

CITY OF ST. JOSEPH
BERRIEN COUNTY, MICHIGAN
FINANCIAL REPORT
June 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name St. Joseph	County Berrien
Fiscal Year End June 30, 2007	Opinion Date September 21, 2007	Date Audit Report Submitted to State <i>October 23, 2007</i>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Gerbel and Company P.C. CPA's		Telephone Number (269) 983-0534		
Street Address 830 Pleasant Street PO Box 44		City St. Joseph	State MI	Zip 49085
Authorizing CPA Signature <i>Robert R. Gerbel CPA</i>		Printed Name		License Number 3953

CITY OF ST. JOSEPH
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

June 30, 2007

CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	I-IX
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets.....	2
Statement of Activities	3
Governmental Funds - Balance Sheet.....	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	5
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	8
Street Improvement Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	9
Building Inspection Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	10
Proprietary Funds - Statement of Net Assets.....	11
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Net Assets.....	12
Proprietary Funds - Combining Statement of Cash Flows	13-14
Fiduciary Funds - Statement of Net Assets.....	15

CONTENTS

	<u>Page</u>
Fiduciary Funds- Statement of Changes in Net Assets	16
Notes to Financial Statements	17-34
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress: Employees' Retirement Fund	35
SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds:	
Description of Funds.....	36-37
Combining Balance Sheet.....	38
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	39
Nonmajor Capital Project Funds:	
Combining Balance Sheet.....	40
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	41
General Fund:	
Statement of Revenues - Budget and Actual	42
Statement of Expenditures - Budget and Actual	43-48
Statement of Other Financing Sources and Uses - Budget and Actual	49
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	50-51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	52-56
Component Units:	
Combining Statement of Net Assets	57
Combining Statement of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual	58
Internal Service Funds:	
Combining Statement of Net Assets	59
Combining Statement of Revenues, Expenses, and Changes in Net Assets	60
Combining Statement of Cash Flows.....	61-62
Pension and Other Employee Benefits Funds:	
Combining Statement of Net Assets	63
Combining Statement of Changes in Net Assets	64

CONTENTS

	<u>Page</u>
Agency Funds:	
Combining Statement of Net Assets	65
Combining Statement of Changes in Assets and Liabilities.....	66-67
Permanent Funds:	
Combining Balance Sheet.....	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
Schedule of 1996 Installment Note - Fifth Third Bank.....	70
Schedule of 2004 State Revolving Fund Bonds - Project 5190-02.....	71
Schedule of Capital Improvement Note - Berrien County Revolving Loan Fund.....	72
Schedule of 2002 Improvement and Refunding Bonds.....	73
Schedule of 2003 State Revolving Fund Bonds - Project 5190-01	74
Schedule of 2004 Installment Note - JP Morgan Chase Bank.....	75
Schedule of Brownfield Lien Note - Michigan Department of Environmental Quality	76



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St. Joseph, MI 49085
Finance Office Telephone: 269-983-4731
Holding on to the Past... Reaching out to the Future

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, 2006. 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 \$43,900,570. Of this amount, \$9,883,905 may be used to meet the ongoing obligations to our citizens and creditors.
- The City's total net assets increased by \$1,479,148.
- At the close of the current fiscal year, the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$7,664,749 a decrease of \$774,470 in comparison with the prior year. Approximately \$6,705,564 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 \$1,316,513 or 21 percent of total general fund expenditures. The City Commission has allocated \$329,513 to be transferred to the Capital project fund in 2006-2007 to fund future capital projects.
- The City of St. Joseph's total debt decreased by \$447,018 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 expendable resources, as well as, on balances of expendable 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 29 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 building inspection fund, street improvement fund and the library capital improvement fund, all of which are considered to be major funds. Data from the other 25 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 \$43,977,159 at the close of the 2006-2007 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	\$ 9,512,254	\$ 3,708,696	\$ 76,589	\$ 13,297,539	\$ 13,168,471
Capital Assets	\$ 30,419,428	\$ 10,048,035	\$ -	\$ 40,467,463	\$ 39,353,519
Total Assets	\$ 39,931,682	\$ 13,756,731	\$ 76,589	\$ 53,765,002	\$ 52,521,990
Long-Term Liabilities Outstanding	\$ 8,847,451	\$ -	\$ -	\$ 8,847,451	\$ 9,312,978
Other Liabilities	\$ 283,615	\$ 656,777	\$ -	\$ 940,392	\$ 694,521
Total Liabilities	\$ 9,131,066	\$ 656,777	\$ -	\$ 9,787,843	\$ 10,007,499
Invested in Capital Assets, Net of Related Debt	\$ 21,961,071	\$ 10,048,035	\$ -	\$ 32,009,106	\$ 30,365,120
Restricted	\$ 2,007,559	\$ -	\$ -	\$ 2,007,559	\$ 1,086,288
Unrestricted	\$ 6,831,986	\$ 3,051,919	\$ 76,589	\$ 9,960,494	\$ 11,063,083
Total Net Assets	\$ 30,800,616	\$ 13,099,954	\$ 76,589	\$ 43,977,159	\$ 42,514,491

A portion of the City of St. Joseph's net assets (4.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9,960,494) 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.

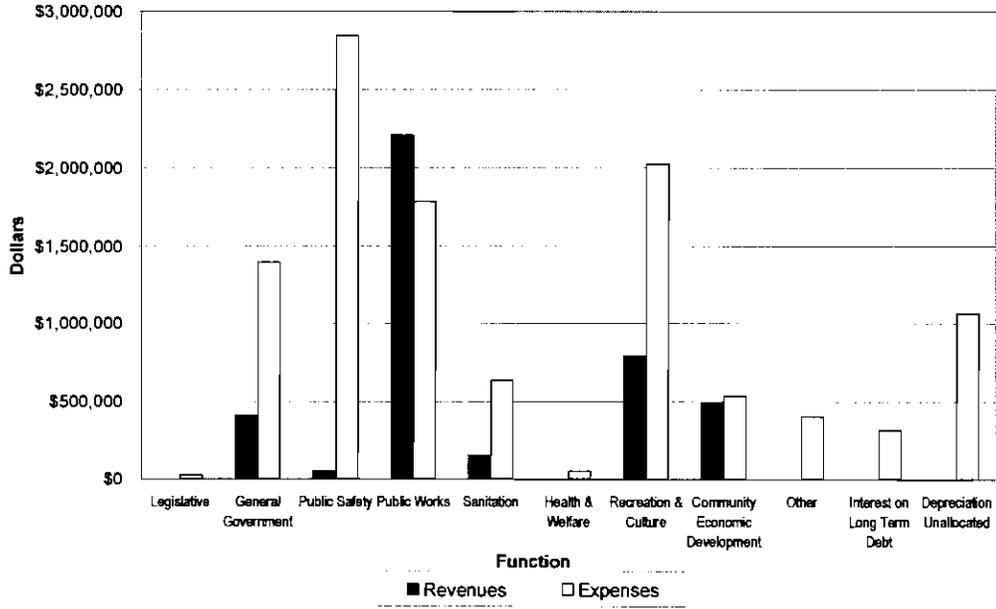
**City of St. Joseph
Changes in Net Assets**

	Governmental Activities	Business Type Activities	Component Units	Current Year Total	Prior Year Total
Revenues					
Program Revenues					
Charges for Services	\$ 2,424,618	\$ 5,137,680	\$ 1,518	\$ 7,563,816	\$ 7,669,286
Grants and Contributions	1,676,134	-	-	1,676,134	2,917,818
General Revenues					
Property Taxes	6,089,661	-	41,247	6,130,908	5,788,227
State Revenue	980,962	-	-	980,962	-
Fines, Fees and Forfeits	300,018	-	-	300,018	6,878
Interest	542,135	160,641	3,975	706,751	-
Miscellaneous	70,454	-	-	70,454	440,526
Sale of Fixed Assets	(14,545)	300	-	(14,245)	1,181
Total Revenues	\$ 12,069,437	\$ 5,298,621	\$ 46,740	\$ 17,414,798	\$ 16,289,749
Expenses					
Legislative	\$ 25,330	\$ -	\$ -	\$ 25,330	\$ 26,391
General Government	1,394,186	-	-	1,394,186	1,509,620
Public Safety	2,841,797	-	-	2,841,797	2,617,160
Public Works	1,784,338	-	-	1,784,338	1,442,155
Sanitation	631,133	-	-	631,133	570,503
Health and Welfare	50,537	-	-	50,537	50,537
Recreation and Cultural	2,020,549	-	-	2,020,549	2,166,069
Community and Economic Development	535,179	-	-	535,179	318,048
Other	405,148	-	-	405,148	316,406
Interest on Long-Term Debt	316,013	-	-	316,013	381,353
Depreciation-unallocated	1,065,613	-	-	1,065,613	1,010,734
Sewer Fund	-	1,329,869	-	1,329,869	1,152,759
Water Fund	-	3,108,304	-	3,108,304	2,933,949
Marina Fund	-	380,914	-	380,914	368,254
Downtown Development Authority	-	-	48,706	48,706	51,630
Tax Increment Finance Authority	-	-	14,514	14,514	-
Total Expenses	\$ 11,069,823	\$ 4,819,087	\$ 63,220	\$ 15,952,130	\$ 14,815,568
Increase (Decrease) in Net Assets before Transfers	\$ 999,614	\$ 479,534	\$ (16,480)	\$ 1,462,668	\$ 2,008,348
Transfers	(236,694)	236,694	-	-	-
Changes in net assets	\$ 762,920	\$ 716,228	\$ (16,480)	\$ 1,462,668	\$ 2,008,348
Net Assets Beginning of Year	30,037,696	12,383,726	93,069	42,514,491	40,506,143
Net Assets End of Year	\$ 30,800,616	\$ 13,099,954	\$ 76,589	\$ 43,977,159	\$ 42,421,422

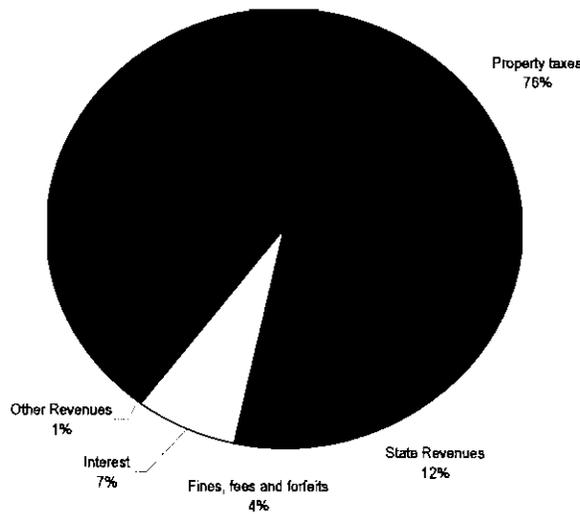
Governmental Activities

Governmental Activities increased the City of St. Joseph’s net assets by \$762,920, accounting for 52% of the total growth in the net assets of the City of St. Joseph. Property taxes were \$6,089,661 or 50% of the total governmental revenues. Grants and contributions were \$1,676,134 or 14% of the total governmental revenues. The remaining 36% is mostly composed of various charges for services and interest revenue. Public safety expenditures totaled \$2,841,797 or 26% of the governmental expenses. General government and Recreation and Cultural expenditures totaled 31% of the governmental expenses.

Program Revenues and Expenses - Governmental Activities



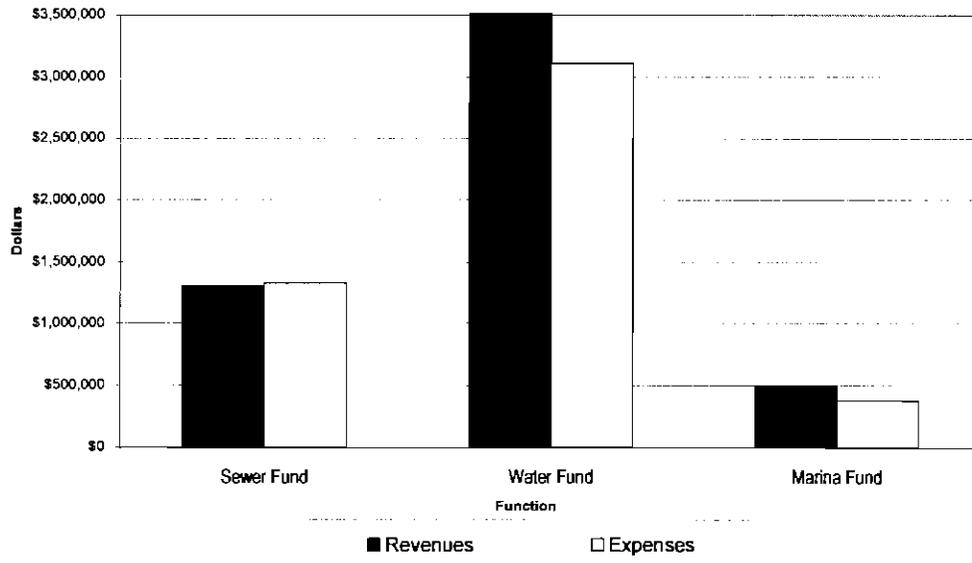
Revenues by Source - Governmental Activities



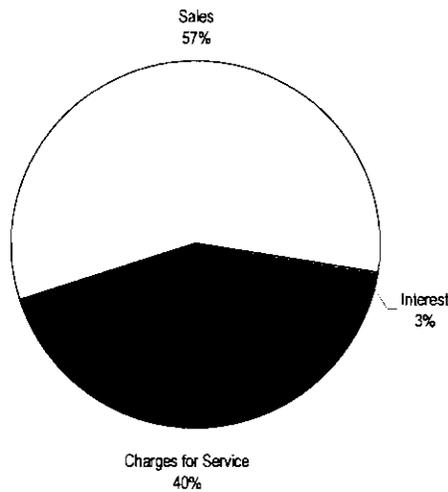
Business-Type Activities

Business-type Activities increased the City of St. Joseph's net assets by \$716,228, accounting for 49% of the total growth in the net assets of the City of St. Joseph. Charges for services were \$5,137,680 or 97% of the total business-type revenues. The remaining 3% is mostly composed of various fees and interest revenue. Business-type expenditures increased overall by \$464,125.

Program Revenues and Expenses - Business Type Funds



Revenue by Source - Business Type Activities



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 expendable 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 \$7,664,749, a decrease of \$774,471 in comparison with the prior year. Approximately 87% 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 \$1,329,513 which represents roughly 22% 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 decreased by \$1,192,677 from the previous year; \$329,513 of this fund balance will be transferred to the Capital Project Fund.

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 \$2,076,344, and the Sewer Fund \$432,787, and those for the Marina Fund amounted to \$542,788. The Water Fund increased net assets by \$542,001. The Sewer Fund increased net assets by \$67,746 and the Marina Fund increased net assets by \$106,481. 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 minor and resulted in a net increase in budgeted expenditures of \$94,200 and can be briefly summarized as follows:

- \$5,100 decrease in miscellaneous expenses in legislative activities
- \$42,871 increase allocated to general government activities
- \$9,544 increase allocated to public safety activities
- \$7,682 decrease allocated to miscellaneous expenses in public works activities
- \$1,400 decrease in health and welfare activities
- \$242,367 increase in recreation and cultural activities
- \$8,000 decrease in community and economic development activities
- \$178,400 decrease in other activities

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, 2007 amounts to \$40,467,463 (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 Edgewater Drive over the Paw Paw River to Benton Harbor
- Completion of the reconstruction of Midway Avenue
- Major infrastructure and reconstruction of Lake Boulevard
- Major safety project to reconfigure the intersection at Cleveland Avenue and Lakeshore Drive
- Resurfacing of Business Loop 94 from Wallace to Lakeview Avenue
- Major facelift to the downtown including landscaping, benches, and flower pots

Long-Term Debt

At the end of the current fiscal year, the City of St. Joseph had total debt outstanding of \$8,925,986. The City's total debt decreased due to payment of scheduled principal payments.

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 to 1.25% of its total taxable valuation, exclusive of interest. The current debt limitation for the City of St. Joseph is \$35,730,649 for bond debt and \$4,466,331 for note debt, which is 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 revenue over expenditures in the general fund will result in a \$56,300 surplus. This surplus has been budgeted as a transfer to the Capital project fund to pay for capital projects planned for the 2008-2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview 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 21, 2007

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, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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. 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, Michigan, as of June 30, 2007, 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.

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Joseph, Michigan's, financial statements. The combining and individual nonmajor fund financial statements 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.

Gerbel & Company, P.C.

Right. On time.

CITY OF ST. JOSEPH
Statement of Net Assets
June 30, 2007

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Assets				
Cash and cash equivalents	\$ 7,857,347	\$ 2,877,746	\$ 10,735,093	\$ 76,589
Investments	809,408	-	809,408	-
Receivables	737,948	573,149	1,311,097	-
Due from other funds	64,689	7,593	72,282	-
Due from other governments	-	117,258	117,258	-
Prepaid expenses	13,000	-	13,000	-
Inventory	29,862	132,950	162,812	-
Capital assets (net of related depreciation):				
Land	3,590,347	613,862	4,204,209	-
Land improvements	116,874	-	116,874	-
Buildings and improvements	11,093,072	3,981,904	15,074,976	-
Furniture and equipment	2,044,831	780,628	2,825,459	-
Books	170,808	-	170,808	-
Infrastructure	13,033,135	-	13,033,135	-
Utility systems	-	4,434,948	4,434,948	-
Construction in progress	370,361	236,693	607,054	-
TOTAL ASSETS	<u>\$ 39,931,682</u>	<u>\$ 13,756,731</u>	<u>\$ 53,688,413</u>	<u>\$ 76,589</u>
Liabilities				
Accounts payable	\$ 41,466	\$ 83,550	\$ 125,016	\$ -
Accrued liabilities	2,900	82,467	85,367	-
Accrued interest	65,437	-	65,437	-
Deferred revenue	173,812	-	173,812	-
Due to other funds	-	28,000	28,000	-
Due to other governments	-	462,760	462,760	-
Noncurrent liabilities:				
Due within one year	831,363	-	831,363	-
Due in more than one year	8,016,088	-	8,016,088	-
Total Liabilities	<u>\$ 9,131,066</u>	<u>\$ 656,777</u>	<u>\$ 9,787,843</u>	<u>\$ -</u>
Net Assets				
Invested in capital assets, net of related debt	\$ 21,961,071	\$ 10,048,035	\$ 32,009,106	\$ -
Restricted	2,007,559	-	2,007,559	-
Unrestricted	6,831,986	3,051,919	9,883,905	76,589
TOTAL NET ASSETS	<u>\$ 30,800,616</u>	<u>\$ 13,099,954</u>	<u>\$ 43,900,570</u>	<u>\$ 76,589</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, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
Legislative	\$ 25,330	\$ -	\$ -	\$ -
General government	1,394,186	403,893	3,579	-
Public safety	2,841,797	36,761	15,381	-
Public works	1,784,338	1,076,342	918,248	214,516
Sanitation	631,133	151,650	-	-
Health and welfare	50,537	-	-	-
Recreation and cultural	2,020,549	263,201	340,964	183,446
Community and economic development	535,179	492,771	-	-
Other	405,148	-	-	-
Interest on long-term debt	316,013	-	-	-
Depreciation-unallocated	1,065,613	-	-	-
Total Governmental Activities	\$ 11,069,823	\$ 2,424,618	\$ 1,278,172	\$ 397,962
Business-type Activities:				
Sewer Fund	\$ 1,329,869	\$ 1,274,142	\$ -	\$ -
Water Fund	3,108,304	3,396,443	-	-
Marina Fund	380,914	467,095	-	-
Total Business-type Activities	\$ 4,819,087	\$ 5,137,680	\$ -	\$ -
Total Primary Government	\$ 15,888,910	\$ 7,562,298	\$ 1,278,172	\$ 397,962
Component Units:				
Downtown Development	\$ 48,706	\$ -	\$ -	\$ -
Tax Increment Finance Authority	14,514	-	-	-
Total Component Units	\$ 63,220	\$ -	\$ -	\$ -

General Revenues:

Property taxes
State revenue
Fines, fees, and forfeits
Interest
Miscellaneous
Sale of fixed assets

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

<u>Primary Government</u>			<u>Component Units</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
\$ (25,330)	\$ -	\$ (25,330)	\$ -
(986,714)	-	(986,714)	1,518
(2,789,655)	-	(2,789,655)	-
424,768	-	424,768	-
(479,483)	-	(479,483)	-
(50,537)	-	(50,537)	-
(1,232,938)	-	(1,232,938)	-
(42,408)	-	(42,408)	-
(405,148)	-	(405,148)	-
(316,013)	-	(316,013)	-
<u>(1,065,613)</u>	<u>-</u>	<u>(1,065,613)</u>	<u>-</u>
<u>\$ (6,969,071)</u>	<u>\$ -</u>	<u>\$ (6,969,071)</u>	<u>\$ 1,518</u>
\$ -	\$ (55,727)	\$ (55,727)	\$ -
-	288,139	288,139	-
<u>-</u>	<u>86,181</u>	<u>86,181</u>	<u>-</u>
\$ -	\$ 318,593	\$ 318,593	\$ -
<u>\$ (6,969,071)</u>	<u>\$ 318,593</u>	<u>\$ (6,650,478)</u>	<u>\$ 1,518</u>
\$ -	\$ -	\$ -	\$ (48,706)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,514)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,220)</u>
\$ 6,089,661	\$ -	\$ 6,089,661	\$ 41,247
980,962	-	980,962	-
300,018	-	300,018	-
542,135	160,641	702,776	3,975
70,454	-	70,454	-
(14,545)	300	(14,245)	-
<u>(236,694)</u>	<u>236,694</u>	<u>-</u>	<u>-</u>
<u>\$ 7,731,991</u>	<u>\$ 397,635</u>	<u>\$ 8,129,626</u>	<u>\$ 45,222</u>
\$ 762,920	\$ 716,228	\$ 1,479,148	\$ (16,480)
<u>30,037,696</u>	<u>12,383,726</u>	<u>42,421,422</u>	<u>93,069</u>
<u>\$ 30,800,616</u>	<u>\$ 13,099,954</u>	<u>\$ 43,900,570</u>	<u>\$ 76,589</u>

**CITY OF ST. JOSEPH
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2007**

	<u>General Fund</u>	<u>Street Improvement Fund</u>	<u>Library Capital Improvement Fund</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 791,561	\$ 536,593	\$ 79,481
Investments	-	-	-
Receivables	520,681	-	-
Due from other funds	62,240	-	-
Prepaid expense	<u>13,000</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>\$ 1,387,482</u>	<u>\$ 536,593</u>	<u>\$ 79,481</u>
TOTAL ASSETS	<u>\$ 1,387,482</u>	<u>\$ 536,593</u>	<u>\$ 79,481</u>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 40,976	\$ -	\$ -
Due to other funds	5,635	-	133,426
Deferred revenue	<u>11,358</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>\$ 57,969</u>	<u>\$ -</u>	<u>\$ 133,426</u>
Total Liabilities	<u>\$ 57,969</u>	<u>\$ -</u>	<u>\$ 133,426</u>
Fund Balances:			
Reserved for:			
Restricted purposes	\$ 13,000	\$ -	\$ -
Unreserved, reported in			
General Fund	1,316,513	-	-
Special Revenue	-	536,593	-
Debt Service	-	-	-
Capital Projects	<u>-</u>	<u>-</u>	<u>(53,945)</u>
Total Fund Balances	<u>\$ 1,329,513</u>	<u>\$ 536,593</u>	<u>\$ (53,945)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,387,482</u>	<u>\$ 536,593</u>	<u>\$ 79,481</u>

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

Building Inspection Fund	Other Governmental Funds	Total Governmental Funds
\$ 403,080	\$ 4,728,070	\$ 6,538,785
202,352	404,704	607,056
2,571	210,721	733,973
-	138,461	200,701
-	-	13,000
<u>608,003</u>	<u>5,481,956</u>	<u>8,093,515</u>
\$ <u>608,003</u>	\$ <u>5,481,956</u>	\$ <u>8,093,515</u>
\$ -	\$ 490	\$ 41,466
3,774	70,653	213,488
<u>148,596</u>	<u>13,858</u>	<u>173,812</u>
\$ <u>152,370</u>	\$ <u>85,001</u>	\$ <u>428,766</u>
\$ <u>152,370</u>	\$ <u>85,001</u>	\$ <u>428,766</u>
\$ -	\$ 946,185	\$ 959,185
-	-	1,316,513
455,633	2,451,392	3,443,618
-	250,499	250,499
-	1,748,879	1,694,934
\$ <u>455,633</u>	\$ <u>5,396,955</u>	\$ <u>7,664,749</u>
\$ <u>608,003</u>	\$ <u>5,481,956</u>	\$ <u>8,093,515</u>

CITY OF ST. JOSEPH
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007

Fund balances of governmental funds	\$ 7,664,749
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	29,657,675
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.	(8,847,451)
Internal service funds are used by management to charge the cost of fleet 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.	2,391,080
Governmental funds do not report accrued interest.	<u>(65,437)</u>
Net assets of governmental activities	<u>\$ 30,800,616</u>

**CITY OF ST. JOSEPH
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2007**

	<u>General Fund</u>	<u>Street Improvement Fund</u>	<u>Library Capital Improvement Fund</u>
Revenues:			
Taxes	\$ 4,638,354	\$ -	\$ -
Federal revenues	-	223,640	-
State revenues	992,185	-	-
Charges for services	998,690	-	-
Licenses and permits	4,066	-	-
Fines, fees, and forfeits	100,971	-	-
Special assessments	-	-	-
Contributions	-	-	31,646
Interest	192,639	38,749	-
Other	98,347	-	-
	<u>\$ 7,025,252</u>	<u>\$ 262,389</u>	<u>\$ 31,646</u>
Total Revenues			
Expenditures:			
Current:			
Legislative	\$ 25,330	\$ -	\$ -
General government	1,089,018	-	-
Public safety	2,839,267	-	-
Public works	384,097	84	-
Recreation and cultural	1,113,135	-	-
Sanitation	-	-	-
Community and economic development	65,000	-	-
Health and welfare	50,537	-	-
Other	404,184	-	964
Debt service:			
Principal retirement	165,968	-	-
Interest	16,203	-	-
Capital outlay	-	1,055,276	50,801
	<u>\$ 6,152,739</u>	<u>\$ 1,055,360</u>	<u>\$ 51,765</u>
Total Expenditures			
Revenues Over (Under) Expenditures	<u>\$ 872,513</u>	<u>\$ (792,971)</u>	<u>\$ (20,119)</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ 1,180,000	\$ 36,436
Operating transfers out	<u>(2,065,190)</u>	<u>(900,000)</u>	<u>-</u>
	<u>\$ (2,065,190)</u>	<u>\$ 280,000</u>	<u>\$ 36,436</u>
Total Other Financing Sources (Uses)			
Net Changes in Fund Balance	\$ (1,192,677)	\$ (512,971)	\$ 16,317
Fund Balances - Beginning of year	<u>2,522,190</u>	<u>1,049,564</u>	<u>(70,262)</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,329,513</u>	<u>\$ 536,593</u>	<u>\$ (53,945)</u>

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

Building Inspection Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,451,307	\$ 6,089,661
-	-	223,640
-	726,440	1,718,625
-	569,077	1,567,767
321,996	-	326,062
168,046	411,815	680,832
-	2,561	2,561
-	681,405	713,051
27,281	204,820	463,489
<u>3,819</u>	<u>115,964</u>	<u>218,130</u>
<u>\$ 521,142</u>	<u>\$ 4,163,389</u>	<u>\$ 12,003,818</u>

\$ -	\$ -	\$ 25,330
-	258,863	1,347,881
-	2,530	2,841,797
-	1,400,158	1,784,339
-	907,414	2,020,549
-	631,133	631,133
388,735	81,444	535,179
-	-	50,537
-	-	405,148
-	364,078	530,046
-	291,217	307,420
-	<u>956,159</u>	<u>2,062,236</u>
<u>\$ 388,735</u>	<u>\$ 4,892,996</u>	<u>\$ 12,541,595</u>

<u>\$ 132,407</u>	<u>\$ (729,607)</u>	<u>\$ (537,777)</u>
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\$ -	\$ 2,944,163	\$ 4,160,599
-	(1,432,103)	(4,397,293)

<u>\$ -</u>	<u>\$ 1,512,060</u>	<u>\$ (236,694)</u>
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\$ 132,407	\$ 782,453	\$ (774,471)
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<u>323,226</u>	<u>4,614,502</u>	<u>8,439,220</u>
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<u>\$ 455,633</u>	<u>\$ 5,396,955</u>	<u>\$ 7,664,749</u>
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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, 2007

Net change in fund balances - total governmental funds \$ (774,470)

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	\$ 2,081,310	
Depreciation expense	<u>(1,065,613)</u>	1,015,697

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 530,045

The interest income and gain on sale of assets of internal service funds are included in governmental activities in the statement of activities. 64,098

Governmental funds do not report accrued interest. The statement of activities records the increase in accrued interest as an expense. (8,593)

Governmental funds report deferred revenues as the cash is received; they are recorded as revenues as they are earned in the statement of activities. The total increase in deferred revenue is included in the statement of activities. 661

Increase in the liability for compensated absences is not reported in governmental funds. (64,518)

Changes in net assets of governmental activities \$ 762,920

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 4,615,200	\$ 4,620,900	\$ 4,638,354	\$ 17,454
State revenues	1,006,000	991,200	992,185	985
Charges for services	962,700	991,900	998,690	6,790
Licenses and permits	2,600	4,700	4,066	(634)
Fines, fees, and forfeits	100,000	100,600	100,971	371
Interest	75,000	140,000	192,639	52,639
Other	23,300	93,200	98,347	5,147
	<u>\$ 6,784,800</u>	<u>\$ 6,942,500</u>	<u>\$ 7,025,252</u>	<u>\$ 82,752</u>
Total Revenues				
Expenditures:				
Current:				
Legislative	\$ 33,900	\$ 28,800	\$ 25,330	\$ 3,470
General government	1,098,400	1,141,271	1,089,018	52,253
Public safety	2,875,300	2,884,844	2,839,267	45,577
Public works	407,900	400,218	384,097	16,121
Recreation and cultural	909,100	1,151,467	1,113,135	38,332
Community and economic development	73,000	65,000	65,000	-
Health and welfare	52,000	50,600	50,537	63
Other	577,100	398,700	404,184	(5,484)
Debt service:				
Principal retirement	166,000	166,000	165,968	32
Interest	16,300	16,300	16,203	97
	<u>\$ 6,209,000</u>	<u>\$ 6,303,200</u>	<u>\$ 6,152,739</u>	<u>\$ 150,461</u>
Total Expenditures				
Revenues Over (Under) Expenditures	<u>\$ 575,800</u>	<u>\$ 639,300</u>	<u>\$ 872,513</u>	<u>\$ 233,213</u>
Other Financing Sources (Uses):				
Operating transfers out	<u>\$ (2,047,190)</u>	<u>\$ (2,065,690)</u>	<u>\$ (2,065,190)</u>	<u>\$ 500</u>
Total Other Financing Sources (Uses)	<u>\$ (2,047,190)</u>	<u>\$ (2,065,690)</u>	<u>\$ (2,065,190)</u>	<u>\$ 500</u>
Net Change in Fund Balances	<u>\$ (1,471,390)</u>	<u>\$ (1,426,390)</u>	<u>\$ (1,192,677)</u>	<u>\$ 233,713</u>
Fund Balances - Beginning of Year	<u>2,522,190</u>	<u>2,522,190</u>	<u>2,522,190</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,050,800</u>	<u>\$ 1,095,800</u>	<u>\$ 1,329,513</u>	<u>\$ 233,713</u>

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

**CITY OF ST. JOSEPH
STREET IMPROVEMENT FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
State revenues	\$ 511,300	\$ 223,600	\$ 223,640	\$ 40
Interest	<u>7,500</u>	<u>38,200</u>	<u>38,749</u>	<u>549</u>
Total Revenues	<u>\$ 518,800</u>	<u>\$ 261,800</u>	<u>\$ 262,389</u>	<u>\$ 589</u>
Expenditures:				
Public works	\$ 140,000	\$ -	\$ 84	\$ (84)
Capital outlay	<u>2,060,800</u>	<u>1,875,600</u>	<u>1,055,276</u>	<u>820,324</u>
Total Expenditures	<u>\$ 2,200,800</u>	<u>\$ 1,875,600</u>	<u>\$ 1,055,360</u>	<u>\$ 820,240</u>
Revenues Over (Under) Expenditures	<u>\$ (1,682,000)</u>	<u>\$ (1,613,800)</u>	<u>\$ (792,971)</u>	<u>\$ 820,829</u>
Other Financing Sources (Uses):				
Operating transfers in	\$ 850,000	\$ 1,180,000	\$ 1,180,000	\$ -
Operating transfers out	<u>-</u>	<u>-</u>	<u>(900,000)</u>	<u>(900,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 850,000</u>	<u>\$ 1,180,000</u>	<u>\$ 280,000</u>	<u>\$ (900,000)</u>
Net Change in Fund Balances	\$ (832,000)	\$ (433,800)	\$ (512,971)	\$ (79,171)
Fund Balances - Beginning of Year	<u>1,049,564</u>	<u>1,049,564</u>	<u>1,049,564</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 217,564</u>	<u>\$ 615,764</u>	<u>\$ 536,593</u>	<u>\$ (79,171)</u>

**CITY OF ST. JOSEPH
BUILDING INSPECTION FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 350,200	\$ 460,300	\$ 321,996	\$ (138,304)
Fines and fees	17,500	19,400	168,046	148,646
Interest	7,000	18,500	27,281	8,781
Other	900	2,300	3,819	1,519
	<u>375,600</u>	<u>500,500</u>	<u>521,142</u>	<u>20,642</u>
Total Revenues	<u>\$ 375,600</u>	<u>\$ 500,500</u>	<u>\$ 521,142</u>	<u>\$ 20,642</u>
Expenditures:				
Community and economic development	<u>\$ 364,800</u>	<u>\$ 422,200</u>	<u>\$ 388,735</u>	<u>\$ 33,465</u>
Total Expenditures	<u>\$ 364,800</u>	<u>\$ 422,200</u>	<u>\$ 388,735</u>	<u>\$ 33,465</u>
Revenues Over (Under) Expenditures	<u>\$ 10,800</u>	<u>\$ 78,300</u>	<u>\$ 132,407</u>	<u>\$ 54,107</u>
Net Changes in Fund Balances	\$ 10,800	\$ 78,300	\$ 132,407	\$ 54,107
Fund Balances - Beginning of Year	<u>323,224</u>	<u>323,224</u>	<u>323,226</u>	<u>2</u>
FUND BALANCES - END OF YEAR	<u>\$ 334,024</u>	<u>\$ 401,524</u>	<u>\$ 455,633</u>	<u>\$ 54,109</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Statement of Net Assets
 June 30, 2007**

	Business - Type Activities -	
	<u>Sewer Fund</u>	<u>Water Fund</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 466,178	\$ 1,886,034
Investments	-	-
Receivables	343,543	229,606
Due from other funds	7,593	-
Due from other governments	64,103	53,155
Inventory	<u>573</u>	<u>111,051</u>
Total Current Assets	<u>\$ 881,990</u>	<u>\$ 2,279,846</u>
Noncurrent Assets:		
Land	\$ -	\$ 609,073
Property, plant, and improvements	1,156,432	13,725,395
Furniture and equipment	120,251	1,036,713
Construction in process	93,578	143,115
Accumulated depreciation	<u>(296,648)</u>	<u>(7,434,477)</u>
Total Noncurrent Assets	<u>\$ 1,073,613</u>	<u>\$ 8,079,819</u>
TOTAL ASSETS	<u>\$ 1,955,603</u>	<u>\$ 10,359,665</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 57,701	\$ 25,849
Accrued liabilities	11,952	66,484
Due to other funds	2,700	25,300
Due to other governments	<u>376,850</u>	<u>85,869</u>
Total Current Liabilities	<u>\$ 449,203</u>	<u>\$ 203,502</u>
Total Liabilities	<u>\$ 449,203</u>	<u>\$ 203,502</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 1,073,613	\$ 8,079,819
Restricted for employee benefits	-	-
Unrestricted	<u>432,787</u>	<u>2,076,344</u>
TOTAL NET ASSETS	<u>\$ 1,506,400</u>	<u>\$ 10,156,163</u>

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

Enterprise Funds

<u>Marina Fund</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 525,534	\$ 2,877,746	\$ 1,318,562
-	-	202,352
-	573,149	3,975
-	7,593	77,476
-	117,258	-
<u>21,326</u>	<u>132,950</u>	<u>29,862</u>
<u>\$ 546,860</u>	<u>\$ 3,708,696</u>	<u>\$ 1,632,227</u>
\$ 4,789	\$ 613,862	\$ -
2,049,360	16,931,187	-
172,554	1,329,518	3,162,864
-	236,693	-
<u>(1,332,100)</u>	<u>(9,063,225)</u>	<u>(2,401,111)</u>
<u>\$ 894,603</u>	<u>\$ 10,048,035</u>	<u>\$ 761,753</u>
<u>\$ 1,441,463</u>	<u>\$ 13,756,731</u>	<u>\$ 2,393,980</u>
\$ -	\$ 83,550	\$ -
4,031	82,467	2,900
-	28,000	-
<u>41</u>	<u>462,760</u>	<u>-</u>
<u>\$ 4,072</u>	<u>\$ 656,777</u>	<u>\$ 2,900</u>
<u>\$ 4,072</u>	<u>\$ 656,777</u>	<u>\$ 2,900</u>
\$ 894,603	\$ 10,048,035	\$ 761,753
-	-	1,048,374
<u>542,788</u>	<u>3,051,919</u>	<u>580,953</u>
<u>\$ 1,437,391</u>	<u>\$ 13,099,954</u>	<u>\$ 2,391,080</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses, and
 Changes in Net Assets
 For the Year Ended June 30, 2007**

	Business - Type Activities -	
	Sewer Fund	Water Fund
Operating Revenues:		
Charges for services	\$ 1,219,220	\$ 3,331,741
Fines, fees, and forfeits	53,922	63,492
Fuel sales	-	-
Other	1,000	1,210
Total Operating Revenues	\$ 1,274,142	\$ 3,396,443
Operating Expenses:		
Water distribution system	\$ -	\$ 933,182
Water plant operations	-	1,219,913
Water administration	-	689,118
Sewer	1,305,137	-
Marina	-	-
Operations	-	-
Depreciation	24,732	266,091
Total Operating Expenses	\$ 1,329,869	\$ 3,108,304
Operating Income (Loss)	\$ (55,727)	\$ 288,139
Nonoperating Revenues (Expenses):		
Interest income	\$ 29,894	\$ 110,747
Gain (loss) on disposition of assets	-	-
Total Nonoperating Revenues (Expenses)	\$ 29,894	\$ 110,747
Income (Loss) Before Transfers	\$ (25,833)	\$ 398,886
Operating transfers in	93,579	143,115
Change in Net Assets	\$ 67,746	\$ 542,001
Total Net Assets - Beginning of Year	1,438,654	9,614,162
TOTAL NET ASSETS - END OF YEAR	\$ 1,506,400	\$ 10,156,163

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

Enterprise Funds

Marina Fund	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 327,766	\$ 4,878,727	\$ 918,257
-	117,414	-
139,329	139,329	-
-	2,210	1,605,603
<u>\$ 467,095</u>	<u>\$ 5,137,680</u>	<u>\$ 2,523,860</u>
\$ -	\$ 933,182	\$ -
-	1,219,913	-
-	689,118	-
-	1,305,137	-
336,708	336,708	-
-	-	2,158,342
<u>44,206</u>	<u>335,029</u>	<u>174,665</u>
<u>\$ 380,914</u>	<u>\$ 4,819,087</u>	<u>\$ 2,333,007</u>
<u>\$ 86,181</u>	<u>\$ 318,593</u>	<u>\$ 190,853</u>
\$ 20,000	\$ 160,641	\$ 78,643
<u>300</u>	<u>300</u>	<u>(14,545)</u>
<u>\$ 20,300</u>	<u>\$ 160,941</u>	<u>\$ 64,098</u>
\$ 106,481	\$ 479,534	\$ 254,951
-	236,694	-
\$ 106,481	\$ 716,228	\$ 254,951
<u>1,330,910</u>	<u>12,383,726</u>	<u>2,136,129</u>
<u>\$ 1,437,391</u>	<u>\$ 13,099,954</u>	<u>\$ 2,391,080</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows
 For the Year Ended June 30, 2007**

	Business - Type Activities -	
	Sewer Fund	Water Fund
Cash Flows From Operating Activities:		
Cash receipts for interfund services provided	\$ -	\$ -
Cash receipts from customers	1,281,300	3,381,227
Other receipts	-	1,210
Other payments	(854,483)	(2,121)
Payments to employees	(108,346)	(1,133,574)
Payments for interfund services provided	(184,993)	(662,597)
Payments to suppliers	<u>(86,894)</u>	<u>(1,037,635)</u>
Net cash provided (used) by operating activities	<u>\$ 46,584</u>	<u>\$ 546,510</u>
Cash Flows From Noncapital Financing Activities:		
Transfer from other funds	<u>\$ 93,579</u>	<u>\$ 143,115</u>
Net cash provided (used) by noncapital financing activities	<u>\$ 93,579</u>	<u>\$ 143,115</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	\$ (113,578)	\$ (459,474)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (113,578)</u>	<u>\$ (459,474)</u>
Cash Flows From Investing Activities:		
Sale (purchase) of securities	\$ -	\$ -
Interest and dividends received	<u>29,894</u>	<u>110,747</u>
Net cash provided (used) by investing activities	<u>\$ 29,894</u>	<u>\$ 110,747</u>
Net increase (decrease) in cash and cash equivalents	\$ 56,479	\$ 340,898
Balances - Beginning of Year	<u>409,699</u>	<u>1,545,136</u>
BALANCES - END OF YEAR	<u><u>\$ 466,178</u></u>	<u><u>\$ 1,886,034</u></u>

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

Enterprise Funds

Marina Fund	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ -	\$ -	\$ 1,994,643
467,095	5,129,622	141,237
-	1,210	360,965
(10,116)	(866,720)	(78,641)
(118,140)	(1,360,060)	(169,624)
-	(847,590)	(1,956,711)
<u>(207,629)</u>	<u>(1,332,158)</u>	<u>(7,500)</u>
<u>\$ 131,210</u>	<u>\$ 724,304</u>	<u>\$ 284,369</u>
<u>\$ -</u>	<u>\$ 236,694</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 236,694</u>	<u>\$ -</u>
\$ -	\$ (573,052)	\$ (242,743)
<u>300</u>	<u>300</u>	<u>10,000</u>
<u>\$ 300</u>	<u>\$ (572,752)</u>	<u>\$ (232,743)</u>
\$ -	\$ -	\$ 297,648
<u>20,000</u>	<u>160,641</u>	<u>78,643</u>
<u>\$ 20,000</u>	<u>\$ 160,641</u>	<u>\$ 376,291</u>
\$ 151,510	\$ 548,887	\$ 427,917
<u>374,024</u>	<u>2,328,859</u>	<u>890,645</u>
<u>\$ 525,534</u>	<u>\$ 2,877,746</u>	<u>\$ 1,318,562</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows - Continued
 For the Year Ended June 30, 2007**

	Business - Type Activities -	
	Sewer Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (55,727)	\$ 288,139
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	\$ 24,732	\$ 266,091
(Increase) decrease in:		
Accounts receivable	7,158	(14,006)
Due from other funds	(7,593)	434
Inventories	(32)	(33,460)
Increase (decrease) in:		
Accounts payable	73,132	6,081
Accrued liabilities	4,914	16,653
Due to other funds	-	16,578
Total Adjustments	\$ 102,311	\$ 258,371
Net cash provided (used) by operating activities	\$ 46,584	\$ 546,510

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

Enterprise Funds

Marina Fund	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 86,181	\$ 318,593	\$ 190,853
\$ 44,206	\$ 335,029	\$ 174,665
-	(6,848)	(2,727)
-	(7,159)	(24,114)
(3,134)	(36,626)	(14,528)
(74)	79,139	(30,922)
4,031	25,598	(11,758)
-	16,578	2,900
\$ 45,029	\$ 405,711	\$ 93,516
\$ 131,210	\$ 724,304	\$ 284,369

**CITY OF ST. JOSEPH
FIDUCIARY FUNDS
Statement of Net Assets
June 30, 2007**

	<u>Pension and Other Employee Benefits</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 103,066	\$ 38,397
Receivables:		
Interest receivable	174,403	-
Due from employer	<u>77,658</u>	<u>-</u>
Total Receivables	\$ 252,061	\$ -
Investments at fair value:		
Stock	\$ 32,803,323	\$ -
Bonds	7,841,107	-
Government obligations	8,226,020	-
Other	<u>5,849,515</u>	<u>-</u>
Total Investments	\$ 54,719,965	\$ -
Total Assets	\$ 55,075,092	\$ 38,397
Liabilities		
Accounts payable	\$ 1,687	\$ 37
Due to other funds	<u>7,789</u>	<u>38,360</u>
Total Liabilities	\$ 9,476	\$ 38,397
Net Assets		
Held in trust for pension benefits and other purposes	<u>\$ 55,065,616</u>	

**CITY OF ST. JOSEPH
FIDUCIARY FUNDS
Statement of Changes in Net Assets
For the Year Ended June 30, 2007**

	Pension and Other Employee <u>Benefits</u>
Additions	
Contributions:	
Plan members	\$ 281,713
Employer	<u>218,661</u>
Total Contributions	<u>\$ 500,374</u>
Investment Earnings:	
Net increase, FMV investments	\$ 5,637,714
Interest	1,551,627
Dividends	68,250
Miscellaneous	<u>20,169</u>
Total Investment Earnings	\$ 7,277,760
Less investment expense	<u>(193,207)</u>
Net Investment Earnings	<u>\$ 7,084,553</u>
Total Additions	<u>\$ 7,584,927</u>
Deductions	
Benefits	\$ 1,823,902
Refunds of contributions	20,374
Administrative expense	<u>17,880</u>
Total Deductions	<u>\$ 1,862,156</u>
Income (Loss)	<u>\$ 5,722,771</u>
Change in Net Assets	\$ 5,722,771
Net Assets - Beginning of Year	<u>49,342,845</u>
NET ASSETS - END OF YEAR	<u>\$ 55,065,616</u>

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 Tax Increment Finance Authority and
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, 2007.

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 and Lincoln. Each member of the Authority appoints one person to the board and supports the airport through a millage of .25 mills. 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, 2007, with a report thereto dated July 27, 2007.

Assets	\$ 2,490,441	Operating revenues	\$ 1,797,719
Liabilities	476,130	Operating expenses	1,594,925
Equity	2,014,311	Nonoperating income	237,492
		Net income	440,286

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.

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, 2007, with a report thereto dated August 15, 2007.

Assets	\$ 22,121,065
Liabilities	2,220,450
Net assets	19,900,615
Operating revenues	4,041,717
Operating expenses	2,998,787
Nonoperating revenues	210,942
Net earnings	1,253,872

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

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

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

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

The **Library Capital Improvement Fund** is used to account for capital improvements to the public library.

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.

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and the Marina Fund and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

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.

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

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 principle 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.

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.

Michigan Public Act 621 governs adoption and amendment of all budgets used by the City. The City was in compliance with Public Act 621 in fiscal year 2006-2007. Any amendments to the original budget must meet the requirements of Public Act 621. The City Commission must approve any revisions that alter the total expenditures of any fund. The budget for the General Fund is adopted at the department level. All other budgets are approved at the fund level. The City Commission must approve any revision that alters the total expenditures above the legal level. For management purposes, the City develops a more detailed budget. The City Manager, or his designee, is authorized to transfer budgeted amounts within these functional areas.

Budgeted amounts are as originally adopted or as amended by the City Commission on June 25, 2007.

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.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Long-Term Liabilities - Continued

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.

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.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy for custodial credit risk is to minimize the risk by using those financial institutions meeting specific qualifications. As of June 30, 2007, \$10,703,297 of the government's bank balance of \$10,903,297 was exposed to custodial credit risk.

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	\$ 10,691,953	\$ 76,589	\$ 134,755	\$ 10,903,297
Imprest cash	3,100	-	-	3,100
	<u>\$ 10,695,053</u>	<u>\$ 76,589</u>	<u>\$ 134,755</u>	<u>\$ 10,906,397</u>
 Total Deposits				
 Cash and cash equivalents as reported in statements	<u>\$ 10,680,070</u>	<u>\$ 76,589</u>	<u>\$ 134,755</u>	<u>\$ 10,891,414</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

A. Deposits - Continued

	<u>Carrying Amount</u>	<u>Bank Balances</u>
Primary Government		
Amount insured by the FDIC	\$ 196,388	\$ 196,391
Uncollateralized and uninsured	<u>10,483,683</u>	<u>10,495,563</u>
Total Primary Government	<u>\$ 10,680,071</u>	<u>\$ 10,691,954</u>
Component Units		
Amount insured by the FDIC	\$ 1,309	\$ 1,308
Uncollateralized and uninsured	<u>75,279</u>	<u>75,281</u>
Total Component Units	<u>\$ 76,588</u>	<u>\$ 76,589</u>
Fiduciary Funds		
Amount insured by the FDIC	\$ 2,303	\$ 2,301
Uncollateralized and uninsured	<u>132,451</u>	<u>132,454</u>
Total Fiduciary Funds	<u>\$ 134,754</u>	<u>\$ 134,755</u>
Total Reporting Entity		
Amount insured by the FDIC	\$ 200,000	\$ 200,000
Uncollateralized and uninsured	<u>10,691,413</u>	<u>10,703,298</u>
Total Reporting Entity	<u>\$ 10,891,413</u>	<u>\$ 10,903,298</u>

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.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

B. Investments - Continued

	<u>Market Value</u>
Primary Government	
Cash and equivalents	\$ <u>809,409</u>
Total Primary Government	\$ <u>809,409</u>
Fiduciary Funds	
Cash and equivalents	\$ 5,849,515
T - bonds	8,226,020
Corporate bonds	7,745,754
Foreign bonds	95,353
Common stock	<u>32,803,323</u>
Total Fiduciary Funds	\$ <u>54,719,965</u>
Total Reporting Entity	\$ <u>55,529,374</u>

The primary government's \$809,409 of investments is invested in a long-term certificate of deposit.

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.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 3 - PENSION PLAN - Continued

D. Contributions

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

General - 4.0% of annual compensation
Communication Specialists - 3.25% of annual compensation
Police - 6.5% of annual compensation
Fire - 6.5% of annual compensation
Public Works - 3.25% of annual compensation

The City makes periodic contributions to the pension plan based upon recommendations of the actuary and the board of trustees of the retirement system with approval by the City Commission. Administrative costs of the plan are financed through investment earnings.

E. Other Post-Retirement Benefit Obligations

In addition to providing benefits, the City provides certain health insurance benefits for retired employees under provisions of applicable salary plans or union contracts. The City pays nearly all of the premiums. Substantially all employees may become eligible for these benefits through age and service.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2007 were as follows:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Governmental Activities				
Land	\$ 3,567,097	\$ 23,250	\$ -	\$ 3,590,347
Buildings and Improvements	\$ 13,997,451	\$ 308,149	\$ -	\$ 14,305,600
Infrastructure	15,931,285	2,730,352	-	18,661,637
Books	990,390	42,067	-	1,032,457
Furniture and Equipment	5,286,336	413,983	(170,354)	5,529,965
Land Improvements	48,805	75,390	-	124,195
Subtotal	\$ 36,254,267	\$ 3,569,941	\$ (170,354)	\$ 39,653,854
Less: Accumulated Depreciation	(12,091,860)	(1,240,278)	137,004	(13,195,134)
Subtotal	\$ 24,162,407	\$ 2,329,663	\$ (33,350)	\$ 26,458,720
Construction in Progress	1,594,006	370,361	(1,594,006)	370,361
Total Capital Assets Other Than Land	\$ 25,756,413	\$ 2,700,024	\$ (1,627,356)	\$ 26,829,081
	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Business Activities				
Land	\$ 613,862	\$ -	\$ -	\$ 613,862
Buildings and Improvements	\$ 11,594,573	\$ -	\$ -	\$ 11,594,573
Furniture and Equipment	993,161	336,359	-	1,329,520
Utility Systems	5,336,614	-	-	5,336,614
Subtotal	\$ 17,924,348	\$ 336,359	\$ -	\$ 18,260,707
Less: Accumulated Depreciation	(8,728,196)	(335,029)	-	(9,063,225)
Subtotal	\$ 9,196,152	\$ 1,330	\$ -	\$ 9,197,482
Construction in Progress	-	236,693	-	236,693
Total Capital Assets Other Than Land	\$ 9,196,152	\$ 238,023	\$ -	\$ 9,434,175

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 5 - 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, 2007:

	General Obligation Bonds	Notes Payable	Compensated Absences
As of July 1, 2006	\$ 7,681,730	\$ 1,306,672	\$ 384,602
Additions	-	-	371,479
(Reductions)	<u>(250,000)</u>	<u>(280,045)</u>	<u>(288,452)</u>
As of June 30, 2007	<u>\$ 7,431,730</u>	<u>\$ 1,026,627</u>	<u>\$ 467,629</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at June 30, 2007 is comprised of the following individual issues:

Governmental Activities	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
\$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	\$ 4,070,000	\$ -	\$ (75,000)	\$ 3,995,000	\$ 75,000
\$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	1,686,525	-	(85,000)	1,601,525	85,000
\$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	1,925,205	-	(90,000)	1,835,205	90,000
\$1,900,000 1996 installment note to Fifth Third Bank due in semi-annual installments of \$84,543 to \$89,960 through May 1, 2010; interest at 2.50% - General Fund	689,345	-	(165,968)	523,377	170,143
\$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	219,566	-	(86,077)	133,489	88,399
\$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	-

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities - Continued					
\$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	147,761	-	(28,000)	119,761	31,000
Compensated Absences	<u>324,576</u>	<u>307,950</u>	<u>(243,432)</u>	<u>389,094</u>	<u>291,821</u>
Total Primary Government	<u>\$ 9,312,978</u>	<u>\$ 307,950</u>	<u>\$ (773,477)</u>	<u>\$ 8,847,451</u>	<u>\$ 831,363</u>
Business Activities					
Compensated Absences - Water Fund, Sewer Fund, Marina Fund	<u>\$ 60,026</u>	<u>\$ 63,529</u>	<u>\$ (45,020)</u>	<u>\$ 78,535</u>	<u>\$ 58,901</u>
Total Business Activities	<u>\$ 60,026</u>	<u>\$ 63,529</u>	<u>\$ (45,020)</u>	<u>\$ 78,535</u>	<u>\$ 58,901</u>

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

<u>Year Ending</u> <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 831,363	\$ 285,896	\$ 58,901	\$ -
2009	622,788	272,129	19,634	-
2010	511,571	279,674	-	-
2011	315,000	247,754	-	-
2012	335,000	238,986	-	-
2013-2017	1,905,000	1,037,505	-	-
2018-2022	2,380,001	696,293	-	-
2023-2027	<u>1,946,728</u>	<u>271,252</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,847,451</u>	<u>\$ 3,329,489</u>	<u>\$ 78,535</u>	<u>\$ -</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

From General Fund	
To Municipal Street Fund	\$ 200,000
To Local Street Fund	200,000
To Street Improvement Fund	100,000
To Public Improvement Fund	28,000
To Budget Stabilization Fund - To establish fund	1,000,000
To Library Capital Improvement Fund	15,000
To Capital Improvement Fund	522,190
From Cemetery Perpetual Care Fund	
To Cemetery Fund	72,537
From Library Endowment Fund	
To Public Library Fund	21,436
From Morton/Highland Capital Project Fund	
To Water Fund - To transfer construction in progress	127,929
To Sewer Fund - To transfer construction in progress	83,816
From Ship/State Street Capital Project Fund	
To Water Fund - To transfer construction in progress	15,186
To Sewer Fund - To transfer construction in progress	9,763
From Public Library Fund	
To Library Capital Improvement Fund	21,436
From Water/Sewer Capital Projects Fund	
To Street Improvement Fund	1,080,000
From Street Improvement Fund	
To Morton/Highland Street Project Fund	800,000
To Ship/State Street Project Fund	<u>100,000</u>
Total Transfers Between Funds	<u>\$ 4,397,293</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

The composition of interfund balances as of June 30, 2007, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Treasurer's Tax	\$ 29,541
	Imprest Payroll	3,580
	Water	672
	Municipal Street	21,388
	Building Inspection	2,824
	Flex Spending	4,235
	Sewer	Water Fund
Motor Pool	Garbage and Rubbish	10,200
	Major Street	16,374
	Municipal Street	6,583
	Local Street	15,057
	Water	17,035
	Building Inspection	950
	CSO Capital Improvement	500
	Sewer	2,700
	Imprest Payroll	5,239
	Cemetery	550
	General	600
Employee Health Care	Employee Retirement	1,687
Nonmajor Governmental Funds	Street Improvement	5,035
	Library Capital Improvement	133,426
	<u>Total</u>	<u>\$ 285,769</u>

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

Total interfund receivables	\$ 285,769
Enterprise Funds (Sewer)	(7,593)
Internal Service Funds (Motor Pool and Employee Health Care)	<u>(77,475)</u>
Total governmental funds "due from other funds"	<u>\$ 200,701</u>

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

Total interfund payables	\$ 285,769
Agency Funds (Treasurer's Tax, Imprest Payroll, Flex Spending and Employee Retirement)	(44,281)
Enterprise Funds (Water and Sewer)	<u>(28,000)</u>
Total governmental funds "due to other funds"	<u>\$ 213,488</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 7 - 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 8 - 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 9 - 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 10 - FUND BALANCE DEFICITS

The City has incurred an accumulated deficit of \$53,945 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.

NOTE 11 - 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 12 - ST. JOSEPH DEVELOPMENT FUND

The St. Joseph Development Fund (Fund) is an autonomous entity functioning as an affiliate of the Cornerstone Alliance, a 501(c)(3) nonprofit organization, and St. Joseph Improvement Association. The purpose of the Fund is to financially assist in the retention and attraction of customer-focused business entities to help grow the retail base of the region. To date the City has contributed a total of \$600,000 to the Fund. In the event of dissolution of the Fund, the City would be entitled to its pro-rata share of the assets of the Fund based upon its contributions.

NOTE 13 - UPCOMING REPORTING CHANGE

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended June 30, 2009.

**CITY OF ST. JOSEPH
EMPLOYEES' RETIREMENT FUND
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)
2001	\$ 47.3	\$ 33.1	\$ (14.2)	142.9%	\$ 5.2	(273.1)%
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)%

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Recommended Contribution	Actual Contributions	Percent Contributed
2002	\$ -	\$ -	N/A
2003	-	-	N/A
2004	-	-	N/A
2005	-	-	N/A
2006	7,446	6,728	90%
2007	76,587	218,661	286%

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, 2006
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Equivalent single amortization period	4.3 years
Assets valuation method	Level percent of payroll
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.

Budget Stabilization Fund - This fund is used to account for monies held in reserve to be expended only in the event of a general fund deficit or to cover expenses arising from a natural disaster.

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 Street 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 Street 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.

Municipal Street Fund - This fund is used to account for revenues collected and monies expended for capital improvements and routine maintenance of local parking lots and alleys.

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.

**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.

Bluffside Project Fund - This fund is used to account for financial resources to be used for the construction and administration of the bluffside project.

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.

Morton/Highland Street Project Fund - This fund is used to account for financial resources to be used for the construction and administration of the Morton and Highland Streets water, sewer and street improvement project.

Ship/State Street Project Fund - This fund is used to account for financial resources to be used for the construction and administration of the Ship and State Streets water, sewer and street improvement project.

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.

**CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2007**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,485,278	\$ 250,499	\$ 602,544	\$ 1,389,749	\$ 4,728,070
Investments	-	-	202,352	202,352	404,704
Receivables	44,620	-	-	166,101	210,721
Due from other funds	-	-	133,426	5,035	138,461
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	<u>\$ 2,529,898</u>	<u>\$ 250,499</u>	<u>\$ 938,322</u>	<u>\$ 1,763,237</u>	<u>\$ 5,481,956</u>
TOTAL ASSETS	<u><u>\$ 2,529,898</u></u>	<u><u>\$ 250,499</u></u>	<u><u>\$ 938,322</u></u>	<u><u>\$ 1,763,237</u></u>	<u><u>\$ 5,481,956</u></u>
Liabilities and Fund Balances					
Current Liabilities:					
Accounts payable	\$ 490	\$ -	\$ -	\$ -	\$ 490
Due to other funds	70,153	-	-	500	70,653
Deferred revenue	-	-	-	13,858	13,858
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	<u>\$ 70,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,358</u>	<u>\$ 85,001</u>
Total Liabilities	<u>\$ 70,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,358</u>	<u>\$ 85,001</u>
Fund Balances:					
Reserved for:					
Restricted purposes	\$ 7,863	\$ -	\$ 938,322	\$ -	\$ 946,185
Unreserved, reported in					
Special Revenue	2,451,392	-	-	-	2,451,392
Debt Service	-	250,499	-	-	250,499
Capital Projects	-	-	-	1,748,879	1,748,879
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>\$ 2,459,255</u>	<u>\$ 250,499</u>	<u>\$ 938,322</u>	<u>\$ 1,748,879</u>	<u>\$ 5,396,955</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,529,898</u></u>	<u><u>\$ 250,499</u></u>	<u><u>\$ 938,322</u></u>	<u><u>\$ 1,763,237</u></u>	<u><u>\$ 5,481,956</u></u>

**CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2007**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Taxes	\$ 961,709	\$ 489,598	\$ -	\$ -	\$ 1,451,307
State revenues	602,768	-	-	123,672	726,440
Charges for services	-	-	-	569,077	569,077
Fines, fees, and forfeits	411,815	-	-	-	411,815
Special assessments	-	-	-	2,561	2,561
Contributions	303,039	-	50	378,316	681,405
Interest	75,039	15,221	61,199	53,361	204,820
Other	51,812	-	-	64,152	115,964
	<u>\$ 2,406,182</u>	<u>\$ 504,819</u>	<u>\$ 61,249</u>	<u>\$ 1,191,139</u>	<u>\$ 4,163,389</u>
Expenditures:					
Current:					
General government	\$ 210,054	\$ -	\$ -	\$ 48,809	\$ 258,863
Public safety	2,530	-	-	-	2,530
Public works	1,188,101	-	-	212,057	1,400,158
Recreation and cultural	714,256	-	-	193,158	907,414
Sanitation	631,133	-	-	-	631,133
Community and economic development	70,888	-	-	10,556	81,444
Debt service:					
Principal retirement	114,078	250,000	-	-	364,078
Interest	13,050	278,167	-	-	291,217
Capital outlay	84,903	-	-	871,256	956,159
	<u>\$ 3,028,993</u>	<u>\$ 528,167</u>	<u>\$ -</u>	<u>\$ 1,335,836</u>	<u>\$ 4,892,996</u>
Revenues Over (Under) Expenditures	<u>\$ (622,811)</u>	<u>\$ (23,348)</u>	<u>\$ 61,249</u>	<u>\$ (144,697)</u>	<u>\$ (729,607)</u>
Other Financing Sources (Uses):					
Operating transfers in	\$ 1,521,973	\$ -	\$ -	\$ 1,422,190	\$ 2,944,163
Operating transfers out	(21,436)	-	(93,973)	(1,316,694)	(1,432,103)
	<u>\$ 1,500,537</u>	<u>\$ -</u>	<u>\$ (93,973)</u>	<u>\$ 105,496</u>	<u>\$ 1,512,060</u>
Net Change in Fund Balances	\$ 877,726	\$ (23,348)	\$ (32,724)	\$ (39,201)	\$ 782,453
Fund Balances - Beginning of Year	<u>1,581,529</u>	<u>273,847</u>	<u>971,046</u>	<u>1,788,080</u>	<u>4,614,502</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,459,255</u>	<u>\$ 250,499</u>	<u>\$ 938,322</u>	<u>\$ 1,748,879</u>	<u>\$ 5,396,955</u>

**CITY OF ST. JOSEPH
NONMAJOR CAPITAL PROJECT FUNDS
Combining Balance Sheet
June 30, 2007**

	<u>Capital Improvement</u>	<u>CSO Capital Project</u>	<u>Water/Sewer Capital Project</u>	<u>Bluffside Capital Project</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 334,041	\$ 274,293	\$ 317,827	\$ 58,960
Investments	202,352	-	-	-
Receivables	20,155	-	145,946	-
Due from other funds	<u>5,035</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>\$ 561,583</u>	<u>\$ 274,293</u>	<u>\$ 463,773</u>	<u>\$ 58,960</u>
TOTAL ASSETS	<u>\$ 561,583</u>	<u>\$ 274,293</u>	<u>\$ 463,773</u>	<u>\$ 58,960</u>
Liabilities and Fund Balances				
Current Liabilities:				
Due to other funds	\$ -	\$ 500	\$ -	\$ -
Deferred revenue	<u>13,858</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>\$ 13,858</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 13,858</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Unreserved, reported in Capital Projects	<u>\$ 547,725</u>	<u>\$ 273,793</u>	<u>\$ 463,773</u>	<u>\$ 58,960</u>
Total Fund Balances	<u>\$ 547,725</u>	<u>\$ 273,793</u>	<u>\$ 463,773</u>	<u>\$ 58,960</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 561,583</u>	<u>\$ 274,293</u>	<u>\$ 463,773</u>	<u>\$ 58,960</u>

<u>Morton/ Highland Street Project</u>	<u>Ship/State Street Project</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 358,865	\$ 45,763	\$ 1,389,749
-	-	202,352
-	-	166,101
-	-	5,035
<u>\$ 358,865</u>	<u>\$ 45,763</u>	<u>\$ 1,763,237</u>
<u>\$ 358,865</u>	<u>\$ 45,763</u>	<u>\$ 1,763,237</u>
\$ -	\$ -	\$ 500
-	-	13,858
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,358</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,358</u>
<u>\$ 358,865</u>	<u>\$ 45,763</u>	<u>\$ 1,748,879</u>
<u>\$ 358,865</u>	<u>\$ 45,763</u>	<u>\$ 1,748,879</u>
<u>\$ 358,865</u>	<u>\$ 45,763</u>	<u>\$ 1,763,237</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, 2007

	<u>Capital Improvement</u>	<u>CSO Capital Project</u>	<u>Water/Sewer Capital Project</u>	<u>Bluffside Capital Project</u>
Revenues:				
State revenues	\$ -	\$ 123,672	\$ -	\$ -
Charges for services	-	-	569,077	-
Special assessments	2,561	-	-	-
Contributions	228,316	-	-	150,000
Interest	26,760	13,299	13,050	252
Other	<u>64,152</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 321,789</u>	<u>\$ 136,971</u>	<u>\$ 582,127</u>	<u>\$ 150,252</u>
Expenditures:				
Current:				
General government	\$ 48,809	\$ -	\$ -	\$ -
Public works	30,179	168,718	13,160	-
Recreation and cultural	101,866	-	-	91,292
Community and economic development	10,556	-	-	-
Capital outlay	<u>586,505</u>	<u>-</u>	<u>26,073</u>	<u>-</u>
Total Expenditures	<u>\$ 777,915</u>	<u>\$ 168,718</u>	<u>\$ 39,233</u>	<u>\$ 91,292</u>
Revenues Over (Under) Expenditures	<u>\$ (456,126)</u>	<u>\$ (31,747)</u>	<u>\$ 542,894</u>	<u>\$ 58,960</u>
Other Financing Sources (Uses):				
Operating transfers in	\$ 522,190	\$ -	\$ -	\$ -
Operating transfers out	<u>-</u>	<u>-</u>	<u>(1,080,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 522,190</u>	<u>\$ -</u>	<u>\$ (1,080,000)</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 66,064	\$ (31,747)	\$ (537,106)	\$ 58,960
Fund Balances - Beginning of Year	<u>481,661</u>	<u>305,540</u>	<u>1,000,879</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 547,725</u>	<u>\$ 273,793</u>	<u>\$ 463,773</u>	<u>\$ 58,960</u>

<u>Morton Highland Street Project</u>	<u>Ship/State Street Project</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ -	\$ -	\$ 123,672
-	-	569,077
-	-	2,561
-	-	378,316
-	-	53,361
-	-	64,152
<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ 1,191,139
<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ 48,809
-	-	212,057
-	-	193,158
-	-	10,556
229,390	29,288	871,256
<u>229,390</u>	<u>29,288</u>	<u>1,335,836</u>
\$ 229,390	\$ 29,288	\$ 1,335,836
<u>(229,390)</u>	<u>(29,288)</u>	<u>(144,697)</u>
\$ 800,000	\$ 100,000	\$ 1,422,190
<u>(211,745)</u>	<u>(24,949)</u>	<u>(1,316,694)</u>
\$ 588,255	\$ 75,051	\$ 105,496
\$ 358,865	\$ 45,763	\$ (39,201)
-	-	1,788,080
<u>358,865</u>	<u>45,763</u>	<u>1,748,879</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Revenues - Budget and Actual
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes:			
General and industrial facilities		\$ 4,476,200	
Penalty and interest on taxes		8,044	
Property tax administration fees		<u>154,110</u>	
Total Taxes	<u>\$ 4,620,900</u>	<u>\$ 4,638,354</u>	<u>\$ 17,454</u>
State Revenues:			
State shared revenues		\$ 980,961	
Other		<u>11,224</u>	
Total State Revenues	<u>\$ 991,200</u>	<u>\$ 992,185</u>	<u>\$ 985</u>
Charges for Services:			
Administration		\$ 651,200	
Fees		96,137	
Services rendered		7,192	
Use and admissions		<u>244,161</u>	
Total Charges for Services	<u>\$ 991,900</u>	<u>\$ 998,690</u>	<u>\$ 6,790</u>
Licenses and Permits:			
Licenses	<u>\$ 4,700</u>	<u>\$ 4,066</u>	<u>\$ (634)</u>
Fines and Forfeits:			
District Court		\$ 36,711	
Parking fines		<u>64,260</u>	
Total Fines and Forfeits	<u>\$ 100,600</u>	<u>\$ 100,971</u>	<u>\$ 371</u>
Interest	<u>\$ 140,000</u>	<u>\$ 192,639</u>	<u>\$ 52,639</u>
Miscellaneous	<u>\$ 93,200</u>	<u>\$ 98,347</u>	<u>\$ 5,147</u>
TOTAL REVENUES	<u>\$ 6,942,500</u>	<u>\$ 7,025,252</u>	<u>\$ 82,752</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Legislative:			
Commission:			
Salaries and wages		\$ 15,500	
Employment related costs		1,186	
Supplies		138	
Contractual services		2,844	
Miscellaneous		<u>5,662</u>	
Total Legislative	<u>\$ 28,800</u>	<u>\$ 25,330</u>	<u>\$ 3,470</u>
General Government:			
City Manager:			
Salaries and wages		\$ 175,283	
Employment related costs		47,370	
Supplies		1,166	
Contractual services		4,284	
Miscellaneous		<u>2,010</u>	
Total City Manager	<u>\$ 241,886</u>	<u>\$ 230,113</u>	<u>\$ 11,773</u>
General Administration:			
Salaries and wages		\$ 64,481	
Employment related costs		20,353	
Supplies		1,636	
Contractual services		21,620	
Miscellaneous		<u>75</u>	
Total General Administration	<u>\$ 115,759</u>	<u>\$ 108,165</u>	<u>\$ 7,594</u>
Clerk:			
Salaries and wages		\$ 66,565	
Employment related costs		15,036	
Supplies		1,281	
Contractual services		804	
Miscellaneous		<u>354</u>	
Total Clerk	<u>\$ 89,819</u>	<u>\$ 84,040</u>	<u>\$ 5,779</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government (continued):			
Treasurer:			
Salaries and wages		\$ 139,654	
Employment related costs		18,687	
Supplies		6,892	
Contractual services		35,717	
Repairs and maintenance		3,915	
Miscellaneous		<u>1,137</u>	
Total Treasurer	<u>\$ 208,472</u>	<u>\$ 206,002</u>	<u>\$ 2,470</u>
City Assessor:			
Salaries and wages		\$ 54,634	
Employment related costs		8,674	
Supplies		3,504	
Contractual services		1,545	
Repairs and maintenance		755	
Miscellaneous		<u>200</u>	
Total City Assessor	<u>\$ 70,399</u>	<u>\$ 69,312</u>	<u>\$ 1,087</u>
Elections:			
Salaries and wages		\$ 4,650	
Employment related costs		348	
Supplies		4,600	
Contractual services		8,494	
Rent		659	
Miscellaneous		<u>912</u>	
Total Elections	<u>\$ 23,700</u>	<u>\$ 19,663</u>	<u>\$ 4,037</u>
City Hall:			
Supplies		\$ 34,132	
Contractual services		51,547	
Utilities		58,226	
Repairs and maintenance		38,409	
Rent		2,075	
Capital outlay		43,571	
Miscellaneous		<u>1,387</u>	
Total City Hall	<u>\$ 231,200</u>	<u>\$ 229,347</u>	<u>\$ 1,853</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government (continued):			
Memorial Hall:			
Repairs and maintenance		\$ 5,865	
Miscellaneous		<u>145</u>	
Total Memorial Hall	<u>\$ 6,300</u>	<u>\$ 6,010</u>	<u>\$ 290</u>
City Attorney:			
Professional services		\$ 63,620	
Contractual services		<u>1,165</u>	
Total City Attorney	<u>\$ 81,000</u>	<u>\$ 64,785</u>	<u>\$ 16,215</u>
Personnel:			
Salaries and wages		\$ 41,427	
Employment related costs		14,018	
Supplies		2,350	
Contractual services		5,777	
Repairs and maintenance		1,172	
Employee recognition		6,772	
Miscellaneous		<u>65</u>	
Total Personnel	<u>\$ 72,736</u>	<u>\$ 71,581</u>	<u>\$ 1,155</u>
Total General Government	<u>\$ 1,141,271</u>	<u>\$ 1,089,018</u>	<u>\$ 52,253</u>
Public Safety:			
Police:			
Salaries and wages		\$ 1,349,411	
Employment related costs		253,410	
Supplies		37,705	
Contractual services		17,461	
Repairs and maintenance		12,171	
Rent		97,000	
Miscellaneous		<u>1,985</u>	
Total Police	<u>\$ 1,804,820</u>	<u>\$ 1,769,143</u>	<u>\$ 35,677</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Safety - Continued:			
Fire:			
Salaries and wages		\$ 799,991	
Employment related costs		180,070	
Supplies		30,940	
Contractual services		9,722	
Utilities		16,558	
Repairs and maintenance		23,133	
Rent		3,600	
Capital outlay		5,410	
Miscellaneous		<u>700</u>	
Total Fire	<u>\$ 1,080,024</u>	<u>\$ 1,070,124</u>	<u>\$ 9,900</u>
Total Public Safety	<u>\$ 2,884,844</u>	<u>\$ 2,839,267</u>	<u>\$ 45,577</u>
Public Works			
Engineer:			
Salaries and wages		\$ 67,476	
Employment related costs		16,903	
Supplies		2,121	
Contractual services		1,098	
Miscellaneous		<u>1,081</u>	
Total Engineer	<u>\$ 100,360</u>	<u>\$ 88,679</u>	<u>\$ 11,681</u>
Street lighting	<u>\$ 124,700</u>	<u>\$ 123,528</u>	<u>\$ 1,172</u>
Other	<u>\$ 175,158</u>	<u>\$ 171,890</u>	<u>\$ 3,268</u>
Total Public Works	<u>\$ 400,218</u>	<u>\$ 384,097</u>	<u>\$ 16,121</u>
Health and Welfare:			
Ambulance:			
Contractual services	<u>\$ 50,600</u>	<u>\$ 50,537</u>	<u>\$ 63</u>
Total Health and Welfare	<u>\$ 50,600</u>	<u>\$ 50,537</u>	<u>\$ 63</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recreation and Cultural:			
Community Development:			
Salaries and wages		\$ 51,587	
Employment related costs		8,430	
Supplies		5,141	
Contractual services		156,208	
Miscellaneous		<u>2,700</u>	
Total Community Development	<u>\$ 225,199</u>	<u>\$ 224,066</u>	<u>\$ 1,133</u>
Parks:			
Salaries and wages		\$ 285,799	
Employment related costs		108,145	
Supplies		63,417	
Contractual services		22,250	
Utilities		16,842	
Repairs and maintenance		25,172	
Rent		96,000	
Miscellaneous		<u>436</u>	
Total Parks	<u>\$ 644,469</u>	<u>\$ 618,061</u>	<u>\$ 26,408</u>
City Recreation Program:			
Salaries and wages		\$ 17,812	
Employment related costs		1,362	
Supplies		2,149	
Contractual services		<u>3,300</u>	
Total City Recreation Program	<u>\$ 26,200</u>	<u>\$ 24,623</u>	<u>\$ 1,577</u>
Ice Arena:			
Salaries and wages		\$ 41,891	
Employment related costs		7,673	
Supplies		24,924	
Contractual services		4,812	
Utilities		46,665	
Repairs and maintenance		8,866	
Rent		736	
Miscellaneous		<u>2,445</u>	
Total Ice Arena	<u>\$ 142,999</u>	<u>\$ 138,012</u>	<u>\$ 4,987</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual - Continued
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recreation and Cultural - Continued:			
Community Activities:			
Contractual services		\$ 56,132	
Rent		31,028	
Capital outlay		<u>21,213</u>	
Total Community Activities	<u>\$ 112,600</u>	<u>\$ 108,373</u>	<u>\$ 4,227</u>
Total Recreation and Cultural	<u>\$ 1,151,467</u>	<u>\$ 1,113,135</u>	<u>\$ 38,332</u>
Community and Economic Development:			
Economic development	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ -</u>
Other:			
Insurance and bonds		\$ 270,144	
Contingencies and miscellaneous expenditures		<u>134,040</u>	
Total Other	<u>\$ 398,700</u>	<u>\$ 404,184</u>	<u>\$ (5,484)</u>
Debt Service:			
Principal retirement		\$ 165,968	
Interest expense		<u>16,203</u>	
Total Debt Service	<u>\$ 182,300</u>	<u>\$ 182,171</u>	<u>\$ 129</u>
TOTAL EXPENDITURES	<u>\$ 6,303,200</u>	<u>\$ 6,152,739</u>	<u>\$ 150,461</u>

CITY OF ST. JOSEPH
GENERAL FUND
Statement of Other Financing Sources and Uses -
Budget and Actual
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses):			
Operating Transfers Out:			
Local Street Fund		\$ 200,000	
Street Improvement Fund		100,000	
Public Improvement Fund		28,000	
Capital Improvement Fund		522,190	
Municipal Street Fund		200,000	
Budget Stabilization Fund		1,000,000	
Library Capital Improvement Fund		<u>15,000</u>	
 Total Operating Transfers Out	 <u>\$ 2,065,690</u>	 <u>\$ 2,065,190</u>	 <u>\$ 500</u>
 Total Other Financing Sources (Uses)	 <u>\$ 2,065,690</u>	 <u>\$ 2,065,190</u>	 <u>\$ 500</u>

**CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2007**

	<u>Cemetery</u>	<u>Depot</u>	<u>Garbage and Rubbish Collection</u>	<u>Brownfield Authority</u>
Assets				
Cash and cash equivalents	\$ 95,932	\$ 47,538	\$ 49,177	\$ 56,539
Receivables	<u>-</u>	<u>800</u>	<u>100</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 95,932</u>	<u>\$ 48,338</u>	<u>\$ 49,277</u>	<u>\$ 56,539</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 490	\$ -	\$ -	\$ -
Due to other funds	<u>550</u>	<u>-</u>	<u>10,200</u>	<u>-</u>
Total Liabilities	<u>\$ 1,040</u>	<u>\$ -</u>	<u>\$ 10,200</u>	<u>\$ -</u>
Fund Balances:				
Reserved for restricted purposes	\$ -	\$ -	\$ -	\$ -
Unreserved:				
Designated for subsequent years' expenditures	<u>94,892</u>	<u>48,338</u>	<u>39,077</u>	<u>56,539</u>
Total Fund Balances	<u>\$ 94,892</u>	<u>\$ 48,338</u>	<u>\$ 39,077</u>	<u>\$ 56,539</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 95,932</u>	<u>\$ 48,338</u>	<u>\$ 49,277</u>	<u>\$ 56,539</u>

<u>Public Improvement</u>	<u>Budget Stabilization</u>	<u>Drug Forfeiture</u>	<u>Criminal Forfeiture</u>	<u>Band</u>	<u>Public Library</u>	<u>Justice Training</u>
\$ 283,046	\$ 1,000,000	\$ 9,153	\$ 1,588	\$ 18,559	\$ 168,288	\$ 10,490
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 283,046</u>	<u>\$ 1,000,000</u>	<u>\$ 9,153</u>	<u>\$ 1,588</u>	<u>\$ 18,559</u>	<u>\$ 168,288</u>	<u>\$ 10,490</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>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,863	\$ -
<u>283,046</u>	<u>1,000,000</u>	<u>9,153</u>	<u>1,588</u>	<u>18,559</u>	<u>160,425</u>	<u>10,490</u>
<u>\$ 283,046</u>	<u>\$ 1,000,000</u>	<u>\$ 9,153</u>	<u>\$ 1,588</u>	<u>\$ 18,559</u>	<u>\$ 168,288</u>	<u>\$ 10,490</u>
<u>\$ 283,046</u>	<u>\$ 1,000,000</u>	<u>\$ 9,153</u>	<u>\$ 1,588</u>	<u>\$ 18,559</u>	<u>\$ 168,288</u>	<u>\$ 10,490</u>

**CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet - Continued
June 30, 2007**

	<u>Major Street</u>	<u>Municipal Street</u>	<u>Local Street</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 262,816	\$ 132,158	\$ 349,994	\$ 2,485,278
Receivables	<u>31,032</u>	<u>-</u>	<u>12,688</u>	<u>44,620</u>
TOTAL ASSETS	<u>\$ 293,848</u>	<u>\$ 132,158</u>	<u>\$ 362,682</u>	<u>\$ 2,529,898</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 490
Due to other funds	<u>16,374</u>	<u>27,972</u>	<u>15,057</u>	<u>70,153</u>
Total Liabilities	<u>\$ 16,374</u>	<u>\$ 27,972</u>	<u>\$ 15,057</u>	<u>\$ 70,643</u>
Fund Balances:				
Reserved for restricted purposes	\$ -	\$ -	\$ -	\$ 7,863
Unreserved:				
Designated for subsequent years' expenditures	<u>277,474</u>	<u>104,186</u>	<u>347,625</u>	<u>2,451,392</u>
Total Fund Balances	<u>\$ 277,474</u>	<u>\$ 104,186</u>	<u>\$ 347,625</u>	<u>\$ 2,459,255</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 293,848</u>	<u>\$ 132,158</u>	<u>\$ 362,682</u>	<u>\$ 2,529,898</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, 2007

	<u>Cemetery</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
State revenue	-	-	-
Fines and fees	185,200	202,394	17,194
Contributions	-	1,750	1,750
Interest	1,200	1,255	55
Other	<u>600</u>	<u>125</u>	<u>(475)</u>
Total Revenues	<u>\$ 187,000</u>	<u>\$ 205,524</u>	<u>\$ 18,524</u>
Expenditures:			
General government	\$ 197,000	\$ 195,756	\$ 1,244
Public safety	-	-	-
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>\$ 197,000</u>	<u>\$ 195,756</u>	<u>\$ 1,244</u>
Revenues Over (Under) Expenditures	<u>\$ (10,000)</u>	<u>\$ 9,768</u>	<u>\$ 19,768</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ 262,300	\$ 72,537	\$ (189,763)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 262,300</u>	<u>\$ 72,537</u>	<u>\$ (189,763)</u>
Net Change in Fund Balances	\$ 252,300	\$ 82,305	\$ (169,995)
Fund Balances - Beginning of Year	<u>12,587</u>	<u>12,587</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 264,887</u>	<u>\$ 94,892</u>	<u>\$ (169,995)</u>

<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>
\$ -	\$ -	\$ -	\$ 601,700	\$ 601,791	\$ 91
-	-	-	-	-	-
-	-	-	2,200	2,300	100
-	-	-	-	-	-
1,900	1,904	4	9,000	9,605	605
<u>18,800</u>	<u>18,837</u>	<u>37</u>	<u>100</u>	<u>100</u>	<u>-</u>
<u>\$ 20,700</u>	<u>\$ 20,741</u>	<u>\$ 41</u>	<u>\$ 613,000</u>	<u>\$ 613,796</u>	<u>\$ 796</u>
\$ 15,500	\$ 14,298	\$ 1,202	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	637,700	631,133	6,567
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,500</u>	<u>14,298</u>	<u>1,202</u>	<u>637,700</u>	<u>631,133</u>	<u>6,567</u>
<u>5,200</u>	<u>6,443</u>	<u>1,243</u>	<u>(24,700)</u>	<u>(17,337)</u>	<u>7,363</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>
\$ 5,200	\$ 6,443	\$ 1,243	\$ (24,700)	\$ (17,337)	\$ 7,363
<u>41,895</u>	<u>41,895</u>	<u>-</u>	<u>56,414</u>	<u>56,414</u>	<u>-</u>
<u>\$ 47,095</u>	<u>\$ 48,338</u>	<u>\$ 1,243</u>	<u>\$ 31,714</u>	<u>\$ 39,077</u>	<u>\$ 7,363</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, 2007

	<u>Brownfield Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 45,500	\$ 45,583	\$ 83
State revenue	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	6,000	5,441	(559)
Other	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 51,500</u>	<u>\$ 51,024</u>	<u>\$ (476)</u>
Expenditures:			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	71,000	70,888	112
Debt service:			
Principal retirement	28,000	28,000	-
Interest	-	-	-
Capital outlay	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 99,000</u>	<u>\$ 98,888</u>	<u>\$ 112</u>
Revenues Over (Under) Expenditures	<u>\$ (47,500)</u>	<u>\$ (47,864)</u>	<u>\$ (364)</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (47,500)</u>	<u>\$ (47,864)</u>	<u>\$ (364)</u>
Fund Balances - Beginning of Year	<u>104,403</u>	<u>104,403</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 56,903</u></u>	<u><u>\$ 56,539</u></u>	<u><u>\$ (364)</u></u>

<u>Public Improvement</u>			<u>Building Stabilization</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
125,900	91,100	(34,800)	-	-	-
-	13,390	13,390	-	-	-
-	-	-	-	-	-
<u>\$ 125,900</u>	<u>\$ 104,490</u>	<u>\$ (21,410)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
16,500	25,647	(9,147)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
91,500	86,078	5,422	-	-	-
-	5,309	(5,309)	-	-	-
-	10,117	(10,117)	-	-	-
<u>\$ 108,000</u>	<u>\$ 127,151</u>	<u>\$ (19,151)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 17,900</u>	<u>\$ (22,661)</u>	<u>\$ (40,561)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 28,000	\$ 28,000	\$ 1,000,000	\$ 1,000,000	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>
\$ 17,900	\$ 5,339	\$ (12,561)	\$ 1,000,000	\$ 1,000,000	\$ -
<u>277,707</u>	<u>277,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 295,607</u>	<u>\$ 283,046</u>	<u>\$ (12,561)</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</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, 2007

	<u>Drug Forfeiture</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
State revenue	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	200	207	7
Other	<u>5,700</u>	<u>5,799</u>	<u>99</u>
 Total Revenues	 <u>\$ 5,900</u>	 <u>\$ 6,006</u>	 <u>\$ 106</u>
 Expenditures:			
General government	\$ -	\$ -	\$ -
Public safety	300	276	24
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>\$ 300</u>	 <u>\$ 276</u>	 <u>\$ 24</u>
 Revenues Over (Under) Expenditures	 <u>\$ 5,600</u>	 <u>\$ 5,730</u>	 <u>\$ 130</u>
 Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Net Change in Fund Balances	 <u>\$ 5,600</u>	 <u>\$ 5,730</u>	 <u>\$ 130</u>
 Fund Balances - Beginning of Year	 <u>3,423</u>	 <u>3,423</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u><u>\$ 9,023</u></u>	 <u><u>\$ 9,153</u></u>	 <u><u>\$ 130</u></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>
\$ -	\$ -	\$ -	\$ 84,500	\$ 84,489	\$ (11)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
100	72	(28)	1,100	672	(428)
-	-	-	1,000	1,200	200
<u>\$ 100</u>	<u>\$ 72</u>	<u>\$ (28)</u>	<u>\$ 86,600</u>	<u>\$ 86,361</u>	<u>\$ (239)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	86,700	83,791	2,909
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,700</u>	<u>\$ 83,791</u>	<u>\$ 2,909</u>
<u>\$ 100</u>	<u>\$ 72</u>	<u>\$ (28)</u>	<u>\$ (100)</u>	<u>\$ 2,570</u>	<u>\$ 2,670</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 100	\$ 72	\$ (28)	\$ (100)	\$ 2,570	\$ 2,670
1,516	1,516	-	15,989	15,989	-
<u>\$ 1,616</u>	<u>\$ 1,588</u>	<u>\$ (28)</u>	<u>\$ 15,889</u>	<u>\$ 18,559</u>	<u>\$ 2,670</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, 2007**

	<u>Public Library</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 229,900	\$ 229,846	\$ (54)
State revenue	27,000	27,675	675
Fines and fees	206,300	207,121	821
Contributions	182,600	210,189	27,589
Interest	11,100	13,190	2,090
Other	<u>44,800</u>	<u>14,160</u>	<u>(30,640)</u>
Total Revenues	<u>\$ 701,700</u>	<u>\$ 702,181</u>	<u>\$ 481</u>
Expenditures:			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	601,600	604,818	(3,218)
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	7,800	7,741	59
Capital outlay	<u>83,100</u>	<u>74,786</u>	<u>8,314</u>
Total Expenditures	<u>\$ 692,500</u>	<u>\$ 687,345</u>	<u>\$ 5,155</u>
Revenues Over (Under) Expenditures	<u>\$ 9,200</u>	<u>\$ 14,836</u>	<u>\$ 5,636</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ 21,400	\$ 21,436	\$ 36
Operating transfers out	<u>(21,400)</u>	<u>(21,436)</u>	<u>(36)</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 9,200	\$ 14,836	\$ 5,636
Fund Balances - Beginning of Year	<u>153,452</u>	<u>153,452</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 162,652</u>	<u>\$ 168,288</u>	<u>\$ 5,636</u>

Justice Training		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -
3,100	4,157	1,057
-	-	-
-	-	-
500	415	(85)
-	-	-
<u>\$ 3,600</u>	<u>\$ 4,572</u>	<u>\$ 972</u>
\$ -	\$ -	\$ -
2,400	2,254	146
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 2,400</u>	<u>\$ 2,254</u>	<u>\$ 146</u>
\$ 1,200	\$ 2,318	\$ 1,118
\$ -	\$ -	\$ -
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,200	\$ 2,318	\$ 1,118
8,172	8,172	-
<u>\$ 9,372</u>	<u>\$ 10,490</u>	<u>\$ 1,118</u>

Major Streets		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -
442,000	414,066	(27,934)
-	-	-
-	-	-
8,000	6,072	(1,928)
-	-	-
<u>\$ 450,000</u>	<u>\$ 420,138</u>	<u>\$ (29,862)</u>
\$ -	\$ -	\$ -
-	-	-
547,300	530,099	17,201
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 547,300</u>	<u>\$ 530,099</u>	<u>\$ 17,201</u>
\$ (97,300)	\$ (109,961)	\$ (12,661)
\$ -	\$ -	\$ -
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (97,300)	\$ (109,961)	\$ (12,661)
387,435	387,435	-
<u>\$ 290,135</u>	<u>\$ 277,474</u>	<u>\$ (12,661)</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, 2007**

	<u>Municipal Street</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
State revenue	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	5,000	8,648	3,648
Other	<u>7,500</u>	<u>11,591</u>	<u>4,091</u>
 Total Revenues	 <u>\$ 12,500</u>	 <u>\$ 20,239</u>	 <u>\$ 7,739</u>
Expenditures:			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	116,700	116,053	647
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>\$ 116,700</u>	 <u>\$ 116,053</u>	 <u>\$ 647</u>
 Revenues Over (Under) Expenditures	 <u>\$ (104,200)</u>	 <u>\$ (95,814)</u>	 <u>\$ 8,386</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ 200,000	\$ 200,000	\$ -
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>\$ 200,000</u>	 <u>\$ 200,000</u>	 <u>\$ -</u>
 Net Change in Fund Balances	 <u>\$ 95,800</u>	 <u>\$ 104,186</u>	 <u>\$ 8,386</u>
 Fund Balances - Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 95,800</u>	 <u>\$ 104,186</u>	 <u>\$ 8,386</u>

<u>Local Streets</u>			<u>Total</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 961,600	\$ 961,709	\$ 109
157,000	156,870	(130)	629,100	602,768	(26,332)
-	-	-	393,700	411,815	18,115
-	-	-	308,500	303,039	(5,461)
19,000	14,168	(4,832)	63,100	75,039	11,939
-	-	-	78,500	51,812	(26,688)
<u>\$ 176,000</u>	<u>\$ 171,038</u>	<u>\$ (4,962)</u>	<u>\$ 2,434,500</u>	<u>\$ 2,406,182</u>	<u>\$ (28,318)</u>
\$ -	\$ -	\$ -	\$ 212,500	\$ 210,054	\$ 2,446
-	-	-	2,700	2,530	170
543,100	541,949	1,151	1,207,100	1,188,101	18,999
-	-	-	704,800	714,256	(9,456)
-	-	-	637,700	631,133	6,567
-	-	-	71,000	70,888	112
-	-	-	119,500	114,078	5,422
-	-	-	7,800	13,050	(5,250)
-	-	-	83,100	84,903	(1,803)
<u>\$ 543,100</u>	<u>\$ 541,949</u>	<u>\$ 1,151</u>	<u>\$ 3,046,200</u>	<u>\$ 3,028,993</u>	<u>\$ 17,207</u>
<u>\$ (367,100)</u>	<u>\$ (370,911)</u>	<u>\$ (3,811)</u>	<u>\$ (611,700)</u>	<u>\$ (622,811)</u>	<u>\$ (11,111)</u>
\$ 200,000	\$ 200,000	\$ -	\$ 1,683,700	\$ 1,521,973	\$ (161,727)
-	-	-	(21,400)	(21,436)	(36)
<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 1,662,300</u>	<u>\$ 1,500,537</u>	<u>\$ (161,763)</u>
\$ (167,100)	\$ (170,911)	\$ (3,811)	\$ 1,050,600	\$ 877,726	\$ (172,874)
518,536	518,536	-	1,581,529	1,581,529	-
<u>\$ 351,436</u>	<u>\$ 347,625</u>	<u>\$ (3,811)</u>	<u>\$ 2,632,129</u>	<u>\$ 2,459,255</u>	<u>\$ (172,874)</u>

**CITY OF ST. JOSEPH
 COMPONENT UNITS
 Combining Statement of Net Assets
 June 30, 2007**

	<u>Downtown Development Authority</u>	<u>Tax Increment Finance Authority</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 57,671	\$ 18,918	\$ 76,589
TOTAL ASSETS	<u>\$ 57,671</u>	<u>\$ 18,918</u>	<u>\$ 76,589</u>
Net Assets			
Unrestricted	\$ 57,671	\$ 18,918	\$ 76,589
TOTAL NET ASSETS	<u>\$ 57,671</u>	<u>\$ 18,918</u>	<u>\$ 76,589</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, 2007**

	Downtown Development Authority		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 41,200	\$ 41,247	\$ 47
Interest	2,600	2,904	304
Contributions	1,500	1,518	18
Total Revenues	\$ 45,300	\$ 45,669	\$ 369
Expenditures:			
General government	\$ 50,000	\$ 48,706	\$ 1,294
Capital outlay	-	-	-
Total Expenditures	\$ 50,000	\$ 48,706	\$ 1,294
Change in Net Assets	\$ (4,700)	\$ (3,037)	\$ 1,663
Total Net Assets - Beginning of Year	60,708	60,708	-
TOTAL NET ASSETS - END OF YEAR	\$ 56,008	\$ 57,671	\$ 1,663

Tax Increment Finance Authority			Total		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 41,200	\$ 41,247	\$ 47
1,400	1,071	(329)	4,000	3,975	(25)
-	-	-	1,500	1,518	18
<u>\$ 1,400</u>	<u>\$ 1,071</u>	<u>\$ (329)</u>	<u>\$ 46,700</u>	<u>\$ 46,740</u>	<u>\$ 40</u>
\$ 3,000	\$ 7,770	\$ (4,770)	\$ 53,000	\$ 56,476	\$ (3,476)
<u>12,000</u>	<u>6,744</u>	<u>5,256</u>	<u>12,000</u>	<u>6,744</u>	<u>5,256</u>
<u>\$ 15,000</u>	<u>\$ 14,514</u>	<u>\$ 486</u>	<u>\$ 65,000</u>	<u>\$ 63,220</u>	<u>\$ 1,780</u>
\$ (13,600)	\$ (13,443)	\$ 157	\$ (18,300)	\$ (16,480)	\$ 1,820
<u>32,361</u>	<u>32,361</u>	<u>-</u>	<u>93,069</u>	<u>93,069</u>	<u>-</u>
<u>\$ 18,761</u>	<u>\$ 18,918</u>	<u>\$ 157</u>	<u>\$ 74,769</u>	<u>\$ 76,589</u>	<u>\$ 1,820</u>

**CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Net Assets
June 30, 2007**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 684,115	\$ 474,227	\$ 160,220	\$ 1,318,562
Investments	202,352	-	-	202,352
Receivables	-	3,975	-	3,975
Due from other funds	-	75,789	1,687	77,476
Inventory	-	29,862	-	29,862
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 886,467	\$ 583,853	\$ 161,907	\$ 1,632,227
Noncurrent Assets:				
Equipment	\$ -	\$ 3,162,864	\$ -	\$ 3,162,864
Less: Accumulated depreciation	<u> </u>	<u>(2,401,111)</u>	<u> </u>	<u>(2,401,111)</u>
Total Noncurrent Assets	\$ -	\$ 761,753	\$ -	\$ 761,753
TOTAL ASSETS	<u>\$ 886,467</u>	<u>\$ 1,345,606</u>	<u>\$ 161,907</u>	<u>\$ 2,393,980</u>
Liabilities				
Current Liabilities:				
Accrued liabilities	\$ -	\$ 2,900	\$ -	\$ 2,900
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	\$ -	\$ 2,900	\$ -	\$ 2,900
Net Assets				
Invested in capital assets, net of related debt	\$ -	\$ 761,753	\$ -	\$ 761,753
Restricted for employee benefits	886,467	-	161,907	1,048,374
Unrestricted	<u> </u>	<u>580,953</u>	<u> </u>	<u>580,953</u>
TOTAL NET ASSETS	<u>\$ 886,467</u>	<u>\$ 1,342,706</u>	<u>\$ 161,907</u>	<u>\$ 2,391,080</u>

**CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended June 30, 2007**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
Operating Revenues:				
Rents	\$ -	\$ 918,257	\$ -	\$ 918,257
Other	<u>92,150</u>	<u>52,414</u>	<u>1,461,039</u>	<u>1,605,603</u>
Total Operating Revenues	<u>\$ 92,150</u>	<u>\$ 970,671</u>	<u>\$ 1,461,039</u>	<u>\$ 2,523,860</u>
Operating Expenses:				
Salaries and wages	\$ 61,858	\$ 74,214	\$ 7,523	\$ 143,595
Employment related costs	2,143	26,211	575	28,929
Depreciation	-	174,665	-	174,665
Supplies	-	253,797	-	253,797
Contractual services	3,188	8,012	23,424	34,624
Repairs and maintenance	-	78,303	-	78,303
Insurance	132,697	60,267	1,425,792	1,618,756
Miscellaneous	<u>-</u>	<u>338</u>	<u>-</u>	<u>338</u>
Total Operating Expenses	<u>\$ 199,886</u>	<u>\$ 675,807</u>	<u>\$ 1,457,314</u>	<u>\$ 2,333,007</u>
Operating Income (Loss)	<u>\$ (107,736)</u>	<u>\$ 294,864</u>	<u>\$ 3,725</u>	<u>\$ 190,853</u>
Nonoperating Revenues (Expenses):				
Interest income	\$ 57,359	\$ 12,546	\$ 8,738	\$ 78,643
Gain on disposition of assets	<u>-</u>	<u>(14,545)</u>	<u>-</u>	<u>(14,545)</u>
Total Nonoperating Revenues	<u>\$ 57,359</u>	<u>\$ (1,999)</u>	<u>\$ 8,738</u>	<u>\$ 64,098</u>
Income (Loss)	<u>\$ (50,377)</u>	<u>\$ 292,865</u>	<u>\$ 12,463</u>	<u>\$ 254,951</u>
Change in Net Assets	<u>\$ (50,377)</u>	<u>\$ 292,865</u>	<u>\$ 12,463</u>	<u>\$ 254,951</u>
Total Net Assets - Beginning of Year	<u>936,844</u>	<u>1,049,841</u>	<u>149,444</u>	<u>2,136,129</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 886,467</u>	<u>\$ 1,342,706</u>	<u>\$ 161,907</u>	<u>\$ 2,391,080</u>

CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2007

	<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	\$ -	\$ 895,830	\$ 1,098,813	\$ 1,994,643
Cash receipts from customers	92,895	48,342	-	141,237
Other receipts	251	175	360,539	360,965
Other payments	-	(78,641)	-	(78,641)
Payments to employees	(64,001)	(97,525)	(8,098)	(169,624)
Payments to suppliers	(147,644)	(328,929)	(1,480,138)	(1,956,711)
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>\$ (118,499)</u>	 <u>\$ 431,752</u>	 <u>\$ (28,884)</u>	 <u>\$ 284,369</u>
 Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	\$ -	\$ (242,743)	\$ -	\$ (242,743)
Proceeds from sale of capital assets	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
 Net cash provided (used) by capital and related financing activities	 <u>\$ -</u>	 <u>\$ (232,743)</u>	 <u>\$ -</u>	 <u>\$ (232,743)</u>
 Cash Flows From Investing Activities:				
Sale of securities	\$ 297,648	\$ -	\$ -	\$ 297,648
Interest and dividends received	<u>57,359</u>	<u>12,546</u>	<u>8,738</u>	<u>78,643</u>
 Net cash provided (used) by investing activities	 <u>\$ 355,007</u>	 <u>\$ 12,546</u>	 <u>\$ 8,738</u>	 <u>\$ 376,291</u>
 Net increase (decrease) in cash and cash equivalents	 <u>\$ 236,508</u>	 <u>\$ 211,555</u>	 <u>\$ (20,146)</u>	 <u>\$ 427,917</u>
Balances - Beginning of Year	<u>447,607</u>	<u>262,672</u>	<u>180,366</u>	<u>890,645</u>
 BALANCES - END OF YEAR	 <u>\$ 684,115</u>	 <u>\$ 474,227</u>	 <u>\$ 160,220</u>	 <u>\$ 1,318,562</u>

**CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows - Continued
For the Year Ended June 30, 2007**

	<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)	\$ (107,736)	\$ 294,864	\$ 3,725	\$ 190,853
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	\$ -	\$ 174,665	\$ -	\$ 174,665
(Increase) decrease in:				
Accounts receivable	995	(3,722)	-	(2,727)
Due from other funds	-	(22,427)	(1,687)	(24,114)
Inventory	-	(14,528)	-	(14,528)
Increase (decrease) in:				
Accounts payable	-	-	(30,922)	(30,922)
Due to employees	(11,758)	-	-	(11,758)
Accrued liabilities	-	2,900	-	2,900
	<u>-</u>	<u>2,900</u>	<u>-</u>	<u>2,900</u>
Total Adjustments	\$ (10,763)	\$ 136,888	\$ (32,609)	\$ 93,516
Net cash provided (used) by operating activities	<u>\$ (118,499)</u>	<u>\$ 431,752</u>	<u>\$ (28,884)</u>	<u>\$ 284,369</u>

CITY OF ST. JOSEPH
PENSION AND OTHER EMPLOYEE BENEFITS FUNDS
Combining Statement of Net Assets
June 30, 2007

	Employees' Retirement Fund	Flex Spending Fund	Total
Assets			
Cash and cash equivalents	\$ 95,000	\$ 8,066	\$ 103,066
Receivables			
Interest receivable	\$ 174,403	\$ -	\$ 174,403
Due from employer	<u>77,658</u>	<u>-</u>	<u>77,658</u>
Total Receivables	<u>\$ 252,061</u>	<u>\$ -</u>	<u>\$ 252,061</u>
Investments, at fair value			
Stock	\$ 32,803,323	\$ -	\$ 32,803,323
Bonds	7,841,107	-	7,841,107
Governmental obligations	8,226,020	-	8,226,020
Other	<u>5,849,515</u>	<u>-</u>	<u>5,849,515</u>
Total Investments	<u>\$ 54,719,965</u>	<u>\$ -</u>	<u>\$ 54,719,965</u>
Total Assets	<u>\$ 55,067,026</u>	<u>\$ 8,066</u>	<u>\$ 55,075,092</u>
Liabilities			
Accounts payable	\$ 1,687	\$ -	\$ 1,687
Due to employees	-	3,554	3,554
Due to other funds	<u>-</u>	<u>4,235</u>	<u>4,235</u>
Total Liabilities	<u>\$ 1,687</u>	<u>\$ 7,789</u>	<u>\$ 9,476</u>
Net Assets			
Held in trust for pension benefits and other employee benefits	<u>\$ 55,065,339</u>	<u>\$ 277</u>	<u>\$ 55,065,616</u>

CITY OF ST. JOSEPH
PENSION AND OTHER EMPLOYEE BENEFITS FUNDS
Combining Statement of Changes in Net Assets
June 30, 2007

	Employees' Retirement Fund	Flex Spending Fund	Total
Additions:			
Contributions:			
Plan members	\$ 281,713	\$ -	\$ 281,713
Employer	<u>218,661</u>	<u>-</u>	<u>218,661</u>
Total Contributions	<u>\$ 500,374</u>	<u>\$ -</u>	<u>\$ 500,374</u>
Investments Earnings:			
Net increase, FMV investments	\$ 5,637,714	\$ -	\$ 5,637,714
Interest	1,551,449	178	1,551,627
Dividends	68,250	-	68,250
Miscellaneous	<u>20,169</u>	<u>-</u>	<u>20,169</u>
Total Investments Earnings	<u>\$ 7,277,582</u>	<u>\$ 178</u>	<u>\$ 7,277,760</u>
Less: investment expenses	<u>(193,207)</u>	<u>-</u>	<u>(193,207)</u>
Net Investment Earnings	<u>\$ 7,084,375</u>	<u>\$ 178</u>	<u>\$ 7,084,553</u>
Total Additions	<u>\$ 7,584,749</u>	<u>\$ 178</u>	<u>\$ 7,584,927</u>
Deductions:			
Benefits	\$ 1,823,902	\$ -	\$ 1,823,902
Refund of contributions	20,374	-	20,374
Administrative expense	<u>17,880</u>	<u>-</u>	<u>17,880</u>
Total Deductions	<u>\$ 1,862,156</u>	<u>\$ -</u>	<u>\$ 1,862,156</u>
Change in Net Assets	\$ 5,722,593	\$ 178	\$ 5,722,771
Net Asset - Beginning of Year	<u>49,342,746</u>	<u>99</u>	<u>49,342,845</u>
NET ASSETS - END OF YEAR	<u>\$ 55,065,339</u>	<u>\$ 277</u>	<u>\$ 55,065,616</u>

**CITY OF ST. JOSEPH
AGENCY FUNDS
Combining Statement of Net Assets
June 30, 2007**

	Treasurer's Tax Fund	Imprest Payroll Fund	Trust and Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 29,541	\$ 8,819	\$ 37	\$ 38,397
TOTAL ASSETS	<u>\$ 29,541</u>	<u>\$ 8,819</u>	<u>\$ 37</u>	<u>\$ 38,397</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 37	\$ 37
Due to other funds	<u>29,541</u>	<u>8,819</u>	<u>-</u>	<u>38,360</u>
TOTAL LIABILITIES	<u>\$ 29,541</u>	<u>\$ 8,819</u>	<u>\$ 37</u>	<u>\$ 38,397</u>

**CITY OF ST. JOSEPH
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2007**

Treasurer's Tax Fund:	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
Assets				
Cash and cash equivalents	\$ 10,224	\$ 16,141,309	\$ 16,121,992	\$ 29,541
Due to other governments	<u>4,214</u>	<u>-</u>	<u>4,214</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 14,438</u>	<u>\$ 16,141,309</u>	<u>\$ 16,126,206</u>	<u>\$ 29,541</u>
Liabilities				
Undistributed taxes	\$ 6,020	\$ -	\$ 6,020	\$ -
Due to other funds	<u>8,418</u>	<u>21,123</u>	<u>-</u>	<u>29,541</u>
TOTAL LIABILITIES	<u>\$ 14,438</u>	<u>\$ 21,123</u>	<u>\$ 6,020</u>	<u>\$ 29,541</u>
Imprest Payroll Fund:				
	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
Assets				
Cash and cash equivalents	\$ 2,111	\$ 8,051,737	\$ 8,045,029	\$ 8,819
TOTAL ASSETS	<u>\$ 2,111</u>	<u>\$ 8,051,737</u>	<u>\$ 8,045,029</u>	<u>\$ 8,819</u>
Liabilities				
Due to other funds	\$ 2,111	\$ 8,819	\$ 2,111	\$ 8,819
TOTAL LIABILITIES	<u>\$ 2,111</u>	<u>\$ 8,819</u>	<u>\$ 2,111</u>	<u>\$ 8,819</u>

**CITY OF ST. JOSEPH
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities - Continued
For the Year Ended June 30, 2007**

Trust and Agency Fund:	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
Assets				
Cash and cash equivalents	\$ -	\$ 172	\$ 135	\$ 37
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ 135</u>	<u>\$ 37</u>
Liabilities				
Accounts payable	\$ -	\$ 172	\$ 135	\$ 37
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ 135</u>	<u>\$ 37</u>
Total - All Agency Funds:				
	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
Assets				
Cash and cash equivalents	\$ 12,335	\$ 24,193,218	\$ 24,167,156	\$ 38,397
Due from other governments	<u>4,214</u>	<u>-</u>	<u>4,214</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 16,549</u>	<u>\$ 24,193,218</u>	<u>\$ 24,171,370</u>	<u>\$ 38,397</u>
Liabilities				
Accounts payable	\$ -	\$ 172	\$ 135	\$ 37
Undistributed taxes	6,020	-	6,020	-
Due to other funds	<u>10,529</u>	<u>29,942</u>	<u>2,111</u>	<u>38,360</u>
TOTAL LIABILITIES	<u>\$ 16,549</u>	<u>\$ 30,114</u>	<u>\$ 8,266</u>	<u>\$ 38,397</u>

**CITY OF ST. JOSEPH
PERMANENT FUNDS
Combining Balance Sheet
June 30, 2007**

	<u>Cemetery Perpetual Care</u>	<u>Library Endowment</u>	<u>Total</u>
Assets			
Cash	\$ -	\$ 602,544	\$ 602,544
Investments	202,352	-	202,352
Due from other funds	-	133,426	133,426
	-	133,426	133,426
TOTAL ASSETS	<u>\$ 202,352</u>	<u>\$ 735,970</u>	<u>\$ 938,322</u>
Fund Balances			
Reserved for restricted purposes	\$ 202,352	\$ 255,608	\$ 457,960
Reserved for endowment	-	480,362	480,362
	-	480,362	480,362
TOTAL FUND BALANCES	<u>\$ 202,352</u>	<u>\$ 735,970</u>	<u>\$ 938,322</u>

**CITY OF ST. JOSEPH
PERMANENT FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2007**

	Cemetery Perpetual Care	Library Endowment	Total
Revenues:			
Contributions	\$ -	\$ 50	\$ 50
Interest	<u>15,921</u>	<u>45,278</u>	<u>61,199</u>
 Total Revenues	 \$ 15,921	 \$ 45,328	 \$ 61,249
 Other Financing Sources (Uses):			
Operating transfers out	<u>(72,537)</u>	<u>(21,436)</u>	<u>(93,973)</u>
 Net Changes in Fund Balances	 \$ (56,616)	 \$ 23,892	 \$ (32,724)
 Fund Balances - Beginning of Year	 <u>258,968</u>	 <u>712,078</u>	 <u>\$ 971,046</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 202,352</u>	 <u>\$ 735,970</u>	 <u>\$ 938,322</u>

CITY OF ST. JOSEPH
Schedule of 1996 Installment Note
Fifth Third Bank
June 30, 2007

<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>November 1</u>	<u>May 1</u>	<u>November 1</u>	<u>May 1</u>	
2008	2.50%	\$ 182,171	\$ 6,542	\$ 5,486	\$ 84,543	\$ 85,600	\$ 353,234
2009	2.50%	182,171	4,415	3,332	86,670	87,754	178,810
2010	2.50%	<u>182,170</u>	<u>2,235</u>	<u>1,125</u>	<u>88,850</u>	<u>89,960</u>	-
		<u>\$ 546,512</u>	<u>\$ 13,192</u>	<u>\$ 9,943</u>	<u>\$ 260,063</u>	<u>\$ 263,314</u>	

Purpose:

To finance construction of City Hall.

Terms:

Principal and interest due semi-annually May 1 and November 1.

CITY OF ST. JOSEPH
Schedule of 2004 State Revolving Fund Bonds
Project 5190-02
June 30, 2007

<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>		
2008	2.125%	\$ 128,998	\$ 19,499	\$ 19,499	\$ 90,000	\$ 1,745,205
2009	2.125%	132,085	18,543	18,542	95,000	1,650,205
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>\$ 2,203,751</u>	<u>\$ 184,273</u>	<u>\$ 184,273</u>	<u>\$ 1,835,205</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, 2007

<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>
2008	-	\$ -	\$ -	\$ -	\$ 250,000
2009	-	-	-	-	250,000
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, 2007

Year Ended June 30,	Interest Rate	Annual Debt Service	Interest		Principal May 1	Balance
			November 1	May 1		
2008	4.000%	\$ 267,906	\$ 96,453	\$ 96,453	\$ 75,000	\$ 3,920,000
2009	4.125%	274,906	94,953	94,953	85,000	3,835,000
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%	<u>394,125</u>	<u>9,562</u>	<u>9,563</u>	<u>375,000</u>	-
		<u>\$ 6,578,818</u>	<u>\$ 1,291,909</u>	<u>\$ 1,291,909</u>	<u>\$ 3,995,000</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, 2007

Year Ended June 30,	Interest Rate	Annual Debt Service	Interest		Principal October 1	Balance
			October 1	April 1		
2008	2.50%	\$ 123,976	\$ 20,019	\$ 18,957	\$ 85,000	\$ 1,516,525
2009	2.50%	126,787	18,956	17,831	90,000	1,426,525
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>\$ 1,931,614</u>	<u>\$ 175,054</u>	<u>\$ 155,035</u>	<u>\$ 1,601,525</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 2004 Installment Note
J.P. Morgan Chase Bank
June 30, 2007

Year Ended June 30,	Interest Rate	Annual Debt Service	Interest		Principal		Balance
			September 5	March 5	September 5	March 5	
2008	2.679%	\$ 91,387	\$ 1,788	\$ 1,200	\$ 43,905	\$ 44,494	\$ 45,090
2009	2.679%	45,694	604	-	45,090	-	-
		<u>\$ 137,081</u>	<u>\$ 2,392</u>	<u>\$ 1,200</u>	<u>\$ 88,995</u>	<u>\$ 44,494</u>	

Purpose:

To finance the purchase of a fire truck.

Terms:

Principal and interest due semi-annually March 5 and September 5.

CITY OF ST. JOSEPH
Schedule of Brownfield Lien Note
Michigan Department of Environmental Quality
June 30, 2007

Year Ended June 30,	Interest December 11	Principal December 11	Total Payment
2008	\$ -	\$ 31,000	\$ 31,000
2009	-	36,000	36,000
2010	20,308	52,761	73,069
	<u>\$ 20,308</u>	<u>\$ 119,761</u>	<u>\$ 140,069</u>

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 21, 2007

To the City Commission
City of St. Joseph, Michigan

In connection with our audit of the financial statements of the City of St. Joseph as of June 30, 2007, we have made a review of accounting procedures and internal control. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for your consideration, suggestions for changes in procedures which, in our opinion, would strengthen internal control or contribute to the improvement of operating efficiency.

The comments in this letter are based upon observations made in the course of such review. The review was not designed for the purpose of expressing an opinion on internal accounting control, and it would not necessarily disclose all weaknesses in the system. The matters discussed herein were considered during our examination of the financial statements.

1. Controls over parking ticket money collected at Tiscorina Beach and the marina should be strengthened. The printout received from the machines does not provide adequate information to determine if all cash receipts are being turned into the finance department.
2. Invoicing and payments for winter storage and summer slip rentals for the marina are prepared and received at the marina office. We believe that for better control all invoicing should take place through the finance department.
3. We found that several petty cash funds are being accessed by more than one person each day. For better control, only the petty cash custodian should have access to the petty cash fund.

Comment repeated from prior year:

1. We recommend that the City Commission appoint an audit committee. The audit committee would meet with the auditors to discuss details of the financial statements and any matters that arose during the performance of the audit. The committee would serve as a point of contact with the commission without the necessity of meeting with the entire commission in a public meeting. For this reason, the audit committee should consist of no more than two commissioners to comply with the requirements of the open meetings act.

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

If you have any questions regarding these or any other matters, please feel free to contact us.

Once again, we would like to thank all of the officials and employees of the City of St. Joseph for the cooperation and courtesy extended to us during the course of our audit.

Very truly yours,

Gerbel & Company, P.C.
GERBEL & COMPANY, P.C.
Certified Public Accountants

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 21, 2007

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

To: The City Commission of the City of St. Joseph

In planning and performing our audit of the financial statements of the City of St. Joseph as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the 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 opinion of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion of the effectiveness of the city's 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 to detected by the entity's internal control.

A material weaknesses 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 entity's internal control.

Our consideration on internal control was for the limited purpose of 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 significant deficiencies as defined above.

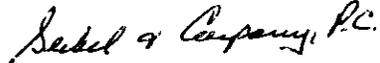
In addition, we noted other matters involving the internal control and its operation that we have reported to management of the City of St. Joseph in a separate letter stated September 21, 2007.

Right. On time.

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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.
Certified Public Accountants