGEMENT

The City contracts with various insurance companies for general, property, and casualty insurance and has qualified as its own self-insurer for workers' compensation benefits. The City retains liability for \$600,000 of each accident with specific excess coverage purchased to provide protection in excess of that amount. The City has an aggregate limit of \$1,000,000. A third party administrator is contracted to provide claims administration and payment services for worker's compensation. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Insurance Fund. An actuarial report is prepared to evaluate loss and allocated loss adjustment expense reserves for the self-funded workers compensation program and to determine the funding level of the program. The negative net assets of the Insurance Internal Service Fund are (\$489,916).

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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As of June 30, 2012 incurred but not reported (IBNR) workers' compensation claims and claims payable of \$1,773,095 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 2011	\$1,032,995	\$1,514,500	(\$ 733,158)	\$1,814,337
Fiscal Year 2012	1,814,337	409,668	(450,910)	1,773,095

NOTE 9: COMMITMENTS

A. Construction Commitments

At June 30, 2012 the City had the following commitments of approximately \$26,483,919 to complete construction contracts.

	<u>Amounts</u>
Governmental Activities	
Major Governmental Funds:	
CIP Sales Tax Improvement	\$ 1,177,004
Total Governmental Activities	<u>1,177,004</u>
Business-type Activities	
Major business-type funds:	
Aviation	287,104
Sewer	24,215,150
	804,661
Total Business-type Activities	<u>25,306,915</u>
 Total	 <u><u>\$ 26,483,919</u></u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

B. Landfill Closure, Postclosure Care Liabilities and Special item

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, 2012**

<u>Description</u>	<u>Amount</u>	<u>Anticipated Close Years</u>	<u>Capacity Used</u>
City's Operating Landfill			
Area I	\$ 686,440	2016-2018	96 %
Area II	795,942	2013-2015	96 %
Area III	2,094,813	2019-2022	90 %
	<u>\$ 3,577,195</u>		
McArthur Drive Landfill	<u>\$ 1,832,265</u>	Closed	100 %
Total	<u>\$5,409,460</u>		

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

During the year ended June 30, 2012, total closure and postclosure care liabilities incurred a net increase of \$121,449 from \$5,287,961 to \$5,409,460.

1. City's Operating Landfill - Total estimated future closure and postclosure care costs for the City's operating landfill are \$9,305,746 of which \$3,557,195 is reported as landfill closure and postclosure care liability at June 30, 2012, representing the cumulative amount reported to date based on capacity use measurements. The City will recognize the remaining estimated cost of closure and postclosure care of \$5,728,551 as the remaining estimated capacity is consumed by the year 2022. These amounts are based on estimates; actual costs may be higher or lower due to inflation

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 \$1,832,265 is recorded in the Landfill Enterprise Fund and costs are expected to be expended by the year 2033.
3. Norris/Pigeon Hill Landfill – The existing landfill personnel perform all the post-closure care activities; thus, no costs are directly attributed to the Norris landfill.

The City engages an outside professional engineering firm to prepare a tipping fee/cost analysis. The analysis quantifies the timing and amount of future closure and postclosure care costs and recommended tipping fee adjustments. Based upon the results of the 2011 tipping fee/cost analysis provides annual cash designations of \$78,300 for future closure and postclosure care expenses. At June 30, 2012, these cash designations totaled \$4,410,615 and will be adjusted annually subject to the availability of funds and the results of future tipping fee/cost analysis.

The City maintains a Contract of Obligation with the Missouri Department of Natural Resources (MDNR) in accordance with the Missouri Solid Waste Management Law. At June 30, 2012, the City's Contract of Obligation was \$15,744,780 including \$15,296,088 for the current operating landfill and \$448,693 for the "Free Property" landfill area that won't be accessed until after the year 2012.

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

C. Litigation

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10: RETIREMENT PLANS

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

A. Plan Descriptions

Local Government Employees Retirement System (LAGERS)

Plan Description

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

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

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 4.8% (general) and 38.7% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the City Council. The contribution provisions of the City are established by Missouri state statute.

Annual Pension Cost

For 2012, the City's annual pension cost of \$3,073,660 was equal to the required and actual contribution. The required contribution was determined as part of the February 28, 2010 annual actuarial valuation using the entry-age actuarial cost method. The actuarial

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

assumptions as of February 29, 2012 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) preretirement mortality based on 75% of the RP-2000 Combined Healthy Table, set back 0 years for men and 0 years for women, and (e) postretirement mortality based on 105% of the 1994 Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The amortization period at February 28, 2010 was 1 year for the general division and 20 years for the fire division.

As of February 29, 2012, the most recent actuarial valuation date, the plan was 68 percent funded. The actuarial accrued liability for benefits was \$54,298,061, and the actuarial value of assets was \$37,150,536, resulting in an unfunded accrued liability (UAAL) of \$17,147,525. The covered payroll (annual payroll of active employees covered by the plan) was \$21,229,768, and the ratio of the UAAL to the covered payroll was 81 percent.

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

Police Pension

Plan Description

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

These retirement benefits do not vest with the participant until attaining the requisite years for benefit eligibility. Member contributions are 100% refundable, without interest, upon resignation or dismissal prior to obtaining retirement eligibility. The plan also provides death and disability benefits and an annual cost of living adjustment to retirees equal to one-half of the Consumer Price Index not to exceed 4%.

The City Council adopted a new plan document on July 15, 1996, whereas the plan document was modified, but not the plan benefits. The City of St. Joseph issues a separate

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, the participant's contribution rate was 4%. The City is required to contribute at an actuarially determined rate; the current rate is 31.6% of annual covered payroll.

Annual Pension Cost

For 2012, the City's annual pension cost of \$1,715,703 was equal to the required and actual contribution. The required contribution was determined as part of the January 1, 2012 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions as of January 1, 2012 included:

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

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

As of January 1, 2012, the most recent actuarial valuation date, the plan was 67 percent funded. The actuarial accrued liability for benefits was \$40,267,507, and the actuarial value of assets was \$27,093,193, resulting in an unfunded accrued liability (UAAL) of

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

\$13,174,314. The covered payroll (annual payroll of active employees covered by the plan) was \$5,200,069, and the ratio of the UAL to the covered payroll was 253 percent.

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

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

Number of Participants	LAGERS	Police Pension	Total
Inactive Participants:			
Retirees and beneficiaries currently receiving benefits	343	95	438
Terminated employees entitled to future benefits	-	-	-
Total Inactive Participants	343	95	438
Active Participants:			
Fully vested	N/A	28	28
Partially vested	N/A	83	83
Non-vested	N/A	-	-
Total Active Participants	515	111	626
Total Number of Participants	<u>858</u>	<u>206</u>	<u>1,064</u>

Three-Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
LAGERS	06/30/10	\$ 2,692,228	100%	-0-
	06/30/11	2,873,531	100%	-0-
	06/3/12	3,073,660	100%	-0-
Police Pension	06/30/10	\$ 1,980,812	100%	-0-
	06/30/11	1,786,550	100%	-0-
	06/30/12	1,715,703	100%	-0-

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

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

Plan Description

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

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

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

Annual required contribution	\$ 287,058
Interest on net OPEB obligation	16,593
Adjustment to annual required contribution	<u>(23,072)</u>
Annual OPEB cost (expense)	280,579
Less: Net employer contribution	<u>96,537</u>
Change in net OPEB obligation	184,042
Net OPEB obligation - July 1, 2011, as restated	414,828
Net OPEB obligation - June 30, 2012	<u><u>\$ 598,870</u></u>

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

	<u>Net OPEB Obligation</u>
Governmental Activities	<u>\$ 514,452</u>
Business-Type Activities	
Aviation	5,641
Sewer	55,004
Other Business-Type Funds	<u>23,773</u>
Total Business-Type Activities	<u>84,418</u>
Total Government	<u><u>\$ 598,870</u></u>

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2012 is as follows:

<u>Ended</u>	<u>OPEB Cost</u>	<u>Cost Contributed</u>	<u>Obligation</u>
06/30/2012	\$ 280,579	34%	\$ 598,870
06/30/2011	203,121	34%	414,828
06/30/2010	193,625	27%	279,778

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Funded Status and Funding Progress

As of June 30, 2012, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$2,764,947. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$26,429,837, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 11 percent.

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

Actuarial Methods and Assumptions

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

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

The actuarial assumptions include a 4.5 percent investment rate of return and a 3.5 percent inflation rate. The actuarial assumptions for healthcare cost trend is a growth factor of 8.5 percent for the first year and then declining by 0.5 percent per year until 4.5 percent is reached. The 4.5 percent growth is used on a go-forward basis. The UAAL will be amortized over a period of 30 years in level dollar amounts on an open period amortization basis.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12: FUND BALANCE

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

Fund Balance	General	Governmental activities		Nonmajor	Total
		Special Allocation	Capital Sales Tax		
Nonspendable:					
Prepays	\$ 147,867	\$ -	\$ -	\$ 27,548	\$ 175,415
Loan Receivables	321,246	-	-	120,000	441,246
Total Nonspendable	469,113	-	-	147,548	616,661
Restricted for:					
Econ Development	316,637	-	-	349,064	665,701
Public Safety	29,539	-	-	-	29,539
Highways	-	-	-	1,936,939	1,936,939
Health & Welfare	86,248	-	-	-	86,248
Parks & Recreation	32,434	-	-	85,594	118,028
Museum	-	-	-	338,441	338,441
Debt Service	250,159	11,479,688	-	-	11,729,847
Capital Projects	-	-	10,590,804	-	10,590,804
Loan Program	-	-	-	4,390,109	4,390,109
Total Restricted	715,017	11,479,688	10,590,804	7,100,147	29,885,656
Committed for:					
Econ Development	1,151,000	-	-	-	1,151,000
Public Safety	66,139	-	-	-	66,139
Highways	140,294	-	-	-	140,294
Parks & Recreation	48,895	-	-	-	48,895
Total Committed	1,406,328	-	-	-	1,406,328
Assigned to:					
Econ Development	132,678	-	-	-	132,678
Public Safety	88,046	-	-	-	88,046
Highways	14,057	-	-	-	14,057
Health & Welfare	10,276	-	-	-	10,276
Parks & Recreation	12,148	-	-	-	12,148
Capital Projects	1,746,214	-	-	-	1,746,214
Salaries	1,255,660	-	-	-	1,255,660
Total Assigned	3,259,079	-	-	-	3,259,079
Unassigned (deficit)	4,160,485	-	-	(285,298)	3,875,187
Total Unassigned	4,160,485	-	-	(285,298)	3,875,187
Total Fund Balance	\$ 10,010,022	\$ 11,479,688	\$ 10,590,804	\$ 6,962,397	\$ 39,042,911

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

Fund Balance	Governmental activities				Total
	General	Special Allocation	Capital Sales Tax	Nonmajor	
Encumbrances	\$ 494,667	\$ -	\$ 1,177,004	\$ 2,037,416	\$ 3,709,087

NOTE 13: PRIOR PERIOD ADJUSTMENTS

For the year ended, June 30, 2012, management determined that the following adjustments were to be made to the opening net assets:

- As part of the June 30, 2012 actuarial valuation, it was determined that amounts for post- 65 contributions were in excess of the costs. The previous actuarial valuations have been revised to be consistent with the June 30, 2012 valuation. Accordingly, the following adjustment was required to adjust beginning net assets for OPEB obligations previously reported:

	Government-Wide Statement		
	Governmental Activities	Business-Type Activities	Total
Beginning net assets, as originally reported	\$ 131,097,959	\$ 86,888,749	\$ 217,986,708
OPEB Obligation adjustment	1,281,481	201,368	1,482,849
Beginning net assets, as restated	\$ 132,379,440	\$ 87,090,117	\$ 219,469,557

	Fund Statement Enterprise Funds				
	Aviation	Sewer	Mass Transit	Nonmajor Enterprise	Total
Beginning net assets, as originally reported	\$ 11,106,283	\$ 53,163,027	\$ 10,793,218	\$ 12,044,214	\$ 87,106,742
OPEB Obligation adjustment	13,322	131,507	-	56,539	201,368
Beginning net assets, as restated	\$ 11,119,605	\$ 53,294,534	\$ 10,793,218	\$ 12,100,753	\$ 87,308,110

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14: SUBSEQUENT EVENTS

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

On November 5, 2012, the City of St. Joseph has issued \$8,685,000 in Missouri Development Finance Board Taxable Infrastructure Facilities Refunding Revenue Bonds, Series 2012B to refinance a portion of the Stockyards Redevelopment Project supported by sewer reserve charges payable by Triumph Foods. The interest rate on the bonds range from 1.195 – 4.078 percent and the maturity date is November 1, 2024. The City will recognize a potential savings of \$1,444,194.

On November 5, 2012, the City of St. Joseph has issued \$8,825,000 in Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds – Sewerage System Improvement Projects, Series 2012C to refinance a portion of the Stockyards Redevelopment Project and improvements to the City’s sewerage system. The interest rate on the bonds range from 2.00 – 3.250 percent and the mature date is November 1, 2025. The City will recognize a potential savings of \$1,004,926.

NOTE 15: NEW ACCOUNTING PRONOUNCEMENTS

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The City is currently evaluating the impact of adopting Statement No. 60. The City will implement GASB No. 60 beginning with the year ended June 30, 2013.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – and Amendment of GASB Statements No. 14 and No. 34*. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. GASB Statements No 14 and No. 34 have been amended to better meet user needs and address reporting entity issues that have arisen since the issuance of those Statements. The City is currently evaluating the impact of adopting Statement No. 61. The City will implement GASB No. 61 beginning with the year ended June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The City is currently evaluating the impact of adopting Statement No 62. The City will implement GASB No. 62 beginning with the year ended June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The City is currently evaluating the impact of adopting Statement No. 63. The City will implement GASB. No. 63 beginning with the year ended June 30, 2013.

In March, 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to improve financial reporting for determining deferred outflows and resources and deferred inflows of resources. The City is currently evaluating the impact of adopting Statement No. 65. The City will implement GASB No. 65 beginning with the year ended June 30, 2014.

In March, 2012, GASB issued Statement No. 66, *Technical Corrections*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 2989 FASB and AICPA pronouncements. The Statement amends Statement No. 10 – Use of Special Revenue Funds to report risk financing activities, Statement No. 62 – Operating Leases and Purchase of a loan or group of loans, and Servicing Fees. The City is currently evaluating the impact of adopting Statement No. 66. The City will implement GASB No. 66 beginning with the year ended June 30, 2014.

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

CITY OF ST. JOSEPH, MISSOURI

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

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget-
				Positive(Negative)
Revenues				
Taxes:				
Property	\$ 10,764,984	\$ 10,764,984	11,532,669	\$ 767,685
Sales	15,811,035	15,811,035	16,740,650	929,615
Franchise	6,668,100	6,668,100	6,716,146	48,046
Motor Fuel	700,000	700,000	819,674	119,674
Cigarette	455,000	455,000	438,673	(16,327)
Hotel	447,100	447,100	815,756	368,656
Licenses and permits	1,391,575	1,391,575	1,396,344	4,769
Intergovernmental	2,150,325	2,520,566	2,498,438	(22,128)
Charges for services	3,190,424	3,190,424	2,789,328	(401,096)
Fines	1,180,300	1,180,300	922,214	(258,086)
Investment earnings	12,985	12,985	16,487	3,502
Contributions and donations	55,150	64,722	56,173	(8,549)
Other	157,525	189,558	197,897	8,339
Total revenues	42,984,503	43,396,349	44,940,449	1,544,100
Expenditures				
Current:				
General government				
City council				
Salaries	49,167	49,167	49,167	(0)
Benefits	126,928	125,668	116,360	9,308
Materials and supplies	2,000	2,000	1,803	197
Outside services	40,220	41,480	24,470	17,010
Total City council	218,315	218,315	191,800	26,515
City clerk				
Salaries	93,901	93,981	93,979	2
Benefits	29,425	29,345	28,715	630
Materials and supplies	3,300	3,300	1,953	1,347
Outside services	78,255	78,255	19,436	58,819
Total City clerk	204,881	204,881	144,083	60,798
Municipal court				
Salaries	261,828	260,560	251,866	8,694
Benefits	79,817	79,817	77,741	2,076
Materials and supplies	5,880	6,930	6,858	72
Outside services	97,147	108,445	108,445	-
Total Municipal court	444,672	455,752	444,910	10,842
City manager				
Salaries	316,973	316,973	251,983	64,990
Benefits	95,223	95,223	95,140	83
Materials and supplies	4,025	16,863	15,538	1,325
Outside services	90,805	77,967	72,474	5,493
Total City manager	507,026	507,026	435,135	71,891
Legal				
Salaries	345,005	345,005	339,147	5,858
Benefits	96,816	100,016	97,213	2,803
Materials and supplies	3,900	4,080	4,066	14
Outside services	199,347	195,967	195,494	473
Total Legal	645,068	645,068	635,920	9,148

(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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Planning				
Salaries	982,283	982,283	877,150	105,133
Benefits	324,252	320,717	292,423	28,294
Materials and supplies	51,650	54,850	53,877	973
Outside services	492,119	500,704	390,147	110,557
Capital outlay	21,000	21,000	21,000	-
Total Planning	1,871,304	1,879,554	1,634,597	244,957
Finance				
Salaries	1,308,813	1,308,813	1,303,331	5,482
Benefits	450,755	449,650	440,170	9,480
Materials and supplies	174,090	157,446	153,871	3,575
Outside services	520,474	513,624	487,902	25,722
Capital outlay	16,000	29,519	13,518	16,001
Total Finance	2,470,132	2,459,052	2,398,792	60,260
Other - unclassified				
Salaries	500,000	586,050	586,044	6
Outside services	1,475,430	1,039,947	794,152	245,795
Capital outlay	6,335	6,335	6,333	2
Total Other - unclassified	1,981,765	1,632,332	1,386,529	245,803
Total general government	8,343,163	8,001,980	7,271,766	730,214
Public safety:				
Police				
Salaries	7,159,506	7,080,096	6,922,542	157,554
Benefits	3,505,069	3,517,786	3,500,835	16,951
Materials and supplies	534,404	581,862	581,838	24
Outside services	1,728,808	1,749,585	1,681,634	67,951
Capital outlay	203,870	428,257	420,498	7,759
Total Police	13,131,657	13,357,586	13,107,347	250,239
Fire				
Salaries	6,257,399	6,293,199	6,293,195	4
Benefits	3,644,696	3,661,896	3,661,833	63
Materials and supplies	165,185	196,843	196,842	1
Outside services	251,264	251,799	242,233	9,566
Capital outlay	26,000	26,000	25,358	642
Total Fire	10,344,544	10,429,737	10,419,461	10,276
Total public safety	23,476,201	23,787,323	23,526,808	260,515
Highway and streets				
Salaries	1,409,954	1,337,909	1,337,909	(0)
Benefits	436,789	427,892	418,277	9,615
Materials and supplies	344,180	384,830	384,710	120
Outside services	726,713	797,900	785,401	12,499
Total Highway and streets	2,917,636	2,948,531	2,926,297	22,234
Parks and recreation				
Salaries	1,462,736	1,430,937	1,417,846	13,091
Benefits	359,488	362,415	362,411	4
Materials and supplies	388,448	366,918	303,061	63,857
Outside services	728,104	770,765	701,835	68,930
Capital outlay	16,340	74,501	53,403	21,098
Total Parks and recreation	2,955,116	3,005,536	2,838,556	166,980

(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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Health and welfare				
Salaries	1,666,357	1,656,317	1,610,572	45,745
Benefits	570,036	580,751	543,898	36,853
Materials and supplies	129,743	138,132	118,807	19,325
Outside services	897,447	978,602	909,262	69,340
Capital outlay	-	20,585	20,585	-
Total Health and welfare	3,263,583	3,374,387	3,203,124	171,263
Total expenditures	40,955,699	41,117,757	39,766,551	1,351,206
Revenues over (under) expenditures	2,028,804	2,278,592	5,173,898	2,895,306
Other financing sources (uses)				
Transfers in	2,755,464	2,745,244	2,547,964	(197,280)
Transfers out	(5,915,872)	(6,370,835)	(5,924,071)	446,764
Sale of capital assets	-	17,170	21,878	4,708
Total other financing sources	(3,160,408)	(3,608,421)	(3,354,229)	254,192
Net change in fund balances, net	(1,131,604)	(1,329,829)	1,819,669	3,149,498
Fund balances, beginning of year	7,694,842	7,694,842	7,694,842	-
Fund balances - ending	\$ 6,563,238	\$ 6,365,013	\$ 9,514,511	\$ 3,149,498

(concluded)

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

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SPECIAL ALLOCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 576,430	\$ 576,430	\$ 601,556	\$ 25,126
Sales	2,195,650	2,195,650	2,453,648	257,998
Intergovernmental activity	3,723,214	3,723,214	4,309,127	585,913
Charges for services	1,500	1,500	7,000	5,500
Investment earnings	42,777	42,777	593,767	550,990
Other	1,786,596	1,786,596	1,179,145	(607,451)
Total revenues	8,326,167	8,326,167	9,144,243	818,076
Expenditures				
General government				
Outside services	7,714,102	7,918,517	8,796,454	(877,937)
Total General government	7,714,102	7,918,517	8,796,454	(877,937)
Revenues over (under) expenditures	612,065	407,650	347,789	(59,861)
Other financing sources (uses)				
Transfers in	5,050	5,050	1,916	(3,134)
Bonds issued	-	8,345,125	6,685,000	(1,660,125)
Payment to refunded bond escrow agent	-	(8,288,900)	(8,288,897)	3
Total other financing sources	5,050	61,275	(1,601,981)	(1,663,256)
Net change in fund balances	617,115	468,925	(1,254,192)	(1,723,117)
Fund balances - beginning	12,733,880	12,733,880	12,733,880	-
Fund balances - ending	\$ 13,350,995	\$ 13,202,805	\$ 11,479,688	\$ (1,723,117)

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

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2012

A. Budgetary Information

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

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

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

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

The City Council approves a formal budget document for the General, Special Revenue except the CDBG Loan funds, Capital Projects, and Enterprise Funds. Encumbrance accounting is employed in Governmental Fund Types. Encumbrances outstanding at year end do not constitute

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2012

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

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

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

The City Council during the fiscal year adopted a number of amendments to the budget to address unforeseen contingencies. The following schedule outlines the appropriation changes for the General, Special Revenue, Capital Projects and Enterprise Funds. The General budget increase is due to recognizing the public safety grants awarded in this fiscal year, construction costs of the multipurpose athletic facility track and fitness equipment, fire damage reconstruction for Missouri Theater Rose Shop, the sale of police and fire surplus vehicles, rollforward of WIC, MCH, and various public health grants and the professional planning services of URS Corporation in the MPO program. The Special Revenue budget increase is from Lower Lake Road improvements in the Street Maintenance Fund, the purchase of a replacement tractor in the Parks, Recreation and Civic Facilities Fund, allocate funding for Superior Exterior rehab work and the public service increase contribution for Interfaith in the Community Development Block Grant Fund, the Gaming Fund sponsored funding for the 2012 Sound of Speed Airshow, and continued façade repairs at the Wyeth-Tootle Mansion in the Museum fund. The Capital Projects increase to the budget is for scheduled projects reimbursable by the Department of Energy, Energy Efficiency, and Conservation Block Grant, additional repairs to Wyeth Tootle Mansion, the Missouri Theater fire damage restoration project, sod installation, laser grading and other necessary maintenance to Heritage Parks Sports Complex for damages caused by the flooding in 2011, Bode Ice Arena roof replacement, and the repair costs to the Garfield street viaduct bridge. The increase in the Enterprise Funds is for the Military Construction Cooperative Agreement for the fire crash/rescue station and the taxiway alpha located at Rosecrans Memorial Airport, the purchase of a new parking ticket dispenser in the Public Parking Fund, the construction of the ammonia removal building facility, Accela and Springbrook software purchases, and two subdivision sewer projects in the Sewer Fund, perform concrete and sidewalk repairs located at the 6th and Angelique transfer station and recognize an outstanding credit with the MO Division of Employment Security in the Mass Transit Fund and the Landfill Fund recorded Terra Tech Landfill Wetland Mitigation credits.

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2012**

2012 Budget			
Fund Type	Original Appropriation	Amended Appropriation	Increase
General	\$ 46,871,571	\$ 47,488,592	\$ 617,021
Special Revenue	21,825,999	30,311,488	8,485,489
Capital	4,369,901	7,626,789	3,256,888
Enterprise	66,079,777	71,999,549	5,919,772
Total	<u>\$ 139,147,248</u>	<u>\$ 157,426,418</u>	<u>\$ 18,279,170</u>

B. Excess of expenditures over appropriations

For the year ended June 30, 2012, expenditures exceeded appropriations in the Special Allocation Fund by \$877,934. The following departments contributed to the deficit (the legal level of budgetary control) Center Building, \$8,151, Cooks Crossing Redevelopment, \$11,284, Downtown Redevelopment, \$295, The Commons Development, \$370,689, North East Cook Road, \$4,409, East Hills, \$187,650, EBR Development, \$41,918, Triumph Foods Redevelopment, \$2,733, Third Street Hotel, \$258,241, Tuscan Towers, \$1,226. These overexpenditures were funded by greater than anticipated revenues.

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2012**

C. 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, 2012:

	<u>General Fund</u>		<u>Special Allocation Fund</u>
Ending Fund Balance on budgetary basis	\$ 9,514,511	\$ \$	11,479,688
Encumbrances outstanding June 30, 2012	494,667		-
Prior Year Encumbrances Expended in FY 2012	(308,538)		-
Accrued payroll	<u>309,382</u>		<u>-</u>
Ending Fund Balance on GAAP basis	<u>\$ 10,010,022</u>	\$ \$	<u>11,479,688</u>

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2012

SCHEDULE OF FUNDING PROGRESS

PENSION PLANS

LAGERS Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded Actuarial Liability (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
02/28/10	\$ 32,974,443	\$ 53,027,997	\$ 20,053,554	62.0%	\$ 22,103,979	91.0%
02/28/11	35,172,854	54,909,587	19,736,733	64.0%	21,533,525	92.0%
02/29/12	37,150,536	54,298,061	17,147,525	68.0%	21,229,768	81.0%

Police Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded Actuarial Liability (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
01/01/07	\$ 22,953,206	\$ 33,248,289	\$ 10,295,083	69.0%	\$ 5,104,658	201.7%
01/01/08	24,580,275	34,763,770	10,183,495	70.7%	5,043,081	201.9%
01/01/09	20,158,258	36,492,434	16,334,176	55.2%	5,137,480	317.9%
01/01/10	23,454,239	37,703,762	14,249,523	62.2%	5,276,973	270.0%
01/01/11	26,333,980	38,762,271	12,428,291	67.9%	5,234,079	237.4%
01/01/12	27,093,193	40,267,507	13,174,314	67.3%	5,200,069	253.3%

OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded Actuarial Liability (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
07/01/11	-0-	\$ 2,764,947	\$ 2,764,947	0.0%	\$ 26,429,827	10.5%
07/01/10	-0-	1,740,004	1,740,004	0.0%	26,810,498	27.3%
07/01/09	-0-	1,623,718	1,623,718	0.0%	27,165,656	23.6%

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2012**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PENSION PLANS

LAGERS Pension

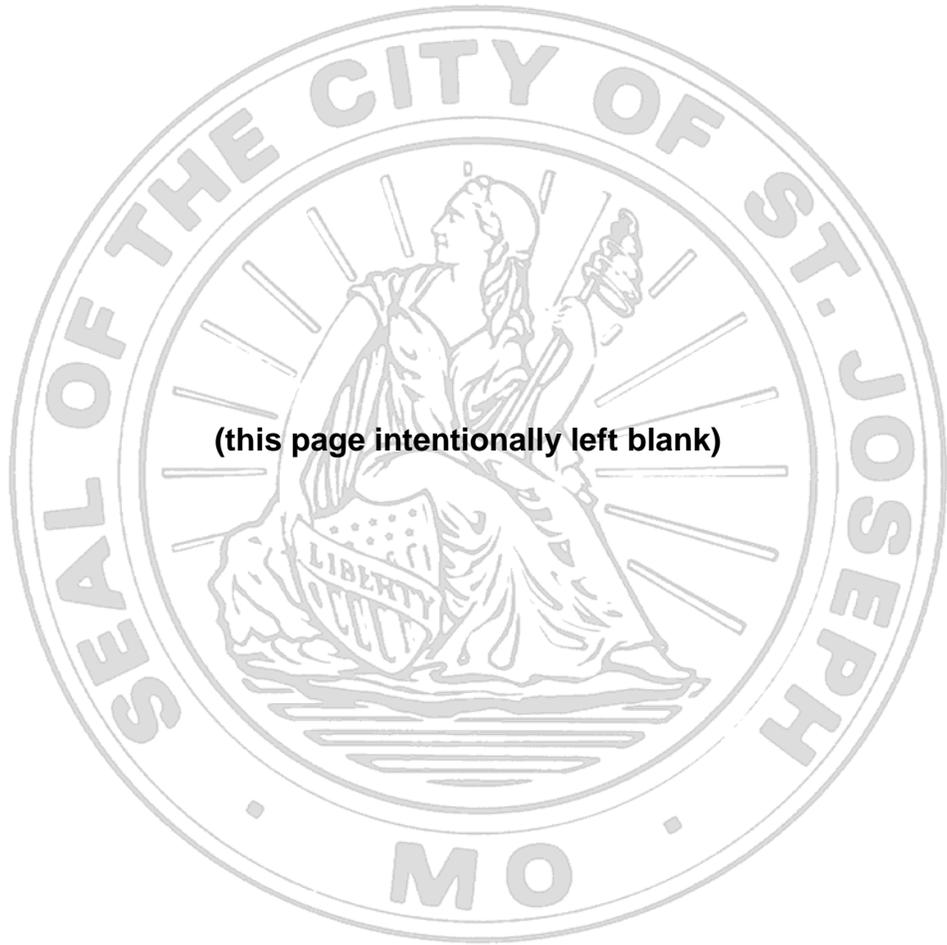
Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/10	\$	2,692,228	100%	—
06/30/11		2,873,531	100%	—
06/30/12		3,073,660	100%	—

Police Pension

06/30/07	\$	1,675,384	100%	—
06/30/08		1,536,575	100%	—
06/30/09		1,550,095	100%	—
06/30/10		1,980,812	100%	—
06/30/11		1,786,550	100%	—
06/30/12		1,715,703	100%	—

OTHER POST-EMPLOYMENT BENEFITS

Year Ended		Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
06/30/10	\$	193,625	27%	279,778
06/30/11		203,121	34%	414,828
06/30/12		280,579	34%	598,870



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CITY OF ST. JOSEPH, MISSOURI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue								Total Nonmajor Governmental Funds
	Streets	Parks & Recreation	Community Development	Riverboat Gaming	Museum	C.D Rehab Loan	Home Revolving Loan	Downtown Business District	
Assets									
Cash and investments	\$ 1,810,619	\$ 201,251	\$ 158,634	\$ 269,763	\$ 330,861	\$ 941,278	\$ 162,749	\$ -	\$ 3,875,155
Receivables	361,807	42,385	9,446	161,297	32,139	-	-	-	607,074
Loan receivables	-	-	120,000	-	-	1,363,367	1,940,843	-	3,424,210
Property held for resale	-	-	241,706	-	-	-	-	-	241,706
Due from other governments	175,643	16,955	376,122	-	-	-	-	-	568,720
Prepaid items	-	-	1,897	23,800	1,851	-	-	-	27,548
Total assets	\$ 2,348,069	\$ 260,591	\$ 907,805	\$ 454,860	\$ 364,851	\$ 2,304,645	\$ 2,103,592	\$ -	\$ 8,744,413
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 240,421	\$ 51,959	\$ 260,630	\$ 81,996	\$ 210	\$ 11,646	\$ 6,482	\$ -	\$ 653,344
Due to other funds	-	-	590,851	-	-	-	-	-	590,851
Accrued payroll	-	-	14,664	-	-	-	-	-	14,664
Deferred revenue	170,709	123,038	205,061	-	24,349	-	-	-	523,157
Total liabilities	411,130	174,997	1,071,206	81,996	24,559	11,646	6,482	-	1,782,016
Fund balances:									
Nonspendable:	-	-	121,897	23,800	1,851	-	-	-	147,548
Restricted	1,936,939	85,594	-	349,064	338,441	2,292,999	2,097,110	-	7,100,147
Unassigned (deficit)	-	-	(285,298)	-	-	-	-	-	(285,298)
Total fund balances	1,936,939	85,594	(163,401)	372,864	340,292	2,292,999	2,097,110	-	6,962,397
Total liabilities and fund balances	\$ 2,348,069	\$ 260,591	\$ 907,805	\$ 454,860	\$ 364,851	\$ 2,304,645	\$ 2,103,592	\$ -	\$ 8,744,413

CITY OF ST. JOSEPH, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue								Total Nonmajor Governmental Funds
	Streets	Parks & Recreation	Community Development	Riverboat Gaming	Museum	C.D Rehab Loan	Home Revolving Loan	Downtown Business District	
Revenues									
Taxes:									
Property	\$ -	\$ 679,670	\$ -	\$ -	\$ 521,472	\$ -	\$ -	\$ 8,473	\$ 1,209,615
Motor Fuel	2,656,714	-	-	-	-	-	-	-	2,656,714
Licenses and permits	-	96,754	-	-	-	-	-	-	96,754
Intergovernmental	28,185	65,961	3,096,485	-	-	-	-	-	3,190,631
Charges for services	138,327	49,516	3,575	813,761	-	-	-	-	1,005,179
Special assessments	8,535	-	22,075	-	-	-	-	-	30,610
Investment earnings	771	(42)	1,090	342	352	42,708	29,929	27	75,177
Other	79,169	26,239	98,482	-	-	17,911	5,743	-	227,544
Total revenues	2,911,701	918,098	3,221,707	814,103	521,824	60,619	35,672	8,500	8,492,224
Expenditures									
Current:									
General government	-	-	867,906	408,962	349,800	59,718	116,757	51,901	1,855,044
Highway and streets	5,347,327	-	-	-	-	-	-	-	5,347,327
Public works	-	-	272,492	-	-	-	-	-	272,492
Health and welfare	-	-	2,037,025	-	-	-	-	-	2,037,025
Parks and recreation	-	1,887,703	-	-	-	-	-	-	1,887,703
Capital outlay	1,756,886	24,400	-	40,303	-	-	-	-	1,821,589
Total expenditures	7,104,213	1,912,103	3,177,423	449,265	349,800	59,718	116,757	51,901	13,221,180
Excess (deficiency) of revenues over (under) expenditures	(4,192,512)	(994,005)	44,284	364,838	172,024	901	(81,085)	(43,401)	(4,728,956)
Other financing sources (uses)									
Transfers in	4,559,816	1,076,380	136,942	-	-	-	-	-	5,773,138
Transfers out	-	-	(226,552)	(504,804)	(264,546)	(24,015)	(112,927)	(9,700)	(1,142,544)
Sale of capital assets	31,279	6,660	-	-	-	-	-	-	37,939
Total other financing sources (uses),net	4,591,095	1,083,040	(89,610)	(504,804)	(264,546)	(24,015)	(112,927)	(9,700)	4,668,533
Net change in fund balances	398,583	89,035	(45,326)	(139,966)	(92,522)	(23,114)	(194,012)	(53,101)	(60,423)
Fund balances (deficit) - beginning	1,538,356	(3,441)	(118,075)	512,830	432,814	2,316,113	2,291,122	53,101	\$ 7,022,820
Fund balances (deficit) - ending	\$ 1,936,939	\$ 85,594	\$ (163,401)	\$ 372,864	\$ 340,292	\$ 2,292,999	\$ 2,097,110	\$ -	\$ 6,962,397

CITY OF ST. JOSEPH, MISSOURI
STREETS MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Motor Fuel	\$ 2,725,955	\$ 2,725,955	\$ 2,656,714	\$ (69,241)
Intergovernmental	-	9,279	28,185	18,906
Charges for services	200,000	200,000	138,327	(61,673)
Special assessments	5,000	5,000	8,535	3,535
Investment earnings	100	100	771	671
Other	-	-	79,169	79,169
Total revenues	<u>2,931,055</u>	<u>2,940,334</u>	<u>2,911,701</u>	<u>(28,633)</u>
Expenditures				
Highways and streets				
Salaries	1,975,666	1,975,666	1,813,339	162,327
Benefits	677,390	677,390	641,804	35,586
Materials and supplies	1,343,250	1,195,180	993,472	201,708
Outside services	1,714,850	1,948,891	1,947,296	1,595
Capital outlay	1,832,800	1,756,108	1,673,801	82,307
Total Highways and streets	<u>7,543,956</u>	<u>7,553,235</u>	<u>7,069,712</u>	<u>483,523</u>
Revenues over (under) expenditures	<u>(4,612,901)</u>	<u>(4,612,901)</u>	<u>(4,158,011)</u>	<u>454,890</u>
Other financing sources (uses)				
Transfers in	4,564,600	4,564,600	4,559,816	(4,784)
Sale of capital assets	-	-	31,279	31,279
Total other financing sources	<u>4,564,600</u>	<u>4,564,600</u>	<u>4,591,095</u>	<u>26,495</u>
Net change in fund balances	<u>(48,301)</u>	<u>(48,301)</u>	<u>433,084</u>	<u>481,385</u>
Fund balances, beginning of year	1,538,356	1,538,356	1,538,356	-
Fund balances - ending	<u>\$ 1,490,055</u>	<u>\$ 1,490,055</u>	<u>\$ 1,971,440</u>	<u>\$ 481,385</u>

CITY OF ST. JOSEPH, MISSOURI
PARKS MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 581,900	\$ 581,900	\$ 679,670	\$ 97,770
Licenses and permits	94,000	94,000	96,754	2,754
Intergovernmental	70,000	96,206	65,961	(30,245)
Charges for services	43,787	43,787	49,516	5,729
Investment earnings	-	-	(42)	(42)
Other	-	22,115	26,239	4,124
Total revenues	789,687	838,008	918,098	80,090
Expenditures				
Parks and recreation				
Salaries	1,053,148	1,052,793	1,012,787	40,006
Benefits	316,417	316,772	316,771	1
Materials and supplies	136,150	174,785	173,198	1,587
Outside services	479,510	471,456	423,446	48,010
Capital outlay	-	24,400	24,400	-
Total Parks and recreation	1,985,225	2,040,206	1,950,602	89,604
Revenues over (under) expenditures	(1,195,538)	(1,202,198)	(1,032,504)	169,694
Other financing sources (uses)				
Transfers in	1,153,480	1,153,480	1,076,380	(77,100)
Sale of capital assets	-	6,660	6,660	-
Total other financing sources	1,153,480	1,160,140	1,083,040	(77,100)
Net change in fund balances	(42,058)	(42,058)	50,536	92,594
Fund balances, beginning of year	(3,441)	(3,441)	(3,441)	-
Fund balances - ending	\$ (45,499)	\$ (45,499)	\$ 47,095	\$ 92,594

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, 2012

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Intergovernmental	\$ 3,055,755	\$ 2,638,811	3,096,485	\$ 457,674
Charges for services	-	-	3,575	3,575
Special assessments	23,000	23,000	22,075	(925)
Investment earnings	1,000	1,000	1,090	90
Other	25,629	25,629	98,482	72,853
Total revenues	<u>3,105,384</u>	<u>2,688,440</u>	<u>3,221,707</u>	<u>533,267</u>
Expenditures				
General government				
Salaries	73,995	73,995	71,945	2,050
Benefits	31,485	30,985	22,681	8,304
Materials and supplies	3,050	3,550	864	2,686
Outside services	22,351	94,043	82,929	11,114
Total General government	<u>130,881</u>	<u>202,573</u>	<u>178,419</u>	<u>24,154</u>
Health and welfare				
Salaries	204,476	204,476	196,842	7,634
Benefits	90,027	83,148	70,784	12,364
Materials and supplies	9,503	6,717	1,303	5,414
Outside services	1,888,303	1,599,765	1,268,508	331,257
Total Health and welfare	<u>2,192,309</u>	<u>1,894,106</u>	<u>1,537,437</u>	<u>356,669</u>
Public works				
Salaries	82,263	82,263	80,926	1,337
Benefits	35,134	33,634	25,255	8,379
Materials and supplies	3,555	4,305	3,263	1,042
Outside services	250,109	199,797	168,278	31,519
Total Public works	<u>371,061</u>	<u>319,999</u>	<u>277,722</u>	<u>42,277</u>
Total expenditures	<u>2,694,251</u>	<u>2,416,678</u>	<u>1,993,578</u>	<u>423,100</u>
Revenues over (under) expenditures	<u>411,133</u>	<u>271,762</u>	<u>1,228,129</u>	<u>956,367</u>
Other financing sources (uses)				
Transfers in	-	46,837	136,942	90,105
Transfers out	(269,799)	(250,795)	(226,552)	24,243
Total other financing sources	<u>(269,799)</u>	<u>(203,958)</u>	<u>(89,610)</u>	<u>114,348</u>
Net change in fund balances	141,334	67,804	1,138,519	1,070,715
Fund balances - beginning	(118,075)	(118,075)	(118,075)	-
Fund balances(deficit) - ending	<u>\$ 23,259</u>	<u>\$ (50,271)</u>	<u>\$ 1,020,444</u>	<u>\$ 1,070,715</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget-
				Positive(Negative)
Revenues				
Charges for services	\$ 1,140,490	\$ 1,140,490	\$ 813,761	\$ (326,729)
Investment earnings	600	600	342	(258)
Total revenues	1,141,090	1,141,090	814,103	(326,987)
Expenditures				
General government				
Outside services	395,867	410,217	408,962	1,255
Capital outlay	40,000	40,650	52,148	(11,498)
Total General government	435,867	450,867	461,110	(10,243)
Revenues over (under) expenditures	705,223	690,223	352,993	(337,230)
Other financing sources (uses)				
Transfers out	(808,075)	(808,075)	(504,804)	303,271
Total other financing sources	(808,075)	(808,075)	(504,804)	303,271
Net change in fund balances	(102,852)	(117,852)	(151,811)	(33,959)
Fund balances - beginning	512,830	512,830	512,830	-
Fund balances - ending	\$ 409,978	\$ 394,978	\$ 361,019	\$ (33,959)

CITY OF ST. JOSEPH, MISSOURI
MUNICIPAL MUSEUM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 483,650	\$ 483,650	\$ 521,472	\$ 37,822
Investment earnings	670	670	352	(318)
Total revenues	<u>484,320</u>	<u>484,320</u>	<u>521,824</u>	<u>37,504</u>
Expenditures				
General government				
Outside services	315,667	319,669	317,256	2,413
Total General government	<u>315,667</u>	<u>319,669</u>	<u>317,256</u>	<u>2,413</u>
Revenues over (under) expenditures	<u>168,653</u>	<u>164,651</u>	<u>204,568</u>	<u>39,917</u>
Other financing sources (uses)				
Transfers out	(59,057)	(264,546)	(264,546)	-
Total other financing sources	<u>(59,057)</u>	<u>(264,546)</u>	<u>(264,546)</u>	<u>-</u>
Net change in fund balances	109,596	(99,895)	(59,978)	39,917
Fund balances - beginning	432,814	432,814	432,814	-
Fund balances - ending	<u>\$ 542,410</u>	<u>\$ 332,919</u>	<u>\$ 372,836</u>	<u>\$ 39,917</u>

CITY OF ST. JOSEPH, MISSOURI
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Sales	\$ 5,304,900	\$ 5,304,900	\$ 5,529,787	\$ 224,887
Intergovernmental	426,400	2,017,543	978,344	(1,039,199)
Investment earnings	20,000	20,000	11,192	(8,808)
Contributions and donations	-	250,000	-	(250,000)
Payments in lieu of taxes	-	-	250,000	250,000
Other	-	451,033	547,233	96,200
Total revenues	5,751,300	8,043,476	7,316,556	(726,920)
Expenditures				
Capital outlay				
Materials and supplies	-	1,861	1,861	-
Outside services	265,550	928,734	928,731	3
Capital outlay	3,858,688	6,462,031	3,167,119	3,294,912
Total Capital outlay	4,124,238	7,392,626	4,097,711	3,294,915
Revenues over (under) expenditures	1,627,062	650,850	3,218,845	2,567,995
Other financing sources (uses)				
Transfers in	474,192	1,102,845	642,664	(460,181)
Transfers out	(245,663)	(234,163)	-	234,163
Sale of capital assets	-	-	250,298	(250,298)
Total other financing sources	228,529	868,682	892,962	(476,316)
Net change in fund balances	1,855,591	1,519,532	4,111,807	2,091,679
Fund balances, beginning of year	10,981,858	10,981,858	10,981,858	-
Fund balances - ending	\$ 12,837,449	\$ 12,501,390	\$ 15,093,665	\$ 2,091,679

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2012

Business-type Activities - Enterprise Funds

	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and investments	\$ 179,649	\$ 24,304	\$ 9,250,822	\$ 9,454,775
Restricted cash and cash equivalents	57,158	-	2,078	59,236
Interest receivable	39	-	1,987	2,026
Accounts receivable (net of allowance for uncollectibles)	1,515	16,398	168,494	186,407
Prepaid items	4,090	1,653	18,097	23,840
Total current assets	<u>242,451</u>	<u>42,355</u>	<u>9,441,478</u>	<u>\$ 9,726,284</u>
Noncurrent assets:				
Deferred charges	917	-	2,213	3,130
Capital assets:				
Capital assets, not being depreciated:	1,550,998	110,000	1,910,011	3,571,009
Capital assets net of accumulated depreciation:	533,128	1,452,699	1,957,856	3,943,683
Total capital assets (net of accumulated depreciation)	<u>2,084,126</u>	<u>1,562,699</u>	<u>3,867,867</u>	<u>7,514,692</u>
Total noncurrent assets	<u>2,085,043</u>	<u>1,562,699</u>	<u>3,870,080</u>	<u>7,517,822</u>
Total assets	<u>\$ 2,327,494</u>	<u>\$ 1,605,054</u>	<u>\$ 13,311,558</u>	<u>\$ 17,244,106</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 15,787	\$ 54,645	\$ 163,658	\$ 234,090
Due to other funds	-	22,167	-	22,167
Accrued payroll	6,073	15,466	29,918	51,457
Accrued interest payable	910	-	33	943
Long-term obligations due in one year	72,688	38,476	47,405	158,569
Landfill closure and postclosure liability	-	-	73,500	73,500
Total current liabilities	<u>95,458</u>	<u>130,754</u>	<u>314,514</u>	<u>540,726</u>
Noncurrent liabilities:				
Long term obligations due in more than one year (net of unamortized discounts and deferred amount on refunding)	53,493	32,098	15,720	101,311
Landfill closure and postclosure liability	-	-	5,335,960	5,335,960
Total noncurrent liabilities	<u>53,493</u>	<u>32,098</u>	<u>5,351,680</u>	<u>5,437,271</u>
Total liabilities	<u>148,951</u>	<u>162,852</u>	<u>5,666,194</u>	<u>5,977,997</u>
Net Assets				
Invested in capital assets, net of related debt	1,971,288	1,512,297	3,865,587	7,349,172
Restricted for debt service	56,248	-	2,045	58,293
Unrestricted (deficit)	151,007	(70,095)	3,777,732	3,858,644
Total net assets	<u>\$ 2,178,543</u>	<u>\$ 1,442,202</u>	<u>\$ 7,645,364</u>	<u>\$ 11,266,109</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 354,337	\$ 780,618	\$ 3,233,281	\$ 4,368,236
Other	241	2,987	37,825	41,053
Total operating revenues	<u>354,578</u>	<u>783,605</u>	<u>3,271,106</u>	<u>4,409,289</u>
Operating expenses:				
Personal services	211,833	338,007	1,036,066	1,585,906
Contractual services	45,991	130,398	668,348	844,737
Commodities	6,637	196,098	409,703	612,438
Heat, light and power	31,397	81,806	16,163	129,366
Depreciation	38,916	85,059	700,268	824,243
Closure and postclosure care costs	-	-	130,680	130,680
Total operating expenses	<u>334,774</u>	<u>831,368</u>	<u>2,961,228</u>	<u>4,127,370</u>
Operating income (loss)	<u>19,804</u>	<u>(47,763)</u>	<u>309,878</u>	<u>281,919</u>
Nonoperating revenues (expenses):				
Investment income	214	(47)	12,118	12,285
Interest and fiscal charges	(13,375)	(4,564)	(3,313)	(21,252)
Gain (loss) on sale of capital assets	-	-	(39,195)	(39,195)
Total nonoperating revenues (expenses), net	<u>(13,161)</u>	<u>(4,611)</u>	<u>(30,390)</u>	<u>(48,162)</u>
Income (loss) before transfers	6,643	(52,374)	279,488	233,757
Transfers in	6,500	-	-	6,500
Transfers out	(59,270)	(40,635)	(974,996)	(1,074,901)
Change in net assets	<u>(46,127)</u>	<u>(93,009)</u>	<u>(695,508)</u>	<u>(834,644)</u>
Total net assets - beginning, as restated	<u>2,224,670</u>	<u>1,535,211</u>	<u>8,340,872</u>	<u>12,100,753</u>
Total net assets - ending	<u>\$ 2,178,543</u>	<u>\$ 1,442,202</u>	<u>\$ 7,645,364</u>	<u>\$ 11,266,109</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 354,843	\$ 770,299	\$ 3,235,333	\$ 4,360,475
Payments to suppliers	(80,056)	(385,883)	(1,095,626)	(1,561,565)
Payments to employees	(216,017)	(333,195)	(1,041,451)	(1,590,663)
Other operating revenues	241	2,987	37,825	41,053
Net cash provided (used) by operating activities	<u>59,011</u>	<u>54,208</u>	<u>1,136,081</u>	<u>1,249,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	6,500	-	-	6,500
Transfers out	(59,270)	(18,468)	(974,996)	(1,052,734)
Net cash provided (used) by noncapital financing activities	<u>(52,770)</u>	<u>(18,468)</u>	<u>(974,996)</u>	<u>(1,046,234)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments of debt principal	(50,361)	(25,572)	(1,830)	(77,763)
Payments of debt interest and charges	(15,032)	(6,547)	(550)	(22,129)
Purchase of capital assets	-	-	(546,164)	(546,164)
Net cash provided (used) by capital and related financing activities	<u>(65,393)</u>	<u>(32,119)</u>	<u>(548,544)</u>	<u>(646,056)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	(126,909)	(7,362,025)	(8,560,215)	(16,049,149)
Purchase of investments	154,307	7,356,934	7,945,852	15,457,093
Interest and dividends received	213	(44)	11,660	11,829
Net cash provided (used) by investing activities	<u>27,611</u>	<u>(5,135)</u>	<u>(602,703)</u>	<u>(580,227)</u>
Net increase (decrease) in cash and cash equivalents	(31,541)	(1,514)	(990,162)	(1,023,217)
Cash and cash equivalents - beginning	56,883	4,942	2,295,132	2,356,957
Cash and cash equivalents - ending	25,342	3,428	1,304,970	1,333,740
Investments	211,465	20,876	7,947,930	8,180,271
Total cash and investments	<u>\$ 236,807</u>	<u>\$ 24,304</u>	<u>\$ 9,252,900</u>	<u>\$ 9,514,011</u>
Cash and investments reported on the Statement of Net Assets:				
Unrestricted cash and investments	\$ 179,649	\$ 24,304	\$ 9,250,822	\$ 9,454,775
Restricted cash and investments	57,158	-	2,078	59,236
Total cash and investments	<u>\$ 236,807</u>	<u>\$ 24,304</u>	<u>\$ 9,252,900</u>	<u>\$ 9,514,011</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Public Parking	Municipal Golf Course	Municipal Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 19,804	\$ (47,763)	\$ 309,878	\$ 281,919
Adjustments to reconciliation operating income (loss) to net cash provided by operating activities:				
Depreciation	38,916	85,059	700,268	824,243
Landfill closure and postclosure	-	-	121,499	121,499
Changes in operating assets and liabilities:				
Accounts receivable	506	(10,319)	2,052	(7,761)
Prepaid expenses	(2,743)	1,643	(7,024)	(8,124)
Accounts payable and contracts/claims payable	6,712	20,776	14,793	42,281
Accrued payroll and compensated absences	(4,184)	4,812	(5,385)	(4,757)
 Net cash provided (used) by operating activities	 \$ 59,011	 \$ 54,208	 \$ 1,136,081	 \$ 1,249,300

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance		Balance	
	June 30, 2011	Additions	Deductions	June 30, 2012
Gateway TDD Tax Fund				
Assets:				
Cash and investments:	\$ 63,460	\$ 2,267	\$ -	\$ 65,727
Receivables - taxes	4,441	3,694	4,441	3,694
	<u>\$ 67,901</u>	<u>\$ 5,961</u>	<u>\$ 4,441</u>	<u>\$ 69,421</u>
Liabilities:				
Due to others	\$ 67,900	\$ 5,961	\$ 4,441	\$ 69,421
Cook's Crossing				
Assets:				
Cash and investments:	\$ -	\$ 6,018	\$ -	\$ 6,018
Receivables - taxes	-	23,077	-	23,077
	<u>\$ -</u>	<u>\$ 29,095</u>	<u>\$ -</u>	<u>\$ 29,095</u>
Liabilities:				
Due to others	\$ -	\$ 29,095	\$ -	\$ 29,095
East Hills CID Tax Fund				
Assets:				
Cash and investments:	\$ 4,649	\$ (1,309)	\$ -	\$ 3,340
Receivables - taxes	35,782	43,797	35,782	43,797
	<u>\$ 40,431</u>	<u>\$ 42,488</u>	<u>\$ 35,782</u>	<u>\$ 47,137</u>
Liabilities:				
Due to others	\$ 40,431	\$ 42,488	\$ 35,782	\$ 47,137
Library Tax Fund				
Assets:				
Cash and investments:	\$ -	\$ -	\$ -	\$ -
Receivables - taxes	192,018	189,886	192,018	189,886
	<u>\$ 192,018</u>	<u>\$ 189,886</u>	<u>\$ 192,018</u>	<u>\$ 189,886</u>
Liabilities:				
Due to others	\$ 192,018	\$ 189,886	\$ 192,018	\$ 189,886
All Agency Funds				
Assets:				
Cash and investments	\$ 68,109	\$ 6,976	\$ -	\$ 75,085
Receivables - taxes	232,241	260,454	232,241	260,454
	<u>\$ 300,350</u>	<u>\$ 267,430</u>	<u>\$ 232,241</u>	<u>\$ 335,539</u>
Liabilities:				
Due to others	\$ 300,350	\$ 267,430	\$ 232,241	\$ 335,539

STATISTICAL SECTION

STATISTICAL SECTION

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

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 29,111,703	29,322,591	42,978,508	51,567,893	181,138,463	190,940,915	182,248,926	182,851,470	177,925,146	176,097,074
Restricted	6,301,050	5,572,772	15,359,724	23,426,188	18,805,437	11,924,749	25,568,379	26,413,521	28,961,044	29,874,242
Unrestricted	11,647,395	18,527,968	(19,476,602)	(46,427,491)	(36,541,990)	(42,603,952)	(62,172,221)	(74,693,418)	(74,506,750)	(68,678,608)
Total governmental activities net assets	\$ 47,060,148	53,423,331	38,861,630	28,566,590	163,401,910	160,261,712	145,645,084	134,571,573	132,379,440	137,292,708
Business-type activities	\$									
Invested in capital assets, net of related debt	53,334,648	59,565,885	61,317,196	58,367,018	59,053,451	58,958,430	59,010,032	59,207,226	61,758,835	51,635,107
Restricted	8,155,420	2,392,348	3,770,260	4,017,572	4,065,619	7,052,076	7,242,299	7,127,675	7,010,353	27,664,014
Unrestricted	2,427,039	1,822,265	(1,197,406)	188,263	3,702,556	1,502,371	4,577,757	8,155,548	18,320,929	20,232,161
Total business-type activities net assets	\$ 63,917,107	63,780,498	63,890,050	62,572,853	66,821,626	67,512,877	70,830,088	74,490,449	87,090,117	99,531,282
Primary government										
Invested in capital assets, net of related debt	\$ 82,446,351	88,888,476	104,295,704	109,934,911	240,191,914	249,899,345	241,258,958	242,058,696	239,683,981	227,732,181
Restricted	14,456,470	7,965,120	19,129,984	27,443,760	22,871,056	18,976,825	32,810,678	33,541,196	35,971,397	57,538,256
Unrestricted	14,074,434	20,350,233	(20,674,008)	(46,239,228)	(32,839,434)	(41,101,581)	(57,594,464)	(66,537,870)	(56,185,821)	(48,446,447)
Total primary government net assets	\$ 110,977,255	117,203,829	102,751,680	91,139,443	230,223,536	227,774,589	216,475,172	209,062,022	219,469,557	236,823,990

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 8,162,055	3,448,810	39,676,618	23,853,935	9,595,821	18,759,334	26,816,581	26,922,302	13,596,637	11,391,801
Public safety	19,594,533	19,003,061	15,552,714	21,133,947	21,956,657	23,318,744	25,047,545	25,875,428	25,728,700	24,624,508
Highways and streets	6,052,644	9,479,906	9,473,469	10,042,359	15,809,603	18,375,904	15,691,228	14,582,255	15,698,362	16,878,702
Public works	1,283,978	257,751	274,980	370,810	385,983	212,776	247,807	293,125	398,643	416,183
Health and welfare	7,035,645	7,226,366	7,807,850	5,908,864	5,803,456	5,397,561	5,998,130	5,231,832	6,380,731	5,383,486
Parks and Recreation	3,541,370	6,119,506	5,094,993	5,187,029	5,572,153	5,096,787	5,613,173	6,163,817	7,377,233	7,373,783
Interest on long-term debt	100,734	25,430	983,094	4,669,961	3,802,505	3,752,522	3,754,782	3,825,683	3,612,293	2,683,179
Total governmental activities expenses	<u>45,770,959</u>	<u>45,560,830</u>	<u>78,863,718</u>	<u>71,166,905</u>	<u>62,926,178</u>	<u>74,913,628</u>	<u>83,169,246</u>	<u>82,894,442</u>	<u>72,792,599</u>	<u>68,751,642</u>
Business-type activities:										
Aviation	869,308	923,145	921,180	863,917	976,138	989,152	1,117,337	1,234,602	1,127,663	1,087,908
Parking	492,519	459,985	525,677	510,026	445,675	358,222	397,508	384,058	328,919	348,149
Sewer	7,496,824	7,918,146	10,233,920	9,614,343	9,867,502	12,065,818	13,047,197	14,046,926	14,737,097	13,402,293
Golf	436,367	411,499	410,943	403,045	374,989	427,656	403,153	505,136	770,572	835,932
Transit	3,881,183	4,291,909	4,550,225	4,874,741	4,929,923	5,047,032	4,711,415	4,925,073	5,111,531	5,286,344
Landfill	1,198,668	1,723,420	2,202,206	2,967,669	2,462,903	4,672,139	3,486,083	3,631,750	2,811,194	3,003,314
Total business-type activities expenses	<u>14,374,869</u>	<u>15,728,104</u>	<u>18,844,151</u>	<u>19,233,741</u>	<u>19,057,130</u>	<u>23,560,019</u>	<u>23,162,693</u>	<u>24,727,545</u>	<u>24,886,976</u>	<u>23,963,948</u>
Total primary government expenses	<u>\$ 60,145,828</u>	<u>61,288,934</u>	<u>97,707,869</u>	<u>90,400,646</u>	<u>81,983,308</u>	<u>98,473,647</u>	<u>106,331,939</u>	<u>107,621,987</u>	<u>97,679,575</u>	<u>92,715,586</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,283,021	3,799,256	4,600,425	4,635,231	4,873,363	5,836,677	5,916,735	5,320,274	5,346,454	4,488,893
Public safety	541,646	562,301	619,251	709,962	496,759	543,241	583,425	642,911	665,299	680,798
Highways and streets	656,891	151,963	281,004	150,512	158,804	172,658	103,004	151,461	269,131	260,965
Public works	478,916	15,669	18,046	36,730	45,627	23,327	24,080	93,802	21,516	85,748
Health and welfare	938,532	559,690	567,388	674,058	749,166	684,720	746,525	572,275	655,605	559,092
Parks and Recreation	10,756	1,245,464	1,187,399	1,521,336	1,514,198	1,598,356	1,648,685	1,674,287	2,294,994	2,278,372
Operating grants and contributions	6,081,057	6,630,787	5,339,972	5,347,446	6,508,083	6,360,929	5,232,333	6,278,518	6,904,263	6,709,670
Capital grants and contributions	654,879	808,616	10,899,818	4,414,950	2,427,643	2,255,309	1,455,757	3,999,694	1,306,274	2,239,178
Total governmental activities program revenues	<u>11,645,698</u>	<u>13,773,746</u>	<u>23,513,303</u>	<u>17,490,225</u>	<u>16,773,643</u>	<u>17,475,217</u>	<u>15,710,544</u>	<u>18,733,222</u>	<u>17,463,536</u>	<u>17,302,716</u>
Business-type activities:										
Charges for services:										
Aviation	349,599	393,286	410,800	441,058	469,727	479,350	465,191	517,945	500,349	381,111
Parking	295,434	355,464	359,257	356,273	343,396	447,428	446,538	425,611	383,003	354,578
Sewer	6,888,825	7,116,113	7,944,771	8,724,982	10,242,357	11,321,682	12,080,534	13,423,446	15,727,445	17,807,964
Golf	382,570	370,379	400,615	405,379	379,891	369,883	394,779	532,429	705,864	783,605
Transit	115,500	125,058	105,594	124,959	158,916	284,077	327,506	298,583	357,891	394,945
Landfill	2,356,690	2,923,924	3,006,818	2,801,026	3,151,363	5,087,108	5,029,726	4,044,536	3,272,369	3,271,106
Operating grants and contributions	956,320	917,265	917,764	1,112,699	2,839,376	2,918,251	1,831,416	3,429,946	2,559,544	2,659,336
Capital grants and contributions	1,377,413	1,512,453	3,128,516	839,014	1,324,937	688,019	768,444	1,471,591	3,287,255	6,928,194
Total business-type activities program revenues	<u>12,722,351</u>	<u>13,713,942</u>	<u>16,274,135</u>	<u>14,805,390</u>	<u>18,909,963</u>	<u>21,595,798</u>	<u>21,344,134</u>	<u>24,144,087</u>	<u>26,793,720</u>	<u>32,580,839</u>
Total primary government program revenues	<u>\$ 24,368,049</u>	<u>27,487,688</u>	<u>39,787,438</u>	<u>32,295,615</u>	<u>35,683,606</u>	<u>39,071,015</u>	<u>37,054,678</u>	<u>42,877,309</u>	<u>44,257,256</u>	<u>49,883,555</u>
Net (expense)/revenue										
Governmental activities	(34,125,261)	(31,787,084)	(55,350,415)	(53,676,680)	(46,152,535)	(57,438,411)	(67,458,702)	(64,161,220)	(55,329,063)	(51,448,926)
Business-type activities	(1,652,518)	(2,014,162)	(2,570,016)	(4,428,351)	(147,167)	(1,964,221)	(1,818,559)	(583,458)	1,906,744	8,616,895
Total primary government net expense	<u>\$ (35,777,779)</u>	<u>(33,801,246)</u>	<u>(57,920,431)</u>	<u>(58,105,031)</u>	<u>(46,299,702)</u>	<u>(59,402,632)</u>	<u>(69,277,261)</u>	<u>(64,744,678)</u>	<u>(53,422,319)</u>	<u>(42,832,031)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes										
Property taxes	\$ 8,885,541	9,279,250	9,960,360	10,499,547	11,388,612	12,214,235	12,611,491	12,516,447	12,404,637	13,285,118
Sales and use taxes	19,429,459	19,497,214	21,186,735	21,897,287	21,933,448	24,278,612	23,570,684	22,846,746	23,538,465	24,724,085
Franchise taxes	3,494,833	3,691,553	3,734,204	3,956,650	4,016,906	7,588,044	6,822,074	8,218,703	6,653,184	6,716,146
Motor fuel taxes	3,483,646	3,572,836	3,613,104	3,592,068	3,750,470	3,554,512	3,256,266	3,310,259	3,484,128	3,476,388
Cigarette taxes	444,354	452,770	437,460	459,855	453,013	451,815	441,029	418,473	439,289	438,673
Hotel taxes	339,110	354,801	389,986	400,792	430,551	448,717	412,623	425,537	443,127	815,756
Intergovernmental activity taxes	-	-	26,922	934,602	2,417,872	2,433,665	3,110,961	3,325,651	3,734,112	4,309,127
Unrestricted investment earnings	323,973	311,348	910,325	2,028,405	2,220,429	1,913,204	1,113,290	776,579	743,281	697,834
Gain (loss) on sale of capital assets	(201,970)	48,713	73,644	-	-	9,914	75,546	90,476	535	-
Transfers	(2,971)	941,782	455,974	376,478	835,608	1,405,495	1,428,110	1,158,838	414,691	1,899,067
Total governmental activities	36,195,975	38,150,267	40,788,714	44,145,684	47,446,909	54,298,213	52,842,074	53,087,709	51,855,449	56,362,194

Business-type activities:

Sales and use taxes	1,458,333	1,460,047	1,501,994	1,560,135	1,643,460	1,726,313	4,016,551	3,975,759	4,085,862	4,291,043
Franchise taxes	782,374	841,936	887,532	939,913	942,673	1,058,276	1,049,179	1,053,842	1,109,866	1,130,630
Unrestricted investment earnings	591,009	504,901	740,503	987,584	1,146,274	1,099,122	619,634	365,302	330,070	295,082
Gain (loss) on sale of capital assets	15,960	12,451	5,513	-	-	177,256	-	7,754	-	6,582
Special item	-	-	-	-	-	-	-	-	5,380,449	-
Transfers	2,971	(941,782)	(455,974)	(376,478)	(835,608)	(1,405,495)	(1,428,110)	(1,158,838)	(414,691)	(1,899,067)
Total business-type activities	2,850,647	1,877,553	2,679,568	3,111,154	2,896,799	2,655,472	4,257,254	4,243,819	10,491,556	3,824,270
Total primary government	\$ 39,046,622	40,027,820	43,468,282	47,256,838	50,343,708	56,953,685	57,099,328	57,331,528	62,347,005	60,186,464

Changes in Net Assets

Governmental activities	\$ 2,070,714	6,363,183	(14,561,701)	(9,530,996)	1,294,374	(3,140,198)	(14,616,628)	(11,073,511)	(3,473,614)	4,913,268
Business-type activities	1,198,129	(136,609)	109,552	(1,317,197)	2,749,632	691,251	2,438,695	3,660,361	12,398,300	12,441,165
Total primary government	\$ 3,268,843	6,226,574	(14,452,149)	(10,848,193)	4,044,006	(2,448,947)	(12,177,933)	(7,413,150)	8,924,686	17,354,433

Table 3

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Fuel Tax</u>	<u>Cigarette Tax</u>	<u>Hotel Tax</u>	<u>Intergovernmental Activity Tax</u>	<u>Total</u>
2003	\$ 8,885,541	\$ 19,429,459	\$ 3,494,833	\$ 3,483,646	\$ 444,354	\$ 339,110	\$ -	\$ 36,076,943
2004	9,279,250	19,497,214	3,691,553	3,572,836	452,770	354,801	-	36,848,424
2005	9,960,360	21,186,735	3,734,204	3,613,104	437,460	389,986	26,922	39,348,771
2006	10,499,547	21,897,287	3,956,650	3,592,068	459,855	400,792	934,602	41,740,801
2007	11,388,612	21,933,448	4,016,906	3,750,470	453,013	430,551	2,417,872	44,390,872
2008	12,214,235	24,278,612	7,588,044	3,554,512	451,815	448,717	2,433,665	50,969,600
2009	12,611,491	23,570,684	6,822,074	3,256,266	441,029	412,623	3,110,961	50,225,128
2010	12,516,447	22,846,746	8,218,703	3,310,259	418,473	425,537	3,325,651	51,061,816
2011	12,404,637	23,538,465	6,653,184	3,484,128	439,289	443,127	3,734,112	50,696,942
2012	13,285,118	24,724,085	6,716,146	3,476,388	438,673	815,756	4,309,127	53,765,293

Table 4

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

		Fiscal Year									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund											
Reserved	\$	403,469	421,535	540,938	1,061,421	635,136	2,075,505	1,715,494	860,005		
Unreserved		2,244,724	3,100,054	5,465,123	2,081,515	2,551,817	5,592,876	5,449,331	3,132,137		
Total General Fund	\$	<u>2,648,193</u>	<u>3,521,589</u>	<u>6,006,061</u>	<u>3,142,936</u>	<u>3,186,953</u>	<u>7,668,381</u>	<u>7,164,825</u>	<u>3,992,142</u>		
General Fund											
Nonspendable										\$ 408,508	\$ 469,113
Restricted										409,628	715,017
Committed										2,492,882	1,406,328
Assigned										1,206,978	3,259,079
Unassigned										3,176,846	4,160,485
Total General Fund	\$									<u>7,694,842</u>	<u>10,010,022</u>
All other governmental funds											
Reserved	\$	9,530,749	22,146,975	21,702,717	20,908,204	23,647,498	16,742,801	21,830,413	24,371,401		
Unreserved, reported in:											
Special revenue funds		5,245,512	4,086,832	11,081,617	5,142,593	8,458,323	11,941,619	5,477,728	3,245,197		
Capital project funds		5,364,774	4,771,513	2,117,955	6,469,342	2,859,544	6,517,615	5,110,764	4,493,117		
Total all other governmental funds	\$	<u>20,141,035</u>	<u>31,005,320</u>	<u>34,902,289</u>	<u>32,520,139</u>	<u>34,965,365</u>	<u>35,202,035</u>	<u>32,418,905</u>	<u>32,109,715</u>		
All other governmental funds											
Nonspendable	\$									-	147,548
Restricted										30,860,074	29,170,639
Assigned										(121,516)	(285,298)
Total all other governmental funds	\$									<u>30,738,558</u>	<u>29,032,889</u>

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

Table 5

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 36,335,290	37,110,533	38,532,875	41,528,031	45,654,024	50,983,735	50,132,601	49,880,091	51,796,371	53,824,015
Licenses, fees and permits	1,259,208	1,376,641	1,403,084	1,445,418	1,465,195	1,461,356	1,376,436	1,519,836	1,438,472	6,667,413
Intergovernmental	6,735,936	7,439,403	5,830,759	8,951,096	5,697,209	8,644,884	6,045,431	7,347,329	8,086,513	1,493,098
Charges for services	2,379,460	2,785,721	4,179,090	4,584,989	4,744,541	4,717,410	4,715,722	4,177,716	4,223,558	3,801,507
Fines, forfeitures, and court costs	808,169	807,885	936,012	1,006,127	1,101,165	1,192,519	1,222,664	1,041,640	929,267	922,214
Special Assessments	11,815	18,140	21,802	39,688	47,522	28,648	24,474	22,040	26,002	30,610
Investment earnings	323,973	303,510	910,325	1,980,288	2,143,643	1,847,313	1,097,544	774,001	340,348	696,623
Other	507,196	1,326,956	733,525	789,906	2,544,549	1,711,517	2,011,842	2,059,121	3,206,392	2,457,992
Total revenues	<u>48,361,047</u>	<u>51,168,789</u>	<u>52,547,472</u>	<u>60,325,543</u>	<u>63,397,848</u>	<u>70,587,382</u>	<u>66,626,714</u>	<u>66,821,774</u>	<u>70,046,923</u>	<u>69,893,472</u>
Expenditures										
General government	5,936,326	6,496,521	36,267,743	23,608,397	8,782,348	10,956,124	11,676,893	12,036,926	11,401,238	9,197,296
Public safety	17,990,251	18,627,416	20,533,681	20,665,255	21,252,553	21,779,899	22,495,913	23,288,767	22,913,580	23,042,799
Highways and streets	6,879,745	6,968,828	6,900,810	7,566,077	7,492,151	8,834,917	7,961,665	8,145,602	8,142,562	8,195,698
Public works	352,546	253,312	274,980	344,143	274,688	212,776	245,910	294,018	252,137	272,492
Health and welfare	5,665,480	5,881,934	5,325,299	5,450,574	5,406,459	5,203,704	5,266,266	5,132,934	4,963,446	5,167,350
Parks and Recreation	3,505,279	3,862,181	4,029,293	4,420,506	4,576,833	4,566,717	4,999,838	5,028,218	4,818,778	4,714,047
Capital outlay	10,455,782	7,094,524	13,837,195	15,038,466	7,317,407	13,965,360	11,882,657	10,465,131	9,757,181	11,078,324
Debt Service										
Principal	207,370	70,000	696,934	1,713,663	2,918,292	3,291,383	3,218,074	3,514,899	3,742,547	6,447,821
Interest and bond costs	103,942	455,432	2,312,389	4,271,923	3,723,482	3,686,478	3,683,004	3,657,857	3,553,716	3,805,053
Total expenditures	<u>51,096,721</u>	<u>49,710,148</u>	<u>90,178,324</u>	<u>83,079,004</u>	<u>61,744,213</u>	<u>72,497,358</u>	<u>71,430,220</u>	<u>71,564,352</u>	<u>69,545,185</u>	<u>71,920,880</u>
Excess of revenues over (under) expenditures	(2,735,674)	1,458,641	(37,630,852)	(22,753,461)	1,653,635	(1,909,976)	(4,803,506)	(4,742,578)	501,738	(2,027,408)
Other Financing Sources (Uses)										
Transfers in	4,935,876	6,184,221	8,433,017	5,218,834	5,766,678	6,676,295	5,754,232	7,158,847	13,505,542	8,965,682
Transfers out	(4,938,847)	(5,242,439)	(7,977,043)	(4,842,356)	(4,931,070)	(5,270,800)	(4,326,122)	(6,000,009)	(11,874,966)	(7,066,615)
Issuance of debt	-	9,240,266	43,335,000	16,985,000	-	5,110,000	-	-	-	6,685,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(6,420,443)
Capital leases	-	48,933	-	35,300	-	56,201	-	-	198,694	163,180
Sale of capital assets	48,114	48,059	221,319	111,408	-	56,378	88,710	101,867	535	310,115
Total other financing sources (uses)	<u>45,143</u>	<u>10,279,040</u>	<u>44,012,293</u>	<u>17,508,186</u>	<u>835,608</u>	<u>6,628,074</u>	<u>1,516,820</u>	<u>1,260,705</u>	<u>1,829,805</u>	<u>2,636,919</u>
Net change in fund balances	\$ <u>(2,690,531)</u>	<u>11,737,681</u>	<u>6,381,441</u>	<u>(5,245,275)</u>	<u>2,489,243</u>	<u>4,718,098</u>	<u>(3,286,686)</u>	<u>(3,481,873)</u>	<u>2,331,543</u>	<u>609,511</u>
Debt service as a percentage of non capital expenditures	0.70%	1.14%	3.97%	8.47%	11.75%	11.53%	10.96%	11.25%	11.71%	15.77%

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

Fiscal Year	Property Tax (1)	Sales Tax	Cigarette Tax	Motor Vehicle Tax	Utility Franchise Tax	Hotel Motel Tax	Intergovernmental Activity Tax	Total
2003	\$ 9,144	\$ 19,429	\$ 444	\$ 3,484	\$ 3,495	\$ 339	\$ -	\$ 36,335
2004	9,541	19,497	453	3,573	3,692	355	-	37,111
2005	10,328	20,003	437	3,613	3,734	390	27	38,533
2006	10,415	21,769	460	3,592	3,957	400	935	41,528
2007	11,381	23,205	453	3,750	4,017	431	2,417	45,654
2008	12,228	24,278	452	3,555	7,588	449	2,434	50,983
2009	12,519	23,571	441	3,256	6,822	413	3,111	50,133
2010	12,469	22,847	418	3,310	7,084	426	3,326	49,880
2011	12,349	23,538	439	3,484	7,808	443	3,734	51,795
2012	13,344	24,724	439	3,476	6,716	816	4,309	53,824

(1) Includes interest and penalties.

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

<u>Sales by Retail Category:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Apparel stores	\$ 15,685	15,122	16,252	22,622	24,739	22,163	28,381	21,991	24,995	34,625
General merchandise	157,169	173,757	86,987	279,648	292,646	319,569	326,102	318,626	311,804	311,672
Food stores	97,375	100,179	110,054	112,337	114,235	121,311	127,635	127,175	124,988	132,028
Eating and drinking establishments	98,638	101,951	112,838	116,550	124,297	129,267	135,897	134,125	135,082	137,208
Home furnishings and appliances	68,312	68,411	70,293	75,994	79,286	66,385	62,775	30,768	31,395	31,081
Building materials and farm tools	23,159	22,289	30,481	34,068	32,685	31,288	27,178	51,514	50,134	49,274
Construction/Remodeling	3,571	6,690	6,063	5,335	4,765	4,351	10,999	4,299	4,824	4,484
Auto dealers and supplies	47,243	48,713	45,180	41,152	48,235	75,045	81,079	82,324	89,594	95,806
Wholesale Trade	28,988	27,447	22,792	23,732	27,285	32,332	21,793	21,787	19,789	20,349
Hotels, Motels	11,096	10,728	11,829	12,951	14,698	15,614	13,317	11,458	10,986	10,926
Communication	34,375	30,326	36,256	35,224	39,503	40,951	44,011	45,268	44,607	38,198
Other retail stores	120,777	114,163	106,529	91,268	86,650	97,343	84,559	79,669	76,782	77,622
All other outlets	43,415	42,176	31,793	51,367	58,000	50,974	50,330	49,766	51,062	45,405
Total	\$ <u>749,805</u>	<u>761,955</u>	<u>687,347</u>	<u>902,249</u>	<u>947,023</u>	<u>1,006,593</u>	<u>1,014,056</u>	<u>978,770</u>	<u>976,042</u>	<u>988,678</u>

Note: Amounts for 2012 are not provided due to only receiving partial year figures.

Note: Amounts for 2004 are estimates.

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

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

Direct Sales Tax Rate City of St. Joseph	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Capital Improvements	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Mass Transit	0.150	0.150	0.150	0.150	0.150	0.150	0.375	0.375	0.375	0.375
Total Direct Sales Tax Rate	2.150	2.150	2.150	2.150	2.150	2.150	2.375	2.375	2.375	2.375
Total Local Option Sales Tax Rate										
State of Missouri										
General Sales Tax	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Education	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Total State of Missouri	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225
Buchanan County										
General Sales Tax	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Law Enforcement	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Capital Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
County Tourism	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Total Buchanan County	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100
City of St. Joseph	2.150	2.150	2.150	2.150	2.150	2.150	2.375	2.375	2.375	2.375
Total Direct and Overlapping Sales Tax Rate	7.475	7.475	7.475	7.475	7.475	7.475	7.700	7.700	7.700	7.700

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	Direct Tax Rate	Estimated Actual Value	
2003	\$ 500,861	\$ 2,224,004	\$ 250,533	\$ 759,190	\$ 20,935	\$ 63,440	\$ 772,329	1.55	\$ 3,046,634	25.4%
2004	527,739	2,317,589	233,182	706,612	20,301	61,519	781,222	1.57	3,085,720	25.3%
2005	521,034	2,306,219	231,804	702,436	19,306	58,503	772,144	1.60	3,067,158	25.2%
2006	597,842	2,681,510	224,605	680,623	17,194	52,102	839,641	1.54	3,414,234	24.6%
2007	604,882	2,710,836	244,962	742,310	16,280	49,334	866,124	1.55	3,502,480	24.7%
2008	618,779	2,769,236	255,510	774,272	16,183	49,038	890,471	1.55	3,592,546	24.8%
2009	622,357	2,789,469	271,357	822,293	15,858	48,054	909,571	1.56	3,659,816	24.9%
2010	636,014	2,843,770	284,102	860,915	16,234	49,193	936,350	1.53	3,753,878	24.9%
2011	636,915	2,848,165	284,496	862,110	21,012	63,672	942,423	1.53	3,773,946	25.0%
2012	676,612	3,004,808	270,539	819,814	28,193	85,434	975,343	1.53	3,910,056	24.9%

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

Fiscal Year	City Direct Rates								Overlapping Rates (1)			
	General Fund	Public Safety	Debt Service	Public Health	Parks & Recreation	Museum	Library	Total City of St. Joseph	State of Missouri	St. Joseph School District	Buchanan County	Total
2003	\$ 0.61	\$ 0.07	\$ -	\$ 0.20	0.20	\$ 0.05	\$ 0.42	\$ 1.55	\$ 0.03	\$ 3.26	\$ 0.44	\$ 5.28
2004	0.63	0.07	-	0.20	0.20	0.05	0.42	1.57	0.03	3.42	0.44	5.46
2005	0.65	0.07	-	0.21	0.20	0.05	0.42	1.60	0.03	4.05	0.46	6.14
2006	0.62	0.07	-	0.21	0.19	0.05	0.40	1.54	0.03	4.03	0.46	6.06
2007	0.63	0.07	-	0.21	0.19	0.05	0.40	1.55	0.03	3.98	0.46	6.02
2008	0.63	0.07	-	0.21	0.19	0.05	0.40	1.55	0.03	3.93	0.44	5.95
2009	0.63	0.07	-	0.21	0.20	0.05	0.40	1.56	0.03	3.93	0.45	5.97
2010	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	3.39	0.46	5.41
2011	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	4.00	0.46	6.02
2012	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	4.00	0.46	6.02

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Notes: (1) County Tax Breakdown for Current Year:
 General Fund 0.08
 Road & Bridge Fund 0.28
 Handicap 0.10
Total County 0.46

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

TAXPAYER	TYPE OF BUSINESS	2012			2003		
		ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION(1)	2002 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
Missouri American Water Co	Water Utility	\$ 19,729,530	1	2.02%			
Boehringer Ingelheim Animal Health	Animal Health Manufacturer	16,826,888	2	1.73%	\$ 7,277,100	3	0.94%
Ag Processing Inc	Soybean Processing	15,446,447	3	1.58%	7,432,590	2	0.96%
Belt Highway Investment	Shopping Mall	14,728,950	4	1.51%	6,400,350	7	0.83%
HHS Properties, Inc./Uptown	Healthcare Industry	12,512,020	5	1.28%	7,094,700	4	0.92%
Triumph Foods LLC	Pork Processing	11,658,240	6	1.20%			
Lifeline Foods	Food Manufacturing	11,415,115	7	1.17%			
Johnson Controls Battery Group	Battery Manufacturer	10,538,070	8	1.08%	5,206,553	10	0.67%
American Family Mutual Insurance	Insurance	9,939,650	9	1.02%			
Cole PC St Joseph MO LLC	Shopping Center	9,701,320	10	0.99%			
Nestle USA Inc	Pet Food Manufacturing				12,012,610	1	1.56%
Southern Union Gas Co.	Natural Gas Utility				6,808,640	5	0.88%
Silgan Containers	Canned Food Containers				6,580,960	6	0.85%
Mead Corporation	Paper Manufacturer				6,017,430	8	0.78%
Wal-Mart Real Estate Business	Retail Variety Store				5,413,850	9	0.70%
		<u>\$ 132,496,230</u>		<u>13.58%</u>	<u>\$ 70,244,783</u>		<u>9.10%</u>

Table 12

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
2003	\$ 10,804,976	\$ 10,364,135	95.92%	\$ 433,900	\$ 10,798,035	99.94%
2004	10,766,443	10,375,602	96.37%	384,056	10,759,658	99.94%
2005	11,423,095	10,965,000	95.99%	451,579	11,416,579	99.94%
2006	11,939,359	10,893,184	91.24%	451,502	11,344,686	95.02%
2007	13,189,059	12,770,207	96.82%	415,655	13,185,862	99.98%
2008	13,496,762	13,086,927	96.96%	405,119	13,492,046	99.97%
2009	13,713,589	13,237,877	96.53%	468,772	13,706,649	99.95%
2010	13,727,486	13,192,295	96.10%	532,728	13,725,023	99.98%
2011	14,161,209	13,532,867	95.56%	623,045	14,155,912	99.96%
2012	14,350,231	14,283,412	99.53%	-	14,283,412	99.53%

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

Fiscal Year	Governmental Activities					
	PBA	MDFB	IFB/IDA	Developer Obligations	Capital Leases	Loans
2003	\$ 589,240	\$ -	\$ -	\$ -	\$ 67,160	\$ 700,000
2004	542,640	-	9,170,000	-	91,586	630,000
2005	475,706	6,860,000	45,645,000	2,467,000	56,280	-
2006	425,506	5,395,000	62,530,000	2,379,177	69,828	-
2007	341,152	3,810,000	61,665,000	2,028,523	-	-
2008	296,647	2,170,000	65,570,000	9,654,552	50,793	-
2009	252,142	2,070,000	63,685,000	20,882,574	35,573	-
2010	202,856	1,965,000	61,745,000	31,689,113	19,012	-
2011	155,961	1,860,000	59,755,000	31,948,993	195,021	-
2012	106,675	1,750,000	55,930,034	29,730,100	305,458	-

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			
2003	755,760	-	14,460,000	175,000	195,936	287,569	17,230,665	0.96%	24,799
2004	592,360	-	14,316,000	150,000	315,500	249,585	26,057,671	1.43%	25,103
2005	519,294	11,720,000	13,365,000	120,000	229,580	210,093	81,667,953	4.40%	25,541
2006	464,495	11,720,000	12,359,001	90,000	166,191	169,033	95,768,231	5.17%	25,059
2007	366,381	11,515,000	11,216,393	60,000	99,723	-	91,102,172	4.75%	25,909
2008	318,740	11,275,000	30,529,313	-	60,222	-	119,925,267	5.94%	27,306
2009	271,095	10,860,000	29,384,235	-	20,648	-	127,461,267	6.03%	28,552
2010	218,235	10,415,000	28,171,157	-	103,661	-	134,529,034	5.69%	31,946
2011	167,981	9,950,000	26,906,079	-	77,957	-	131,016,992	5.25%	32,533
2012	115,121	9,465,000	47,438,000	-	50,401	-	144,890,789	5.57%	33,732

(1) Bureau of Economic Analysis

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Est. Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Less Amounts Available in Debt Service	Total		
2002	\$ -	\$ -	\$ -	0.00%	\$ -
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	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, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Joseph School District	\$ 23,120,000	95.75%	\$ <u>22,137,400</u>
Subtotal, overlapping debt			22,137,400
City of St. Joseph direct debt			87,822,267
Total direct and overlapping debt			\$ <u><u>109,959,667</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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit (1)	\$ 154,465,774	156,244,388	154,428,775	167,928,218	173,224,886	178,094,297	181,914,282	187,270,023	188,484,606	195,068,675
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 154,465,774	156,244,388	154,428,775	167,928,218	173,224,886	178,094,297	181,914,282	187,270,023	188,484,606	195,068,675
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 2012

Assessed Value	\$ 975,343,375
Debt Limit (20% of assessed value)	195,068,675
General obligation:	-
Total Bonded Debt	-
Less:	-
Total net debt applicable to limit	-
Legal debt margin	\$ 195,068,675

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Notes:

(1) Total tangible property assessed value as of January 1, 2011 as certified by the County Clerk on June 30, 2011

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

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

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

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

Table 17

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

Fiscal Year	Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
<u>Sewer</u>						
2003	\$ 7,395	\$ 5,164	\$ 2,231	\$ 884	\$ 751	1.37
2004	7,473	5,709	1,764	951	739	1.04
2005	9,824	7,814	2,010	1,006	691	1.18
2006	10,108	6,302	3,806	1,058	639	2.24
2007	11,299	5,881	5,418	1,263	1,458	1.99
2008	13,265	7,269	5,996	1,354	1,811	1.89
2009	13,743	8,451	5,292	1,675	1,949	1.46
2010	15,828	10,372	5,456	1,747	1,867	1.51
2011	16,849	10,901	5,948	1,845	1,780	1.64
2012	20,411	9,163	11,247	2,233	2,731	2.27

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2003	72,744	\$ 1,803,978	\$ 24,799	37.20	11,817	6.00%
2004	72,602	1,822,528	25,103	37.60	11,689	5.40%
2005	72,661	1,855,835	25,541	37.90	11,690	5.90%
2006	73,990	1,854,115	25,059	37.90	11,466	4.90%
2007	73,990	1,917,007	25,909	35.30	11,718	4.50%
2008	73,990	2,020,371	27,306	35.30	11,630	5.00%
2009	73,990	2,112,562	28,552	36.50	11,744	8.70%
2010	73,990	2,363,685	31,946	37.00	11,935	7.70%
2011	76,780	2,497,884	32,533	37.90	11,737	5.73%
2012	77,185	2,603,604	33,732	38.10	11,039	5.70%

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

CITY OF ST. JOSEPH, MISSOURI
Principal Employers
2012 and 2003

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Heartland Health	3,451	1	4.99%	2,259	1	6.80%
Triumph Foods	2,240	2	3.24%	-		
St. Joseph School District	1,882	3	2.72%	1,546	2	4.60%
Altec Industries	880	4	1.27%	-		
Boehringer Ingelheim Vetmedica	838	5	1.21%	660	5	2.10%
American Family	820	6	1.19%	841	3	2.80%
System & Services Technologies	745	7	1.08%	778	4	2.30%
Sara Lee Foods	700	8	1.01%	588	9	1.70%
Johnson Controls	697	9	1.01%	592	8	1.80%
City of St. Joseph, Missouri	635	10	0.92%	644	6	1.90%
Western Reception, Diagnostic				642	7	1.90%
Missouri Western State College				550	10	1.60%
Total	12,888		18.64%	9,100		27.50%

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Source: St. Joseph Area Chamber of Commerce

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Mayor/Council	1	1	1	1	1	1	1	1	1	1
City Clerk	2	3	3	3	3	3	3	3	2	2
City Manager	3	3	3	4	4	6	6	6	5	4
Technology & Communications	6	5	5	5	5	5	5	5	5	4
Municipal Court	8	5	5	5	6	6	6	6	5	5
Legal	6	7	7	7	7	7	7	7	6	6
Administrative Services	18	19	14	15	15	15	15	15	15	16
Human Resources	5	5	5	5	5	6	6	6	5	5
Customer Assistance	17	17	25	26	25	16	16	16	15	3
Public Safety										
Police - Arrest Powers	115	114	116	117	118	117	119	117	116	115
Police - Civilian	40	39	41	41	41	44	44	45	44	42
Fire Protection	127	131	131	131	131	131	131	131	127	124
Fire - Civilian	2	2	3	3	3	3	3	3	3	3
Public Works										
Engineering	10	11	11	10	10	10	10	10	9	9
Public Works Administration	4	5	5	4	5	5	5	5	5	5
Streets	63	62	59	61	62	64	64	64	63	58
Traffic	8	8	8	8	8	8	8	8	8	7
Airport	6	6	6	6	6	6	6	6	6	5
Parking Services	6	6	6	6	6	6	6	6	6	5
Landfill	16	15	16	16	17	18	18	18	18	18
Recycling Center	3	3	2	2	2	2	2	2	2	2
Sewer Maintenance	16	17	17	14	19	19	19	19	20	24
Water Pollution Control	43	42	41	42	45	46	46	50	51	50
Health Department	41	41	41	41	42	42	42	42	41	40
Parks and Recreation	50	50	47	48	48	53	51	52	51	52
Community Development										
Planning	5	5	5	4	4	4	4	4	3	5
Housing & Community Dev	8	8	7	8	9	7	7	7	7	15
Property Maintenance						11	10	11	9	10
Total	629	630	630	633	647	661	660	665	648	635

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Source: City of St. Joseph Annual Report

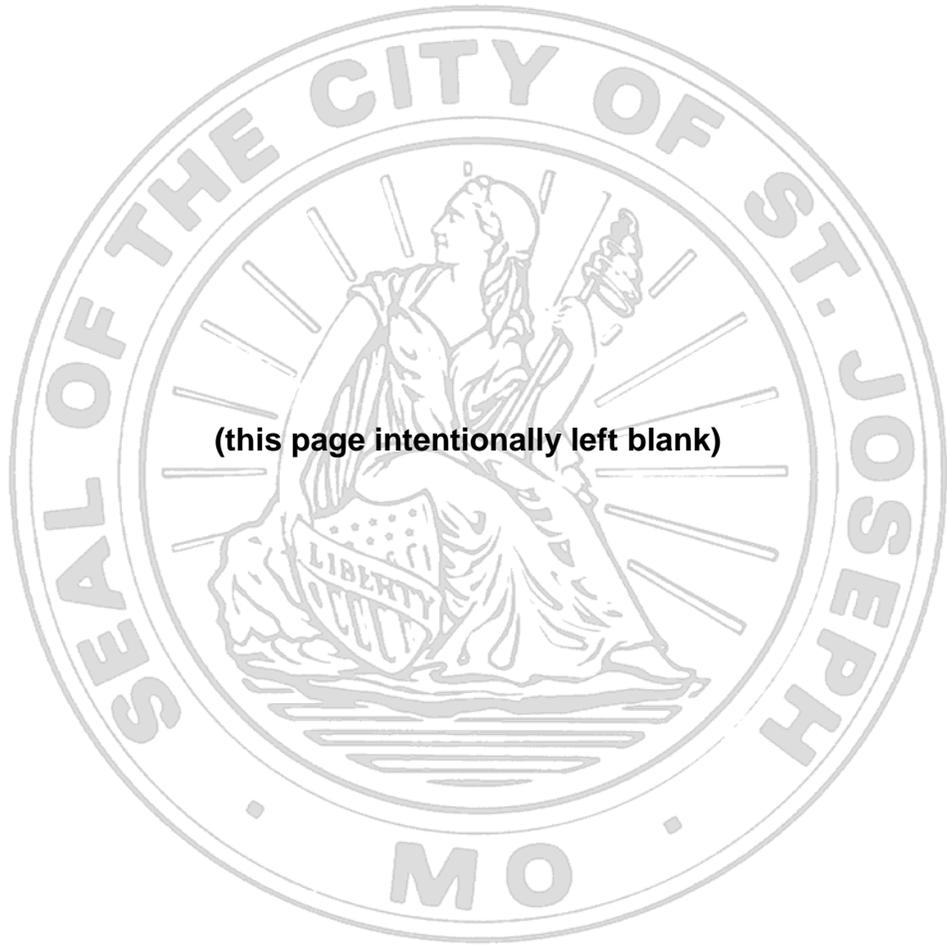
CITY OF ST. JOSEPH, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Physical Arrests	7,230	7,859	6,679	5,610	6,183	7,178	6,368	5,170	5,275	4,870
Traffic Violations	14,644	15,336	15,669	15,688	11,541	18,065	18,453	14,544	11,084	14,080
Parking Violations	12,629	12,629	11,307	11,620	10,182	10,524	11,861	12,071	8,719	8,532
Fire										
Total Alarms	12,508	6,642	6,621	6,895	7,322	8,573	8,074	7,920	9,049	9,651
Inspections	348	515	250	500	398	390	1,058	590	419	442
Water										
Number of customers	36,878	36,878	36,878	31,751	32,480	33,333	32,548	32,002	32,014	32,004
Daily Average Water Consumption	14,994,000	15,156,000	14,933,000	15,000,000	17,083,000	18,000,000	17,209,000	17,161,000	17,589,000	17,584,000
Sewer										
Number of customers	25,764	26,397	30,878	31,751	26,768	26,876	26,859	26,910	26,875	26,836
Daily Average Wastewater Treated	12,800,000	17,000,000	17,000,000	15,000,000	15,000,000	17,000,000	17,000,000	17,000,000	17,000,000	15,000,000

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

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program											
Public Safety											
Police											
	Police stations	1	1	1	1	1	1	1	1	1	1
	Vehicles	104	84	91	91	108	106	104	106	119	122
Fire											
	Fire Stations	9	9	9	9	9	9	9	9	9	9
Public Works											
	Total area (square miles)	45.045	45.045	45.045	44.443	44.443	45.443	44.680	46.500	46.500	46.500
	Paved miles	531.0	418.0	425.0	425.0	426.3	426.4	432.8	432.8	432.3	432.3
Culture and Recreation											
	Park acreage	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	2,000	2,000
	Parks	49	49	46	46	46	46	46	46	46	46
	Ball Fields	23	23	22	23	23	22	23	23	23	23
	Community Centers	1	1	1	1	1	1	1	1	1	1
	Golf Courses	1	1	1	1	1	1	1	1	1	1
	Ice Arenas	1	1	1	1	1	1	1	1	1	1
	Swimming Pools	3	3	3	3	3	3	3	3	3	3
	Tennis Courts	21	21	21	21	21	21	21	21	21	21
Power and Light											
	Power stations	13	13	13	12	17	12	12	12	12	12
	Transmission/Distribution Circuits (miles)	1,000.00	800.00	1,000.00	793.00	799.25	813.04	816.45	816.45	593.32	595.45
	Street Lights	5,755	5,883	5,933	6,097	6,652	6,884	6,903	6,923	6,943	6,952
Water											
	Water mains (miles)	600	604	619	605	620	613	616	619	619	619
	Fire hydrants	2,887	2,986	2,986	2,985	3,141	3,075	3,063	3,096	3,031	3,030
	Maximum daily pumpage (millions of gallons)	30	30	30	30	30	30	30	21	24	24
Sewer											
	Number of treatment plants	1	1	1	1	1	1	1	1	1	1
	Sewers mains (miles)	372	372	386	377	388	390	380	397	397	402
	Maximum daily capacity of treatment (MGD)	27	27	27	27	27	27	27	27	27	27

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