

CITY OF ST. JOSEPH, MISSOURI

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Prepared by the Financial Services Department

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Director of Financial Services

CITY OF ST. JOSEPH, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2005

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INTRODUCTORY SECTION

CITY OF ST. JOSEPH, MISSOURI

PRINCIPAL OFFICIALS

David J. Jones
Mayor

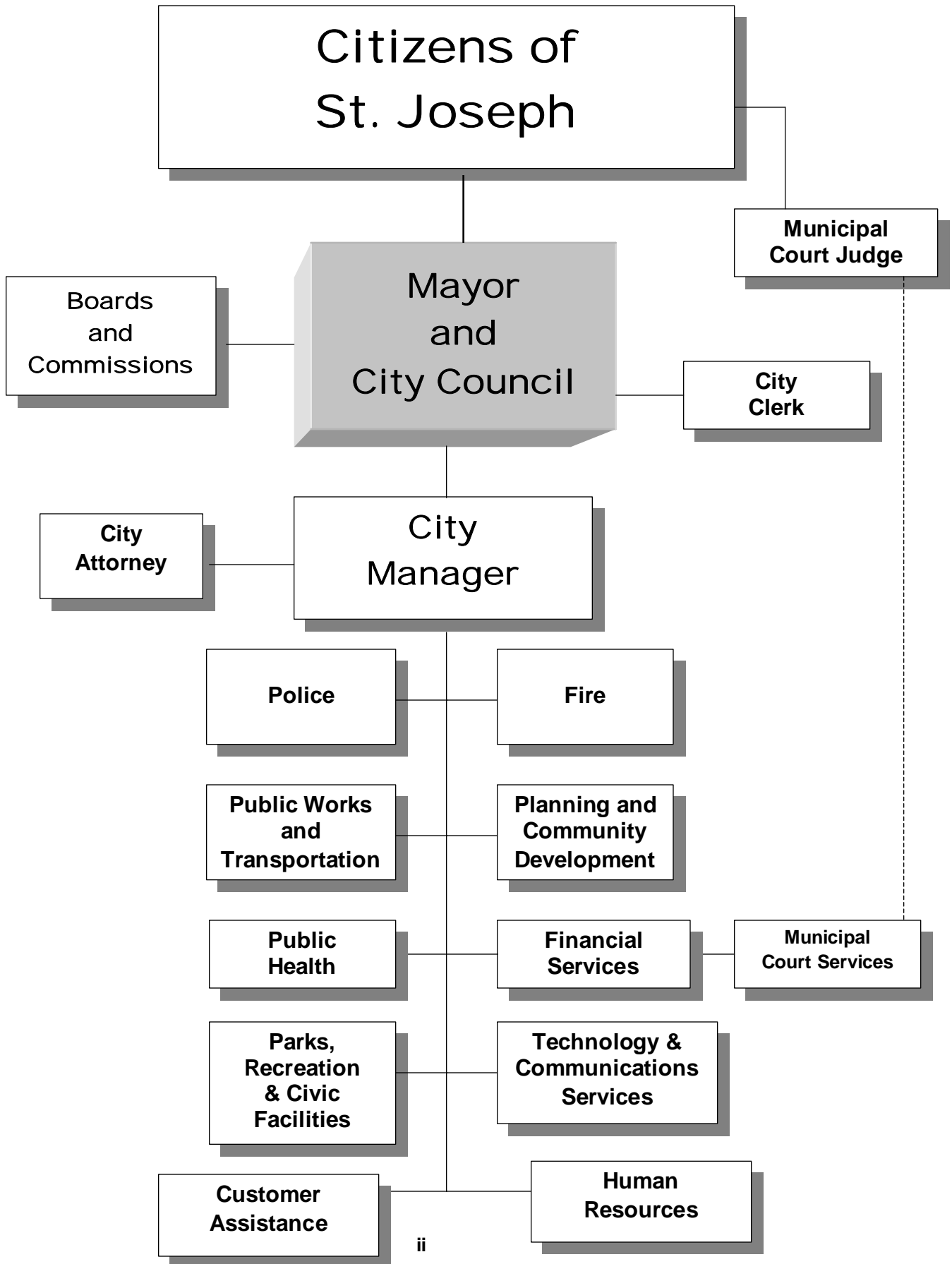
CITY COUNCIL

Donna Jean Boyer	Ben Burtnett
Jerry R. Cooper	Kim Gorman
Charles Jones	Jerry Russell
Bob Boeger	John M. Shea, Sr.

Vincent J. Capell
City Manager

City Attorney	Lisa Robertson
City Clerk	Paula Heyde
Community Services	Clint Thompson
Customer Assistance	Sam Barber
Financial Services	Carolyn Harrison
Fire Chief	Jack Brown
Human Resources	Glenda Klein
Parks and Recreation	Bill R. McKinney
Police Chief	G. Mike Hirter
Public Health	Mary Sanders
Public Works & Transportation	J. Bruce Woody
Technology & Communication Services	Steve Hofferber

ORGANIZATION CHART



December 30, 2005

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

The comprehensive annual financial report of the City of St. Joseph, Missouri (the City) for the Fiscal Year Ended June 30, 2005, 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 KPMG LLP has audited the City's financial statements. The purpose of the audit conducted by KPMG LLP was to review and provide reasonable assurance that the City's financial statements for fiscal year ended June 30, 2005, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the government-wide and fund financial statements; assessing the

accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

As a recipient of federal, state, and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to assistance programs. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as Amended and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls over compliance and compliance with legal requirements applicable to federal awards. The financial statement audit for the fiscal year ended June 30, 2005 disclosed no material internal control weaknesses or material violations of laws and regulations. These reports are available in the City's separately issued Single Audit Report.

This Comprehensive Annual Financial Report (CAFR) reflects the changes required by the Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The format and a description of these reports are addressed in the Management's Discussion and Analysis (MD&A) and in the notes to the financial statements.

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

- 1. Introductory Section** - The introductory section includes this transmittal letter, the City's organizational chart, a list of elected and appointed officials, and the Certificate of Achievement for Excellence in Financial Reporting received by the City for the 2004 CAFR.
- 2. Financial Section** - The financial section includes the independent auditors' report, Management's Discussion and Analysis, Financial Statements and Notes to the financial statements, Combining Statement for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.

3. **Statistical Section** – The statistical section includes tables of unaudited data depicting the financial history of the City, information concerning the governmental units that overlap the City, and economic and demographic information.

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

PROFILE OF THE CITY

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local economy

The City is the central services provider for a seven county area of northwest Missouri and northeast Kansas with a combined population of 163,399. The City's population of 73,990 represents 45.2% of the total service area. Located in the heart of the country, St. Joseph's location and transportation system provides for efficient access to customers and suppliers. From Canada to Mexico, Interstate 29, a major north-south interstate runs through the city. St. Joseph is fortunate to have two airports available. South of St. Joseph via I-29 is Kansas City International (KCI) airport. Just west over the Missouri River is Rosecrans Memorial Airport serving St. Joseph's civilian and military needs by providing capacity for any size aircraft. The Missouri River, part of the nation's inland waterway system, borders St. Joseph allowing the public river port facility the ability to give area businesses the option of transporting via river. In addition, rail service provides direct access to all parts of North America.

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

Labor Force

St. Joseph's Metropolitan Statistical Area (MSA) consists of Andrew, Buchanan, DeKalb Counties in Missouri and Doniphan Counties in Kansas. The St. Joseph MSA maintains a civilian labor force of 66,551 with 62,596 employed for the period ending June 30, 2005, producing an unemployment rate of 5.90%. At this time last year the unemployment rate was 6.13%. From a heritage rich in agriculture, St. Joseph's economic rebound boasts a strong life science emphasis and the investment in The Shoppes at North Village made a positive impact on the community and helped to lower the unemployment rate.

Major Employers

St. Joseph's economy is highly diversified, with major industrial, manufacturing, financial services, healthcare, and educational institutions. The City's largest employer, Heartland Health, provides 2,800 jobs, or 4.5% of the total employed work force. Heartland Health is an integrated health system, including a comprehensive acute care medical center, physician practices, and a health plan. This consolidation has provided stability and expansion in the regional health services industry. The ten largest employers provide a total of 9,882 jobs, representing 13.8% of the total employed work force. These employers are listed as follows:

TEN LARGEST EMPLOYERS			
Employer	Industry	Number	% of Work Force
Heartland Health	Health Services	2,800	4.5%
St. Joseph School District	Public Education	1,546	2.5%
American Family, Inc.	Insurance	910	1.5%
Systems & Services Technology	Loan Servicing	778	1.2%
Altec	Utility Equipment	720	1.2%
Sara Lee Foods	Meat Products	700	1.1%
City of St. Joseph	Government	644	1.0%
Western Reception Diagnostic	Correctional Facility	642	1.0%
Johnson Controls	Automotive Storage	592	0.9%
Missouri Western State College	Higher Education	550	0.9%
Total		9,882	13.8%

Economic Development Efforts

The St. Joseph economy has felt the impact of the recent economic slow-down, but is continuing to experience moderate grow and expansion. The level of ongoing cooperation among the City, County, Chamber of Commerce and the

business community was at an all time high and was reflected in the level of economic development success demonstrated throughout the year.

New & Existing Businesses

During the year, the City, County, and the Chamber of Commerce was involved in numerous attraction and expansion projects, resulting in new jobs created and millions in new investment instilled in the community.

Ameri-Pac held an open house for their new manufacturing facility located south of downtown St. Joseph. The company will make a variety of animal-health products.

Holiday Inn Riverfront Hotel, formerly the St Joseph Riverfront Historic District Hotel, underwent a \$5 million renovation. This full service hotel located in historic downtown offers 169 rooms, state of the art banquet facilities, and the addition of a Houlihan's Old Place Restaurant adding 100 jobs.

IVX Corp, a global human and animal pharmaceutical manufacturer, completed the purchase of Phoenix Scientific, a local generic animal pharmaceutical company. IVAX, the parent company, anticipates moving the company's animal health headquarters to St. Joseph resulting in 75 new positions.

Lifeline Foods is adding 20 new jobs at their facility. When the company first invested in the St. Joseph community, they employed a workforce of 110. The company is a farmer-owned cooperative and is utilizing the mills to produce a variety of products.

LifeNet has relocated its flight program and base from Heartland Hospital to Rosecran's Airport. LifeNet is a subsidiary to a nation-wide emergency medical business named Rocky Mountain Holdings, Inc. The two closest air ambulance operations are located in Omaha, NE and Kansas City, MO. LifeNet has a very effective community outreach program, which includes education to schools to educate children regarding their profession, equipment, and personnel.

Midwest Scrap has purchased a vacant facility within the city limits and will have a total of 30 openings due to the expansion in operations. Having contracts with Harley Davidson and Ford Motor Company, the company recycles scrap metal.

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

Sara Lee opened a new 200,000 square foot food processing facility near Mitchell Woods Business Park. St Joseph Foods, a division of Sara Lee, has shown investment in the community by expanding yet again with a new product line at the St. Joseph's facility. One hundred employees will be added to their workforce.

The Shoppes at North Village, a \$70 million dollar joint venture between RED Development and R.H. Johnson Company, when complete will encompass 595,000 square feet of retail, entertainment, and dining. The grand opening of The Shoppes was held in spring 2005 for the major anchor stores and restaurants.

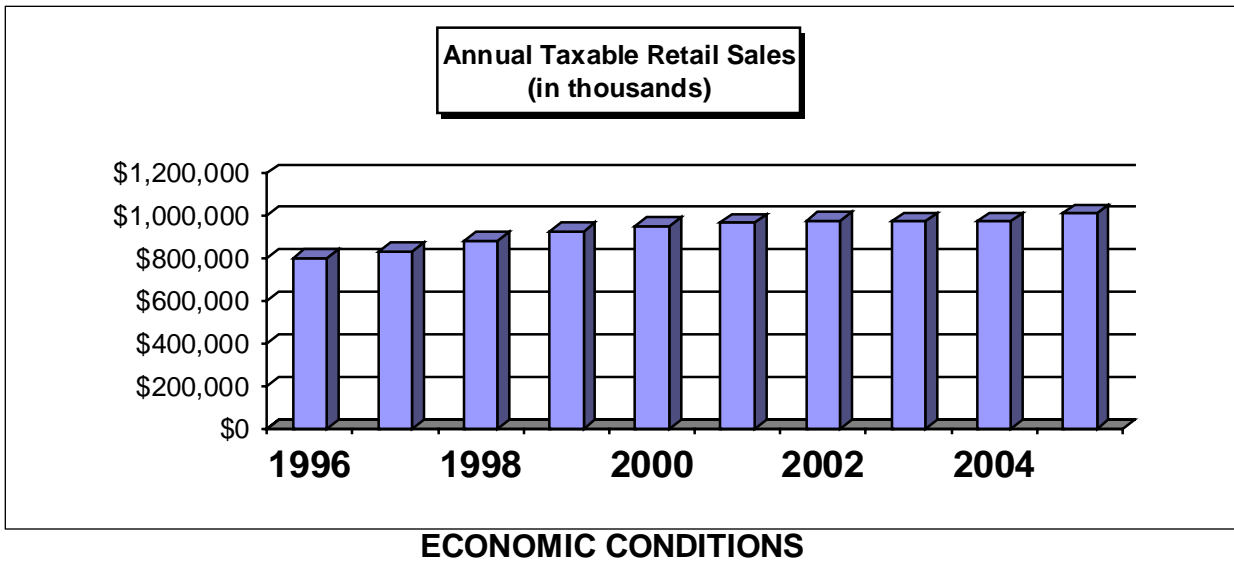
Triumph Foods, selected St. Joseph to serve as their corporate headquarters and new pork processing facility with a \$140 million investment in the community. Designed as the most modern and efficient pork processing facility in the United States, the 630,000 square foot facility will start with 400-500 employees and incorporate the newest technologies. As a result of Triumph Foods' selection, the City will invest \$12.5 million dollars worth of improvements in the wastewater treatment plant. Scheduled opening of the plants is early 2006.

Wallace Theater, offers St. Joseph citizens with the current 8 theater complex plus 10 additional screens. Construction was completed for the stadium seating style theater with the most up-to-date technology for movie viewing.

Taxable Annual Retail Sales and City Sales Tax

The State of Missouri reported a "pull factor" of 1.14 for the City constant with last year's factor indicating stability in the economy. The anticipated opening of The Shoppes at North Village will enhance purchasing power in the St. Joseph area and will hopefully bring customers from the St Joseph and surrounding area.

One of the City's largest general revenue sources, the one and one-half cent local sales tax increased for fiscal year 2005. Total retail sales in St. Joseph increased, as reflected in the total sales tax remitted to the City. The following chart depicts the revenue over the last ten years.



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

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

Business Licenses

Growth was demonstrated in the local community as evidenced by the number of business licenses issued. The City issued 4,634 business licenses for fiscal year ended June 30, 2005. This is an increase of 48 businesses in the St. Joseph local economy over the previous year.

Work Force Education and Training

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

public school system as well as private and parochial elementary, middle, and high schools.

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

St. Joseph has a strong life sciences based economy with over 4,600 jobs directly employed in such businesses as animal pharmaceuticals, agriculture chemicals, food processing, health care, animal research and development and seed production. These companies are located in St. Joseph, as Northwest Missouri boasts the highest crop yields for soybeans and corn in the state of Missouri and provides easy access to raw materials for manufacturing. Locally, a life science network has been formed to provide direction and input to the initiative of creating an applied Life Science Institute in St. Joseph in order to attract more life sciences jobs to the area. The group includes representatives from the City, County, Missouri Western State College, Chamber of Commerce, and life science businesses.

Culture and Recreation

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

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

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

St. Joseph hosts the St. Joseph Saints Baseball team, a summer Collegiate Baseball League team. They play all their home games at Phil Welsh Stadium, competing in the MINK League.

The United States Tennis Association held the women qualifying tournament in July 2005 with 36 participants from twelve countries represented at the Noyes Sports Complex. Adjacent to the Aquatic Center, the 23 acre facility has 12 lighted tennis courts, horseshoe court, and running track.

In August, 2005, the Allied Arts Council of St. Joseph produced the thirteenth annual Trails West!® Festival, with 80,000 in attendance. Other festivals and parades include the Apple Blossom Parade in May, Sacred Hills Encampment each June, Southside Fall Festival and Parade the middle of September, Pumpkinfest every October.

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

The City's recreation division coordinates a wide range of instructional, developmental and recreation programs and leisure opportunities for all ages, interest, and abilities. The Joyce Raye Patterson Senior Citizens Center features a multi-purpose room, stage area, cafeteria, and newly constructed exercise center. The St. Joseph Civic Arena can entertain any type of event from sporting competition to craft show with seating available for 2,300 people. Missouri Theater, a 1927 former movie theater listed on the National Register of Historic Landmarks, is an architectural asset to downtown St. Joseph sponsoring many St. Joseph arts organizations. The City recently opened for the 2005 summer season an aquatic center water park complete with two water slides, floating river, and children play area. The Public Works and Parks and Recreation Departments joined forces to create the Hike and Bike Trail system in St. Joseph. This system will increase the pedestrian access to the full length of the parkway from Krug Park to Hyde Park. As the Hike and Bike Trail system continues to expand off of the parkway and reaches further into existing neighborhoods, its use as a source of recreation and transportation enhances the community and citizens.

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

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

These valuable assets, the establishment of the County Tourism Bureau in 1993, the opening of the St. Joseph Frontier Casino Riverboat in June 1994, and related river front development projects amplify the importance of tourism as one of the City's major industries.

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

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

- **Enterprise Zone Benefits** – The City also participates in a number of programs such as subsidized “Enterprise Zones” designed to ease the financial burden on growing businesses. The City of St. Joseph, per RSMo 100.090, is granted the authority to issue general obligation bonds in the amount not in excess of ten percent of the assessed valuation of the taxable tangible property of the City for special industrial development projects. These abatements may apply to real and personal property. The City shall bear no pecuniary liability. The bond is payable solely from the revenue pledged to the payment and does not constitute a debt of the City.
- **Missouri Chapter 100 bonds** – Provides real and/or personal property tax abatements. Currently, there are nine (9) companies benefiting from these abatements.
- **Tax Increment Financing (TIF)**– Redirects incremental increases in activity taxes, property taxes and/or user fees within qualifying jurisdictions for the exclusive use of paying off bonds issued to finance infrastructure and related business developments within the jurisdiction. The City had four (4) TIF projects at June 30, 2005.
- **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, 2005.
- **Community Improvement Districts (CID)** – Special assessments, taxes and/or fees can be established in order to make improvements and support business activity and economic development within

designated boundaries of the district. The City had no CID's established at June 30, 2005.

- Neighborhood Improvement Districts (NID) – Special assessments levied on benefiting properties to make improvements within designated boundaries. The City had three (3) Neighborhood Sewer Improvement Districts, as of June 30, 2005.

- Special Business District – Real property and businesses may be taxed within designated boundaries in order to make improvements. The City has one (1) Special Business District, the Downtown Business District established February, 1990.

- Transportation Development District (TDD) – Transportation related infrastructure improvements can be financed through special assessments, property taxes or sales taxes levied within designated boundaries. The City had one (1) TDD as of June 30, 2005.

- Low interest loan programs offered through Community Development Block Grant (CDBG) programs.

- Direct Loans from City Operating Accounts – The City has, on occasion, entered into temporary loans with companies as inducements to further development. A recent example is the \$100,000 short-term loan from the City's emergency reserves to a developer of speculative shell buildings at Mitchell Woods Business Park.

- Infrastructure (in-kind) Improvements – In order to entice new and existing business to relocate to or expand in St. Joseph, the City frequently takes it upon itself to make the necessary sewerage, streets, lighting and similar infrastructure improvements.

- Participation in Mo-Kan Regional Council (Mo-Kan). The City contributes \$25,000 annually for representation on the Board of Directors and membership in Mo-Kan. In addition to its many other responsibilities, Mo-Kan works in Northwest Missouri and Northeast Kansas in areas of financing and economic development, on-the-job customized training programs and worker reentry program under the Workforce Improvement Act, loan packaging and grant applications.

The Community's Plan - Seven community partners developed a 35 member steering committee made up of business leaders and residents to survey residents on their needs and concerns of the community. With this information, six (6) issue areas were identified with action teams developed to implement

strategies and initiatives to address these concerns. Some of the 205 initiatives which the City is involved include:

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

Improved Citizen Communications – The City continues to improve and expand its methods of communicating with residents. In addition to regularly scheduled City Council meetings, work sessions, committee meetings and public hearings, the City continues to reach out to its citizens through the Mayor's monthly townhall **City Talk** public forums, quarterly neighborhood newsletter, public access cable channel, complaint hotline, Property Maintenance Division activities, Student in Government Day, resident surveys, and the weekly City Manager's Report.

City Neighborhoods - The City began providing assistance to neighborhood associations in 1994 as a demonstrated need that residents and municipal government must work together to develop solutions for concerns that will benefit residents and the community. Currently the City assists 44 associations and other not-for-profit groups in community improvement projects.

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

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

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

1998 half-cent sales tax is a five year tax that was extended in June, 2003, by voters in the November 2002 election. Following are redevelopment projects the City is working on with other agencies.

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

Riverfront/Riverwalk Redevelopment – City officials, downtown representatives and business owners are pursuing redevelopment strategies for the Riverfront along the Missouri River. Private development has already occurred in this area to include the new St. Joseph Frontier Casino facility, Sunset Grill Restaurant, shops and cabin rental facilities. In early 2001, the City entered into an engineering and design component services contract with a consultant to assist in preparation of the Riverfront Development Master Plan. The Plan calls for a riverfront recreation complex, riverwalk, county fairgrounds, and nature center among other amenities. In April 2003, Heritage Softball Complex was built and available for play. The construction of the Riverwalk was completed at the end of May 2004. As of June 2004, the beginnings of the Living History Preserve were in place. The preserve will tell the story of the development of the community from the early Native Americans through the Civil War to the end of the 19th century. The Federal Government has provided a \$992,000 VA/HUD grant and the Missouri Department of Conservation has provided a \$1,000,000 Challenge grant to build a nature center just south of the McArthur Drive parking lot at the Riverfront. Currently design plans are underway for the Nature center and construction is expected to start in the fall 2006. Buchanan County is negotiating a land swap deal with the St. Joseph Riverboat Partners to construct the Buchanan County Fairgrounds.

Downtown Redevelopment and Downtown Master Plan – City officials and members of the Chamber of Commerce and Downtown Partnership created a Master Plan Committee made up of residents interested in downtown redevelopment. The Downtown Master Plan defines public improvements necessary to spur private investment and downtown revitalization. The Capital Improvement and Community Development Block Grant funds are identified as the main source of funding for both functional and aesthetic improvements. Implementation of the Master Plan began with the construction of the Third and Edmond Street "West Gateway" project. This project will lay the design guidelines for the remaining Downtown projects. The remaining projects are identified in the City's Capital Improvement Program and work has begun on these

projects in fiscal year 2004-2005, and continue through 2008. In order to revitalize downtown, the City will take the lead through public improvements and require approximately \$6 million dollars to complete.

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

St. Joseph Regional Port Authority – Adjacent to the Riverfront Industrial Development Area (Brownsfield) area is the location of the multipurpose port and general cargo dock facility. This project was completed March 2002, and goes hand in hand with the Downtown Redevelopment, Brownsfield Redevelopment and Economic Development Initiatives. As an established port district whose boundaries encompasses all of Buchanan County, including the City of St. Joseph, the Port Authority mission is to promote the general welfare of the community and serve the surrounding agricultural and industrial markets.

New Business Park - With the success of the Mitchell Woods Business Park, an additional business park is needed to continue to attract new or existing business expansion. The City is providing \$5.4 million in funding from the voter approved 2003 one-half cent Capital Improvement Sales Tax for infrastructure improvements. Private investors and developers will provide the remaining funding. Completion is anticipated for FY 2006 - 2007.

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, 2005, the City had no general obligation debt.

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

Cash Management Policies and Practices - The City's investments are established by State Statutes and the City Investment Policy. Funds in excess of the operational needs are invested in U. S. Government Agency Discount Notes or in securities issued by the U.S. Treasury based on competitive bids received. It is City policy to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all Missouri state statutes, the City Charter, the City Administrative Code, and the City's Code of Ordinances governing the investment of public funds. The maturities of the investments range from 30 days to 180 days. To maximize investment earnings, the City consolidates cash balances of all funds except restricted or special funds. All bank deposits were insured by Federal Depository Insurance or were collateralized at June 30, 2005.

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

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

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

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

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Joseph, Missouri, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Respectfully submitted,

Carolyn Harrison
Director of Financial Services

Vincent J. Capell, CPA
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Joseph,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Joseph, Missouri (the City) as of and for the year ended June 30, 2005, 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 management of the City. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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 provides 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 of St. Joseph, Missouri as of June 30, 2005 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in note 1, on July 1, 2004, the City adopted Governmental Accounting Standards Board Statement (GASB) No. 40, *Deposit and Investment Risk Disclosures, an Amendment to GASB Statement No. 3*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2005 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis beginning on page MD-1, and budgetary comparison information, on pages RS-1 through RS-8, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. The schedules of funding progress and employer contributions on pages RS-9 through RS-11 are also not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

December 2, 2005

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

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, 2005. This is the third year of reporting in conformance with the Governmental Accounting Standards Board (GASB) Statement No. 34. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$77,401 (*net assets*). Of this amount, \$36,715 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$13,921. Approximately \$13,563 of this decrease is attributable to "governmental activities", while "business-type activities" decreased \$358.
- As of the close of the current fiscal year, the City's funds reported combined ending governmental fund balances of \$41,120, an increase of \$6,381 in comparison with the prior year. Approximately \$18,876 is available for spending at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,677, or 21% of total general fund expenditures.
- The City's total long-term debt as detailed on page MD-13 increased by \$53,178 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

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

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

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

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

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

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *street improvement maintenance & repair fund*, *special allocation fund* and *CIP sales tax improvement fund*. These funds are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

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

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

The proprietary fund financial statements can be found in section FF 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 in section FF 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 \$77,401 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets, 44% reflects its investment in capital assets (e.g., land, 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

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of St. Joseph's Net Assets

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 65,938	\$ 48,379	\$ 24,750	\$ 16,340	\$ 90,688	\$ 64,719
Capital assets	38,053	26,284	43,498	40,133	81,551	66,417
Total assets	<u>103,991</u>	<u>74,663</u>	<u>68,248</u>	<u>56,473</u>	<u>172,239</u>	<u>131,136</u>
Long-term liabilities	50,937	9,950	31,462	20,662	82,399	30,612
Other liabilities	8,634	6,730	3,805	2,471	12,439	9,201
Total liabilities	<u>59,571</u>	<u>16,680</u>	<u>35,267</u>	<u>23,133</u>	<u>94,838</u>	<u>39,813</u>
Net assets						
Invested in capital assets, net of related debt	3,179	25,738	30,818	29,067	33,997	54,805
Restricted	2,918	5,573	3,770	2,392	6,688	7,965
Unrestricted	38,323	26,672	(1,607)	1,880	36,716	28,552
Total net assets	<u>\$ 44,420</u>	<u>\$ 57,983</u>	<u>\$ 32,981</u>	<u>\$ 33,339</u>	<u>\$ 77,401</u>	<u>\$ 91,322</u>

An additional portion of the City's net assets, 8.6% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$36,716 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental activities.

The City's net assets decreased by \$13,921 during the current fiscal year. Governmental activities represent \$13,563 in the City's net assets decrease while \$358 in net assets is reported in connection with the City's business-type activities.

CITY OF ST. JOSEPH, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

City of St. Joseph's Changes in Net Assets

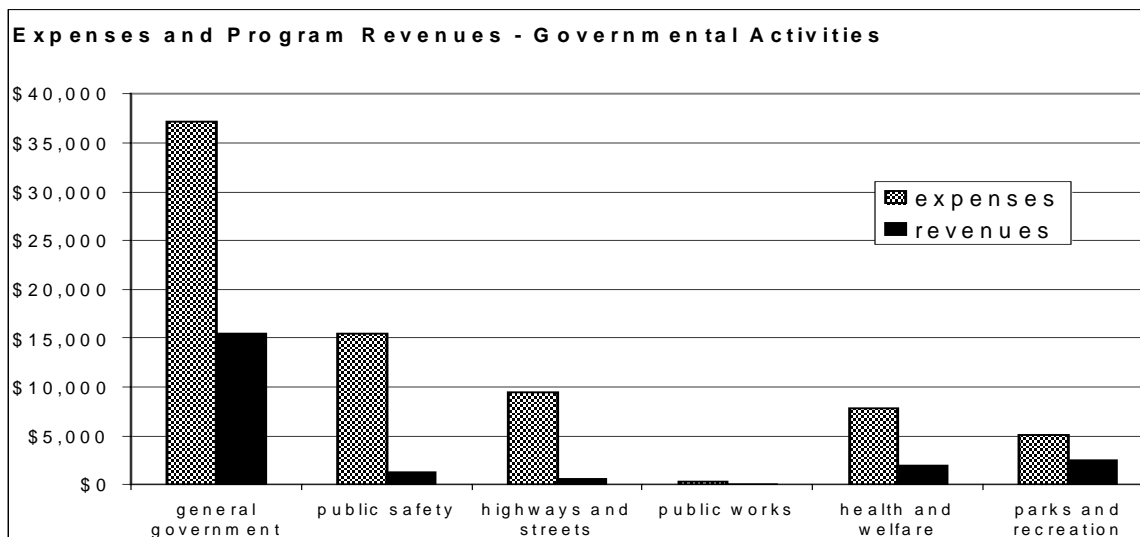
	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
General Revenues:						
Property taxes	\$ 9,960	\$ 9,279	-	-	\$ 9,960	\$ 9,279
Sales taxes	21,214	19,497	\$ 1,501	\$ 1,460	22,715	20,957
Other taxes	8,175	8,283	887	900	9,062	9,183
Program Revenues:						
Charges for Services	7,273	6,334	11,760	11,284	19,033	17,618
Operating grants, contributions, & other intergovernmental funds	5,340	6,631	918	917	6,258	7,548
Capital grants & contributions	9,374	8,517	3,129	1,512	12,503	10,029
Gain on sale of capital assets	74	49	6	13	80	62
Other revenue	910	311	741	505	1,651	816
Total revenues	62,320	58,901	18,942	16,591	81,262	75,492
Expenses:						
Current:						
General government	37,152	3,247	-	-	37,152	3,247
Public safety	15,553	19,003	-	-	15,553	19,003
Highway and streets	9,473	9,480	-	-	9,473	9,480
Public works	275	258	-	-	275	258
Health and welfare	7,808	7,226	-	-	7,808	7,226
Parks and recreation	5,095	6,119	-	-	5,095	6,119
Interest	983	25	-	-	983	25
Sewer	-	-	10,234	7,918	10,234	7,918
Mass Transit	-	-	4,550	4,292	4,550	4,292
Landfill	-	-	2,202	1,723	2,202	1,723
Other Proprietary Functions	-	-	1,858	1,795	1,858	1,795
Total expenditures	76,339	45,358	18,844	15,728	95,183	61,086
Excess (deficiency) of revenues over (under) expenditures	(14,019)	13,543	98	863	(13,921)	14,406
Transfers	456	942	(456)	(942)	-	-
Change in net assets	(13,563)	14,485	(358)	(79)	(13,921)	14,406
Net assets - beginning	57,983	43,498	33,339	33,418	91,322	76,916
Net assets - ending	\$44,420	\$57,983	\$32,981	\$33,339	\$77,401	\$91,322

CITY OF ST. JOSEPH, MISSOURI

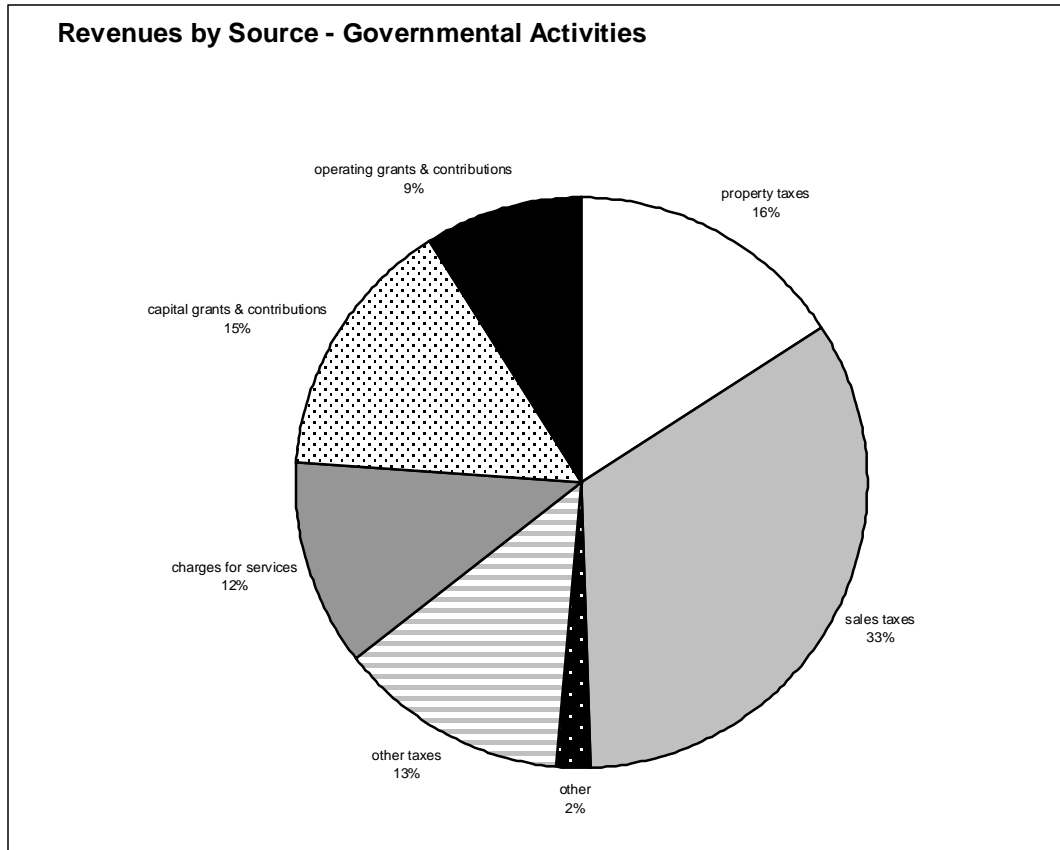
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

Governmental Activities. Governmental activities decreased the City's net assets by \$13,563. The key elements in this increase are as follows:

- TIF Reimbursable Costs increased the general government expenses by \$29,000 due to Triumph and North County associated TIFs.
- Coming off of a reassessment year, property taxes increased 7.3% over the prior year for the combined real and personal property revenues. Total revenue for these two revenue sources were \$9,960 in FY05 up from \$9,279.
- Sales tax revenue grew from \$19,497 in FY04 to \$21,214 in FY05. Due to the opening of The Shoppes at North Village, the increase in sales tax helps cover the development costs of the TIF bonds.
- Motor vehicle, fuel and road & bridge taxes, cigarette taxes, and hotel/motel taxes were up from FY04 revenue by \$60 where the majority of the increase belongs to motor vehicle recognized in the Streets Fund and hotel/motel taxes as a positive revenue source for the Parks and Recreation Fund.
- Utility franchise fees are assessed on the gross receipts of utility companies who deliver or provide services to local residents and businesses. Franchise fee revenue declined from \$3,903 in FY04 down to \$3,734 in FY05. Significant year to year fluctuations in the gas, electric, and water franchise fee revenue frequently occur in response to unusual seasonal climates. Warm winters and cold/wet summers have a downward impact of gas, electric, and water franchise fee revenues whereas the opposite is true for cold winters and hot/dry summers.
- Grant revenues related to various capital projects and operations were \$434 less than 2004.



CITY OF ST. JOSEPH, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005



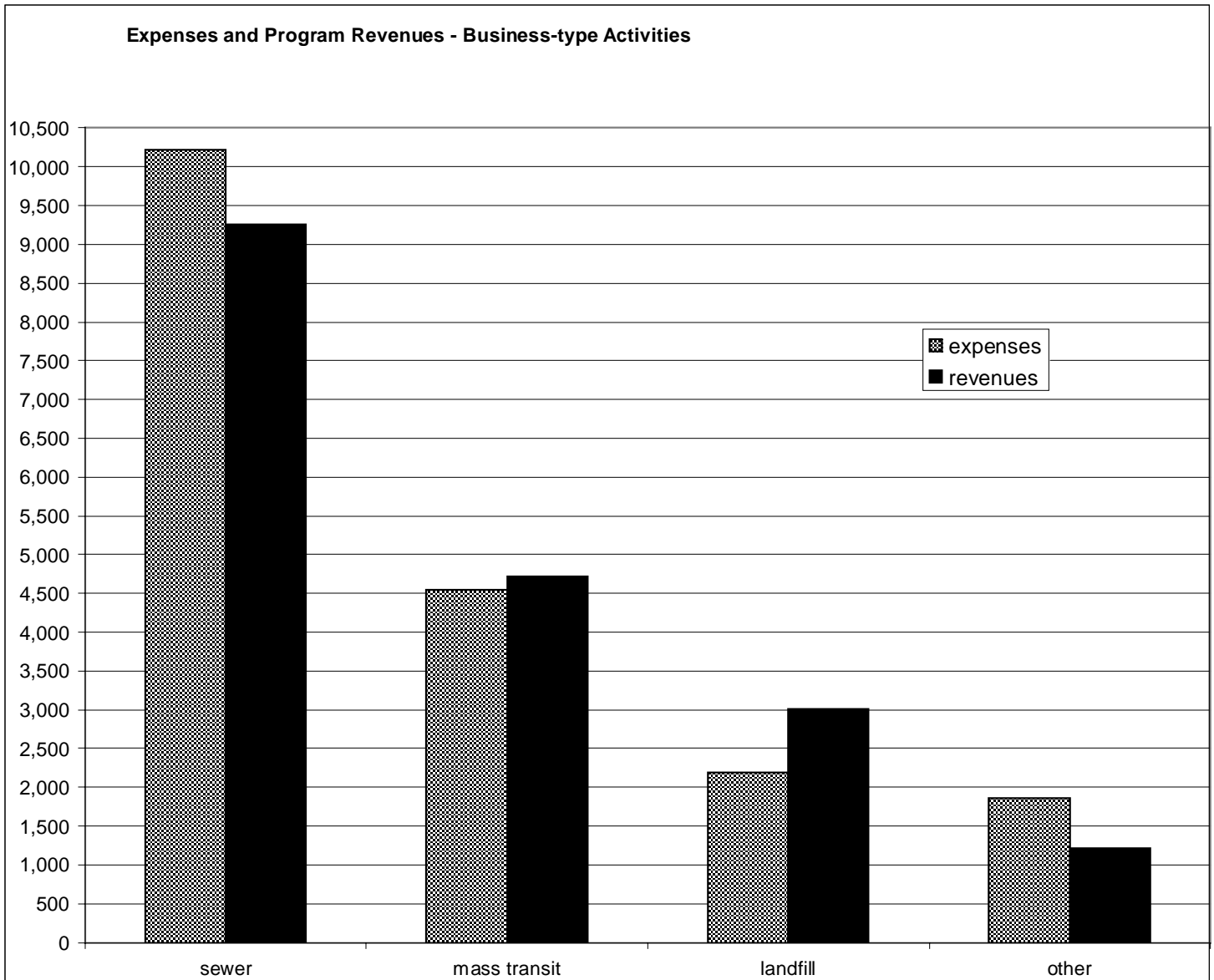
Business-type activities. The net assets of the City's business-type activities decreased \$358. Key elements of the decrease within the business-type activities are:

- Revenues from business-type activities rose from \$16,591 in FY04 to \$18,942 this fiscal year. Expenses totals climbed from \$15,728 last fiscal year to \$18,844 in FY05.
- The charges for services revenue category reported an overall increase of \$476. Of that amount, increases in revenue are from Aviation charges \$18, Parking fees \$4, and Golf user fees \$30. Mass Transit, down by \$19, is the only decrease in revenue for the business-type activities. The largest percentage of user fees 89% comes from sewer and landfill charges. Sewer user revenues climbed from \$7,116 to \$7,477 while Landfill's rose from \$2,924 to \$3,007.

CITY OF ST. JOSEPH, MISSOURI

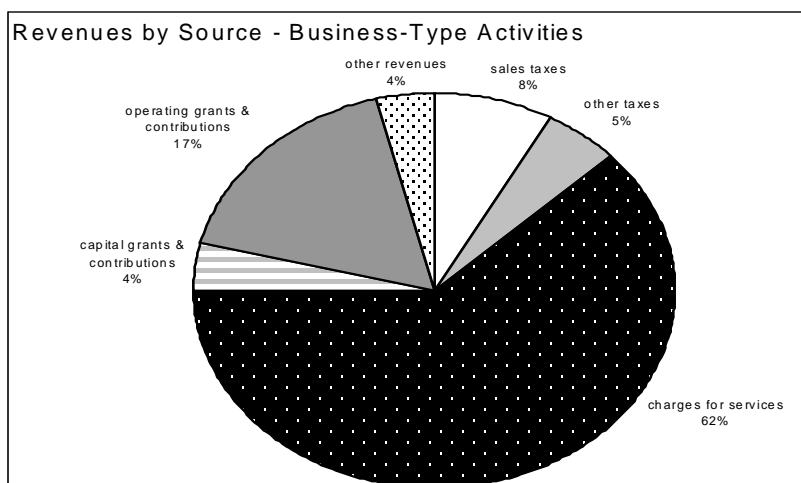
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

- Four of the six business-type activities incurred higher expenses in FY05. Of the \$3,116 over last year's totals, Parking services increased \$66, Sewer services increased \$2,316, Mass Transit services increased \$258, and Landfill services increased \$479. Sewer's higher expenses are related to the costs of preparing for the community's new food processing plant. Showing a decline in expenses, Aviation services reduced costs by \$2 and Golf costs were down slightly.
- Grant revenues related to capital projects and operations were \$1,617 more than 2004. The Sewer fund received a grant from EPA for improvements to the City's Wastewater Treatment Plant for industrial flows from Triumph Foods and additional reserve capacity for future growth.



CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005



Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41,120, an increase of \$6,381 in comparison with the prior year. Nearly 46% of this total amount (\$18,876) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period \$12,622; 2) debt service \$4,677; 3) reserve for prepaids \$136; 4) \$800 for a variety of other restricted purposes and 5) long-term receivables \$4,009.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,677, while total general fund balance reached \$6,218. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21% of total general fund expenditures, while total fund balance represents 23% of that same amount.

The fund balance of the City's general fund increased \$2,484 during the current fiscal year. Key factors in this increase are as follows:

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

- Property tax and sales tax revenues came in over last year's revenue by \$633.
- Charges for services in the General fund were \$431 higher than FY04. This is due to increases in the fee amounts themselves as well as to the significant economic development projects for 2005.
- The interest rates on the City's investment increased which allowed the General fund to recognize an increase to the interest earnings of \$48.
- General fund received a Homeland Security grant from the State Emergency Management Agency for \$387 to purchase equipment and provide training for the Fire, Police, Street, and Health departments.
- The City issued \$2,425 in 2004D Series Missouri Development Finance Board Bonds to provide financing for three Public Safety Improvement projects including renovations to the Law Enforcement Center, purchase of two fire trucks, and improvements to the City's 911 communication system. The General fund incurred \$58 in bond issuance costs and interest payments.
- General government expenditures increased \$176, while Public safety expenditures increased \$1,906.
- The difference in accrued payrolls from FY04 to FY05 caused a decrease of \$617 in accrued wages.

The Street Improvement, Maintenance & Repair (SIM&R) fund is the second major fund for the City. This fund had an ending fund balance of \$4,546 of which \$2,289 represents unreserved fund balance. Unreserved fund balance represents 25% of the SIM&R fund's expenditures for the current year. The fund balance of the SIM&R fund increased by \$111 during the current fiscal year due to the following key factors:

- Motor vehicle and sales tax revenues came in over last year's revenue by \$124.
- The SIM&R fund revenue for licenses and permits increased by \$7, charges for services saw \$127 in increased revenue, grants were \$118 higher in FY05, and interest earnings were over FY04 by \$32.
- SIM&R operations were consistent with last year while capital purchases contributed to a \$371 increase in total expenditures.

The Special Allocation fund was established in FY04 to record transactions for the City's TIF districts and related bond issues. The ending fund balance of \$10,802 includes \$4,068 reserved for bond payments and \$2 allocated to encumbrances leaving \$6,732 unreserved. Unreserved fund balance represents 21% of the Special Allocation fund's total expenditures. The following key factors contributed to the Special Allocation's fund balance:

- The City issued \$10,475 in Missouri Development Finance Board bonds in connection with certain wastewater treatment improvements for the proposed pork processing facility and certain improvements to the City's existing sewer system.
- The Industrial Development Authority issued \$26,000 in bonds that related to the development and infrastructure costs of The Shoppes at North Village project payable by Payments in Lieu of Taxes and Economic Activity Tax Revenues.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

The CIP Sales Tax Improvement fund has a total fund balance of \$11,971. While unreserved, \$2,016 of this fund balance, actually represents capital projects that have been appropriated but have not been completed. All of the budgeted monies within the capital improvement fund are attached to projects approved by the voters with the half-cent CIP sales tax issues voted on in 1998 and renewed in 2003. Fund balance fluctuations are tied directly to the status of projects and/or to the timing of grant monies anticipated as reimbursements for up-front expenditures on the projects.

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

Unrestricted net assets at the end of the fiscal year for the Mass Transit Fund were \$588 and deficits resulted in the Sewer Fund of \$997 and \$1,359 for the Landfill Fund. Increased sewer usage charges, landfill tipping fees and interfund transfers along with controlling operating expenditures will help eliminate the deficits.

Changes in total net assets for the major business-type funds were Sewer (\$212), Mass Transit (\$49) and Landfill \$612.

Governmental Funds Budgetary Highlights

General Fund

Differences between the original budget and the final amended budget amounted to \$842. The major differences came from expenditure savings and can be briefly summarized as follows:

- Fire Pension plans were consolidated causing public safety contributions to decrease.
- Salary and benefit savings were recognized due to vacant positions and military leave in the police and fire departments.
- The Customer Service department in the General Fund was reorganized to provide improved customer service and communication while operation costs were reduced.

Streets Improvement, Maintenance and Repair Fund

- The \$52 increase is primarily due to an increase capital outlay.

Special Allocation Fund

- The \$31,103 increase in the Special Allocation Fund's budget is for the Triumph Pork Facility Construction and creation of the Shoppes at North Village.

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, 2005 amounts to \$81,551 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, office furniture and fixtures, roads, park improvements, major fire apparatus, sewer lines and wastewater treatment facility improvements. Major capital asset events during the current fiscal year included the following:

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

- Purchase six replacement buses for the Mass Transit fleet (\$1,514)
- Acquired a Pierce Custom Pumper Truck operated by the St. Joseph Fire Department (\$420)
- Expansion at the Wastewater Treatment Plant for new pork processing plant (\$3,693)
- Aquatic Center and Water Park opened for the 2005 summer season (\$1,897)
- City Hall received various renovations including new HVAC system (\$1,113)
- Beginning construction of renovations to the Law Enforcement Center (\$6,030)
- Improvements to the City's 911 communication system (\$1,872)

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

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 4,172	\$ 4,070	\$ 5,461	\$ 5,396	\$ 9,633	\$ 9,466
Buildings and system	15,755	10,433	22,025	23,210	37,780	33,643
Improvements other than buildings than buildings	3,145	3,229	4,687	4,716	7,832	7,945
Machinery and equipment	3,654	3,456	5,406	5,229	9,060	8,685
Infrastructure	4,114	4,234	-	-	4,114	4,234
Construction in progress	7,213	862	5,919	1,582	13,132	2,444
Total capital assets	\$ 38,053	\$ 26,284	\$ 43,498	\$ 40,133	\$ 81,551	\$ 66,417

Additional information on the City's capital assets can be found in the Notes to Financial Statements on page FN-20 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$78,975. Of this amount, \$13,247 represents bonds secured solely by specified revenue sources (i.e., Revenue Bonds). The remaining \$65,728 is comprised of 1) \$887 of Public Building Authority Bonds covered by annual appropriations in the general government activity funds and by dedicated revenues of the Landfill and Parking Operations funds, 2) \$120 in Special Obligation Bonds for projects in, and supported by Municipal Golf fund, 3) \$19,645 Infrastructure Facility Bonds secured by loan payments made by the City pursuant to the financing agreement, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenue in the Special Allocation fund, 4) \$26,000 issued by the Industrial Development Authority Bonds in connection with The Shoppes at North Village project in the special Allocation fund, 5) \$15,459 in the Missouri Development Finance Board Bonds which includes \$6,860 in the General and Special Allocation funds for the Public Safety Improvement projects and \$8,599 in the Sewer fund for the Sewerage System Improvements related to the Stockyards Redevelopment project, 6) \$3,121 in MO Build Bonds associated with the Triumph Foods project, and supported by the Sewer fund , 7) \$210 representing a STAR loan covered by revenues in the Aviation fund, and 5) by capital lease obligations for major pieces of equipment totaling \$230 supported through the Landfill fund, and \$56 supported through the General and Parks, Recreation, and Civic Facilities funds.

CITY OF ST. JOSEPH, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

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.

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	-	-	\$ 13,247	\$ 14,181	\$ 13,247	\$ 14,181
Public Building Authority Bonds	\$ 428	\$ 484	459	525	887	1,009
Special Obligation Bonds	-	-	120	150	120	150
Infrastructure Facility Bonds	19,645	9,170	-	-	19,645	9,170
Industrial Development Authority	26,000	-	-	-	26,000	-
MO Development Finance Board	6,860	-	8,599	-	15,459	-
MO Build Bonds	-	-	3,121	-	3,121	-
Loans	-	630	210	250	210	880
Capital Lease Obligations	56	92	230	315	286	407
Total long-term debt	<u>\$ 52,989</u>	<u>\$ 10,376</u>	<u>\$ 25,986</u>	<u>\$ 15,421</u>	<u>\$ 78,975</u>	<u>\$ 25,797</u>

The City's total debt increased by \$53,178 during the current fiscal year. The key factors in this increase were as follows:

- The normal annual retirement of debt service.
- The City issued 2004 Missouri Development Finance Board Bonds, Series C and Series D. Series C is for the Sewerage System Improvement project and the Stockyard's Redevelopment project. Series D is for three Public Safety Improvement projects including renovations to the Law Enforcement Center, purchase of two fire trucks, and improvements to the City's 911 communication system.
- The Industrial Development Authority of St. Joseph, Missouri financed Series 2005A in association with The Shoppes at North Village project payable solely from Payments in Lieu of Taxes and Economic Activity Tax Revenues.
- The City issued 2004 A Series Missouri Development Board bonds to obtain financial assistance with the Stockyards Redevelopment Agreement for the purpose of property and public improvement costs. The City issued 2004 B Series Missouri Development Board bonds in connection with wastewater treatment improvements at the proposed pork processing facility and improvements to the existing sewer system.
- Additional information on the City's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City at June 30, 2005 is 5.9%, which is a decrease from a rate of 6.13% a year ago. This compares favorably to the state's average unemployment rate of 6.0% and reflects the expansion and addition of several small companies in the St. Joseph area.

CITY OF ST. JOSEPH, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

- The City remains a regional draw in northwest Missouri for jobs, retail sales, new and expanding businesses and has managed to achieve a small, but steady, increase in economic well-being.
- Two new businesses are helping to boost the City's economic future. A \$151 million pork processing facility will be in production as of January 1, 2006. The construction of the facility has already provided a boost to the construction industry in the area. An upscale retail and theater development, the Shoppes at North Village, totaling an estimated \$375 million began opening stores in June of 2005. It's first phase, the retail portion, is 95% complete and open for business.

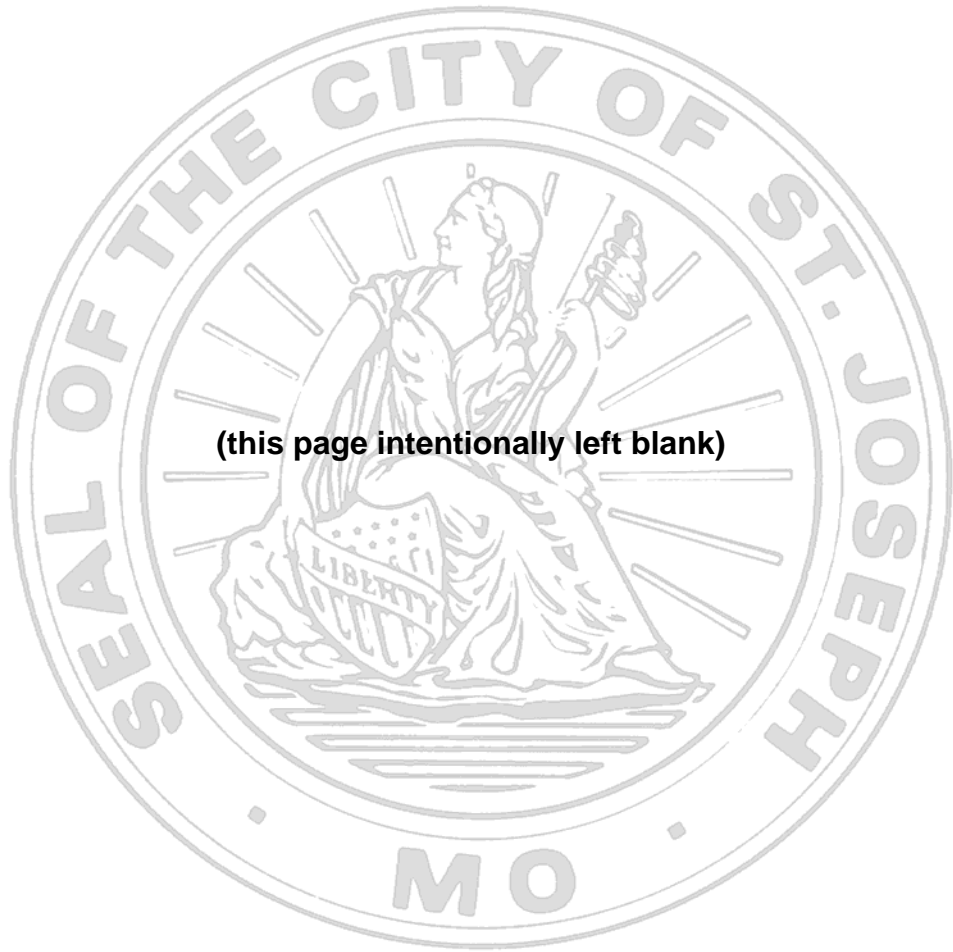
All of these factors were considered in preparing the City's budget for the 2006 fiscal year. 2005 was a year of consolidating the changes that occurred in mid-2004 - the creation of the Community Assistance Department. This department combined the former Customer Services, Property Maintenance and Building Development programs. The original reorganization was refined and has been working well, providing better customer services. Four new patrol officer positions were approved in the FY2006 budget. However, until management is confident in the impact that Shoppes will have on our sales tax revenues, the new positions have not been filled. No other new programs or initiatives were initiated in the adopted 2006 budget.

The compensation plan will continue to be implemented, bringing employee salaries up to 90% of market value for the first time in many years. The new, half-cent general sales tax approved by the voters in 2002 was in effect for a full year in 2003. Those new revenues supported the implementation of the compensation plan in the general government activities. While there were initial transfers to the business-type activities from the general fund when the compensation plan was initiated, the City Council adopted a policy that these enterprise funds should cover their own costs. Most of these subsidies were returned to the general fund in the 2004 budget. The remainder of the subsidy provided to the Sewer fund was returned in the 2005 fiscal year.

No new taxes were contemplated for the 2006 fiscal year. Prior to the adoption of the fiscal 2006 budget, user charges were examined citywide. Annual studies of sewer fund rates and bi-annual studies for landfill tipping fees help to generate sufficient funds to maintain those enterprises. Golf fees, parks and recreation charges, parking fees and fines, inspection fees, building permits, municipal court fees and fines, health related inspections and animal control fees – all were reviewed and raised as necessary. Regular reviews of all user fees have become a part of the annual budget process.

Requests for Information

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



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CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
 JUNE 30, 2005

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,471,853	\$ 1,533,284	\$ 6,005,137
Investments	13,508,572	4,580,499	18,089,071
Receivables, net where applicable of allowances for uncollectibles	23,218,897	1,439,389	24,658,286
Loan receivables	4,008,997	-	4,008,997
Internal balances	944,390	(944,390)	-
Due from other governments	1,198,585	767,641	1,966,226
Prepaid items and deferred charges	1,839,829	688,439	2,528,268
Restricted assets:			
Cash and cash equivalents	16,464,959	16,685,441	33,150,400
Net pension asset	281,445	-	281,445
Capital assets (net of accumulated depreciation):			
Land	4,172,234	5,461,065	9,633,299
Buildings	15,754,992	22,024,698	37,779,690
Improvements other than buildings	3,145,424	4,687,123	7,832,547
Machinery and equipment	3,654,066	5,406,146	9,060,212
Infrastructure	4,114,054	-	4,114,054
Construction in progress	7,212,708	5,919,134	13,131,842
Total assets	<u>103,991,005</u>	<u>68,248,469</u>	<u>172,239,474</u>
Liabilities			
Accounts payable and other current liabilities	3,777,264	1,850,188	5,627,452
Accrued interest payable from restricted assets	494,731	201,308	696,039
Unearned revenue	5,278	-	5,278
Noncurrent liabilities:			
Due within one year	4,356,797	1,680,213	6,037,010
Due in more than one year	50,937,196	24,760,682	75,697,878
Landfill closure and postclosure costs:			
Due within one year	-	73,500	73,500
Due in more than one year	-	6,701,162	6,701,162
Total liabilities	<u>59,571,266</u>	<u>35,267,053</u>	<u>94,838,319</u>
Net Assets			
Invested in capital assets, net of related debt	3,179,330	30,818,508	33,997,838
Restricted for:			
Debt service	-	3,770,260	3,770,260
Purpose restrictions	2,917,887	-	2,917,887
Unrestricted	38,322,522	(1,607,352)	36,715,170
Total net assets	<u>\$ 44,419,739</u>	<u>\$ 32,981,416</u>	<u>\$ 77,401,155</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, 2005

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	\$ 37,152,255	\$ 4,600,425	\$ 2,006,414	\$ 8,883,041	\$ (21,662,375)	\$ -	\$ (21,662,375)
Public safety	15,552,714	619,251	665,276	5,972	(14,262,215)	-	(14,262,215)
Highways and streets	9,473,469	281,004	178,288	169,436	(8,844,741)	-	(8,844,741)
Public works	274,980	18,046	-	-	(256,934)	-	(256,934)
Health and welfare	7,807,850	567,388	1,383,770	23,103	(5,833,589)	-	(5,833,589)
Parks and recreation	5,094,993	1,187,399	1,106,224	292,276	(2,509,094)	-	(2,509,094)
Interest on long-term debt	983,094	-	-	-	(983,094)	-	(983,094)
Total governmental activities	<u>76,339,355</u>	<u>7,273,513</u>	<u>5,339,972</u>	<u>9,373,828</u>	<u>(54,352,042)</u>	<u>-</u>	<u>(54,352,042)</u>
Business-type activities:							
Aviation services	921,180	410,800	-	45,718	-	(464,662)	(464,662)
Parking services	525,677	359,257	-	-	-	(166,420)	(166,420)
Sewer services	10,233,920	7,477,139	-	1,771,429	-	(985,352)	(985,352)
Golf services	410,943	400,615	-	-	-	(10,328)	(10,328)
Transit services	4,550,225	105,594	917,764	1,311,369	-	(2,215,498)	(2,215,498)
Landfill services	2,202,206	3,006,818	-	-	-	804,612	804,612
Total business-type activities	<u>18,844,151</u>	<u>11,760,223</u>	<u>917,764</u>	<u>3,128,516</u>	<u>-</u>	<u>(3,037,648)</u>	<u>(3,037,648)</u>
Total primary government	<u>\$ 95,183,506</u>	<u>\$ 19,033,736</u>	<u>\$ 6,257,736</u>	<u>\$ 12,502,344</u>	<u>(54,352,042)</u>	<u>(3,037,648)</u>	<u>(57,389,690)</u>
General revenues:							
Property taxes					9,960,360	-	9,960,360
Sales taxes					21,213,657	1,501,994	22,715,651
Franchise taxes					3,734,204	887,532	4,621,736
Motor fuel taxes					3,613,104	-	3,613,104
Cigarette taxes					437,460	-	437,460
Hotel taxes					389,986	-	389,986
Unrestricted investment revenues					910,325	740,503	1,650,828
Gain on sale of capital assets					73,644	5,513	79,157
Transfers					455,974	(455,974)	-
Total general revenues and transfers					<u>40,788,714</u>	<u>2,679,568</u>	<u>43,468,282</u>
Change in net assets					<u>(13,563,328)</u>	<u>(358,080)</u>	<u>(13,921,408)</u>
Net assets - beginning					<u>57,983,067</u>	<u>33,339,496</u>	<u>91,322,563</u>
Net assets - ending					<u>\$ 44,419,739</u>	<u>\$ 32,981,416</u>	<u>\$ 77,401,155</u>

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

CITY OF ST. JOSEPH, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General	Street Improvement Maintenance & Repair	Special Allocation	CIP Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 496,832	\$ 862,144	\$ 66,024	\$ 1,900,505	\$ 929,259	\$ 4,254,764
Investments	1,490,500	2,599,911	191,074	5,731,234	2,810,598	12,823,317
Receivables	3,452,534	1,447,678	16,781,929	892,630	644,126	23,218,897
Loan receivables	-	-	-	-	4,008,997	4,008,997
Due from other funds	-	-	-	1,469,608	-	1,469,608
Due from other governments	194,543	279,605	-	215,000	509,437	1,198,585
Prepaid items	53,180	44,912	-	-	37,528	135,620
Restricted cash	2,414,852	-	10,362,940	3,632,903	54,264	16,464,959
Total assets	\$ 8,102,441	\$ 5,234,250	\$ 27,401,967	\$ 13,841,880	\$ 8,994,209	\$ 63,574,747

Liabilities And Fund Balances

Liabilities:

Accounts payable	\$ 742,990	\$ 388,684	\$ 8,147	\$ 1,387,700	\$ 652,180	\$ 3,179,701
Contracts payable	-	62,385	-	187,179	15,372	264,936
Due to other funds	-	-	-	-	525,218	525,218
Other current liabilities	225,162	38,282	-	-	60,448	323,892
Unearned revenue	3,819	-	-	-	1,459	5,278
Deferred revenue	912,907	198,564	16,591,530	296,094	156,775	18,155,870
Total liabilities	1,884,878	687,915	16,599,677	1,870,973	1,411,452	22,454,895

Fund balances:

Reserved for:

Encumbrances	293,801	1,412,378	2,000	9,594,248	1,320,022	12,622,449
Bond payments	193,957	-	4,068,231	360,205	54,264	4,676,657
Prepaid items	53,180	44,912	-	-	37,528	135,620
Long-term receivables	-	-	-	-	4,008,997	4,008,997
Other purposes	-	799,932	-	-	-	799,932
Unreserved reported in:						
General fund	5,676,625	-	-	-	-	5,676,625
Special revenue funds	-	2,289,113	6,732,059	-	2,060,445	11,081,617
Capital projects funds	-	-	-	2,016,454	101,501	2,117,955
Total fund balances	6,217,563	4,546,335	10,802,290	11,970,907	7,582,757	41,119,852

Total liabilities and fund balances

\$ 8,102,441	\$ 5,234,250	\$ 27,401,967	\$ 13,841,880	\$ 8,994,209
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 38,053,478

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 18,155,870

Net police pension asset not to be realized in this year. 281,445

Accrued interest payable (494,731)

Internal service funds are used by management to charge the worker's compensation insurance costs to individual funds. The governmental funds portion of assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. 239,637

Long-term liabilities, including bonds payable, are not due and not payable in the current period and therefore are not reported in the funds. (52,935,812)

Net assets of governmental activities \$ 44,419,739

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, 2005

	General	Street Improvement Maintenance & Repair	Special Allocation	CIP Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 6,013,822	-	\$ 317,006	-	\$ 3,975,215	\$ 10,306,043
Sales	10,601,316	\$ 4,421,366	-	\$ 5,007,222	-	20,029,904
Franchise	3,734,204	-	-	-	-	3,734,204
Motor Fuel	-	3,613,104	-	-	-	3,613,104
Cigarette	437,460	-	-	-	-	437,460
Hotel	-	-	-	-	389,986	389,986
Licenses and permits	1,138,935	26,850	-	-	237,299	1,403,084
Intergovernmental	690,915	347,724	-	1,256,313	3,535,807	5,830,759
Charges for services	1,455,603	244,362	-	-	2,479,125	4,179,090
Fines	899,429	-	-	-	36,583	936,012
Special assessments	-	-	-	-	21,802	21,802
Investment earnings	59,544	76,183	406,248	218,991	149,359	910,325
Contributions and donations	21,897	-	-	960	52,855	75,712
Payments in lieu of taxes	22,174	-	-	-	-	22,174
Other	42,100	9,791	442,462	-	163,460	657,813
Total revenues	25,117,399	8,739,380	1,165,716	6,483,486	11,041,491	52,547,472
Expenditures						
Current:						
General government	5,791,662	-	30,124,327	-	351,754	36,267,743
Public safety	20,533,681	-	-	-	-	20,533,681
Highways and streets	-	6,900,810	-	-	-	6,900,810
Public works	-	-	-	-	274,980	274,980
Health and welfare	-	-	-	-	5,325,299	5,325,299
Parks and recreation	-	-	-	-	4,029,293	4,029,293
Debt Service:						
Principal	-	-	-	-	696,934	696,934
Interest	25,153	-	855,089	44,639	43,153	968,034
Bond issuance costs	32,571	-	1,252,217	59,567	-	1,344,355
Capital outlay	758,914	2,129,544	-	10,674,379	274,358	13,837,195
Total expenditures	27,141,981	9,030,354	32,231,633	10,778,585	10,995,771	90,178,324
Excess (deficiency) of revenues over expenditures	(2,024,582)	(290,974)	(31,065,917)	(4,295,099)	45,720	(37,630,852)
Other financing sources (uses)						
Transfers in	3,203,522	849,500	-	2,511,392	1,868,603	8,433,017
Transfers out	(1,121,169)	(447,065)	(3,390,120)	(220,000)	(2,798,689)	(7,977,043)
Special assessment bonds issued	2,425,000	-	36,475,000	4,435,000	-	43,335,000
Sale of capital assets	1,701	-	-	-	219,618	221,319
Total other financing sources (uses), net	4,509,054	402,435	33,084,880	6,726,392	(710,468)	44,012,293
Net change in fund balances	2,484,472	111,461	2,018,963	2,431,293	(664,748)	6,381,441
Fund balances - beginning	3,733,091	4,434,874	8,783,327	9,539,614	8,247,505	34,738,411
Fund balances - ending	\$ 6,217,563	\$ 4,546,335	\$ 10,802,290	\$ 11,970,907	\$ 7,582,757	\$ 41,119,852

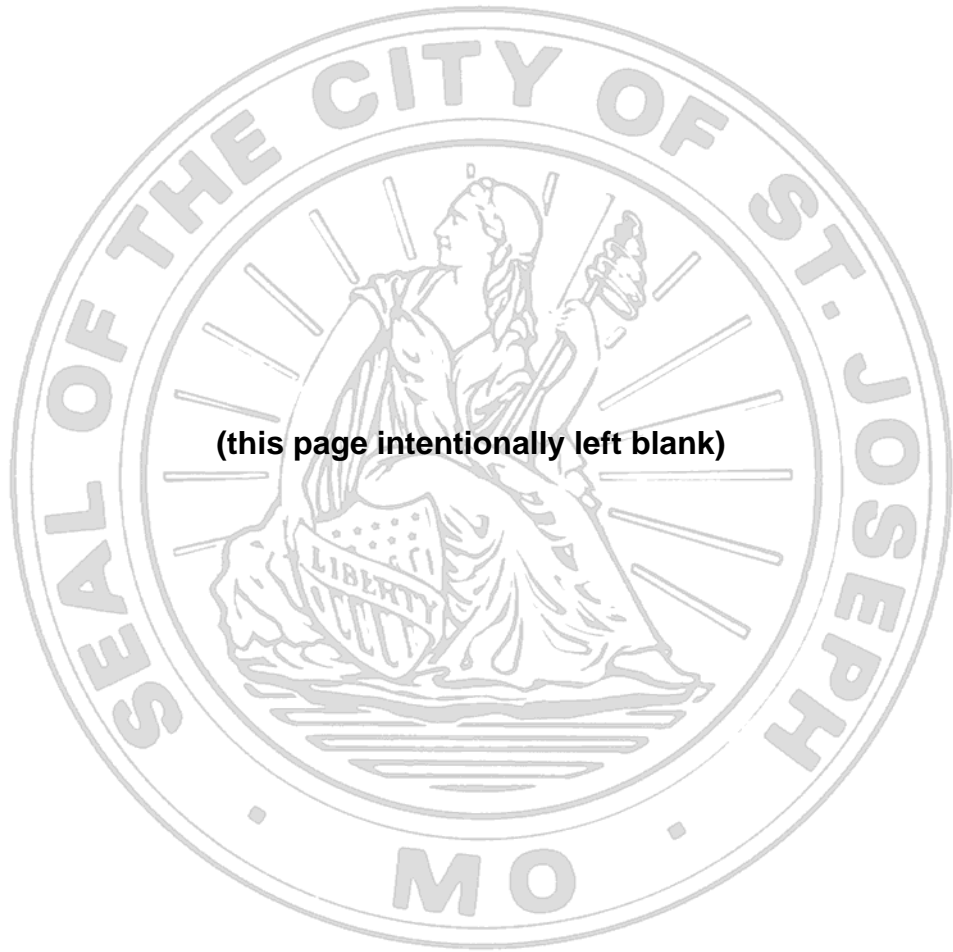
The accompanying notes are an integral part of these financial statements.

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, 2005

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

Net changes in fund balances – total governmental funds	\$ 6,381,441
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	11,916,952
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(147,675)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	815,896
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.	(32,533,530)
Net police pension asset	57,363
Internal service funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(53,775)</u>
Change in net assets of governmental activities	<u><u>(\$ 13,563,328)</u></u>

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



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CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-type Activities - Enterprise Funds					Total Internal Service Fund
	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Total	
Assets						
Current assets:						
Cash and cash equivalents	\$ 411	\$ 60,092	\$ 1,338,892	\$ 32,981	\$ 1,432,376	\$ 317,997
Investments	1,239	181,215	4,037,610	99,457	4,319,521	946,233
Interest receivable	35,823	3,352	74,694	2,197	116,066	-
Accounts receivable (net of allowance for uncollectibles)	683,588	458,379	165,067	16,289	1,323,323	-
Due from other governments	723,414	44,227	-	-	767,641	-
Prepaid items	22,936	60,405	7,528	5,819	96,688	-
Total current assets	1,467,411	807,670	5,623,791	156,743	8,055,615	1,264,230
Noncurrent assets:						
Restricted cash and cash equivalents	16,595,427	-	2,078	87,936	16,685,441	-
Deferred charges	570,744	-	13,148	7,859	591,751	-
Capital assets:						
Land	487,074	189,134	1,376,072	3,408,785	5,461,065	-
Buildings	28,961,666	4,321,204	362,163	7,889,611	41,534,644	-
Improvements other than buildings	3,322,463	73,827	429,694	9,343,212	13,169,196	-
Machinery and equipment	9,973,790	5,603,395	3,818,832	1,341,946	20,737,963	-
Office furniture and fixtures	55,261	302,021	3,506	28,284	389,072	-
Construction in progress	5,919,134	-	-	-	5,919,134	-
Less accumulated depreciation	(23,684,644)	(3,299,471)	(3,479,662)	(13,249,131)	(43,712,908)	-
Total capital assets (net of accumulated depreciation)	25,034,744	7,190,110	2,510,605	8,762,707	43,498,166	-
Total noncurrent assets	42,200,915	7,190,110	2,525,831	8,858,502	60,775,358	-
Total assets	\$ 43,668,326	\$ 7,997,780	\$ 8,149,622	\$ 9,015,245	\$ 68,830,973	1,264,230

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
 JUNE 30, 2005

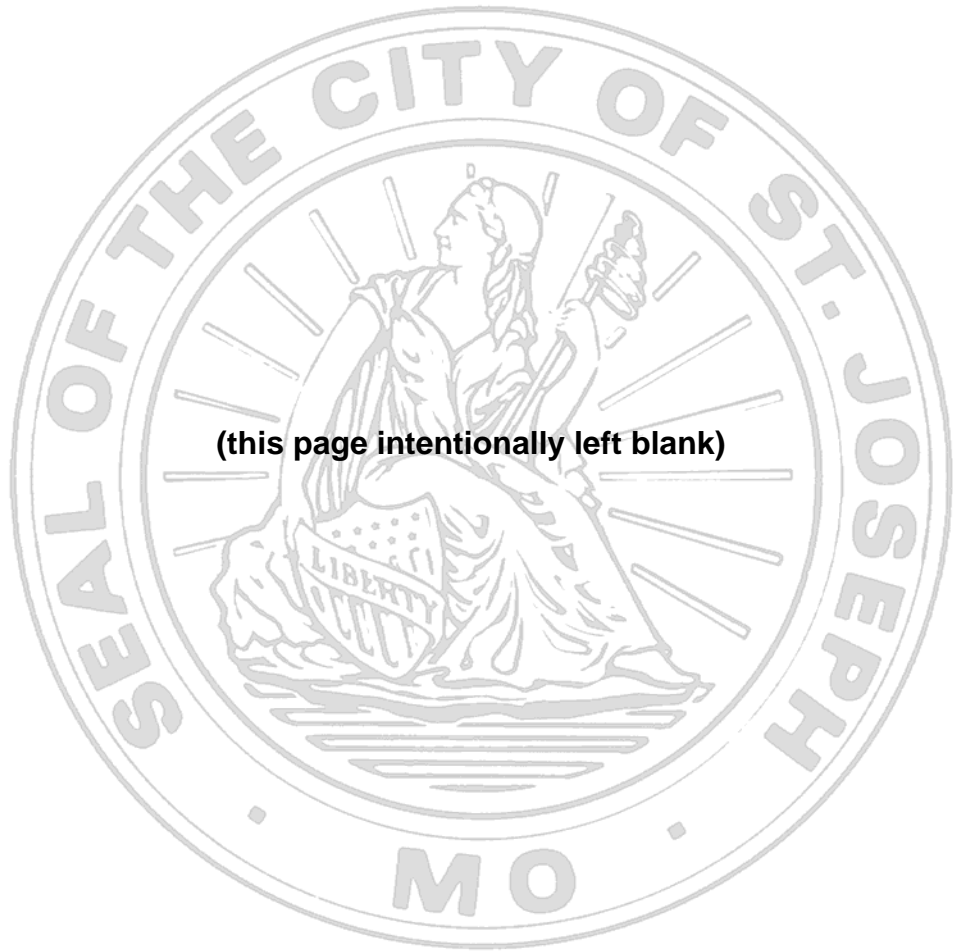
	Business-type Activities - Enterprise Funds					Total Internal Service Fund
	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 1,414,829	\$ 218,582	\$ 163,217	\$ 44,390	\$ 1,841,018	\$ 12,063
Due to other funds	939,463	-	-	4,927	944,390	-
Compensated absences	108,340	-	41,445	33,236	183,021	-
Claims payable	-	-	-	-	-	555,773
Deposits	1,650	1,000	-	14,957	17,607	-
Matured bonds payable	1,154,657	-	1,922	123,937	1,280,516	-
Matured interest payable	197,314	-	107	3,887	201,308	-
Capital lease payable	-	-	63,390	-	63,390	-
Landfill closure and postclosure liability	-	-	73,500	-	73,500	-
Total current liabilities	<u>3,816,253</u>	<u>219,582</u>	<u>343,581</u>	<u>225,334</u>	<u>4,604,750</u>	<u>567,836</u>
Noncurrent liabilities:						
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	23,811,892	-	-	-	23,811,892	-
Star Loans payable	-	-	-	169,033	169,033	-
Public Building Authority bonds payable	-	-	3,745	400,517	404,262	-
Special obligation bonds payable	-	-	-	90,000	90,000	-
Capital lease payable	-	-	166,190	-	166,190	-
Compensated absences	-	-	3,135	8,629	11,764	-
Claims	-	-	-	-	-	347,261
Landfill closure and postclosure liability	-	-	6,701,162	-	6,701,162	-
Total noncurrent liabilities	<u>23,811,892</u>	<u>-</u>	<u>6,874,232</u>	<u>668,179</u>	<u>31,354,303</u>	<u>347,261</u>
Total liabilities	<u>27,628,145</u>	<u>219,582</u>	<u>7,217,813</u>	<u>893,513</u>	<u>35,959,053</u>	<u>915,097</u>
Net Assets						
Invested in capital assets, net of related debt	13,350,533	7,190,110	2,288,506	7,989,359	30,818,508	-
Restricted for debt service	3,686,518	-	1,971	81,771	3,770,260	-
Unrestricted	(996,870)	588,088	(1,358,668)	50,602	(1,716,848)	349,133
Total net assets	<u>\$ 16,040,181</u>	<u>\$ 7,778,198</u>	<u>\$ 931,809</u>	<u>\$ 8,121,732</u>	<u>32,871,920</u>	<u>\$ 349,133</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>109,496</u>	
Net assets of business-type activities					<u>\$ 32,981,416</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, 2005

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Total Internal Service Fund
Operating revenues:						
Charges for services (pledged for sewer)	\$ 7,472,198	\$ 103,198	\$ 3,004,616	\$ 1,150,037	\$ 11,730,049	700,954
Other	4,941	2,396	2,202	20,635	30,174	-
Total operating revenues	<u>7,477,139</u>	<u>105,594</u>	<u>3,006,818</u>	<u>1,170,672</u>	<u>11,760,223</u>	<u>700,954</u>
Operating expenses:						
Personal services	2,820,388	10,904	884,840	745,003	4,461,135	-
Contractual services	3,888,683	3,156,889	367,142	291,829	7,704,543	797,174
Commodities	360,952	279,597	182,669	121,163	944,381	-
Heat, light and power	743,859	38,694	13,467	84,722	880,742	-
Depreciation	1,239,887	1,064,141	380,319	571,559	3,255,906	-
Closure and postclosure care costs (recovery)	-	-	352,139	-	352,139	-
Total operating expenses	<u>9,053,769</u>	<u>4,550,225</u>	<u>2,180,576</u>	<u>1,814,276</u>	<u>17,598,846</u>	<u>797,174</u>
Operating income (loss)	<u>(1,576,630)</u>	<u>(4,444,631)</u>	<u>826,242</u>	<u>(643,604)</u>	<u>(5,838,623)</u>	<u>(96,220)</u>
Nonoperating revenues (expenses):						
Intergovernmental	-	917,764	-	-	917,764	-
Franchise taxes	-	887,532	-	-	887,532	-
Taxes	-	1,501,994	-	-	1,501,994	-
Investment income	575,926	8,698	149,207	6,672	740,503	21,966
Interest and fiscal charges	(1,165,920)	-	(15,381)	(43,524)	(1,224,825)	-
Gain on sale of capital assets	-	5,513	-	-	5,513	-
Total nonoperating revenues (expenses), net	<u>(589,994)</u>	<u>3,321,501</u>	<u>133,826</u>	<u>(36,852)</u>	<u>2,828,481</u>	<u>21,966</u>
Income (loss) before capital contributions and transfers	<u>(2,166,624)</u>	<u>(1,123,130)</u>	<u>960,068</u>	<u>(680,456)</u>	<u>(3,010,142)</u>	<u>(74,254)</u>
Capital contributions	1,771,429	1,311,369	-	45,718	3,128,516	-
Transfers in	1,234,336	-	-	50,000	1,284,336	-
Transfers out	(1,051,200)	(237,405)	(347,855)	(103,850)	(1,740,310)	-
Change in net assets	<u>(212,059)</u>	<u>(49,166)</u>	<u>612,213</u>	<u>(688,588)</u>	<u>(337,600)</u>	<u>(74,254)</u>
Total net assets - beginning	<u>16,252,240</u>	<u>7,827,364</u>	<u>319,596</u>	<u>8,810,320</u>	<u>423,387</u>	<u>423,387</u>
Total net assets - ending	<u>\$ 16,040,181</u>	<u>\$ 7,778,198</u>	<u>\$ 931,809</u>	<u>\$ 8,121,732</u>	<u>\$ 349,133</u>	<u>\$ 349,133</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>(20,480)</u>	
Change in net assets of business-type activities					<u>\$ (358,080)</u>	

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



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CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 7,354,740	\$ 957,470	\$ 3,012,581	\$ 1,138,679	\$ 12,463,470	\$ 700,954
Payments to suppliers	(3,069,185)	(3,420,589)	(549,910)	(493,792)	(7,533,476)	(595,063)
Payments to employees	(2,909,314)	(10,904)	(906,158)	(764,980)	(4,591,356)	-
Other operating revenues	4,941	2,396	2,202	20,635	30,174	-
Net cash provided (used) by operating activities	1,381,182	(2,471,627)	1,558,715	(99,458)	368,812	105,891
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating grants received	-	-	-	-	-	-
Franchise tax received	-	948,006	-	-	948,006	-
Sales tax received	-	1,423,854	-	-	1,423,854	-
Transfers in	1,234,336	-	-	50,000	1,284,336	-
Transfers out	(1,051,200)	(237,405)	(347,855)	(103,850)	(1,740,310)	-
Net cash provided (used) by noncapital financing activities	183,136	2,134,455	(347,855)	(53,850)	1,915,886	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from loans/revenue bonds	11,720,000	-	-	-	11,720,000	-
Payments of debt principal	(934,078)	-	(1,073)	(134,330)	(1,069,481)	-
Payments of capital lease principal	-	-	(85,920)	-	(85,920)	-
Payments of debt interest and charges	(1,262,878)	-	(15,691)	(40,479)	(1,319,048)	-
Capital grants received	1,048,015	1,318,022	-	121,695	2,487,732	-
Purchase of capital assets	(4,529,416)	(1,583,928)	-	(507,725)	(6,621,069)	-
Proceeds from the sale of fixed assets	-	5,513	-	-	5,513	-
Net cash provided (used) by capital and related financing activities	6,041,643	(260,393)	(102,684)	(560,839)	5,117,727	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	1,636,163	1,059,482	12,333,078	886,228	15,914,951	3,026,141
Purchase of investments	(4,017)	(587,506)	(13,090,059)	(322,443)	(14,004,025)	(3,077,995)
Interest and dividends received	558,638	8,946	92,591	8,280	668,455	21,966
Net cash provided (used) by investing activities	2,190,784	480,922	(664,390)	572,065	2,579,381	(29,888)
Net increase (decrease) in cash and cash equivalents	9,796,745	(116,643)	443,786	(142,082)	9,981,806	76,003
Cash and cash equivalents - beginning	6,799,093	176,735	897,184	262,999	8,136,011	241,994
Cash and cash equivalents - ending	\$ 16,595,838	\$ 60,092	\$ 1,340,970	\$ 120,917	\$ 18,117,817	\$ 317,997
Components of cash and cash equivalents:						
Unrestricted	411	60,092	1,338,892	\$ 32,981	\$ 1,432,376	317,997
Restricted	16,595,427	-	2,078	87,936	16,685,441	-
Cash and cash equivalents	\$ 16,595,838	\$ 60,092	\$ 1,340,970	\$ 120,917	\$ 18,117,817	\$ 317,997

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Sewer	Mass Transit	Landfill	Other Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (1,576,630)	\$ (4,444,631)	\$ 826,242	\$ (643,604)	\$ (5,838,623)	\$ (96,220)
Adjustments to reconciliation operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,239,887	1,064,141	380,319	571,559	3,255,906	-
(Increase) decrease in:						
Accounts receivable	(117,458)	(63,491)	7,965	(11,359)	(184,343)	-
Prepaid expenses	(22,936)	(60,405)	(7,528)	(449)	(91,318)	-
Increase (decrease) in:						
Accounts payable and contracts/claims payable	1,947,245	114,995	20,897	4,371	2,087,508	202,111
Accrued payroll and compensated absences	(88,926)	-	(21,319)	(19,976)	(130,221)	-
Operating grants received	-	917,764	-	-	917,764	-
Net cash provided (used) by operating activities	<u>\$ 1,381,182</u>	<u>\$ (2,471,627)</u>	<u>\$ 1,558,715</u>	<u>\$ (99,458)</u>	<u>\$ 368,812</u>	<u>\$ 105,891</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, 2005

	Pension Trust Fund	Total Agency Funds
	Police Pension	
Assets		
Cash and cash equivalents	\$ 1,497,366	\$ 3,030
Investments:		
US Government obligations	2,913,733	9,136
Corporate bonds	3,659,613	-
Corporate stock	10,361,924	-
Preferred stock	156,878	-
Receivables:		
Taxes	-	172,232
Contributions	71,380	-
Accrued interest	105,352	990
Total assets	<u>\$ 18,766,246</u>	<u>\$ 185,388</u>
Liabilities		
Accounts payable	4,183	-
Due to others	-	185,388
Total liabilities	<u>4,183</u>	<u>185,388</u>
Net Assets		
Held in trust for pension benefits	<u>\$ 18,762,063</u>	<u>-</u>

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

CITY OF ST. JOSEPH, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Pension Trust Fund Police Pension
Additions:	
Member contributions	\$ 213,357
Employer contributions	1,695,887
Investment income	578,538
Net appreciation in fair value of investments	1,070,874
Less investment expenses	<u>(68,688)</u>
Total additions	<u>3,489,968</u>
Deductions:	
Benefit payments	1,306,832
Refunds of contributions	10,918
Administrative expenses	<u>16,821</u>
Total deductions	<u>1,334,571</u>
Change in net assets	2,155,397
Net assets - beginning	<u>16,606,666</u>
Net assets - ending	<u><u>\$ 18,762,063</u></u>

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

A. Reporting Entity

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

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

In 2005, the City implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3. GASB Statement No. 40 address disclosures on deposits and investments, focusing on common investment risks related to interest rate risk, credit risk, custodial credit risk, foreign currency risk, and concentration of credit risk. This pronouncement requires additional disclosures to be presented in the notes but has no impact on the net assets of the City.

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

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.

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

Blended Component Unit:

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

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

B. Government-Wide and Fund Financial Accounting

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods,

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

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 enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

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

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. Property tax, sales tax, franchise tax, motor fuel tax, cigarette tax, hotel tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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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 St. Joseph Museum Agency Fund and the St. Joseph Library Agency Fund.

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.

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

D. Cash and Investments

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

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

Cash and cash equivalents, as used in the statement of cash flows, refers to cash on hand, cash in demand deposit accounts in financial institutions, and short-term, highly liquid investments with original maturities of three (3) months or less that are readily convertible

CITY OF ST. JOSEPH, MISSOURI

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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.

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, 2005, 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, 2005.

G. Restricted Assets

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

H. Capital Assets

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

CITY OF ST. JOSEPH, MISSOURI

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In accordance with GASB Statement No. 34, general government infrastructure assets (roads) have been capitalized at historical cost for the current year and the City has elected to defer the capitalization of infrastructure retroactively to 1980.

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
- Infrastructure	25 years

I. Compensated Absences

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

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Vacation leave is earned at the following rates:

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

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

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

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

J. Property Tax Revenue Recognition

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

K. Interfund Transactions

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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L. Net Assets

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

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

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Governmental Net Assets Restricted for Other Purposes includes \$799,932 of restricted tax revenues and \$2,117,955 of CIP Sales Tax revenue is restricted for Capital Projects. Business-type Activities Restricted Net Assets includes \$3,770,260 for Debt Service.

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

M. Use of Estimates

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

N. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and not payable in the current period and therefore, are not reported in the funds.”

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The details of this (\$ 52,935,812) difference is as follows:

Public Building Authority bonds	(\$ 475,706)
Deferred amount 2003 PBA refunding	47,935
Missouri Development Finance Board	(52,505,000)
2004-5 MDFB/IDA Bond issuance costs	1,704,209
Capital lease obligations	(56,280)
Compensated absences	(1,650,972)
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>(\$ 52,935,812)</u>

O. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets – governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$ 11,916,952 difference are as follows:

Capital outlay	\$ 7,954,070
Construction-in-progress capital outlay	6,443,674
Depreciation expense	(2,480,792)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 11,916,952</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.” The details of this \$ (147,675) difference are as follows:

Proceeds from the sale of fixed assets	(\$ 221,319)
Net gain on the disposition of fixed assets	73,644
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$ 147,675)</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$ 815,896 difference are as follows:

Prior year deferred property tax revenue	(\$ 607,182)
Current period property tax (earned but not available)	239,325
Deferred Sales Tax	1,183,753
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 815,896</u>

Another element of that reconciliation states that “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.” The details of this \$ (32,533,530) difference are as follows:

MO Development Finance Board bonds	(\$43,335,000)
MDFB bonds issuance costs	1,729,508
Deferred revenue on Triumph loan	8,883,041
Current year bond and lease principal payments	732,240
Eliminate interest related to prior years	25,890
Accrue interest during the current year (not expected to be liquidated with current available financial resources)	(494,731)
Deferred Amount on 2003 PBA Advance Refunding bonds	(10,441)
Compensated absences – current year	(1,650,972)
Compensated absences – prior year	1,586,934
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$ 32,533,530)</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

P. Deficit Fund Balance/Retained Earnings

The following Funds had a deficit unreserved fund balance or unrestricted net asset at June 30, 2005:

Special Revenue Funds	
Community Development	(\$1,122,574)
Historic Preservation Loan	(\$31,591)
Enterprise Funds	
Aviation	(\$33,572)
Sewer	(\$996,870)
Landfill	(\$1,358,668)

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

NOTE 2: CASH DEPOSITS AND INVESTMENTS

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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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 located in Kansas City, Missouri; whereby, the bank agrees to deposit with the Federal Reserve Bank, as custodian for the City, such collateral securities as required by Missouri State Statutes (Chapter 110 – Depositories for Public Funds), for the safekeeping and prompt payment of City deposits.

The market value of pledged securities shall at all times be not less than one hundred percent (100%) of the actual amount of the funds on deposit with the bank, less the amount covered by federal depository insurance. A reconciliation of cash and investments as shown on the government-wide statement of net assets and statement of fiduciary net assets is as follows:

	Balance June 30, 2005
Cash on hand	\$ 12,110
Cash Deposit in Bank	4,886,442
Investments held by Trustee (Bond Reserves)	29,603,602
U.S. Government and Agency securities	22,754,620
Police Pension Trust:	
Cash	1,497,366
Investments	17,092,148
	<u>18,589,514</u>
	<u>\$ 75,846,288</u>

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Unrestricted – cash and cash equivalents	\$ 6,005,137	3,030	6,008,167
Unrestricted – investments	18,089,071	9,136	18,098,207
Restricted – cash and cash equivalents	33,150,400	—	33,150,400
Police Pension – restricted cash and investments	—	18,589,514	18,589,514
Total	<u>\$ 57,244,608</u>	<u>18,601,680</u>	<u>75,846,288</u>

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Investments for the City of St. Joseph, Missouri are as follows for the year ended June 30, 2005:

Investment type:	Investment Maturities (in years)		
	Cost	Fair Value	Less Than 1
Debt Securities			
U.S. Agency Discount Notes	\$ 22,754,620	\$ 22,885,996	\$ 22,754,620

Investments for the Police Pension fund are as follows for the year ended June 30, 2005:

Investment type:	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 - 5	6 - 10
Debt Securities				
U.S. Treasuries	\$ 1,272,105	\$ -	\$ 974,409	\$ 297,696
U.S. Agencies	1,641,628	191,574	949,899	500,155
Corporate Debt	3,816,491	561,804	3,254,687	-
	6,730,224	\$ 753,378	\$ 5,178,995	\$ 797,851
Other investments:				
Corporate Stock	10,361,924			
Total	<u>\$ 17,092,148</u>			

Custodial Credit Risk – For an investment, custodial risk is the credit risk that, in the event of a failure of the counter-party, the City will not be able to recover the value of its investments, but would collect collateral securities that are in the possession of the outside party. At June 30, 2005, the City reported deposits of \$4,886,442. The related bank balance of \$5,229,755 was insured by federal depository insurance of \$100,000 and collateral securities held by the City’s agent in the name of the City. The total market value of the City’s collateral securities at June 30, 2005, was \$8,336,581 in the form of U.S. Government and Agency securities. At June 30, 2005, the City’s investments in U.S. Government and Agency securities of \$22,754,618 were held by commercial banks and broker-dealer firms. All U.S. Government and Agency securities were insured through the broker-dealers’ membership in the Securities Investor Protection Corporation (SIPC) and through surety bonds purchased by them from private insurance companies. Investments are reported at fair value based upon quoted market prices at the valuation date, except for the U.S. Government and Agency securities discussed above which are recorded at cost due to their short-term nature.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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The Police Pension investments totaling \$17,092,148 consist of \$2,913,733 in government fixed securities, \$3,659,613 in corporate bond fixed income securities, \$10,361,924 in common corporate stock, \$156,878 in nonconvertible preferred stock. The Police Pension fund's investments are held by its investment custodian in the fund's name, and cash totaling \$1,497,366 is uncollateralized.

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

Credit Risk – Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill their obligation. The City's policy authorizes investment of funds in accordance with the prudent person rule: Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise for investment considering the probably safety of capital as well as the probable income to be derived and shall be applied in the context of managing the entire portfolio.

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

	Quality Ratings		
	Cost	Fair Value	AAA
Investment type:			
Debt Securities			
U.S. Agency Discount	\$22,754,620	\$22,885,996	\$22,754,620

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The Police Pension fund follows the prudent person rule with certain fixed income securities portfolio constraints. According to the Police Pension fund investment policy statement only “investment grade” securities held in the portfolio with an overall quality average AA or better are allowed. Credit ratings for the Police Pension fund investments that are rated are as follows:

Investment type:	Fair Value	Quality Ratings				
		AAA	AA	A	BBB	Unrated
Debt Securities						
U.S. Treasuries	\$ 1,272,105	\$ 1,272,105				
U.S. Agencies	1,641,628	1,641,628				
Corporate Debt	3,816,491	366,254	860,142	2,329,380	103,837	156,878
	<u>\$ 6,730,224</u>	<u>\$ 3,279,987</u>	<u>\$ 860,142</u>	<u>\$ 2,329,380</u>	<u>\$ 103,837</u>	<u>\$ 156,878</u>

Other Investments:

Corporate Stock	<u>10,361,924</u>
Total	<u><u>\$ 17,092,148</u></u>

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment of a single issuer. Safety of principle 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:

	Fair Value	2005 Concentration
Federal Home Loan Bank	7,967,826	35%
Federal National Mortgage Association	11,930,999	52%
Federal Farm Credit	2,987,172	13%
	<u><u>22,885,996</u></u>	<u><u>100%</u></u>

The Police Pension Board established asset allocation guidelines in its investment policy statement to achieve the long term investment objectives. The asset allocation mix should be maintained as follows: 1) Equity investments will range between a maximum of 60%, and a minimum of 40% of the total portfolio within the total equity exposure. 2)

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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Investments in international securities may comprise up to 10% of the total portfolio value. 3) Fixed income investments will range between a maximum of 60% and a minimum of 40% of the total portfolio. 4) Cash investments will range between 0% and 20%, of the total portfolio. Convertible securities may represent attractive investment alternatives and limited to 10% of the portfolio value. Equity securities should be diversified with no single equity issue exceeding 5% of the cost value of the total equity portfolio. 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.

	Fair Value	2005 Concentration
U.S. Treasuries	1,272,105	19%
Federal Home Loan Bank	1,641,628	24%
Corporate Debt :		
Bank One Corp	360,098	5%
BankBoston	443,512	7%
Campbell Soup Co	358,390	5%
Canada Government	366,254	5%
Walt Disney	406,408	6%

Foreign Currency Risk – The Police Pension Plan’s exposure to foreign currency risk is as follows:

Investment	Currency	Maturity	Fair Value
Canada Government	Canadian dollar	11/05/2008	366,254

NOTE 3: RECEIVABLES

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

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

CITY OF ST. JOSEPH, MISSOURI

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

The City's 2004 property tax rate was \$1.61 per \$100 valuation (\$1.46 per \$100 valuation in areas annexed effective December 30, 1972) An additional special assessment of \$.50 per \$100 assessed value of land only is levied in the Park District for park maintenance and repair. A special business district levy is imposed on landowners in this special downtown district of \$.85 per \$100 assessed valuation effective February 5, 1990, for seven years and extended by the voters effective January 1, 1997, and again on January 28, 2004, for an additional seven years. The tax levy is as follows:

	2004	2003
General Fund	\$.65	\$.63
Public Safety	.07	.07
Parks & Recreation	.20	.20
Public Health	.22	.21
Library	.42	.42
Museum	.05	.05
Business District	.85	.85

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

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
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The assessed valuation of all tangible taxable property for the 2004 and 2003 levies were as follows:

	2005	2004	Change	Percent of Change
Real Property	\$521,033,760	\$527,738,760	(\$6,705,000)	(1.3%)
Personal Property	231,803,997	233,181,812	(1,377,815)	(.6%)
Railroad Utilities	19,306,117	20,301,369	(995,252)	(4.9%)
Total	<u>\$772,143,874</u>	<u>\$781,221,941</u>	<u>(\$9,078,067)</u>	<u>(1.2%)</u>

Receivables as of June 30, 2005, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts	Accrued Interest	Taxes	Total Receivables	Allowance for Doubtful Accounts	Receivables, Net
Government activities:						
General	\$ 322,838	16,038	3,113,658	3,452,534	—	3,452,534
Street improvement, maintenance and repair	46,325	10,980	1,390,373	1,447,678	—	1,447,678
Special Allocation	16,597,208	243	184,478	16,781,929	—	16,781,929
CIP Sales Tax	—	8,710	883,920	892,630	—	892,630
Nonmajor governmental funds	297,455	12,327	334,344	644,126	—	644,126
Total - governmental activities	<u>\$ 17,263,826</u>	<u>48,298</u>	<u>5,906,773</u>	<u>23,218,897</u>	<u>—</u>	<u>23,218,897</u>
Business-type activities:						
Sewer	713,588	35,824	—	749,412	(30,000)	719,412
Mass transit	57,686	3,352	400,693	461,731	—	461,731
Landfill	165,067	74,694	—	239,761	—	239,761
Nonmajor enterprise funds	16,289	2,196	—	18,485	—	18,485
Total - business-type activities	<u>\$ 952,630</u>	<u>116,066</u>	<u>400,693</u>	<u>1,469,389</u>	<u>(30,000)</u>	<u>1,439,389</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,070,153	102,081	—	\$ 4,172,234
Construction in progress	<u>861,818</u>	<u>6,443,674</u>	<u>92,784</u>	<u>7,212,708</u>
Total capital assets, not being depreciated	4,931,971	6,545,755	92,784	11,384,942
Capital assets, being depreciated:				
Buildings	25,558,055	6,252,312	161,100	31,649,267
Improvements other than buildings	7,082,461	92,784	—	7,175,245
Machinery and equipment	17,673,455	1,621,311	310,877	18,983,889
Infrastructure	<u>4,484,975</u>	<u>60,066</u>	<u>—</u>	<u>4,545,041</u>
Total capital assets being depreciated	54,798,946	8,026,473	471,977	62,353,442
Less accumulated depreciation for:				
Buildings	15,124,817	782,883	13,425	15,894,275
Improvements other than buildings	3,853,836	175,986	—	4,029,822
Machinery and equipment	14,217,676	1,341,323	229,177	15,329,822
Infrastructure	<u>250,387</u>	<u>180,600</u>	<u>—</u>	<u>430,987</u>
Total accumulated depreciation	33,446,716	2,480,792	242,602	35,684,906
Total capital assets, being depreciated, net	<u>21,352,230</u>	<u>5,545,681</u>	<u>229,375</u>	<u>26,668,536</u>
Governmental activities capital assets, net	<u>\$ 26,284,201</u>	<u>12,091,436</u>	<u>322,159</u>	<u>\$ 38,053,478</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Sewer fund:				
Capital assets, not being depreciated:				
Land	\$ 487,074	—	—	\$ 487,074
Construction in progress	<u>1,581,520</u>	<u>4,361,131</u>	<u>23,517</u>	<u>5,919,134</u>
Total capital assets, not being depreciated	2,068,594	4,361,131	23,517	6,406,208
Capital assets, being depreciated:				
Buildings	28,961,666	—	—	28,961,666
Improvements other than buildings	3,322,463	—	—	3,322,463
Machinery and equipment	<u>9,753,863</u>	<u>315,994</u>	<u>40,806</u>	<u>10,029,051</u>
Total capital assets being depreciated	42,037,992	315,994	40,806	42,313,180
Less accumulated depreciation for:				
Buildings	12,521,789	772,239	—	13,294,028
Improvements other than buildings	1,079,733	137,128	—	1,216,861
Machinery and equipment	<u>8,759,849</u>	<u>454,712</u>	<u>40,806</u>	<u>9,173,755</u>
Total accumulated depreciation	22,361,371	1,364,079	40,806	23,684,644
Total capital assets, being depreciated, net	<u>19,676,621</u>	<u>(1,048,085)</u>	<u>—</u>	<u>18,628,536</u>
Total sewer fund capital assets, net	<u>\$ 21,745,215</u>	<u>3,313,046</u>	<u>23,517</u>	<u>\$ 25,034,744</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

	<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
Total capital assets, not being depreciated	189,134	—	—	189,134
Capital assets, being depreciated:				
Buildings	4,321,204	—	—	4,321,204
Improvements other than buildings	73,827	—	—	73,827
Machinery and equipment	6,052,316	1,583,928	1,730,829	5,905,415
Total capital assets being depreciated	10,447,347	1,583,928	1,730,829	10,300,446
Less accumulated depreciation for:				
Buildings	756,905	149,171	—	906,076
Improvements other than buildings	27,138	7,383	—	34,521
Machinery and equipment	3,182,116	907,587	1,730,829	2,358,874
Total accumulated depreciation	3,966,159	1,064,141	1,730,829	3,299,471
Total capital assets, being depreciated, net	6,481,188	519,787	—	7,000,975
Total mass transit capital assets, net	\$ 6,670,322	519,787	—	\$ 7,190,109

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Landfill fund:				
Capital assets, not being depreciated:				
Land	\$ 1,376,071	—	—	\$ 1,376,071
Total capital assets, not being depreciated	1,376,071	—	—	1,376,071
Capital assets, being depreciated:				
Buildings	362,163	—	—	362,163
Improvements other than buildings	429,694	—	—	429,694
Machinery and equipment	3,822,338	—	—	3,822,338
Total capital assets being depreciated	4,614,195	—	—	4,614,195
Less accumulated depreciation for:				
Buildings	233,621	9,573	—	243,194
Improvements other than buildings	112,023	33,608	—	145,631
Machinery and equipment	2,753,699	337,138	—	3,090,837
Total accumulated depreciation	3,099,343	380,319	—	3,479,662
Total capital assets, being depreciated, net	1,514,852	(380,319)	—	1,134,533
Total landfill capital assets, net	\$ 2,890,923	(380,319)	—	\$ 2,510,604

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nonmajor enterprise funds:				
Capital assets, not being depreciated:				
Land	\$ 3,343,650	65,135	—	3,408,785
Total capital assets, not being depreciated	3,343,650	65,135	—	3,408,785
Capital assets, being depreciated:				
Buildings	7,889,612	—	—	7,889,612
Improvements other than buildings	8,957,375	385,838	—	9,343,213
Machinery and equipment	1,308,802	98,372	36,944	1,370,230
Total capital assets being depreciated	18,155,789	484,210	36,944	18,603,055
Less accumulated depreciation for:				
Buildings	4,811,849	254,797	—	5,066,646
Improvements other than buildings	6,848,021	237,041	—	7,085,062
Machinery and equipment	1,013,025	121,343	36,944	1,097,424
Total accumulated depreciation	12,672,895	613,181	36,944	13,249,132
Total capital assets, being depreciated, net	5,482,894	(128,971)	—	5,353,923
Total nonmajor enterprise fund capital assets, net	<u>8,826,544</u>	<u>(63,836)</u>	<u>—</u>	<u>8,762,708</u>
Total business-type activities capital assets, net	\$ <u>40,133,004</u>	<u>3,388,678</u>	<u>23,517</u>	<u>43,498,165</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 158,081
Public safety	713,307
Highways and streets	620,494
Public works	28,919
Health and welfare	145,896
Parks and recreation	814,095
	<hr/>
Total depreciation expense – governmental activities	\$ <u>2,480,792</u>
Business-type activities:	
Aviation	\$ 356,867
Parking	169,242
Sewer	1,239,887
Golf	45,450
Mass transit	1,064,141
Landfill	380,319
	<hr/>
Total depreciation expense – business-type activities	\$ <u>3,255,906</u>

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances consisting of fund allocations of pooled cash shortages at June 30, 2005 are as follows:

	Interfund receivables	Interfund payables
Major governmental funds:		
CIP Sales Tax Improvement	1,469,608	—
Nonmajor governmental funds	—	525,218
Major business-type fund - Sewer	—	939,463
Nonmajor business-type fund - Aviation	—	4,927
Total	\$ 1,469,608	1,469,608

Interfund transfers consisted of the following amounts:

		Transfers To						Total
		General Fund	SIM R	CIP Sales Tax	Sewer	Nonmajor Governmental	Nonmajor Business-type	
Transfers From	Major Governmental Funds:							
	General Fund	\$ —	404,020	31,599	—	685,550	—	1,121,169
	Street Improvement Maintenance and Repair	447,065	—	—	—	—	—	447,065
	Special Allocation 1998 Sales Tax Improvement	—	—	2,155,784	1,234,336	—	—	3,390,120
	Nonmajor governmental	1,511,627	—	324,009	—	963,053	—	2,798,689
	Major Enterprise Funds:							
	Sewer	783,800	217,400	—	—	—	50,000	1,051,200
	Mass transit	117,925	119,480	—	—	—	—	237,405
	Landfill	239,255	108,600	—	—	—	—	347,855
	Nonmajor enterprise	103,850	—	—	—	—	—	103,850
Total	\$ 3,203,522	849,500	2,511,392	1,234,336	1,868,603	50,000	9,717,353	

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, 2005**

NOTE 6: LONG-TERM LIABILITIES

Governmental activities	Balance 7/1/04	Increases	Decreases	Balance 6/30/05	Current Portion
Public Building Authority Bonds	\$ 542,640	—	(66,934)	475,706	50,200
Deferred charge on PBA bonds	(58,376)	—	10,441	(47,935)	—
Total PBA Bonds, Net	484,264	—	(56,493)	427,771	50,200
Capital lease obligation	91,586	—	(35,306)	56,280	21,753
Infrastructure Facility Bonds	9,170,000	10,475,000	—	19,645,000	100,000
Industrial Development Authority	—	26,000,000	—	26,000,000	750,000
MO Development Board Bonds	—	6,860,000	—	6,860,000	1,465,000
Section 108 Loan	630,000	—	(630,000)	—	—
Compensated absences	1,586,934	1,558,680	(1,494,642)	1,650,972	1,567,357
Claims	494,107	159,863	—	653,970	402,487
Total Governmental activity					
Long-term liabilities	\$ 12,456,891	45,053,543	(2,216,441)	55,293,993	4,356,797

Internal service claims are allocated to both the governmental and business-type activities with a major portion (72.4%) or \$653,970 allocated to governmental activities. Compensated absences are generally liquidated by the general fund. Of the \$1,650,972 compensated absences year-end balance in the governmental activities, public safety is the primary focus at \$930,935 followed by general government with \$265,193 in long term liabilities. Closely behind is the Street, Improvement, Maintenance and Repair (SIMR) fund at \$190,863 accompanied by Parks and Recreation and Public Health with \$142,014 and \$92,707 respectively. Lastly, is the Community Development Block Grant fund with \$29,259 in compensated absences liabilities.

Along with compensated absences, claims and judgments are included as part of the above governmental activities and liquidated by the general fund. Of the remaining balance, \$401,718 can be attributed to the public safety function and \$252,252 to the highway and streets function.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Business-type activities	Balance 7/1/04	Increases	Decreases	Balance 6/30/05	Current Portion
Sewer fund:					
Revenue Bonds	\$ 14,316,000	—	(951,000)	13,365,000	1,006,000
Deferred charge on advanced refunding	(135,373)	—	16,922	(118,451)	—
Total revenue bonds, net	14,180,627	—	(934,078)	13,246,549	1,006,000
MO Development Board Bonds	—	8,599,050	—	8,599,050	—
MO Build Bonds	—	3,120,950	—	3,120,950	148,657
Compensated Absences	111,201	156,215	(159,076)	108,340	108,340
Claims	64,632	108,441	—	173,073	106,518
Total sewer fund long-term liabilities	\$ 14,356,460	11,984,656	(1,093,154)	25,247,962	1,369,515
Landfill fund:					
Public Building Authority Bonds	\$ 20,780	—	(2,563)	18,217	1,922
Deferred charge on PBA bonds	(14,041)	—	1,491	(12,550)	—
Total PBA Bonds, Net	6,739	—	(1,072)	5,667	1,922
Capital Lease Obligations	315,500	—	(85,920)	229,580	63,390
Compensated Absences	40,533	44,126	(40,079)	44,580	41,445
Claims	154,247	—	(78,256)	75,991	46,769
Total landfill fund long-term liabilities	\$ 517,019	44,126	(205,327)	355,818	153,526
Nonmajor enterprise funds:					
Public Building Authority Bonds	\$ 571,580	—	(70,503)	501,077	52,877
Deferred charge on PBA bonds	(53,348)	—	5,665	(47,683)	—
Total PBA Bonds, Net	518,232	—	(64,838)	453,394	52,877
Loans	249,585	—	(39,492)	210,093	41,060
Special Obligation Bonds	150,000	—	(30,000)	120,000	30,000
Compensated absences	38,794	44,756	(41,685)	41,865	33,236
Total nonmajor enterprise funds long-term liabilities	956,611	44,756	(176,015)	825,352	157,173
Total business-type activities long-term liabilities	\$ 15,830,090	12,073,538	(1,474,496)	26,429,132	1,680,214

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Year ending June 30	Public Building Authority Bonds		Governmental Activities Infrastructure Facility Bonds		MO Development Board Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 50,200	\$ 16,235	\$ 100,000	\$ 1,196,384	\$ 1,465,000	\$ 279,169
2007	47,810	15,184	115,000	1,192,144	1,585,000	235,219
2008	50,200	13,895	150,000	1,186,705	1,640,000	171,819
2009	50,200	12,364	665,000	1,178,965	100,000	89,819
2010	54,981	10,545	695,000	1,147,671	105,000	86,819
2011-2015	222,315	19,677	4,070,000	5,155,461	575,000	377,881
2016-2020	—	—	5,510,000	3,733,742	705,000	251,350
2021-2025	—	—	8,340,000	1,792,632	685,000	78,975
2026-2030	—	—	-	-	—	—
	\$ 475,706	\$ 87,900	\$ 19,645,000	\$ 16,583,704	\$ 6,860,000	\$ 1,571,051

Year ending June 30	Governmental Activities Industrial Development Bonds		Business-type Activities Public Building Authority Bonds		Infrastructure Facility Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 750,000	\$ 785,218	\$ 54,800	\$ 17,723	\$ —	\$ 395,218
2007	750,000	658,044	52,190	16,576	—	367,543
2008	720,000	643,044	54,800	15,168	—	369,936
2009	660,000	627,744	54,800	13,497	—	370,972
2010	715,000	612,894	60,019	11,511	507,559	365,113
2011-2015	3,605,000	2,817,244	242,685	21,480	1,504,655	1,689,168
2016-2020	5,200,000	2,277,943	—	—	1,781,836	1,419,137
2021-2025	7,525,000	1,476,700	—	—	4,805,000	830,000
2026-2030	6,075,000	282,563	—	—	—	—
	\$ 26,000,000	\$ 10,181,394	\$ 519,294	\$ 95,955	\$ 8,599,050	\$ 5,807,087

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Year ending June 30	Business-type Activities					
	Revenue Bonds		Special Obligation Bonds		MO Build Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 1,006,000	\$ 690,623	\$ 30,000	\$ 5,715	\$ 148,657	\$ 123,489
2007	1,058,000	638,687	30,000	4,305	150,046	151,165
2008	1,114,000	584,701	60,000	2,880	157,888	143,339
2009	1,162,000	528,795	—	—	166,137	135,103
2010	1,230,000	468,898	—	—	174,713	126,437
2011-2015	6,380,000	1,335,239	—	—	1,020,345	485,582
2016-2020	1,250,000	130,719	—	—	1,303,164	190,188
2021-2025	165,000	17,360	—	—	—	—
2026-2030	—	—	—	—	—	—
	\$ 13,365,000	\$ 4,395,022	\$ 120,000	\$ 12,900	\$ 3,120,950	\$ 1,355,303

**TOTAL DEBT
SERVICE
REQUIREMENTS**

Year ending June 30	TO MATURITY	
	Principal	Interest
2006	\$ 3,456,000	\$ 3,509,774
2007	3,843,000	3,278,867
2008	4,029,000	3,131,487
2009	3,107,000	2,957,259
2010	3,305,000	2,829,888
2011-2015	17,620,000	11,901,732
2016-2020	15,750,000	8,003,079
2021-2025	21,520,000	4,195,667
2026-2030	6,075,000	282,563
	\$ 78,705,000	\$ 40,090,316

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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Revenue Bonds:

The City of St. Joseph, Missouri issues bonds where the City pledges Sewer fund's Charges for services income derived from the acquired or constructed assets to pay debt service. Bonds totaling \$13,365,000 outstanding at the end of the current fiscal year related to bonds issued in prior years. Revenue Bonds payables are recorded in the Sewer Enterprise Fund and are comprised of the following issuances at June 30, 2005:

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%	\$6,385,000
Series 1997D – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through January 1, 2018; interest at 4.3% to 6.00%	4,805,000
Series 1999 – Sewer System Refunding and Improvement Revenue Bonds: due in annual installments through April 1, 2012; interest at 3.5% to 4.8%	1,460,000
Series 2003 – Sewer System Revenue Bonds: due in annual installments through April 1, 2023; interest at 1.3% to 5.125%	<u>715,000</u>
Total Revenue Bonds for Business-type Activities	<u>\$13,365,000</u>

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

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

In conjunction with this issuance, the City entered into a revolving loan program established by the Missouri Department of Natural Resources. The State of Missouri manages and invests the bond proceeds on behalf of the City. As the City incurs approved capital expenditures, the Department of Natural Resources reimburses the City for the expenditures from the bond proceeds account and deposits into a reserve fund at 70% of the expenditure amount. This reserve fund will serve as collateral on the Sewerage System Revenue Bonds in the event of default, and interest earnings on the reserve fund will be used to reduce the City's interest payment on the outstanding bonds. The reserve fund is transferred back to the state as the bond issue is retired. As of June 30, 2005, \$5,557,574 has been advanced from the Missouri Department of Natural Resources into this reserve fund.

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

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's basic financial statements. Outstanding revenue bonds in the amount of \$2,225,000 were removed from the Sewer Enterprise Fund in connection with an in-substance defeasance. On June 30, 2005, outstanding revenue bonds related to prior in-substance defeasances is \$1,635,000.

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.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Public Building Authority (PBA) Bonds are reported in the Public Parking and Landfill Enterprise Funds and government-wide financial statement and consist of the following at June 30, 2005:

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%	\$ 501,077
Series 2003 – Collateralized Lease Refunding Revenue Bonds (Landfill); due in annual installments through November 1, 2013; interest at 1.45% to 4.5%	<u>18,217</u>
Total PBA Bonds for the Business-type Activities	<u>\$ 519,294</u>

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%	\$ 420,793
Series 2003 – Collateralized Lease Refunding Revenue Bonds (Parks & Recreation); Due in annual installments through November 1, 2013; interest at 1.45% to 4.5%	36,521
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>18,392</u>
Total PBA Bonds for the Governmental Activities	<u>\$ 475,706</u>

On June 30, 2005, outstanding Public Building Authority bonds related to prior in-substance defeasances is \$ 995,000.

Industrial Development Authority Bonds:

The Industrial Development Authority of the City of St. Joseph, Missouri is authorized and empowered under Chapter 349 of the Revised Statutes of Missouri to issue bonds for the purpose of promoting projects within the City of St. Joseph, Missouri. \$26,000,000 was issued in connection with the financing of certain redevelopment costs for The Shoppes at North Village Project. The Series 2005A Bonds and interest are limited obligations of the Authority, payable solely from Payments in Lieu of Taxes, Economic Activity Tax Revenues

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

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

Missouri Development Finance Board Bonds:

On December 1, 2004, the City of St. Joseph issued Missouri Development Finance Board Bonds Series 2004C and Series 2004D. \$11,720,000 of the proceeds of the Series 2004C will be 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. Included in this amount was \$3,120,950 to purchase Missouri Build Bonds relating to Triumph Foods. \$6,860,000 of the Series 2004D proceeds will be used to finance 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, 2005 is \$18,580,000.

Business-type Activities

Series 2004C – Infrastructure Facilities Revenue Bonds (Sewer); due in
annual installments through March 1, 2025; interest at 2.65% to 5% \$8,599,050
2004 Missouri Build Bonds (Sewer); due in semi-annual installments
through March 1, 2020; interest at 5.15%
These bonds are included in the 2004C Series 3,120,950

Total MO Development Board Bonds for the Business-type Activities \$11,720,000

Governmental Activities

Series 2004D – Infrastructure Facilities Revenue Bonds (General); due in
annual installments through March 1, 2024; interest at 3.00% to 5.00% \$ 2,425,000
Series 2004D – Infrastructure Facilities Revenue Bonds (CIP); due in annual
installments through March 1, 2024; interest at 3.00% to 5.00% 4,435,000

Total MO Development Board Bonds for the Governmental Activities \$ 6,860,000

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Taxable Infrastructure Facility Revenue Bonds:

The City of St. Joseph issued Taxable Infrastructure Facility Revenue Bonds to obtain financial assistance with the Stockyards Redevelopment Agreement for the purpose of Property Improvement and Public Improvement costs. The bonds are secured by loan payments made by the City pursuant to the financing agreement, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenues. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City's statement of net assets. The annual appropriation covenant of the City constitutes a commitment of all general funds of the city to make loan payments under the financing agreement. The total principal balance outstanding for the Taxable Infrastructure Facilities Revenue Bonds as of June 30, 2005 is \$19,645,000.

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

Series 2004B – Special Allocation; due in annual installments through
March 1, 2025; interest at 4.24% to 7.32% 10,475,000

Total Taxable Infrastructure Facility Revenue Bonds for Governmental Activities \$19,645,000

Special Obligation Bonds:

On July 13, 1998, the City Council approved the issuance of Special Obligation Capital Improvement Bonds for tee, green, fairway and cart path improvements at the City's Fairview Golf Course. The City is authorized under the provisions of the Constitution of Missouri and its Home Rule Charter to issue and sell special obligation bonds for the purpose of providing funds for capital improvements and to provide the principal of and interest on such special obligations bonds solely from the revenues derived from annual appropriations by the City Council. Special Obligation Bonds are reported in the Municipal Golf Enterprise Fund and consist of the following at June 30, 2005:

Series 1998 – Municipal golf; due in annual installments through
May 1, 2008; interest at 4.25% to 4.80% \$ 120,000

Other Obligations:

On March 1, 2000, the City signed a promissory note in the amount of \$400,000 with the Missouri Highway and Transportation Commission pursuant to the provisions of the Missouri Highway and Transportation Commission State Transportation Assistance Revolving (STAR) Fund Loan Agreement. The purpose is to assist in the construction of

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

24 T-hangars located at the Rosecrans Memorial Airport. This note is reported in the Aviation Enterprise Fund at June 30, 2005 as follows:

Business-type Activities:

March 1, 2000, Missouri Highway Transportation Commission State Transportation Assistance Revolving (STAR) Fund Loan Agreement; due in monthly installments of \$4,044 through March 31, 2010; interest at 3.90% \$ 210,093

Other obligations debt service requirements to maturity are as follows:

	<u>Principal</u>		<u>Interest</u>
Year Ending June 30,			
2006	\$ 41,060	\$	7,465
2007	42,690		5,835
2008	44,385		4,140
2009	46,148		2,377
2010	<u>35,810</u>		<u>584</u>
Total	<u>\$ 210,093</u>	\$	<u>20,400</u>

Industrial Development Revenue Bonds – (Conduit Debt):

The City of St. Joseph issued Industrial Development Revenue Bonds to provide financial assistance to private entities. The bonds are secured by the improvements that are to be made. The debt service on these issues are paid solely from the private entities through lease agreements; therefore, the issues do not constitute a debt of the City and accordingly, are not included nor reported in the City’s statement of net assets. The total principal balance outstanding for the Industrial Development Revenue Bonds as of June 30, 2005 is \$231,934,475.

NOTE 7: CAPITAL LEASE AGREEMENTS

Capital Lease Obligations:

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

obligations are reported in the government-wide financial statements and consist of the following at June 30, 2005:

Enterprise Funds:

December 24, 2003, Landfill; Advantage 525 compactor lease/purchase; due in monthly installments of \$6,077 through November 24, 2008; interest of 4.75%	<u>229,580</u>
Total Capital Lease Obligations for the Enterprise Funds	<u><u>\$ 229,580</u></u>

Governmental Activities:

May 13, 2004, (General); (2) 2004 Ford F150 Heritage 4 x 4 Lease/Purchase; due in monthly installments of \$713 through April 13, 2008; interest at 5.75%	\$ 22,315
June 7, 2004; (General); 2004 Ford Econoline E 350 Lease/Purchase; due in monthly installments of \$425 through May 7, 2008; interest at 5.75%	13,675
June 1, 2003, (Parks, Recreation, and Civic Facilities); Isuzu Rear Loader Lease/Purchase; due in annual installments through June 1, 2007; interest at 5.9%	<u>20,290</u>
Total Capital Lease Obligations for the governmental Activities	<u><u>\$ 56,280</u></u>

The following is a schedule of the present value of net minimum lease payments for all of the City's capitalized leases as of June 30, 2005:

	<u>Governmental Activities</u>	<u>Business Activities</u>
Year ending June 30:		
2006	24,710	72,927
2007	24,710	72,927
2008	11,807	72,927
2009	<u>—</u>	<u>30,386</u>
Total minimum lease payments	61,227	249,167
Less amount representing interest	<u>4,947</u>	<u>19,587</u>
Present value of net minimum lease payments	<u><u>\$ 56,280</u></u>	<u><u>229,580</u></u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

The following schedule shows the amount and asset classifications for capital lease items as of June 30, 2005:

Machinery & equipment	176,509	460,000
less: Accumulated depreciation	<u>(103,645)</u>	<u>(138,000)</u>
Total	\$ <u><u>72,864</u></u>	<u><u>322,000</u></u>

NOTE 8: RISK MANAGEMENT

The City contracts with various insurance companies for general, property, and casualty insurance and has qualified as its own self-insurer for workers' compensation benefits. The City retains liability for \$350,000 of each accident with specific excess coverage purchased to provide protection in excess of that amount. The City has an aggregate limit of \$1,000,000. A third party administrator is contracted to provide claims administration and payment services for worker's compensation. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Insurance Fund. An actuarial report is prepared to evaluate loss and allocated loss adjustment expense reserves for the self-funded workers compensation program and to determine the funding level of the program. The net assets of the Insurance Internal Service Fund is \$349,133.

As of June 30, 2005 incurred but not reported (IBNR) workers' compensation claims and claims payable of \$903,034 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 2004	\$841,831	\$ 219,609	(\$ 348,454)	\$ 712,986
Fiscal Year 2005	712,986	614,474	(424,426)	903,034

CITY OF ST. JOSEPH, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 9: COMMITMENTS

A. Construction Commitments

At June 30, 2005 the City had the following commitments of approximately \$23,958,670 to complete construction contracts.

	Amounts
Major Governmental Fund:	
Capital Projects Fund	\$ 13,723,071
Enterprise Funds:	
Major Funds:	
Sewer	10,104,012
Landfill	120,900
Transit	4,772
Nonmajor Funds:	
Aviation	5,916
Total Enterprise Funds	10,235,600
Total	\$ 23,958,670

B. Landfill Closure and Postclosure Care Liabilities

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

**LANDFILL CLOSURE
AND POSTCLOSURE CARE LIABILITIES
June 30, 2005**

Description	Amount	Anticipated Close Year	Capacity Used
City's Operating Landfill			
Area I	\$ 1,548,120	2006	97%
Area II	1,986,463	2006	97%
Area III	<u>2,369,376</u>	2017	36%
	\$ 5,903,959		
McArthur Drive Landfill	<u>870,703</u>	Closed	100 %
Total	<u>\$ 6,774,662</u>		

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

During the year ended, June 30, 2005, total closure and postclosure care liabilities increased \$352,139 from \$6,422,523 to \$6,774,662. The increase resulted primarily from revisions to remaining capacity measurements for Areas I & II of the operating landfill.

1. **City's Operating Landfill** - Total estimated future closure and postclosure care costs for the City's operating landfill are \$10,225,500 of which \$5,903,959 is reported as landfill closure and postclosure care liability at June 30, 2005, representing the cumulative amount reported to date based on capacity use measurements. The City will recognize the remaining estimated cost of closure and postclosure care of \$4,321,541 as the remaining estimated capacity is consumed by the year 2017. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in environmental regulations.
2. **McArthur Drive Landfill** - This landfill was owned and operated by the City until the late 1950's or early 1960's and no longer accepts waste. The Environmental Protection Agency has listed the site on its National Priorities List and is requiring proper closure and remediation. The City entered into an Administrative Order on Consent with the Environmental Protection Agency on October 11, 1996. That order required the remediation of this site including a bank stabilization project and plans for a permanent cap to be placed on the old landfill. A contribution protection action may eventually be filed by the City to recoup some of these costs. Currently the remaining closure and postclosure liability of \$870,703 is recorded in the Landfill Enterprise Fund and costs are expected to be expended by the year 2033.
3. **Norris/Pigeon Hill Landfill** - The existing landfill personnel perform all the post-closure care activities; thus, no cost are directly attributed to the Norris landfill.

On a biennial basis, the City engages an outside professional engineering firm to prepare a tipping fee/cost analysis. The analysis quantifies the timing and amount of future closure and postclosure care costs and recommended tipping fee adjustments. Based upon the results of the 1999 tipping fee/cost analysis provides annual cash designations of \$353,227 for future closure and postclosure care expenses. At June 30, 2005, these cash designations totaled \$2,119,384 and will be increased annually subject to the availability of funds and the results of future tipping fee/cost analysis.

The City maintains a Contract of Obligation with the Missouri Department of Natural Resources (MDNR) in accordance with the Missouri Solid Waste Management Law. At June 30, 2005, the City's Contract of Obligation was \$7,755,025 including \$7,374,777 for the current operating landfill and \$380,248 for the "Free Property" landfill area that won't be accessed until after the year 2009.

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

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

NOTE 10: RETIREMENT PLANS

All full-time, regular employees of the City participate in one of three retirement plans. The *LAGERS Plan* covers all employees except commissioned police officers and certain firefighters employed prior to July 1, 1988. 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 *Fire Pension Plan* currently covers 35 Fire Department employees and is a separate plan administered by LAGERS under an agreement with the City under provisions of Revised Statutes of Missouri (RSMo) Section 87. 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)

LAGERS membership is mandatory for all full-time employees (except commissioned police personnel) in accordance with the plan provision elected by the City effective April 1, 1970, and as modified July 1, 1989. All pension benefit changes are approved by the City Council. The plan provides a monthly defined service retirement benefit with full benefits for general employees at age sixty and fire employees at age fifty-five. Actuarially reduced benefits are available for general employees at age fifty-five and fire employees at age fifty. LAGERS also provides disability and death benefits and an annual cost of living adjustment. Benefits vest with the employee after five years of service.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information for LAGERS. This report may be obtained by writing to Missouri Local Government Employees Retirement System, 1913 William Street, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

Fire Pension

Fire Pension membership includes those full-time, regular employees of the Fire Department who were hired prior to July 1, 1988, and who elected not to transfer to the LAGERS Plan at that date. The Fire Pension Plan is closed to new members and, accordingly, will be phased out as benefits are distributed to eligible participants and their surviving beneficiaries. All Fire Department employees hired prior to July 1, 1988, who elected not to continue membership in the Fire Pension Plan, and all Fire employees commencing service after July 1, 1988, are required to participate in the LAGERS Plan.

Participation in the Fire Pension Plan *was* mandatory for all full-time regular employees of the Fire Department immediately upon employment. The plan provides for monthly defined service retirement benefits with eligibility commencing with the attainment of 20 years service. Members with 25 or more years of service receive retirement benefits computed at 50% of average monthly salary plus 1% of the average monthly salary during the 12 months immediately preceding the effective date of retirement for each full year of service beyond 25 but not beyond age 65. These retirement benefits do not vest with the participant until attaining the requisite years for eligibility. Member contributions are not refundable. The plan also provides death and disability benefits but does not provide for an annual cost of living adjustment.

Effective February 1, 2005, at the request of the International Association of Fire Fighters, Local 77, the City elected to have all the active Fire Department employees who are currently members of the St. Joseph Firemen's Pension Fund enroll as members of the Missouri Local Government Employees Retirement System (LAGERS) L-6 plan, in accordance with the provisions of Section 2-1126 through 2-1128 of the Code of Ordinances of the City of St. Joseph, Missouri. This plan ended February 1, 2005.

Police Pension

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

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

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

The City Council adopted a new plan document on July 15, 1996, whereas the plan document was modified, but not the plan benefits. The City of St. Joseph issues a separate report and financial statements for the Police Pension Fund with an opinion expressed therein. This report may be obtained by writing to the City of St. Joseph, Missouri, Assistant City Manager for Administrative Services, 1100 Frederick, St. Joseph, MO 64501.

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, 2005, the participant's contribution rate was 4%.

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

Number of Participants	LAGERS		Total
	and Fire Pensions	Police Pension	
Inactive Participants:			
Retirees and beneficiaries currently receiving benefits	294	86	380
Terminated employees entitled to future benefits	-	-	-
Total Inactive Participants	<u>294</u>	<u>86</u>	<u>380</u>
Active Participants:			
Fully vested	N/A	20	20
Partially vested	N/A	93	93
Non-vested	N/A	-	-
Total Active Participants	<u>513</u>	<u>113</u>	<u>626</u>
Total Number of Participants	<u>807</u>	<u>199</u>	<u>1,006</u>

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

B. Funding Policy

The contribution requirements are determined by the governing body of the City. The City's pension contributions for the fiscal year ended June 30, 2005, were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation.

The City's annual pension cost for the current year and related information for each plan is as follow:

	LAGERS and Fire Plans		Police Pension
	Lagers	Fire Lagers	
Contribution rates:			
City	2.3%	38.9%	33.2%
Plan members	-	-	4.0%
Annual pension cost		\$2,641,708	\$1,695,887
Contributions made		\$2,641,708	\$1,695,887
Actuarial valuation date		February 28, 2005	March 1, 2005
Actuarial cost method		Individual entry age	Entry age
Amortization method		Level % of pay, open	Level % of pay,
Remaining amortization period		15 Years	20 years
Asset valuation method		Smooth 5-year Market	At Market
Actuarial assumption:			
Investment rate of return		7.5%	7.5%
Projected salary increases		4.0%	4.0%
	Contingent upon investment		Annual increases
	Return, with a maximum of		to one-half of the CPI
	The lower of 4% or cumu-		up to a maximum of
	lative CPI since retirement		4% per annum

CITY OF ST. JOSEPH, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

C. Annual Pension Cost

The City's annual pension cost for the current year and net pension obligation for the LAGERS regular and fire employees is as follows:

Three-Year Trend Information

	<u>Year Ending</u>	<u>Annual Required Contributions</u>	<u>Annual Pension Cost (APC)</u>	<u>Net Pension Asset</u>	<u>Percentage of APC Contributed</u>
LAGERS Pension	06/30/03	1,583,499	1,583,499	-0-	100%
	06/30/04	1,653,851	1,653,851	-0-	100
	06/30/05	2,641,708	2,641,708	-0-	100
Fire Pension	06/30/03	473,151	473,151	-0-	100%
	06/30/04	545,706	545,706	-0-	100
	06/30/05	-0-	-0-	-0-	100
Police Pension	06/30/03	1,313,448	1,505,895	21,860	115%
	06/30/04	1,439,705	1,641,927	224,082	114
	06/30/05	1,638,524	1,695,887	281,445	104

NOTE 11: OTHER POST-RETIREMENT BENEFITS
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Employees who retire from the City are eligible to continue coverage in the City's health, dental and life insurance programs, as prescribed by City ordinances. As long as the retiree is participating in the plan, dependent spouses and eligible children may also participate in the plan. The premiums are paid entirely by the retired employee, with no contribution or obligation to contribute by the City for any of the insurance plans. As of June 30, 2005, there were 51 retirees participating in the health plan, 77 retirees participating in the dental plan and 188 retirees participating in the life insurance plan.

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, 2005

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 5,830,770	\$ 5,830,770	\$ 6,013,822	\$ 183,052
Sales	10,569,710	10,569,710	10,601,316	31,606
Franchise	3,743,200	3,743,200	3,734,204	(8,996)
Motor Fuel	-	-	-	-
Cigarette	454,500	454,500	437,460	(17,040)
Hotel	-	-	-	-
Licenses and permits	1,127,200	1,127,200	1,138,935	11,735
Intergovernmental	421,866	911,536	690,915	(220,621)
Charges for services	1,236,795	1,238,795	1,455,603	216,808
Fines	894,170	894,170	899,429	5,259
Special assessments	-	-	-	-
Investment earnings	12,725	13,294	59,544	46,250
Contributions and donations	-	6,700	21,897	15,197
Payments in lieu of taxes	6,550	6,550	22,174	15,624
Total revenues	24,297,486	24,796,425	25,075,299	278,874
Expenditures				
Current:				
General government				
City council				
Salaries	60,285	60,285	59,623	662
Benefits	89,665	93,920	93,701	219
Materials and supplies	2,275	2,275	1,885	390
Outside services	34,800	30,545	27,964	2,581
Capital outlay	-	-	-	-
Total City council	187,025	187,025	183,173	3,852
City clerk				
Salaries	108,342	107,872	107,848	24
Benefits	27,965	28,695	28,689	6
Materials and supplies	3,700	4,552	4,177	375
Outside services	22,210	21,968	21,256	712
Capital outlay	-	120	120	-
Total City clerk	162,217	163,207	162,090	1,117
Municipal court				
Salaries	289,953	274,018	274,006	12
Benefits	65,978	64,188	64,114	74
Materials and supplies	3,700	3,977	3,976	1
Outside services	88,645	83,497	83,494	3
Capital outlay	-	93,331	88,099	5,232
Total Municipal court	448,276	519,011	513,689	5,322
City manager				
Salaries	187,082	198,032	198,029	3
Benefits	60,297	58,426	58,200	226
Materials and supplies	1,900	4,375	4,374	1
Outside services	41,580	44,521	44,512	9
Capital outlay	-	-	-	-
Total City manager	290,859	305,354	305,115	239

(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, 2005

Human resources				
Salaries	255,897	255,897	255,711	186
Benefits	60,899	62,764	62,713	51
Materials and supplies	7,950	8,424	6,395	2,029
Outside services	63,975	61,636	39,140	22,496
Capital outlay	-	-	-	-
Total Human resources	388,721	388,721	363,959	24,762
Legal				
Salaries	368,126	367,707	367,706	1
Benefits	81,494	80,751	80,693	58
Materials and supplies	3,300	3,000	3,000	-
Outside services	140,397	142,760	142,752	8
Capital outlay	-	-	-	-
Total Legal	593,317	594,218	594,151	67
Planning				
Salaries	218,000	215,246	215,246	-
Benefits	52,080	61,410	61,293	117
Materials and supplies	4,900	2,132	1,738	394
Outside services	35,810	71,002	64,655	6,347
Capital outlay	-	-	-	-
Total Planning	310,790	349,790	342,932	6,858
Finance				
Salaries	677,006	653,701	653,470	231
Benefits	176,814	164,455	164,097	358
Materials and supplies	26,890	28,825	28,506	319
Outside services	290,034	253,280	252,864	416
Capital outlay	-	-	-	-
Total Finance	1,170,744	1,100,261	1,098,937	1,324
Technology				
Salaries	209,838	209,838	204,548	5,290
Benefits	57,902	67,902	60,738	7,164
Materials and supplies	283,925	213,651	213,288	363
Outside services	105,170	99,957	90,993	8,964
Capital outlay	-	65,487	65,487	-
Total Technology	656,835	656,835	635,054	21,781
Customer assistance				
Salaries	1,065,482	915,681	899,470	16,211
Benefits	262,062	247,777	217,949	29,828
Materials and supplies	35,175	53,156	51,092	2,064
Outside services	784,545	832,540	713,303	119,237
Capital outlay	-	6,100	6,100	-
Total Customer assistance	2,147,264	2,055,254	1,887,914	167,340
Other - unclassified				
Salaries	20,150	-	-	-
Benefits	-	-	-	-
Materials and supplies	-	-	-	-
Outside services	500,530	558,696	557,667	1,029
Capital outlay	-	313,400	313,042	358
Total Other - unclassified	520,680	872,096	870,709	1,387
Total general government	6,876,728	7,191,772	6,957,723	234,049

(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, 2005

Public safety:				
Police	-	-	-	-
Salaries	6,799,621	6,774,857	6,710,535	64,322
Benefits	2,959,233	2,974,551	2,944,210	30,341
Materials and supplies	251,095	336,910	302,957	33,953
Outside services	593,499	612,693	576,308	36,385
Capital outlay	264,025	298,381	293,975	4,406
Total Police	<u>10,867,473</u>	<u>10,997,392</u>	<u>10,827,985</u>	<u>169,407</u>
Fire				
Salaries	6,264,701	6,250,275	6,232,898	17,377
Benefits	3,171,092	3,188,168	3,188,139	29
Materials and supplies	137,520	503,311	377,649	125,662
Outside services	229,835	258,019	297,880	(39,861)
Capital outlay	14,500	15,101	15,101	-
Total Fire	<u>9,817,648</u>	<u>10,214,874</u>	<u>10,111,667</u>	<u>103,207</u>
Total public safety	20,685,121	21,212,266	20,939,652	272,614
Total expenditures	<u>27,561,849</u>	<u>28,404,038</u>	<u>27,897,375</u>	<u>506,663</u>
Deficiency of revenues under expenditures	<u>(3,264,363)</u>	<u>(3,607,613)</u>	<u>(2,822,076)</u>	<u>(227,789)</u>
Other financing sources (uses)				
Transfers in	3,396,055	3,397,045	3,203,522	193,523
Transfers out	(1,089,570)	(1,121,169)	(1,121,169)	-
Capital lease	-	-	-	-
Sale of capital assets	-	1,701	1,701	-
Other	52,530	399,637	2,467,100	(2,067,463)
Total other financing sources	<u>2,359,015</u>	<u>2,677,214</u>	<u>4,551,154</u>	<u>(1,873,940)</u>
Net change in fund balances, net	(905,348)	(930,399)	1,729,078	(2,101,729)
Fund balances - beginning	<u>3,733,091</u>	<u>3,733,091</u>	<u>3,733,091</u>	<u>3,733,091</u>
Fund balances - ending	<u>\$ 2,827,743</u>	<u>\$ 2,802,692</u>	<u>\$ 5,462,169</u>	<u>\$ 1,631,362</u>

(concluded)

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

CITY OF ST. JOSEPH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
STREET IMPROVEMENT MAINTENANCE AND REPAIR FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Sales	\$ 4,482,900	\$ 4,482,900	\$ 4,421,366	\$ (61,534)
Motor Fuel	3,596,050	3,596,050	3,613,104	17,054
Licenses and permits	22,000	22,000	26,850	4,850
Intergovernmental	220,143	220,143	347,724	127,581
Charges for services	203,100	203,100	244,362	41,262
Investment earnings	65,000	65,000	76,183	11,183
Total revenues	8,589,193	8,589,193	8,729,589	140,396
Expenditures				
Current:				
Public works				
Salaries	3,426,394	3,426,394	3,270,493	155,901
Benefits	810,007	814,212	773,051	41,161
Materials and supplies	1,502,055	1,299,334	1,014,396	284,938
Outside services	1,976,084	2,165,131	1,929,174	235,957
Judgements & claims	93,928	97,819	91,530	6,289
Capital outlay	1,784,200	1,841,779	1,649,027	192,752
Total Public works	9,592,668	9,644,669	8,727,671	916,998
Total expenditures	9,592,668	9,644,669	8,727,671	916,998
Deficiency of revenues under expenditures	(1,003,475)	(1,055,476)	1,918	(776,602)
Other financing sources (uses)				
Transfers in	849,500	849,500	849,500	-
Transfers out	(447,065)	(447,065)	(447,065)	-
Capital lease	-	-	-	-
Sale of capital assets	-	-	-	-
Other	7,000	7,000	9,791	(2,791)
Total other financing sources	409,435	409,435	412,226	(2,791)
Net change in fund balances	(594,040)	(646,041)	414,144	(779,393)
Fund balances - beginning	4,434,874	4,434,874	4,434,874	4,434,874
Fund balances - ending	\$ 3,840,834	\$ 3,788,833	\$ 4,849,018	\$ 3,655,481

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
I Sales	691,438	367,986	317,006	50,980
Investment earnings	-	270,802	\$ 406,248	\$ 135,446
Payments in lieu of taxes	138,453	-	-	-
Total revenues	<u>829,891</u>	<u>638,788</u>	<u>723,254</u>	<u>186,426</u>
Expenditures				
Current:				
Public works				
Salaries	-	-	-	-
Benefits	-	-	-	-
Materials and supplies	-	172	172	-
Outside services	1,281,440	32,384,758	32,233,462	151,296
Capital outlay	-	-	-	-
Total Public works	<u>1,281,440</u>	<u>32,384,930</u>	<u>32,233,634</u>	<u>151,296</u>
Total expenditures	<u>1,281,440</u>	<u>32,384,930</u>	<u>32,233,634</u>	<u>151,296</u>
Deficiency of revenues under expenditures	<u>(451,549)</u>	<u>(31,746,142)</u>	<u>(31,510,380)</u>	<u>35,130</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(1,740,854)	(3,438,828)	(3,390,120)	(48,708)
Capital lease	-	-	-	-
Sale of capital assets	-	-	-	-
Other	2,809,927	35,802,494	36,917,462	(1,114,968)
Total other financing sources	<u>1,069,073</u>	<u>32,363,666</u>	<u>33,527,342</u>	<u>(1,163,676)</u>
Net change in fund balances	617,524	617,524	2,016,962	(1,128,546)
Fund balances - beginning	8,783,327	8,783,327	8,783,327	8,783,327
Fund balances - ending	<u>\$ 9,400,851</u>	<u>\$ 9,400,851</u>	<u>\$ 10,800,289</u>	<u>\$ 7,654,781</u>

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

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2005**

A. Budgetary Information

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

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

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

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

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2005**

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

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

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

The City Council during the fiscal year adopted a number of amendments to the budget to address unforeseen contingencies. The following schedule outlines the appropriation changes for the General, Special Revenue, Capital Projects and Enterprise Funds. The Special Revenue increase consists of two 2 TIF projects, The Shoppes at North Village and Triumph Foods Pork Processing Facility. The Capital Projects increase is for the Police's Communication Center upgrade. The increase in the Enterprise Funds is for the expansion at the Wastewater Treatment Facility.

2005 Budget			
Fund Type	Original Appropriation	Amended Appropriation	Increase
General	\$ 28,651,419	29,565,207	913,788
Special	28,156,236	62,073,487	33,917,251
Capital	9,336,810	15,975,909	6,639,099
Enterprise	22,719,989	36,268,885	13,548,896
Total	\$ 88,864,454	143,883,488	55,019,034

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2005**

B. Budget/GAAP Reconciliation

The following schedule reconciles the amounts on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual to the amounts on the Statement of Revenues, Expenses and Changes in Fund Balances for the year ended June 30, 2005:

	<u>General Fund</u>	<u>Street Improvement Maintenance and Repair Fund</u>	<u>Special Allocation Fund</u>
Ending Fund Balance on Budgetary Basis	\$ 5,462,169	4,849,018	10,800,289
FY 2005 Encumbrances Outstanding June 30, 2005	262,435	1,405,464	2,001
FY 2004 Encumbrances Expended in FY 2005	(177,209)	(1,843,412)	–
Accrued payroll	<u>670,168</u>	<u>135,265</u>	<u>–</u>
Ending Fund Balance on GAAP Basis	<u><u>\$ 6,217,563</u></u>	<u><u>4,546,335</u></u>	<u><u>10,802,290</u></u>

CITY OF ST. JOSEPH, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2005

**PENSION PLANS
SCHEDULE OF FUNDING PROGRESS**

LAGERS Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess as a Percentage of Covered Payroll ((a-b)/c)
02/28/03	26,047,258	19,256,133	6,791,125	135.3%	13,318,383	51.0%
02/28/04	26,866,039	21,117,075	5,748,964	127.2%	13,916,188	41.3
02/28/05	27,515,372	22,427,223	5,088,149	122.7%	14,341,131	35.5

Fire Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
02/28/03	-0-	18,952,355	18,952,355	(0.0)%	5,312,214	356.7%
02/29/04	-0-	19,157,418	19,157,418	(0.0)	5,368,712	356.8
02/28/05	780,611	22,547,355	21,766,744	3.5	5,595,636	388.9

Police Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
03/01/03	13,013,882	26,313,571	13,299,689	49.5	4,169,675	319.0%
03/01/04	16,525,149	28,892,605	12,367,456	57.2	4,607,684	268.4
03/01/05	18,233,797	30,819,539	12,585,742	59.2	5,031,068	250.1

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2005**

**PENSION PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

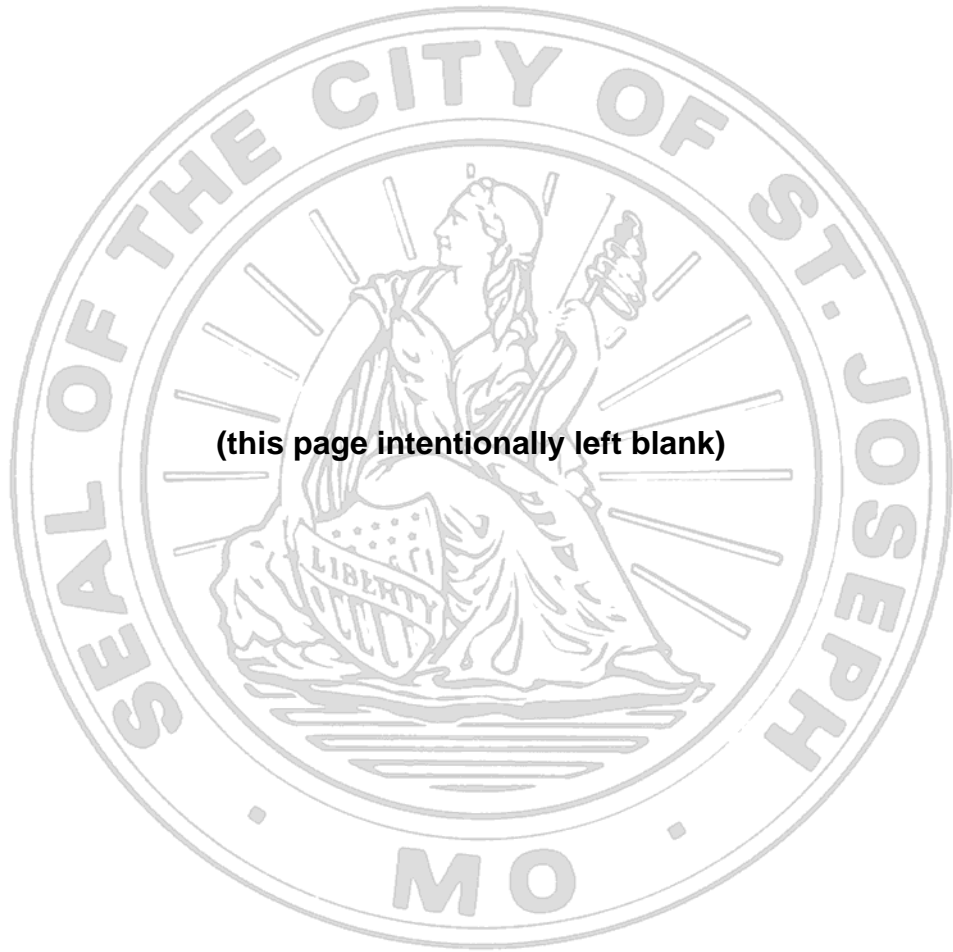
	<u>Year Ending</u>	<u>Annual Required Contributions</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
LAGERS Pension	06/30/03	1,583,499	1,583,499	100%
	06/30/04	1,653,851	1,653,851	100
	06/30/05	2,641,708	2,641,708	100
Fire Pension	06/30/03	473,151	473,151	100%
	06/30/04	545,706	545,706	100
	06/30/05	-0-	-0-	100
Police Pension	06/30/03	1,313,448	1,505,895	115%
	06/30/04	1,439,705	1,641,927	114
	06/30/05	1,638,524	1,695,887	104

CITY OF ST. JOSEPH, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2005**

**PENSION PLANS
ACTUARIAL VALUATION INFORMATION**

	LAGERS and Fire Plans		Police Pension
	Lagers	Fire Lagers	
Contribution rates:			
City	2.3%	38.9%	33.2%
Plan members	-	-	4.0%
Annual pension cost		\$2,641,708	\$1,695,887
Contributions made		\$2,641,708	\$1,695,887
Actuarial valuation date		February 28, 2005	March 1, 2005
Actuarial cost method		Individual entry age	Entry age
Amortization method		Level % of pay, open	Level % of pay,
Remaining amortization period		15 Years	20 years
Asset valuation method		Smooth 5-year Market	At Market
Actuarial assumption:			
Investment rate of return		7.5%	7.5%
Projected salary increases		4.0%	4.0%
		Contingent upon investment Return, with a maximum of The lower of 4% or cumu- lative CPI since retirement	Annual increases to one-half of the CPI up to a maximum of 4% per annum



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CITY OF ST. JOSEPH, MISSOURI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30,2005

	Special Revenue					
	Parks & Recreation	Public Health	Community Development	Riverboat Gaming	C.D Rehab Loan	Rental Rehab Loan
Assets						
Cash and cash equivalents	\$ 136,272	\$ 320,686	\$ 117,343	\$ 129,217	\$ 62,517	\$ 112,430
Investments	410,945	967,071	362,157	389,672	188,529	339,047
Receivables	342,687	124,140	-	165,695	-	-
Loan receivables	-	-	-	-	837,449	377,542
Due from other governments	100,776	84,098	324,563	-	-	-
Prepaid items	19,489	14,494	3,545	-	-	-
Restricted cash	4,166	50,098	-	-	-	-
Total assets	\$ 1,014,335	\$ 1,560,587	\$ 807,608	\$ 684,584	\$ 1,088,495	\$ 829,019
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 171,459	\$ 111,510	\$ 258,070	\$ 83,530	10,433	7,341
Contracts payable	-	-	15,372	-	-	-
Due to other funds	-	-	494,404	-	-	-
Other current liabilities	36,855	19,609	3,984	-	-	-
Unearned revenue	1,459	-	-	-	-	-
Deferred revenue	81,308	66,805	-	-	-	-
Total liabilities	291,081	197,924	771,830	83,530	10,433	7,341
Fund balances:						
Reserved for:						
Encumbrances	33,846	24,611	1,154,807	106,758	-	-
Bond payments	4,166	50,098	-	-	-	-
Prepaid items	19,489	14,494	3,545	-	-	-
Long-term receivables	-	-	-	-	837,449	377,542
Special revenue funds	665,753	1,273,460	(1,122,574)	494,296	240,613	444,136
Capital projects funds	-	-	-	-	-	-
Total fund balances	723,254	1,362,663	35,778	601,054	1,078,062	821,678
Total liabilities and fund balances	\$ 1,014,335	\$ 1,560,587	\$ 807,608	\$ 684,584	\$ 1,088,495	\$ 829,019

See independent auditors' report.

Special Revenue		Total Nonmajor Special Revenue Funds	Capital Projects	
Historic Preservation Loan	Home Revolving Loan		Downtown Business District	Total Nonmajor Governmental Funds
\$ -	\$ 23,994	\$ 902,459	\$ 26,800	\$ 929,259
-	72,358	2,729,779	80,819	2,810,598
-	-	632,522	11,604	644,126
394,816	2,399,190	4,008,997	-	4,008,997
-	-	509,437	-	509,437
-	-	37,528	-	37,528
-	-	54,264	-	54,264
\$ 394,816	\$ 2,495,542	\$ 8,874,986	\$ 119,223	\$ 8,994,209

777	-	\$ 643,120	\$ 9,060	\$ 652,180
-	-	15,372	-	15,372
30,814	-	525,218	-	525,218
-	-	60,448	-	60,448
-	-	1,459	-	1,459
-	-	148,113	8,662	156,775
31,591	-	1,393,730	17,722	1,411,452

-	-	1,320,022	-	1,320,022
-	-	54,264	-	54,264
-	-	37,528	-	37,528
394,816	2,399,190	4,008,997	-	4,008,997
(31,591)	96,352	2,060,445	-	2,060,445
-	-	-	101,501	101,501
363,225	2,495,542	7,481,256	101,501	7,582,757
\$ 394,816	\$ 2,495,542	\$ 8,874,986	\$ 119,223	\$ 8,994,209

CITY OF ST. JOSEPH, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

	Special Revenue					
	Parks & Recreation	Public Health	Community Development	Riverboat Gaming	C.D Rehab Loan	Rental Rehab Loan
Revenues						
Taxes:						
Property	\$ 2,133,268	\$ 1,795,053	-	-	-	-
Hotel	389,986	-	-	-	-	-
Licenses and permits	92,868	144,431	-	-	-	-
Intergovernmental	142,186	1,015,026	\$ 2,378,595	-	-	-
Charges for services	1,047,626	350,575	1,800	\$ 1,079,124	-	-
Fines	-	36,583	-	-	-	-
Special assessments	-	-	21,802	-	-	-
Investment earnings	6,269	20,637	15,871	10,877	\$ 29,624	\$ 15,304
Contributions and donations	23,600	29,255	-	-	-	-
Other	23,306	6,544	(33,124)	-	30,805	(893)
Total revenues	<u>3,859,109</u>	<u>3,398,104</u>	<u>2,384,944</u>	<u>1,090,001</u>	<u>60,429</u>	<u>14,411</u>
Expenditures						
Current:						
General government	-	-	255,012	96,742	-	-
Public works	-	-	274,980	-	-	-
Health and welfare	-	2,911,620	2,413,679	-	-	-
Parks and recreation	4,029,293	-	-	-	-	-
Debt Service:						
Principal	5,139	61,795	630,000	-	-	-
Interest	1,320	15,877	25,956	-	-	-
Bond issuance costs	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Capital outlay	158,294	46,891	39,837	-	-	-
Total expenditures	<u>4,194,046</u>	<u>3,036,183</u>	<u>3,639,464</u>	<u>96,742</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(334,937)</u>	<u>361,921</u>	<u>(1,254,520)</u>	<u>993,259</u>	<u>60,429</u>	<u>14,411</u>
Other financing sources (uses)						
Transfers in	654,700	323,830	890,073	-	-	-
Transfers out	(246,920)	(571,600)	(354,255)	(725,151)	(492,910)	-
Refunding bonds issued	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Sale of capital assets	-	-	219,618	-	-	-
Total other financing sources (uses),net	<u>407,780</u>	<u>(247,770)</u>	<u>755,436</u>	<u>(725,151)</u>	<u>(492,910)</u>	<u>-</u>
Net change in fund balances	72,843	114,151	(499,084)	268,108	(432,481)	14,411
Fund balances - beginning	650,411	1,248,512	534,862	332,946	1,510,543	807,267
Fund balances - ending	<u>\$ 723,254</u>	<u>\$ 1,362,663</u>	<u>\$ 35,778</u>	<u>\$ 601,054</u>	<u>\$ 1,078,062</u>	<u>\$ 821,678</u>

See independent auditors' report.

Special Revenue		Total Nonmajor Special Revenue Funds	Capital Projects	
Historic Preservation Loan	Home Revolving Loan		Downtown Business District	Total Nonmajor Governmental Funds
-	-	\$ 3,928,321	\$ 46,894	\$ 3,975,215
-	-	389,986	-	389,986
-	-	237,299	-	237,299
-	-	3,535,807	-	3,535,807
-	-	2,479,125	-	2,479,125
-	-	36,583	-	36,583
-	-	21,802	-	21,802
\$ 16,576	\$ 32,325	147,483	1,876	149,359
-	-	52,855	-	52,855
33	136,789	163,460	-	163,460
16,609	169,114	10,992,721	48,770	11,041,491

-	-	351,754	-	351,754
-	-	274,980	-	274,980
-	-	5,325,299	-	5,325,299
-	-	4,029,293	-	4,029,293
-	-	696,934	-	696,934
-	-	43,153	-	43,153
-	-	-	-	-
-	-	-	-	-
-	-	245,022	29,336	274,358
-	-	10,966,435	29,336	10,995,771

16,609	169,114	26,286	19,434	45,720
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-	-	1,868,603	-	1,868,603
(140,000)	(257,163)	(2,787,999)	(10,690)	(2,798,689)
-	-	-	-	-
-	-	219,618	-	219,618
(140,000)	(257,163)	(699,778)	(10,690)	(710,468)

(123,391)	(88,049)	(673,492)	8,744	(664,748)
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486,616	2,583,591	8,154,748	92,757	8,247,505
\$ 363,225	\$ 2,495,542	\$ 7,481,256	\$ 101,501	\$ 7,582,757

CITY OF ST. JOSEPH, MISSOURI
PARKS, RECREATION AND CIVIC FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 2,128,130	\$ 2,128,130	\$ 2,133,268	\$ 5,138
Hotel	377,400	377,400	389,986	12,586
Licenses and permits	94,500	94,500	92,868	(1,632)
Intergovernmental	1,511,788	1,511,788	142,186	(1,369,602)
Charges for services	989,310	989,310	1,047,626	58,316
Investment earnings	100	100	6,269	6,169
Contributions and donations	23,700	29,636	23,600	(6,036)
Total revenues	5,124,928	5,130,864	3,835,803	(1,295,061)
Expenditures				
Current:				
Parks & recreation				
Salaries	2,145,906	2,213,836	2,212,352	1,484
Benefits	469,929	474,164	473,935	229
Materials and supplies	324,765	402,998	402,884	114
Outside services	1,000,452	1,034,946	1,032,611	2,335
Capital outlay	1,801,405	1,804,413	109,287	1,695,126
Total Parks & recreation	5,742,457	5,930,357	4,231,069	1,699,288
Total expenditures	5,742,457	5,930,357	4,231,069	1,699,288
Deficiency of revenues under expenditures	(617,529)	(799,493)	(395,266)	(404,227)
Other financing sources (uses)				
Transfers in	655,880	655,880	654,700	(1,180)
Transfers out	(246,920)	(246,920)	(246,920)	-
Other	26,705	27,455	23,306	(4,149)
Total other financing sources (uses), net	435,665	436,415	431,086	(5,329)
Net change in fund balances	(181,864)	(363,078)	35,820	(409,556)
Fund balances - beginning	650,411	650,411	650,411	650,411
Fund balances - ending	\$ 468,547	\$ 287,333	\$ 686,231	\$ 240,855

See independent auditors' report.

CITY OF ST. JOSEPH, MISSOURI
PUBLIC HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes:				
Property	\$ 1,723,610	\$ 1,723,610	\$ 1,795,053	\$ 71,443
Licenses and permits	151,625	151,625	144,431	(7,194)
Intergovernmental	840,474	995,129	1,015,026	19,897
Charges for services	332,615	339,810	350,575	10,765
Fines	26,750	26,750	36,583	9,833
Investment earnings	12,500	12,500	20,637	8,137
Contributions and donations	-	4,660	29,255	24,595
Total revenues	<u>3,087,574</u>	<u>3,254,084</u>	<u>3,391,560</u>	<u>137,476</u>
Expenditures				
Current:				
Public health				
Salaries	1,716,986	1,725,406	1,667,733	57,673
Benefits	427,411	428,238	417,294	10,944
Materials and supplies	116,480	149,181	145,306	3,875
Outside services	756,733	845,310	831,196	14,114
Capital outlay	7,000	50,853	50,852	1
Total Public health	<u>3,024,610</u>	<u>3,198,988</u>	<u>3,112,381</u>	<u>86,607</u>
Total expenditures	<u>3,024,610</u>	<u>3,198,988</u>	<u>3,112,381</u>	<u>86,607</u>
Deficiency of revenues under expenditures	<u>62,964</u>	<u>55,096</u>	<u>279,179</u>	<u>(224,083)</u>
Other financing sources (uses)				
Transfers in	323,830	323,830	323,830	-
Transfers out	(571,600)	(571,600)	(571,600)	-
Other	-	-	6,544	(6,544)
Total other financing sources (uses), net	<u>(247,770)</u>	<u>(247,770)</u>	<u>(241,226)</u>	<u>(6,544)</u>
Net change in fund balances	<u>(184,806)</u>	<u>(192,674)</u>	<u>37,953</u>	<u>(230,627)</u>
Fund balances - beginning	1,248,512	1,248,512	1,248,512	1,248,512
Fund balances - ending	<u>\$ 1,063,706</u>	<u>\$ 1,055,838</u>	<u>\$ 1,286,465</u>	<u>\$ 1,017,885</u>

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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, 2005

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Intergovernmental	\$ 4,458,062	\$ 5,010,115	\$ 2,378,595	\$ (2,631,520)
Special assessments	10,000	10,000	23,602	13,602
Investment earnings	2,000	2,000	15,871	13,871
Total revenues	4,470,062	5,022,115	2,418,068	(2,604,047)
Expenditures				
Current:				
C.D.B.G.				
Salaries	424,158	424,158	369,230	54,928
Benefits	124,626	124,626	103,586	21,040
Materials and supplies	11,716	11,716	8,065	3,651
Outside services	3,550,867	4,130,436	3,299,648	830,788
Capital outlay	4,440	36,379	36,377	2
Total C.D.B.G.	4,115,807	4,727,315	3,816,906	910,409
Total expenditures	4,115,807	4,727,315	3,816,906	910,409
Deficiency of revenues under expenditures	354,255	294,800	(1,398,838)	1,693,638
Other financing sources (uses)				
Transfers in	-	-	890,073	(890,073)
Transfers out	(354,255)	(354,255)	(354,255)	-
Sale of capital assets	-	-	219,618	(219,618)
Other	-	59,455	(33,124)	92,579
Total other financing sources (uses), net	(354,255)	(294,800)	722,312	(1,017,112)
Net change in fund balances	-	-	(676,526)	676,526
Fund balances - beginning	534,862	534,862	534,862	534,862
Fund balances - ending	\$ 534,862	\$ 534,862	\$ (141,664)	\$ 1,211,388

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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, 2005

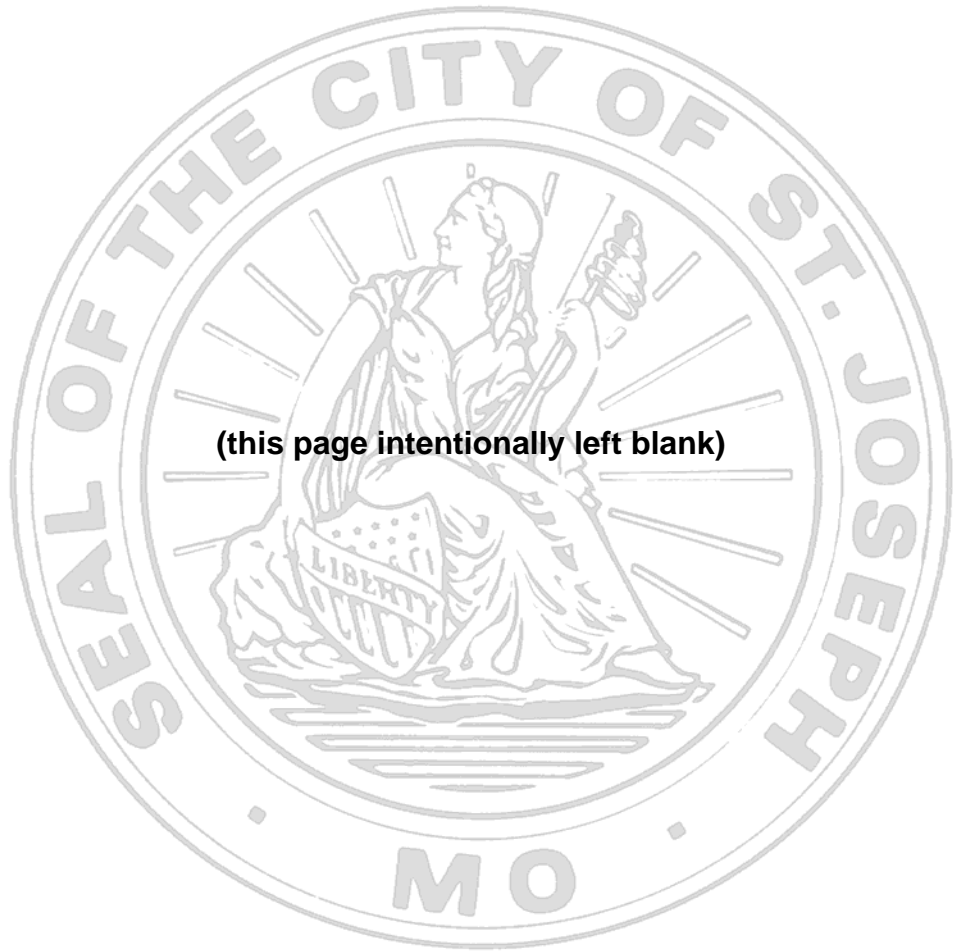
	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
Revenues				
Charges for services	\$ 992,700	\$ 992,700	\$ 1,079,124	\$ 86,424
Investment earnings	7,000	7,000	10,877	3,877
Total revenues	999,700	999,700	1,090,001	90,301
Expenditures				
Current:				
Riverboat				
Materials and supplies	7,500	6,185	6,185	-
Outside services	105,600	219,915	197,315	22,600
Total Riverboat	113,100	226,100	203,500	22,600
Total expenditures	113,100	226,100	203,500	22,600
Deficiency of revenues under expenditures	886,600	773,600	886,501	(112,901)
Other financing sources (uses)				
Transfers out	(925,460)	(902,460)	(725,151)	(177,309)
Total other financing sources (uses), net	(925,460)	(902,460)	(725,151)	(177,309)
Net change in fund balances	(38,860)	(128,860)	161,350	(290,210)
Fund balances - beginning	332,946	332,946	332,946	332,946
Fund balances - ending	\$ 294,086	\$ 204,086	\$ 494,296	\$ 42,736

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CITY OF ST. JOSEPH, MISSOURI
CIP SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 5,008,100	\$ 5,008,100	\$ 5,007,222	\$ (878)
Intergovernmental	500,000	5,568,502	1,256,313	(4,312,189)
Investment earnings	100,000	100,000	218,991	118,991
Contributions and donations	-	1,200	960	(240)
Total revenues	5,608,100	10,677,802	6,483,486	(4,194,316)
Expenditures				
Current:				
CIP sales tax				
Benefits	-	120	120	-
Materials and supplies	-	258	258	-
Outside services	609,000	1,358,309	1,459,459	(101,150)
Capital outlay	8,727,810	14,296,068	14,094,695	201,373
Total CIP sales tax	9,336,810	15,654,755	15,554,532	100,223
Total expenditures	9,336,810	15,654,755	15,554,532	100,223
Total other financing sources (uses), net				
Deficiency of revenues over exper	(3,728,710)	(4,976,953)	(9,071,046)	(4,294,539)
Other financing sources (uses)				
Operating transfers in	378,320	646,919	2,511,392	(1,864,473)
Operating transfers out	-	(220,000)	(220,000)	-
Other	-	4,318,356	4,435,000	(116,644)
Total other financing sources (uses)	378,320	4,745,275	6,726,392	(1,981,117)
Net change in fund balances	(3,350,390)	(231,678)	(2,344,654)	(6,275,656)
Fund balances - beginning	9,539,614	9,539,614	9,539,614	9,539,614
Fund balances - ending	\$ 6,189,224	\$ 9,307,936	\$ 7,194,960	\$ 3,263,958

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CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2005

Business-type Activities - Enterprise Funds

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,426	\$ 14,005	\$ 17,550	\$ 32,981
Investments	4,300	42,229	52,928	99,457
Interest receivable	10	780	1,407	2,197
Accounts receivable (net of allowance for uncollectibles)	15,310	979	-	16,289
Due from other governments	-	-	-	-
Prepaid items	3,402	1,585	832	5,819
Total current assets	<u>24,448</u>	<u>59,578</u>	<u>72,717</u>	<u>\$ 156,743</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	57,158	30,778	87,936
Deferred charges	-	5,450	2,409	7,859
Capital assets:				
Land	1,747,787	1,550,998	110,000	3,408,785
Buildings	3,018,917	4,641,281	229,413	7,889,611
Improvements other than buildings	8,147,292	315,568	880,352	9,343,212
Machinery and equipment	835,874	118,127	387,945	1,341,946
Office furniture and fixtures	5,840	18,194	4,250	28,284
Construction in progress	-	-	-	-
Less accumulated depreciation	(7,992,917)	(4,118,259)	(1,137,955)	(13,249,131)
Total capital assets (net of accumulated depreciation)	<u>5,762,793</u>	<u>2,525,909</u>	<u>474,005</u>	<u>8,762,707</u>
Total noncurrent assets	<u>5,762,793</u>	<u>2,588,517</u>	<u>507,192</u>	<u>8,858,502</u>
Total assets	<u>5,787,241</u>	<u>2,648,095</u>	<u>579,909</u>	<u>9,015,245</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2005

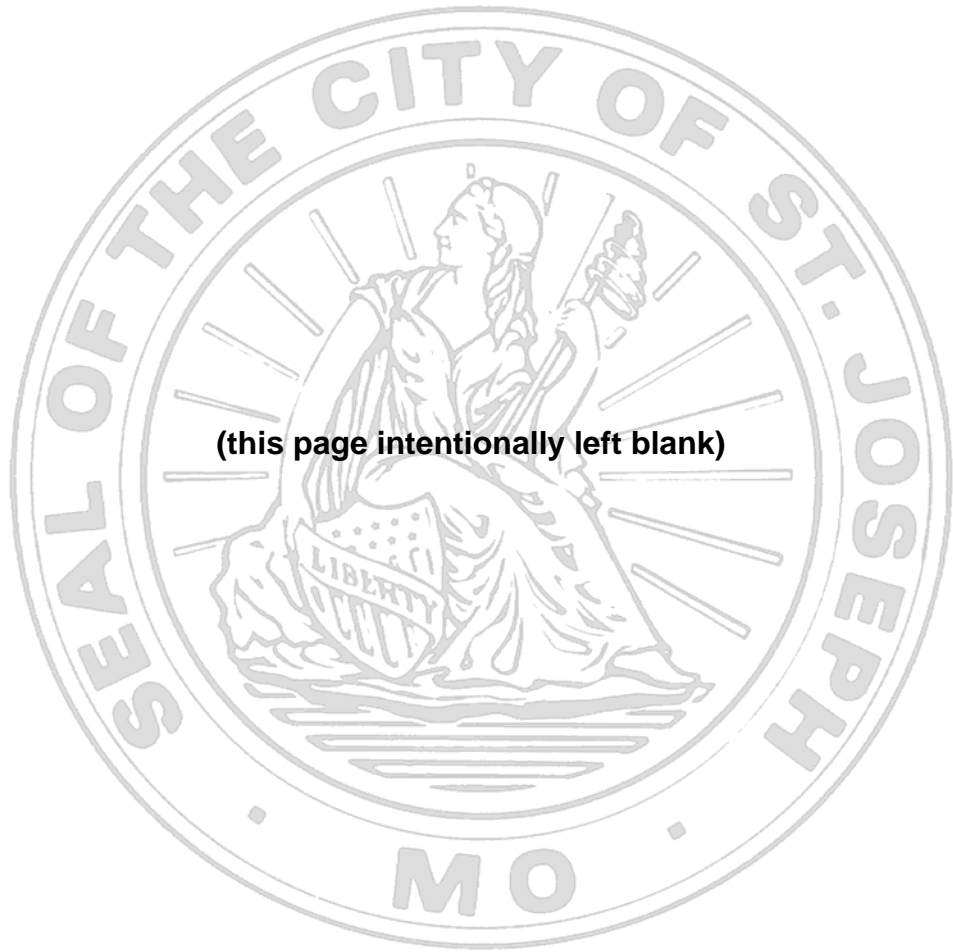
	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Aviation</u>	<u>Public Parking</u>	<u>Municipal Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable	\$ 30,698	\$ 4,802	\$ 8,890	\$ 44,390
Due to other funds	4,927	-	-	4,927
Compensated absences	15,724	7,512	10,000	33,236
Claims payable	-	-	-	-
Deposits	6,671	8,286	-	14,957
Matured bonds payable	41,060	52,877	30,000	123,937
Matured interest payable	-	2,934	953	3,887
Total current liabilities	<u>99,080</u>	<u>76,411</u>	<u>49,843</u>	<u>225,334</u>
Noncurrent liabilities:				
Star Loans payable	169,033	-	-	169,033
Public Building Authority bonds payable	-	400,517	-	400,517
Special obligation bonds payable	-	-	90,000	90,000
Compensated absences	-	2,484	6,145	8,629
Total noncurrent liabilities	<u>169,033</u>	<u>403,001</u>	<u>96,145</u>	<u>668,179</u>
Total liabilities	<u>268,113</u>	<u>479,412</u>	<u>145,988</u>	<u>893,513</u>
Net Assets				
Invested in capital assets, net of related debt	5,552,700	2,077,967	358,692	7,989,359
Restricted for debt service	-	54,224	27,547	81,771
Purpose restrictions	-	-	-	-
Unrestricted	(33,572)	36,492	47,682	50,602
Total net assets	<u>\$ 5,519,128</u>	<u>\$ 2,168,683</u>	<u>\$ 433,921</u>	<u>\$ 8,121,732</u>

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CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
AS OF JUNE 30, 2005

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 391,298	\$ 358,265	\$ 400,474	\$ 1,150,037
Other	19,502	992	141	20,635
Total operating revenues	<u>410,800</u>	<u>359,257</u>	<u>400,615</u>	<u>1,170,672</u>
Operating expenses:				
Personal services	305,538	223,071	216,394	745,003
Contractual services	181,482	60,619	49,728	291,829
Commodities	46,070	23,429	51,664	121,163
Heat, light and power	22,191	22,703	39,828	84,722
Depreciation	356,867	169,242	45,450	571,559
Bad debt expense (recovery)	-	-	-	-
Closure and postclosure care costs (recovery)	-	-	-	-
Total operating expenses	<u>912,148</u>	<u>499,064</u>	<u>403,064</u>	<u>1,814,276</u>
Operating loss	<u>(501,348)</u>	<u>(139,807)</u>	<u>(2,449)</u>	<u>(643,604)</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	-	-	-
Franchise taxes	-	-	-	-
Taxes	-	-	-	-
Investment income	1,904	2,148	2,620	6,672
Interest and fiscal charges	(9,032)	(26,613)	(7,879)	(43,524)
Gain on disposal of fixed assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>(7,128)</u>	<u>(24,465)</u>	<u>(5,259)</u>	<u>(36,852)</u>
Loss before capital contributions and transfers	<u>(508,476)</u>	<u>(164,272)</u>	<u>(7,708)</u>	<u>(680,456)</u>
Capital contributions	45,718	-	-	45,718
Transfers in	50,000	-	-	50,000
Transfers out	(38,400)	(38,350)	(27,100)	(103,850)
Change in net assets	<u>(451,158)</u>	<u>(202,622)</u>	<u>(34,808)</u>	<u>(688,588)</u>
Net assets - beginning	5,970,286	2,371,305	468,729	8,810,320
Net assets - ending	<u>\$ 5,519,128</u>	<u>\$ 2,168,683</u>	<u>\$ 433,921</u>	<u>\$ 8,121,732</u>

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CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 378,779	\$ 359,426	\$ 400,474	\$ 1,138,679
Payments to suppliers	(238,786)	(112,532)	(142,474)	(493,792)
Payments to employees	(314,464)	(228,388)	(222,128)	(764,980)
Payments in lie of taxes	-	-	-	-
Other operating revenues	19,502	992	141	20,635
Net cash provided (used) by operating activities	<u>(154,969)</u>	<u>19,498</u>	<u>36,013</u>	<u>(99,458)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	50,000	-	-	50,000
Transfers out	(38,400)	(38,350)	(27,100)	(103,850)
Net cash provided (used) by noncapital financing activities	<u>11,600</u>	<u>(38,350)</u>	<u>(27,100)</u>	<u>(53,850)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments of debt principal	(39,492)	(64,838)	(30,000)	(134,330)
Payments of debt interest and charges	(9,032)	(24,077)	(7,370)	(40,479)
Capital grants received	121,695	-	-	121,695
Purchase of fixed assets	(485,175)	(22,550)	-	(507,725)
Net cash (used) by capital and related financing activities	<u>(412,004)</u>	<u>(111,465)</u>	<u>(37,370)</u>	<u>(560,839)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	447,861	246,255	192,112	886,228
Purchase of investments	(13,941)	(136,912)	(171,590)	(322,443)
Interest and dividends received	4,309	2,203	1,768	8,280
Net cash provided by investing activities	<u>438,229</u>	<u>111,546</u>	<u>22,290</u>	<u>572,065</u>
Net decrease in cash and cash equivalents	(117,144)	(18,771)	(6,167)	(142,082)
Cash and cash equivalents - beginning	118,570	89,934	54,495	262,999
Cash and cash equivalents - ending	<u>\$ 1,426</u>	<u>\$ 71,163</u>	<u>\$ 48,328</u>	<u>\$ 120,917</u>
Components of cash and cash equivalents:				
Unrestricted	\$ 1,426	\$ 14,005	\$ 17,550	32,981
Restricted	-	57,158	30,778	87,936
Designated	-	-	-	-
Cash and cash equivalents	<u>\$ 1,426</u>	<u>\$ 71,163</u>	<u>\$ 48,328</u>	<u>\$ 120,917</u>

CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Aviation	Public Parking	Municipal Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ (501,348)	\$ (139,807)	\$ (2,449)	(643,604)
Adjustments to reconciliation operating loss to net cash provided by operating activities:				
Depreciation	356,867	169,242	45,450	571,559
(Increase) decrease in:				
Accounts receivable	(12,520)	1,161	-	(11,359)
Prepaid expenses	1,968	(1,585)	(832)	(449)
Increase (decrease) in:				
Accounts payable	8,989	(4,196)	(422)	4,371
Compensated absences	(8,925)	(5,317)	(5,734)	(19,976)
Net cash provided (used) by operating activities	(154,969)	19,498	36,013	(99,458)

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CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
 JUNE 30, 2005

	Agency Funds		
	Museum Tax	Library Tax	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 3,030	\$ -	\$ 3,030
Investments	9,136	-	9,136
Receivables:			
Taxes	22,791	149,441	172,232
Accrued interest	990	-	990
Total assets	<u>\$ 35,947</u>	<u>\$ 149,441</u>	<u>\$ 185,388</u>
Liabilities and net assets			
Liabilities:			
Due to others	35,947	149,441	185,388
Total liabilities	<u>\$ 35,947</u>	<u>\$ 149,441</u>	<u>\$ 185,388</u>

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CITY OF ST. JOSEPH, MISSOURI
COMBINING STATEMENT OF ADDITIONS AND DEDUCTIONS
AGENCY FUNDS
 JUNE 30, 2004

	Agency Funds		
	Museum Tax	Library Tax	Total Agency Funds
Additions			
Property Taxes:	\$ 417,645	\$ 164,002	\$ 581,647
Investment earnings	842	148	990
Total additions	<u>418,487</u>	<u>164,150</u>	<u>582,637</u>
Deductions			
Special contributions	<u>418,487</u>	<u>164,150</u>	<u>582,637</u>
Total deductions	<u>418,487</u>	<u>164,150</u>	<u>582,637</u>

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CITY OF ST. JOSEPH, MISSOURI
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULES BY SOURCE
JUNE 30, 2005

	<u>2005</u>
Governmental funds capital assets:	
Land	\$ 4,172,234
Buildings	31,649,267
Improvements other than buildings	7,175,245
Machinery and equipment	18,983,889
Construction in progress	7,212,708
Infrastructure	<u>4,545,041</u>
Total governmental funds capital assets:	<u><u>\$ 73,738,384</u></u>
Investment in governmental funds capital assets by source:	
General fund	\$ 21,453,299
Special revenue funds	45,335,024
Capital projects funds	<u>6,950,061</u>
Total investment in governmental funds capital asset	<u><u>\$ 73,738,384</u></u>

CITY OF ST. JOSEPH, MISSOURI
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2005

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government:							
City Council	-	-	-	\$ 56,475	-	-	56,475
City Clerk	-	-	-	42,570	-	-	42,570
Municipal Court	-	-	-	124,297	-	-	124,297
City Manager	-	-	-	22,664	-	-	22,664
Human Resources	-	-	-	30,822	-	-	30,822
Legal	-	-	-	10,000	-	-	10,000
Community Services	-	\$ 21,445	-	316,962	-	-	338,407
Finance	-	802,025	\$ 41,909	57,603	-	-	901,537
Technology Services	-	12,265	328,196	749,349	-	-	1,089,810
Other	\$ 236,298	2,545,266	53,158	91,321	-	-	2,926,043
Total general government	236,298	3,381,001	423,263	1,502,063	-	-	5,542,625
Public safety:							
Police	102,081	6,046,244	22,809	3,039,055	-	-	9,210,189
Fire	100,862	1,193,801	113,348	5,029,826	-	-	6,437,837
Total public safety	202,943	7,240,045	136,157	8,068,881	-	-	15,648,026
Transportation	68,976	787,620	157,797	5,767,967	4,545,041	-	11,327,401
Health	25,614	3,269,054	65,609	378,247	-	-	3,738,524
Culture and recreation	3,500,651	16,553,976	6,128,128	3,248,808	-	-	29,431,563
Community development	137,752	417,571	264,291	17,923	-	-	837,537
Total capital assets allocated to functions	4,172,234	31,649,267	7,175,245	18,983,889	4,545,041	-	66,525,676
Construction in progress	-	-	-	-	-	7,212,708	7,212,708
Total governmental funds capital assets	\$ 4,172,234	\$ 31,649,267	\$ 7,175,245	\$ 18,983,889	\$ 4,545,041	\$ 7,212,708	\$ 73,738,384

CITY OF ST. JOSEPH, MISSOURI
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Function and Activity	Balance 07/01/2004	Additions and Transfers	Deletions and Transfers	Balance 06/30/2005
General government:				
City Council	\$ 56,475	\$ -		\$ 56,475
City Clerk	48,530		5,960	42,570
Municipal Court	124,297	-	-	124,297
City Manager	22,664	-	-	22,664
Human Resources	11,439	19,383	-	30,822
Legal	10,000	-	-	10,000
Community Services	338,407	-	-	338,407
Finance	901,537	-	-	901,537
Technology & Comm Serv	1,089,810		-	1,089,810
Other	2,903,288	22,755	-	2,926,043
Total general government	5,506,447	42,138	5,960	5,542,625
Public safety:				
Police	2,751,738	6,509,834	51,383	9,210,189
Fire	6,077,397	488,080	127,640	6,437,837
Total public safety	8,829,135	6,997,914	179,023	15,648,026
Transportation	10,903,423	523,185	99,206	11,327,401
Health	3,758,099	7,114	26,689	3,738,524
Culture and recreation	29,096,011	428,336	92,784	29,431,563
Community development	775,985	222,651	161,100	837,537
Total capital assets allocated to functions	58,869,099	8,221,338	564,762	66,525,676
Construction in progress	861,818	6,443,674	92,784	7,212,708
Total governmental funds capital assets	\$ 59,730,917	\$ 14,665,012	\$ 657,546	\$ 73,738,384

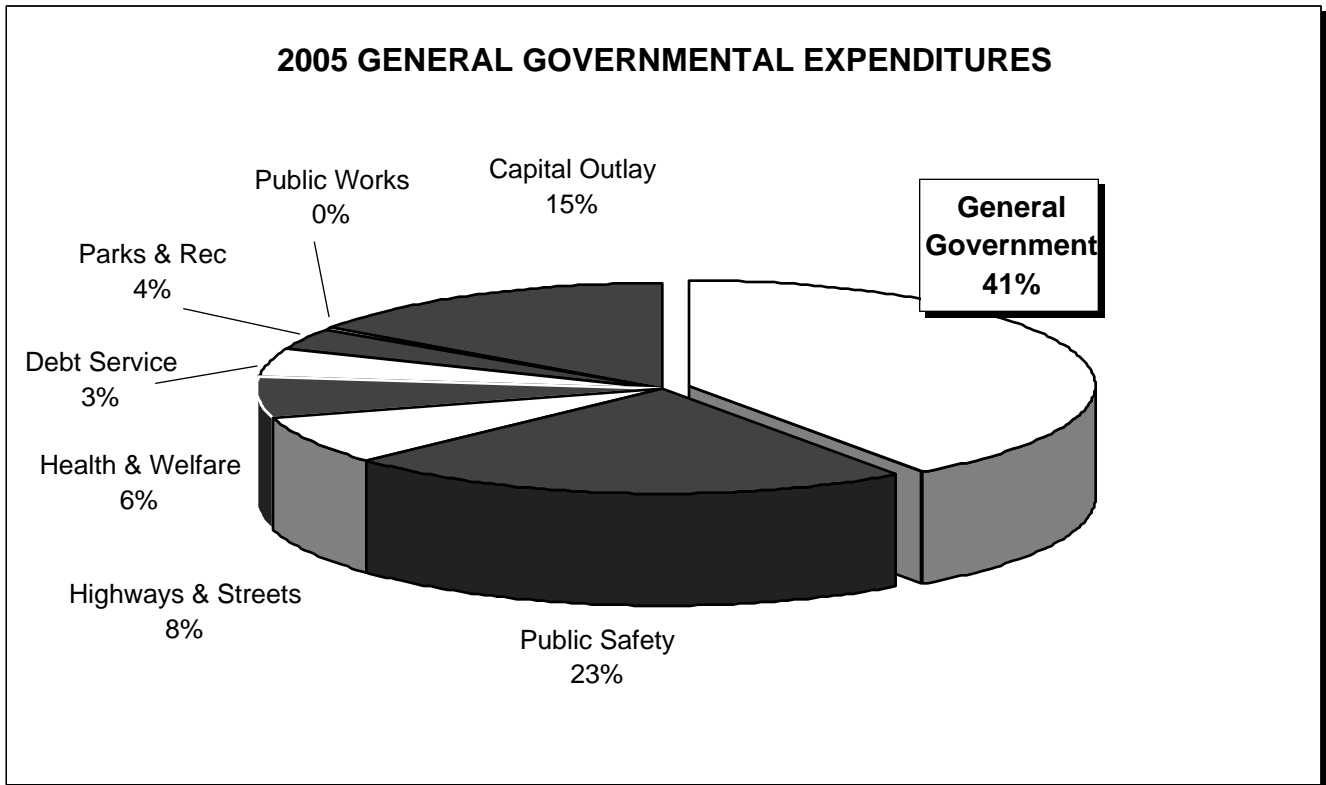
STATISTICAL SECTION

Table 1

CITY OF ST. JOSEPH, MISSOURI
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)

Fiscal Year	General Govt	Public Safety	Highways & Streets	Health & Welfare	Parks & Rec	Debt Service	Public Works	Capital Outlay	Total
1996	\$4,416	\$12,163	\$7,815	\$4,313	\$2,825	\$3,092	\$238	\$7,807	\$42,669
1997	4,201	12,493	7,038	4,177	2,291	2,852	145	6,728	39,925
1998	4,251	12,968	8,077	3,707	2,833	2,205	178	3,974	38,193
1999	4,644	13,751	8,751	4,659	3,663	433	231	3,290	39,422
2000	5,500	14,763	7,935	4,564	3,753	432	275	4,489	41,711
2001	4,885	14,836	6,892	4,069	3,311	440	251	5,254	39,939
2002	4,776	16,900	8,149	5,341	3,676	426	308	7,929	47,506
2003	5,936	17,990	6,880	5,665	3,505	311	353	10,456	51,097
2004	6,448	18,627	6,969	5,882	3,862	525	253	7,095	49,661
2005	36,268	20,534	6,901	5,325	4,029	3,009	275	13,837	90,178

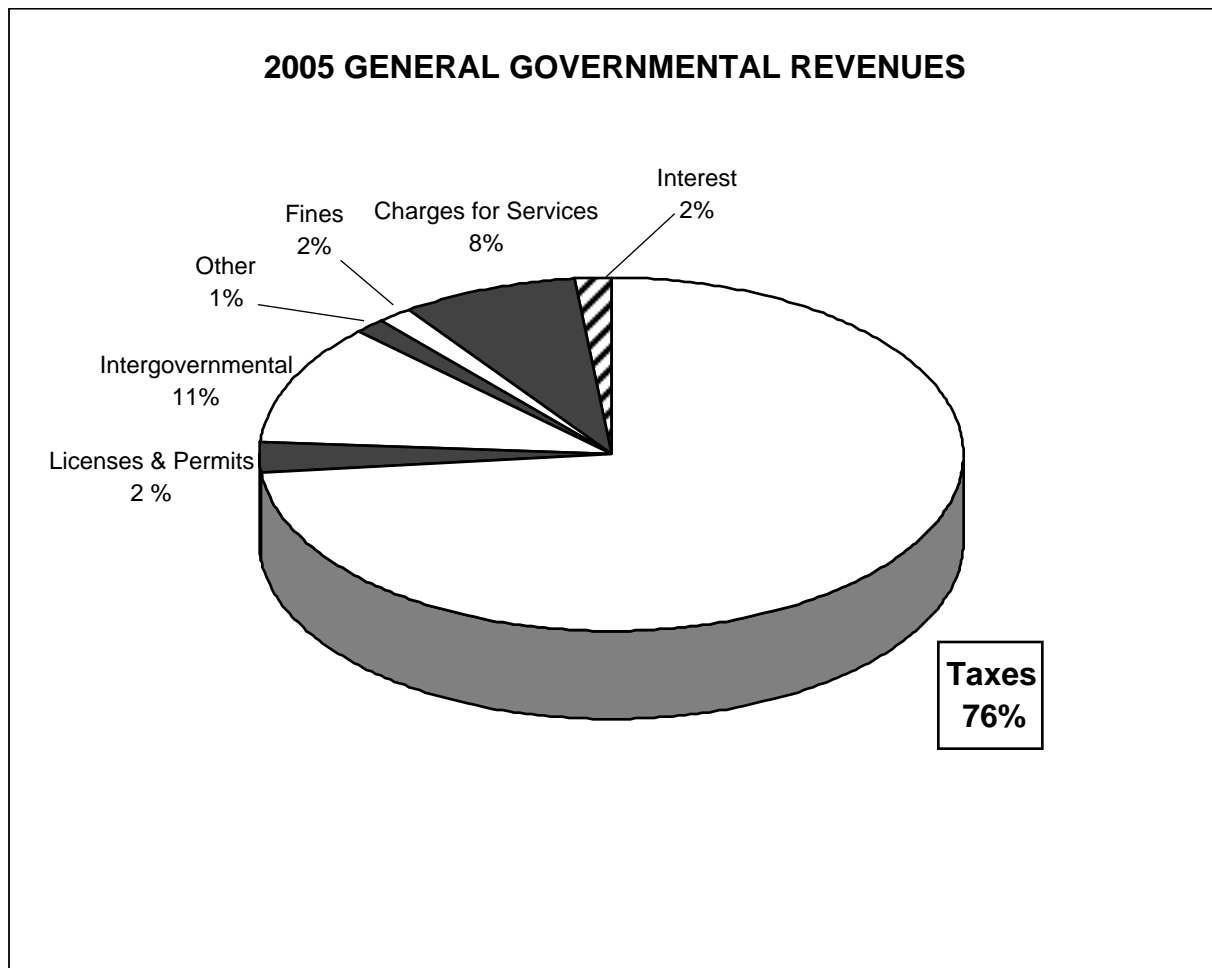
(1) Includes general, street improvement maintenance & repair, parks & recreation, public health, community development, riverboat gaming, 1993 flood fund, and capital project funds.



CITY OF ST. JOSEPH, MISSOURI
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)

Fiscal Year	Taxes	Licenses Permits	Intergovt	Chgs for Services	Fines	Interest	Other	Total
1996	\$26,178	\$1,096	\$7,218	\$1,534	\$379	\$810	\$1,802	\$39,017
1997	26,054	1,258	7,664	1,719	451	716	876	38,738
1998	26,595	1,272	5,983	1,681	448	745	624	37,348
1999	28,659	1,279	7,276	1,950	656	892	530	41,242
2000	30,061	1,233	7,302	2,058	742	702	311	42,410
2001	31,276	1,354	5,211	2,011	644	813	1,079	42,388
2002	35,145	1,165	5,757	2,173	785	488	763	46,276
2003	36,335	1,259	6,736	2,379	808	324	519	48,361
2004	37,322	1,377	7,439	2,786	808	304	1,345	51,380
2005	38,533	1,403	5,831	4,179	936	910	755	52,547

(1) Includes general, street improvement maintenance & repair, parks & recreation, public health, community development, riverboat gaming, 1993 flood fund, and capital project funds.



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

Fiscal Year	Property Tax (1)	Sales Tax	Cigarette Tax	Motor Vehicle Tax	Utility Franchise Tax	Hotel Motel Tax (2)	Financial Institution Tax	Total
1996	\$7,361	\$12,544	\$458	\$2,844	\$2,750	\$0	\$221	\$26,178
1997	6,952	12,492	439	3,165	2,945	-	61	26,054
1998	7,430	12,456	481	3,220	2,913	-	94	26,595
1999	7,850	13,496	487	3,294	3,066	341	125	28,659
2000	8,502	14,161	451	3,265	3,266	353	63	30,061
2001	8,554	14,473	444	3,462	3,950	344	49	31,276
2002	9,087	17,883	441	3,711	3,609	324	90	35,145
2003	9,067	19,429	444	3,484	3,495	339	77	36,335
2004	9,511	19,497	453	3,573	3,903	355	30	37,322
2005	10,298	20,030	437	3,613	3,734	390	30	38,533

(1) Includes interest and penalties.

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

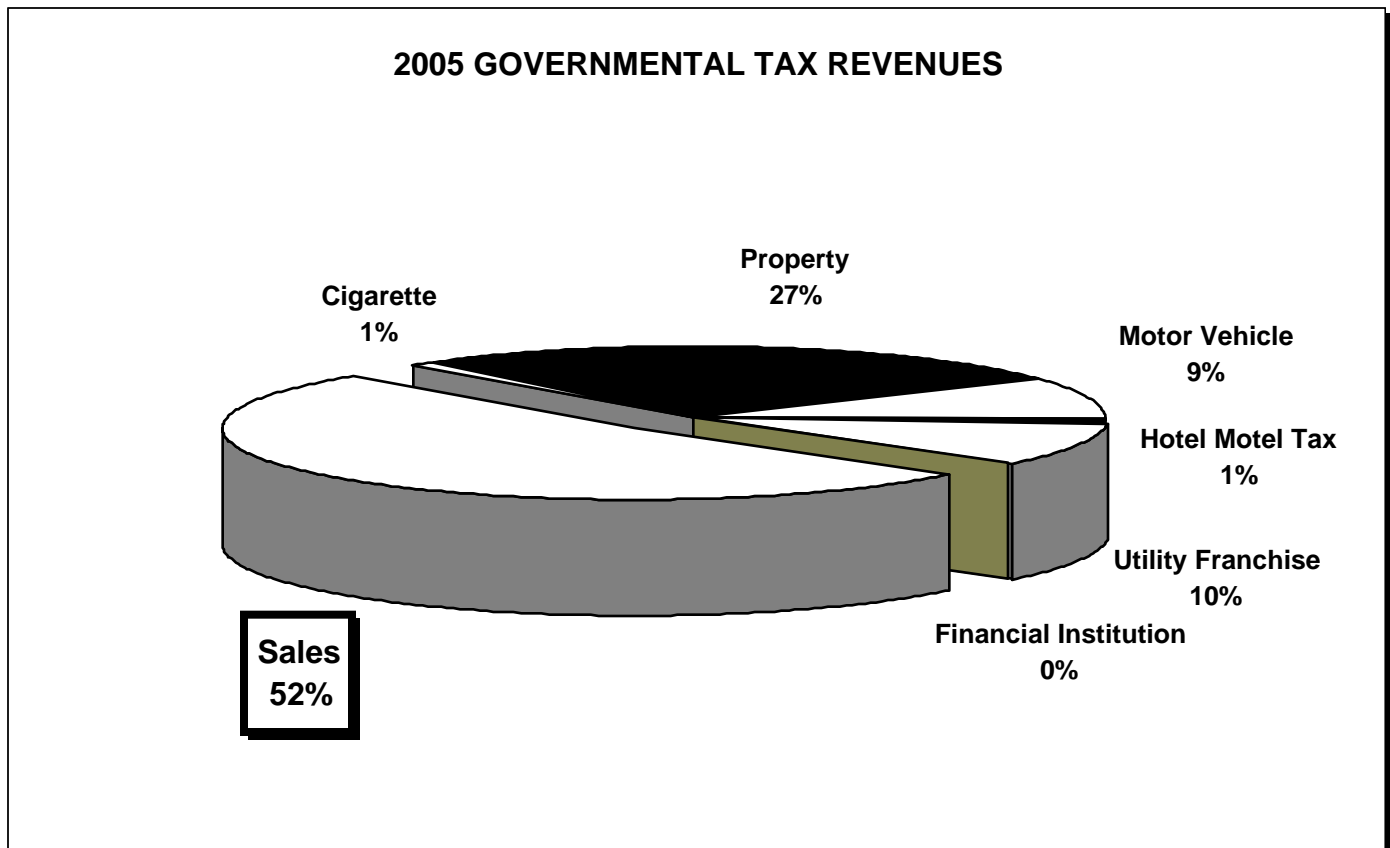
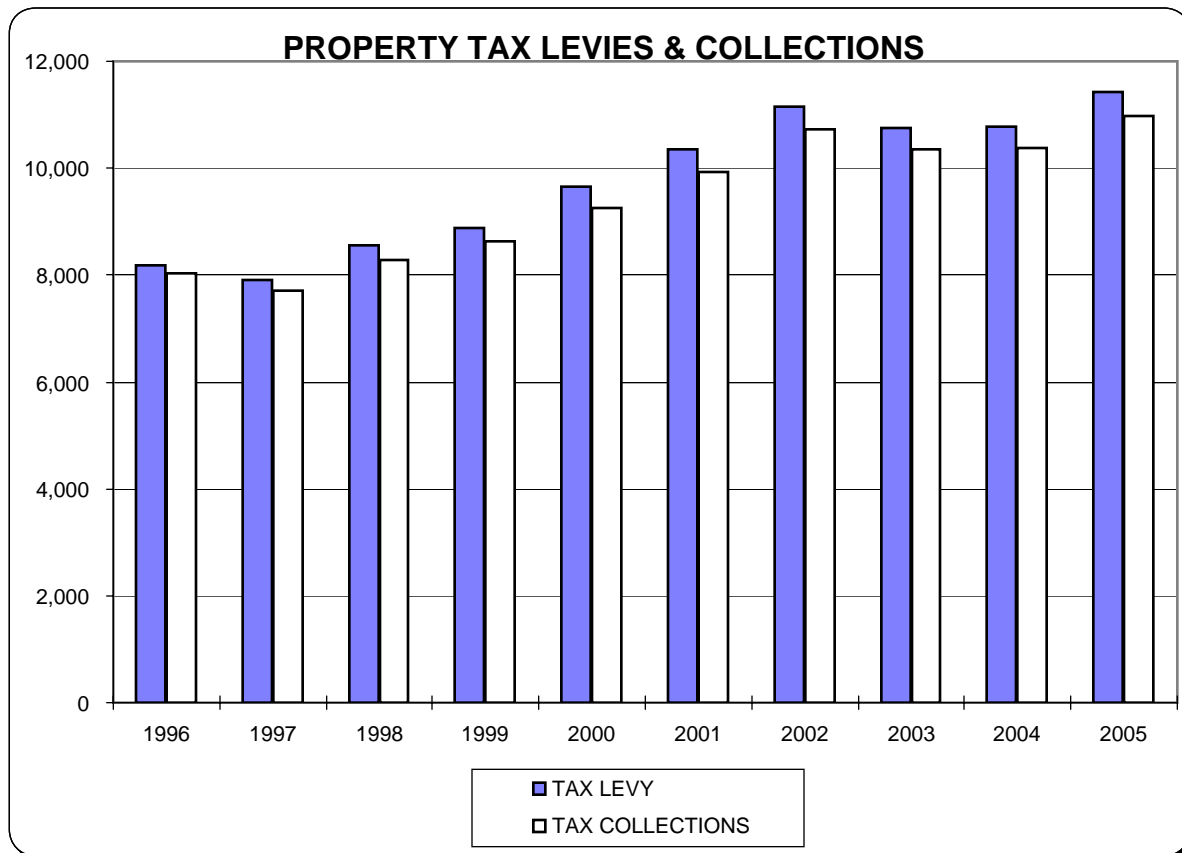


Table 3

CITY OF ST. JOSEPH, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)

Fiscal Year	Total Tax Levy	Current Tax Collected	Percent		Total Tax Collected	Ratio of Total Tax Collected to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
			Current Tax Collected	Delinquent Tax Collected				
1996	\$8,188	\$8,037	98.2%	\$203	\$8,240	100.6%	\$657	8.0%
1997	7,908	7,709	97.5%	157	7,866	99.5%	492	6.2%
1998	8,555	8,277	96.8%	164	8,441	98.7%	507	5.9%
1999	8,885	8,633	97.2%	131	8,765	98.7%	666	7.5%
2000	9,645	9,260	96.0%	214	9,474	98.2%	733	7.6%
2001	10,344	9,938	96.1%	248	10,186	98.5%	878	8.5%
2002	11,162	10,720	96.0%	391	11,111	99.5%	401	3.6%
2003	10,755	10,364	96.4%	579	10,944	101.8%	569	5.3%
2004	10,766	10,376	96.4%	493	10,869	100.9%	664	6.2%
2005	11,423	10,965	96.0%	816	11,781	103.1%	652	5.7%



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

Fiscal Year	Real Property (1)		Personal Property		Railroad & Utility		Total		Ratio of Total Assess Value To Total Estimated Actual Value
	Assess Value(2)	Estimated Actual Value	Assess Value	Estimated Actual Value	Assess Value	Estimated Actual Value	Assess Value	Estimated Actual Value	
1996	\$370,542	\$1,618,252	\$164,141	\$497,398	\$14,733	\$44,645	\$549,416	\$2,160,295	25.4%
1997	377,769	1,650,171	180,772	547,795	17,247	52,262	575,788	2,250,228	25.6%
1998	415,205	1,824,941	195,602	592,734	18,135	54,955	628,942	2,472,630	25.4%
1999	431,363	1,881,766	208,249	631,057	18,800	56,971	658,412	2,569,794	25.6%
2000	456,988	2,002,675	231,476	701,442	22,462	68,066	710,926	2,772,184	25.6%
2001	465,126	2,041,920	245,550	744,091	18,580	56,302	729,255	2,842,313	25.7%
2002	497,957	2,206,207	244,694	741,496	18,761	56,852	761,412	3,004,555	25.3%
2003	500,861	2,224,004	250,533	759,190	20,935	63,440	772,329	3,046,634	25.4%
2004	527,739	2,317,589	233,182	706,612	20,301	61,519	781,222	3,085,720	25.3%
2005	521,034	2,306,219	231,804	702,436	19,306	58,503	772,144	3,067,158	25.2%

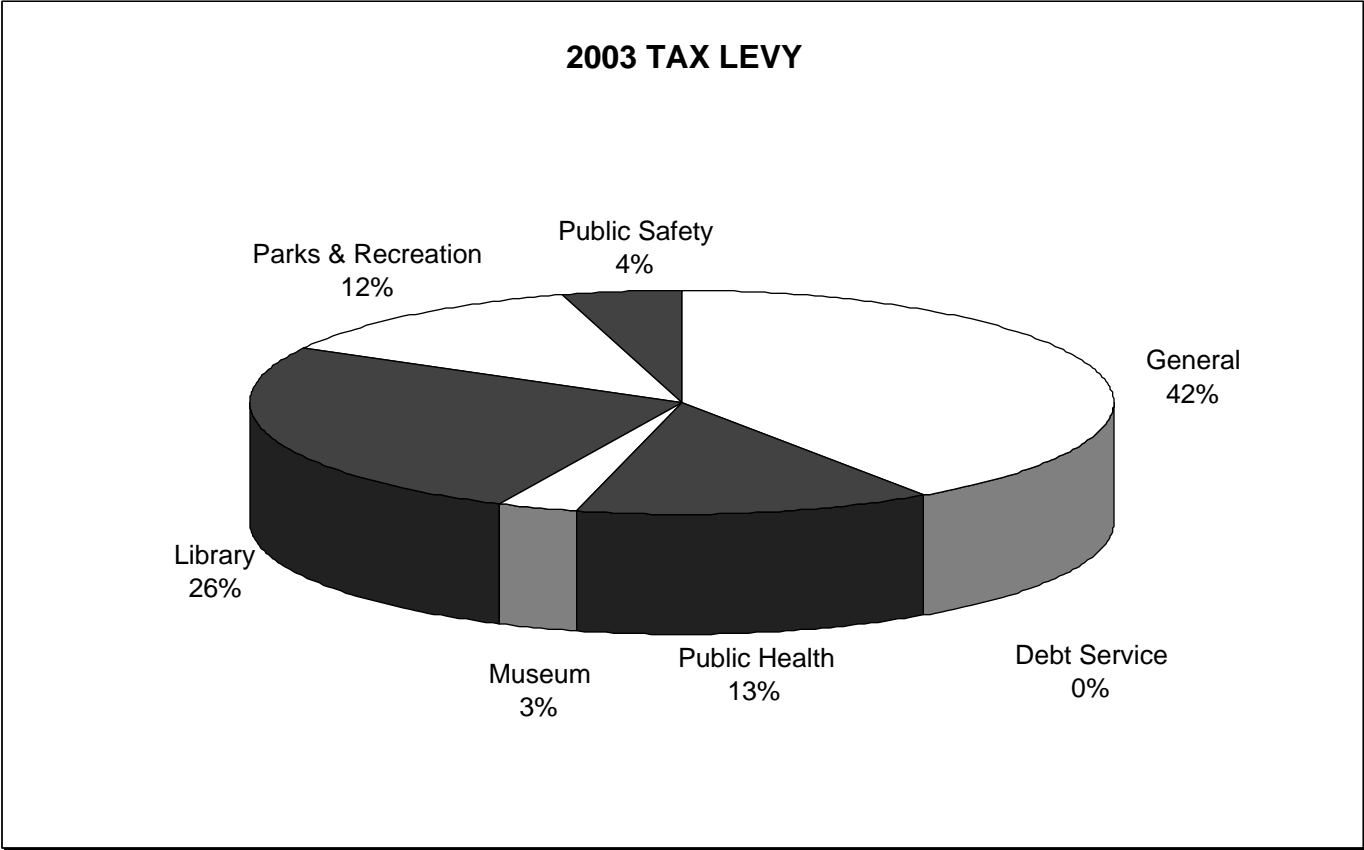
(1) Real estate exemptions not included.

(2) On January 1, 1985 state-mandated reassessment set values at: 12% for agricultural property, 19% for residential property, and 32% for commercial property of the fair market value.

CITY OF ST. JOSEPH, MISSOURI
PROPERTY TAX RATES (PER \$100 ASSESSED VALUE)
LAST TEN FISCAL YEARS

Fiscal Year	General Fund	Debt Service (1)	Public Health	Museum	Library	Parks & Recreation	Public Safety	Total (2)
1996	\$0.60	\$0.11	\$0.19	\$0.05	\$0.27	\$0.20	\$0.07	\$1.49
1997	0.60	-	0.19	0.05	0.27	0.20	0.07	1.38
1998	0.59	-	0.19	0.05	0.27	0.20	0.07	1.37
1999	0.60	-	0.20	0.05	0.27	0.20	0.07	1.39
2000	0.62	-	0.20	0.05	0.42	0.20	0.07	1.56
2001	0.62	-	0.20	0.05	0.42	0.20	0.07	1.56
2002	0.61	-	0.20	0.05	0.42	0.20	0.07	1.55
2003	0.61	-	0.20	0.05	0.42	0.20	0.07	1.55
2004	0.63	-	0.20	0.05	0.42	0.20	0.07	1.57
2005	0.65	-	0.21	0.05	0.42	0.20	0.07	1.60

- (1) 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.
- (2) Does not include \$0.85 levy (special assessment) for the Downtown Business District or the \$0.50 levy (special assessment) for Parks & Recreation Districts.



CITY OF ST. JOSEPH, MISSOURI
PROPERTY TAX RATES (1)
 DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

Fiscal Year	Total	State of Missouri	Buchanan County	State College	St. Joseph			Total
	City of St. Joseph				School District	Road & Bridge	Handi-capped	
1996	\$1.49	\$0.03	\$0.03	\$0.00	\$2.80	\$0.26	\$0.10	\$4.71
1997	1.38	0.03	0.03	-	2.87	0.27	0.10	4.68
1998	1.37	0.03	0.03	-	2.91	0.26	0.10	4.70
1999	1.39	0.03	0.06	-	2.87	0.27	0.10	4.72
2000	1.56	0.03	0.07	-	2.88	0.27	0.10	4.91
2001	1.56	0.03	0.07	-	3.26	0.27	0.10	5.29
2002	1.55	0.03	0.07	-	3.26	0.27	0.10	5.28
2003	1.55	0.03	0.07	-	3.26	0.27	0.10	5.28
2004	1.57	0.03	0.07	-	3.42	0.27	0.10	5.46
2005	1.60	0.03	0.07	-	4.05	0.29	0.10	6.14

(1) Rates applied per \$100 assessed valuation.

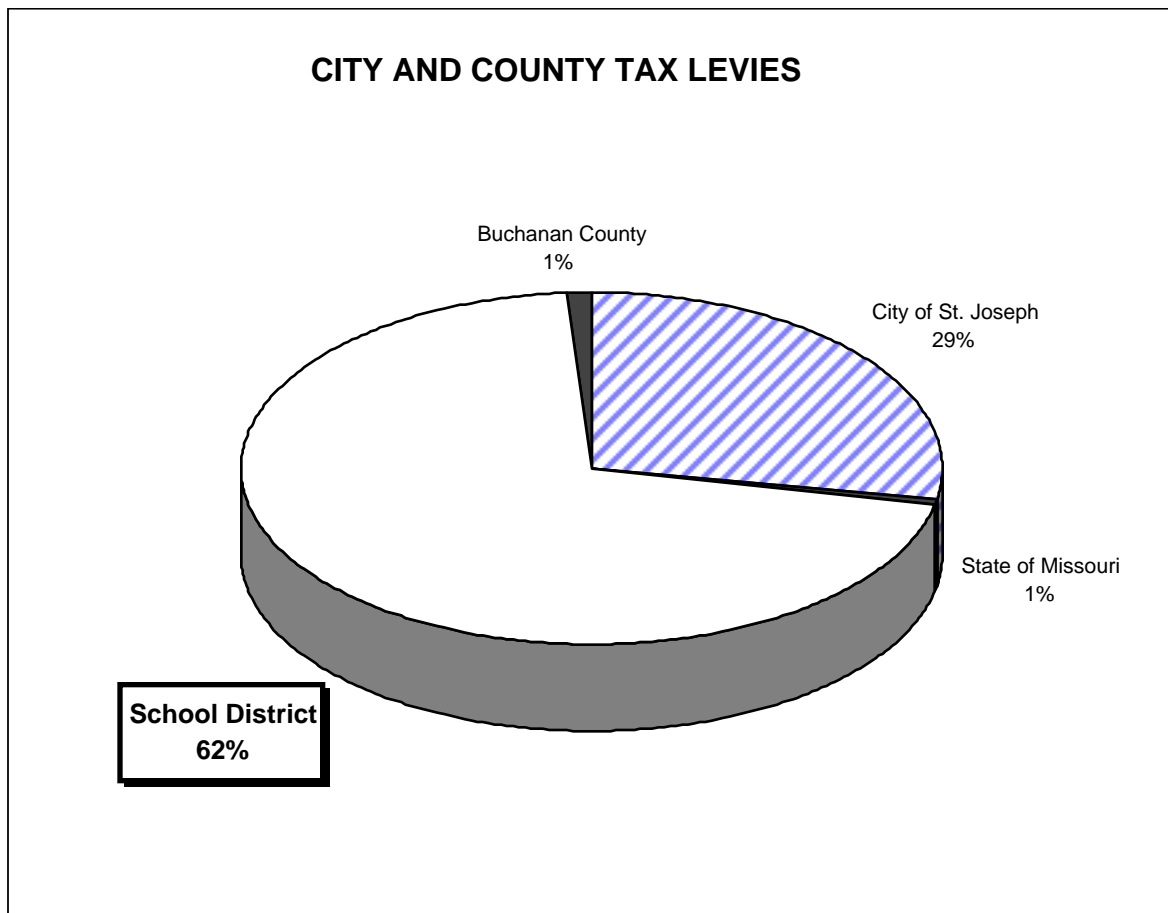


Table 7

CITY OF ST. JOSEPH, MISSOURI
PRINCIPAL TAXPAYERS
 JUNE 30, 2005

TAXPAYER	TYPE OF BUSINESS	2005 ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION(1)
Silgan Containers	Canned Food Containers	\$ 7,303,040	0.95%
Ag Processing	Soybean Processing	\$ 7,165,560	0.93%
Meadwestvaco Corporation	Paper Manufacturer	\$ 5,366,480	0.70%
Nestle Food Corporation	Pet Food Manufacturer	\$ 5,274,810	0.68%
Belt Highway	Shopping Mall	\$ 4,519,580	0.59%
Johnson Controls Battery Group	Battery Manufacturer	\$ 4,312,962	0.56%
HHS Properties	Healthcare Industry	\$ 3,828,450	0.50%
WalMart	Retail Store	\$ 3,164,330	0.41%
Boehringer Ingelheim	Animal Health Manufacturer	\$ 1,909,950	0.25%
Southern Union Gas	Natural Gas Utility	\$ 1,288,300	0.17%
		<u>\$ 44,133,462</u>	<u>5.72%</u>

(1) The total assessed valuation for 2004 = 772,143,874

CITY OF ST. JOSEPH, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2005

Assessed Valuation:	
Assessed valuation January 1, 2004 (1)	<u>\$ 772,143,874</u>
Legal Debt Margin:	
Debt limitation: (20% of assessed valuation) (2)	\$ 154,428,775
Debt applicable to limitation:	
Total general obligation bonded debt applicable to limitation (3)	-
Legal Debt Margin	<u>\$ 154,428,775</u>

(1) Total tangible property assessed value as of January 1, 2004 as certified by the County Clerk on June 30, 2004.

(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 or storm sewer system and an additional ten percent for purchasing or construction of waterworks, electric or other light plants provided the total general obligation indebtedness of the city does not exceed twenty percent of the assessed valuation.

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

CITY OF ST. JOSEPH, MISSOURI
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value \$000 (2)	Gross Bonded Debt \$000 (3)	Less Debt Service Fund \$000 (4)	Net Bonded Debt \$000	Ratio of Net Bonded Debt to Assessed Value	Net Per Capita Debt
1996	70,208	549,416	-	(5)	-	-	-
1997	70,208	575,788	-	-	-	-	-
1998	70,208	628,942	-	-	-	-	-
1999	70,208	658,412	-	-	-	-	-
2000	70,208	710,926	-	-	-	-	-
2001	73,990	729,255	-	-	-	-	-
2002	73,990	761,412	-	-	-	-	-
2003	73,990	772,329	-	-	-	-	-
2004	73,990	781,222	-	-	-	-	-
2005	73,990	772,144	-	-	-	-	-

(1) Updated estimates from State Demographer based on 2000 census.

(2) From Table 4.

(3) Amount does not include revenue bonds.

(4) Amount available for repayment of general obligation bonds.

(5) All outstanding general obligation bonds were called for redemption in fiscal year 1996 and were paid off prior to their stated maturity of February, 1998.

CITY OF ST. JOSEPH, MISSOURI
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT (1)
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (2)	Ratio of Debt Service to Total General Expenditures
1996	-	(3)	-	42,669	-
1997	-	-	-	39,925	-
1998	-	-	-	38,193	-
1999	-	-	-	39,423	-
2000	-	-	-	41,711	-
2001	-	-	-	39,939	-
2002	-	-	-	47,505	-
2003	-	-	-	51,097	-
2004	-	-	-	49,661	-
2005	-	-	-	90,178	-

(1) Excludes bond issuance and other costs.

(2) Includes all governmental fund types and expendable trust funds.

(3) All outstanding general obligation bonds were called for redemption in fiscal year 1996 and were paid off prior to their stated maturity of February, 1998.

CITY OF ST. JOSEPH, MISSOURI
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS (1)
June 30, 2005

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of St. Joseph	\$ -	-	\$ -
Overlapping:			
Buchanan County	-	-	-
Missouri Western Public School District	-	-	-
Total	<u>\$ -</u>		<u>\$ -</u>

(1) All outstanding general obligation bonds were called for redemption in fiscal year 1996 and were paid off prior to their stated maturity of February, 1998. Therefore; no general obligation debt is outstanding with direct and overlapping governments.

CITY OF ST. JOSEPH, MISSOURI
REVENUE BOND COVERAGE
SEWER AUTHORITY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Operating Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
1996	\$5,815	\$4,476	\$1,339	\$416	\$682	\$1,098	1.22
1997	5,992	4,212	1,780	429	665	1,094	1.63
1998	6,626	4,211	2,415	470	848	1,318	1.83
1999	6,911	3,945	2,966	686	965	1,651	1.80
2000	7,326	4,537	2,789	779	877	1,656	1.68
2001	7,964	4,557	3,407	807	827	1,634	2.09
2002	7,577	4,753	2,823	849	790	1,639	1.72
2003	7,395	5,164	2,231	884	751	1,635	1.37
2004	7,473	5,709	1,764	951	739	1,690	1.04
2005	9,824	7,814	2,010	1,006	691	1,697	1.18

(1) Total revenues (including interest).

(2) Total operating expense exclusive of depreciation and bad debt expense.

(3) Net Revenue Available For Debt Service divide by Total Debt Service Requirements.

CITY OF ST. JOSEPH, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1)	(2)	(3)	(4)	
	Population	Per Capita Income	School Enrollment	Unemployment Rate MO	City
1996	70,208	\$20,298	12,167	4.4%	6.1%
1997	70,208	N/A	12,199	4.1%	5.2%
1998	70,208	22,434	12,234	4.3%	4.7%
1999	70,208	20,939	12,184	3.9%	4.7%
2000	70,208	26,376	11,817	2.8%	2.4%
2001	73,990	26,376	11,733	4.3%	5.6%
2002	73,990	24,106	11,689	4.7%	6.2%
2003	73,990	24,799	11,817	5.8%	6.0%
2004	73,990	25,103	11,689	6.0%	5.4%
2005	73,990	24,430	11,690	5.7%	5.9%

Data Sources:

- (1) Bureau of the Census
- (2) Bureau of Economic Analysis
- (3) St. Joseph School District
- (4) Missouri Department of Employment Security for St. Joseph MSA

CITY OF ST. JOSEPH, MISSOURI
PROPERTY VALUE AND CONSTRUCTION
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)

Fiscal Year	Real Property Assessed Value				Commercial Construction		Residential Construction	
	Commercial	Residential	Agriculture	Total	Number of Units	Value	Number of Units	Value
1996	\$155,659	\$214,604	\$279	\$370,542	187	\$32,043	388	\$19,247
1997	158,555	218,912	302	377,769	230	56,892	384	16,688
1998	168,922	246,012	271	415,205	140	31,033	414	22,867
1999	182,120	182,120	272	364,512	395	57,716	338	25,405
2000	188,648	268,068	272	456,988	90	75,365	499	27,946
2001	190,333	274,516	277	465,126	50	8,188	358	19,669
2002	194,275	303,430	252	465,126	52	16,501	414	23,058
2003	193,101	307,509	252	500,861	299	50,250	395	23,183
2004	215,480	312,015	243	527,739	208	46,764	797	20,243
2005	204,295	316,494	244	521,034	156	38,239	652	20,575

CITY OF ST. JOSEPH, MISSOURI
MISCELLANEOUS STATISTICS
 JUNE 30, 2005

Date of Incorporation	1851
Form of Government	Council/Manager
Number of employees (excluding police and fire):	
Classified	294
Exempt	100
Area in square miles	45,443
Population (2000 Census)	73,990
Registered Voters	42,322
City of St. Joseph, Missouri facilities and services:	
Miles of streets (paved)	425
Number of street lights	6,097
Culture and recreation:	
Community centers	1
Parks and facilities	46
Park acreage	1,500
Golf courses	1
Swimming pools	3
Tennis courts	21
Ice Arena	1
Ball fields	23
Fire Protection:	
Number of stations	9
Number of fire personnel and officers	134
Number of calls answered	6,621
Number of inspections conducted	250
Police Protection:	
Number of stations	2
Number of police personnel and officers	156
Number of patrol units	91
Number of law violations:	
Physical arrests	6,679
Traffic violations	15,669
Parking violations	11,307

(Continued)

CITY OF ST. JOSEPH, MISSOURI

MISCELLANEOUS STATISTICS

JUNE 30, 2005

(Continued)

Sewerage System:

Miles of sanitary and storm sewers	377
Number of treatment plants	1
Number of service connections	36,878
Daily average treatment in gallons	17,000,000
Maximum daily capacity of treatment plant in gallons	
Primary	27,000,000

Facilities and services not included in the reporting entity :

Water System:

Miles of water mains	605
Number of service connections	36,878
Number of fire hydrants	2,985
Daily average consumption in gallons	14,933,000
Maximum daily pumping capacity of plant in gallons	30,000,000

Electric Distribution System:

Miles of service	793
Number of stations	12

Cable Television System:

Miles of service	424
Number of satellite receiving stations	15

Education:

Number of elementary schools	18
Number of elementary instructors	481
Number of secondary schools	7
Number of secondary instructors	424
Number of colleges	2

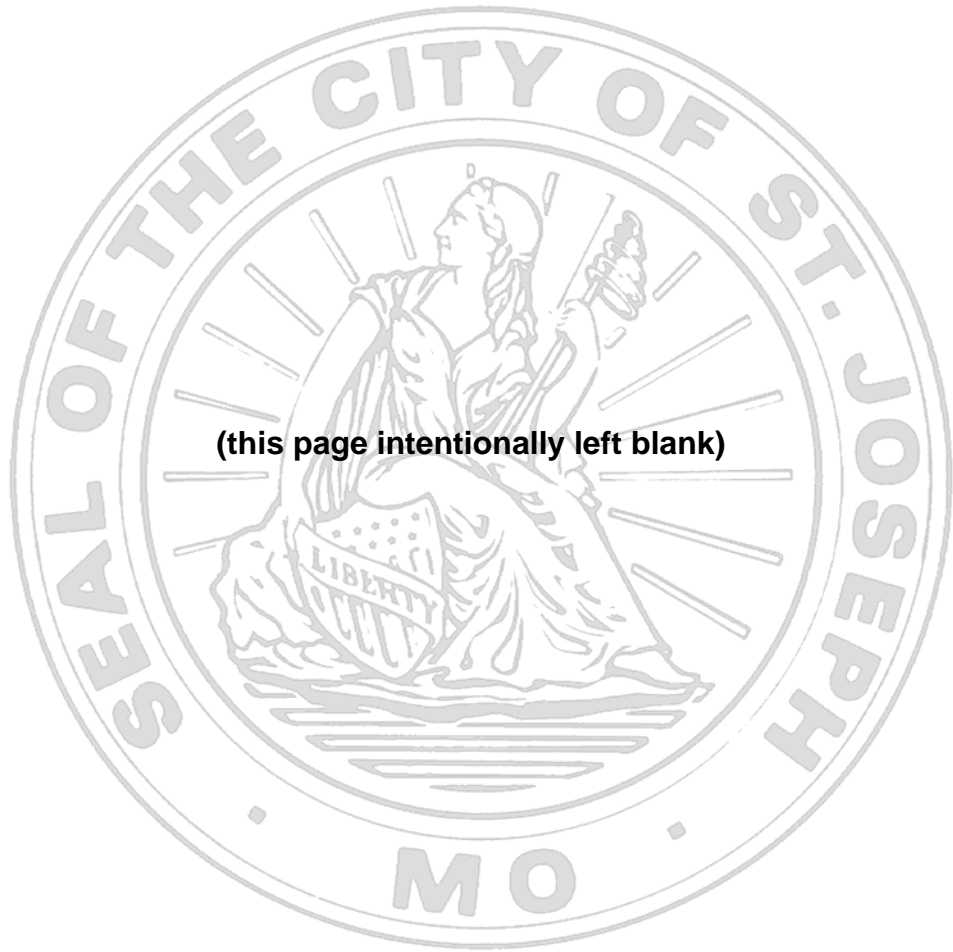
Hospitals:

Number of hospitals	1
Number of patient beds	811

Northwest Missouri Psychiatric Center:

Number of hospitals	1
Number of patient beds	108

(Concluded)



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