

CITY OF ST. JOSEPH
BERRIEN COUNTY, MICHIGAN
FINANCIAL REPORT
June 30, 2009

**CITY OF ST. JOSEPH
BERRIEN COUNTY, MICHIGAN**

FINANCIAL REPORT

June 30, 2009

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Management Discussion and Analysis

As management of the City of St. Joseph, we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the City of St. Joseph for the fiscal year ended June 30, 2009. We encourage readers to consider the overview presented here in conjunction with the additional information that our auditors have provided within this report.

Financial Highlights

- The assets of the City of St. Joseph exceeded its liabilities at the close of the most recent fiscal year by \$63,665,546. Of this amount, \$2,816,854 may be used to meet the ongoing obligations to our citizens and creditors.
- The City's total net assets increased by \$4,948,685.
- At the close of the current fiscal year, the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$9,203,565 a decrease of \$438,984 in comparison with the prior year. Approximately \$8,160,967 of this total amount is available for spending at the government's discretion.
- At the end of the current fiscal year, the general fund unreserved fund balance was \$1,614,123 or 27 percent of total general fund expenditures.
- The City of St. Joseph's total debt increased by \$1,006,324 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of St. Joseph's basic financial statements. The City of St. Joseph's basic financial statements include the following three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

In addition to the basic financial statements themselves, this report also contains other supplementary information.

1. Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide the reader with a broad overview of the City of St. Joseph's finances, in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the City of St. Joseph'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 of St. Joseph 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 such as unused vacation leave.

Both of these Government-Wide Financial Statements distinguish City functions, which are principally supported by taxes and intergovernmental revenues from those functions that are intended to recover all or a significant portion of their costs through user fees and charges for services. The governmental activities of the City of St. Joseph include general government, public safety, highways and streets, sanitation, health and welfare, recreation and culture, community and economic development and debt service. The business-type activities of the City of St. Joseph include Water, Sewer, and Marina Operations.

The Government-Wide Financial Statements include not only the City of St. Joseph itself, but also a legally separate Downtown Development Authority and a legally separate Tax Increment Finance Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

2. 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 of St. Joseph, 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 of St. Joseph 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, the reader 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 of St. Joseph maintains 24 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, the Budget Stabilization Fund and the Bluffside Capital Project Fund, all of which are considered to be major funds. Data from the other 22 government funds are

combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of St. Joseph adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The City of St. Joseph 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 of St. Joseph uses enterprise funds to account for its water and sewer operations and for its marina operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of St. Joseph's various functions. The City of St. Joseph uses internal service funds to account for its fleet of vehicles and heavy equipment and for its self-insurance and employee health care needs. Because all three of these services predominantly benefit government rather than business-type functions, they have been included within Governmental Activities in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Proprietary Fund Financial Statements provide separate information for the water and sewer operations and for the marina operation, all of which are considered to be major funds of the City of St. Joseph. Conversely, all three internal service funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in 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 of St. Joseph's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

3. Note 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.

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of St. Joseph's progress in funding its obligation to provide pension benefits to its employees.

The Combining Statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of City of St. Joseph, assets exceeded liabilities by \$62,700,187 at the close of the 2008-2009 Fiscal-Year.

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

City of St. Joseph Net Assets					
	Governmental Activities	Business Type Activities	Component Units	Current Year Total	Prior Year Total
Current and Other Assets	\$ 11,668,557	\$ 3,519,833	\$ 51,562	\$ 15,239,952	\$ 15,573,303
Capital Assets	\$ 47,626,730	\$ 11,581,464	\$ -	\$ 59,208,194	\$ 52,193,522
Total Assets	\$ 59,295,287	\$ 15,101,297	\$ 51,562	\$ 74,448,146	\$ 67,766,825
Long-Term Liabilities Outstanding	\$ 8,286,654	\$ 19,624	\$ -	\$ 8,306,278	\$ 7,344,220
Other Liabilities	\$ 1,582,596	\$ 893,726	\$ -	\$ 2,476,322	\$ 1,703,743
Total Liabilities	\$ 9,869,250	\$ 913,350	\$ -	\$ 10,782,600	\$ 9,049,963
Invested in Capital Assets, Net of					
Related Debt	\$ 47,626,730	\$ 11,581,464	\$ -	\$ 59,208,194	\$ 45,200,838
Restricted	\$ 1,640,498	\$ -	\$ -	\$ 1,640,498	\$ 900,890
Unrestricted	\$ 158,809	\$ 2,606,483	\$ 51,562	\$ 2,765,292	\$ 12,615,134
Total Net Assets	\$ 49,426,037	\$ 14,187,947	\$ 51,562	\$ 63,613,984	\$ 58,716,862

A portion of the City of St. Joseph’s net assets 2.58 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,765,292) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of St. Joseph is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental, business-type activities, and component units.

**City of St. Joseph
Changes in Net Assets**

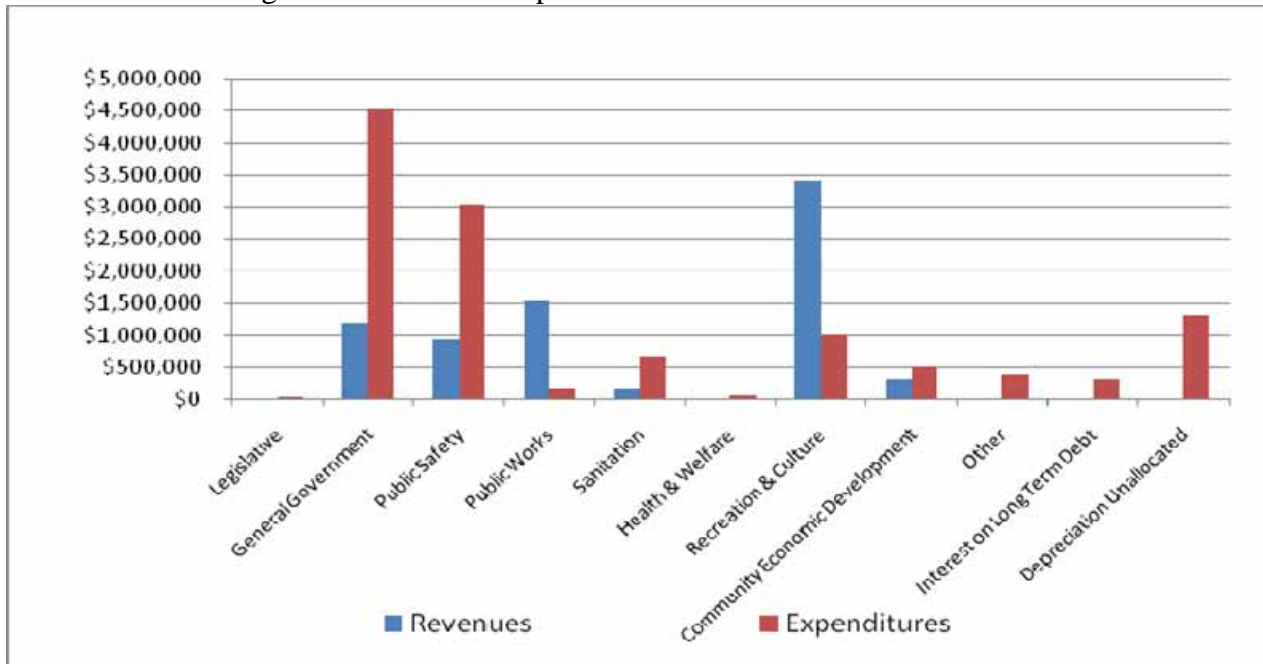
	Governmental Activities	Business Type Activities	Component Units	Current Year Total	Prior Year Total
Revenues					
Program Revenues					
Charges for Services	\$ 3,611,855	\$ 4,951,378	\$ -	\$ 8,563,233	\$ 8,821,271
Grants and Contributions	4,913,721	-	-	4,913,721	14,446,353
General Revenues					
Property Taxes	\$ 6,760,822	-	45,639	6,806,461	6,710,251
State Revenue	982,170	-	-	982,170	962,894
Fines, Fees and Forfeits		153,692	-	153,692	134,376
Interest	225,663	43,276	466	269,405	533,798
Miscellaneous	715,468	200,264	-	915,732	1,790,156
Sale of Fixed Assets	(68,750)	-	-	(68,750)	(87,072)
Total Revenues	\$ 17,140,949	\$ 5,348,610	\$46,105	\$ 22,535,664	\$ 33,312,027
Expenses					
Legislative	28,632	-	-	28,632	28,166
General Government	4,564,314	-	-	4,564,314	3,933,053
Public Safety	3,041,316	-	-	3,041,316	3,001,085
Public Works	174,315	-	-	174,315	1,709,439
Sanitation	677,034	-	-	677,034	652,553
Health and Welfare	50,537	-	-	50,537	50,537
Recreation and Cultural	1,009,496	-	-	1,009,496	1,760,743
Economic Development	516,031	-	-	516,031	535,015
Other	377,072	-	-	377,072	403,758
Interest on Long-Term Debt	303,840	-	-	303,840	287,330
Depreciation-unallocated	1,297,473	-	-	1,297,473	1,290,603
Sewer Fund	-	1,508,112	-	1,508,112	1,343,775
Water Fund	-	3,578,274	-	3,578,274	3,452,558
Marina Fund	-	413,305	-	413,305	455,058
Downtown Development Authority	-	-	-	-	50,736
Tax Increment Finance Authority	-	-	\$ 47,228	\$ 47,228	875
Total Expenses	\$ 12,040,060	\$ 5,499,691	\$ 47,228	\$ 17,586,979	\$ 18,955,284
Increase (Decrease) in Net Assets before Transfers	\$5,100,889	\$ (151,081)	\$ (1,123)	\$ 4,948,685	\$ 14,356,743
Transfers	(236,972)	236,972	-	-	-
Changes in net assets	\$ 4,863,917	\$ 85,891	\$ (1,123)	\$ 4,948,685	\$ 14,375,743
Net Assets Beginning of Year	\$ 44,562,120	\$ 14,102,056	52,685	58,716,862	44,360,119
Net Assets End of Year	\$ 49,426,037	\$ 14,187,947	\$ 51,562	\$ 63,665,546	\$ 58,716,862

Governmental Activities

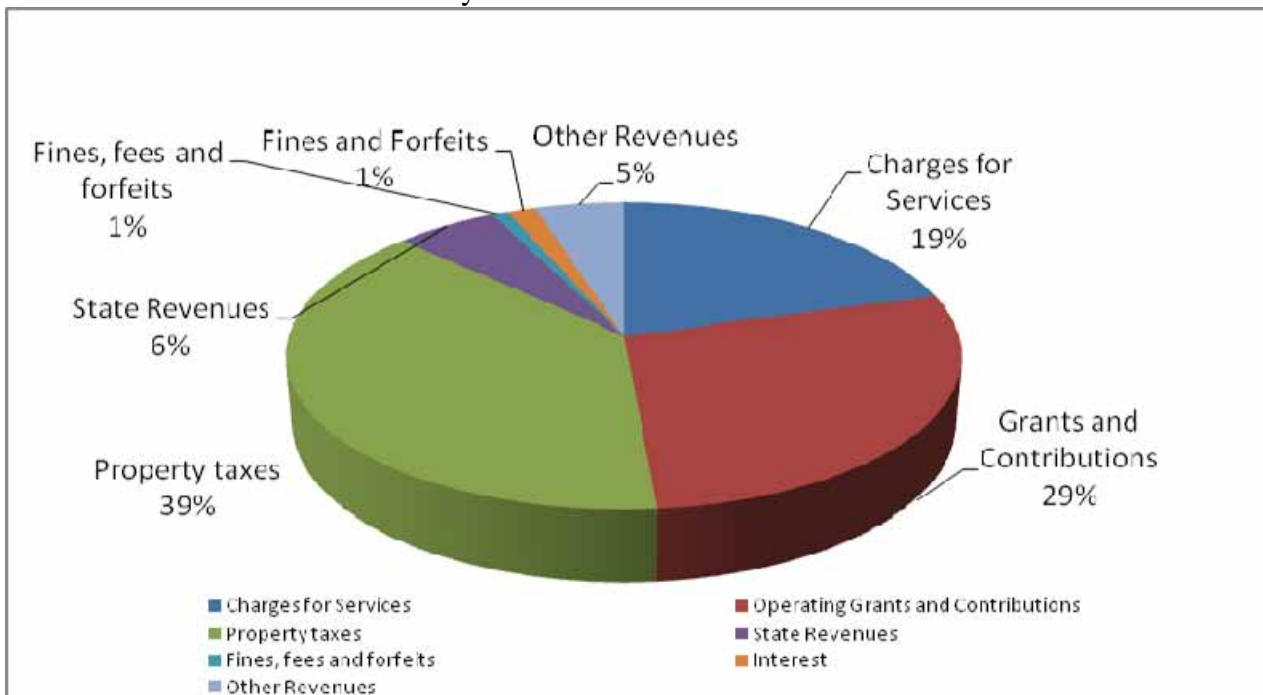
Governmental Activities increased the City of St. Joseph's net assets by \$4,948,685, accounting for 98% of the total growth in the net assets of the City of St. Joseph. Property taxes were \$6,760,822 or 39 % of the total governmental revenues. Grants and contributions were \$4,913,721 or 29% of the total governmental revenues. The remaining

32% is mostly composed of various charges for services and interest revenue. Public safety expenditures totaled \$3,041,316 or 25% of the governmental expenses.

Program Revenues & Expenditures for Governmental Activities



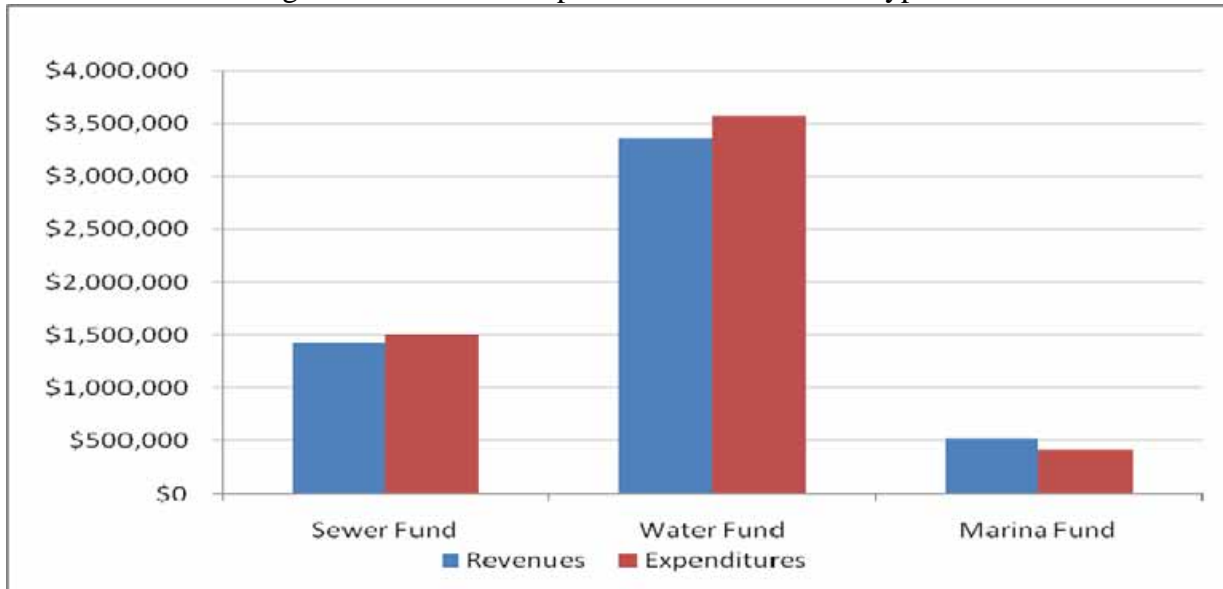
Revenues by Source for Governmental Activities



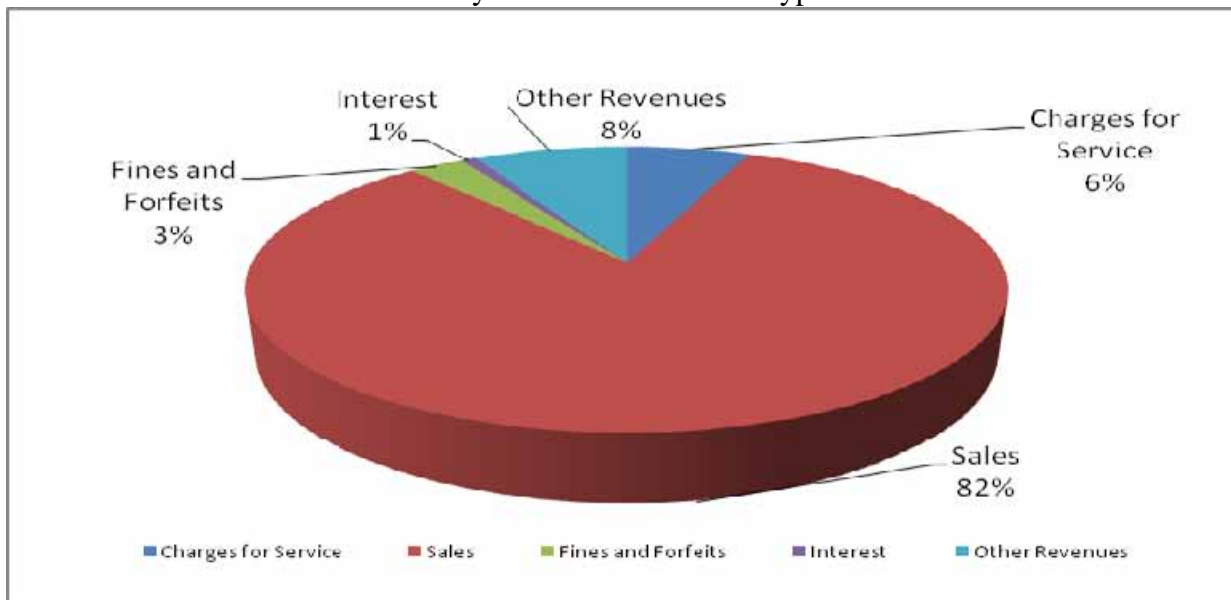
Business-Type Activities

Business-type Activities increased the City of St. Joseph’s net assets by \$85,891, accounting for 2% of the total growth in the net assets of the City of St. Joseph. Charges for services, including sales, were \$4,951,378 or 88% of the total business-type revenues. The remaining 12% is mostly composed of various fees and interest revenue. Business-type expenditures increased overall by \$248,300.

Program Revenues & Expenditures for Business Type Funds



Revenues by Source for Business Type Funds



Financial Analysis of the City of St. Joseph's Funds

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

Governmental Funds

The focus of the City of St. Joseph'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 of St. Joseph's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$9,203,565, a decrease of \$438,984 in comparison with the prior year. Approximately 89% of this total amount constitutes unreserved fund balance, which is available for spending at the government'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 pay for certain activities in special revenue funds, 2) to spend on certain library activities, or 3) to generate income to pay for the perpetual care of the city cemeteries.

The General Fund is the chief operating fund of the City of St. Joseph. At the end of the current fiscal year, the fund balance of the General Fund was \$1,640,715 which represents roughly 27% of total General Fund expenditures. As a measure of liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance of the City of St. Joseph's General Fund has increased by \$103,818 from the previous year.

Proprietary Funds

The City of St. Joseph's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$1,503,921, and the Sewer Fund \$337,517, and those for the Marina Fund amounted to \$765,045. The Water Fund decreased net assets by \$185,527. The Sewer Fund increased net assets by \$156,957 and the Marina Fund increased net assets by \$114,461. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of St. Joseph's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively few; the most substantial changes were due to the borrowing of \$1.4 million to fund the Whirlpool Compass Fountain. In addition, the original amount budgeted to be transferred out to the Capital Projects Fund was increased by \$125,400.

Capital Asset and Debt Administration

The City of St. Joseph's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$59,208,194 (net of depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, library books, roads and utility systems.

Major capital asset events during the current fiscal year included the following:

- Completion of street repairs to Ridgeway Avenue, Veronica Court and Columbia Street
- Completion of Napier Avenue Safety Project
- Completion of the Whirlpool Compass Fountain
- Began construction of Silver Beach Make a Memory Project
- Began construction of 1.5 million gallon water tank at Cleveland Avenue and Hilltop Road
- Completion of the Maritime Sign Project

Long-Term Debt

At the end of the current fiscal year, the City of St. Joseph had total debt outstanding of \$9,090,822. The City's total debt increased as a result of the borrowing for the new water tank.

State statutes limit the amount of general obligation bond debt governmental entities may issue to 10% of its total taxable valuation and the amount of general obligation installment note debt 1.25% of its total taxable valuation, exclusive of interest. The current debt limitation for the City of St. Joseph is \$42,702,744 for bond debt and \$5,337,843 for note debt, which significantly in excess of the City of St. Joseph's outstanding general obligation debt.

Next Year's Budget and Rates

The City of St. Joseph anticipates revenues equal to expenditures in the general fund. The City will be able to maintain a fund balance in the General Fund equal to \$1,000,000, as well as, a \$1,000,000 Budget Stabilization Fund.

Requests for Information

This financial report is designed to provide a general overview of the of the City of St. Joseph'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 Office of the Finance Director, City of St. Joseph, 700 Broad Street, St. Joseph, Michigan, 49085.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 11, 2009

INDEPENDENT AUDITOR'S REPORT

To the Commission
City of St. Joseph, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Joseph, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of St. Joseph's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Joseph, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2009, on our consideration of the City of St. Joseph's internal control over financial reporting and on 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.

The management's discussion and analysis and budgetary comparison information on pages I through IX and page 9, are not a required part of the 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 supplementary information. However, we did not audit the information and express no opinion on it.

Right. On time.

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INDEPENDENT AUDITOR'S REPORT - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Joseph's financial statements. The combining and individual nonmajor fund financial statements and accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, **Audits of States, and Local Governments, and Non-Profit Organizations**, are presented for the purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Seibel & Company, P.C.

CITY OF ST. JOSEPH
Statement of Net Assets
June 30, 2009

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Assets				
Cash	\$ 10,307,365	\$ 2,528,078	\$ 12,835,443	\$ 51,562
Investments	518,125	-	518,125	-
Receivables	666,656	453,203	1,119,859	-
Due from proprietary funds	54,973	-	54,973	-
Due from other governments	-	398,440	398,440	-
Prepaid expenses	44,000	-	44,000	-
Inventory	77,438	140,112	217,550	-
Capital assets (net of related depreciation):				
Non-depreciable assets:				
Land	12,088,355	613,862	12,702,217	-
Construction in process	8,526,846	775,474	9,302,320	-
Depreciable assets:				
Buildings & improvements	10,414,938	3,997,575	14,412,513	-
Infrastructure	14,288,986	-	14,288,986	-
Land improvements	195,903	-	195,903	-
Machinery and equipment	1,985,744	772,173	2,757,917	-
Books	125,958	-	125,958	-
Utility systems	-	5,422,380	5,422,380	-
 Total Assets	 <u>\$ 59,295,287</u>	 <u>\$ 15,101,297</u>	 <u>\$ 74,396,584</u>	 <u>\$ 51,562</u>
Liabilities				
Accounts payable	\$ 670,846	\$ 162,063	\$ 832,909	\$ -
Accrued liabilities	3,826	-	3,826	-
Accrued interest	73,516	-	73,516	-
Deferred revenue	49,461	-	49,461	-
Due to governmental funds	-	54,974	54,974	-
Due to fiduciary funds	59,275	-	59,275	-
Due to other governments	-	617,817	617,817	-
Bonds and compensated absences due within one year	725,672	58,872	784,544	-
Noncurrent liabilities:				
Due in more than one year	8,286,654	19,624	8,306,278	-
 Total Liabilities	 <u>\$ 9,869,250</u>	 <u>\$ 913,350</u>	 <u>\$ 10,782,600</u>	 <u>\$ -</u>
Net Assets				
Invested in capital assets, net of related debt	\$ 47,626,730	\$ 11,581,464	\$ 59,208,194	\$ -
Restricted	1,640,498	-	1,640,498	-
Unrestricted	158,809	2,606,483	2,765,292	51,562
 TOTAL NET ASSETS	 <u>\$ 49,426,037</u>	 <u>\$ 14,187,947</u>	 <u>\$ 63,613,984</u>	 <u>\$ 51,562</u>

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

CITY OF ST. JOSEPH
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental Activities:				
Legislative	\$ 28,632	\$ -	\$ -	\$ -
General government	4,564,314	1,004,269	173,714	-
Public safety	3,041,316	131,647	557,410	256,387
Public works	174,315	1,532,003	10,535	965,368
Sanitation	677,034	168,316	-	-
Recreation and cultural	1,009,496	473,228	2,950,307	-
Health and welfare	50,537	-	-	-
Community and economic development	516,031	302,392	-	-
Other	377,072	-	-	-
Interest on long-term debt	303,840	-	-	-
Depreciation, unallocated	1,297,473	-	-	-
Total Governmental Activities	<u>\$ 12,040,060</u>	<u>\$ 3,611,855</u>	<u>\$ 3,691,966</u>	<u>\$ 1,221,755</u>
Business-Type Activities:				
Sewer Fund	\$ 1,508,112	\$ 1,362,553	\$ -	\$ -
Water Fund	3,578,274	3,234,405	-	-
Marina Fund	413,305	354,420	-	-
Total Business-type Activities	<u>\$ 5,499,691</u>	<u>\$ 4,951,378</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 17,539,751</u>	<u>\$ 8,563,233</u>	<u>\$ 3,691,966</u>	<u>\$ 1,221,755</u>
Component Units:				
Downtown Development Authority	\$ 47,228	\$ -	\$ -	\$ -
Total Component Units	<u>\$ 47,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property taxes
State revenue sharing
Fines, fees and forfeits
Interest
Gain (loss) on sale of assets
Other revenue
Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component</u> <u>Units</u>
\$ (28,632)	\$ -	\$ (28,632)	\$ -
(3,386,331)	-	(3,386,331)	-
(2,095,872)	-	(2,095,872)	-
2,333,591	-	2,333,591	-
(508,718)	-	(508,718)	-
2,414,039	-	2,414,039	-
(50,537)	-	(50,537)	-
(213,639)	-	(213,639)	-
(377,072)	-	(377,072)	-
(303,840)	-	(303,840)	-
(1,297,473)	-	(1,297,473)	-
<u>\$ (3,514,484)</u>	<u>\$ -</u>	<u>\$ (3,514,484)</u>	<u>\$ -</u>
\$ -	\$ (145,559)	\$ (145,559)	\$ -
-	(343,869)	(343,869)	-
-	(58,885)	(58,885)	-
<u>\$ -</u>	<u>\$ (548,313)</u>	<u>\$ (548,313)</u>	<u>\$ -</u>
<u>\$ (3,514,484)</u>	<u>\$ (548,313)</u>	<u>\$ (4,062,797)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,228)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,228)</u>
\$ 6,760,822	\$ -	\$ 6,760,822	\$ 45,639
982,170	-	982,170	-
-	153,692	153,692	-
225,663	43,276	268,939	466
(68,750)	-	(68,750)	-
715,468	200,264	915,732	-
(236,972)	236,972	-	-
<u>\$ 8,378,401</u>	<u>\$ 634,204</u>	<u>\$ 9,012,605</u>	<u>\$ 46,105</u>
<u>\$ 4,863,917</u>	<u>\$ 85,891</u>	<u>\$ 4,949,808</u>	<u>\$ (1,123)</u>
<u>44,562,120</u>	<u>14,102,056</u>	<u>58,664,176</u>	<u>52,685</u>
<u>\$ 49,426,037</u>	<u>\$ 14,187,947</u>	<u>\$ 63,613,984</u>	<u>\$ 51,562</u>

**CITY OF ST. JOSEPH
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2009**

	<u>General Fund</u>	<u>Bluffside Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,249,566	\$ 2,677,157	\$ 4,792,955	\$ 8,719,678
Investments	470	-	517,655	518,125
Receivables	411,290	23,028	232,305	666,623
Due from other funds	16,763	-	108,528	125,291
Prepaid expense	26,000	-	-	26,000
Inventory	<u>592</u>	<u>-</u>	<u>42,592</u>	<u>43,184</u>
 Total Current Assets	 <u>\$ 1,704,681</u>	 <u>\$ 2,700,185</u>	 <u>\$ 5,694,035</u>	 <u>\$ 10,098,901</u>
 TOTAL ASSETS	 <u>\$ 1,704,681</u>	 <u>\$ 2,700,185</u>	 <u>\$ 5,694,035</u>	 <u>\$ 10,098,901</u>
 Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ 34,908	\$ 615,002	\$ 20,936	\$ 670,846
Due to other funds	11,700	-	163,329	175,029
Deferred revenue	<u>17,358</u>	<u>-</u>	<u>32,103</u>	<u>49,461</u>
 Total Current Liabilities	 <u>\$ 63,966</u>	 <u>\$ 615,002</u>	 <u>\$ 216,368</u>	 <u>\$ 895,336</u>
 Total Liabilities	 <u>\$ 63,966</u>	 <u>\$ 615,002</u>	 <u>\$ 216,368</u>	 <u>\$ 895,336</u>
 Fund Balances:				
Reserved for:				
Restricted purposes	\$ 26,000	\$ -	\$ 973,414	\$ 999,414
Reserved for inventory	592	-	42,592	43,184
Unreserved, reported in				
General Fund	1,614,123	-	-	1,614,123
Special Revenue	-	-	2,753,432	2,753,432
Debt Service	-	-	261,409	261,409
Capital Projects	<u>-</u>	<u>2,085,183</u>	<u>1,446,820</u>	<u>3,532,003</u>
 Total Fund Balances	 <u>\$ 1,640,715</u>	 <u>\$ 2,085,183</u>	 <u>\$ 5,477,667</u>	 <u>\$ 9,203,565</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,704,681</u>	 <u>\$ 2,700,185</u>	 <u>\$ 5,694,035</u>	 <u>\$ 10,098,901</u>

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

CITY OF ST. JOSEPH
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30,2009

Fund balances of governmental funds	\$	9,203,565
<p>Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		46,837,059
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.		(9,012,326)
Internal service funds are used by management to charge the cost of services and employee benefits to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		2,471,255
Governmental funds do not report accrued interest.		<u>(73,516)</u>
Net assets of governmental activities	\$	<u>49,426,037</u>

CITY OF ST. JOSEPH
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Bluffside Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 4,768,403	\$ -	\$ 1,992,419	\$ 6,760,822
Federal revenues	21,976	-	1,014,139	1,036,115
State revenues	995,057	485,218	919,869	2,400,144
Charges for services	1,095,590	-	659,264	1,754,854
Licenses and permits	3,770	-	216,850	220,620
Fines, fees, and forfeits	99,355	-	474,989	574,344
Special assessments	-	-	30,034	30,034
Contributions	-	1,980,800	478,833	2,459,633
Interest	76,389	87,284	50,042	213,715
Other	43,873	-	194,249	238,122
	<u>\$ 7,104,413</u>	<u>\$ 2,553,302</u>	<u>\$ 6,030,688</u>	<u>\$ 15,688,403</u>
Total Revenues				
Expenditures:				
Current:				
Legislative	\$ 28,632	\$ -	\$ -	\$ 28,632
General government	1,015,584	-	1,192,559	2,208,143
Public safety	2,994,459	-	23,514	3,017,973
Public works	442,598	-	1,951,214	2,393,812
Recreation and cultural	964,923	4,966,969	251,936	6,183,828
Sanitation	-	-	676,446	676,446
Community and economic development	65,000	-	451,033	516,033
Health and welfare	50,537	-	-	50,537
Other	377,072	-	-	377,072
Debt service:				
Principal retirement	33,574	-	351,090	384,664
Interest	31,127	-	264,634	295,761
Capital outlay	-	-	1,269,749	1,269,749
	<u>\$ 6,003,506</u>	<u>\$ 4,966,969</u>	<u>\$ 6,432,175</u>	<u>\$ 17,402,650</u>
Total Expenditures				
Revenues Over (Under) Expenditures	<u>\$ 1,100,907</u>	<u>\$ (2,413,667)</u>	<u>\$ (401,487)</u>	<u>\$ (1,714,247)</u>
Other Financing Sources (Uses):				
Sale of fixed assets	\$ 1,909	\$ -	\$ 110,325	\$ 112,234
Proceeds from notes	1,400,000	-	-	1,400,000
Operating transfers in	-	1,583,000	1,732,619	3,315,619
Operating transfers out	(2,398,998)	-	(1,153,592)	(3,552,590)
	<u>\$ (997,089)</u>	<u>\$ 1,583,000</u>	<u>\$ 689,352</u>	<u>\$ 1,275,263</u>
Total Other Financing Sources (Uses)				
Net Changes in Fund Balance	\$ 103,818	\$ (830,667)	\$ 287,865	\$ (438,984)
Fund Balances - Beginning of Year	<u>1,536,897</u>	<u>2,915,850</u>	<u>5,189,802</u>	<u>9,642,549</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,640,715</u>	<u>\$ 2,085,183</u>	<u>\$ 5,477,667</u>	<u>\$ 9,203,565</u>

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

CITY OF ST. JOSEPH
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ (438,984)

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

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.

Capital outlays	\$ 7,533,994	
Depreciation expense	<u>(1,116,566)</u>	6,417,428

Governmental funds report bond proceeds as revenues; however they are reported as an addition in the statement of net assets and have no effect on the statement of activities. (1,400,000)

Governmental funds report repayment of principal on long-term liabilities as expenditures; however, they are reported as a reduction of the liability in the statement of net assets and have no effect on the statement of activities. 384,664

In the statement of activities, only the loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold. (158,069)

Governmental funds report internal service funds with the proprietary funds whereas in the government-wide statements internal service funds are included as a governmental fund. Thus the change in net assets of the internal services funds are a reconciling item. 74,865

Increase in the liability for compensated absences is not reported in governmental funds. (15,987)

Changes in net assets of governmental activities \$ 4,863,917

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 4,748,100	\$ 4,753,200	\$ 4,768,403	\$ 15,203
Federal revenues	-	24,500	21,976	(2,524)
State revenues	976,500	950,800	995,057	44,257
Charges for services	1,083,100	1,091,900	1,095,590	3,690
Licenses and permits	4,300	2,600	3,770	1,170
Fines, fees, and forfeits	106,800	100,700	99,355	(1,345)
Interest	130,000	75,000	76,389	1,389
Other	<u>27,900</u>	<u>38,700</u>	<u>43,873</u>	<u>5,173</u>
Total Revenues	<u>\$ 7,076,700</u>	<u>\$ 7,037,400</u>	<u>\$ 7,104,413</u>	<u>\$ 67,013</u>
Expenditures:				
Current:				
Legislative	\$ 28,700	\$ 27,300	\$ 28,632	\$ (1,332)
General government	1,082,300	1,078,100	1,015,584	62,516
Public safety	2,950,600	3,005,300	2,994,459	10,841
Public works	425,600	446,100	442,598	3,502
Recreation and cultural	902,100	993,900	964,923	28,977
Economic development	65,000	65,000	65,000	-
Health and welfare	50,600	50,600	50,537	63
Other	490,600	366,000	377,072	(11,072)
Debt service:				
Principal retirement	64,900	33,600	33,574	26
Interest	<u>70,000</u>	<u>31,200</u>	<u>31,127</u>	<u>73</u>
Total Expenditures	<u>\$ 6,130,400</u>	<u>\$ 6,097,100</u>	<u>\$ 6,003,506</u>	<u>\$ 93,594</u>
Revenues Over (Under) Expenditures	<u>\$ 946,300</u>	<u>\$ 940,300</u>	<u>\$ 1,100,907</u>	<u>\$ 160,607</u>
Other Financing Sources (Uses):				
Sale of fixed assets	\$ -	\$ 2,000	\$ 1,909	(91)
Proceeds from notes	-	1,400,000	1,400,000	-
Operating transfers out	<u>(870,813)</u>	<u>(2,399,000)</u>	<u>(2,398,998)</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>\$ (870,813)</u>	<u>\$ (997,000)</u>	<u>\$ (997,089)</u>	<u>\$ (89)</u>
Net Change in Fund Balances	\$ 75,487	\$ (56,700)	\$ 103,818	\$ 160,518
Fund Balances - Beginning of Year	<u>1,536,897</u>	<u>1,536,897</u>	<u>1,536,897</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,612,384</u>	<u>\$ 1,480,197</u>	<u>\$ 1,640,715</u>	<u>\$ 160,518</u>

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

**CITY OF ST. JOSEPH
BLUFFSIDE PROJECT
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State revenue	\$ 232,000	\$ 485,300	\$ 485,218	\$ (82)
Contributions	5,368,400	4,684,650	1,980,800	(2,703,850)
Interest	<u>91,900</u>	<u>75,000</u>	<u>87,284</u>	<u>12,284</u>
 Total Revenues	 <u>\$ 5,692,300</u>	 <u>\$ 5,244,950</u>	 <u>\$ 2,553,302</u>	 <u>\$ (2,691,648)</u>
Expenditures:				
Recreation & culture	<u>\$ 8,608,100</u>	<u>\$ 5,345,381</u>	<u>\$ 4,966,969</u>	<u>\$ 378,412</u>
 Total Expenditures	 <u>\$ 8,608,100</u>	 <u>\$ 5,345,381</u>	 <u>\$ 4,966,969</u>	 <u>\$ 378,412</u>
 Revenues Over (Under) Expenditures	 <u>\$ (2,915,800)</u>	 <u>\$ (100,431)</u>	 <u>\$ (2,413,667)</u>	 <u>\$ (2,313,236)</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>\$ -</u>	<u>\$ 183,000</u>	<u>\$ 1,583,000</u>	<u>\$ 1,400,000</u>
 Total Other Financing Sources (Uses)	 <u>\$ -</u>	 <u>\$ 183,000</u>	 <u>\$ 1,583,000</u>	 <u>\$ 1,400,000</u>
 Net Changes in Fund Balances	 <u>\$ (2,915,800)</u>	 <u>\$ 82,569</u>	 <u>\$ (830,667)</u>	 <u>\$ (913,236)</u>
Fund Balances - Beginning of Year	<u>2,915,850</u>	<u>2,915,850</u>	<u>2,915,850</u>	<u>-</u>
 FUND BALANCES - END OF YEAR	 <u><u>\$ 50</u></u>	 <u><u>\$ 2,998,419</u></u>	 <u><u>\$ 2,085,183</u></u>	 <u><u>\$ (913,236)</u></u>

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

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Statement of Net Assets
 June 30, 2009**

	Business - Type Activities -	
	<u>Sewer Fund</u>	<u>Water Fund</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 420,836	\$ 1,358,793
Receivables	205,626	247,577
Due from other funds	-	-
Due from other governments	350,144	48,296
Prepaid expenses	-	-
Inventory	<u>682</u>	<u>119,711</u>
Total Current Assets	<u>\$ 977,288</u>	<u>\$ 1,774,377</u>
Noncurrent Assets:		
Land	\$ -	\$ 609,073
Construction in process	96,144	622,763
Property, plant, and improvements	1,922,331	14,510,570
Furniture and equipment	120,252	1,182,916
Accumulated depreciation	<u>(360,390)</u>	<u>(8,004,366)</u>
Total Noncurrent Assets	<u>\$ 1,778,337</u>	<u>\$ 8,920,956</u>
TOTAL ASSETS	<u>\$ 2,755,625</u>	<u>\$ 10,695,333</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 98,321	\$ 63,742
Accrued liabilities	3,619	74,877
Due to other funds	3,189	48,885
Due to other governments	<u>534,642</u>	<u>82,952</u>
Total Current Liabilities	<u>\$ 639,771</u>	<u>\$ 270,456</u>
Total Liabilities	<u>\$ 639,771</u>	<u>\$ 270,456</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 1,778,337	\$ 8,920,956
Restricted for employee benefits	-	-
Unrestricted	<u>337,517</u>	<u>1,503,921</u>
TOTAL NET ASSETS	<u>\$ 2,115,854</u>	<u>\$ 10,424,877</u>

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

<u>Enterprise Funds</u>		
<u>Marina Fund</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 748,449	\$ 2,528,078	\$ 1,587,687
-	453,203	33
-	-	60,667
-	398,440	-
-	-	18,000
<u>19,719</u>	<u>140,112</u>	<u>34,254</u>
<u>\$ 768,168</u>	<u>\$ 3,519,833</u>	<u>\$ 1,700,641</u>
\$ 4,789	\$ 613,862	\$ -
56,567	775,474	-
2,049,360	18,482,261	-
172,554	1,475,722	3,234,851
<u>(1,401,099)</u>	<u>(9,765,855)</u>	<u>(2,445,179)</u>
<u>\$ 882,171</u>	<u>\$ 11,581,464</u>	<u>\$ 789,672</u>
<u>\$ 1,650,339</u>	<u>\$ 15,101,297</u>	<u>\$ 2,490,313</u>
\$ -	\$ 162,063	\$ -
-	78,496	3,826
2,900	54,974	15,232
<u>223</u>	<u>617,817</u>	<u>-</u>
<u>\$ 3,123</u>	<u>\$ 913,350</u>	<u>\$ 19,058</u>
<u>\$ 3,123</u>	<u>\$ 913,350</u>	<u>\$ 19,058</u>
\$ 882,171	\$ 11,581,464	\$ 789,672
-	-	597,900
<u>765,045</u>	<u>2,606,483</u>	<u>1,083,683</u>
<u>\$ 1,647,216</u>	<u>\$ 14,187,947</u>	<u>\$ 2,471,255</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses, and
 Changes in Net Assets
 For the Year Ended June 30, 2009**

	Business - Type Activities -	
	Sewer Fund	Water Fund
Operating Revenues:		
Charges for services	\$ 1,362,553	\$ 3,234,405
Fines, fees, and forfeits	54,246	99,446
Fuel sales	-	-
Other	7,497	28,134
	<u>\$ 1,424,296</u>	<u>\$ 3,361,985</u>
Operating Expenses:		
Water distribution system	\$ -	\$ 1,082,092
Water plant operations	-	1,523,742
Water administration	-	685,315
Sewer	1,470,645	-
Marina	-	-
Operations	-	-
Depreciation	37,467	287,125
	<u>\$ 1,508,112</u>	<u>\$ 3,578,274</u>
Total Operating Expenses		
	<u>\$ 1,508,112</u>	<u>\$ 3,578,274</u>
Operating Income (Loss)	<u>\$ (83,816)</u>	<u>\$ (216,289)</u>
Nonoperating Revenues (Expenses):		
Interest income	\$ 3,801	\$ 30,762
Gain (loss) on disposition of assets	-	-
	<u>\$ 3,801</u>	<u>\$ 30,762</u>
Total Nonoperating Revenues (Expenses)		
	<u>\$ 3,801</u>	<u>\$ 30,762</u>
Income (Loss) Before Transfers	<u>\$ (80,015)</u>	<u>\$ (185,527)</u>
Operating transfers in	\$ 246,972	\$ -
Operating transfers out	(10,000)	-
	<u>\$ 236,972</u>	<u>\$ -</u>
Total Transfers		
	<u>\$ 236,972</u>	<u>\$ -</u>
Change in Net Assets	\$ 156,957	\$ (185,527)
Total Net Assets - Beginning of Year	<u>1,958,897</u>	<u>10,610,404</u>
TOTAL NET ASSETS - END OF YEAR	<u><u>\$ 2,115,854</u></u>	<u><u>\$ 10,424,877</u></u>

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

<u>Enterprise Funds</u>			Governmental
Marina	Total		Activities
Fund	Enterprise		Internal Service
	Funds		Funds
\$ 354,420	\$ 4,951,378	\$ 1,032,003	
-	153,692	-	
154,633	154,633	-	
10,000	45,631	1,693,076	
<u>\$ 519,053</u>	<u>\$ 5,305,334</u>	<u>\$ 2,725,079</u>	
\$ -	\$ 1,082,092	\$ -	
-	1,523,742	-	
-	685,315	-	
-	1,470,645	-	
379,111	379,111	-	
-	-	2,458,328	
34,194	358,786	180,907	
<u>\$ 413,305</u>	<u>\$ 5,499,691</u>	<u>\$ 2,639,235</u>	
\$ 105,748	\$ (194,357)	\$ 85,844	
\$ 8,713	\$ 43,276	\$ 11,948	
-	-	(22,927)	
<u>\$ 8,713</u>	<u>\$ 43,276</u>	<u>\$ (10,979)</u>	
\$ 114,461	\$ (151,081)	\$ 74,865	
\$ -	\$ 246,972	-	
-	(10,000)	-	
<u>\$ -</u>	<u>\$ 236,972</u>	<u>\$ -</u>	
\$ 114,461	\$ 85,891	\$ 74,865	
<u>1,532,755</u>	<u>14,102,056</u>	<u>2,396,390</u>	
<u>\$ 1,647,216</u>	<u>\$ 14,187,947</u>	<u>\$ 2,471,255</u>	

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows
 For the Year Ended June 30, 2009**

Business - Type Activities -

	<u>Sewer Fund</u>	<u>Water Fund</u>
Cash Flows From Operating Activities:		
Cash receipts for interfund services provided	\$ -	\$ -
Cash receipts from customers	1,279,463	3,333,851
Other receipts	7,497	28,134
Receipts from other funds	3,234	51,827
Other payments	(11,582)	(11,136)
Payments to other governments	-	(9,276)
Payments to employees	(122,201)	(1,235,717)
Payments for interfund services provided	(183,568)	(731,715)
Payments to suppliers	<u>(1,112,222)</u>	<u>(1,233,763)</u>
Net cash provided (used) by operating activities	<u>\$ (139,379)</u>	<u>\$ 192,205</u>
Cash Flows From Noncapital Financing Activities:		
Transfer from other funds	\$ 246,972	\$ -
Transfer to other funds	<u>(10,000)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>\$ 236,972</u>	<u>\$ -</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	\$ (96,144)	\$ (779,932)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (96,144)</u>	<u>\$ (779,932)</u>
Cash Flows From Investing Activities:		
Interest and dividends received	<u>\$ 3,801</u>	<u>\$ 30,762</u>
Net cash provided (used) by investing activities	<u>\$ 3,801</u>	<u>\$ 30,762</u>
Net increase (decrease) in cash and cash equivalents	\$ 5,250	\$ (556,965)
Balances - Beginning of Year	<u>415,586</u>	<u>1,915,758</u>
BALANCES - END OF YEAR	<u>\$ 420,836</u>	<u>\$ 1,358,793</u>

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

Enterprise Funds

<u>Marina Fund</u>	<u>Total Enterprise Funds</u>	Governmental Activities Internal Service Funds
\$ -	\$ -	\$ 2,544,705
519,053	5,132,367	45,228
-	35,631	307,449
-	55,061	-
(12,218)	(34,936)	(213)
-	(9,276)	-
(128,376)	(1,486,294)	(285,164)
-	(915,283)	(7,500)
<u>(242,618)</u>	<u>(2,588,603)</u>	<u>(2,165,124)</u>
<u>\$ 135,841</u>	<u>\$ 188,667</u>	<u>\$ 439,381</u>
\$ -	\$ 246,972	\$ -
<u>-</u>	<u>(10,000)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 236,972</u>	<u>\$ -</u>
\$ (47,672)	\$ (923,748)	\$ (247,059)
<u>-</u>	<u>-</u>	<u>10,946</u>
<u>\$ (47,672)</u>	<u>\$ (923,748)</u>	<u>\$ (236,113)</u>
<u>\$ 8,713</u>	<u>\$ 43,276</u>	<u>\$ 11,948</u>
<u>\$ 8,713</u>	<u>\$ 43,276</u>	<u>\$ 11,948</u>
\$ 96,882	\$ (454,833)	\$ 215,216
<u>651,567</u>	<u>2,982,911</u>	<u>1,372,471</u>
<u>\$ 748,449</u>	<u>\$ 2,528,078</u>	<u>\$ 1,587,687</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows - Continued
 For the Year Ended June 30, 2009**

	Business - Type Activities -	
	<u>Sewer Fund</u>	<u>Water Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (83,816)	\$ (216,289)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Deprecation expense	\$ 37,467	\$ 287,125
(Increase) decrease in:		
Accounts receivable	(108,220)	(4,364)
Due from other funds	-	2,919
Due from other governments	(29,116)	(4,686)
Inventories	(264)	49,356
Increase (decrease) in:		
Accounts payable	36,551	39,388
Accrued liabilities	(16,088)	(5,539)
Due to other funds	3,234	48,885
Due to other governments	20,874	(4,590)
Total Adjustments	\$ (55,562)	\$ 408,494
Net cash provided (used) by operating activities	\$ (139,378)	\$ 192,205

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

<u>Enterprise Funds</u>		
<u>Marina Fund</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 105,748	\$ (194,357)	\$ 85,844
\$ 34,194	\$ 358,786	\$ 180,907
-	(112,584)	199,967
-	2,919	(48,002)
-	(33,802)	-
840	49,932	5,106
(758)	75,181	-
223	(21,404)	327
(7,306)	44,813	15,232
<u>2,900</u>	<u>19,184</u>	<u>-</u>
\$ 30,093	\$ 383,025	\$ 353,537
\$ 135,841	\$ 188,668	\$ 439,381

**CITY OF ST. JOSEPH
FIDUCIARY FUNDS
Statement of Net Assets
June 30,2009**

	Pension and Other Employee <u>Benefits</u>	Agency <u>Funds</u>
Assets		
Cash and cash equivalents	\$ 215,974	\$ 8,482
Receivables:		
Interest receivable	\$ 147,215	\$ -
Due from employer	57,449	-
Due from other funds	67,626	-
Due from other governments	-	-
	<u> </u>	<u> </u>
Total Receivables	\$ 272,290	\$ -
Investments at fair value:		
Stock	\$ 19,156,899	\$ -
Bonds	7,656,040	-
Government obligations	8,210,076	-
Other	6,618,931	-
	<u> </u>	<u> </u>
Total Investments	\$ 41,641,946	\$ -
Total Assets	\$ 42,130,210	\$ 8,482
Liabilities		
Accounts payable	\$ -	\$ 222
Due to employees	131	-
Due to other funds	-	8,350
Other	-	30
	<u> </u>	<u> </u>
Total Liabilities	\$ 131	\$ 8,602
Net Assets		
Held in trust for pension benefits and other purposes	\$ 42,130,079	\$ -
	<u> </u>	<u> </u>

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

**CITY OF ST. JOSEPH
FIDUCIARY FUNDS
Statement of Changes in Net Assets
For the Year Ended June 30, 2009**

	Pension and Other Employee <u>Benefits</u>
Additions	
Contributions:	
Plan members	\$ 331,185
Employer	<u>117,024</u>
Total Contributions	<u>\$ 448,209</u>
Investment Earnings:	
Interest and dividends	\$ 2,165,014
Miscellaneous	<u>16,425</u>
Total Investment Earnings	\$ 2,181,439
Less investment expense	<u>(166,817)</u>
Net Investment Earnings	<u>\$ 2,014,622</u>
Total Additions	<u>\$ 2,462,831</u>
Deductions	
Net decrease, FMV investments	\$ 8,954,199
Benefits	2,015,641
Refunds of contributions	63,544
Administrative expense	<u>19,526</u>
Total Deductions	<u>\$ 11,052,910</u>
Income (Loss)	<u>\$ (8,590,079)</u>
Change in Net Assets	\$ (8,590,079)
Net Assets - Beginning of Year	<u>50,720,158</u>
NET ASSETS - END OF YEAR	<u><u>\$ 42,130,079</u></u>

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

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of St. Joseph adopted its city charter on July 31, 1928 and operates under a council-manager form of government. Services provided for its citizens include: public safety (fire and police), water-sewer services, highways and streets, rubbish and trash disposal, planning and zoning, public improvements, culture, recreation and general administrative services.

The financial statements of the City of St. Joseph are prepared in accordance with accounting principles generally accepted in the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Scope of Reporting Entity

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Copies of component unit reports may be obtained from the City's Finance Department.

In accordance with the provisions of the Governmental Accounting Standards Board, the financial statements of the City of St. Joseph contain all of the City funds, account groups and authorities that are controlled by or dependent on the City's executive or legislative branches. Control by or dependence on the City was determined on the basis of appointment or governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, receipt of significant subsidies from the City, disposition of surplus funds, and scope of public service.

Based on the foregoing criteria, the following organizations are included in the City's financial statements as discretely presented component units for the reasons stated.

City of St. Joseph Downtown Development Authority:

- City appoints governing board
- City approves budget of Authority
- City must approve any tax levy of the Authority
- Surplus funds existing at termination of Authority vest to the City

The following organization is not part of the City of St. Joseph and is excluded from the accompanying financial statements for the reasons stated.

City of St. Joseph Housing Commission

Authoritative interpretations of Governmental Accounting Standards Board Statements exclude public housing commissions from the reporting entity. The financial statements of the St. Joseph Housing Commission are separately audited for their fiscal year ending March 31, 2009.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Scope of Reporting Entity - Continued

Joint Venture - Southwest Michigan Regional Airport Authority

In 1944, the Cities of Benton Harbor and St. Joseph, Michigan entered into a joint venture to form the Southwest Michigan Regional Airport Board. The purpose of the Board was to control and manage the Southwest Michigan Regional Airport. Title of the lands upon which the airport and aviation facilities are located are held by the Cities of Benton Harbor and St. Joseph as follows: an undivided 27/43 interest in the City of Benton Harbor and an undivided 16/43 interest in the City of St. Joseph.

In 1997 the Southwest Michigan Regional Airport Authority was created to take over control and management of the airport. The Authority is made up of the cities of Benton Harbor and St. Joseph and the Charter Townships of St. Joseph, Benton, Royalton and Lincoln. Each member of the Authority appoints one person to the board and supports the airport through a millage or contribution. Ownership of airport assets prior to creation of the Authority remains with the cities of St. Joseph and Benton Harbor. The Authority assumed control of the airport on August 1, 1998.

In accordance with Statement on Michigan Governmental Accounting and Auditing No. 5, the financial statements of the Southwest Michigan Regional Airport Authority are not included within the body of the financial statements of the City of St. Joseph. Financial statements are available from the Southwest Michigan Regional Airport Authority. The following is audited summary financial information on the Southwest Michigan Regional Airport Authority as of and for the year June 30, 2009, with a report thereto dated July 22, 2009.

Assets	\$ 2,717,233	Operating revenues	\$ 1,464,365
Liabilities	426,038	Operating expenses	1,385,687
Equity	2,291,195	Nonoperating income	15,507
		Net income	94,185

Joint Venture - Benton Harbor - St. Joseph Joint Wastewater Treatment Board

In 1951, the Cities of Benton Harbor and St. Joseph, Michigan entered into a joint venture to form the Benton Harbor - St. Joseph Joint Wastewater Treatment Board. The purpose of the Board is to control and manage the Joint Wastewater Treatment Plant. Title of the land upon which the plant is located and the facility itself is held as equal, undivided interests by the City of Benton Harbor and the City of St. Joseph.

The administrative board consists of six appointed members and the City Managers of Benton Harbor and St. Joseph. Two members are appointed by Benton Harbor, two members are appointed by St. Joseph, one member is appointed by Benton Charter Township and one member is appointed by the Lake Michigan Shoreline Water and Sewage Treatment Authority.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Scope of Reporting Entity - Continued

Joint Venture - Benton Harbor - St. Joseph Joint Wastewater Treatment Board - Continued

In accordance with Statement on Michigan Governmental Accounting and Auditing No. 5, the financial statements of the Benton Harbor - St. Joseph Joint Wastewater Treatment Board are not included within the body of the financial statements of the City of St. Joseph. Financial statements are available from the Benton Harbor - St. Joseph Joint Wastewater Treatment Plant. The following is audited summary financial information on the Benton Harbor - St. Joseph Joint Wastewater Treatment Board as of and for the year ended June 30, 2009, with a report thereto dated August 14, 2009.

Assets	\$ 24,111,664
Liabilities	1,175,736
Net assets	22,935,928
Operating revenues	4,966,326
Operating expenses	3,452,906
Nonoperating revenues	136,981
Net earnings	1,650,401

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the City of St. Joseph and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The primary government of the City of St. Joseph is reported separately from certain legally separate component units for which the City of St. Joseph, the primary government, is financially accountable.

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

Separate 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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City of St. Joseph considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City of St. Joseph.

The City of St. Joseph reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Bluffside Project Fund accounts for financial resources to be used for the construction and administration of the bluffside project.

The City of St. Joseph reports the following enterprise funds:

The **Water Fund** accounts for the activities related to water production, purification, distribution and billing.

The **Sewer Fund** accounts for the sanitary collections system and pays for the treatment of wastewater.

The **Marina Fund** accounts for operations of the municipal marina.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

Additionally, the City of St. Joseph reports the following fund types:

Internal Service Funds are used to account for fleet maintenance, workers compensation, unemployment, health insurance, and other employee benefits provided to other departments on a cost reimbursement basis.

Pension and Other Employee Benefits Funds account for the activities of the St. Joseph Employees' Retirement System, which accumulates resources for pension benefit payments to qualified City employees. The funds also account for the activities of the Section 125 Plan the City offers to qualified employees.

Agency Funds are used to account for assets held by the City as an agent for individuals, organizations, other governmental units, or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City of St. Joseph has elected not to follow subsequent private-sector guidance.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City of St. Joseph has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

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. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budgets and Budgetary Accounting

Under the City Charter, the following budget procedures must be followed:

1. The fiscal year shall begin on July 1 and end on June 30 of each year.
2. At an April meeting, the City Manager shall submit to the City Commission a proposed operating budget.
3. A public hearing must be held before the budget is adopted.
4. The City Commission must adopt the budget by resolution prior to June 30.

Formal budgetary integration is employed as a management control device for all funds except the Agency Fund, Permanent Funds, and Pension Trust Funds. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriation budgets are adopted for the General, Special Revenue, Enterprise and Internal Service Funds. All annual appropriations lapse at fiscal year-end. In addition, the City Commission approves budgets for two component units: the Lakefront TIFA and the Downtown Development Authority.

Budgeted amounts are as originally adopted or as amended by the City Commission on June 29, 2009.

E. Encumbrances

Encumbrances represent commitments to unperformed contracts for goods and services. Encumbrances outstanding at year-end lapse and are generally reappropriated as part of the following year's budget.

F. Receivables

Receivables have been recognized for all significant amounts due the City. No allowances have been made for uncollectible amounts because, if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

G. Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories of governmental funds are reported as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of St. Joseph as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings and Improvements	20-50 years
Equipment	5-15 years
Vehicles	5-30 years
Utility Systems	10-60 years
Infrastructure	25-60 years
Library Books	5-10 years

I. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

K. Property Taxes

City property taxes are assessed as of December 31 and attached as an enforceable lien on property as of July 1 of the following year. The taxes are due without penalty on or before September 15. Real property taxes not collected as of March 1 are turned over to Berrien County for collection. The County advances the City 100% of the delinquent taxes on real property. The City Treasurer is responsible for collecting delinquent personal property taxes, delinquent industrial facilities taxes, and delinquent commercial facilities property taxes. The City recognizes property taxes as revenue when they are levied on July 1 because at that point the taxes are both measurable and available.

The City acts as a collection agent for Berrien County, Lake Michigan College, Southwest Michigan Regional Airport Authority, St. Joseph Public Schools, Benton Harbor Public Schools, and Berrien County Intermediate School District property taxes. Taxes collected on behalf of other units are remitted to the units following collection. The tax collections are received and distributed from an agency fund, the Treasurer's Tax Fund.

The City collects a 1% property tax administration fee.

L. Compensated Absences

Sick leave is paid upon illness while in the employment of the City or upon retirement as limited by various employment contracts and agreements. Earned vacation time can be accrued up to a maximum of one and one-half times the employee's annual leave. Earned vacation time is paid upon termination. Accumulated unpaid sick and vacation pay is accrued when incurred in the government-wide financial statements and in proprietary fund financial statements. Governmental funds record a liability only if they have matured as a result of employee resignations or retirements.

M. Deferred Revenue

Deferred revenue represents monies that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts are also reported as deferred revenue until they are available to liquidate liabilities of the current period.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS

The City of St. Joseph operates common checking accounts for several of the operating funds. Each fund's share of the cash balance is reported separately. Surplus funds are invested throughout the year. The City allocates interest earnings to the participating funds in relation to the average cash balance of each fund. Investments are carried at cost as declines in fair values are considered temporary except for investments where the term is for more than twelve months or in the case of mutual funds. Investments in long-term investments (i.e. more than twelve months) and mutual funds are recorded at fair value.

A. Deposits

Following an Attorney General Opinion, the City restricts its deposits to banks, savings and loan associations or credit unions having their principal office in the State of Michigan.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. At June 30, 2009 the carrying amount of the City's deposits was \$11,711,458. The combined bank balance of these deposits was \$12,018,491 of which \$2,427,156 was uninsured and uncollateralized.

At year-end, the deposits consisted of the following components:

	<u>Carrying Amount</u>			
	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Bank deposits	\$ 11,671,835	\$ 51,561	\$ 295,095	\$ 12,018,491
Imprest cash	<u>1,960</u>	<u>-</u>	<u>-</u>	<u>1,960</u>
 Total Deposits	 <u>\$ 11,673,795</u>	 <u>\$ 51,561</u>	 <u>\$ 295,095</u>	 <u>\$ 12,020,451</u>
 Cash and cash equivalents as reported in statements	 <u>\$ 11,435,440</u>	 <u>\$ 51,561</u>	 <u>\$ 224,457</u>	 <u>\$ 11,711,458</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

B. Investments

It is the policy of the City Commission of the City of St. Joseph to invest its funds in a manner that will provide the highest investment return, with the maximum security, while meeting the daily cash flow needs of the City, and complying with all state statutes governing the investment of public funds.

The City retirement system has investments in a bank-administered trust account. Investments are carried at fair market value. Act 314, PA 1965, as amended by Act 31, PA 1980, and Act 55, PA 1982, authorizes the City to invest in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. The City's investments are in accordance with statutory authority. All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

	<u>Market Value</u>
Primary Government	
Cash and equivalents	\$ <u>518,125</u>
Total Primary Government	\$ <u>518,125</u>
Fiduciary Funds	
Cash and equivalents	\$ 6,618,931
T - bonds	8,210,076
Corporate bonds	7,656,040
Common stock	<u>19,156,899</u>
Total Fiduciary Funds	\$ <u>41,641,946</u>
Total Reporting Entity	\$ <u>42,160,071</u>

The primary government's \$518,125 of investments is invested in a long-term certificate of deposit.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 3 - PENSION PLAN

A. Plan Description

The City sponsors and administers the City of St. Joseph Employees' Retirement System, a cost-sharing multiple-employer public employee retirement system (PERS). The system covers substantially all full-time employees of the City, as well as all full-time employees of the Benton Harbor-St. Joseph Joint Wastewater Treatment Plant. The PERS is accounted for as a separate Pension Trust Fund and is included as part of the City's reporting entity.

B. Basis of Accounting

The system uses the accrual method 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 and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

C. Method Used to Value Investments

Investments are reported at fair value. Short-term investments are recorded at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price.

D. Contributions

Employees of the City are required to contribute to the pension plan as follows:

General - 4.0% of annual compensation
Communication Specialists - 6.5% of annual compensation
Police - 6.5% of annual compensation
Fire - 8.35% of annual compensation
Public Works - 3.3% of annual compensation

The City makes periodic contributions to the pension plan based upon recommendations of the actuary and the board

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The City provides healthcare benefits at retirement to all employees covered under the City's retirement system, in accordance with labor contracts. Retiring employees may elect to continue the City's health insurance policy for themselves, their spouse, and certain dependents. In this case, the City will pay one-half the cost of the policy until the retiree's 65th birthday. In the event of a retiree's death, a surviving spouse or eligible dependent may continue the City's health insurance (and may continue to receive a City contribution as above, until the retiree's 65th birthday) so long as they receive a pension from the City. If the surviving spouse or eligible dependent should cease to receive a pension from the City, they may continue insurance for a certain period of time under the provisions of COBRA, although the City will not contribute toward the cost of insurance.

As required, the City of St. Joseph, Michigan has adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as of and for the year ended June 30, 2009, on a prospective basis. Trend information is not available at this time but will be presented in future years as it becomes available. The City did not obtain an actuarial valuation statement for postemployment benefits for the year ended June 30, 2009.

The adoption of GASB 45 created no impact on the beginning of year net assets and no impact on the fund-based statements.

B. Funding Policy

Retiree healthcare costs are recognized when paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2009, the City made payments for postemployment health benefit premiums of \$174,356 computed as follows:

Annual required contribution	\$ 265,550
Retired employees' contribution of current premiums	<u>91,194</u>
City paid	<u>\$ 174,356</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2009 were as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities				
Land	\$ 12,088,355	\$ -	\$ -	\$ 12,088,355
Buildings and Improvements	\$ 14,237,494	\$ 13,872	\$ -	\$ 14,251,366
Infrastructure	19,761,406	1,380,757	-	21,142,163
Books	1,073,344	40,147	-	1,113,491
Furniture and Equipment	5,502,918	418,236	(195,805)	5,725,349
Land Improvements	148,483	86,707	-	235,190
Subtotal	\$ 40,723,645	\$ 1,939,719	\$ (195,805)	\$ 42,467,559
Less: Accumulated Depreciation	(14,320,488)	(1,297,473)	161,931	(15,456,030)
Subtotal	\$ 26,403,157	\$ 642,246	\$ (33,874)	\$ 27,011,529
Construction in Progress	2,685,511	6,490,978	(649,643)	8,526,846
Total Capital Assets Other Than Land	\$ 29,088,668	\$ 7,133,224	\$ (683,517)	\$ 35,538,375
	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Business Activities				
Land	\$ 613,862	\$ -	\$ -	\$ 613,862
Buildings and Improvements	\$ 11,594,573	\$ 325,011	\$ -	\$ 11,919,584
Furniture and Equipment	1,378,503	97,219	-	1,475,722
Utility Systems	6,157,008	405,669	-	6,562,677
Subtotal	\$ 19,130,084	\$ 827,899	\$ -	\$ 19,957,983
Less: Accumulated Depreciation	(9,407,070)	(358,785)	-	(9,765,855)
Subtotal	\$ 9,723,014	\$ 469,114	\$ -	\$ 10,192,128
Construction in Progress	679,623	501,517	(405,669)	775,471
Total Capital Assets Other Than Land	\$ 10,402,637	\$ 970,631	\$ (405,669)	\$ 10,967,599

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 6 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended June 30, 2009:

	General Obligation Bonds	Notes Payable	Compensated Absences
As of July 1, 2008	\$ 6,788,954	\$ 776,627	\$ 518,917
Additions	-	1,400,000	15,988
(Reductions)	<u>(114,664)</u>	<u>(270,000)</u>	<u>(25,000)</u>
As of June 30, 2009	<u>\$ 6,674,290</u>	<u>\$ 1,906,627</u>	<u>\$ 509,905</u>

Long-term debt at June 30, 2009 is comprised of the following individual issues:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental Activities					
\$4,300,000 2002 Improvement and Refunding Bonds due in annual installments of \$75,000 to \$375,000 through May 1, 2027; interest from 4.00% to 5.10% - Debt Service Fund	\$ 3,920,000	\$ -	\$ 85,000	\$ 3,835,000	\$ 95,000
\$2,040,000 2003 State Revolving Fund Bonds due in annual installments of \$61,525 to \$120,000 through October 1, 2023; interest at 2.50% - Debt Service Fund	1,516,525	-	90,000	1,426,525	90,000
\$2,015,205 2004 State Revolving Fund Bonds due in annual installments of \$90,000 to \$125,000 through April 1, 2024; interest at 2.125% - Debt Service Fund	1,745,205	-	95,000	1,650,205	95,000
\$425,000 2004 installment note to JP Morgan Chase due in semi-annual installments of \$43,905 to \$45,090 through September 5, 2008; interest at 2.679% - Public Improvement Fund	45,090	-	45,090	-	-

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 6 - CHANGES IN LONG-TERM DEBT - Continued

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Governmental Activities - Continued					
\$250,000 interest-free loan from Berrien County Revolving Loan Fund due in annual installments of \$25,000 beginning on January 1, 2011, through January 1, 2020 - Capital Improvement Fund	250,000	-	-	250,000	-
\$220,000 Michigan Department of Environmental Quality note due in annual installments of \$28,000 to \$52,761 through December 11, 2009; interest of \$20,308 due at maturity - Brownfield Fund	88,761	-	36,000	52,761	52,761
\$1,400,000 2008 Bluffside Installment Loan due in semi-annual installments of \$33,574 to \$62,661 through August 8, 2024; interest at 4.350% - General Fund	-	1,400,000	33,574	1,366,426	69,354
Compensated Absences	<u>415,421</u>	<u>15,988</u>	<u>-</u>	<u>431,409</u>	<u>323,557</u>
Total Primary Government	<u>\$ 7,981,002</u>	<u>\$ 1,415,988</u>	<u>\$ 384,664</u>	<u>\$ 9,012,326</u>	<u>\$ 725,672</u>
Business Activities					
Compensated Absences - Water Fund, Sewer Fund, Marina Fund	<u>\$ 103,496</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 78,496</u>	<u>\$ 58,872</u>
Total Business Activities	<u>\$ 103,496</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 78,496</u>	<u>\$ 58,872</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 6 - CHANGES IN LONG-TERM DEBT - Continued

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 725,672	\$ 345,007	\$ 25,874	\$ -
2011	625,256	327,431	-	-
2012	540,588	312,328	-	-
2013	558,912	296,225	-	-
2014	587,382	279,193	-	-
2015-2019	2,994,910	1,106,388	-	-
2020-2024	2,884,974	589,852	-	-
2025-2029	<u>1,060,000</u>	<u>110,415</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,977,694</u>	<u>\$ 3,366,839</u>	<u>\$ 25,874</u>	<u>\$ -</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the year, the following transfers (for operations unless otherwise noted) were made between funds:

From General Fund		
To Bluffside		\$ 1,400,000
To Local Streets Fund		440,000
To Capital Improvement Fund		536,898
To Ice Rink		<u>22,100</u>
		<u>\$ 2,398,998</u>
From Capital Improvement Fund		
To Local Streets Fund		\$ 50,000
To Bluffside		<u>111,000</u>
		<u>\$ 161,000</u>
From Major Street Fund		
To Local Streets Fund		\$ 29,900
To Street Improvement		<u>90,000</u>
		<u>\$ 119,900</u>
From Sewer		
To Street Improvement		<u>\$ 10,000</u>
From Sewer/Water Fund		
To Bluffside		<u>\$ 55,000</u>
From CSO Capital Improvement		
To Sewer		<u>\$ 246,972</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

From Street Improvement		
To Major Streets	\$	94,447
To Bluffside		17,000
To Local Street Fund		411,874
	<u>\$</u>	<u>523,321</u>
From Library Endowment		
To Public Library	\$	23,700
From Public Library		
To Library Capital Improvement	\$	23,700
Total Transfers Between Funds	<u>\$</u>	<u>3,562,591</u>

The composition of interfund balances as of June 30, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Treasurer's Tax	\$ 7,628
	Imprest Payroll	696
	Employee Health Care	8,439
		<u>\$ 16,763</u>
Employee Health Care	Self Insurance	<u>\$ 3,993</u>
Motorpool Fund	General	\$ 10,000
	Major Streets	5,111
	Local Streets	17,666
	Cemetery	625
	Inspection	700
	Sewer	489
	Water	22,083
		<u>\$ 56,674</u>
Employee Retirement	Imprest Payroll	\$ 26
	Major Streets	3,800
	Local Streets	6,800
	Cemetery	3,600
	Public Library	8,100
	Sewer Fund	2,700
	Water Fund	26,800
	Marina Fund	2,900
	Motorpool Fund	2,800
	Garbage and Rubbish	2,500
Inspection Fund	7,600	
	<u>\$ 67,626</u>	
Nonmajor Governmental Funds	Major Streets	\$ 19,602
	General	1,700
	Library Capital Improvement	87,226
	<u>\$ 108,528</u>	
	<u>\$</u>	<u>253,584</u>
	Total	<u>\$ 253,584</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

Reconciliation of total interfund receivables to governmental funds "due from other funds":

Total interfund receivables	\$ 253,584
Internal Service Funds (Self Insurance, Employee Health Care and Motorpool)	(60,667)
Pension Funds (Employees' Retirement and Flex Spending)	<u>(67,626)</u>
Total governmental funds "due from other funds"	<u>\$ 125,291</u>

Reconciliation of total interfund payables to governmental funds "due to other funds":

Total interfund payables	\$ 253,584
Agency Funds (Treasurer's Tax, Imprest Payroll, and Flex Spending)	(8,350)
Enterprise Funds (Water, Sewer, and Marina)	(54,972)
Internal Service Funds (Self Insurance, Employee Health Care and Motorpool)	<u>(15,233)</u>
Total governmental funds "due to other funds"	<u>\$ 175,029</u>

NOTE 8 - RISK MANAGEMENT

The City of St. Joseph carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 9 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of management and legal counsel, all such matters are covered by insurance or if not so covered, are without merit and, in any event, their ultimate resolution will not have a material effect on the City's financial position or operations.

NOTE 10 - EMPLOYEES' DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with the provisions of the Internal Revenue Code Section 457. As a result of federal legislation with regard to Internal Revenue Code Section 457, the City has no rights to the assets of the deferred compensation plan. The assets of the plan have been transferred into individual trust accounts of the employees and are not subject to the claims of the general creditors of the City. Therefore, the City is not required to account for the deferred compensation plan.

NOTE 11 - FUND BALANCE DEFICITS

The City has incurred an accumulated deficit of \$83,608 in the Library Capital Improvement Fund, primarily due to expenditures occurring prior to the receipt of contributions that will be used to cover the project. The Public Library Fund transfers money over to the Library Capital Improvement Fund annually to reduce the fund deficit.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 12 - 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 13 - RELATED PARTY TRANSACTIONS

Mayor Robert Judd is a commissioner of the City of St. Joseph and related to one of the partners of Taglia, Fette, Dumke, & White. Throughout the year, the City obtained the services of Taglia, Fette, Dumke & White on a need basis for an amount totaling \$88,986. Mayor Judd abstained from the interviewing and approval of Taglia, Fette, Dumke, & White's contract.

NOTE 14 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures over Budgets

The following funds incurred expenditures in excess of appropriations in the activities indicated below:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
General Fund:			
Legislative	\$ 27,300	\$ 28,632	\$ 1,332
General Fund:			
Other	366,000	377,072	11,072
Major Streets:			
Public Works	330,800	654,195	323,395
Local Streets:			
Public Works	851,700	1,275,192	423,492

NOTE 15 - SUBSEQUENT EVENT

In the fiscal year ending June 30, 2010, the City plans to borrow \$1,200,000 through an installment purchase agreement to fund. In addition, the City will borrow \$13,800,000 through the State of Michigan's Drinking Water Revolving Fund loan program to pay for the construction of a new water tower.

CITY OF ST. JOSEPH
Notes to Financial Statements
Required Supplementary Information

Schedule of Funding Progress
(Dollar Amounts in Millions)

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll (b) - (a) (c)
2002	48.3	34.4	(13.9)	140.4%	5.3	(262.3)%
2003	48.3	36.5	(11.8)	132.3%	5.5	(214.5)%
2004	48.5	38.2	(10.3)	127.0%	5.7	(180.7)%
2005	48.5	39.7	(8.8)	122.2%	5.6	(157.1)%
2006	49.3	42.3	(7.0)	116.5%	6.2	(112.9)%
2007	52.0	43.1	(8.9)	120.6%	6.1	(145.9)%
2008	51.6	46.4	(5.2)	111.2%	6.5	(80.0)%

Fiscal Year Ended June 30,	Annual Recommended Contribution	Actual Contributions	Percent Contributed
2003	\$ -	\$ -	N/A
2004	-	-	N/A
2005	-	-	N/A
2006	7,446	6,728	90%
2007	76,587	218,661	286%
2008	87,981	223,575	254%
2009	52,588	117,024	223%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2008
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Equivalent single amortization period	3.4 years
Assets valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases*	4.7-9.5%
Total payroll growth	4.50%
Population growth	0%
Cost-of-living adjustments	2.5% Compound
*Includes wage inflation at 4.5%	

**CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Band Fund - This fund is used to account for revenues collected and monies expended in the operation of the municipal band.

Brownfield Authority Fund - This fund is used to account for revenues captured and monies expended for environmental clean up and economic development of specific areas within the city limits.

Building Inspection Fund - This fund is used to account for revenues collected and monies expended for the purpose of funding planning, zoning and inspection functions.

Cemetery Fund - This fund is used to account for revenues collected and monies expended in the operation of the cemeteries.

Criminal Forfeiture Fund - This fund is used to account for revenues collected and monies expended under specific forfeiture laws.

Depot Fund - This fund is used to account for revenues collected and monies expended in the operation of the train depot.

Drug Forfeiture Fund - This fund is used to account for revenues collected and monies expended under specific forfeiture laws.

Garbage and Rubbish Collection Fund - This fund is used to account for revenues collected and monies expended for the purpose of garbage and rubbish collection functions.

Justice Training Fund - This fund is used to account for revenues collected and monies expended for the purpose of police officer training as provided by the Federal Government.

Local Streets Fund - This fund is used to account for revenues collected and monies expended for capital improvements and routine maintenance of streets designated as local streets.

Major Streets Fund - This fund is used to account for revenues collected and monies expended for capital improvements and routine maintenance of streets designated as major streets.

Public Improvement Fund - This fund is used to account for revenues collected and set aside for capital improvements within specific government functions.

Public Library Fund - This fund is used to account for revenues collected and monies expended in the operation of the public library.

The Street Improvement Fund - This fund is used to account for revenues collected and monies expended for the purpose of improving City streets.

**CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds - Continued**

Debt Service Fund

Debt Service Fund - This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care Fund - This fund is used to account for principal trust amounts and related interest income. The interest portion of the trust can be used for future expenses related to the maintenance of the community cemeteries.

Library Endowment Fund - This fund is used to account for principal trust amounts and related interest income. The interest portion of the trust can only be used for the purchase of library books.

Capital Project Funds

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Capital Improvement Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

CSO Capital Improvement Fund - This fund is used to account for financial resources to be used for the construction and administration of the combined sewer overflow project.

Library Capital Improvement Fund - This fund is used to account for the capital improvements to the public library.

Water/Sewer Capital Projects Fund - This fund is used to account for financial resources to be used for capital improvements to the water and sewer distribution and collection systems within the City limits.

Bluffside Building Fund - This fund is to account for the construction of the project.

CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2009

	<u>Special Revenue</u>	<u>Debt Service</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,226,070	\$ 304,001
Investments	517,655	-
Receivables	57,016	-
Due from other funds	21,302	-
Inventory	<u>42,592</u>	<u>-</u>
 Total Current Assets	 <u>\$ 2,864,635</u>	 <u>\$ 304,001</u>
 TOTAL ASSETS	 <u>\$ 2,864,635</u>	 <u>\$ 304,001</u>
 Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	76,103	-
Deferred revenue	<u>27,236</u>	<u>-</u>
 Total Current Liabilities	 <u>\$ 103,339</u>	 <u>\$ -</u>
 Total Liabilities	 <u>\$ 103,339</u>	 <u>\$ -</u>
 Fund Balances:		
Reserved for:		
Restricted purposes	\$ 7,864	\$ -
Restricted for inventory	-	-
Unreserved, reported in		
Special Revenue	2,753,432	-
Debt Service	-	304,001
Capital Projects	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>\$ 2,761,296</u>	 <u>\$ 304,001</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 2,864,635</u>	 <u>\$ 304,001</u>

<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 878,324	\$ 1,384,560	\$ 4,792,955
-	-	517,655
-	175,289	232,305
87,226	-	108,528
-	-	42,592
<u>965,550</u>	<u>1,559,849</u>	<u>5,694,035</u>
<u>965,550</u>	<u>1,559,849</u>	<u>5,694,035</u>
\$ -	\$ 20,936	\$ 20,936
-	87,226	163,329
-	4,867	32,103
<u>-</u>	<u>113,029</u>	<u>216,368</u>
<u>-</u>	<u>113,029</u>	<u>216,368</u>
\$ 965,550	\$ -	\$ 973,414
-	-	-
-	-	2,753,432
-	-	304,001
-	1,446,820	1,446,820
<u>965,550</u>	<u>1,446,820</u>	<u>5,477,667</u>
<u>965,550</u>	<u>1,559,849</u>	<u>5,694,035</u>

CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2009

	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:		
Taxes	\$ 1,433,361	\$ 559,058
Federal revenues	234,411	-
State revenues	563,175	-
Charges for services	-	-
Licenses and permits	216,850	-
Fines, fees, and forfeits	474,989	-
Special assessments	-	-
Contributions	262,335	-
Interest	17,283	3,031
Other	<u>66,336</u>	<u>-</u>
 Total Revenues	 <u>\$ 3,268,740</u>	 <u>\$ 562,089</u>
Expenditures:		
Current:		
General government	\$ 873,893	\$ -
Public safety	22,415	-
Public works	1,929,496	-
Recreation and cultural	126,023	-
Sanitation	676,446	-
Community and economic development	451,033	-
Debt service:		
Principal retirement	81,090	270,000
Interest	604	264,030
Capital outlay	<u>70,122</u>	<u>-</u>
 Total Expenditures	 <u>\$ 4,231,122</u>	 <u>\$ 534,030</u>
 Revenues Over (Under) Expenditures	 <u>\$ (962,382)</u>	 <u>\$ 28,059</u>
Other Financing Sources (Uses):		
Sale of fixed assets	\$ 6,940	\$ -
Operating transfers in	1,172,021	-
Operating transfers out	<u>(666,920)</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>\$ 512,041</u>	 <u>\$ -</u>
 Net Change in Fund Balances	 <u>\$ (450,341)</u>	 <u>\$ 28,059</u>
 Fund Balances - Beginning of Year	 <u>3,211,637</u>	 <u>275,942</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 2,761,296</u>	 <u>\$ 304,001</u>

<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 1,992,419
-	779,728	1,014,139
-	356,694	919,869
-	659,264	659,264
-	-	216,850
-	-	474,989
-	30,034	30,034
2,660	213,838	478,833
25,097	4,631	50,042
-	127,913	194,249
<u>\$ 27,757</u>	<u>\$ 2,172,102</u>	<u>\$ 6,030,688</u>
\$ -	\$ 318,666	\$ 1,192,559
-	1,099	23,514
-	21,718	1,951,214
-	125,913	251,936
-	-	676,446
-	-	451,033
-	-	351,090
-	-	264,634
-	1,199,627	1,269,749
<u>\$ -</u>	<u>\$ 1,667,023</u>	<u>\$ 6,432,175</u>
<u>\$ 27,757</u>	<u>\$ 505,079</u>	<u>\$ (401,487)</u>
\$ -	\$ 103,385	\$ 110,325
-	560,598	1,732,619
<u>(23,700)</u>	<u>(462,972)</u>	<u>(1,153,592)</u>
<u>\$ (23,700)</u>	<u>\$ 201,011</u>	<u>\$ 689,352</u>
\$ 4,057	\$ 706,090	\$ 287,865
<u>961,493</u>	<u>740,730</u>	<u>5,189,802</u>
<u>\$ 965,550</u>	<u>\$ 1,446,820</u>	<u>\$ 5,477,667</u>

CITY OF ST. JOSEPH
NONMAJOR CAPITAL PROJECT FUNDS
Combining Balance Sheet
June 30, 2009

	<u>Capital Improvement</u>	<u>CSO Capital Project</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 761,309	\$ -
Receivables	4,867	-
	<hr/>	<hr/>
Total Current Assets	\$ 766,176	\$ -
	<hr/>	<hr/>
TOTAL ASSETS	\$ 766,176	\$ -
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable	\$ 12,666	\$ -
Due to other funds	-	-
Deferred revenue	4,867	-
	<hr/>	<hr/>
Total Current Liabilities	\$ 17,533	\$ -
	<hr/>	<hr/>
Total Liabilities	\$ 17,533	\$ -
	<hr/>	<hr/>
Fund Balances:		
Unreserved, reported in Capital Projects	\$ 748,643	\$ -
	<hr/>	<hr/>
Total Fund Balances	\$ 748,643	\$ -
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 766,176	\$ -
	<hr/> <hr/>	<hr/> <hr/>

Water/Sewer Capital Project	Library Capital Improvements	Total Nonmajor Capital Project Funds
\$ 619,633	\$ 3,618	\$ 1,384,560
<u>170,422</u>	<u>-</u>	<u>175,289</u>
<u>\$ 790,055</u>	<u>\$ 3,618</u>	<u>\$ 1,559,849</u>
<u>\$ 790,055</u>	<u>\$ 3,618</u>	<u>\$ 1,559,849</u>
\$ 8,270	\$ -	\$ 20,936
-	87,226	87,226
<u>-</u>	<u>-</u>	<u>4,867</u>
<u>\$ 8,270</u>	<u>\$ 87,226</u>	<u>\$ 113,029</u>
<u>\$ 8,270</u>	<u>\$ 87,226</u>	<u>\$ 113,029</u>
<u>\$ 781,785</u>	<u>\$ (83,608)</u>	<u>\$ 1,446,820</u>
<u>\$ 781,785</u>	<u>\$ (83,608)</u>	<u>\$ 1,446,820</u>
<u>\$ 790,055</u>	<u>\$ 3,618</u>	<u>\$ 1,559,849</u>

CITY OF ST. JOSEPH
NONMAJOR CAPITAL PROJECT FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2009

	<u>Capital Improvement</u>	<u>CSO Capital Project</u>
Revenues:		
Federal revenues	\$ -	\$ -
State revenues	171,054	-
Charges for services	-	-
Special assessments	30,034	-
Contributions	209,888	-
Interest	3,504	-
Other	<u>127,777</u>	<u>-</u>
Total Revenues	<u>\$ 542,257</u>	<u>\$ -</u>
Expenditures:		
Current:		
General government	\$ 312,072	\$ -
Public safety	1,099	-
Public works	21,718	-
Recreation and cultural	125,913	-
Capital outlay	<u>88,625</u>	<u>-</u>
Total Expenditures	<u>\$ 549,427</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u>\$ (7,170)</u>	<u>\$ -</u>
Other Financing Sources (Uses):		
Sale of fixed assets	\$ 103,385	\$ -
Operating transfers in	536,898	-
Operating transfers out	<u>(161,000)</u>	<u>(246,972)</u>
Total Other Financing Sources (Uses)	<u>\$ 479,283</u>	<u>\$ (246,972)</u>
Net Change in Fund Balances	\$ 472,113	\$ (246,972)
Fund Balances - Beginning of Year	<u>276,530</u>	<u>246,972</u>
FUND BALANCES - END OF YEAR	<u>\$ 748,643</u>	<u>\$ -</u>

Water/Sewer Capital Project	Library Capital Improvements	Total Nonmajor Capital Project Funds
\$ 779,728	\$ -	\$ 779,728
185,640	-	356,694
659,264	-	659,264
-	-	30,034
-	3,950	213,838
1,127	-	4,631
<u>136</u>	<u>-</u>	<u>127,913</u>
\$ 1,625,895	\$ 3,950	\$ 2,172,102
\$ 6,594	\$ -	\$ 318,666
-	-	1,099
-	-	21,718
-	-	125,913
<u>1,097,130</u>	<u>13,872</u>	<u>1,199,627</u>
\$ 1,103,724	\$ 13,872	\$ 1,667,023
\$ 522,171	\$ (9,922)	\$ 505,079
\$ -	\$ -	\$ 103,385
-	23,700	560,598
<u>(55,000)</u>	<u>-</u>	<u>(462,972)</u>
\$ (55,000)	\$ 23,700	\$ 201,011
\$ 467,171	\$ 13,778	\$ 706,090
<u>314,614</u>	<u>(97,386)</u>	<u>740,730</u>
\$ 781,785	\$ (83,608)	\$ 1,446,820

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Revenues - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes:			
General and industrial facilities		\$ 4,584,148	
Penalty and interest on taxes		14,229	
Property taxes		<u>170,026</u>	
Total Taxes	\$ 4,753,200	\$ <u>4,768,403</u>	\$ 15,203
Federal revenue:			
Federal shared revenues	24,500	\$ <u>21,976</u>	(2,524)
State Revenues:			
State shared revenues		\$ 982,170	
Other		<u>12,887</u>	
Total State Revenues	950,800	\$ <u>995,057</u>	44,257
Charges for Services:			
Administration		\$ 728,000	
Fees		110,379	
Services rendered		8,536	
Use and admissions		<u>248,675</u>	
Total Charges for Services	1,091,900	\$ <u>1,095,590</u>	3,690
Licenses and Permits:			
Licenses	2,600	\$ <u>3,770</u>	1,170
Fines and Forfeits:			
District Court		\$ 35,676	
Parking fines		<u>63,679</u>	
Total Fines and Forfeits	100,700	\$ <u>99,355</u>	(1,345)
Interest	75,000	\$ <u>76,389</u>	1,389
Miscellaneous	<u>38,700</u>	\$ <u>43,873</u>	<u>5,173</u>
TOTAL REVENUES	\$ <u>7,037,400</u>	\$ <u>7,104,413</u>	\$ <u>67,013</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Legislative:			
Commission:			
Salaries and wages		\$ 15,500	
Employment related costs		1,186	
Contractual services		6,645	
Miscellaneous		<u>5,301</u>	
Total Legislative	<u>\$ 27,300</u>	<u>\$ 28,632</u>	<u>\$ (1,332)</u>
General Government:			
City Manager:			
Salaries and wages		\$ 188,202	
Employment related costs		51,326	
Supplies		874	
Contractual services		4,634	
Miscellaneous		<u>1,743</u>	
Total City Manager	<u>\$ 255,000</u>	<u>\$ 246,779</u>	<u>\$ 8,221</u>
Clerk:			
Salaries and wages		\$ 73,906	
Employment related costs		22,086	
Supplies		5,292	
Contractual services		17,825	
Miscellaneous		<u>2,772</u>	
Total Clerk	136,400	<u>\$ 121,881</u>	14,519
Treasurer:			
Salaries and wages		\$ 154,491	
Employment related costs		30,022	
Supplies		7,370	
Contractual services		35,639	
Repairs and maintenance		1,750	
Miscellaneous		<u>749</u>	
Total Treasurer	234,700	<u>\$ 230,021</u>	4,679

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government (continued):			
City Assessor:			
Salaries and wages		\$ 55,871	
Employment related costs		9,616	
Supplies		1,498	
Contractual services		782	
Repairs and maintenance		795	
Miscellaneous		<u>360</u>	
Total City Assessor	71,700	\$ <u>68,922</u>	2,778
City Hall:			
Salaries and wages		\$ 52,599	
Employment related costs		30,543	
Supplies		6,573	
Contractual services		4,721	
Utilities		55,488	
Repairs and maintenance		18,156	
Rent		2,812	
Miscellaneous		<u>30</u>	
Total City Hall	196,000	\$ <u>170,922</u>	25,078
General Administration			
Supplies		\$ 21,735	
Contractual services		44,679	
Miscellaneous		<u>16,898</u>	
Total Administration	90,500	\$ <u>83,312</u>	7,188
City Attorney:			
Professional services		\$ 91,791	
Miscellaneous		<u>1,956</u>	
Total City Attorney	<u>93,800</u>	\$ <u>93,747</u>	<u>53</u>
Total General Government	<u>\$ 1,078,100</u>	<u>\$ 1,015,584</u>	<u>\$ 62,516</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Safety:			
Police:			
Salaries and wages		\$ 1,426,186	
Employment related costs		241,477	
Supplies		29,794	
Contractual services		20,893	
Repairs and maintenance		13,387	
Rent		108,000	
Miscellaneous		<u>2,043</u>	
Total Police	\$ 1,842,700	\$ <u>1,841,780</u>	\$ 920
Fire:			
Salaries and wages		\$ 870,446	
Employment related costs		167,931	
Supplies		60,261	
Contractual services		15,502	
Utilities		16,872	
Repairs and maintenance		17,543	
Rent		3,600	
Miscellaneous		<u>524</u>	
Total Fire	<u>1,162,600</u>	\$ <u>1,152,679</u>	<u>9,921</u>
Total Public Safety	\$ <u>3,005,300</u>	\$ <u>2,994,459</u>	\$ <u>10,841</u>
Public Works			
Engineer:			
Salaries and wages		\$ 82,330	
Employment related costs		19,747	
Supplies		1,872	
Contractual services		1,010	
Rent		3,600	
Miscellaneous		<u>334,039</u>	
Total Engineer	\$ <u>446,100</u>	\$ <u>442,598</u>	\$ <u>3,502</u>
Total Public Works	\$ <u>446,100</u>	\$ <u>442,598</u>	\$ <u>3,502</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Health and Welfare:			
Ambulance:			
Contractual services		\$ 50,537	
Total Health and Welfare	\$ 50,600	\$ 50,537	\$ 63
Recreation and Cultural:			
Parks:			
Salaries and wages		\$ 262,063	
Employment related costs		61,519	
Supplies		51,220	
Contractual services		8,996	
Utilities		13,962	
Repairs and maintenance		24,010	
Rent		111,084	
Miscellaneous		<u>1,362</u>	
Total Parks	\$ 547,200	\$ 534,216	\$ 12,984
City Recreation Program:			
Salaries and wages		\$ 21,400	
Employment related costs		1,637	
Supplies		<u>1,242</u>	
Total City Recreation Program	28,800	\$ 24,279	4,521
Ice Arena:			
Salaries and wages		\$ 44,103	
Employment related costs		8,706	
Supplies		24,342	
Contractual services		7,567	
Utilities		41,938	
Repairs and maintenance		10,736	
Rent		548	
Miscellaneous		<u>236</u>	
Total Ice Arena	141,300	\$ 138,176	3,124

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recreation and Cultural - Continued:			
Community Development			
Salaries and wages		\$ 55,590	
Employment related costs		9,610	
Supplies		4,998	
Contractual services		107,580	
Miscellaneous		<u>40</u>	
Total Community Development	185,500	\$ <u>177,818</u>	7,682
Community Activities:			
Contractual services		\$ 44,014	
Rent		<u>46,420</u>	
Total Community Activities	<u>91,100</u>	\$ <u>90,434</u>	<u>666</u>
Total Recreation and Cultural	\$ <u>993,900</u>	\$ <u>964,923</u>	\$ <u>28,977</u>
Economic Development:			
Economic development	\$ <u>65,000</u>	\$ <u>65,000</u>	\$ <u>-</u>
Other:			
Insurance and bonds		\$ 340,951	
Contingencies and miscellaneous expenditures		<u>36,121</u>	
Total Other	\$ <u>366,000</u>	\$ <u>377,072</u>	\$ <u>(11,072)</u>
Debt Service:			
Principal retirement	\$ 33,600	\$ 33,574	
Interest expense	<u>31,200</u>	<u>31,127</u>	
Total Debt Service	\$ <u>64,800</u>	\$ <u>64,701</u>	\$ <u>99</u>
TOTAL EXPENDITURES	\$ <u>6,097,100</u>	\$ <u>6,003,506</u>	\$ <u>93,594</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Other Financing Sources and Uses - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses):			
Sale of fixed assets	\$ 2,000	\$ 1,909	
Proceeds from notes	<u>1,400,000</u>	<u>1,400,000</u>	
 Total Operating Transfers In	 <u>\$ 1,402,000</u>	 <u>\$ 1,401,909</u>	 <u>\$ (91)</u>
 Operating Transfers Out:			
Streets		\$ (440,000)	
Bluffside		(1,400,000)	
Capital Improvement Fund		(536,898)	
Ice Rink		<u>(22,100)</u>	
 Total Operating Transfers Out	 <u>\$ (2,399,000)</u>	 <u>\$ (2,398,998)</u>	 <u>\$ 2</u>
 Total Other Financing Sources (Uses)	 <u>\$ (997,000)</u>	 <u>\$ (997,089)</u>	 <u>\$ (89)</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2009

	<u>Cemetery</u>	<u>Depot</u>	<u>Garbage and Rubbish Collection</u>	<u>Brownfield Authority</u>
Assets				
Cash and cash equivalents	\$ 57,838	\$ 74,246	\$ 47,104	\$ 67,996
Investments	-	-	-	-
Receivables	2,119	400	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 59,957</u>	<u>\$ 74,646</u>	<u>\$ 47,104</u>	<u>\$ 67,996</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	4,225	-	2,500	-
Deferred revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 4,225</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>
 Fund Balances:				
Reserved for restricted purposes	\$ -	\$ -	\$ -	\$ -
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for subsequent years' expenditures	<hr/> 55,732	<hr/> 74,646	<hr/> 44,604	<hr/> 67,996
Total Fund Balances	<u>\$ 55,732</u>	<u>\$ 74,646</u>	<u>\$ 44,604</u>	<u>\$ 67,996</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 59,957</u>	 <u>\$ 74,646</u>	 <u>\$ 47,104</u>	 <u>\$ 67,996</u>

<u>Public Improvement</u>	<u>Street Improvement</u>	<u>Drug Forfeiture</u>	<u>Criminal Forfeiture</u>	<u>Band</u>	<u>Public Library</u>	<u>Justice Training</u>
\$ 227,570	\$ 233,005	\$ 9,884	\$ 1,666	\$ 44,113	\$ 195,130	\$ 9,507
-	-	-	-	-	-	-
-	-	-	-	-	14,583	-
-	-	-	-	-	-	1,700
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 227,570</u>	<u>\$ 233,005</u>	<u>\$ 9,884</u>	<u>\$ 1,666</u>	<u>\$ 44,113</u>	<u>\$ 209,713</u>	<u>\$ 11,207</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	8,100	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,100</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,864	\$ -
-	-	-	-	-	-	-
<u>227,570</u>	<u>233,005</u>	<u>9,884</u>	<u>1,666</u>	<u>44,113</u>	<u>193,749</u>	<u>11,207</u>
<u>\$ 227,570</u>	<u>\$ 233,005</u>	<u>\$ 9,884</u>	<u>\$ 1,666</u>	<u>\$ 44,113</u>	<u>\$ 201,613</u>	<u>\$ 11,207</u>
<u>\$ 227,570</u>	<u>\$ 233,005</u>	<u>\$ 9,884</u>	<u>\$ 1,666</u>	<u>\$ 44,113</u>	<u>\$ 209,713</u>	<u>\$ 11,207</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet - Continued
June 30, 2009

	<u>Major Streets</u>	<u>Building Inspection</u>	<u>Budget Stabilization</u>	<u>Local Streets</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 327,383	\$ 313,125	\$ 482,345	\$ 135,158	\$ 2,226,070
Investments	-	-	517,655	-	517,655
Receivables	28,237	190	-	11,487	57,016
Due from other funds	-	-	-	19,602	21,302
Inventory	-	-	-	42,592	42,592
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 355,620</u>	<u>\$ 313,315</u>	<u>\$ 1,000,000</u>	<u>\$ 208,839</u>	<u>\$ 2,864,635</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	28,512	8,300	-	24,466	76,103
Deferred revenue	-	27,236	-	-	27,236
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 28,512</u>	<u>\$ 35,536</u>	<u>\$ -</u>	<u>\$ 24,466</u>	<u>\$ 103,339</u>
Fund Balances:					
Reserved for restricted purposes	\$ -	\$ -	\$ -	\$ -	\$ 7,864
Reserved for inventory	-	-	-	-	-
Unreserved:					
Designated for subsequent years' expenditures	327,108	277,779	1,000,000	184,373	2,753,432
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>\$ 327,108</u>	<u>\$ 277,779</u>	<u>\$ 1,000,000</u>	<u>\$ 184,373</u>	<u>\$ 2,761,296</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 355,620</u>	<u>\$ 313,315</u>	<u>\$ 1,000,000</u>	<u>\$ 208,839</u>	<u>\$ 2,864,635</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Cemetery</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	-
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	178,550	182,436	3,886
Contributions	-	-	-
Interest	1,000	1,106	106
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 179,550	\$ 183,542	\$ 3,992
	<hr/>	<hr/>	<hr/>
Expenditures:			
General government	\$ 219,800	\$ 214,780	\$ 5,020
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 219,800	\$ 214,780	\$ 5,020
	<hr/>	<hr/>	<hr/>
Revenues Over (Under) Expenditures	\$ (40,250)	\$ (31,238)	\$ 9,012
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Sale of fixed assets	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	\$ (40,250)	\$ (31,238)	\$ 9,012
Fund Balances - Beginning of Year	86,970	86,970	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES - END OF YEAR	\$ 46,720	\$ 55,732	\$ 9,012
	<hr/>	<hr/>	<hr/>

<u>Depot</u>			<u>Garbage and Rubbish Collection</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 681,600	\$ 681,644	\$ 44
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,200	2,316	116
-	-	-	-	-	-
300	542	242	500	299	(201)
<u>19,600</u>	<u>21,058</u>	<u>1,458</u>	<u>1,000</u>	<u>987</u>	<u>(13)</u>
\$ <u>19,900</u>	\$ <u>21,600</u>	\$ <u>1,700</u>	\$ <u>685,300</u>	\$ <u>685,246</u>	\$ <u>(54)</u>
\$ 13,600	\$ 8,081	\$ 5,519	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	689,800	676,446	13,354
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>13,600</u>	\$ <u>8,081</u>	\$ <u>5,519</u>	\$ <u>689,800</u>	\$ <u>676,446</u>	\$ <u>13,354</u>
\$ <u>6,300</u>	\$ <u>13,519</u>	\$ <u>7,219</u>	\$ <u>(4,500)</u>	\$ <u>8,800</u>	\$ <u>13,300</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 6,300	\$ 13,519	\$ 7,219	\$ (4,500)	\$ 8,800	\$ 13,300
<u>61,127</u>	<u>61,127</u>	<u>-</u>	<u>35,804</u>	<u>35,804</u>	<u>-</u>
\$ <u>67,427</u>	\$ <u>74,646</u>	\$ <u>7,219</u>	\$ <u>31,304</u>	\$ <u>44,604</u>	\$ <u>13,300</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Continued
For the Year Ended June 30, 2009

	<u>Brownfield Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	-
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	1,400	914	(486)
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 1,400	\$ 914	\$ (486)
Expenditures:			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	200	171	29
Debt service:			
Principal retirement	36,000	36,000	-
Interest	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 36,200	\$ 36,171	\$ 29
Revenues Over (Under) Expenditures	\$ (34,800)	\$ (35,257)	\$ (457)
Other Financing Sources (Uses):			
Sale of fixed assets	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ (34,800)	\$ (35,257)	\$ (457)
Fund Balances - Beginning of Year	<hr/> 103,253	<hr/> 103,253	<hr/> -
FUND BALANCES - END OF YEAR	<hr/> \$ 68,453	<hr/> \$ 67,996	<hr/> \$ (457)

<u>Public Improvement</u>			<u>Street Improvement</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 389,400	\$ 389,504	\$ 104
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,300	8,680	2,380	7,700	7,680	(20)
4,000	2,595	(1,405)	3,400	2,082	(1,318)
-	-	-	92,100	15,986	(76,114)
<u>\$ 10,300</u>	<u>\$ 11,275</u>	<u>\$ 975</u>	<u>\$ 492,600</u>	<u>\$ 415,252</u>	<u>\$ (77,348)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,500	18,209	291	-	-	-
-	-	-	600	109	491
36,500	34,940	1,560	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
45,100	45,090	10	-	-	-
600	604	(4)	-	-	-
-	-	-	-	-	-
<u>\$ 100,700</u>	<u>\$ 98,843</u>	<u>\$ 1,857</u>	<u>\$ 600</u>	<u>\$ 109</u>	<u>\$ 491</u>
<u>\$ (90,400)</u>	<u>\$ (87,568)</u>	<u>\$ 2,832</u>	<u>\$ 492,000</u>	<u>\$ 415,143</u>	<u>\$ (76,857)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22,100	22,100	-	10,000	39,900	29,900
-	-	-	(17,000)	(523,320)	(506,320)
<u>\$ 22,100</u>	<u>\$ 22,100</u>	<u>\$ -</u>	<u>\$ (7,000)</u>	<u>\$ (483,420)</u>	<u>\$ (476,420)</u>
\$ (68,300)	\$ (65,468)	\$ 2,832	\$ 485,000	\$ (68,277)	\$ (553,277)
<u>293,038</u>	<u>293,038</u>	<u>-</u>	<u>301,282</u>	<u>301,282</u>	<u>-</u>
<u>\$ 224,738</u>	<u>\$ 227,570</u>	<u>\$ 2,832</u>	<u>\$ 786,282</u>	<u>\$ 233,005</u>	<u>\$ (553,277)</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Continued
For the Year Ended June 30, 2009

	<u>Drug Forfeiture</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	-
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	200	81	(119)
Other	<u>100</u>	<u>412</u>	<u>312</u>
 Total Revenues	 <u>\$ 300</u>	 <u>\$ 493</u>	 <u>\$ 193</u>
 Expenditures:			
General government	\$ -	\$ -	\$ -
Public safety	100	36	64
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>\$ 100</u>	 <u>\$ 36</u>	 <u>\$ 64</u>
 Revenues Over (Under) Expenditures	 <u>\$ 200</u>	 <u>\$ 457</u>	 <u>\$ 257</u>
 Other Financing Sources (Uses):			
Sale of fixed assets	\$ 300	\$ 288	\$ (12)
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>\$ 300</u>	 <u>\$ 288</u>	 <u>\$ (12)</u>
 Net Change in Fund Balances	 <u>\$ 500</u>	 <u>\$ 745</u>	 <u>\$ 245</u>
 Fund Balances - Beginning of Year	 <u>9,139</u>	 <u>9,139</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 9,639</u>	 <u>\$ 9,884</u>	 <u>\$ 245</u>

<u>Criminal Forfeiture</u>			<u>Band</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 97,300	\$ 97,360	\$ 60
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,500	2,063	(437)
-	-	-	4,400	1,855	(2,545)
-	14	14	200	253	53
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 104,400</u>	<u>\$ 101,531</u>	<u>\$ (2,869)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	92,500	91,083	1,417
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,500</u>	<u>\$ 91,083</u>	<u>\$ 1,417</u>
<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 11,900</u>	<u>\$ 10,448</u>	<u>\$ (1,452)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 14	\$ 14	\$ 11,900	\$ 10,448	\$ (1,452)
<u>1,652</u>	<u>1,652</u>	<u>-</u>	<u>33,665</u>	<u>33,665</u>	<u>-</u>
<u>\$ 1,652</u>	<u>\$ 1,666</u>	<u>\$ 14</u>	<u>\$ 45,565</u>	<u>\$ 44,113</u>	<u>\$ (1,452)</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Continued
For the Year Ended June 30, 2009

	<u>Public Library</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 264,800	\$ 264,853	\$ 53
Federal revenue	-	-	-
State revenue	26,300	26,332	32
Licenses and permits	-	-	-
Fines and fees	202,700	203,720	1,020
Contributions	229,000	244,120	15,120
Interest	2,700	1,919	(781)
Other	<u>14,100</u>	<u>11,590</u>	<u>(2,510)</u>
Total Revenues	<u>\$ 739,600</u>	<u>\$ 752,534</u>	<u>\$ 12,934</u>
Expenditures:			
General government	\$ 651,900	\$ 651,032	\$ 868
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	<u>71,500</u>	<u>70,122</u>	<u>1,378</u>
Total Expenditures	<u>\$ 723,400</u>	<u>\$ 721,154</u>	<u>\$ 2,246</u>
Revenues Over (Under) Expenditures	<u>\$ 16,200</u>	<u>\$ 31,380</u>	<u>\$ 15,180</u>
Other Financing Sources (Uses):			
Sale of fixed assets	\$ 7,000	\$ 6,652	\$ (348)
Operating transfers in	23,700	23,700	-
Operating transfers out	<u>(23,700)</u>	<u>(23,700)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 7,000</u>	<u>\$ 6,652</u>	<u>\$ (348)</u>
Net Change in Fund Balances	\$ 23,200	\$ 38,032	\$ 14,832
Fund Balances - Beginning of Year	<u>163,581</u>	<u>163,581</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 186,781</u>	<u>\$ 201,613</u>	<u>\$ 14,832</u>

<u>Justice Training</u>			<u>Major Streets</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	234,411	234,411
2,000	3,717	1,717	384,900	384,508	(392)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
100	88	(12)	4,200	2,572	(1,628)
-	-	-	-	-	-
<u>\$ 2,100</u>	<u>\$ 3,805</u>	<u>\$ 1,705</u>	<u>\$ 389,100</u>	<u>\$ 621,491</u>	<u>\$ 232,391</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,300	4,170	130	-	-	-
-	-	-	330,800	654,195	(323,395)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,300</u>	<u>\$ 4,170</u>	<u>\$ 130</u>	<u>\$ 330,800</u>	<u>\$ 654,195</u>	<u>\$ (323,395)</u>
<u>\$ (2,200)</u>	<u>\$ (365)</u>	<u>\$ 1,835</u>	<u>\$ 58,300</u>	<u>\$ (32,704)</u>	<u>\$ (91,004)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	94,447	94,447
-	-	-	(119,900)	(119,900)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (119,900)</u>	<u>\$ (25,453)</u>	<u>\$ 94,447</u>
\$ (2,200)	\$ (365)	\$ 1,835	\$ (61,600)	\$ (58,157)	\$ 3,443
<u>11,572</u>	<u>11,572</u>	<u>-</u>	<u>385,265</u>	<u>385,265</u>	<u>-</u>
<u>\$ 9,372</u>	<u>\$ 11,207</u>	<u>\$ 1,835</u>	<u>\$ 323,665</u>	<u>\$ 327,108</u>	<u>\$ 3,443</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Continued
For the Year Ended June 30, 2009

	<u>Building Inspection</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	-
State revenue	-	-	-
Licenses and permits	219,100	216,850	(2,250)
Fines and fees	79,700	84,454	4,754
Contributions	-	-	-
Interest	4,600	2,849	(1,751)
Other	8,200	8,290	90
	<u>\$ 311,600</u>	<u>\$ 312,443</u>	<u>\$ 843</u>
Total Revenues			
Expenditures:			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	460,100	450,862	9,238
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
	<u>\$ 460,100</u>	<u>\$ 450,862</u>	<u>\$ 9,238</u>
Total Expenditures			
Revenues Over (Under) Expenditures	<u>\$ (148,500)</u>	<u>\$ (138,419)</u>	<u>\$ 10,081</u>
Other Financing Sources (Uses):			
Sale of fixed assets	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	\$ (148,500)	\$ (138,419)	\$ 10,081
Fund Balances - Beginning of Year	<u>416,198</u>	<u>416,198</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 267,698</u>	<u>\$ 277,779</u>	<u>\$ 10,081</u>

<u>Budget Stabilization</u>			<u>Local Streets</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	139,600	148,618	9,018
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,000	1,969	(1,031)
-	-	-	<u>16,900</u>	<u>8,013</u>	<u>(8,887)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,500</u>	<u>\$ 158,600</u>	<u>\$ (900)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	851,700	1,275,192	(423,492)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,700</u>	<u>\$ 1,275,192</u>	<u>\$ (423,492)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (692,200)</u>	<u>\$ (1,116,592)</u>	<u>\$ (424,392)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	580,000	991,874	411,874
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 580,000</u>	<u>\$ 991,874</u>	<u>\$ 411,874</u>
\$ -	\$ -	\$ -	\$ (112,200)	\$ (124,718)	\$ (12,518)
<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>309,091</u>	<u>309,091</u>	<u>-</u>
<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 196,891</u>	<u>\$ 184,373</u>	<u>\$ (12,518)</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Continued
For the Year Ended June 30, 2009

	<u>Total</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,433,100	\$ 1,433,361	\$ 261
Federal revenue	-	234,411	234,411
State revenue	552,800	563,175	10,375
Licenses and permits	219,100	216,850	(2,250)
Fines and fees	465,650	474,989	9,339
Contributions	247,400	262,335	14,935
Interest	25,600	17,283	(8,317)
Other	<u>152,000</u>	<u>66,336</u>	<u>(85,664)</u>
 Total Revenues	 <u>\$ 3,095,650</u>	 <u>\$ 3,268,740</u>	 <u>\$ 173,090</u>
 Expenditures:			
General government	\$ 885,300	\$ 873,893	\$ 11,407
Public safety	22,900	22,415	485
Public works	1,183,100	1,929,496	(746,396)
Recreation and cultural	129,000	126,023	2,977
Sanitation	689,800	676,446	13,354
Community and economic development	460,300	451,033	9,267
Debt service:			
Principal retirement	81,100	81,090	10
Interest	600	604	(4)
Capital outlay	<u>71,500</u>	<u>70,122</u>	<u>1,378</u>
 Total Expenditures	 <u>\$ 3,523,600</u>	 <u>\$ 4,231,122</u>	 <u>\$ (707,522)</u>
 Revenues Over (Under) Expenditures	 <u>\$ (427,950)</u>	 <u>\$ (962,382)</u>	 <u>\$ (534,432)</u>
 Other Financing Sources (Uses):			
Sale of fixed assets	\$ 7,300	\$ 6,940	\$ (360)
Operating transfers in	635,800	1,172,021	536,221
Operating transfers out	<u>(160,600)</u>	<u>(666,920)</u>	<u>(506,320)</u>
 Total Other Financing Sources (Uses)	 <u>\$ 482,500</u>	 <u>\$ 512,041</u>	 <u>\$ 29,541</u>
 Net Change in Fund Balances	 <u>\$ 54,550</u>	 <u>\$ (450,341)</u>	 <u>\$ (504,891)</u>
 Fund Balances - Beginning of Year	 <u>3,211,637</u>	 <u>3,211,637</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 3,266,187</u>	 <u>\$ 2,761,296</u>	 <u>\$ (504,891)</u>

**CITY OF ST. JOSEPH
COMPONENT UNITS
Combining Statement of Net Assets
June 30, 2009**

	Downtown Development Authority
Assets	
Cash and cash equivalents	\$ 51,562
TOTAL ASSETS	<u>\$ 51,562</u>
Liabilities	
Due to other funds	\$ -
TOTAL LIABILITIES	<u>\$ -</u>
Net Assets	
Unrestricted	\$ 51,562
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 51,562</u>

**CITY OF ST. JOSEPH
COMPONENT UNITS
Combining Statement of Revenues, Expenditures, and Changes
in Net Assets - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Downtown Development Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 45,600	\$ 45,639	\$ 39
Interest	500	466	(34)
	<u>500</u>	<u>466</u>	<u>(34)</u>
Total Revenues	\$ 46,100	\$ 46,105	\$ 5
	<u>46,100</u>	<u>46,105</u>	<u>5</u>
Expenditures:			
General government	\$ 47,300	\$ 47,228	\$ (72)
	<u>47,300</u>	<u>47,228</u>	<u>(72)</u>
Total Expenditures	\$ 47,300	\$ 47,228	\$ (72)
	<u>47,300</u>	<u>47,228</u>	<u>(72)</u>
Change in Net Assets	\$ (1,200)	\$ (1,123)	\$ 77
Total Net Assets - Beginning of Year	<u>52,685</u>	<u>52,685</u>	<u>-</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 51,485</u>	<u>\$ 51,562</u>	<u>\$ 77</u>

CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Net Assets
June 30, 2009

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 563,779	\$ 999,348	\$ 24,560	\$ 1,587,687
Insurance receivable	-	33	-	33
Due from other funds	-	56,674	3,993	60,667
Prepaid Expenses	-	-	18,000	18,000
Inventory	-	34,254	-	34,254
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 563,779	\$ 1,090,309	\$ 46,553	\$ 1,700,641
Noncurrent assets:				
Equipment	\$ -	\$ 3,234,851	\$ -	\$ 3,234,851
Less: Accumulated depreciation	<u> </u>	<u>(2,445,179)</u>	<u> </u>	<u>(2,445,179)</u>
Total Noncurrent Assets	\$ -	\$ 789,672	\$ -	\$ 789,672
TOTAL ASSETS	<u>\$ 563,779</u>	<u>\$ 1,879,981</u>	<u>\$ 46,553</u>	<u>\$ 2,490,313</u>
Liabilities				
Current liabilities:				
Accrued liabilities	\$ -	\$ 3,826	\$ -	\$ 3,826
Due to other funds	<u>3,993</u>	<u>2,800</u>	<u>8,439</u>	<u>15,232</u>
TOTAL LIABILITIES	<u>\$ 3,993</u>	<u>\$ 6,626</u>	<u>\$ 8,439</u>	<u>\$ 19,058</u>
Net Assets				
Invested in capital assets, net of related debt	\$ -	\$ 789,672	\$ -	\$ 789,672
Restricted for employee benefits	559,786	-	38,114	597,900
Unrestricted	<u> </u>	<u>1,083,683</u>	<u> </u>	<u>1,083,683</u>
TOTAL NET ASSETS	<u>\$ 559,786</u>	<u>\$ 1,873,355</u>	<u>\$ 38,114</u>	<u>\$ 2,471,255</u>

CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended June 30, 2009

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
Operating Revenues:				
Rents	\$ -	\$ 1,032,003	\$ -	\$ 1,032,003
Other	174,960	40,155	1,477,961	1,693,076
	<u>174,960</u>	<u>40,155</u>	<u>1,477,961</u>	<u>1,693,076</u>
Total Operating Revenues	\$ 174,960	\$ 1,072,158	\$ 1,477,961	\$ 2,725,079
Operating Expenses:				
Salaries and wages	\$ 149,035	\$ 96,140	\$ -	\$ 245,175
Employment related costs	8,665	31,651	-	40,316
Depreciation	-	180,907	-	180,907
Administration expense	-	7,500	-	7,500
Supplies	-	292,296	-	292,296
Contractual services	3,202	2,926	18,388	24,516
Repairs and maintenance	-	43,202	-	43,202
Insurance	157,946	66,407	1,580,757	1,805,110
Miscellaneous	-	213	-	213
	<u>149,035</u>	<u>96,140</u>	<u>-</u>	<u>245,175</u>
Total Operating Expenses	\$ 318,848	\$ 721,242	\$ 1,599,145	\$ 2,639,235
Operating Income (Loss)	\$ (143,888)	\$ 350,916	\$ (121,184)	\$ 85,844
Nonoperating Revenues (Expenses):				
Interest income	\$ 282	\$ 10,866	\$ 800	\$ 11,948
Gain on disposition of assets	-	(22,927)	-	(22,927)
	<u>282</u>	<u>(22,927)</u>	<u>-</u>	<u>(22,927)</u>
Total Nonoperating Revenues	\$ 282	\$ (12,061)	\$ 800	\$ (10,979)
Income (Loss)	\$ (143,606)	\$ 338,855	\$ (120,384)	\$ 74,865
Change in Net Assets	\$ (143,606)	\$ 338,855	\$ (120,384)	\$ 74,865
Total Net Assets - Beginning of Year	<u>703,392</u>	<u>1,534,500</u>	<u>158,498</u>	<u>2,396,390</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 559,786</u>	<u>\$ 1,873,355</u>	<u>\$ 38,114</u>	<u>\$ 2,471,255</u>

CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2009

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Cash receipts for interfund services provided	\$ 369,193	\$ 978,129	\$ 1,197,383	\$ 2,544,705
Cash receipts from customers	-	45,228	-	45,228
Other receipts	9,760	-	297,689	307,449
Other payments	-	(213)	-	(213)
Payments to employees	(157,700)	(127,464)	-	(285,164)
Payments to suppliers	(161,148)	(404,831)	(1,599,145)	(2,165,124)
Payments to interfund services provided	<u>-</u>	<u>(7,500)</u>	<u>-</u>	<u>(7,500)</u>
 Net cash provided (used) by operating activities	 <u>\$ 60,105</u>	 <u>\$ 483,349</u>	 <u>\$ (104,073)</u>	 <u>\$ 439,381</u>
 Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	\$ -	\$ (247,059)	\$ -	\$ (247,059)
Proceeds from sale of capital assets	<u>-</u>	<u>10,946</u>	<u>-</u>	<u>10,946</u>
 Net cash provided (used) by capital and related financing activities	 <u>\$ -</u>	 <u>\$ (236,113)</u>	 <u>\$ -</u>	 <u>\$ (236,113)</u>
 Cash Flows From Investing Activities:				
Interest and dividends received	<u>\$ 282</u>	<u>\$ 10,866</u>	<u>\$ 800</u>	<u>\$ 11,948</u>
 Net cash provided (used) by investing activities	 <u>\$ 282</u>	 <u>\$ 10,866</u>	 <u>\$ 800</u>	 <u>\$ 11,948</u>
 Net increase (decrease) in cash and cash equivalents	 \$ 60,387	 \$ 258,102	 \$ (103,273)	 \$ 215,216
Balances - Beginning of Year	<u>503,392</u>	<u>741,246</u>	<u>127,833</u>	<u>1,372,471</u>
 BALANCES - END OF YEAR	 <u>\$ 563,779</u>	 <u>\$ 999,348</u>	 <u>\$ 24,560</u>	 <u>\$ 1,587,687</u>

**CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows - Continued
For the Year Ended June 30, 2009**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Healthcare</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (143,888)	\$ 350,916	\$ (121,184)	\$ 85,844
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	\$ -	\$ 180,907	\$ -	\$ 180,907
(Increase) decrease in:				
Accounts receivable	200,000	(33)	-	199,967
Due from other funds	-	(56,674)	8,672	(48,002)
Inventory	-	5,106	-	5,106
Increase (decrease) in:				
Accrued liabilities	-	327	-	327
Due to other funds	3,993	2,800	8,439	15,232
	<u>3,993</u>	<u>2,800</u>	<u>8,439</u>	<u>15,232</u>
Total Adjustments	\$ 203,993	\$ 132,433	\$ 17,111	\$ 353,537
Net cash provided (used) by operating activities	<u>\$ 60,105</u>	<u>\$ 483,349</u>	<u>\$ (104,073)</u>	<u>\$ 439,381</u>

CITY OF ST. JOSEPH
PENSION AND OTHER EMPLOYEE BENEFITS FUNDS
Combining Statement of Net Assets
June 30, 2009

	<u>Employees'</u> <u>Retirement</u> <u>Fund</u>	<u>Flex Spending</u> <u>Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 215,974	\$ -	\$ 215,974
Receivables			
Interest receivable	\$ 147,215	\$ -	\$ 147,215
Due from employer	57,449	-	57,449
Due from other funds	<u>67,626</u>	<u>-</u>	<u>67,626</u>
Total Receivables	<u>\$ 272,290</u>	<u>\$ -</u>	<u>\$ 272,290</u>
Investments, at fair value			
Stock	\$ 19,156,899	\$ -	\$ 19,156,899
Bonds	7,656,040	-	7,656,040
Governmental obligations	8,210,076	-	8,210,076
Other	<u>6,618,931</u>	<u>-</u>	<u>6,618,931</u>
Total Investments	<u>\$ 41,641,946</u>	<u>\$ -</u>	<u>\$ 41,641,946</u>
Total Assets	<u>\$ 42,130,210</u>	<u>\$ -</u>	<u>\$ 42,130,210</u>
Liabilities			
Due to employees	\$ -	\$ 131	\$ 131
Total Liabilities	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 131</u>
Net Assets			
Held in trust for pension benefits and other employee benefits	<u>\$ 42,130,210</u>	<u>\$ (131)</u>	<u>\$ 42,130,079</u>

CITY OF ST. JOSEPH
PENSION AND OTHER EMPLOYEE BENEFITS FUNDS
Combining Statement of Changes in Net Assets
June 30, 2009

	<u>Employees'</u> <u>Retirement</u> <u>Fund</u>	<u>Flex Spending</u> <u>Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Plan members	\$ 331,185	\$ -	\$ 331,185
Employer	<u>117,024</u>	<u>-</u>	<u>117,024</u>
Total Contributions	<u>\$ 448,209</u>	<u>\$ -</u>	<u>\$ 448,209</u>
Investments Earnings:			
Interest & dividends	\$ 2,165,014	\$ -	\$ 2,165,014
Miscellaneous	<u>16,425</u>	<u>-</u>	<u>16,425</u>
Total Investments Earnings	<u>\$ 2,181,439</u>	<u>\$ -</u>	<u>\$ 2,181,439</u>
Less: investment expenses	<u>(166,817)</u>	<u>-</u>	<u>(166,817)</u>
Net Investment Earnings	<u>\$ 2,014,622</u>	<u>\$ -</u>	<u>\$ 2,014,622</u>
Total Additions	<u>\$ 2,462,831</u>	<u>\$ -</u>	<u>\$ 2,462,831</u>
Deductions:			
Net decrease, FMV investments	\$ 8,954,199	\$ -	\$ 8,954,199
Benefits	2,015,641	-	2,015,641
Refund of contributions	63,544	-	63,544
Administrative expense	<u>19,395</u>	<u>131</u>	<u>19,526</u>
Total Deductions	<u>\$ 11,052,779</u>	<u>\$ 131</u>	<u>\$ 11,052,910</u>
Change in Net Assets	\$ (8,589,948)	\$ (131)	\$ (8,590,079)
Net Asset - Beginning of Year	<u>50,720,158</u>	<u>-</u>	<u>50,720,158</u>
NET ASSETS - END OF YEAR	<u>\$ 42,130,210</u>	<u>\$ (131)</u>	<u>\$ 42,130,079</u>

CITY OF ST. JOSEPH
AGENCY FUNDS
Combining Statement of Net Assets
June 30, 2009

	Treasurer's Tax Fund	Imprest Payroll Fund	Trust and Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 7,659	\$ 721	\$ 102	\$ 8,482
Due from other governments	<u>-</u>	<u>-</u>	<u>120</u>	<u>120</u>
TOTAL ASSETS	<u>\$ 7,659</u>	<u>\$ 721</u>	<u>\$ 222</u>	<u>\$ 8,602</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 222	\$ 222
Undistributed taxes	30	-	-	30
Due to other funds	<u>7,629</u>	<u>721</u>	<u>-</u>	<u>8,350</u>
TOTAL LIABILITIES	<u>\$ 7,659</u>	<u>\$ 721</u>	<u>\$ 222</u>	<u>\$ 8,602</u>

CITY OF ST. JOSEPH
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2009

Treasurer's Tax Fund:	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
Assets				
Cash and cash equivalents	\$ 31,128	\$ -	\$ 23,469	\$ 7,659
TOTAL ASSETS	<u>\$ 31,128</u>	<u>\$ -</u>	<u>\$ 23,469</u>	<u>\$ 7,659</u>
Liabilities				
Undistributed taxes	\$ -	\$ 30	\$ -	\$ 30
Due to other funds	<u>31,128</u>	<u>-</u>	<u>23,499</u>	<u>7,629</u>
TOTAL LIABILITIES	<u>\$ 31,128</u>	<u>\$ 30</u>	<u>\$ 23,499</u>	<u>\$ 7,659</u>
Imprest Payroll Fund:				
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
Assets				
Cash and cash equivalents	\$ 18,162	\$ -	\$ 17,441	\$ 721
Due from other governments	<u>3,305</u>	<u>-</u>	<u>3,305</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 21,467</u>	<u>\$ -</u>	<u>\$ 20,746</u>	<u>\$ 721</u>
Liabilities				
Due to other funds	<u>\$ 21,467</u>	<u>\$ -</u>	<u>\$ 20,746</u>	<u>\$ 721</u>
TOTAL LIABILITIES	<u>\$ 21,467</u>	<u>\$ -</u>	<u>\$ 20,746</u>	<u>\$ 721</u>

**CITY OF ST. JOSEPH
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities - Continued
For the Year Ended June 30, 2009**

Trust and Agency Fund:	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Assets				
Cash and cash equivalents	\$ 107	\$ -	\$ 5	\$ 102
Undistributed receipts	<u>-</u>	<u>120</u>	<u>-</u>	<u>120</u>
TOTAL ASSETS	<u>\$ 107</u>	<u>\$ 120</u>	<u>\$ 5</u>	<u>\$ 222</u>
Liabilities				
Accounts payable	<u>\$ 107</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 222</u>
TOTAL LIABILITIES	<u>\$ 107</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 222</u>
Total - All Agency Funds:				
	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Assets				
Cash and cash equivalents	\$ 49,397	\$ -	\$ 40,915	\$ 8,482
Due from other governments	<u>3,305</u>	<u>-</u>	<u>3,305</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 52,702</u>	<u>\$ -</u>	<u>\$ 44,220</u>	<u>\$ 8,482</u>
Liabilities				
Accounts payable	\$ 107	\$ 115	\$ -	\$ 222
Undistributed taxes	-	30	-	30
Due to other funds	<u>52,595</u>	<u>-</u>	<u>44,245</u>	<u>8,350</u>
TOTAL LIABILITIES	<u>\$ 52,702</u>	<u>\$ 145</u>	<u>\$ 44,245</u>	<u>\$ 8,602</u>

**CITY OF ST. JOSEPH
PERMANENT FUNDS
Combining Balance Sheet
June 30, 2009**

	Cemetery Perpetual Care	Library Endowment	Total
Assets			
Cash	\$ 207,356	\$ 670,968	\$ 878,324
Due from other funds	<u>-</u>	<u>87,226</u>	<u>87,226</u>
TOTAL ASSETS	<u>\$ 207,356</u>	<u>\$ 758,194</u>	<u>\$ 965,550</u>
Fund Balances			
Reserved for restricted purposes	\$ 207,356	\$ 271,670	\$ 479,026
Reserved for endowment	<u>-</u>	<u>486,524</u>	<u>486,524</u>
TOTAL FUND BALANCES	<u>\$ 207,356</u>	<u>\$ 758,194</u>	<u>\$ 965,550</u>

**CITY OF ST. JOSEPH
PERMANENT FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2009**

	<u>Cemetery Perpetual Care</u>	<u>Library Endowment</u>	<u>Total</u>
Revenues:			
Contributions	\$ -	\$ 2,660	\$ 2,660
Interest	-	25,097	25,097
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ -	\$ 27,757	\$ 27,757
Other Financing Sources (Uses):			
Operating transfers out	-	(23,700)	(23,700)
	<hr/>	<hr/>	<hr/>
Net Changes in Fund Balances	\$ -	\$ 4,057	\$ 4,057
Fund Balances - Beginning of Year	<u>207,356</u>	<u>754,137</u>	<u>\$ 961,493</u>
FUND BALANCES - END OF YEAR	<u>\$ 207,356</u>	<u>\$ 758,194</u>	<u>\$ 965,550</u>

CITY OF ST. JOSEPH
Schedule of 2004 State Revolving Fund Bonds
Project 5190-02
June 30, 2009

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
2010	2.125%	\$ 130,067	\$ 17,533	\$ 17,534	\$ 95,000	\$ 1,555,205
2011	2.125%	128,048	16,524	16,524	95,000	1,460,205
2012	2.125%	131,029	15,515	15,514	100,000	1,360,205
2013	2.125%	128,904	14,452	14,452	100,000	1,260,205
2014	2.125%	131,779	13,389	13,390	105,000	1,155,205
2015	2.125%	129,548	12,274	12,274	105,000	1,050,205
2016	2.125%	132,317	11,159	11,158	110,000	940,205
2017	2.125%	129,979	9,989	9,990	110,000	830,205
2018	2.125%	132,642	8,821	8,821	115,000	715,205
2019	2.125%	130,198	7,599	7,599	115,000	600,205
2020	2.125%	132,754	6,377	6,377	120,000	480,205
2021	2.125%	130,204	5,102	5,102	120,000	360,205
2022	2.125%	132,654	3,827	3,827	125,000	235,205
2023	2.125%	129,998	2,499	2,499	125,000	110,205
2024	2.125%	112,547	1,171	1,171	110,205	-
		<u>\$ 1,942,668</u>	<u>\$ 146,231</u>	<u>\$ 146,232</u>	<u>\$ 1,650,205</u>	

Purpose:

To finance the City's combined sewer overflow project.

Terms:

Principal is due annually. Interest is due semi-annually April 1 and October 1.

CITY OF ST. JOSEPH
Schedule of Capital Improvement Note
Berrien County Revolving Loan Fund
June 30, 2009

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>	<u>Principal January 1</u>	<u>Balance</u>
2010	-	\$ -	\$ -	\$ -	\$ 250,000
2011	-	25,000	-	25,000	225,000
2012	-	25,000	-	25,000	200,000
2013	-	25,000	-	25,000	175,000
2014	-	25,000	-	25,000	150,000
2015	-	25,000	-	25,000	125,000
2016	-	25,000	-	25,000	100,000
2017	-	25,000	-	25,000	75,000
2018	-	25,000	-	25,000	50,000
2019	-	25,000	-	25,000	25,000
2020	-	25,000	-	25,000	-
		<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>	

Purpose:

To finance construction of Momany/Renaissance Drive.

Terms:

Principal due annually January 1.

CITY OF ST. JOSEPH
Schedule of 2002 Improvement and Refunding Bonds
June 30, 2009

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal May 1</u>	<u>Balance</u>
			<u>November 1</u>	<u>May 1</u>		
2010	4.125%	\$ 281,400	\$ 93,200	\$ 93,200	\$ 95,000	\$ 3,740,000
2011	4.375%	282,481	91,241	91,240	100,000	3,640,000
2012	4.375%	293,106	89,053	89,053	115,000	3,525,000
2013	4.500%	298,075	86,537	86,538	125,000	3,400,000
2014	4.500%	302,450	83,725	83,725	135,000	3,265,000
2015	4.750%	311,375	80,688	80,687	150,000	3,115,000
2016	4.875%	314,250	77,125	77,125	160,000	2,955,000
2017	5.000%	321,450	73,225	73,225	175,000	2,780,000
2018	5.000%	327,700	68,850	68,850	190,000	2,590,000
2019	4.750%	333,200	64,100	64,100	205,000	2,385,000
2020	4.750%	343,463	59,231	59,232	225,000	2,160,000
2021	4.750%	352,775	53,888	53,887	245,000	1,915,000
2022	4.800%	361,138	48,069	48,069	265,000	1,650,000
2023	4.950%	368,418	41,709	41,709	285,000	1,365,000
2024	5.000%	374,310	34,655	34,655	305,000	1,060,000
2025	5.100%	384,060	27,030	27,030	330,000	730,000
2026	5.100%	392,230	18,615	18,615	355,000	375,000
2027	5.100%	394,125	9,562	9,563	375,000	-
		<u>\$ 6,036,006</u>	<u>\$ 1,100,503</u>	<u>\$ 1,100,503</u>	<u>\$ 3,835,000</u>	

Purpose:

To finance the City's combined sewer overflow project.

Terms:

Principal is due annually. Interest is due semi-annually May 1 and November 1.

CITY OF ST. JOSEPH
Schedule of 2003 State Revolving Fund Bonds
Project 5190-01
June 30, 2009

Year Ended June 30,	Interest Rate	Annual Debt Service	Interest		Principal October 1	Balance
			October 1	April 1		
2010	2.50%	\$ 124,539	\$ 17,832	\$ 16,707	\$ 90,000	\$ 1,336,525
2011	2.50%	127,225	16,706	15,519	95,000	1,241,525
2012	2.50%	124,850	15,519	14,331	95,000	1,146,525
2013	2.50%	122,476	14,332	13,144	95,000	1,051,525
2014	2.50%	125,038	13,144	11,894	100,000	951,525
2015	2.50%	122,538	11,894	10,644	100,000	851,525
2016	2.50%	124,976	10,644	9,332	105,000	746,525
2017	2.50%	122,350	9,331	8,019	105,000	641,525
2018	2.50%	124,663	8,019	6,644	110,000	531,525
2019	2.50%	126,850	6,644	5,206	115,000	416,525
2020	2.50%	123,976	5,207	3,769	115,000	301,525
2021	2.50%	126,038	3,769	2,269	120,000	181,525
2022	2.50%	123,038	2,269	769	120,000	61,525
2023	2.50%	62,294	769	-	61,525	-
		<u>\$ 1,680,851</u>	<u>\$ 136,079</u>	<u>\$ 118,247</u>	<u>\$ 1,426,525</u>	

Purpose:

To finance the City's combined sewer overflow project.

Terms:

Principal is due annually. Interest is due semi-annually April 1 and October 1

CITY OF ST. JOSEPH
Schedule of Brownfield Lien Note
Michigan Department of Environmental Quality
June 30, 2009

<u>Year Ended June 30,</u>	<u>Interest December 11</u>	<u>Principal December 11</u>	<u>Total Payment</u>
2010	\$ 20,308	\$ 52,761	\$ 73,069
	<u>\$ 20,308</u>	<u>\$ 52,761</u>	<u>\$ 73,069</u>

CITY OF ST. JOSEPH
Schedule of Bluffside Installment Loan
Fifth Third Bank
June 30, 2009

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal</u>		<u>Balance</u>
			<u>August 8</u>	<u>February 8</u>	<u>August 8</u>	<u>February 8</u>	
2009	4.350%	\$ 64,024	\$ -	\$ 30,450	\$ -	\$ 33,574	\$ 1,366,426
2010	4.350%	138,048	29,720	38,974	34,304	35,050	1,297,072
2011	4.350%	127,948	28,111	27,432	35,813	36,592	1,224,667
2012	4.350%	128,048	26,636	25,823	37,388	38,201	1,149,078
2013	4.350%	128,048	24,992	24,143	39,032	39,881	1,070,165
2014	4.350%	128,048	23,276	22,390	40,748	41,634	987,783
2015	4.350%	128,048	21,484	20,559	42,540	43,465	901,778
2016	4.350%	128,048	19,614	18,648	44,410	45,376	811,992
2017	4.350%	128,048	17,661	16,652	46,363	47,372	718,257
2018	4.350%	128,048	15,622	14,569	48,402	49,455	620,400
2019	4.350%	128,048	13,494	12,395	50,530	51,629	518,241
2020	4.350%	128,048	11,272	10,124	52,752	53,900	411,589
2021	4.350%	128,048	8,952	7,754	55,072	56,270	300,247
2022	4.350%	128,048	6,530	5,280	57,494	58,744	184,009
2023	4.350%	128,048	4,002	2,697	60,022	61,327	62,661
2024	4.350%	64,024	1,363	-	62,661	-	-
		<u>\$ 1,930,620</u>	<u>\$ 252,729</u>	<u>\$ 277,890</u>	<u>\$ 707,531</u>	<u>\$ 692,470</u>	

Purpose;

To finance the bluffside project.

Terms:

Principal and interest are due semi-annually on February 8 and August 8.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 11, 2009

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Commission
of the City of St. Joseph, Michigan

We have audited the financial statements of the City of St. Joseph as of and for the year ended June 30, 2009, and have issued our report thereon dated September 11, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of St. Joseph's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Joseph's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Right. On time.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS- Continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of St. Joseph's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

We noted certain other matters that we reported to management of the City of St. Joseph in a separate letter dated September 11, 2009.

This report is intended solely for the information and use of the Commission, management, and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties.

Reibel & Company, P.C.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 11, 2009

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Commission
of the City of St. Joseph, Michigan

We have audited the compliance of the City of St. Joseph with the types of compliance requirements described in the U.S. office Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of St. Joseph's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of St. Joseph's management. Our responsibility is to express an opinion on the City of St. Joseph's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and OMB Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**. Those standards and OMB Circular A-33 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the City of St. Joseph's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of St. Joseph's compliance with those requirements.

In our opinion, the City of St. Joseph complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of St. Joseph is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of St. Joseph's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of St. Joseph's internal control over compliance.

Right. On time.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 - Continued**

Internal Control Over Compliance - Continued

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of St. Joseph's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of St. Joseph's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Commission, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Reichel & Company, P.C.

CITY OF ST. JOSEPH
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Grantor Pass Through Grantor Program Title Grant Number</u>	<u>Federal CFDA Number</u>	<u>Approved Grant Award Amount</u>	<u>Accrued (Deferred) Revenue July 1, 2008</u>
DEPARTMENT OF HOMELAND SECURITY			
Assistance to Firefighters EMW-2008-FO-10354	97.044	\$ 24,852	\$ -
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan Drinking Water Revolving Fund Program Safe Drinking Water State Revolving Fund	66.468	2,616,000	-
DEPARTMENT OF TRANSPORTATION			
Passed through MDOT Highways Research, Planning & Construction	20.205	<u>373,300</u>	<u>134,000</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 3,014,152</u>	<u>\$ 134,000</u>

<u>(Memo Only)</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Current</u> <u>Year</u> <u>Expenditures</u>	<u>Current Year</u> <u>Cash</u> <u>Receipts</u>	<u>Accrued</u> <u>(Deferred) Revenue</u> <u>June 30, 2009</u>	<u>Adjustments</u>
\$ -	\$ 21,976	\$ 21,976	\$ -	\$ -
-	779,728	779,728	-	-
<u>134,000</u>	<u>234,411</u>	<u>234,411</u>	<u>-</u>	<u>-</u>
<u>\$ 134,000</u>	<u>\$ 1,036,115</u>	<u>\$ 1,036,115</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ST. JOSEPH
Notes to Schedule of
Expenditures of Federal Awards
June 30, 2009

1. The accompanying schedule of federal awards includes the federal grant activity of the City of St. Joseph and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**.
2. Type A programs are those with \$300,000 or more of total federal awards expended.

CITY OF ST. JOSEPH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Prior Year

No findings - Single Audit was not required due to the City under the \$500,000 federal expenditure threshold.

Current Year

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of St. Joseph.
2. There were no significant deficiencies or material weaknesses that were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of St. Joseph were disclosed during the audit.
4. No significant deficiencies and no material weaknesses were disclosed during the audit of the major federal award program.
5. There were no findings, no significant deficiencies and no material weaknesses that were disclosed during the audit of the major federal award program.
6. The auditor's report on compliance for the major federal award programs for the City of St. Joseph expresses an unqualified opinion on the major federal program.
7. The auditor's report on compliance for the major federal award programs for the City of St. Joseph is to be reported in this schedule.
8. The program tested as a major program was the Safe Drinking Water State Revolving Fund revenue, CFDA No. 66.468.
9. The threshold for distinguishing Type A and Type B programs was \$300,000.
10. City of St. Joseph was determined to be a high-risk auditee.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 11, 2009

To the City Commission
City of St. Joseph, Michigan

In connection with our audit of the financial statements of the City of St. Joseph for the year ended June 30, 2009, we offer the following comments:

1. We noted that some of the City's bank accounts were over FDIC limits. The City staff should continue to monitor the financial institutions that the City uses.
2. The books and records were found to be balanced and well organized.
3. Supporting documentation was readily available for inspection.
4. The City's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the City of St. Joseph and trust that these comments will be received in the spirit of cooperation in which they are offered.

If we can be of any assistance, or if you have any questions regarding these or any other matters, please feel free to contact us.

Very truly yours,



GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

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CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 11, 2009

Communication of Significant Deficiencies That Indicates No Material Weaknesses in Internal Control

To the City Commission
City of St. Joseph, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of St. Joseph as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered City of St. Joseph's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of St. Joseph's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of St. Joseph internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

In addition, we noted other matters involving the internal control and its operation that we have reported to management of City of St. Joseph in a separate letter dated September 11, 2009.

This communication is intended solely for the information and use of management, City Commission, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Gerbel & Company, P.C.

GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

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Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 11, 2009

Communication with Those Charged With Governance

To the City Commission
City of St. Joseph, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Joseph for the year ended June 30, 2009, and have issued our report thereon dated September 11, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 27, 2009, our responsibility, as described by professional standards is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 13, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of St. Joseph are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no estimates that we consider to be particularly sensitive.

Right. On time.

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Qualitative Aspects of Accounting Practices - Continued

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no disclosures that we consider to be particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 11, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Commissioners and management of the City of St. Joseph and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants