

**CITY OF ST. JOSEPH**  
**BERRIEN COUNTY, MICHIGAN**  
**FINANCIAL REPORT**  
**June 30, 2006**

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

**FINANCIAL REPORT**

**June 30, 2006**

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## **Management Discussion and Analysis**

As management of the City of St. Joseph, we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the City of St. Joseph for the fiscal year ended June 30, 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 \$42,421,422. Of this amount, \$10,970,014 may be used to meet the ongoing obligations to our citizens and creditors.
- The City's total net assets increased by \$2,017,430.
- At the close of the current fiscal year, the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$8,439,220 a decrease of \$912,403 in comparison with the prior year. Approximately \$7,444,542 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 \$2,500,915 or 44 percent of total general fund expenditures. The City Commission has allocated \$500,915 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 \$696,550 during the current fiscal year.
- 

### **Overview of the Financial Statements**

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

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

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

## 1. Government-Wide Financial Statements

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

- The Statement of Net Assets presents information on all of the City of St. Joseph's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of St. Joseph is improving or deteriorating.
- The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as unused vacation leave.

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

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

## 2. Fund Financial Statements

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

### ***Governmental Funds***

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

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities.

The City of St. Joseph maintains 22 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 major street fund, the local street fund, street improvement fund, the library improvement fund, all of which are considered to be major funds. Data from the other 17 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 \$40,506,143 at the close of the 2005-2006 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.

<b>City of St. Joseph Net Assets</b>					
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Component Units</b>	<b>Current Year Total</b>	<b>Prior Year Total</b>
Current and Other Assets	\$ 9,966,226	\$ 3,109,176	\$ 93,069	\$ 13,168,471	\$ 13,036,437
Capital Assets	\$ 29,543,507	\$ 9,810,012	\$ -	\$ 39,353,519	\$ 38,288,476
<b>Total Assets</b>	<b>\$ 39,509,733</b>	<b>\$ 12,919,188</b>	<b>\$ 93,069</b>	<b>\$ 52,521,990</b>	<b>\$ 51,324,913</b>
Long-Term Liabilities Outstanding	\$ 9,312,978	\$ -	\$ -	\$ 9,312,978	\$ 10,015,151
Other Liabilities	\$ 159,059	\$ 535,402	\$ -	\$ 694,521	\$ 803,598
<b>Total Liabilities</b>	<b>\$ 9,472,037</b>	<b>\$ 535,402</b>	<b>\$ -</b>	<b>\$ 10,007,499</b>	<b>\$ 10,818,749</b>
Invested in Capital Assets, Net of Related Debt	\$ 20,555,108	\$ 9,810,012	\$ -	\$ 30,365,120	\$ 28,609,620
Restricted	\$ 1,086,288	\$ -	\$ -	\$ 1,086,288	\$ 1,010,998
Unrestricted	\$ 8,396,300	\$ 2,573,714	\$ 93,069	\$ 11,063,083	\$ 11,063,083
<b>Total Net Assets</b>	<b>\$ 30,037,696</b>	<b>\$ 12,383,726</b>	<b>\$ 93,069</b>	<b>\$ 42,514,491</b>	<b>\$ 42,514,491</b>

A portion of the City of St. Joseph’s net assets (2.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,063,083) may be used to meet the government’s ongoing obligations to citizens and creditors.

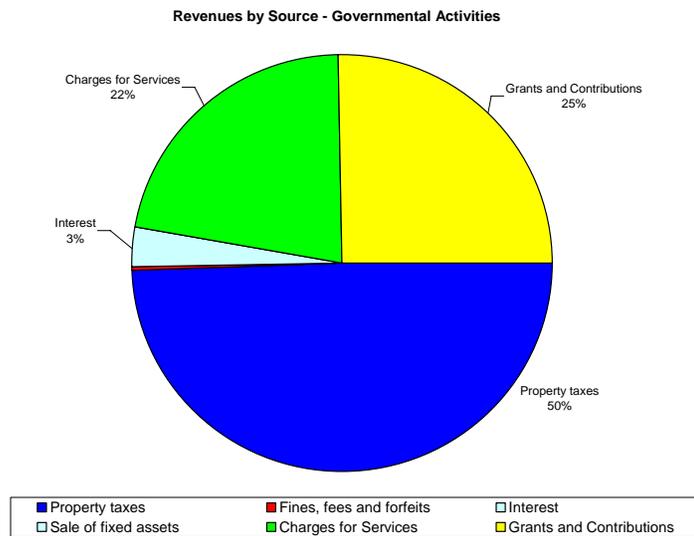
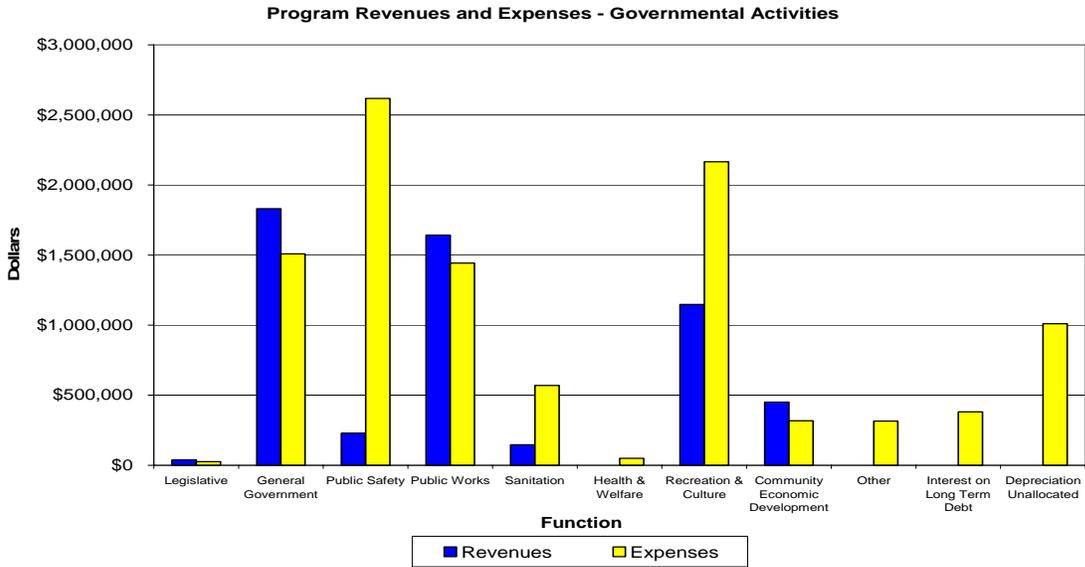
At the end of the current fiscal year, the City of St. Joseph is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental, business-type activities, and component units.

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

	Governmental Activities	Business Type Activities	Component Units	Current Year Total	Prior Year Total
<b>Revenues</b>					
<b>Program Revenues</b>					
Charges for Services	\$ 2,569,575	\$ 5,099,711	\$ -	\$ 7,669,286	\$ 5,912,657
Grants and Contributions	2,917,818	-	-	2,917,818	3,696,837
<b>General Revenues</b>					
Property Taxes	5,748,803	-	39,424	5,788,227	5,524,697
Licenses and Permits	-	-	-	-	271,567
Fines, Fees and Forfeits	6,878	-	-	6,878	625,739
Special Assessments	-	-	-	-	2,502
Interest Earned	359,155	78,247	3,124	440,526	240,711
Sale of Fixed Assets	1,181	-	-	1,181	15,039
<b>Total Revenues</b>	<b>\$ 11,603,410</b>	<b>\$ 5,177,958</b>	<b>\$ 42,548</b>	<b>\$ 16,823,916</b>	<b>\$ 16,289,749</b>
<b>Expenses</b>					
Legislative	\$ 26,391	\$ -	\$ -	\$ 26,391	\$ 27,137
General Government	1,509,620	-	-	1,509,620	1,539,078
Public Safety	2,617,160	-	-	2,617,160	2,677,275
Public Works	1,442,155	-	-	1,442,155	1,394,21
Sanitation	570,503	-	-	570,503	508,670
Health and Welfare	50,537	-	-	50,537	50,537
Recreation and Cultural	2,166,069	-	-	2,166,069	2,445,730
Community and Economic Development	318,048	-	-	318,048	452,068
Other	316,406	-	-	316,406	177,394
Interest on Long-Term Debt	381,353	-	-	381,353	330,216
Depreciation-unallocated	1,010,734	-	-	1,010,734	-
Sewer Fund	-	1,052,759	-	1,052,759	1,116,893
Water Fund	-	2,933,949	-	2,933,949	2,783,345
Marina Fund	-	368,254	-	368,254	351,206
Downtown Development Authority	-	-	51,630	51,630	28,737
<b>Total Expenses</b>	<b>\$ 10,408,976</b>	<b>\$ 4,354,962</b>	<b>\$ 51,630</b>	<b>\$ 14,815,568</b>	<b>\$ 13,882,807</b>
Increase (Decrease) in Net Assets before Transfers	\$ 1,194,434	\$ 822,996	\$ (9,082)	\$ 2,008,348	\$ 2,406,942
Transfers	(50,608)	50,608	-	-	-
Changes in net assets	\$ 1,143,826	\$ 873,604	\$ (9,082)	\$ 2,008,348	\$ 2,406,942
Net Assets Beginning of Year	28,893,870	11,510,122	102,151	40,506,143	38,099,201
<b>Net Assets End of Year</b>	<b>\$ 30,037,696</b>	<b>\$ 12,383,726</b>	<b>\$ 93,069</b>	<b>\$ 42,514,491</b>	<b>\$ 40,506,143</b>

**Governmental Activities**

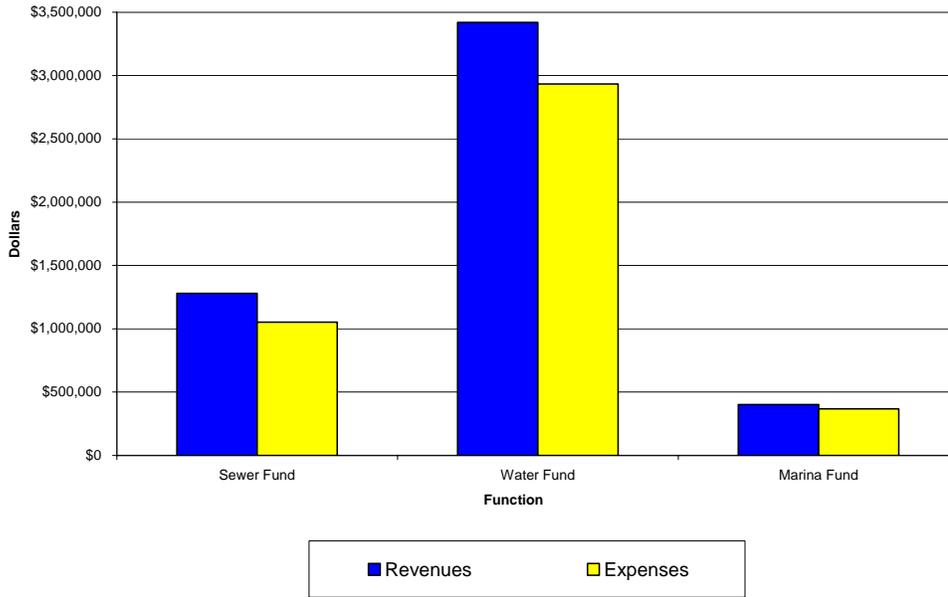
Governmental Activities increased the City of St. Joseph’s net assets by \$1,143,826, accounting for 57% of the total growth in the net assets of the City of St. Joseph. Property taxes were \$5,748,803 or 50% of the total governmental revenues. Grants and contributions were \$2,917,818 or 25% of the total governmental revenues. The remaining 25% is mostly composed of various charges for services and interest revenue. Public safety expenditures totaled \$2,617,160 or 25% of the governmental expenses. General government and Recreation and cultural expenditures totaled 35% of the governmental expenses.



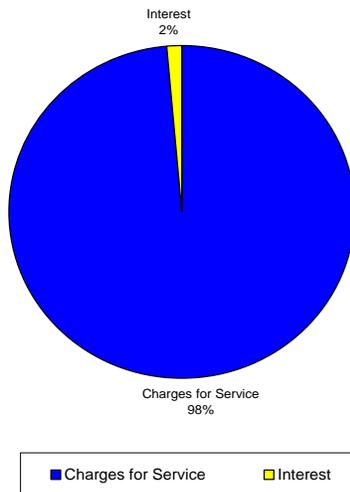
***Business-Type Activities***

Business-type Activities increased the City of St. Joseph’s net assets by \$873,604, accounting for 43% of the total growth in the net assets of the City of St. Joseph. Charges for services were \$5,099,711 or 98% of the total business-type revenues. The remaining 2% is mostly composed of various fees and interest revenue. Business-type expenditures increased overall by \$103,518.

**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 spendable resources. Such information is useful in assessing the City of St. Joseph's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$8,439,220, a decrease of \$912,403 in comparison with the prior year. Approximately 88% 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 \$2,522,190 which represents roughly 45% 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 \$41,271 from the previous year; \$500,915 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 \$1,727,726, and the Sewer Fund \$453,887, and those for the Marina Fund amounted to \$392,101. The Water Fund increased net assets by \$586,939. The Sewer Fund increased net assets by \$244,637 and the Marina Fund increased net assets by \$42,208. 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 \$72,000 and can be briefly summarized as follows:

- \$5,300 decrease in miscellaneous expenses in legislative activities
- \$42,100 increase allocated to general government activities
- \$73,400 decrease allocated to public safety activities
- \$18,500 decrease allocated to miscellaneous expenses in public works activities
- \$1,400 decrease in health and welfare activities
- \$38,900 decrease in recreation and cultural activities
- \$60,000 increase in community and economic development activities
- \$107,400 increase 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, 2006 amounts to \$39,353,524 (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 \$8,996,402. 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 \$35,503,982 for bond debt and \$4,412,998 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 \$200,000 surplus. This surplus has been budgeted as a transfer to the Capital project fund to pay for capital projects planned for the 2006-2007 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 ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 8, 2006

## 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, 2006, 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, 2006, 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.

**Right. On time.**

**CITY OF ST. JOSEPH**  
**Statement of Net Assets**  
**For the Year June 30, 2006**

	Primary Government			Component Units
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 6,633,277	\$ 2,328,859	\$ 8,962,136	\$ 93,069
Investments	2,413,303	-	2,413,303	-
Receivables	826,880	585,249	1,412,129	-
Due from other funds	21,519	434	21,953	-
Due from other governments	3,657	98,310	101,967	-
Prepaid expenses	30,978	-	30,978	-
Inventory	36,609	96,324	132,933	-
Capital assets (net of related depreciation):				
Land	3,787,097	613,862	4,400,959	-
Land improvements	46,365	-	46,365	-
Buildings and improvements	11,092,768	4,146,280	15,239,048	-
Furniture and equipment	1,967,712	422,600	2,390,312	-
Books	199,045	-	199,045	-
Infrastructure	10,856,516	-	10,856,516	-
Utility systems	-	4,627,270	4,627,270	-
Construction in progress	1,594,007	-	1,594,007	-
Total Assets	<u>\$ 39,509,733</u>	<u>\$ 12,919,188</u>	<u>\$ 52,428,921</u>	<u>\$ 93,069</u>
<b>Liabilities</b>				
Accounts payable	\$ 71,458	\$ 3,114	\$ 74,572	\$ -
Accrued liabilities	-	56,869	56,869	-
Accrued interest	56,844	-	56,844	-
Deferred revenue	18,999	-	18,999	-
Due to other governments	-	464,057	464,057	-
Due to employees	11,758	-	11,758	-
Due to other funds	-	11,422	11,422	-
Noncurrent liabilities:				
Due within one year	773,477	-	773,477	-
Due in more than one year	8,539,501	-	8,539,501	-
Total Liabilities	<u>\$ 9,472,037</u>	<u>\$ 535,462</u>	<u>\$ 10,007,499</u>	<u>\$ -</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	\$ 20,555,108	\$ 9,810,012	\$ 30,365,120	\$ -
Restricted for employee benefits	1,086,288	-	1,086,288	-
Unrestricted	8,396,300	2,573,714	10,970,014	93,069
TOTAL NET ASSETS	<u>\$ 30,037,696</u>	<u>\$ 12,383,726</u>	<u>\$ 42,421,422</u>	<u>\$ 93,069</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, 2006**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
Legislative	\$ (26,391)	\$ -	\$ 40,000	\$ -
General government	(1,509,620)	837,454	992,848	-
Public safety	(2,617,160)	132,017	97,173	-
Highways and streets	(1,442,155)	569,643	1,069,513	3,731
Sanitation	(570,503)	147,253	-	-
Health and welfare	(50,537)	-	-	-
Recreation and cultural	(2,166,069)	471,512	676,115	-
Community and economic development	(318,048)	411,696	38,438	-
Other	(316,406)	-	-	-
Interest on long-term debt	(381,353)	-	-	-
Depreciation-unallocated	(1,010,734)	-	-	-
Total Governmental Activities	<b>\$ (10,408,976)</b>	<b>\$ 2,569,575</b>	<b>\$ 2,914,087</b>	<b>\$ 3,731</b>
Business-type Activities:				
Sewer Fund	\$ (1,052,759)	\$ 1,279,699	\$ -	\$ -
Water Fund	(2,933,949)	3,419,015	-	-
Marina Fund	(368,254)	400,997	-	-
Total Business-type Activities	<b>\$ (4,354,962)</b>	<b>\$ 5,099,711</b>	<b>\$ -</b>	<b>\$ -</b>
Total Primary Government	<b>\$ (14,763,938)</b>	<b>\$ 7,669,286</b>	<b>\$ 2,914,087</b>	<b>\$ 3,731</b>
<b>Component Units:</b>				
Downtown Development	\$ (51,630)	\$ -	\$ -	\$ -
Total Component Units	<b>\$ (51,630)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

Property taxes  
Fines, fees, and forfeits  
Interest  
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>	
\$ 13,609	\$ -	\$ 13,609	\$ -
320,682	-	320,682	-
(2,387,970)	-	(2,387,970)	-
200,732	-	200,732	-
(423,250)	-	(423,250)	-
(50,537)	-	(50,537)	-
(1,018,442)	-	(1,018,442)	-
132,086	-	132,086	-
(316,406)	-	(316,406)	-
(381,353)	-	(381,353)	-
(1,010,734)	-	(1,010,734)	-
<u>\$ (4,921,583)</u>	<u>\$ -</u>	<u>\$ (4,921,583)</u>	<u>\$ -</u>
\$ -	\$ 226,940	\$ 226,940	\$ -
-	485,066	485,066	-
-	32,743	32,743	-
<u>\$ -</u>	<u>\$ 744,749</u>	<u>\$ 744,749</u>	<u>\$ -</u>
<u>\$ (4,921,583)</u>	<u>\$ 744,749</u>	<u>\$ (4,176,834)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,630)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,630)</u>
\$ 5,748,803	\$ -	\$ 5,748,803	\$ 39,424
6,878	-	6,878	-
359,155	78,247	437,402	3,124
1,181	-	1,181	-
(50,608)	50,608	-	-
<u>\$ 6,065,409</u>	<u>\$ 128,855</u>	<u>\$ 6,194,264</u>	<u>\$ 42,548</u>
\$ 1,143,826	\$ 873,604	\$ 2,017,430	\$ (9,082)
<u>28,893,870</u>	<u>11,510,122</u>	<u>40,403,992</u>	<u>102,151</u>
<u>\$ 30,037,696</u>	<u>\$ 12,383,726</u>	<u>\$ 42,421,422</u>	<u>\$ 93,069</u>

**CITY OF ST. JOSEPH  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2006**

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,381,332	\$ 384,981	\$ 506,694
Investments	525,313	-	-
Receivables	568,769	31,569	12,818
Due from other funds	19,777	-	-
Due from other governments	3,657	-	-
Prepaid expense	30,978	-	-
Inventory	<u>21,275</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>\$ 2,551,101</u>	<u>\$ 416,550</u>	<u>\$ 519,512</u>
TOTAL ASSETS	<u>\$ 2,551,101</u>	<u>\$ 416,550</u>	<u>\$ 519,512</u>
<b>Liabilities and Fund Balances</b>			
Current Liabilities:			
Accounts payable	\$ 21,387	\$ -	\$ -
Due to other funds	646	29,115	976
Deferred revenue	<u>6,878</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>\$ 28,911</u>	<u>\$ 29,115</u>	<u>\$ 976</u>
Total Liabilities	<u>\$ 28,911</u>	<u>\$ 29,115</u>	<u>\$ 976</u>
Fund Balances:			
Reserved for:			
Restricted purposes	\$ 21,275	\$ -	\$ -
Unreserved, reported in			
General Fund	2,500,915	-	-
Special Revenue	-	387,435	518,536
Debt Service	-	-	-
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 2,522,190</u>	<u>\$ 387,435</u>	<u>\$ 518,536</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,551,101</u>	<u>\$ 416,550</u>	<u>\$ 519,512</u>

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

<u>Street Improvement Fund</u>	<u>Library Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,039,362	\$ 84,600	\$ 2,345,663	\$ 5,742,632
315,187	-	1,072,803	1,913,303
-	-	212,476	825,632
-	-	459,847	479,624
-	-	-	3,657
-	-	-	30,978
-	-	-	21,275
<u>\$ 1,354,549</u>	<u>\$ 84,600</u>	<u>\$ 4,090,789</u>	<u>\$ 9,017,101</u>
<u>\$ 1,354,549</u>	<u>\$ 84,600</u>	<u>\$ 4,090,789</u>	<u>\$ 9,017,101</u>
\$ -	\$ -	\$ 19,149	\$ 40,536
304,985	154,862	20,884	511,468
-	-	18,999	25,877
<u>\$ 304,985</u>	<u>\$ 154,862</u>	<u>\$ 59,032</u>	<u>\$ 577,881</u>
<u>\$ 304,985</u>	<u>\$ 154,862</u>	<u>\$ 59,032</u>	<u>\$ 577,881</u>
\$ -	\$ -	\$ 973,403	\$ 994,678
-	-	-	2,500,915
1,049,564	-	996,427	2,951,962
-	-	273,847	273,847
-	(70,262)	1,788,080	1,717,818
<u>\$ 1,049,564</u>	<u>\$ (70,262)</u>	<u>\$ 4,031,757</u>	<u>\$ 8,439,220</u>
<u>\$ 1,354,549</u>	<u>\$ 84,600</u>	<u>\$ 4,090,789</u>	<u>\$ 9,017,101</u>

**CITY OF ST. JOSEPH**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**For the Year Ended June 30, 2006**

Fund balances of governmental funds	\$ 8,439,220
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.	28,825,291
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.	(9,312,978)
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.	2,136,129
Governmental funds do not report accrued interest.	(56,844)
Governmental funds report deferred revenues as the cash is received; they are recorded as revenues as they are earned in the statement of activities.	<u>6,878</u>
Net assets of governmental activities	<u>\$ 30,037,696</u>

**CITY OF ST. JOSEPH  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2006**

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>
<b>Revenues:</b>			
Taxes	\$ 4,390,104	\$ -	\$ -
Federal revenues	-	4,714	-
State revenues	1,003,951	906,838	159,345
Charges for services	930,376	-	-
Licenses and permits	6,021	-	-
Fines, fees, and forfeits	95,816	-	-
Special assessments	-	-	-
Contributions	-	-	-
Interest	120,518	12,349	17,053
Other	121,743	-	8,814
	<u>\$ 6,668,529</u>	<u>\$ 923,901</u>	<u>\$ 185,212</u>
<b>Total Revenues</b>			
<b>Expenditures:</b>			
Current:			
Legislative	\$ 26,391	\$ -	\$ -
General government	1,070,497	-	-
Public safety	2,786,313	-	-
Public works	335,516	374,375	664,564
Sanitation	-	-	-
Health and welfare	50,537	-	-
Recreation and cultural	814,854	-	-
Community and economic development	60,000	-	-
Other	316,406	-	-
Debt service:			
Principal retirement	161,895	-	-
Interest	20,276	-	-
Capital outlay	5,000	1,414,563	655,427
	<u>\$ 5,647,685</u>	<u>\$ 1,788,938</u>	<u>\$ 1,319,991</u>
<b>Total Expenditures</b>			
Revenues Over (Under) Expenditures	<u>\$ 1,020,844</u>	<u>\$ (865,037)</u>	<u>\$ (1,134,779)</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	\$ 41,346	\$ 846,502	\$ 1,239,428
Operating transfers out	(1,103,461)	-	(6,346)
	<u>\$ (1,062,115)</u>	<u>\$ 846,502</u>	<u>\$ 1,233,082</u>
<b>Total Other Financing Sources (Uses)</b>			
Net Changes in Fund Balance	\$ (41,271)	\$ (18,535)	\$ 98,303
Fund Balances - Beginning of year	<u>2,563,461</u>	<u>405,970</u>	<u>420,233</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 2,522,190</u></u>	<u><u>\$ 387,435</u></u>	<u><u>\$ 518,536</u></u>

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

<u>Street Improvement Fund</u>	<u>Library Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 1,358,699	\$ 5,748,803
-	-	-	4,714
-	-	71,440	2,141,574
-	-	560,529	1,490,905
-	-	270,552	276,573
-	-	500,117	595,933
-	-	2,347	2,347
-	-	769,182	769,182
35,773	-	123,079	308,772
75	-	75,636	206,268
<u>\$ 35,848</u>	<u>\$ -</u>	<u>\$ 3,731,581</u>	<u>\$ 11,545,071</u>
\$ -	\$ -	\$ -	\$ 26,391
-	-	320,081	1,390,578
-	-	58,387	2,844,700
-	-	71,112	1,445,567
-	-	579,762	579,762
-	-	-	50,537
-	-	1,002,260	1,817,114
-	-	544,491	604,491
-	-	-	316,406
-	-	524,505	686,400
-	-	304,233	324,509
-	-	245,420	2,320,410
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,650,251</u>	<u>\$ 12,406,865</u>
<u>\$ 35,848</u>	<u>\$ -</u>	<u>\$ 81,330</u>	<u>\$ (861,794)</u>
\$ 136,480	\$ 104,975	\$ 667,836	\$ 3,036,567
<u>(750,210)</u>	<u>-</u>	<u>(1,227,158)</u>	<u>(3,087,175)</u>
<u>\$ (613,730)</u>	<u>\$ 104,975</u>	<u>\$ (559,322)</u>	<u>\$ (50,608)</u>
\$ (577,882)	\$ 104,975	\$ (477,992)	\$ (912,402)
<u>1,627,446</u>	<u>(175,237)</u>	<u>4,509,749</u>	<u>9,351,622</u>
<u>\$ 1,049,564</u>	<u>\$ (70,262)</u>	<u>\$ 4,031,757</u>	<u>\$ 8,439,220</u>

**CITY OF ST. JOSEPH**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2006**

Net change in fund balances - total governmental funds \$ (912,402)

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	\$ 2,336,025	
Depreciation expense	<u>(1,010,734)</u>	1,325,291

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 686,400

Internal service funds are used by management to charge the cost of fleet services and employee benefits to individual funds. (13,223)

The net loss of internal service funds is included in governmental activities in the statement of activities. (13,223)

The interest income and gain on sale of assets of internal service funds are included in governmental activities in the statement of activities. 51,460

Governmental funds do not report accrued interest. The statement of activities records the increase in accrued interest as an expense. (746)

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. (4,673)

Decrease to the liability for compensated absences is not reported in governmental funds. 11,719

Changes in net assets of governmental activities \$ 1,130,603

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 4,365,000	\$ 4,386,800	\$ 4,390,104	\$ 3,304
State revenues	1,010,000	1,006,400	1,003,951	(2,449)
Charges for services	814,100	918,600	930,376	11,776
Licenses and permits	2,600	2,600	6,021	3,421
Fines, fees, and forfeits	107,000	96,200	95,816	(384)
Interest	40,000	87,900	120,518	32,618
Other	83,100	117,300	121,743	4,443
	<u>\$ 6,421,800</u>	<u>\$ 6,615,800</u>	<u>\$ 6,668,529</u>	<u>\$ 52,729</u>
<b>Total Revenues</b>				
<b>Expenditures:</b>				
Current:				
Legislative	\$ 33,700	\$ 28,400	\$ 26,391	\$ 2,009
General government	1,055,300	1,097,400	1,070,497	26,903
Public safety	2,879,600	2,806,200	2,786,313	19,887
Public works	355,900	337,400	335,516	1,884
Health and welfare	52,000	50,600	50,537	63
Recreation and cultural	870,100	831,200	814,854	16,346
Community and economic development	-	60,000	60,000	-
Other	215,000	322,400	316,406	5,994
Capital outlay	5,000	5,000	5,000	-
Debt service:				
Principal retirement	161,900	161,900	161,895	5
Interest	20,300	20,300	20,276	24
	<u>\$ 5,648,800</u>	<u>\$ 5,720,800</u>	<u>\$ 5,647,685</u>	<u>\$ 73,115</u>
<b>Total Expenditures</b>				
Revenues Over (Under) Expenditures	<u>\$ 773,000</u>	<u>\$ 895,000</u>	<u>\$ 1,020,844</u>	<u>\$ 125,844</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	\$ -	\$ 35,000	\$ 41,346	\$ 6,346
Operating transfers out	(909,200)	(1,111,500)	(1,103,461)	8,039
	<u>\$ (909,200)</u>	<u>\$ (1,076,500)</u>	<u>\$ (1,062,115)</u>	<u>\$ 14,385</u>
<b>Total Other Financing Sources (Uses)</b>				
Net Change in Fund Balances	\$ (136,200)	\$ (181,500)	\$ (41,271)	\$ 140,229
Fund Balances - Beginning of Year	<u>2,563,461</u>	<u>2,563,461</u>	<u>2,563,461</u>	<u>-</u>
<b>FUND BALANCES- END OF YEAR</b>	<u>\$ 2,427,261</u>	<u>\$ 2,381,961</u>	<u>\$ 2,522,190</u>	<u>\$ 140,229</u>

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

**CITY OF ST. JOSEPH  
MAJOR STREET FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Federal revenues	\$ -	\$ -	\$ 4,714	\$ 4,714
State revenues	-	414,900	906,838	491,938
Interest	-	12,100	12,349	249
	<u>-</u>	<u>427,000</u>	<u>923,901</u>	<u>496,901</u>
Total Revenues	<u>\$ -</u>	<u>\$ 427,000</u>	<u>\$ 923,901</u>	<u>\$ 496,901</u>
<b>Expenditures:</b>				
Public works	<u>\$ -</u>	<u>\$ 394,000</u>	<u>\$ 1,788,938</u>	<u>\$ (1,394,938)</u>
	<u>-</u>	<u>394,000</u>	<u>1,788,938</u>	<u>(1,394,938)</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 394,000</u>	<u>\$ 1,788,938</u>	<u>\$ (1,394,938)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 33,000</u>	<u>\$ (865,037)</u>	<u>\$ (898,037)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	\$ -	\$ -	\$ 846,502	\$ 846,502
Operating transfers out	-	(101,000)	-	101,000
	<u>-</u>	<u>(101,000)</u>	<u>846,502</u>	<u>947,502</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (101,000)</u>	<u>\$ 846,502</u>	<u>\$ 947,502</u>
Net Changes in Fund Balances	\$ -	\$ (68,000)	\$ (18,535)	\$ 49,465
Fund Balances - Beginning of Year	<u>405,970</u>	<u>405,970</u>	<u>405,970</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 405,970</u>	<u>\$ 337,970</u>	<u>\$ 387,435</u>	<u>\$ 49,465</u>

**CITY OF ST. JOSEPH  
LOCAL STREET FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State revenues	\$ -	\$ 146,200	\$ 159,345	\$ 13,145
Interest	-	16,900	17,053	153
Other	-	8,500	8,814	314
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	\$ -	\$ 171,600	\$ 185,212	\$ 13,612
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditures:</b>				
Public works	\$ -	\$ 620,400	\$ 1,319,991	\$ (699,591)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	\$ -	\$ 620,400	\$ 1,319,991	\$ (699,591)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenues Over (Under) Expenditures	\$ -	\$ (448,800)	\$ (1,134,779)	\$ (685,979)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	\$ -	\$ 400,000	\$ 1,239,428	\$ 839,428
Operating transfers out	-	-	(6,346)	(6,346)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources (Uses)	\$ -	\$ 400,000	\$ 1,233,082	\$ 833,082
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net Change in Fund Balances	\$ -	\$ (48,800)	\$ 98,303	\$ 147,103
Fund Balances - Beginning of Year	420,233	420,233	420,233	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
FUND BALANCES - END OF YEAR	\$ 420,233	\$ 371,433	\$ 518,536	\$ 147,103
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**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, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
State revenues	\$ -	\$ 467,600	\$ -	\$ (467,600)
Interest	7,500	27,600	35,773	8,173
Other	<u>-</u>	<u>100</u>	<u>75</u>	<u>(25)</u>
Total Revenues	<u>\$ 7,500</u>	<u>\$ 495,300</u>	<u>\$ 35,848</u>	<u>\$ (459,452)</u>
<b>Expenditures:</b>				
Public works	<u>\$ 1,525,500</u>	<u>\$ 2,240,400</u>	<u>\$ -</u>	<u>\$ 2,240,400</u>
Total Expenditures	<u>\$ 1,525,500</u>	<u>\$ 2,240,400</u>	<u>\$ -</u>	<u>\$ 2,240,400</u>
Revenues Over (Under) Expenditures	<u>\$ (1,518,000)</u>	<u>\$ (1,745,100)</u>	<u>\$ 35,848</u>	<u>\$ 1,780,948</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	\$ 1,130,900	\$ 988,200	\$ 136,480	\$ (851,720)
Operating transfers out	<u>-</u>	<u>-</u>	<u>(750,210)</u>	<u>(750,210)</u>
Total Other Financing Sources (Uses)	<u>\$ 1,130,900</u>	<u>\$ 988,200</u>	<u>\$ (613,730)</u>	<u>\$ (1,601,930)</u>
Net Changes in Fund Balances	\$ (387,100)	\$ (756,900)	\$ (577,882)	\$ 179,018
Fund Balances - Beginning of Year	<u>1,627,446</u>	<u>1,627,446</u>	<u>1,627,446</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,240,346</u>	<u>\$ 870,546</u>	<u>\$ 1,049,564</u>	<u>\$ 179,018</u>

**CITY OF ST. JOSEPH  
 PROPRIETARY FUNDS  
 Statement of Net Assets  
 For the Year Ended June 30, 2006**

	<b>Business - Type Activities -</b>	
	<b>Sewer Fund</b>	<b>Water Fund</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 409,699	\$ 1,545,136
Investments	-	-
Receivables	355,650	229,598
Due from other funds	-	434
Due from other governments	59,154	39,157
Inventory	541	77,591
Total Current Assets	\$ 825,044	\$ 1,891,916
Noncurrent Assets:		
Land	\$ -	\$ 609,073
Property, plant, and improvements	1,156,431	13,725,395
Furniture and equipment	100,252	720,354
Accumulated depreciation	(271,916)	(7,168,386)
Total Noncurrent Assets	\$ 984,767	\$ 7,886,436
Total Assets	\$ 1,809,811	\$ 9,778,352
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ -	\$ 3,114
Accrued liabilities	7,038	49,831
Due to employees	-	-
Due to other funds	2,700	8,722
Due to other governments	361,419	102,523
Total Current Liabilities	\$ 371,157	\$ 164,190
Total Liabilities	\$ 371,157	\$ 164,190
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$ 984,767	\$ 7,886,436
Unrestricted	453,887	1,727,726
TOTAL NET ASSETS	\$ 1,438,654	\$ 9,614,162

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>
\$ 374,024	\$ 2,328,859	\$ 890,645
-	-	500,000
-	585,248	1,248
-	434	-
	98,311	53,362
<u>18,192</u>	<u>96,324</u>	<u>15,334</u>
<u>\$ 392,216</u>	<u>\$ 3,109,176</u>	<u>\$ 1,460,589</u>
\$ 4,789	\$ 613,862	\$ -
2,049,360	16,931,186	-
172,554	993,160	3,073,194
<u>(1,287,894)</u>	<u>(8,728,196)</u>	<u>(2,354,974)</u>
<u>\$ 938,809</u>	<u>\$ 9,810,012</u>	<u>\$ 718,220</u>
<u>\$ 1,331,025</u>	<u>\$ 12,919,188</u>	<u>\$ 2,178,809</u>
\$ -	\$ 3,114	\$ 30,922
-	56,869	-
-	-	11,758
-	11,422	-
<u>115</u>	<u>464,057</u>	<u>-</u>
<u>\$ 115</u>	<u>\$ 535,462</u>	<u>\$ 42,680</u>
<u>\$ 115</u>	<u>\$ 535,462</u>	<u>\$ 42,680</u>
\$ 938,809	\$ 9,810,012	\$ 718,220
<u>392,101</u>	<u>2,573,714</u>	<u>1,417,909</u>
<u>\$ 1,330,910</u>	<u>\$ 12,383,726</u>	<u>\$ 2,136,129</u>

**CITY OF ST. JOSEPH  
 PROPRIETARY FUNDS  
 Statement of Revenues, Expenses, and  
 Changes in Net Assets  
 For the Year Ended June 30, 2006**

	<b>Business - Type Activities -</b>	
	<b>Sewer Fund</b>	<b>Water Fund</b>
<b>Operating Revenues:</b>		
Charges for services	\$ 1,232,415	\$ 3,358,222
Fines, fees, and forfeits	47,284	49,214
Fuel sales	-	-
Other	-	11,579
Total Operating Revenues	\$ 1,279,699	\$ 3,419,015
<b>Operating Expenses:</b>		
Water distribution system	\$ -	\$ 732,057
Water plant operations	-	1,264,213
Water administration	-	678,135
Sewer	1,036,155	-
Marina	-	-
Operations	-	-
Depreciation	16,604	259,544
Total Operating Expenses	\$ 1,052,759	\$ 2,933,949
Operating Income (Loss)	\$ 226,940	\$ 485,066
<b>Nonoperating Revenues (Expenses):</b>		
Interest income	\$ 15,377	\$ 53,585
Gain (loss) on disposition of assets	-	-
Total Nonoperating Revenues (Expenses)	\$ 15,377	\$ 53,585
Income (Loss) Before Transfers	\$ 242,317	\$ 538,651
Operating transfers in	2,320	48,288
Change in Net Assets	\$ 244,637	\$ 586,939
Total Net Assets - Beginning of Year	1,194,017	9,027,223
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$ 1,438,654</b>	<b>\$ 9,614,162</b>

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

<u>Enterprise Funds</u>			<b>Governmental</b>
<b>Marina</b>	<b>Total</b>		<b>Activities</b>
<b>Fund</b>	<b>Enterprise</b>	<b>Internal Service</b>	<b>Funds</b>
	<b>Funds</b>	<b>Funds</b>	
\$ 298,635	\$ 4,889,272	\$ 609,962	
-	96,498	-	
101,484	101,484	-	
<u>878</u>	<u>12,457</u>	<u>1,331,740</u>	
\$ 400,997	\$ 5,099,711	\$ 1,941,702	
\$ -	\$ 732,057	\$ -	
-	1,264,213	-	
-	678,135	-	
-	1,036,155	-	
308,884	308,884	-	
-	-	1,765,377	
<u>59,370</u>	<u>335,518</u>	<u>189,548</u>	
\$ 368,254	\$ 4,354,962	\$ 1,954,925	
\$ 32,743	\$ 744,749	\$ (13,223)	
\$ 9,285	\$ 78,247	\$ 50,279	
-	-	1,181	
<u>9,285</u>	<u>78,247</u>	<u>51,460</u>	
\$ 42,028	\$ 822,996	\$ 38,237	
-	50,608	-	
<u>42,028</u>	<u>873,604</u>	<u>38,237</u>	
1,288,882	11,510,122	2,097,892	
<u>1,330,910</u>	<u>12,383,726</u>	<u>2,136,129</u>	

**CITY OF ST. JOSEPH  
 PROPRIETARY FUNDS  
 Combining Statement of Cash Flows  
 For the Year Ended June 30, 2006**

**Business - Type Activities -**

	<b>Sewer Fund</b>	<b>Water Fund</b>
<b>Cash Flows From Operating Activities:</b>		
Cash receipts for interfund services provided	\$ -	\$ -
Cash receipts from customers	1,199,265	3,362,950
Other receipts	(857,132)	(21,975)
Other payments	-	7,504
Payments to employees	(121,601)	(1,088,519)
Payments for interfund services provided	(32,400)	(557,391)
Payments to suppliers	(117,425)	(1,004,510)
	<u>70,707</u>	<u>698,059</u>
Net cash provided (used) by operating activities	\$ 70,707	\$ 698,059
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfer from other funds	\$ 2,320	\$ 48,288
	<u>2,320</u>	<u>48,288</u>
Net cash provided (used) by noncapital financing activities	\$ 2,320	\$ 48,288
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Proceeds from sale of capital assets	\$ -	\$ -
Purchase of capital assets	(2,320)	(164,010)
	<u>(2,320)</u>	<u>(164,010)</u>
Net cash provided (used) by capital and related financing activities	\$ (2,320)	\$ (164,010)
<b>Cash Flows From Investing Activities:</b>		
Purchase of securities	\$ -	\$ -
Interest and dividends received	15,378	53,584
	<u>15,378</u>	<u>53,584</u>
Net cash provided (used) by investing activities	\$ 15,378	\$ 53,584
Net increase (decrease) in cash and cash equivalents	\$ 86,085	\$ 635,921
Balances - Beginning of Year	<u>323,614</u>	<u>909,215</u>
<b>BALANCES - END OF YEAR</b>	<u>\$ 409,699</u>	<u>\$ 1,545,136</u>

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

**Enterprise Funds**

<b>Marina Fund</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service Funds</b>
\$ -	\$ -	\$ 1,705,205
400,977	4,963,192	122,322
(10,960)	(890,067)	(67,194)
20	7,524	91,966
(118,483)	(1,328,603)	(202,107)
(3,886)	(593,677)	(9,245)
<u>(180,358)</u>	<u>(1,302,293)</u>	<u>(1,438,596)</u>
\$ 87,310	\$ 856,076	\$ 202,351
\$ -	\$ 50,608	\$ -
\$ -	\$ 50,608	\$ -
\$ -	\$ -	\$ 1,181
(15,176)	(181,506)	(98,928)
<u>(15,176)</u>	<u>(181,506)</u>	<u>(97,747)</u>
\$ -	\$ -	\$ 39,574
9,286	78,248	50,279
<u>9,286</u>	<u>78,248</u>	<u>89,853</u>
\$ 81,420	\$ 803,426	\$ 194,457
292,604	1,525,433	696,188
<u>374,024</u>	<u>2,328,859</u>	<u>890,645</u>

**CITY OF ST. JOSEPH  
 PROPRIETARY FUNDS  
 Combining Statement of Cash Flows - Continued  
 For the Year Ended June 30, 2006**

	<b>Business - Type Activities -</b>	
	<b>Sewer Fund</b>	<b>Water Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 226,940	\$ 485,066
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Deprecation expense	\$ 16,604	\$ 259,544
(Increase) decrease in:		
Accounts receivable	(80,434)	(48,563)
Due from other funds	-	-
Inventories	29	14,235
Increase (decrease) in:		
Accounts payable	(93,319)	(4,471)
Accrued liabilities	887	1,635
Due to other funds	-	(9,387)
Total Adjustments	\$ (156,233)	\$ 212,993
Net cash provided (used) by operating activities	\$ 70,707	\$ 698,059

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

**Enterprise Funds**

<b><u>Marina Fund</u></b>	<b><u>Total Enterprise Funds</u></b>	<b><u>Governmental Activities Internal Service Funds</u></b>
\$ 32,743	\$ 744,749	\$ (13,223)
\$ 59,370	\$ 335,518	\$ 189,548
-	(128,997)	(1,104)
-	-	(21,105)
(1,907)	12,357	7,300
-	(97,790)	42,680
(2,896)	(374)	-
<u>-</u>	<u>(9,387)</u>	<u>(1,745)</u>
\$ 54,567	\$ 111,327	\$ 215,574
\$ 87,310	\$ 856,076	\$ 202,351

**CITY OF ST. JOSEPH  
FIDUCIARY FUNDS  
Statement of Fiduciary Net Assets  
For the Year Ended June 30, 2006**

	<b><u>Pension Trust Fund</u></b>	<b><u>Agency Funds</u></b>
<b>Assets</b>		
Cash and cash equivalents	\$ 136,126	\$ 12,335
Receivables:		
Interest receivable	110,345	-
Due from employer	<u>13,855</u>	<u>-</u>
Total Receivables	<u>\$ 124,200</u>	<u>\$ -</u>
Investments at fair value:		
Stock	\$ 28,937,760	\$ -
Bonds	6,556,217	-
Government obligations	2,569,389	-
Other	<u>11,028,469</u>	<u>-</u>
Total Investments	<u>\$ 49,091,835</u>	<u>\$ -</u>
Other Current Assets:		
Due from other governments	<u>\$ -</u>	<u>\$ 4,214</u>
Total Other Current Assets	<u>\$ -</u>	<u>\$ 4,214</u>
Total Assets	<u>\$ 49,352,161</u>	<u>\$ 16,549</u>
<b>Liabilities</b>		
Accounts payable	\$ 1,687	\$ -
Due to employees	7,629	-
Due to other funds	-	10,529
Undistributed taxes	<u>-</u>	<u>6,020</u>
Total Liabilities	<u>\$ 9,316</u>	<u>\$ 16,549</u>
<b>Net Assets</b>		
Held in trust for pension benefits and other purposes	<u>\$ 49,342,845</u>	

**CITY OF ST. JOSEPH  
FIDUCIARY FUNDS  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2006**

	<b><u>Pension Trust Funds</u></b>
<b>Additions</b>	
Contributions:	
Plan members	\$ 281,943
Employer	<u>6,728</u>
Total Contributions	<u>\$ 288,671</u>
Investment Earnings:	
Net increase, FMV investments	\$ 1,619,299
Interest	1,576,043
Dividends	110,268
Miscellaneous	<u>2,581</u>
Total Investment Earnings	\$ 3,308,191
Less investment expense	<u>(166,531)</u>
Net Investment Earnings	<u>\$ 3,141,660</u>
Total Additions	<u>\$ 3,430,331</u>
<b>Deductions</b>	
Benefits	\$ 1,761,024
Refunds of contributions	22,448
Administrative expense	<u>19,173</u>
Total Deductions	<u>\$ 1,802,645</u>
Income (Loss)	<u>\$ 1,627,686</u>
Change in Net Assets	\$ 1,627,686
Net Assets - Beginning of Year	<u>47,715,159</u>
NET ASSETS - END OF YEAR	<u>\$ 49,342,845</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, 2006.

**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, 2006, with a report thereto dated July 24, 2006.

Assets	\$ 2,103,743	Operating revenues	\$ 2,227,795
Liabilities	529,718	Operating expenses	1,858,721
Equity	1,574,025	Nonoperating income	232,422
		Net income	495,515

**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, 2006, with a report thereto dated August 1, 2006.

Assets	\$ 21,690,015
Liabilities	3,043,271
Net assets	18,646,743
Operating revenues	3,245,627
Operating expenses	2,819,876
Nonoperating revenues	245,294
Net earnings	671,045

**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 **Local Street Fund** is used to account for revenues collected and monies expended for capital improvements and routine maintenance of streets designated as local streets.

**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 **Major Street Fund** is used to account for revenues collected and monies expended for capital improvements and routine maintenance of streets designated as major streets.

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

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

The City of St. Joseph reports the following major proprietary 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.

The **Pension Trust 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.

The **Agency Funds** are used to collect and distribute State of Michigan, 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 tax monies, and to receive and disburse payroll in the imprest payroll fund.

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 2005-2006. 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 26, 2006.

**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.

**NOTE 2 - CASH 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.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS - Continued**

**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, 2006, \$9,421,858 of the government's bank balance of \$9,621,858 was exposed to custodial credit risk.

**B. Investments**

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.

**C. Year End Deposits**

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

	<u>Carrying Amount</u>			<u>Total</u>
	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	
Bank deposits	\$ 8,959,536	\$ 93,069	\$ 148,461	\$ 9,201,066
Imprest cash	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>2,600</u>
Cash and Cash Equivalents as reported in statements	\$ 8,962,136	\$ 93,069	\$ 148,461	\$ 9,203,666
Less: Imprest Cash	<u>(2,600)</u>	<u>-</u>	<u>-</u>	<u>(2,600)</u>
Total Deposits	<u>\$ 8,959,536</u>	<u>\$ 93,069</u>	<u>\$ 148,461</u>	<u>\$ 9,201,066</u>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS - Continued**

**C. Year End Deposits - Continued**

	<u>Carrying Amount</u>	<u>Bank Balances</u>
<b>Primary Government</b>		
Amount insured by the FDIC	\$ 194,752	\$ 192,429
Uncollateralized and uninsured	<u>8,767,384</u>	<u>9,065,216</u>
 Total Primary Government	 <u>\$ 8,962,136</u>	 <u>\$ 9,257,645</u>
 <b>Component Units</b>		
Amount insured by the FDIC	\$ 2,022	\$ 1,935
Uncollateralized and uninsured	<u>91,047</u>	<u>91,134</u>
 Total Component Units	 <u>\$ 93,069</u>	 <u>\$ 93,069</u>
 <b>Fiduciary Funds</b>		
Amount insured by the FDIC	\$ 3,226	\$ 5,636
Uncollateralized and uninsured	<u>145,235</u>	<u>265,508</u>
 Total Fiduciary Funds	 <u>\$ 148,461</u>	 <u>\$ 271,144</u>
 Total Reporting Entity	 <u>\$ 9,203,666</u>	 <u>\$ 9,621,858</u>

**D. Year End 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's investments are categorized to give an indication of the level of risk assumed by City of St. Joseph at June 30, 2006.

- Category 1**      Insured or registered, or securities held by the City or its agent in the City's name.
  
- Category 2**      Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.
  
- Category 3**      Uninsured and unregistered investments for which the securities are held by the counterparty, or its trust department or agent but not in the City's name.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS - Continued**

**D. Year End Investments - Continued**

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
<b>Primary Government</b>					
Cash and equivalents	\$ 1,020,480	\$ -	\$ -	\$ 1,020,480	\$ 1,020,480
Government and agency bonds	<u>-</u>	<u>-</u>	<u>1,392,823</u>	<u>1,392,823</u>	<u>1,392,823</u>
Total Primary Government	<u>\$ 1,020,480</u>	<u>\$ -</u>	<u>\$ 1,392,823</u>	<u>\$ 2,413,303</u>	<u>\$ 2,413,303</u>
<b>Fiduciary Funds</b>					
Cash and equivalents	\$ -	\$ -	\$ 11,028,469	\$ 11,028,469	\$ 11,028,469
T - bonds	-	-	2,569,389	2,569,389	2,569,389
Corporate bonds	-	-	6,485,801	6,485,801	6,485,801
Foreign bonds	-	-	70,416	70,416	70,416
Common stock	<u>-</u>	<u>-</u>	<u>28,937,760</u>	<u>28,937,760</u>	<u>28,937,760</u>
Total Fiduciary Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,091,835</u>	<u>\$ 49,091,835</u>	<u>\$ 49,091,835</u>
Total Reporting Entity	<u>\$ 1,020,480</u>	<u>\$ -</u>	<u>\$ 50,484,658</u>	<u>\$ 51,505,138</u>	<u>\$ 51,505,138</u>
<b>Investments as Reported in Statements</b>					
Primary government	\$ 1,020,480	\$ -	\$ 1,392,823	\$ 2,413,303	\$ 2,413,303
Fiduciary funds	<u>-</u>	<u>-</u>	<u>49,091,835</u>	<u>49,091,835</u>	<u>49,091,835</u>
Total Investments Reported in Statements	<u>\$ 1,020,480</u>	<u>\$ -</u>	<u>\$ 50,484,658</u>	<u>\$ 51,505,138</u>	<u>\$ 51,505,138</u>

Of the primary government's \$2,413,303 of investments, \$1,392,823 is invested in U.S. Government agency bonds rated AAA by Standard & Poor's ratings. The remaining \$1,020,480 is invested in long-term certificates of deposit.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 3 - PENSION PLAN**

**A. Plan Description**

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

**B. Basis of Accounting**

The system uses the accrual method of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer had made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**C. Method Used to Value Investments**

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

**D. Contributions**

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

- General - 4.0% of annual compensation
- Communication Specialists - 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.

**CITY OF ST. JOSEPH EMPLOYEES RETIREMENT SYSTEM**  
**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 <u>(b) - (a)</u> (c)
1999	\$ 40.9	\$ 28.9	\$ (12.0)	141.5%	\$ 4.8	(250.0)%
2000	44.6	31.7	(12.9)	140.7%	5.0	(258.0)%
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)%

**Required Supplementary Information**  
**Schedule of Employer Contributions**

Fiscal Year Ended June 30,	Annual Recommended Contribution	Actual Contributions	Percent Contributed
1999	\$ 293,337	\$ 283,586	97%
2000	-	-	N/A
2001	-	-	N/A
2002	-	-	N/A
2003	-	-	N/A
2004	-	-	N/A
2005	-	-	N/A

**CITY OF ST. JOSEPH RETIREMENT SYSTEM**  
**Required Supplementary Information**  
**Summary of Actuarial Methods and Assumptions**

The information presented in the required supplementary schedules 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, 2005
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Equivalent single amortization period	4.5 years
Assets valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	4.7-8.5%
Total payroll growth	4.5%
Population growth	0%
Cost-of-living adjustments	2.5% Compound

\*Includes wage inflation at 4.5%

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activities for the year ended June 30, 2006 were as follows:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
<b>Governmental Activities</b>				
Land	\$ 3,787,097	\$ -	\$ -	\$ 3,787,097
Buildings and Improvements	\$ 13,975,582	\$ 21,869	\$ -	\$ 13,997,451
Infrastructure	14,057,611	1,873,674	-	15,931,285
Books	950,175	40,215	-	990,390
Furniture and Equipment	5,157,143	194,869	(65,676)	5,286,336
Land Improvements	-	48,805	-	48,805
Subtotal	\$ 34,140,511	\$ 2,179,432	\$ (65,676)	\$ 36,254,267
Less: Accumulated Depreciation	<u>(10,934,374)</u>	<u>(1,200,282)</u>	<u>42,796</u>	<u>(12,091,860)</u>
Subtotal	\$ 23,206,137	\$ 979,150	\$ (22,880)	\$ 24,162,407
Construction in Progress	<u>1,331,219</u>	<u>1,130,937</u>	<u>(868,150)</u>	<u>1,594,006</u>
Total Capital Assets Other Than Land	<u>\$ 24,537,356</u>	<u>\$ 2,110,087</u>	<u>\$ (891,030)</u>	<u>\$ 25,756,413</u>
	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
<b>Business Activities</b>				
Land	\$ 613,862	\$ -	\$ -	\$ 613,862
Buildings and Improvements	\$ 11,594,573	\$ -	\$ -	\$ 11,594,573
Furniture and Equipment	862,261	130,900	-	993,161
Utility Systems	<u>4,504,662</u>	<u>831,952</u>	<u>-</u>	<u>5,336,614</u>
Subtotal	\$ 16,961,496	\$ 962,852	\$ -	\$ 17,924,348
Less: Accumulated Depreciation	<u>(8,392,678)</u>	<u>(335,518)</u>	<u>-</u>	<u>(8,728,196)</u>
Subtotal	\$ 8,568,818	\$ 627,334	\$ -	\$ 9,196,152
Construction in Progress	<u>781,343</u>	<u>-</u>	<u>(781,343)</u>	<u>-</u>
Total Capital Assets Other Than Land	<u>\$ 9,350,161</u>	<u>\$ 627,334</u>	<u>\$ (781,343)</u>	<u>\$ 9,196,152</u>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 4 - CAPITAL ASSETS - Continued**

Depreciation expense was charged in the following functions in the statement of activities:

**Governmental functions:**

General government	\$	125,581
Public safety		125,760
Public works		641,381
Sanitation		20,688
Recreation and cultural		286,871
Total	\$	1,200,281

**Business-type functions:**

Water	\$	259,544
Sewer		16,604
Marina		59,370
Total	\$	335,518

**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, 2006:

	<u>General Obligation Bonds</u>	<u>Notes Payable</u>	<u>Equipment Lease</u>	<u>Compensated Absences</u>
As of July 1, 2005	\$ 7,911,730	\$ 1,763,073	\$ 4,053	\$ 398,698
Additions	-	-	-	-
(Reductions)	(222,000)	(456,401)	(4,053)	(14,096)
As of June 30, 2006	\$ 7,689,730	\$ 1,306,672	\$ -	\$ 384,602

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued**

Long-term debt at June 30, 2006 is comprised of the following individual issues:

<b>Governmental Activities</b>	<b>Balance July 1, 2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2006</b>	<b>Due Within One Year</b>
\$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	\$ 4,130,000	\$ -	\$ (60,000)	\$ 4,070,000	\$ 75,000
\$2,040,000 2003 State Revolving Fund Bonds due in annual installments of \$76,500 to \$119,525 through October 1, 2023; interest at 2.50% - Debt Service Fund	1,766,525	-	(80,000)	1,686,525	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	2,015,205	-	(90,000)	1,925,205	90,000
\$1,900,000 1996 installment note to Fifth Third Bank due in semi-annual installments of \$82,469 to \$89,961 through May 1, 2010; interest at 2.50% - General Fund	851,241	-	(161,896)	689,345	165,968
\$425,000 2004 installment note to Bank One due in semi-annual installments of \$42,752 to \$45,090 through September 5, 2008; interest at 2.679% - Public Improvement Fund	303,383	-	(83,817)	219,566	86,077
\$550,000 2003 installment note to Bank One due in semi-annual installments of \$93,289 to \$94,399 through June 4, 2006; interest at 2.38% - Capital Improvement Fund	187,688	-	(187,688)	-	-
\$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, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities - Continued</b>					
\$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	170,761	-	(23,000)	147,761	28,000
\$17,819 equipment lease to Fifth Third Bank due in monthly installments of \$483 to \$511 through February 1, 2006; interest at 2.34% - General Fund	4,053	-	(4,053)	-	-
Compensated Absences - General Fund, Major Street, Local Street, Building Inspection, CSO Capital Projects, Motor Pool	<u>336,295</u>	<u>-</u>	<u>(11,719)</u>	<u>324,576</u>	<u>243,432</u>
Total Primary Government	<u>\$ 10,015,151</u>	<u>\$ -</u>	<u>\$ (702,173)</u>	<u>\$ 9,312,978</u>	<u>\$ 773,477</u>
<b>Business Activities</b>					
Compensated Absences - Water Fund, Sewer Fund, Marina Fund	<u>\$ 62,403</u>	<u>\$ -</u>	<u>\$ (2,377)</u>	<u>\$ 60,026</u>	<u>\$ 45,020</u>
Total Business Activities	<u>\$ 62,403</u>	<u>\$ -</u>	<u>\$ (2,377)</u>	<u>\$ 60,026</u>	<u>\$ 45,020</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>
2007	\$ 773,477	\$ 299,431	\$ 45,000	\$ -
2008	620,686	285,896	15,006	-
2009	525,514	272,130	-	-
2010	511,571	279,674	-	-
2011	315,000	247,754	-	-
2012-2016	1,825,000	1,095,712	-	-
2017-2021	2,285,000	773,243	-	-
2022-2026	2,081,730	338,956	-	-
2027-2031	<u>375,000</u>	<u>19,125</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,312,978</u>	<u>\$ 3,611,921</u>	<u>\$ 60,006</u>	<u>\$ -</u>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

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

During the year, the following transfers were made between funds:

<b>From General Fund</b>	
To Public Improvement Fund - For operations	\$ 40,000
To Local Street Fund - For operations	400,000
To Capital Improvement Fund - For operations	563,461
To Street Improvement Fund - For operations	100,000
<b>From Capital Improvement Fund</b>	
To Cemetery Fund - For operations	35,000
To Local Street Fund - For operations	184,000
<b>From Library Fund</b>	
To Library Capital Improvement Fund - For operations	104,975
<b>From Local Street Fund</b>	
To General Fund - For operations	6,346
<b>From Library Endowment Fund</b>	
To Library Fund - For operations	20,375
<b>From CSO Capital Project Fund</b>	
To Water Fund - To transfer construction in progress	48,288
To Sewer Fund - To transfer construction in progress	2,320
<b>From Water/Sewer Capital Projects Fund</b>	
To Street Improvement Fund - For operations	36,480
To Major Street Fund - For operations	751,720
<b>From Cemetery Perpetual Care Fund</b>	
To Cemetery Fund - For operations	44,000
<b>From Street Improvement Fund</b>	
To Local Street Fund - For operations	655,428
To Major Street Fund - For operations	94,782
	<hr/>
Total Transfers Between Funds	<u>\$ 3,087,175</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, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>General</b>	Treasurer's Tax	\$ 7,985
	Imprest Payroll	2,111
	Water	22
	Depot	2,500
	Local Street	976
	Building Inspection	5,977
	CSO Capital Improvement	206
	<b>Water</b>	Treasurer's Tax
<b>Motor Pool</b>	Garbage and Rubbish	10,200
	Major Street	29,115
	Water	8,700
	Building Inspection	950
	CSO Capital Improvement	500
	Sewer	2,700
	Cemetery	550
	General	646
	<b>Nonmajor Governmental Funds</b>	Street Improvement
Library Capital Improvement		<u>154,862</u>
	Total	<u>\$ 533,419</u>

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

Total interfund receivables	\$ 533,419
Enterprise Funds (Water)	(434)
Internal Service Fund (Motor Pool)	<u>(53,361)</u>
Total governmental funds "due from other funds"	<u>\$ 479,624</u>

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

Total interfund payables	\$ 533,419
Agency Funds (Treasurer's Tax and Imprest Payroll)	(10,529)
Enterprise Funds (Water and Sewer)	<u>(11,422)</u>
Total governmental funds "due to other funds"	<u>\$ 511,468</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; error 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 \$70,262 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 - EXPENDITURES OVER BUDGET**

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund budget of the City was adopted at the department level. During the year ended June 30, 2006, the City incurred expenditures in certain budgetary functions, which were in excess of the amount appropriated as follows:

	<u>Activity Appropriation</u>	<u>Activity Expenditures</u>	<u>Unfavorable Budget Activity</u>
<b>General Fund</b>			
City Recreation Program	\$ 22,500	\$ 25,632	\$ (3,132)
Fire	1,047,700	1,051,069	(3,369)
Street Lighting	121,000	121,199	(199)
Other	159,500	160,764	(1,264)

**NOTE 12 - USE OF ESTIMATES**

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

**NOTE 13 - 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.

**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.

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

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

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

**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.

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

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

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

**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.

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

**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.

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

**Debt Service Fund**

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

**Permanent Funds**

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

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

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

**Capital Project Funds**

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

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

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

**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, 2006**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 1,023,420	\$ 273,847	\$ 57,216	\$ 991,180	\$ 2,345,663
Investments	-	-	758,968	313,835	1,072,803
Receivables	2,690	-	-	209,786	212,476
Due from other funds	-	-	154,862	304,985	459,847
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Current Assets	\$ 1,026,110	\$ 273,847	\$ 971,046	\$ 1,819,786	\$ 4,090,789
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 1,026,110</u>	<u>\$ 273,847</u>	<u>\$ 971,046</u>	<u>\$ 1,819,786</u>	<u>\$ 4,090,789</u>
<b>Liabilities and Fund Balances</b>					
Current Liabilities:					
Accounts payable	\$ 7,149	\$ -	\$ -	\$ 12,000	\$ 19,149
Due to other funds	20,177	-	-	707	20,884
Deferred revenue	-	-	-	18,999	18,999
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Current Liabilities	\$ 27,326	\$ -	\$ -	\$ 31,706	\$ 59,032
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>\$ 27,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,706</u>	<u>\$ 59,032</u>
Fund Balances:					
Reserved for:					
Restricted purposes	\$ 2,357	\$ -	\$ 971,046	\$ -	\$ 973,403
Unreserved, reported in					
Special Revenue	996,427	-	-	-	996,427
Debt Service	-	273,847	-	-	273,847
Capital Projects	-	-	-	1,788,080	1,788,080
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	\$ 998,784	\$ 273,847	\$ 971,046	\$ 1,788,080	\$ 4,031,757
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,026,110</u>	<u>\$ 273,847</u>	<u>\$ 971,046</u>	<u>\$ 1,819,786</u>	<u>\$ 4,090,789</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Year Ended June 30, 2006**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 895,787	\$ 462,912	\$ -	\$ -	\$ 1,358,699
State revenues	71,440	-	-	-	71,440
Charges for services				560,529	560,529
Licenses and permits	270,552	-	-	-	270,552
Fines, fees, and forfeits	500,117	-	-	-	500,117
Special assessments	-	-	-	2,347	2,347
Contributions	375,352	-	-	393,830	769,182
Interest	36,548	10,742	32,411	43,378	123,079
Other	36,148	-	-	39,488	75,636
	<u>\$ 2,185,944</u>	<u>\$ 473,654</u>	<u>\$ 32,411</u>	<u>\$ 1,039,572</u>	<u>\$ 3,731,581</u>
<b>Total Revenues</b>					
<b>Expenditures:</b>					
Current:					
General government	\$ 219,181	\$ -	\$ -	\$ 100,900	\$ 320,081
Public safety	4,272	-	-	54,115	58,387
Public works	-	-	-	71,112	71,112
Recreation and cultural	751,023	-	-	251,237	1,002,260
Sanitation	579,762	-	-	-	579,762
Community and economic development	387,380	-	-	157,111	544,491
Debt service:					
Principal retirement	106,817	230,000	-	187,688	524,505
Interest	16,334	284,542	-	3,357	304,233
Capital outlay	65,228	-	-	180,192	245,420
	<u>\$ 2,129,997</u>	<u>\$ 514,542</u>	<u>\$ -</u>	<u>\$ 1,005,712</u>	<u>\$ 3,650,251</u>
<b>Total Expenditures</b>					
Revenues Over (Under) Expenditures	<u>\$ 55,947</u>	<u>\$ (40,888)</u>	<u>\$ 32,411</u>	<u>\$ 33,860</u>	<u>\$ 81,330</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	\$ 104,375	\$ -	\$ -	\$ 563,461	\$ 667,836
Operating transfers out	(104,975)	-	(64,375)	(1,057,808)	(1,227,158)
	<u>\$ (600)</u>	<u>\$ -</u>	<u>\$ (64,375)</u>	<u>\$ (494,347)</u>	<u>\$ (559,322)</u>
<b>Total Other Financing Sources (Uses)</b>					
Net Change in Fund Balances	\$ 55,347	\$ (40,888)	\$ (31,964)	\$ (460,487)	\$ (477,992)
Fund Balances - Beginning of Year	<u>943,437</u>	<u>314,735</u>	<u>1,003,010</u>	<u>2,248,567</u>	<u>4,509,749</u>
FUND BALANCES - END OF YEAR	<u>\$ 998,784</u>	<u>\$ 273,847</u>	<u>\$ 971,046</u>	<u>\$ 1,788,080</u>	<u>\$ 4,031,757</u>

**CITY OF ST. JOSEPH  
NONMAJOR CAPITAL PROJECT FUNDS  
Combining Balance Sheet  
June 30, 2006**

	<u>Capital Improvement</u>	<u>CSO Capital Project</u>	<u>Water/Sewer Capital Project</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 445,895	\$ 306,247	\$ 239,038	\$ 991,180
Investments	-	-	313,835	313,835
Receivables	66,765	-	143,021	209,786
Due from other funds	<u>-</u>	<u>-</u>	<u>304,985</u>	<u>304,985</u>
 Total Current Assets	 <u>\$ 512,660</u>	 <u>\$ 306,247</u>	 <u>\$ 1,000,879</u>	 <u>\$ 1,819,786</u>
 TOTAL ASSETS	 <u>\$ 512,660</u>	 <u>\$ 306,247</u>	 <u>\$ 1,000,879</u>	 <u>\$ 1,819,786</u>
<b>Liabilities and Fund Balances</b>				
Current Liabilities:				
Accounts payable	\$ 12,000	\$ -	\$ -	\$ 12,000
Due to other funds	-	707	-	707
Deferred revenue	<u>18,999</u>	<u>-</u>	<u>-</u>	<u>18,999</u>
 Total Current Liabilities	 <u>\$ 30,999</u>	 <u>\$ 707</u>	 <u>\$ -</u>	 <u>\$ 31,706</u>
 Total Liabilities	 <u>\$ 30,999</u>	 <u>\$ 707</u>	 <u>\$ -</u>	 <u>\$ 31,706</u>
Fund Balances:				
Unreserved, reported in Capital Projects	<u>\$ 481,661</u>	<u>\$ 305,540</u>	<u>\$ 1,000,879</u>	<u>\$ 1,788,080</u>
 Total Fund Balances	 <u>\$ 481,661</u>	 <u>\$ 305,540</u>	 <u>\$ 1,000,879</u>	 <u>\$ 1,788,080</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 512,660</u>	 <u>\$ 306,247</u>	 <u>\$ 1,000,879</u>	 <u>\$ 1,819,786</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, 2006**

	<u>Capital Improvement</u>	<u>CSO Capital Project</u>	<u>Water/Sewer Capital Project</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 560,529	\$ 560,529
Special assessments	2,347	-	-	2,347
Contributions	393,830	-	-	393,830
Interest	20,885	10,430	12,063	43,378
Other	39,488	-	-	39,488
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	\$ 456,550	\$ 10,430	\$ 572,592	\$ 1,039,572
<b>Expenditures:</b>				
Current:				
General government	\$ 100,900	\$ -	\$ -	\$ 100,900
Public safety	54,115	-	-	54,115
Public works	3,924	57,502	9,686	71,112
Recreation and cultural	251,237	-	-	251,237
Community and economic development	157,111	-	-	157,111
Debt service:				
Principal retirement	187,688	-	-	187,688
Interest	3,357	-	-	3,357
Capital outlay	180,192	-	-	180,192
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	\$ 938,524	\$ 57,502	\$ 9,686	\$ 1,005,712
Revenues Over (Under) Expenditures	\$ (481,974)	\$ (47,072)	\$ 562,906	\$ 33,860
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	\$ 563,461	\$ -	\$ -	\$ 563,461
Operating transfers out	(219,000)	(50,608)	(788,200)	(1,057,808)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources (Uses)	\$ 344,461	\$ (50,608)	\$ (788,200)	\$ (494,347)
Net Change in Fund Balances	\$ (137,513)	\$ (97,680)	\$ (225,294)	\$ (460,487)
Fund Balances - Beginning of Year	<u>619,174</u>	<u>403,220</u>	<u>1,226,173</u>	<u>2,248,567</u>
FUND BALANCES - END OF YEAR	<u>\$ 481,661</u>	<u>\$ 305,540</u>	<u>\$ 1,000,879</u>	<u>\$ 1,788,080</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Revenues, Compared to Budget  
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes:			
General		\$ 4,203,960	
Industrial and commercial facilities tax		30,712	
Penalty and interest on taxes		10,592	
Property tax administration fees		<u>144,840</u>	
Total Taxes	<u>\$ 4,386,800</u>	<u>\$ 4,390,104</u>	<u>\$ 3,304</u>
State Revenues:			
State shared revenues		\$ 990,874	
Other		<u>13,077</u>	
Total State Revenues	<u>\$ 1,006,400</u>	<u>\$ 1,003,951</u>	<u>\$ (2,449)</u>
Charges for Services:			
Administration		\$ 646,250	
Fees		104,999	
Services rendered		7,257	
Use and admissions		<u>252,020</u>	
Total Charges for Services	<u>\$ 997,600</u>	<u>\$ 1,010,526</u>	<u>\$ 12,926</u>
Licenses and Permits:			
Licenses	<u>\$ 2,600</u>	<u>\$ 6,021</u>	<u>\$ 3,421</u>
Fines and Forfeits:			
District Court		\$ 39,094	
Parking fines		<u>56,722</u>	
Total Fines and Forfeits	<u>\$ 96,200</u>	<u>\$ 95,816</u>	<u>\$ (384)</u>
Interest	<u>\$ 87,900</u>	<u>\$ 120,518</u>	<u>\$ 32,618</u>
Miscellaneous	<u>\$ 38,300</u>	<u>\$ 41,593</u>	<u>\$ 3,293</u>
TOTAL REVENUES	<u>\$ 6,615,800</u>	<u>\$ 6,668,529</u>	<u>\$ 52,729</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Legislative:</b>			
Commission:			
Salaries and wages		\$ 15,500	
Employment related costs		1,186	
Supplies		179	
Contractual services		3,777	
Miscellaneous		<u>5,749</u>	
Total Legislative	<u>\$ 28,400</u>	<u>\$ 26,391</u>	<u>\$ 2,009</u>
<b>General Government:</b>			
City Manager:			
Salaries and wages		\$ 175,582	
Employment related costs		60,366	
Supplies		1,253	
Contractual services		6,770	
Miscellaneous		<u>3,856</u>	
Total City Manager	<u>\$ 248,500</u>	<u>\$ 247,827</u>	<u>\$ 673</u>
Elections:			
Salaries and wages		\$ 1,286	
Employment related costs		94	
Supplies		5,846	
Contractual services		5,380	
Rent		205	
Miscellaneous		<u>452</u>	
Total Elections	<u>\$ 18,200</u>	<u>\$ 13,263</u>	<u>\$ 4,937</u>
City Assessor:			
Salaries and wages		\$ 50,544	
Employment related costs		8,841	
Supplies		1,590	
Contractual services		2,960	
Repairs and maintenance		740	
Miscellaneous		<u>718</u>	
Total City Assessor	<u>\$ 67,400</u>	<u>\$ 65,393</u>	<u>\$ 2,007</u>
City Attorney:			
Professional services		\$ 64,837	
Contractual services		<u>1,018</u>	
Total City Attorney	<u>\$ 70,800</u>	<u>\$ 65,855</u>	<u>\$ 4,945</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>General Government (continued):</b>			
Clerk:			
Salaries and wages		\$ 66,256	
Employment related costs		15,665	
Supplies		1,595	
Contractual services		2,601	
Miscellaneous		<u>376</u>	
Total Clerk	<u>\$ 87,300</u>	<u>\$ 86,493</u>	<u>\$ 807</u>
Treasurer:			
Salaries and wages		\$ 140,513	
Employment related costs		18,729	
Supplies		5,078	
Contractual services		27,718	
Repairs and maintenance		4,085	
Miscellaneous		<u>293</u>	
Total Treasurer	<u>\$ 202,800</u>	<u>\$ 196,416</u>	<u>\$ 6,384</u>
Personnel:			
Salaries and wages		\$ 41,908	
Employment related costs		15,376	
Supplies		2,220	
Contractual services		5,690	
Repairs and maintenance		1,341	
Employee recognition		5,065	
Miscellaneous		<u>269</u>	
Total Personnel	<u>\$ 73,200</u>	<u>\$ 71,869</u>	<u>\$ 1,331</u>
Memorial Hall:			
Repairs and maintenance		\$ 2,598	
Miscellaneous		<u>145</u>	
Total Memorial Hall	<u>\$ 2,800</u>	<u>\$ 2,743</u>	<u>\$ 57</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>General Government (continued):</b>			
City Hall:			
Supplies		\$ 42,641	
Contractual services		52,407	
Utilities		58,785	
Repairs and maintenance		28,908	
Rent		6,750	
Miscellaneous		<u>2,006</u>	
Total City Hall	<u>\$ 192,800</u>	<u>\$ 191,497</u>	<u>\$ 1,303</u>
General Administration:			
Salaries and wages		\$ 68,060	
Employment related costs		21,085	
Supplies		4,566	
Contractual services		33,292	
Miscellaneous		<u>2,138</u>	
Total General Administration	<u>\$ 133,600</u>	<u>\$ 129,141</u>	<u>\$ 4,459</u>
Total General Government	<u>\$ 1,097,400</u>	<u>\$ 1,070,497</u>	<u>\$ 26,903</u>
<b>Public Safety:</b>			
Police:			
Salaries and wages		\$ 1,328,041	
Employment related costs		257,139	
Supplies		45,011	
Contractual services		18,981	
Repairs and maintenance		12,821	
Rent		67,000	
Miscellaneous		<u>4,173</u>	
Total Police	<u>\$ 1,756,000</u>	<u>\$ 1,733,166</u>	<u>\$ 22,834</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Public Safety - Continued:</b>			
Fire:			
Salaries and wages		\$ 802,658	
Employment related costs		169,847	
Supplies		22,496	
Contractual services		7,749	
Utilities		17,645	
Repairs and maintenance		24,313	
Rent		3,600	
Miscellaneous		<u>2,761</u>	
Total Fire	<u>\$ 1,047,700</u>	<u>\$ 1,051,069</u>	<u>\$ (3,369)</u>
Fire Dive Team:			
Supplies		<u>\$ 2,078</u>	
Total Fire Dive Team	<u>\$ 2,500</u>	<u>\$ 2,078</u>	<u>\$ 422</u>
Total Public Safety	<u>\$ 2,806,200</u>	<u>\$ 2,786,313</u>	<u>\$ 19,887</u>
<b>Public Works</b>			
Engineer:			
Salaries and wages		\$ 33,754	
Employment related costs		15,061	
Supplies		2,399	
Contractual services		2,309	
Miscellaneous		<u>30</u>	
Total Engineer	<u>\$ 56,900</u>	<u>\$ 53,553</u>	<u>\$ 3,347</u>
Street lighting	<u>\$ 121,000</u>	<u>\$ 121,199</u>	<u>\$ (199)</u>
Other	<u>\$ 159,500</u>	<u>\$ 160,764</u>	<u>\$ (1,264)</u>
Total Public Works	<u>\$ 337,400</u>	<u>\$ 335,516</u>	<u>\$ 1,884</u>
<b>Health and Welfare:</b>			
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, Compared to Budget  
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Recreation and Cultural:</b>			
Parks:			
Salaries and wages		\$ 335,467	
Employment related costs		111,983	
Supplies		37,714	
Contractual services		4,001	
Utilities		13,250	
Repairs and maintenance		9,400	
Rent		41,950	
Miscellaneous		<u>782</u>	
Total Parks	<u>\$ 565,600</u>	<u>\$ 554,547</u>	<u>\$ 11,053</u>
Community Development:			
Salaries and wages		\$ 35,069	
Employment related costs		2,789	
Supplies		1,082	
Contractual services		5,026	
Miscellaneous		<u>112</u>	
Total Community Development	<u>\$ 44,900</u>	<u>\$ 44,078</u>	<u>\$ 822</u>
City Recreation Program:			
Salaries and wages		\$ 18,258	
Employment related costs		1,397	
Supplies		2,575	
Contractual services		<u>3,402</u>	
Total City Recreation Program	<u>\$ 22,500</u>	<u>\$ 25,632</u>	<u>\$ (3,132)</u>
Ice Arena:			
Salaries and wages		\$ 34,174	
Employment related costs		2,527	
Supplies		21,895	
Contractual services		4,127	
Utilities		48,644	
Repairs and maintenance		9,454	
Rent		1,846	
Miscellaneous		<u>2,107</u>	
Total Ice Arena	<u>\$ 124,800</u>	<u>\$ 124,774</u>	<u>\$ 26</u>
Community Activities	<u>\$ 73,400</u>	<u>\$ 65,823</u>	<u>\$ 7,577</u>
Total Recreation and Cultural	<u>\$ 831,200</u>	<u>\$ 814,854</u>	<u>\$ 16,346</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Community and Economic Development:</b>			
Economic development	\$ 60,000	\$ 60,000	\$ -
<b>Other:</b>			
Insurance and bonds		\$ 258,244	
Contingencies and miscellaneous expenditures		<u>58,162</u>	
Total Other	<u>\$ 322,400</u>	<u>\$ 316,406</u>	<u>\$ 5,994</u>
<b>Capital Outlay</b>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
<b>Debt Service:</b>			
Principal retirement		\$ 161,895	
Interest expense		<u>20,276</u>	
Total Debt Service	<u>\$ 182,200</u>	<u>\$ 182,171</u>	<u>\$ 29</u>
TOTAL EXPENDITURES	<u>\$ 5,720,800</u>	<u>\$ 5,647,685</u>	<u>\$ 73,115</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Other Financing Sources and Uses,  
Compared to Budget  
For the Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Transfers In:			
Capital Improvement Fund		\$ 35,000	
Local Street Fund		<u>6,346</u>	
Total Operating Transfers In	<u>\$ 35,000</u>	<u>\$ 41,346</u>	<u>\$ 6,346</u>
Operating Transfers Out:			
Local Street Fund		\$ (400,000)	
Street Improvement Fund		(100,000)	
Public Improvement Fund		(40,000)	
Capital Improvement Fund		<u>(563,461)</u>	
Total Operating Transfers Out	<u>\$ (1,111,500)</u>	<u>\$ (1,103,461)</u>	<u>\$ 8,039</u>
Total Other Financing Sources (Uses)	<u>\$ (1,076,500)</u>	<u>\$ (1,062,115)</u>	<u>\$ 14,385</u>

**CITY OF ST. JOSEPH  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2006**

	<u>Cemetery</u>	<u>Depot</u>	<u>Garbage and Rubbish Collection</u>	<u>Brownfield Authority</u>	<u>Public Improvement</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 13,137	\$ 43,195	\$ 66,514	\$ 104,403	\$ 277,707
Receivables	<u>-</u>	<u>1,200</u>	<u>100</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 13,137</u>	<u>\$ 44,395</u>	<u>\$ 66,614</u>	<u>\$ 104,403</u>	<u>\$ 277,707</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>550</u>	<u>2,500</u>	<u>10,200</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 550</u>	<u>\$ 2,500</u>	<u>\$ 10,200</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Reserved for restricted purposes	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:					
Designated for subsequent years' expenditures	<u>12,587</u>	<u>41,895</u>	<u>56,414</u>	<u>104,403</u>	<u>277,707</u>
Total Fund Balances	<u>\$ 12,587</u>	<u>\$ 41,895</u>	<u>\$ 56,414</u>	<u>\$ 104,403</u>	<u>\$ 277,707</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,137</u>	<u>\$ 44,395</u>	<u>\$ 66,614</u>	<u>\$ 104,403</u>	<u>\$ 277,707</u>

<u>Building Inspection</u>	<u>Drug Forfeiture</u>	<u>Criminal Forfeiture</u>	<u>Band</u>	<u>Public Library</u>	<u>Justice Training</u>	<u>Total</u>
\$ 335,827 <u>1,390</u>	\$ 3,423 <u>-</u>	\$ 1,516 <u>-</u>	\$ 15,989 <u>-</u>	\$ 153,537 <u>-</u>	\$ 8,172 <u>-</u>	\$ 1,023,420 <u>2,690</u>
<u>\$ 337,217</u>	<u>\$ 3,423</u>	<u>\$ 1,516</u>	<u>\$ 15,989</u>	<u>\$ 153,537</u>	<u>\$ 8,172</u>	<u>\$ 1,026,110</u>
\$ 7,064 <u>6,927</u>	\$ - <u>-</u>	\$ - <u>-</u>	\$ - <u>-</u>	\$ 85 <u>-</u>	\$ - <u>-</u>	\$ 7,149 <u>20,177</u>
<u>\$ 13,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 27,326</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,357	\$ -	\$ 2,357
<u>323,226</u>	<u>3,423</u>	<u>1,516</u>	<u>15,989</u>	<u>151,095</u>	<u>8,172</u>	<u>996,427</u>
<u>\$ 323,226</u>	<u>\$ 3,423</u>	<u>\$ 1,516</u>	<u>\$ 15,989</u>	<u>\$ 153,452</u>	<u>\$ 8,172</u>	<u>\$ 998,784</u>
<u>\$ 337,217</u>	<u>\$ 3,423</u>	<u>\$ 1,516</u>	<u>\$ 15,989</u>	<u>\$ 153,537</u>	<u>\$ 8,172</u>	<u>\$ 1,026,110</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, 2006**

	<u>Cemetery</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	165,600	166,563	963
Contributions	-	150	150
Interest	-	-	-
Other	<u>100</u>	<u>2,905</u>	<u>2,805</u>
Total Revenues	<u>\$ 165,700</u>	<u>\$ 169,618</u>	<u>\$ 3,918</u>
<b>Expenditures:</b>			
General government	\$ 209,900	\$ 209,988	\$ (88)
Public safety	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 209,900</u>	<u>\$ 209,988</u>	<u>\$ (88)</u>
Revenues Over (Under) Expenditures	<u>\$ (44,200)</u>	<u>\$ (40,370)</u>	<u>\$ 3,830</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	\$ 32,000	\$ 44,000	\$ 12,000
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 32,000</u>	<u>\$ 44,000</u>	<u>\$ 12,000</u>
Net Change in Fund Balances	\$ (12,200)	\$ 3,630	\$ 15,830
Fund Balances - Beginning of Year	<u>8,957</u>	<u>8,957</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (3,243)</u>	<u>\$ 12,587</u>	<u>\$ 15,830</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>
\$ -	\$ -	\$ -	\$ 568,600	\$ 568,830	\$ 230
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,600	2,303	(297)
-	-	-	-	-	-
1,000	1,221	221	7,500	7,000	(500)
<u>17,800</u>	<u>18,377</u>	<u>577</u>	<u>500</u>	<u>200</u>	<u>(300)</u>
\$ 18,800	\$ 19,598	\$ 798	\$ 579,200	\$ 578,333	\$ (867)
\$ 12,200	\$ 9,193	\$ 3,007	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	593,100	579,762	13,338
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,200</u>	<u>9,193</u>	<u>3,007</u>	<u>593,100</u>	<u>579,762</u>	<u>13,338</u>
\$ 6,600	\$ 10,405	\$ 3,805	\$ (13,900)	\$ (1,429)	\$ 12,471
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 6,600	\$ 10,405	\$ 3,805	\$ (13,900)	\$ (1,429)	\$ 12,471
<u>31,490</u>	<u>31,490</u>	<u>-</u>	<u>57,843</u>	<u>57,843</u>	<u>-</u>
\$ 38,090	\$ 41,895	\$ 3,805	\$ 43,943	\$ 56,414	\$ 12,471

**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, 2006**

	<u>Brownfield Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 29,800	\$ 29,793	\$ (7)
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	3,100	3,194	94
Other	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	\$ 32,900	\$ 32,987	\$ 87
<b>Expenditures:</b>			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	2,600	2,363	237
Debt service			
Principal retirement	23,000	23,000	-
Interest	-	-	-
Capital outlay	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	\$ 25,600	\$ 25,363	\$ 237
Revenues Over (Under) Expenditures	\$ 7,300	\$ 7,624	\$ 324
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 7,300	\$ 7,624	\$ 324
Fund Balances - Beginning of Year	<u>96,779</u>	<u>96,779</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 104,079</u>	<u>\$ 104,403</u>	<u>\$ 324</u>

<u>Public Improvement</u>			<u>Building Inspection</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	30,400	38,438	8,038
-	-	-	248,000	270,552	22,552
-	-	-	91,500	130,385	38,885
138,300	154,105	15,805	-	-	-
6,000	7,530	1,530	7,000	7,925	925
-	-	-	1,500	2,220	720
<u>\$ 144,300</u>	<u>\$ 161,635</u>	<u>\$ 17,335</u>	<u>\$ 378,400</u>	<u>\$ 449,520</u>	<u>\$ 71,120</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
52,500	29,313	23,187	-	-	-
-	-	-	-	-	-
-	-	-	393,500	385,017	8,483
83,800	83,817	(17)	-	-	-
7,600	7,570	30	-	-	-
-	-	-	4,700	-	4,700
<u>\$ 143,900</u>	<u>\$ 120,700</u>	<u>\$ 23,200</u>	<u>\$ 398,200</u>	<u>\$ 385,017</u>	<u>\$ 13,183</u>
<u>\$ 400</u>	<u>\$ 40,935</u>	<u>\$ 40,535</u>	<u>\$ (19,800)</u>	<u>\$ 64,503</u>	<u>\$ 84,303</u>
\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 40,400	\$ 80,935	\$ 40,535	\$ (19,800)	\$ 64,503	\$ 84,303
196,772	196,772	-	258,723	258,723	-
<u>\$ 237,172</u>	<u>\$ 277,707</u>	<u>\$ 40,535</u>	<u>\$ 238,923</u>	<u>\$ 323,226</u>	<u>\$ 84,303</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, 2006**

	<u>Drug Forfeiture</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	100	41	(59)
Other	<u>100</u>	<u>2,644</u>	<u>2,544</u>
 Total Revenues	 <u>\$ 200</u>	 <u>\$ 2,685</u>	 <u>\$ 2,485</u>
 <b>Expenditures:</b>			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Revenues Over (Under) Expenditures	 <u>\$ 200</u>	 <u>\$ 2,685</u>	 <u>\$ 2,485</u>
 <b>Other Financing Sources (Uses):</b>			
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>\$ 200</u>	 <u>\$ 2,685</u>	 <u>\$ 2,485</u>
 Fund Balances - Beginning of Year	 <u>738</u>	 <u>738</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u><u>\$ 938</u></u>	 <u><u>\$ 3,423</u></u>	 <u><u>\$ 2,485</u></u>

<b>Criminal Forfeiture</b>			<b>Band</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
\$ -	\$ -	\$ -	\$ 79,700	\$ 79,873	\$ 173
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	400	1,787	1,387
-	-	-	-	-	-
100	45	(55)	100	490	390
-	-	-	-	-	-
<u>\$ 100</u>	<u>\$ 45</u>	<u>\$ (55)</u>	<u>\$ 80,200</u>	<u>\$ 82,150</u>	<u>\$ 1,950</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100	-	100	-	-	-
-	-	-	82,700	82,497	203
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 82,700</u>	<u>\$ 82,497</u>	<u>\$ 203</u>
\$ -	\$ 45	\$ 45	\$ (2,500)	\$ (347)	\$ 2,153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 45	\$ 45	\$ (2,500)	\$ (347)	\$ 2,153
<u>1,471</u>	<u>1,471</u>	<u>-</u>	<u>16,336</u>	<u>16,336</u>	<u>-</u>
<u>\$ 1,471</u>	<u>\$ 1,516</u>	<u>\$ 45</u>	<u>\$ 13,836</u>	<u>\$ 15,989</u>	<u>\$ 2,153</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, 2006**

	<u>Public Library</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 216,500	\$ 217,291	\$ 791
State revenue	28,000	27,792	(208)
Licenses and permits	-	-	-
Fines and fees	201,800	199,080	(2,720)
Contributions	208,500	221,037	12,537
Interest	8,500	8,897	397
Other	<u>10,400</u>	<u>9,802</u>	<u>(598)</u>
 Total Revenues	 <u>\$ 673,700</u>	 <u>\$ 683,899</u>	 <u>\$ 10,199</u>
<b>Expenditures:</b>			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Recreation and cultural	641,400	639,213	2,187
Community and economic development	-	-	-
Sanitation	-	-	-
Debt service			
Principal retirement	-	-	-
Interest	8,800	8,764	36
Capital outlay	<u>67,600</u>	<u>65,228</u>	<u>2,372</u>
 Total Expenditures	 <u>\$ 717,800</u>	 <u>\$ 713,205</u>	 <u>\$ 4,595</u>
 Revenues Over (Under) Expenditures	 <u>\$ (44,100)</u>	 <u>\$ (29,306)</u>	 <u>\$ 14,794</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	\$ 29,300	\$ 20,375	\$ (8,925)
Operating transfers out	<u>(105,000)</u>	<u>(104,975)</u>	<u>25</u>
 Total Other Financing Sources (Uses)	 <u>\$ (75,700)</u>	 <u>\$ (84,600)</u>	 <u>\$ (8,900)</u>
 Net Change in Fund Balances	 <u>\$ (119,800)</u>	 <u>\$ (113,906)</u>	 <u>\$ 5,894</u>
 Fund Balances - Beginning of Year	 <u>267,358</u>	 <u>267,358</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 147,558</u>	 <u>\$ 153,452</u>	 <u>\$ 5,894</u>

<b>Justice Training</b>			<b>Total</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
\$ -	\$ -	\$ -	\$ 894,600	\$ 895,787	\$ 1,187
3,300	5,210	1,910	61,700	71,440	9,740
-	-	-	248,000	270,552	22,552
-	-	-	461,900	500,118	38,218
-	60	60	346,800	375,352	28,552
100	204	104	33,500	36,547	3,047
-	-	-	30,400	36,148	5,748
<u>\$ 3,400</u>	<u>\$ 5,474</u>	<u>\$ 2,074</u>	<u>\$ 2,076,900</u>	<u>\$ 2,185,944</u>	<u>\$ 109,044</u>
\$ -	\$ -	\$ -	\$ 222,100	\$ 219,181	\$ 2,919
4,500	4,272	228	4,600	4,272	328
-	-	-	776,600	751,023	25,577
-	-	-	593,100	579,762	13,338
-	-	-	396,100	387,380	8,720
-	-	-	106,800	106,817	(17)
-	-	-	16,400	16,334	66
-	-	-	72,300	65,228	7,072
<u>\$ 4,500</u>	<u>\$ 4,272</u>	<u>\$ 228</u>	<u>\$ 2,188,000</u>	<u>\$ 2,129,997</u>	<u>\$ 58,003</u>
<u>\$ (1,100)</u>	<u>\$ 1,202</u>	<u>\$ 2,302</u>	<u>\$ (111,100)</u>	<u>\$ 55,947</u>	<u>\$ 167,047</u>
\$ -	\$ -	\$ -	\$ 101,300	\$ 104,375	\$ 3,075
-	-	-	(105,000)	(104,975)	25
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,700)</u>	<u>\$ (600)</u>	<u>\$ 3,100</u>
\$ (1,100)	\$ 1,202	\$ 2,302	\$ (114,800)	\$ 55,347	\$ 170,147
6,970	6,970	-	943,437	943,437	-
<u>\$ 5,870</u>	<u>\$ 8,172</u>	<u>\$ 2,302</u>	<u>\$ 828,637</u>	<u>\$ 998,784</u>	<u>\$ 170,147</u>

**CITY OF ST. JOSEPH  
 COMPONENT UNITS  
 Combining Statement of Net Assets  
 June 30, 2006**

	<b>Downtown Development Authority</b>	<b>Tax Increment Finance Authority</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 60,708	\$ 32,361	\$ 93,069
TOTAL ASSETS	<u>\$ 60,708</u>	<u>\$ 32,361</u>	<u>\$ 93,069</u>
<b>Net Assets</b>			
Unrestricted	\$ 60,708	\$ 32,361	\$ 93,069
TOTAL NET ASSETS	<u>\$ 60,708</u>	<u>\$ 32,361</u>	<u>\$ 93,069</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, 2006**

	<u>Downtown Development Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 39,400	\$ 39,424	\$ 24
Interest	<u>2,200</u>	<u>2,163</u>	<u>(37)</u>
Total Revenues	<u>\$ 41,600</u>	<u>\$ 41,587</u>	<u>\$ (13)</u>
<b>Expenditures:</b>			
General government	<u>\$ 51,800</u>	<u>\$ 51,630</u>	<u>\$ 170</u>
Total Expenditures	<u>\$ 51,800</u>	<u>\$ 51,630</u>	<u>\$ 170</u>
Change in Net Assets	\$ (10,200)	\$ (10,043)	\$ 157
Total Net Assets - Beginning of Year	<u>70,751</u>	<u>70,751</u>	<u>-</u>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<u><b>\$ 60,551</b></u>	<u><b>\$ 60,708</b></u>	<u><b>\$ 157</b></u>

<b>Tax Increment Finance Authority</b>			<b>Total</b>		
<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
\$ -	\$ -	\$ -	\$ 39,400	\$ 39,424	\$ 24
<u>700</u>	<u>961</u>	<u>261</u>	<u>2,900</u>	<u>3,124</u>	<u>224</u>
\$ 700	\$ 961	\$ 261	\$ 42,300	\$ 42,548	\$ 248
\$ -	\$ -	\$ -	\$ 51,800	\$ 51,630	\$ 170
\$ -	\$ -	\$ -	\$ 51,800	\$ 51,630	\$ 170
\$ 700	\$ 961	\$ 261	\$ (9,500)	\$ (9,082)	\$ 418
<u>31,400</u>	<u>31,400</u>	<u>-</u>	<u>102,151</u>	<u>102,151</u>	<u>-</u>
<u>\$ 32,100</u>	<u>\$ 32,361</u>	<u>\$ 261</u>	<u>\$ 92,651</u>	<u>\$ 93,069</u>	<u>\$ 418</u>

**CITY OF ST. JOSEPH  
INTERNAL SERVICE FUNDS  
Combining Statement of Net Assets  
June 30, 2006**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 447,607	\$ 262,672	\$ 180,366	\$ 890,645
Investments	500,000	-	-	500,000
Receivables	995	253	-	1,248
Due from other funds	-	53,362	-	53,362
Inventory	-	15,334	-	15,334
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Current Assets	\$ 948,602	\$ 331,621	\$ 180,366	\$ 1,460,589
Noncurrent Assets:				
Equipment	\$ -	\$ 3,073,194	\$ -	\$ 3,073,194
Less: Accumulated depreciation	<u>          </u>	<u>(2,354,974)</u>	<u>          </u>	<u>(2,354,974)</u>
Total Noncurrent Assets	\$ -	\$ 718,220	\$ -	\$ 718,220
TOTAL ASSETS	<u>\$ 948,602</u>	<u>\$ 1,049,841</u>	<u>\$ 180,366</u>	<u>\$ 2,178,809</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	\$ -	\$ -	\$ 30,922	\$ 30,922
Due to employees	11,758	-	-	11,758
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	\$ 11,758	\$ -	\$ 30,922	\$ 42,680
<b>Net Assets</b>				
Invested in capital assets, net of related debt	\$ -	\$ 718,220	\$ -	\$ 718,220
Restricted for employee benefits	936,844	-	149,444	1,086,288
Unrestricted	<u>          </u>	<u>331,621</u>	<u>          </u>	<u>331,621</u>
TOTAL NET ASSETS	<u>\$ 936,844</u>	<u>\$ 1,049,841</u>	<u>\$ 149,444</u>	<u>\$ 2,136,129</u>

**CITY OF ST. JOSEPH  
INTERNAL SERVICE FUNDS  
Combining Statement of Revenues, Expenses, and  
Changes in Net Assets  
For the Year Ended June 30, 2006**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Rents	\$ -	\$ 609,962	\$ -	\$ 609,962
Other	<u>73,851</u>	<u>49,882</u>	<u>1,208,007</u>	<u>1,331,740</u>
Total Operating Revenues	<u>\$ 73,851</u>	<u>\$ 659,844</u>	<u>\$ 1,208,007</u>	<u>\$ 1,941,702</u>
<b>Operating Expenses:</b>				
Salaries and wages	\$ 86,476	\$ 78,293	\$ 7,304	\$ 172,073
Employment related costs	4,287	25,189	559	30,035
Depreciation	-	189,548	-	189,548
Supplies	-	270,983	-	270,983
Contractual services	797	7,914	21,359	30,070
Repairs and maintenance	-	60,773	-	60,773
Insurance	85,969	68,351	1,040,703	1,195,023
Miscellaneous	<u>3,976</u>	<u>2,444</u>	<u>-</u>	<u>6,420</u>
Total Operating Expenses	<u>\$ 181,505</u>	<u>\$ 703,495</u>	<u>\$ 1,069,925</u>	<u>\$ 1,954,925</u>
Operating Income (Loss)	<u>\$ (107,654)</u>	<u>\$ (43,651)</u>	<u>\$ 138,082</u>	<u>\$ (13,223)</u>
<b>Nonoperating Revenues:</b>				
Interest income	\$ 33,500	\$ 5,417	\$ 11,362	\$ 50,279
Gain on disposition of assets	<u>-</u>	<u>1,181</u>	<u>-</u>	<u>1,181</u>
Total Nonoperating Revenues	<u>\$ 33,500</u>	<u>\$ 6,598</u>	<u>\$ 11,362</u>	<u>\$ 51,460</u>
Income (Loss) Before Operating Transfers	<u>\$ (74,154)</u>	<u>\$ (37,053)</u>	<u>\$ 149,444</u>	<u>\$ 38,237</u>
Change in Net Assets	\$ (74,154)	\$ (37,053)	\$ 149,444	\$ 38,237
Total Net Assets - Beginning of Year	<u>1,010,998</u>	<u>1,086,894</u>	<u>-</u>	<u>2,097,892</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 936,844</u>	<u>\$ 1,049,841</u>	<u>\$ 149,444</u>	<u>\$ 2,136,129</u>

**CITY OF ST. JOSEPH  
INTERNAL SERVICE FUNDS  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2006**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>				
Cash receipts for interfund services provided	\$ -	\$ 588,855	\$ 1,116,350	\$ 1,705,205
Cash receipts from customers	72,570	49,752	-	122,322
Other receipts	(3,977)	(63,217)	-	(67,194)
Other payments	286	23	91,657	91,966
Payments to employees	(90,763)	(103,482)	(7,862)	(202,107)
Payments to suppliers	(75,007)	(332,448)	(1,031,141)	(1,438,596)
Payments to interfund services provided	<u>(341)</u>	<u>(8,904)</u>	<u>-</u>	<u>(9,245)</u>
Net cash provided (used) by operating activities	<u>\$ (97,232)</u>	<u>\$ 130,579</u>	<u>\$ 169,004</u>	<u>\$ 202,351</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of capital assets	\$ -	\$ (98,928)	\$ -	\$ (98,928)
Proceeds from sale of capital assets	<u>-</u>	<u>1,181</u>	<u>-</u>	<u>1,181</u>
Net cash provided (used) by capital and related financing activities	<u>\$ -</u>	<u>\$ (97,747)</u>	<u>\$ -</u>	<u>\$ (97,747)</u>
<b>Cash Flows From Investing Activities:</b>				
Purchase of securities	\$ 39,574	\$ -	\$ -	\$ 39,574
Interest and dividends received	<u>33,500</u>	<u>5,417</u>	<u>11,362</u>	<u>50,279</u>
Net cash provided (used) by investing activities	<u>\$ 73,074</u>	<u>\$ 5,417</u>	<u>\$ 11,362</u>	<u>\$ 89,853</u>
Net increase (decrease) in cash and cash equivalents	\$ (24,158)	\$ 38,249	\$ 180,366	\$ 194,457
Balances - Beginning of Year	<u>471,765</u>	<u>224,423</u>	<u>-</u>	<u>696,188</u>
<b>BALANCES - END OF YEAR</b>	<u><u>\$ 447,607</u></u>	<u><u>\$ 262,672</u></u>	<u><u>\$ 180,366</u></u>	<u><u>\$ 890,645</u></u>

**CITY OF ST. JOSEPH  
INTERNAL SERVICE FUNDS  
Combining Statement of Cash Flows - Continued  
For the Year Ended June 30, 2006**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Healthcare</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (107,654)	\$ (43,651)	\$ 138,082	\$ (13,223)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	\$ -	\$ 189,548	\$ -	\$ 189,548
(Increase) decrease in:				
Accounts receivable	(995)	(109)	-	(1,104)
Due from other funds	-	(21,105)	-	(21,105)
Inventory	-	7,300	-	7,300
Increase (decrease) in:				
Due to employees	11,758	-	30,922	42,680
Accounts payable	(341)	(1,404)	-	(1,745)
	<u>10,422</u>	<u>174,230</u>	<u>30,922</u>	<u>215,574</u>
Total Adjustments	\$ 10,422	\$ 174,230	\$ 30,922	\$ 215,574
Net cash provided (used) by operating activities	<u>\$ (97,232)</u>	<u>\$ 130,579</u>	<u>\$ 169,004</u>	<u>\$ 202,351</u>

**CITY OF ST. JOSEPH  
PENSION TRUST FUNDS  
Combining Statement of Net Assets  
For the Year Ended June 30, 2006**

	<b>Employee Retirement <u>Trust</u></b>	<b>Flex Spending Trust</b>	<b><u>Total</u></b>
<b>Assets</b>			
Cash and cash equivalents	\$ 128,398	\$ 7,728	\$ 136,126
Receivables			
Interest receivable	\$ 110,345	\$ -	\$ 110,345
Due from employer	<u>13,855</u>	<u>-</u>	<u>13,855</u>
Total Receivables	<u>\$ 124,200</u>	<u>\$ -</u>	<u>\$ 124,200</u>
Investments, at fair value			
Stock	\$ 28,937,760	\$ -	\$ 28,937,760
Bonds	6,556,217	-	6,556,217
Governmental obligations	2,569,389	-	2,569,389
Other	<u>11,028,469</u>	<u>-</u>	<u>11,028,469</u>
Total Investments	<u>\$ 49,091,835</u>	<u>\$ -</u>	<u>\$ 49,091,835</u>
Total Assets	<u>\$ 49,344,433</u>	<u>\$ 7,728</u>	<u>\$ 49,352,161</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,687	\$ -	\$ 1,687
Due to employees	<u>-</u>	<u>7,629</u>	<u>7,629</u>
Total Liabilities	<u>\$ 1,687</u>	<u>\$ 7,629</u>	<u>\$ 9,316</u>
<b>Net Assets</b>			
Held in trust for pension benefits and other purposes	<u>\$ 49,342,746</u>	<u>\$ 99</u>	<u>\$ 49,342,845</u>

**CITY OF ST. JOSEPH  
PENSION TRUST FUNDS  
Combining Statement of Changes in Net Assets  
For the Year Ended June 30, 2006**

	<u>Employee Retirement Trust</u>	<u>Flex Spending Trust</u>	<u>Total</u>
<b>Additions:</b>			
Contributions:			
Plan members	\$ 281,943	\$ -	\$ 281,943
Employer	<u>6,728</u>	<u>-</u>	<u>6,728</u>
Total Contributions	<u>\$ 288,671</u>	<u>\$ -</u>	<u>\$ 288,671</u>
Investment Earnings:			
Net increase, FMV investments	\$ 1,619,299	\$ -	\$ 1,619,299
Interest	1,575,944	99	1,576,043
Dividends	110,268	-	110,268
Miscellaneous	<u>2,581</u>	<u>-</u>	<u>2,581</u>
Total Investment Earnings	\$ 3,308,092	\$ 99	\$ 3,308,191
Less: investment expense	<u>(166,531)</u>	<u>-</u>	<u>(166,531)</u>
Net Investment Earnings	<u>\$ 3,141,561</u>	<u>\$ 99</u>	<u>\$ 3,141,660</u>
Total Additions	<u>\$ 3,430,232</u>	<u>\$ 99</u>	<u>\$ 3,430,331</u>
<b>Deductions:</b>			
Benefits	\$ 1,761,024	\$ -	\$ 1,761,024
Refund of contributions	22,448	-	22,448
Administrative expense	<u>19,173</u>	<u>-</u>	<u>19,173</u>
Total Deductions	<u>\$ 1,802,645</u>	<u>\$ -</u>	<u>\$ 1,802,645</u>
Change in Net Assets	\$ 1,627,587	\$ 99	\$ 1,627,686
Net Assets - Beginning of Year	<u>47,715,159</u>	<u>-</u>	<u>47,715,159</u>
NET ASSETS - END OF YEAR	<u>\$ 49,342,746</u>	<u>\$ 99</u>	<u>\$ 49,342,845</u>

**CITY OF ST. JOSEPH  
AGENCY FUNDS  
Combining Statement of Changes in Assets and Liabilities  
For the Year Ended June 30, 2006**

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
<b>Assets</b>				
Cash - Treasurer's Tax Fund	\$ 2,905	\$ 14,380,511	\$ (14,373,192)	\$ 10,224
Cash - Imprest Payroll Fund	6	8,364,552	(8,362,447)	2,111
Receivables - Imprest Payroll Fund	71	-	(71)	-
Due form other governments - Treasurer's Tax fund	<u>-</u>	<u>4,214</u>	<u>-</u>	<u>4,214</u>
TOTAL ASSETS	<u>\$ 2,982</u>	<u>\$ 22,749,277</u>	<u>\$ (22,735,710)</u>	<u>\$ 16,549</u>
<b>Liabilities</b>				
Undistributed taxes - Treasurer's Tax Fund	\$ -	\$ 6,020	\$ -	\$ 6,020
Due to other funds - Treasurer's Tax Fund	2,905	8,418	(2,905)	8,418
Due to other funds - Imprest Payroll Fund	<u>77</u>	<u>2,111</u>	<u>(77)</u>	<u>2,111</u>
TOTAL LIABILITIES	<u>\$ 2,982</u>	<u>\$ 16,549</u>	<u>\$ (2,982)</u>	<u>\$ 16,549</u>

**CITY OF ST. JOSEPH  
PERMANENT FUNDS  
Combining Balance Sheet  
June 30, 2006**

	<b>Cemetery Perpetual Care</b>	<b>Library Endowment</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ -	\$ 57,216	\$ 57,216
Investments	258,968	500,000	758,968
Due from other funds	-	154,862	154,862
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 258,968</u>	<u>\$ 712,078</u>	<u>\$ 971,046</u>
<b>Fund Balances</b>			
Reserved for restricted purposes	\$ 258,968	\$ 231,766	\$ 490,734
Reserved for endowment	-	480,312	480,312
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>\$ 258,968</u>	<u>\$ 712,078</u>	<u>\$ 971,046</u>

**CITY OF ST. JOSEPH  
PERMANENT FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2006**

	<b>Cemetery Perpetual Care</b>	<b>Library Endowment</b>	<b>Total</b>
<b>Revenues:</b>			
Interest	\$ 5,710	\$ 26,700	\$ 32,410
Total Revenues	\$ 5,710	\$ 26,700	\$ 32,410
<b>Other Financing Sources (Uses):</b>			
Operating transfers out	(44,000)	(20,375)	(64,375)
Net Changes in Fund Balances	\$ (38,290)	\$ 6,325	\$ (31,965)
Fund Balances - Beginning of Year	<u>297,258</u>	<u>705,753</u>	<u>\$ 1,003,011</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 258,968</u>	<u>\$ 712,078</u>	<u>\$ 971,046</u>

**CITY OF ST. JOSEPH**  
**Schedule of 2003 Installment Note**  
**Fifth Third Bank**  
**June 30, 2006**

<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>	
2007	2.50%	\$ 182,171	\$ 8,617	\$ 7,586	\$ 82,469	\$ 83,499	\$ 523,377
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>\$ 728,683</u>	<u>\$ 21,809</u>	<u>\$ 17,529</u>	<u>\$ 342,532</u>	<u>\$ 346,813</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, 2006**

<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>		
2007	2.125%	\$ 130,911	\$ 20,455	\$ 20,456	\$ 90,000	\$ 1,835,205
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>\$ 2,334,662</u>	<u>\$ 204,728</u>	<u>\$ 204,729</u>	<u>\$ 1,925,205</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, 2006**

<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>
2007	-	\$ -	\$ -	\$ -	\$ 250,000
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, 2006**

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal May 1</u>	<u>Balance</u>
			<u>November 1</u>	<u>May 1</u>		
2007	4.000%	\$ 270,907	\$ 97,954	\$ 97,953	\$ 75,000	\$ 3,995,000
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>\$ 6,849,725</u>	<u>\$ 1,389,863</u>	<u>\$ 1,389,862</u>	<u>\$ 4,070,000</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, 2006**

<b>Year Ended June 30,</b>	<b>Interest Rate</b>	<b>Annual Debt Service</b>	<b>Interest</b>		<b>Principal October 1</b>	<b>Balance</b>
			<b>October 1</b>	<b>April 1</b>		
2007	2.50%	\$ 126,101	\$ 21,082	\$ 20,019	\$ 85,000	\$ 1,601,525
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>\$ 2,057,715</u>	<u>\$ 196,136</u>	<u>\$ 175,054</u>	<u>\$ 1,686,525</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, 2006**

<b>Year Ended June 30,</b>	<b>Interest Rate</b>	<b>Annual Debt Service</b>	<b>Interest</b>		<b>Principal</b>		<b>Balance</b>
			<b>Spetember 5</b>	<b>March 5</b>	<b>September 5</b>	<b>March 5</b>	
2007	2.679%	\$ 91,387	\$ 2,941	\$ 2,369	\$ 42,752	\$ 43,325	\$ 133,489
2008	2.679%	91,387	1,788	1,200	43,905	44,494	45,090
2009	2.679%	45,694	604	-	45,090	-	-
		<u>\$ 228,468</u>	<u>\$ 5,333</u>	<u>\$ 3,569</u>	<u>\$ 131,747</u>	<u>\$ 87,819</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, 2006**

<b>Year Ended <u>June 30,</u></b>	<b>Interest <u>December 11</u></b>	<b>Principal <u>December 11</u></b>	<b>Total <u>Payment</u></b>
2007	\$ -	\$ 28,000	\$ 28,000
2008	-	31,000	31,000
2009	-	36,000	36,000
2010	<u>20,308</u>	<u>52,761</u>	<u>73,069</u>
	<u>\$ 20,308</u>	<u>\$ 147,761</u>	<u>\$ 168,069</u>