

CITY OF ST. JOSEPH
BERRIEN COUNTY, MICHIGAN
FINANCIAL REPORT
June 30, 2010

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

FINANCIAL REPORT

June 30, 2010

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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, 2010. We encourage readers to consider the overview presented here in conjunction with the additional information that our auditors have provided within this report.

Financial Highlights

- The assets of the City of St. Joseph exceeded its liabilities at the close of the most recent fiscal year by \$63,462,700. Of this amount, \$5,327,459 may be used to meet the ongoing obligations to our citizens and creditors.
- The City's total net assets decreased by \$202,845.
- At the close of the current fiscal year, the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$6,263,991 a decrease of \$2,939,574 in comparison with the prior year. Approximately \$6,263,525 of this total amount is available for spending at the government's discretion.
- At the end of the current fiscal year, the general fund unreserved fund balance was \$1,610,466 or 25 percent of total general fund expenditures.
- The City of St. Joseph's total debt increased by \$3,201,065 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, public works, 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, City Water, Ice Arena 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 for which the City is financially accountable. Financial information for this component unit 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. 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 23 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 Special Projects Fund, the Water/Sewer Capital Project Fund and the Bluffside Capital Project Fund, all of which are considered to be major funds. Data from the other 19 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, sewer, ice arena and marina operations. 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 \$63,462,700 at the close of the 2009-2010 Fiscal-Year.

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

City of St. Joseph					
Net Assets					
	Governmental Activities	Business Type Activities	Component Units	Current Year Total	Prior Year Total
Current and Other Assets	\$ 8,754,881	\$ 5,783,681	\$ 55,753	\$14,594,315	\$15,239,952
Capital Assets	\$ 47,743,385	\$ 21,816,323	\$ -	\$ 69,559,708	\$ 59,208,194
Total Assets	\$ 56,498,266	\$ 27,600,004	\$ 55,753	\$ 84,154,023	\$74,448,146
Other Liabilities	\$ 1,458,273	\$ 2,670,287	\$ -	\$ 4,128,560	\$ 2,476,322
Long-Term Liabilities Outstanding	\$ 12,145,405	\$ 4,417,358	\$ -	\$16,562,763	\$ 8,306,278
Total Liabilities	\$ 13,603,678	\$ 7,087,645	\$ -	\$ 20,691,323	\$ 10,782,600
Invested in Capital Assets, Net of					
Related Debt	\$ 39,189,127	\$ 18,078,694	\$ -	\$ 57,267,821	\$ 59,208,194
Restricted	\$ 867,420	\$ -	\$ -	\$ 867,420	\$ 1,640,498
Unrestricted	\$ 2,838,041	\$ 2,433,665	\$ 55,753	\$ 5,327,459	\$ 2,816,854
Total Net Assets	\$ 42,894,588	\$ 20,512,359	\$ 55,753	\$ 63,462,700	\$ 63,665,546

A portion of the City of St. Joseph's net assets 1.37% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5,327,459) may be used to meet the government's ongoing obligations to citizens and creditors.

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

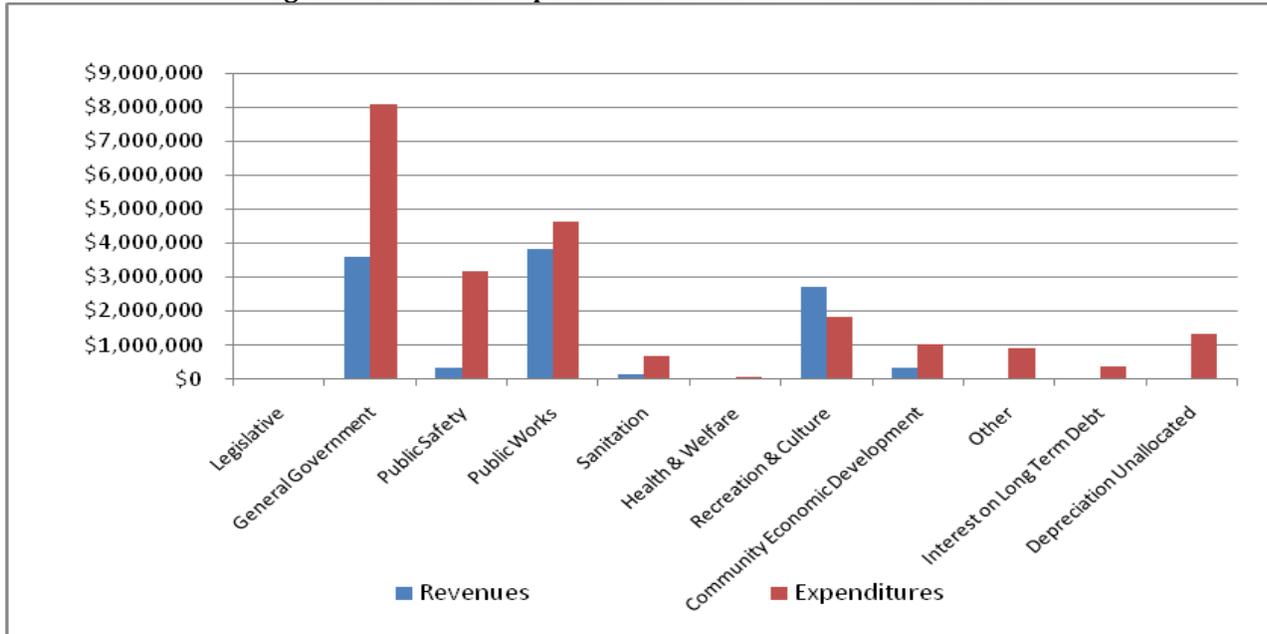
City of St. Joseph
Changes in Net Assets

	Governmental Activities	Business Type Activities	Component Units	Current Year Total	Prior Year Total
Revenues					
<i>Program Revenues</i>					
Charges for Services	\$ 3,281,418	\$ 5,501,019	\$ -	\$ 8,782,437	\$ 8,563,233
Grants and Contributions	7,764,725	2,790,621	-	10,555,346	4,913,721
<i>General Revenues</i>					
Property Taxes	\$ 7,093,321	\$ -	\$ 49,429	\$ 7,142,750	\$ 6,806,461
State Revenue	832,596	-	-	832,596	982,170
Fines, Fees and Forfeits	304,627	113,315	-	417,942	153,692
Interest	56,254	7,034	143	63,431	269,405
Miscellaneous	361,782	23,659	-	385,441	915,732
Sale of Fixed Assets	(5,039)	-	-	(5,039)	(68,750)
Total Revenues	\$ 19,689,684	\$ 8,435,648	\$ 49,572	\$ 28,174,904	\$ 22,535,664
Expenses					
Legislative	21,610	-	-	21,610	28,632
General Government	8,080,676	-	-	8,080,676	4,564,314
Public Safety	3,182,372	-	-	3,182,372	3,041,316
Public Works	4,639,037	-	-	4,639,037	174,315
Sanitation	684,127	-	-	684,127	667,034
Health and Welfare	50,537	-	-	50,537	50,537
Recreation and Cultural	1,837,773	-	-	1,837,773	1,009,496
Economic Development	1,007,618	-	-	1,007,618	516,031
Other	898,540	-	-	898,540	377,072
Interest on Long-Term Debt	373,252	-	-	373,252	303,840
Depreciation-unallocated	1,343,426	-	-	1,343,426	1,297,473
Sewer Fund	-	1,387,991	-	1,387,991	1,508,112
Water Fund	-	4,219,977	-	4,219,977	3,578,274
City Water Fund	-	110,644	-	110,664	-
Ice Arena Fund	-	-	-	-	-
Marina Fund	-	494,788	-	494,788	413,305
Downtown Development Authority	-	-	45,381	45,381	47,228
Total Expenses	\$ 22,118,968	\$ 6,213,400	\$ 45,381	\$ 28,377,749	\$ 17,586,979
Increase (Decrease) in Net Assets					
before Transfers	\$ (2,429,284)	\$ 2,222,248	\$ 4,191	\$ (202,845)	\$ 4,948,685
Transfers	(1,614,955)	1,614,955	-	-	-
Equity Transfer	(2,487,209)	2,487,209	-	-	-
Changes in net assets	\$ (6,531,448)	\$ 6,324,412	\$ 4,191	\$ (202,845)	\$ 4,948,685
Net Assets Beginning of Year	\$ 49,426,036	\$ 14,187,947	\$ 51,562	\$ 63,665,545	\$ 58,716,861
Net Assets End of Year	\$ 42,894,588	\$ 20,512,359	\$ 55,753	\$ 63,462,700	\$ 63,665,546

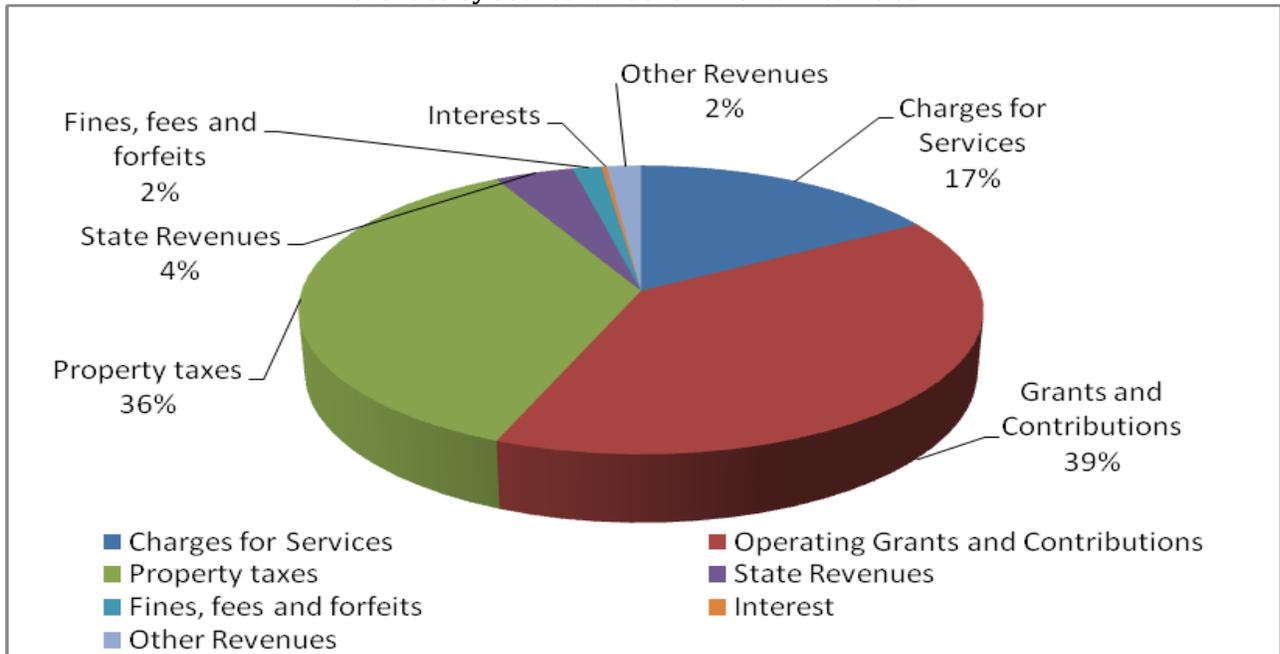
Governmental Activities

Governmental Activities decreased the City of St. Joseph’s net assets by \$6,531,448. Property taxes were \$7,093,321 or 36% of the total governmental revenues. Grants and contributions were \$7,764,725 or 39% of the total governmental revenues. The remaining 25% is mostly composed of various charges for services and interest revenue. Public safety expenditures totaled \$3,182,372 or 14% of the governmental expenses.

Program Revenues & Expenditures for Governmental Activities



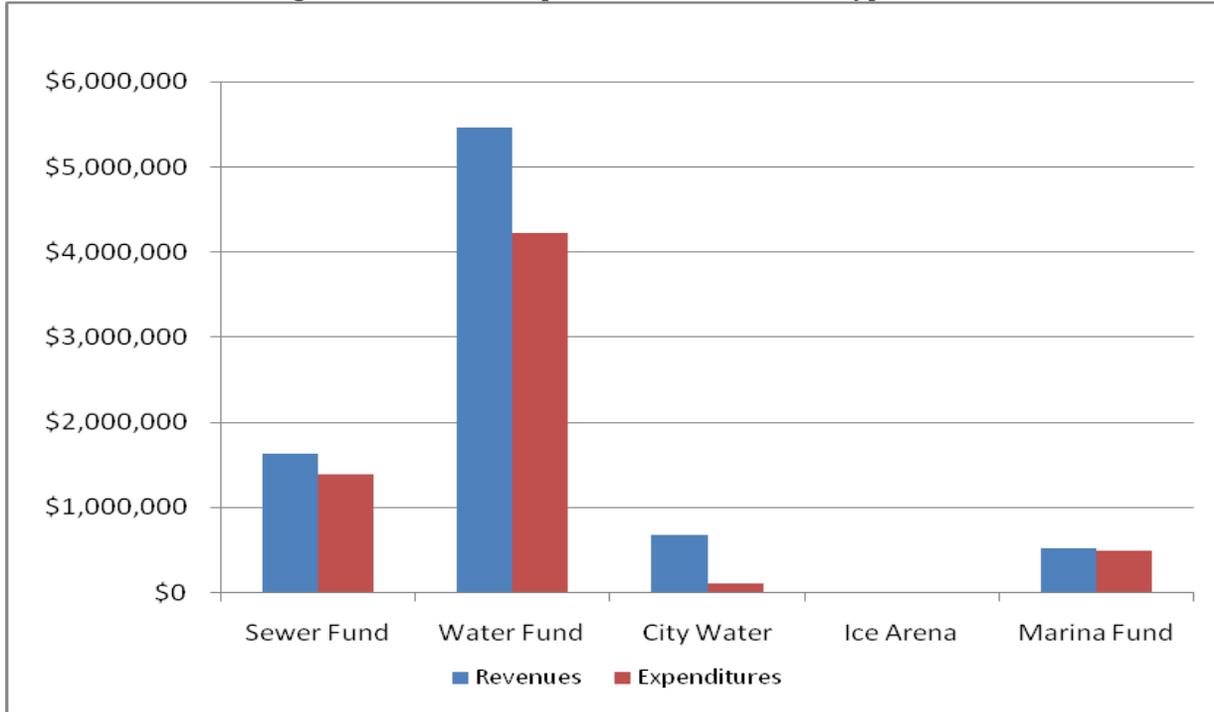
Revenues by Source for Governmental Activities



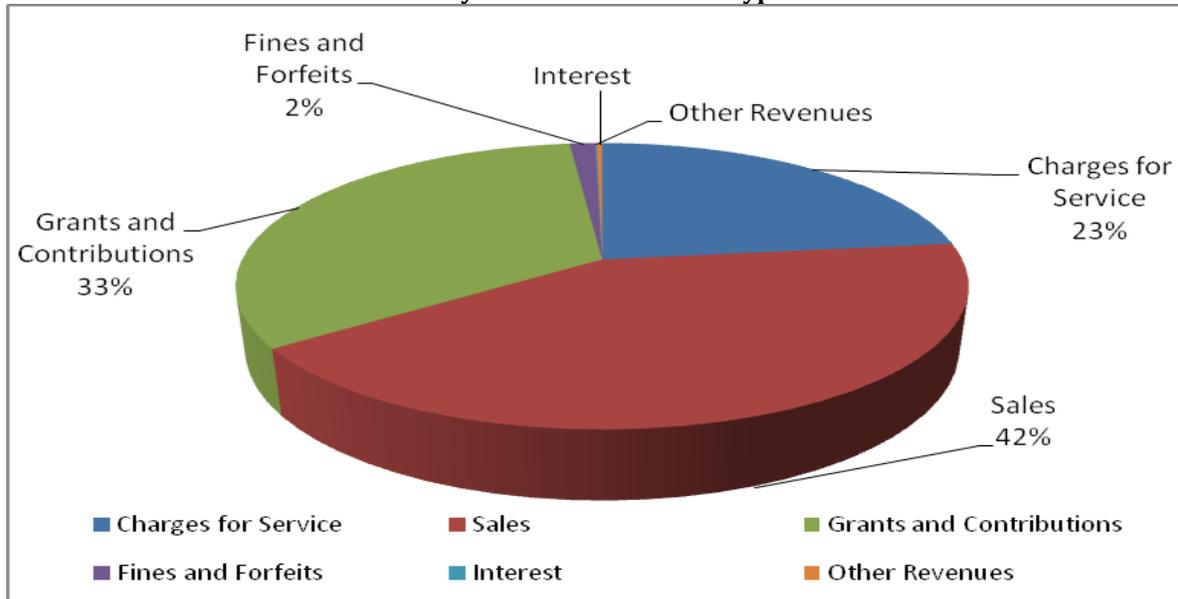
Business-Type Activities

Business-type Activities increased the City of St. Joseph’s net assets by \$6,324,412. Charges for services, including sales, were \$5,501,019 or 65% of the total business-type revenues; with \$2,790,621 or 33% coming from grants. The remaining 2% is mostly composed of various fees and interest revenue. Business-type expenditures increased overall by \$713,709.

Program Revenues & Expenditures for Business Type Funds



Revenues by Source for Business Type Funds



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

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

Governmental Funds

The focus of the City of St. Joseph's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of St. Joseph's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$6,263,991, a decrease of \$2,939,574 in comparison with the prior year. Approximately 99% of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remaining 1% is reserved for inventory.

The General Fund is the chief operating fund of the City of St. Joseph. At the end of the current fiscal year, the fund balance of the General Fund was \$1,610,466 which represents roughly 25% 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 \$30,249 from the previous year.

Proprietary Funds

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

Fund	FY 2008-2009	Net Assets	
		FY 2009-2010	Difference
Sewer Fund	\$ 2,115,854	\$ 2,710,729	\$ 594,875
Water Fund	\$ 10,424,877	\$ 7,738,286	\$ (2,686,591)
City Water Fund	\$ -	\$ 5,912,929	\$ 5,912,929
Ice Arena Fund	\$ -	\$ 2,473,195	\$ 2,473,195
Marina Fund	\$ 1,647,216	\$ 1,677,220	\$ 30,004

Net assets of the Water Fund at the end of the year decreased by \$2,686,591; net assets in the Sewer Fund and Marina Fund each increased by \$594,875 and \$30,004, respectively. Net Assets at June 30, 2010 for new Enterprise Funds established during the current fiscal year were; City Water Fund \$5,912,929 and Ice Arena Fund \$2,473,195.

The decrease in the net assets of the Water Fund can be primarily attributed to a transfer from the Water Fund to the City Water Fund of assets which are primarily part of the city water system and not part of the greater system-wide infrastructure. In addition, the City recognized liability associated with Other Post Employment Benefits for the first time in FY 2009-2010. For the Water Fund this liability amounted to \$822,847 for the Sewer Fund the amount was \$18,605 and for the Marina Fund the amount was \$77,409.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively few. Revenues exceeded predictions by \$61,905 or less than 1%; spending was under budget by \$220,844 or 3% of the budgeted amounts.

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, 2010 amounts to \$69,559,708 (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:

- Silver Beach Make a Memory Project
- Whirlpool Compass Fountain
- Construction of 1.5 million gallon water storage tank at Cleveland Avenue and Hilltop Road
- Construction of a new ship store, storage building and improvements to the West Basin docks
- Broad Street Improvements
- Park Street Improvements
- Michigan Avenue Improvements
- Beginning construction on a new water intake
- Beginning construction on water plant electrical and process improvements

Long-Term Debt

At the end of the current fiscal year, the City of St. Joseph had total debt outstanding of \$11,846,526. The City's total debt increased as a result of the borrowing for several on-going capital projects.

State statutes limit the amount of general obligation bond debt governmental entities may issue to 10% of its total taxable valuation and the amount of general obligation installment note debt 1.25% of its total taxable valuation, exclusive of interest. The current debt limitation for the City of St. Joseph is \$42,215,283 for bond debt and \$5,276,910 for note debt, which significantly in excess of the City of St. Joseph's outstanding general obligation debt.

Next Year's Budget and Rates

The City of St. Joseph anticipates expenditures in excess of revenues by \$224,700 in the general fund. This shortfall will be offset by positive cash flow realized in the 2009-2010 Fiscal Year. The City will continue to maintain a fund balance in the General Fund equal to \$1,000,000, as well as, a \$1,000,000 Budget Stabilization Fund.

Requests for Information

This financial report is designed to provide a general overview of the of the City of St. Joseph's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of St. Joseph, 700 Broad Street, St. Joseph, Michigan, 49085.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

September 10, 2010

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 unit, each major fund, and the aggregate remaining fund information of the City of St. Joseph, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of St. Joseph's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Joseph, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2010, on our consideration of the City of St. Joseph's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages I through IX and page 40, are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Right. On time.

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INDEPENDENT AUDITOR'S REPORT - Continued

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

Seibel & Company, P.C.

CITY OF ST. JOSEPH
Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash	\$ 6,669,777	\$ 3,872,812	\$ 10,542,589	\$ 55,753
Investments	1,172,622	-	1,172,622	-
Receivables	402,562	960,282	1,362,844	-
Due from proprietary funds	18,017	-	18,017	-
Due from fiduciary funds	8,057	-	8,057	-
Due from other governments	359,752	818,955	1,178,707	-
Prepaid expenses	18,000	-	18,000	-
Inventory	106,094	131,632	237,726	-
Capital assets (net of related depreciation):				
Non-depreciable assets:				
Land	11,870,347	956,870	12,827,217	-
Construction in process	11,588,037	8,646,026	20,234,063	-
Depreciable assets:				
Buildings & improvements	7,851,878	5,468,478	13,320,356	-
Infrastructure	13,785,465	715,320	14,500,785	-
Land improvements	293,377	-	293,377	-
Machinery and equipment	2,246,688	738,597	2,985,285	-
Books	107,593	-	107,593	-
Utility systems	-	5,291,032	5,291,032	-
Total Assets	<u>\$ 56,498,266</u>	<u>\$ 27,600,004</u>	<u>\$ 84,098,270</u>	<u>\$ 55,753</u>
Liabilities				
Accounts payable	\$ 25,988	\$ 1,375,079	\$ 1,401,067	\$ -
Retainage payable	-	464,262	464,262	-
Accrued liabilities	4,703	105	4,808	-
Accrued interest	70,454	-	70,454	-
Deferred revenue	680,001	-	680,001	-
Due to fiduciary funds	8,129	-	8,129	-
Due to governmental funds	-	18,017	18,017	-
Due to other governments	-	573,692	573,692	-
Bonds and compensated absences due within one year	668,998	239,132	908,130	-
Noncurrent liabilities:				
Net OPEB Obligation - Note 7	4,260,145	918,861	5,179,006	-
Due in more than one year	7,885,260	3,498,497	11,383,757	-
Total Liabilities	<u>\$ 13,603,678</u>	<u>\$ 7,087,645</u>	<u>\$ 20,691,323</u>	<u>\$ -</u>
Net Assets				
Invested in capital assets, net of related debt	\$ 39,189,127	\$ 18,078,694	\$ 57,267,821	\$ -
Restricted	867,420	-	867,420	-
Unrestricted	2,838,041	2,433,665	5,271,706	55,753
TOTAL NET ASSETS	<u>\$ 42,894,588</u>	<u>\$ 20,512,359</u>	<u>\$ 63,406,947</u>	<u>\$ 55,753</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, 2010

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental Activities:				
Legislative	\$ 21,610	\$ -	\$ -	\$ -
General government	8,080,676	1,218,477	2,372,256	-
Public safety	3,182,372	330,800	15,893	4,375
Public works	4,639,037	1,201,314	539,261	2,071,220
Sanitation	684,127	158,489	-	-
Recreation and culture	1,837,773	327,217	245,241	2,156,692
Health and welfare	50,537	-	-	-
Community and economic development	1,007,618	-	-	359,787
Other	898,540	45,121	-	-
Interest on long-term debt	373,252	-	-	-
Depreciation, unallocated	1,343,426	-	-	-
Total Governmental Activities	<u>\$ 22,118,968</u>	<u>\$ 3,281,418</u>	<u>\$ 3,172,651</u>	<u>\$ 4,592,074</u>
Business-Type Activities:				
Sewer Fund	\$ 1,387,991	\$ 1,429,022	\$ 45,155	\$ 154,000
Water Fund	4,219,977	3,548,657	-	1,914,908
City Water Fund	110,644	-	-	676,558
Ice Arena Fund	-	-	-	-
Marina Fund	494,788	523,340	-	-
Total Business-type Activities	<u>\$ 6,213,400</u>	<u>\$ 5,501,019</u>	<u>\$ 45,155</u>	<u>\$ 2,745,466</u>
Total Primary Government	<u>\$ 28,332,368</u>	<u>\$ 8,782,437</u>	<u>\$ 3,217,806</u>	<u>\$ 7,337,540</u>
Component Units:				
Downtown Development Authority	\$ 45,381	\$ -	\$ -	\$ -
Total Component Unit	<u>\$ 45,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

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

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Equity Transfers

NET ASSETS - END OF YEAR

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (21,610)	\$ -	\$ (21,610)	\$ -
(4,489,943)	-	(4,489,943)	-
(2,831,304)	-	(2,831,304)	-
(827,242)	-	(827,242)	-
(525,638)	-	(525,638)	-
891,377	-	891,377	-
(50,537)	-	(50,537)	-
(647,831)	-	(647,831)	-
(853,419)	-	(853,419)	-
(373,252)	-	(373,252)	-
<u>(1,343,426)</u>	<u>-</u>	<u>(1,343,426)</u>	<u>-</u>
<u>\$ (11,072,825)</u>	<u>\$ -</u>	<u>\$ (11,072,825)</u>	<u>\$ -</u>
\$ -	\$ 240,186	\$ 240,186	\$ -
-	1,243,588	1,243,588	-
-	565,914	565,914	-
-	-	-	-
<u>-</u>	<u>28,552</u>	<u>28,552</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 2,078,240</u>	<u>\$ 2,078,240</u>	<u>\$ -</u>
<u>\$ (11,072,825)</u>	<u>\$ 2,078,240</u>	<u>\$ (8,994,585)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,381)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,381)</u>
\$ 7,093,321	\$ -	\$ 7,093,321	\$ 49,429
832,596	-	832,596	-
304,627	113,315	417,942	-
56,254	7,034	63,288	143
(5,039)	-	(5,039)	-
361,782	23,659	385,441	-
<u>(1,614,955)</u>	<u>1,614,955</u>	<u>-</u>	<u>-</u>
<u>\$ 7,028,586</u>	<u>\$ 1,758,963</u>	<u>\$ 8,787,549</u>	<u>\$ 49,572</u>
<u>\$ (4,044,239)</u>	<u>\$ 3,837,203</u>	<u>\$ (207,036)</u>	<u>\$ 4,191</u>
49,426,036	14,187,947	63,613,983	51,562
<u>(2,487,209)</u>	<u>2,487,209</u>	<u>-</u>	<u>-</u>
<u>\$ 42,894,588</u>	<u>\$ 20,512,359</u>	<u>\$ 63,406,947</u>	<u>\$ 55,753</u>

**CITY OF ST. JOSEPH
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2010**

	<u>General Fund</u>	<u>Bluffside Project Fund</u>	<u>Special Projects</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,310,757	\$ 14,947	\$ 831,693
Investments	4,967	-	-
Receivables	343,187	-	9,458
Due from other funds	8,057	-	-
Due from other governments	-	-	359,752
Inventory	466	-	-
	<hr/>	<hr/>	<hr/>
Total Current Assets	\$ 1,667,434	\$ 14,947	\$ 1,200,903
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,667,434	\$ 14,947	\$ 1,200,903
	<hr/>	<hr/>	<hr/>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 25,868	\$ -	\$ -
Due to other funds	16,089	-	-
Deferred revenue	15,011	-	642,380
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	\$ 56,968	\$ -	\$ 642,380
	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 56,968	\$ -	\$ 642,380
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Reserved for:			
Reserved for inventory	\$ 466	\$ -	\$ -
Unreserved, reported in:			
General Fund	1,610,000	-	-
Special Revenue	-	-	-
Debt Service	-	-	-
Capital Projects	-	14,947	558,523
	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 1,610,466	\$ 14,947	\$ 558,523
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,667,434	\$ 14,947	\$ 1,200,903
	<hr/>	<hr/>	<hr/>

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

<u>Water/Sewer Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,869,178	\$ 5,026,575
-	1,167,655	1,172,622
-	46,529	399,174
-	64,929	72,986
-	-	359,752
-	42,552	43,018
<u>\$ -</u>	<u>\$ 4,190,843</u>	<u>\$ 7,074,127</u>
<u>\$ -</u>	<u>\$ 4,190,843</u>	<u>\$ 7,074,127</u>
\$ -	\$ 120	\$ 25,988
-	88,058	104,147
-	22,610	680,001
<u>\$ -</u>	<u>\$ 110,788</u>	<u>\$ 810,136</u>
<u>\$ -</u>	<u>\$ 110,788</u>	<u>\$ 810,136</u>
\$ -	\$ -	\$ 466
-	-	1,610,000
-	2,771,785	2,771,785
-	1,360,653	1,360,653
-	(52,383)	521,087
<u>\$ -</u>	<u>\$ 4,080,055</u>	<u>\$ 6,263,991</u>
<u>\$ -</u>	<u>\$ 4,190,843</u>	<u>\$ 7,074,127</u>

CITY OF ST. JOSEPH
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30,2010

Fund balances of governmental funds	\$	6,263,991
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.		46,620,626
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.		(8,554,258)
Net OPEB obligation is not due and payable in the current period and is not reported in the funds.		(4,260,145)
Internal service funds are used by management to charge the cost of services and employee benefits to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		2,894,828
Governmental funds do not report accrued interest.		<u>(70,454)</u>
Net assets of governmental activities	\$	<u>42,894,588</u>

**CITY OF ST. JOSEPH
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2010**

	<u>General Fund</u>	<u>Bluffside Project Fund</u>	<u>Special Projects</u>
Revenues:			
Taxes	\$ 4,954,193	\$ -	\$ -
Federal revenues	4,375	-	11,235
State revenues	844,933	-	359,787
Charges for services	1,201,651	-	-
Licenses and permits	5,236	-	-
Fines, fees, and forfeits	97,308	-	-
Special assessments	-	-	2,714
Contributions	-	1,876,135	262,747
Interest and rents	30,278	6,457	2,049
Other	<u>291,531</u>	<u>-</u>	<u>17,286</u>
Total Revenues	<u>\$ 7,429,505</u>	<u>\$ 1,882,592</u>	<u>\$ 655,818</u>
Expenditures:			
Current:			
Legislative	\$ 21,610	\$ -	\$ -
General government	1,036,964	-	-
Public safety	2,956,550	-	-
Public works	405,952	-	-
Recreation and culture	745,227	-	-
Sanitation	-	-	-
Community and economic development	249,509	-	638,924
Health and welfare	50,537	-	-
Other	898,540	-	-
Debt service:			
Principal retirement	69,354	-	-
Interest	59,515	-	-
Capital outlay	<u>2,898</u>	<u>3,962,297</u>	<u>795,088</u>
Total Expenditures	<u>\$ 6,496,656</u>	<u>\$ 3,962,297</u>	<u>\$ 1,434,012</u>
Revenues Over (Under) Expenditures	<u>\$ 932,849</u>	<u>\$ (2,079,705)</u>	<u>\$ (778,194)</u>
Other Financing Sources (Uses):			
Sale of fixed assets	\$ 10,000	\$ -	\$ -
Operating transfers in	-	9,469	647,543
Operating transfers out	<u>(973,098)</u>	<u>-</u>	<u>(59,469)</u>
Total Other Financing Sources (Uses)	<u>\$ (963,098)</u>	<u>\$ 9,469</u>	<u>\$ 588,074</u>
Net Changes in Fund Balance	\$ (30,249)	\$ (2,070,236)	\$ (190,120)
Fund Balances - Beginning of Year	<u>1,640,715</u>	<u>2,085,183</u>	<u>748,643</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,610,466</u>	<u>\$ 14,947</u>	<u>\$ 558,523</u>

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

Water/Sewer Capital Project	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,139,128	\$ 7,093,321
882,603	443,146	1,341,359
745,471	566,874	2,517,065
653,600	217,316	2,072,567
-	263,926	269,162
-	207,319	304,627
-	-	2,714
-	229,234	2,368,116
746	40,602	80,132
-	60,916	369,733
<u>\$ 2,282,420</u>	<u>\$ 4,168,461</u>	<u>\$ 16,418,796</u>
\$ -	\$ -	\$ 21,610
-	199,541	1,236,505
-	304,848	3,261,398
51,516	982,437	1,439,905
-	744,176	1,489,403
-	684,120	684,120
-	119,185	1,007,618
-	-	50,537
-	-	898,540
-	332,761	402,115
40,236	276,563	376,314
<u>1,489,476</u>	<u>635,601</u>	<u>6,885,360</u>
<u>\$ 1,581,228</u>	<u>\$ 4,279,232</u>	<u>\$ 17,753,425</u>
<u>\$ 701,192</u>	<u>\$ (110,771)</u>	<u>\$ (1,334,629)</u>
\$ -	\$ 10	\$ 10,010
-	1,326,205	1,983,217
<u>(1,482,977)</u>	<u>(1,082,628)</u>	<u>(3,598,172)</u>
<u>\$ (1,482,977)</u>	<u>\$ 243,587</u>	<u>\$ (1,604,945)</u>
\$ (781,785)	\$ 132,816	\$ (2,939,574)
<u>781,785</u>	<u>3,947,239</u>	<u>9,203,565</u>
<u>\$ -</u>	<u>\$ 4,080,055</u>	<u>\$ 6,263,991</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
Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$ (2,939,574)

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	\$ 6,721,109	
Equity transfer	(3,301,077)	
Depreciation expense	<u>(1,149,257)</u>	2,270,775

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. 402,115

Governmental funds report internal service funds with the proprietary funds whereas in the government-wide statements internal service funds are included as a governmental fund. Thus the change in net assets of the internal services funds are a reconciling item. 423,573

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid. 3,064

Net OPEB obligations do not require the use of current financial resources and therefore are not reported as expenditures in government funds. (4,260,145)

Decrease in the liability for compensated absences is not reported in governmental funds. 55,953

Changes in net assets of governmental activities \$ (4,044,239)

**CITY OF ST. JOSEPH
PROPRIETARY FUNDS
Statement of Net Assets
June 30, 2010**

	Business - Type Activities -	
	Sewer Fund	Water Fund
Assets		
Current Assets:		
Cash and cash equivalents	\$ 439,528	\$ 1,989,007
Receivables	527,400	266,071
Due from other funds	-	-
Due from other governments	77,187	65,210
Prepaid expenses	-	-
Inventory	-	113,170
	\$ 1,044,115	\$ 2,433,458
Total Current Assets		
Noncurrent Assets:		
Land	\$ -	\$ -
Construction in process	748,519	3,927,598
Buildings and improvements	-	9,894,758
Infrastructure	-	-
Furniture and equipment	120,252	1,213,976
Utility systems	1,922,331	
Accumulated depreciation	(395,943)	(7,371,742)
	\$ 2,395,159	\$ 7,664,590
Total Noncurrent Assets		
TOTAL ASSETS	\$ 3,439,274	\$ 10,098,048
Liabilities		
Current Liabilities:		
Accounts payable	\$ 207,676	\$ 1,063,326
Retainages payable	-	320,957
Accrued liabilities	58	-
Due to other funds	2,616	15,401
Due to other governments	495,525	78,019
Net OPEB obligation - Note 7	18,605	822,847
Bonds, notes, and compensated absences due within one year	3,049	44,409
	\$ 727,529	\$ 2,344,959
Total Current Liabilities		
Noncurrent Liabilities:		
Due in more than one year	\$ 1,016	\$ 14,803
	\$ 1,016	\$ 14,803
Total Noncurrent Liabilities		
Total Liabilities	\$ 728,545	\$ 2,359,762
Net Assets		
Invested in capital assets, net of related debt	\$ 2,395,159	\$ 7,664,590
Restricted for employee benefits	-	-
Unrestricted	315,570	73,696
	\$ 2,710,729	\$ 7,738,286
TOTAL NET ASSETS		

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

Enterprise Funds

Enterprise Funds				Governmental
City Water	Ice Arena	Marina	Total	Activities
Fund	Fund	Fund	Enterprise	Internal Service
			Funds	Funds
\$ 1,132,864	\$ 101,374	\$ 210,039	\$ 3,872,812	\$ 1,643,202
166,811	-	-	960,282	3,388
-	-	-	-	49,106
676,558	-	-	818,955	-
-	-	-	-	18,000
-	-	18,462	131,632	63,076
<u>\$ 1,976,233</u>	<u>\$ 101,374</u>	<u>\$ 228,501</u>	<u>\$ 5,783,681</u>	<u>\$ 1,776,772</u>
\$ 827,081	\$ -	\$ 129,789	\$ 956,870	\$ -
2,959,102	-	1,010,807	8,646,026	-
-	2,352,982	360,959	12,608,699	-
-	-	1,688,401	1,688,401	-
-	18,839	172,554	1,525,621	3,709,113
4,640,347	-	(1,431,882)	6,562,678	-
(972,405)	-	-	(10,171,972)	(2,586,354)
<u>\$ 7,454,125</u>	<u>\$ 2,371,821</u>	<u>\$ 1,930,628</u>	<u>\$ 21,816,323</u>	<u>\$ 1,122,759</u>
<u>\$ 9,430,358</u>	<u>\$ 2,473,195</u>	<u>\$ 2,159,129</u>	<u>\$ 27,600,004</u>	<u>\$ 2,899,531</u>
\$ 104,077	\$ -	\$ -	\$ 1,375,079	\$ -
143,305	-	-	464,262	-
47	-	-	105	4,703
-	-	-	18,017	-
-	-	148	573,692	-
-	-	77,409	918,861	-
130,000	-	61,674	239,132	-
<u>\$ 377,429</u>	<u>\$ -</u>	<u>\$ 139,231</u>	<u>\$ 3,589,148</u>	<u>\$ 4,703</u>
<u>\$ 3,140,000</u>	<u>\$ -</u>	<u>\$ 342,678</u>	<u>\$ 3,498,497</u>	<u>\$ -</u>
<u>\$ 3,140,000</u>	<u>\$ -</u>	<u>\$ 342,678</u>	<u>\$ 3,498,497</u>	<u>\$ -</u>
<u>\$ 3,517,429</u>	<u>\$ -</u>	<u>\$ 481,909</u>	<u>\$ 7,087,645</u>	<u>\$ 4,703</u>
\$ 4,184,125	\$ 2,371,821	\$ 1,532,904	\$ 18,148,599	\$ 1,122,759
-	-	-	-	866,954
1,728,804	101,374	144,316	2,363,760	905,115
<u>\$ 5,912,929</u>	<u>\$ 2,473,195</u>	<u>\$ 1,677,220</u>	<u>\$ 20,512,359</u>	<u>\$ 2,894,828</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses, and
 Changes in Net Assets
 For the Year Ended June 30, 2010**

Business - Type Activities -

	Sewer Fund	Water Fund	City Water Fund
Operating Revenues:			
State revenue	\$ 45,155	\$ -	\$ 129,561
Federal revenue	154,000	1,914,908	546,997
Charges for services	1,429,022	3,548,657	-
Fines, fees, and forfeits	54,545	58,770	-
Fuel sales	-	-	-
Other	414	22,924	-
	\$ 1,683,136	\$ 5,545,259	\$ 676,558
Total Operating Revenues			
Operating Expenses:			
Water distribution system	\$ -	\$ 1,324,245	\$ -
Water plant operations	-	1,752,250	-
Water administration	-	903,045	-
Sewer	1,352,438	-	-
Marina	-	-	-
Operations	-	-	11,300
Depreciation	35,553	240,437	99,344
	\$ 1,387,991	\$ 4,219,977	\$ 110,644
Total Operating Expenses			
Operating Income	\$ 295,145	\$ 1,325,282	\$ 565,914
Nonoperating Revenues (Expenses):			
Interest income	\$ 996	\$ 4,907	\$ -
Interest expense	-	-	-
Gain (loss) on disposition of assets	-	-	-
	\$ 996	\$ 4,907	\$ -
Total Nonoperating Revenues (Expenses)			
Income Before Transfers	\$ 296,141	\$ 1,330,189	\$ 565,914
Operating transfers in	\$ 186,576	\$ -	\$ 5,109,290
Operating transfers out	(15,000)	(3,767,285)	-
	\$ 171,576	\$ (3,767,285)	\$ 5,109,290
Total Transfers			
Change in Net Assets	\$ 467,717	\$ (2,437,096)	\$ 5,675,204
Total Net Assets - Beginning of Year	2,115,854	10,424,877	-
Equity transfers - governmental funds	-	(609,073)	609,073
Equity transfers - proprietary funds	127,158	359,578	(371,348)
	\$ 2,710,729	\$ 7,738,286	\$ 5,912,929
TOTAL NET ASSETS - END OF YEAR			

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

Enterprise Funds

Enterprise Funds			Governmental
Ice Arena	Marina	Total	Activities
Fund	Fund	Enterprise	Internal Service
		Funds	Funds
\$ -	\$ -	\$ 174,716	\$ -
-	-	2,615,905	-
-	385,547	5,363,226	864,662
-	-	113,315	-
-	137,793	137,793	-
-	321	23,659	2,407,952
<u>\$ -</u>	<u>\$ 523,661</u>	<u>\$ 8,428,614</u>	<u>\$ 3,272,614</u>
\$ -	\$ -	\$ 1,324,245	\$ -
-	-	1,752,250	-
-	-	903,045	-
-	-	1,352,438	-
-	458,021	458,021	-
-	-	11,300	2,643,136
-	30,783	406,117	194,169
<u>\$ -</u>	<u>\$ 488,804</u>	<u>\$ 6,207,416</u>	<u>\$ 2,837,305</u>
<u>\$ -</u>	<u>\$ 34,857</u>	<u>\$ 2,221,198</u>	<u>\$ 435,309</u>
\$ -	\$ 1,131	\$ 7,034	\$ 3,313
-	(5,984)	(5,984)	-
-	-	-	(15,049)
<u>\$ -</u>	<u>\$ (4,853)</u>	<u>\$ 1,050</u>	<u>\$ (11,736)</u>
<u>\$ -</u>	<u>\$ 30,004</u>	<u>\$ 2,222,248</u>	<u>\$ 423,573</u>
\$ 101,374	\$ -	\$ 5,397,240	-
-	-	(3,782,285)	-
<u>\$ 101,374</u>	<u>\$ -</u>	<u>\$ 1,614,955</u>	<u>\$ -</u>
\$ 101,374	\$ 30,004	\$ 3,837,203	\$ 423,573
-	1,647,216	14,187,947	2,471,255
-	-	-	-
<u>2,371,821</u>	<u>-</u>	<u>2,487,209</u>	<u>-</u>
<u>\$ 2,473,195</u>	<u>\$ 1,677,220</u>	<u>\$ 20,512,359</u>	<u>\$ 2,894,828</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows
 For the Year Ended June 30, 2010**

Business - Type Activities

	<u>Sewer Fund</u>	<u>Water Fund</u>
Cash Flows From Operating Activities:		
Cash receipts for interfund services provided	\$ -	\$ -
Cash receipts from customers	1,633,903	3,607,427
Other receipts	414	1,937,832
Receipts from other funds	-	(50,353)
Other payments	-	(9,780)
Payments to other governments	(4,761)	(4,933)
Payments to employees	(140,783)	(1,188,309)
Payments for interfund services provided	(170,521)	(736,221)
Payments to suppliers	<u>(946,915)</u>	<u>70,496</u>
Net cash provided by operating activities	<u>\$ 371,337</u>	<u>\$ 3,626,159</u>
Cash Flows From Noncapital Financing Activities:		
Transfer from other funds	\$ 186,576	\$ -
Transfer to other funds	<u>(15,000)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>\$ 171,576</u>	<u>\$ -</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	\$ (525,217)	\$ (3,000,852)
Proceeds from sale of capital assets	-	-
Proceeds from debt	-	-
Interest paid on capital debt	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (525,217)</u>	<u>\$ (3,000,852)</u>
Cash Flows From Investing Activities:		
Interest and dividends received	<u>\$ 996</u>	<u>\$ 4,907</u>
Net cash provided by investing activities	<u>\$ 996</u>	<u>\$ 4,907</u>
Net increase in cash and cash equivalents	\$ 18,692	\$ 630,214
Balances - Beginning of Year	<u>420,836</u>	<u>1,358,793</u>
BALANCES - END OF YEAR	<u>\$ 439,528</u>	<u>\$ 1,989,007</u>

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

Enterprise Funds

Enterprise Funds				Governmental
City Water	Ice Arena	Marina	Total	Activities
Fund	Fund	Fund	Enterprise	Internal Service
Funds	Funds	Funds	Funds	Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,833,245
-	-	523,661	5,764,991	13,324
-	-	-	1,938,246	390,197
-	-	-	(50,353)	-
-	-	(14,047)	(23,827)	(414)
-	-	-	(9,694)	-
-	-	(143,762)	(1,472,854)	(385,924)
-	-	-	(906,742)	(7,500)
<u>236,082</u>	<u>-</u>	<u>(217,892)</u>	<u>(858,229)</u>	<u>(2,248,421)</u>
<u>\$ 236,082</u>	<u>\$ -</u>	<u>\$ 147,960</u>	<u>\$ 4,381,538</u>	<u>\$ 594,507</u>
\$ 1,144,164	\$ 101,374	\$ -	\$ 1,432,114	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
<u>\$ 1,144,164</u>	<u>\$ 101,374</u>	<u>\$ -</u>	<u>\$ 1,417,114</u>	<u>\$ -</u>
\$ (247,382)	\$ -	\$ (1,079,241)	\$ (4,852,692)	\$ (558,539)
-	-	-	-	16,234
-	-	397,724	397,724	-
<u>-</u>	<u>-</u>	<u>(5,984)</u>	<u>(5,984)</u>	<u>-</u>
<u>\$ (247,382)</u>	<u>\$ -</u>	<u>\$ (687,501)</u>	<u>\$ (4,460,952)</u>	<u>\$ (542,305)</u>
\$ -	\$ -	\$ 1,131	\$ 7,034	\$ 3,313
<u>-</u>	<u>-</u>	<u>1,131</u>	<u>7,034</u>	<u>3,313</u>
\$ 1,132,864	\$ 101,374	\$ (538,410)	\$ 1,344,734	\$ 55,515
<u>-</u>	<u>-</u>	<u>748,449</u>	<u>2,528,078</u>	<u>1,587,687</u>
<u>\$ 1,132,864</u>	<u>\$ 101,374</u>	<u>\$ 210,039</u>	<u>\$ 3,872,812</u>	<u>\$ 1,643,202</u>

**CITY OF ST. JOSEPH
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows - Continued
 For the Year Ended June 30, 2010**

	Business - Type Activities -	
	Sewer Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 295,145	\$ 1,325,282
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Deprecation expense	\$ 35,553	\$ 240,437
(Increase) decrease in:		
Accounts receivable	(41,539)	(18,494)
Due from other funds	-	(16,914)
Due from other governments	(7,280)	-
Inventory	682	6,541
Increase (decrease) in:		
Accounts payable	109,400	999,540
Retainages payable	-	320,957
Accrued liabilities	446	-
Compensated absences	-	(15,665)
Net OPEB obligations	18,605	822,847
Due to other funds	(560)	(33,439)
Due to other governments	(39,115)	(4,933)
Total Adjustments	\$ 76,192	\$ 2,300,877
Net cash provided by operating activities	\$ 371,337	\$ 3,626,159

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

<u>Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
<u>City Water Fund</u>	<u>Ice Arena Fund</u>	<u>Marina Fund</u>	<u>Total Enterprise Funds</u>	
\$ 565,914	\$ -	\$ 34,857	\$ 2,221,198	\$ 435,309
\$ 99,344	\$ -	\$ 30,783	\$ 406,117	\$ 194,169
-	-	-	(60,033)	(3,355)
-	-	-	(16,914)	11,561
(676,558)	-	-	(683,838)	-
-	-	1,257	8,480	(28,822)
104,077	-	-	1,213,017	-
143,305	-	-	464,262	-
-	-	-	446	877
-	-	6,628	(9,037)	-
-	-	77,409	918,861	-
-	-	(2,900)	(36,899)	(15,232)
-	-	(74)	(44,122)	-
\$ (329,832)	\$ -	\$ 113,103	\$ 2,160,340	\$ 159,198
\$ 236,082	\$ -	\$ 147,960	\$ 4,381,538	\$ 594,507

**CITY OF ST. JOSEPH
FIDUCIARY FUNDS
Statement of Net Assets
June 30, 2010**

	Pension and Other Employee <u>Benefits</u>	Agency <u>Funds</u>
Assets		
Cash and cash equivalents	\$ 184,464	\$ 3,108
Receivables:		
Interest receivable	\$ 151,678	\$ -
Due from other funds	<u>8,129</u>	<u>-</u>
Total Receivables	\$ 159,807	\$ -
Investments at fair value:		
Stock	\$ 26,117,707	\$ -
Bonds	9,323,601	-
Government obligations	8,243,711	-
Other	<u>1,091,989</u>	<u>-</u>
Total Investments	\$ 44,777,008	\$ -
Total Assets	\$ 45,121,279	\$ 3,108
Liabilities		
Accounts payable	\$ -	\$ 57
Due to employees	3,146	-
Due to other funds	5,006	3,051
Other	<u>-</u>	<u>-</u>
Total Liabilities	\$ 8,152	\$ 3,108
Net Assets		
Held in trust for pension benefits and other purposes	\$ 45,113,127	\$ -

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

**CITY OF ST. JOSEPH
FIDUCIARY FUNDS
Statement of Changes in Net Assets
For the Year Ended June 30, 2010**

	Pension and Other Employee <u>Benefits</u>
Additions	
Contributions:	
Plan members	\$ 310,634
Employer	<u>114,073</u>
Total Contributions	<u>\$ 424,707</u>
Investment Earnings:	
Interest and dividends	\$ 1,459,464
Net increase, FMV investments	3,411,897
Miscellaneous	<u>39,660</u>
Total Investment Earnings	\$ 4,911,021
Less investment expense	<u>(190,183)</u>
Net Investment Earnings	<u>\$ 4,720,838</u>
Total Additions	<u>\$ 5,145,545</u>
Deductions	
Benefits	2,074,610
Refunds of contributions	2,824
Administrative expense	<u>85,063</u>
Total Deductions	<u>\$ 2,162,497</u>
Income (Loss)	<u>\$ 2,983,048</u>
Change in Net Assets	\$ 2,983,048
Net Assets - Beginning of Year	<u>42,130,079</u>
NET ASSETS - END OF YEAR	<u><u>\$ 45,113,127</u></u>

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

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting methods and procedures adopted by City of St. Joseph, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GABS) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the City's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

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

Southwest Michigan Regional Airport Authority and Benton Harbor - St. Joseph Joint Wastewater Treatment Board. These potential component units are disclosed as joint ventures because the City; (1) selects governing authority, (2) may be responsible for future fund deficits, and (3) may have to provide subsidies. See Note 3 for further information on the joint ventures.

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
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

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, 2010.

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 unit 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 in separate columns on 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.

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

Property taxes, franchise fees, licenses and interest income 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 **Bluffside Project Fund** accounts for financial resources to be used for the construction and administration of the bluffside project.

The **Special Projects Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The **Water/Sewer Capital Projects Fund** accounts for financial resources to be used for capital improvements to the water and sewer distribution and collection systems within the City limits.

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

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

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

The **City Water Fund** accounts for the activities related non-system wide water and system maintenance.

The **Ice Arena Fund** accounts for the operations of the ice arena. After the ice arena was closed for the season, the Arena's assets and operations were transferred from the governmental funds to a separate enterprise fund.

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

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budgets and Budgetary Accounting

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

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

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

E. Encumbrances

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

F. Receivables

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

G. Inventories and Prepaid Items

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

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

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Capital Assets

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

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

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

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

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

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

I. Long-Term Liabilities

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

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

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. 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.

K. 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.

L. Deferred Revenue

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

M. 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.

CITY OF ST. JOSEPH
Notes to Financial Statements

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.

A. Cash

Cash and Short-Term Investments - Based on Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) the City is authorized to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. Following that Attorney General opinion, the City restricts its deposits to state or nationally chartered banks or state or federally chartered savings and loan associations, savings banks, or credit unions whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States. The City's deposits are in accordance with statutory authority at June 30, 2010.

Custodial Credit Risk - The City is authorized to invest in prequalifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the City will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. At June 30, 2010, the carrying amount of the City's deposits was \$10,785,914. The combined bank balance of these deposits was \$10,991,857 of which \$10,741,857 was uninsured and uncollateralized.

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

	<u>Carrying Amount</u>			
	<u>Primary</u>	<u>Component</u>	<u>Fiduciary</u>	
	<u>Government</u>	<u>Unit</u>	<u>Funds</u>	<u>Total</u>
Bank deposits	\$ 10,540,939	\$ 55,753	\$ 187,572	\$ 10,784,264
Imprest cash	<u>1,650</u>	<u>-</u>	<u>-</u>	<u>1,650</u>
 Total Deposits	 <u>\$ 10,542,589</u>	 <u>\$ 55,753</u>	 <u>\$ 187,572</u>	 <u>\$ 10,785,914</u>
 Cash and cash equivalents as reported in statements	 <u>\$ 10,542,589</u>	 <u>\$ 55,753</u>	 <u>\$ 187,572</u>	 <u>\$ 10,785,914</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS - Continued

B. Investments

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

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

	<u>Market Value</u>
Primary Government	
Cash and equivalents	\$ 522,622
Certificated of deposits	<u>650,000</u>
Total Primary Government	<u>\$ 1,172,622</u>
Fiduciary Funds	
T - bonds	\$ 8,243,711
Corporate bonds	9,323,601
Common stock	26,117,707
Other	<u>1,091,989</u>
Total Fiduciary Funds	<u>\$ 44,777,008</u>
Total Reporting Entity	<u>\$ 45,949,630</u>

NOTE 3 - JOINT VENTURES

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.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 3 - JOINT VENTURES - Continued

Southwest Michigan Regional Airport Authority - Continued

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

In accordance with Statement on Michigan Governmental Accounting and Auditing No. 5, the financial statements of the Southwest Michigan Regional Airport Authority are not included within the body of the financial statements of the City of St. Joseph. Financial statements are available from the Southwest Michigan Regional Airport Authority. The following is audited summary financial information on the Southwest Michigan Regional Airport Authority as of and for the year June 30, 2009, with a report thereto dated July 20, 2010.

Assets	\$ 2,739,761	Operating revenues	\$1,511,636
Liabilities	320,998	Operating expenses	1,385,632
Equity	2,418,763	Nonoperating income	52,664
		Net income	178,668

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 eight appointed members and the City Managers of Benton Harbor and St. Joseph. Three members are appointed by Benton Harbor, three 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, 2010, with a report thereto dated August 30, 2010.

Assets	\$ 24,257,535	Operating revenues	\$4,225,151
Liabilities	520,313	Operating expenses	3,525,821
Net assets	23,737,222	Nonoperating revenues	101,964
		Net earnings	801,294

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2010 were as follows:

	<u>Balance July 1, 2009</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental Activities					
Land	\$ 12,088,355	\$ (218,008)	\$ -	\$ -	\$ 11,870,347
Buildings and Improvements	\$ 14,251,366	\$ (2,916,409)	\$ 103,016	\$ -	\$ 11,437,973
Infrastructure	21,142,163	113,679	-	-	21,255,842
Books	1,113,491	-	41,179	(49,178)	1,105,492
Furniture and Equipment	5,725,349	(78,364)	639,719	(84,277)	6,202,427
Land Improvements	235,190	27,479	94,929	-	357,598
Subtotal	\$ 42,467,559	\$ (2,853,615)	\$ 878,843	\$ (133,455)	\$ 40,359,332
Less: Accumulated Depreciation	(15,456,030)	622,952	(1,343,425)	102,172	(16,074,331)
Subtotal	\$ 27,011,529	\$ (2,230,663)	\$ (464,582)	\$ (31,283)	\$ 24,285,001
Construction in Progress	8,526,846	(3,339,614)	6,400,805	-	11,588,037
Total Capital Assets Other Than Land	\$ 35,538,375	\$ (5,570,277)	\$ 5,936,223	\$ (31,283)	\$ 35,873,038
Business Activities					
Land	\$ 613,862	\$ 218,008	\$ 125,000	\$ -	\$ 956,870
Buildings and Improvements	\$ 11,919,584	\$ 664,581	\$ 24,535	\$ -	\$ 12,608,700
Infrastructure	-	1,688,401	-	-	1,688,401
Furniture and Equipment	1,475,722	18,839	31,060	-	1,525,621
Utility Systems	6,562,677	-	-	-	6,562,677
Subtotal	\$ 19,957,983	\$ 2,371,821	\$ 55,595	\$ -	\$ 22,385,399
Less: Accumulated Depreciation	(9,765,855)	-	(406,117)	-	(10,171,972)
Subtotal	\$ 10,192,128	\$ 2,371,821	\$ (350,522)	\$ -	\$ 12,213,427
Construction in Progress	775,474	3,198,456	4,672,096	-	8,646,026
Total Capital Assets Other Than Land	\$ 10,967,602	\$ 5,570,277	\$ 4,321,574	\$ -	\$ 20,859,453

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 5 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended June 30, 2010:

	General Obligation Bonds	Notes Payable	Compensated Absences
As of July 1, 2009	\$ 6,674,290	\$ 1,906,627	\$ 509,905
Additions	3,270,000	397,724	5,606
(Reductions)	<u>(280,000)</u>	<u>(122,115)</u>	<u>(70,150)</u>
As of June 30, 2010	<u>\$ 9,664,290</u>	<u>\$ 2,182,236</u>	<u>\$ 445,361</u>

Long-term debt at June 30, 2010 is comprised of the following individual issues:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental Activities					
\$4,300,000 2002 Improvement and Refunding Bonds due in annual installments of \$100,000 to \$375,000 through May 1, 2027; interest from 4.375% to 5.10% - Debt Service Fund	\$ 3,835,000	\$ -	\$ 95,000	\$ 3,740,000	\$ 100,000
\$2,040,000 2003 State Revolving Fund Bonds due in annual installments of \$61,525 to \$120,000 through October 1, 2023; interest at 2.50% - Debt Service Fund	1,426,525	-	90,000	1,336,525	95,000
\$2,015,205 2004 State Revolving Fund Bonds due in annual installments of \$95,000 to \$125,000 through April 1, 2024; interest at 2.125% - Debt Service Fund	1,650,205	-	95,000	1,555,205	95,000

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities - Continued					
\$250,000 interest-free loan from Berrien County Revolving Loan Fund due in annual installments of \$25,000 beginning on January 1, 2011, through January 1, 2020 - Capital Improvement Fund	250,000	-	-	250,000	25,000
\$220,000 Michigan Department of Environmental Quality note due in annual installments \$52,761 through December 11, 2009; interest of \$20,308 due at maturity - Brownfield Fund	52,761	-	52,761	-	-
\$1,400,000 2008 Bluffside Installment Loan due in semi-annual installments of \$35,813 to \$62,660 through August 8, 2024; interest at 4.350% - General Fund	<u>1,366,426</u>	<u>-</u>	<u>69,354</u>	<u>1,297,072</u>	<u>72,405</u>
Total Bonds and Notes Payable	\$ 8,580,917	\$ -	\$ 402,115	\$ 8,178,802	\$ 387,405
Compensated Absences	<u>431,409</u>	<u>-</u>	<u>55,953</u>	<u>375,456</u>	<u>281,592</u>
Total Primary Government	<u>\$ 9,012,326</u>	<u>\$ -</u>	<u>\$ 458,068</u>	<u>\$ 8,554,258</u>	<u>\$ 668,997</u>

Business Activities

\$272,724 2010 Marina Improvement Installment Loan due in semi-annual installments of \$28,045 to \$32,574 through November 1, 2015; interest at 3.74%	\$ -	\$ 272,724	\$ -	\$ 272,724	\$ 56,703
\$125,000 interest-free loan from Whirlpool Corporation in annual installments of \$13,888 through \$13,889 beginning on December 31, 2012, through December 31, 2020	-	125,000	-	125,000	-

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Business Activities - Continued					
\$3,270,000 2008 capital improvement bond due in annual installments of \$130,000 to \$205,000 through April 1, 2030; interest at 2.50% - Capital Improvement Fund	-	<u>3,270,000</u>	-	<u>3,270,000</u>	<u>130,000</u>
Total Bonds and Notes Payable	\$ -	\$ <u>3,667,724</u>	\$ -	\$ <u>3,667,724</u>	\$ <u>186,703</u>
Compensated Absences - Water Fund, Sewer Fund, Marina Fund	<u>78,496</u>	<u>5,606</u>	<u>14,197</u>	<u>69,905</u>	<u>52,429</u>
Total Business Activities	<u>\$ 78,496</u>	<u>\$ 3,673,330</u>	<u>\$ 14,197</u>	<u>\$ 3,737,629</u>	<u>\$ 239,132</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>
2011	\$ 387,405	\$ 303,297	\$ 186,703	\$ 91,566
2012	410,589	291,444	202,743	86,166
2013	423,913	278,590	210,015	80,644
2014	447,382	264,933	217,356	74,928
2015	466,005	250,504	186,463	68,999
2016-2020	2,690,189	995,819	829,444	-
2021-2025	2,623,319	482,322	860,000	-
2026-2030	<u>730,000</u>	<u>56,355</u>	<u>975,000</u>	-
Total	<u>\$ 8,178,802</u>	<u>\$ 2,923,264</u>	<u>\$ 3,667,724</u>	<u>\$ 402,303</u>

NOTE 6 - 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.

CITY OF ST. JOSEPH
Notes to Financial Statements

B. Basis of Accounting

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

C. Method Used to Value Investments

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

D. Contributions

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

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

The City makes periodic contributions to the pension plan based upon recommendations of the actuary and the board of trustees of the retirement system with approval by the City Commission.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

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

B. Funding Policy

The contribution requirement of plan members and the City are established and may be amended by the City commission. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2010, the City made payments for postemployment health benefit premiums of \$129,996 computed as follows:

Annual required contribution	\$ 403,248
Retired employees' contribution of current premiums	<u>(273,252)</u>
City paid portion of retired employees' healthcare benefits	<u>\$ 129,996</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Transfer In:		Transfer Out:	
<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
Library Fund	\$ 24,800	Library Endowment	\$ 24,800
Library Capital Improvement	24,800	Library Fund	24,800
Ice Arena Fund	101,374	Public Improvement	225,819
Special Projects	647,543	General Fund	973,098
Street Improvement	207,300	Special Projects	59,469
Bluffside Project Fund	9,469	Street Improvement	586,309
Sewer Fund	186,576	Water/Sewer Capital Projects	1,482,977
Major Streets	540,705	Major Streets	220,900
Local Streets	528,600	Sewer Fund	15,000
City Water	<u>5,109,290</u>	Water fund	<u>3,767,285</u>
 Total:	 <u>\$ 7,380,457</u>	 Total:	 <u>\$7,380,457</u>

The composition of interfund balances as of June 30, 2010, is as follows:

Due To:		Due From:	
<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
Library Endowment	\$ 62,426	Library Capital Improvement	\$ 62,426
Motor Pool	49,106	General Fund	16,089
General Fund	8,057	Major Street	4,413
Justice Training	1,778	Local Street	20,219
Employees' Retirement Plan	8,129	Cemetery	600
Local Streets	<u>725</u>	Building Inspection	400
		Sewer Fund	2,616
		Water Fund	15,401
		Treasurer's Tax Fund	2,868
		Flex Spending	5,006
		Imprest Payroll Fund	<u>183</u>
 Total:	 <u>\$ 130,221</u>	 Total:	 <u>\$ 130,221</u>

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

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

Total interfund receivables	\$ 130,221
Internal Service Funds (Self Insurance, Employee Health Care and Motor pool)	(49,106)
Pension Funds (Employees' Retirement and Flex Spending)	<u>(8,129)</u>
	<u>\$ 72,986</u>

Total governmental funds "due from other funds"

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

Total interfund payables	\$ 130,221
Agency Funds (Treasurer's Tax, Imprest Payroll, and Flex Spending)	(8,057)
Enterprise Funds (Water, Sewer, City Water, Ice Arena and Marina)	<u>(18,017)</u>
	<u>\$ 104,147</u>

Total governmental funds "due to other funds"

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 - RISK MANAGEMENT

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

NOTE 11 - 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 12 - FUND BALANCE DEFICITS

The City has incurred a deficit of \$52,383 in the Library Capital Improvement Fund, primarily due to expenditures that exceeded realized pledged contributions to the 2000 building renovation project. In 2002, the Michigan Department of Treasury approved the City's deficit reduction plan to eliminate the original deficit of \$257,180.

CITY OF ST. JOSEPH
Notes to Financial Statements

NOTE 13 - 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 14 - RELATED PARTY TRANSACTIONS

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

Commissioner Michael Garey owns and operates Garey Roofing, Inc. which provides roofing services to the City of St. Joseph as needed. During the year, the City of St. Joseph paid Garey Roofing, Inc. \$77,440. Commissioner Garey abstained from approving Garey Roofing, Inc's contract.

NOTE 15 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures over Budgets

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

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
General Fund:			
Health and Welfare	\$ 50,500	\$ 50,537	\$ (37)
Debt service:			
Interest	58,700	59,515	(815)

NOTE 16 - COMMITMENTS

Construction was in process as of June 30, 2010 on several projects. Information relating to commitments for these projects is summarized below:

<u>Project</u>	<u>Total Budget</u>	<u>Remaining Commitment June 30, 2010</u>
Hilltop Sidewalk Project	\$ 191,600	\$ 188,311
Broad Street	350,900	68,760
Park Street	326,200	5,727
State Street	1,190,000	1,139,507
Kiwanis Park	207,428	150,000
Silver Beach	19,642,760	20,000
West Basin Marina	1,254,626	283,458
Michigan CSO	949,926	445,105
Water Intake	11,009,986	8,543,631
Water Process Improvement	2,155,000	1,942,718
WaterTower	3,200,000	86,931

**CITY OF ST. JOSEPH
EMPLOYEES' RETIREMENT FUND
Required Supplementary Information**

**Schedule of Funding Progress
(Dollar Amounts in Millions)**

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll (b) - (a) (c)
2002	48.3	34.4	(13.9)	140.4%	5.3	(262.3)%
2003	48.3	36.5	(11.8)	132.3%	5.5	(214.5)%
2004	48.5	38.2	(10.3)	127.0%	5.7	(180.7)%
2005	48.5	39.7	(8.8)	122.2%	5.6	(157.1)%
2006	49.3	42.3	(7.0)	116.5%	6.2	(112.9)%
2007	52.0	43.1	(8.9)	120.6%	6.1	(145.9)%
2008	51.6	46.4	(5.2)	111.2%	6.5	(80.0)%
2009	50.8	48.3	(2.5)	105.2%	6.2	(40.3)%

Fiscal Year Ended June 30,	Annual Recommended Contribution	Actual Contributions	Percent Contributed
2003	\$ -	\$ -	N/A
2004	-	-	N/A
2005	-	-	N/A
2006	7,446	6,728	90%
2007	76,587	218,661	286%
2008	87,981	223,575	254%
2009	52,588	117,024	223%
2010	119,969	114,073	95%
2011	575,951	unknown	

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

Valuation date	June 30, 2009
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Equivalent single amortization period	5.3 years
Assets valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases*	4.7-9.5%
Total payroll growth	4.50%
Population growth	0%
Cost-of-living adjustments	2.5% Compound

*Includes wage inflation at 4.5%

CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds

Special Revenue Funds

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

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

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

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

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

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

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.

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.

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.

Budget Stabilization Fund - This fund is used to account for revenues collected and monies expended for the purpose of stabilizing budgets in times of economic uncertainty.

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.

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.

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.

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

Debt Service Fund

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

Permanent Funds

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

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

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

Capital Project Fund

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

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

CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,261,768	\$ 353,260
Investments	517,655	-
Receivables	46,529	-
Due from other funds	2,503	-
Inventory	<u>42,552</u>	<u>-</u>
 Total Current Assets	 <u>\$ 2,871,007</u>	 <u>\$ 353,260</u>
 TOTAL ASSETS	 <u>\$ 2,871,007</u>	 <u>\$ 353,260</u>
 Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable	\$ 120	\$ -
Due to other funds	25,632	-
Deferred revenue	<u>22,610</u>	<u>-</u>
 Total Current Liabilities	 <u>\$ 48,362</u>	 <u>\$ -</u>
 Total Liabilities	 <u>\$ 48,362</u>	 <u>\$ -</u>
 Fund Balances:		
Reserved for:		
Restricted purposes	\$ 8,308	\$ -
Restricted for endowment	-	-
Restricted for inventory	42,552	-
Unreserved, reported in:		
Special Revenue	2,771,785	-
Debt Service	-	353,260
Capital Projects	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>\$ 2,822,645</u>	 <u>\$ 353,260</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 2,871,007</u>	 <u>\$ 353,260</u>

<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 244,107	\$ 10,043	\$ 2,869,178
650,000	-	1,167,655
-	-	46,529
62,426	-	64,929
-	-	42,552
<u>\$ 956,533</u>	<u>\$ 10,043</u>	<u>\$ 4,190,843</u>
<u>\$ 956,533</u>	<u>\$ 10,043</u>	<u>\$ 4,190,843</u>
\$ -	\$ -	\$ 120
-	62,426	88,058
-	-	22,610
<u>\$ -</u>	<u>\$ 62,426</u>	<u>\$ 110,788</u>
<u>\$ -</u>	<u>\$ 62,426</u>	<u>\$ 110,788</u>
\$ 469,859	\$ -	\$ 478,167
486,674	-	486,674
-	-	42,552
-	-	2,771,785
-	-	353,260
-	(52,383)	(52,383)
<u>\$ 956,533</u>	<u>\$ (52,383)</u>	<u>\$ 4,080,055</u>
<u>\$ 956,533</u>	<u>\$ 10,043</u>	<u>\$ 4,190,843</u>

CITY OF ST. JOSEPH
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:		
Taxes	\$ 1,554,488	\$ 584,640
Federal revenues	443,146	-
State revenues	566,874	-
Charges for services	217,316	-
Licenses and permits	263,926	-
Fines, fees, and forfeits	207,319	-
Contributions	222,659	-
Interest and rents	24,095	874
Other	<u>60,916</u>	<u>-</u>
Total Revenues	<u>\$ 3,560,739</u>	<u>\$ 585,514</u>
Expenditures:		
Current:		
General government	\$ 199,541	\$ -
Public safety	304,848	-
Public works	982,437	-
Recreation and culture	744,176	-
Sanitation	684,120	-
Community and economic development	119,185	-
Debt service:		
Principal	52,761	280,000
Interest	20,308	256,255
Capital outlay	<u>635,601</u>	<u>-</u>
Total Expenditures	<u>\$ 3,742,977</u>	<u>\$ 536,255</u>
Revenues Over (Under) Expenditures	<u>\$ (182,238)</u>	<u>\$ 49,259</u>
Other Financing Sources (Uses):		
Sale of fixed assets	\$ 10	\$ -
Operating transfers in	1,301,405	-
Operating transfers out	<u>(1,057,828)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 243,587</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 61,349	\$ 49,259
Fund Balances - Beginning of Year	<u>2,761,296</u>	<u>304,001</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,822,645</u>	<u>\$ 353,260</u>

<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 2,139,128
-	-	443,146
-	-	566,874
-	-	217,316
-	-	263,926
-	-	207,319
150	6,425	229,234
15,633	-	40,602
-	-	60,916
<u>15,783</u>	<u>6,425</u>	<u>4,168,461</u>
\$ -	\$ -	\$ 199,541
-	-	304,848
-	-	982,437
-	-	744,176
-	-	684,120
-	-	119,185
-	-	332,761
-	-	276,563
-	-	635,601
<u>-</u>	<u>-</u>	<u>4,279,232</u>
<u>15,783</u>	<u>6,425</u>	<u>(110,771)</u>
\$ -	\$ -	\$ 10
-	24,800	1,326,205
<u>(24,800)</u>	<u>-</u>	<u>(1,082,628)</u>
<u>(24,800)</u>	<u>24,800</u>	<u>243,587</u>
\$ (9,017)	\$ 31,225	\$ 132,816
<u>965,550</u>	<u>(83,608)</u>	<u>3,947,239</u>
<u>956,533</u>	<u>(52,383)</u>	<u>4,080,055</u>

**CITY OF ST. JOSEPH
NONMAJOR CAPITAL PROJECT FUNDS
Combining Balance Sheet
June 30, 2010**

	Library Capital Improvements
Assets	
Cash and cash equivalents	\$ <u>10,043</u>
TOTAL ASSETS	\$ <u>10,043</u>
Liabilities and Fund Balances	
Liabilities:	
Due to other funds	\$ <u>62,426</u>
Total Liabilities	\$ <u>62,426</u>
Fund Balances:	
Unreserved, reported in Capital Projects	\$ <u>(52,383)</u>
Total Fund Balances	\$ <u>(52,383)</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>10,043</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, 2010

	<u>Library Capital Improvements</u>
Revenues:	
Contributions	\$ <u>6,425</u>
 Other Financing Sources (Uses):	
Operating transfers in	\$ <u>24,800</u>
Total Other Financing Sources (Uses)	\$ <u>24,800</u>
Net Change in Fund Balances	\$ 31,225
Fund Balances - Beginning of Year	<u>(83,608)</u>
FUND BALANCES - END OF YEAR	<u>\$ (52,383)</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,976,500	\$ 4,937,200	\$ 4,954,193	\$ 16,993
Federal revenues	-	6,800	4,375	(2,425)
State revenues	962,800	839,700	844,933	5,233
Charges for services	1,065,400	1,160,900	1,201,651	40,751
Licenses and permits	3,100	2,900	5,236	2,336
Fines, fees, and forfeits	101,000	93,500	97,308	3,808
Interest	75,000	40,000	30,278	(9,722)
Other	28,000	286,600	291,531	4,931
	\$ 7,211,800	\$ 7,367,600	\$ 7,429,505	\$ 61,905
Expenditures:				
Current:				
Legislative	\$ 28,600	\$ 22,200	\$ 21,610	\$ 590
General government	1,040,300	1,121,300	1,036,964	84,336
Public safety	3,028,400	2,996,200	2,956,550	39,650
Public works	422,300	412,400	405,952	6,448
Recreation and cultural	1,020,200	792,900	745,227	47,673
Economic development	65,000	268,100	249,509	18,591
Health and welfare	50,600	50,500	50,537	(37)
Other	942,500	905,800	898,540	7,260
Debt service:				
Principal retirement	64,900	69,400	69,354	46
Interest	70,000	58,700	59,515	(815)
Capital Outlay	20,000	20,000	2,898	17,102
	\$ 6,752,800	\$ 6,717,500	\$ 6,496,656	\$ 220,844
Revenues Over (Under) Expenditures	\$ 459,000	\$ 650,100	\$ 932,849	\$ 282,749
Other Financing Sources (Uses):				
Sale of fixed assets	\$ 1,000	\$ 10,000	\$ 10,000	-
Proceeds from notes	-	-	-	-
Operating transfers out	(983,098)	(973,100)	(973,098)	2
	\$ (982,098)	\$ (963,100)	\$ (963,098)	\$ 2
Net Change in Fund Balances	\$ (523,098)	\$ (313,000)	\$ (30,249)	\$ 282,751
Fund Balances - Beginning of Year	1,640,715	1,640,715	1,640,715	-
FUND BALANCES - END OF YEAR	\$ 1,117,617	\$ 1,327,715	\$ 1,610,466	\$ 282,751

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Revenues - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes:			
General and industrial facilities		\$ 4,743,234	
Penalty and interest on taxes		32,131	
Administration		<u>178,828</u>	
Total Taxes	\$ 4,937,200	\$ <u>4,954,193</u>	\$ 16,993
Federal Revenue:			
Federal shared revenues	6,800	\$ <u>4,375</u>	(2,425)
State Revenues:			
State shared revenues		\$ 832,596	
Other		<u>12,337</u>	
Total State Revenues	839,700	\$ <u>844,933</u>	5,233
Charges for Services:			
Administration		\$ 773,800	
Fees		115,089	
Services rendered		9,031	
Use and admissions		<u>303,731</u>	
Total Charges for Services	1,160,900	\$ <u>1,201,651</u>	40,751
Licenses and Permits:			
Licenses	2,900	\$ <u>5,236</u>	2,336
Fines, Fees and Forfeits:			
District Court		\$ 41,476	
Parking fines		<u>55,832</u>	
Total Fines, Fees and Forfeits	93,500	\$ <u>97,308</u>	3,808
Interest and rents	40,000	\$ <u>30,278</u>	(9,722)
Other	<u>286,600</u>	\$ <u>291,531</u>	<u>4,931</u>
TOTAL REVENUES	<u>\$ 7,367,600</u>	<u>\$ 7,429,505</u>	<u>\$ 61,905</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Legislative:			
Commission:			
Salaries and wages		\$ 15,500	
Benefits and insurance		1,186	
Professional services		229	
Miscellaneous		<u>4,695</u>	
Total Legislative	<u>\$ 22,200</u>	<u>\$ 21,610</u>	<u>\$ 590</u>
General Government:			
City Manager:			
Salaries and wages		\$ 239,488	
Benefits and insurance		58,008	
Professional services		2,784	
Supplies		574	
Miscellaneous		<u>-</u>	
Total City Manager	<u>\$ 306,400</u>	<u>\$ 300,854</u>	<u>\$ 5,546</u>
Clerk:			
Salaries and wages		\$ 31,505	
Benefits and insurance		2,401	
Professional services		3,858	
Supplies		13,198	
Repairs and maintenance		2,320	
Rental expense		98	
Miscellaneous		<u>266</u>	
Total Clerk	69,000	<u>\$ 53,646</u>	15,354
Treasurer:			
Salaries and wages		\$ 157,937	
Benefits and insurance		36,016	
Professional services		34,173	
Supplies		8,987	
Repairs and maintenance		4,335	
Miscellaneous		<u>346</u>	
Total Treasurer	246,600	<u>\$ 241,794</u>	4,806

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government - Continued:			
City Assessor:			
Salaries and wages		\$ 55,230	
Benefits and insurance		9,942	
Professional services		296	
Supplies		1,822	
Repairs and maintenance		1,615	
Miscellaneous		<u>212</u>	
Total City Assessor	73,300	\$ <u>69,117</u>	4,183
Personnel:			
Salaries and wages		\$ 47,263	
Benefits and insurance		3,639	
Professional services		310	
Supplies		1,413	
Repairs and maintenance		1,850	
Miscellaneous		<u>7,962</u>	
Total Personnel	66,900	\$ <u>62,437</u>	4,463
City Hall:			
Salaries and wages		\$ 26,223	
Benefits and insurance		14,559	
Professional services		1,205	
Supplies		8,806	
Repairs and maintenance		37,079	
Utilities		47,078	
Rental expense		2,786	
Miscellaneous		<u>20</u>	
Total City Hall	183,100	\$ <u>137,756</u>	45,344
General Administration			
Professional services		\$ 54,934	
Supplies		28,561	
Repairs and maintenance		<u>5,691</u>	
Total Administration	91,500	\$ <u>89,186</u>	2,314

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government - Continued:			
City Attorney:			
Professional services		\$ 82,174	
Total City Attorney	<u>84,500</u>	<u>\$ 82,174</u>	<u>2,326</u>
Total General Government	<u>\$ 1,121,300</u>	<u>\$ 1,036,964</u>	<u>\$ 84,336</u>
Public Safety:			
Police:			
Salaries and wages		\$ 1,422,102	
Benefits and insurance		274,858	
Professional services		16,466	
Supplies		35,687	
Repairs and maintenance		15,744	
Rental expense		81,300	
Miscellaneous		<u>2,037</u>	
Total Police	<u>\$ 1,885,800</u>	<u>\$ 1,848,194</u>	<u>\$ 37,606</u>
Fire:			
Salaries and wages		\$ 817,779	
Benefits and insurance		191,729	
Professional services		13,089	
Supplies		38,448	
Repairs and maintenance		25,751	
Utilities		15,176	
Rental expense		3,600	
Capital outlay		1,429	
Miscellaneous		<u>1,355</u>	
Total Fire	<u>1,110,400</u>	<u>\$ 1,108,356</u>	<u>2,044</u>
Total Public Safety	<u>\$ 2,996,200</u>	<u>\$ 2,956,550</u>	<u>\$ 39,650</u>

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works			
Engineer:			
Salaries and wages		\$ 86,210	
Benefits and insurance		21,106	
Professional services		798	
Supplies		1,379	
Rental expense		2,400	
Miscellaneous		<u>983</u>	
Total Engineer	\$ 121,400	\$ <u>112,876</u>	\$ 8,524
Public Works - Other:			
Salaries and wages		\$ 90,732	
Benefits and insurance		21,616	
Professional services		4,870	
Supplies		3,966	
Repairs and maintenance		9,261	
Utilities		156,935	
Rental expense		4,800	
Miscellaneous		<u>896</u>	
Total Public Works - Other	<u>291,000</u>	\$ <u>293,076</u>	<u>(2,076)</u>
Total Public Works	\$ <u>412,400</u>	\$ <u>405,952</u>	\$ <u>6,448</u>
Recreation and Culture:			
Parks:			
Salaries and wages		\$ 279,696	
Benefits and insurance		63,548	
Professional services		23,585	
Supplies		57,441	
Repairs and maintenance		33,907	
Utilities		17,305	
Rental expense		87,990	
Miscellaneous		<u>523</u>	
Total Parks	\$ 597,400	\$ <u>563,995</u>	\$ 33,405

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recreation and Culture - Continued:			
City Recreation Program:			
Salaries and wages		\$ 20,348	
Benefits and insurance		1,557	
Supplies		<u>1,493</u>	
Total City Recreation Program	29,000	\$ <u>23,398</u>	5,602
Ice Arena:			
Salaries and wages		\$ 49,379	
Benefits and insurance		9,535	
Professional services		6,269	
Supplies		22,116	
Repairs and maintenance		30,776	
Utilities		38,672	
Rental expense		327	
Miscellaneous		<u>760</u>	
Total Ice Arena	<u>166,500</u>	\$ <u>157,834</u>	<u>8,666</u>
Total Recreation and Culture	<u>\$ 792,900</u>	<u>\$ 745,227</u>	<u>\$ 47,673</u>
Community and Economic Development:			
Economic development:			
Professional services	\$ 65,000	\$ <u>65,000</u>	\$ -
Communications:			
Salaries and wages		\$ 56,030	
Benefits and insurance		10,042	
Professional services		39,666	
Supplies		5,482	
Miscellaneous		<u>33</u>	
Total Communications	129,900	\$ <u>111,253</u>	18,647

**CITY OF ST. JOSEPH
GENERAL FUND
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Community and Economic Development - Continued:			
Community Activities:			
Benefits and insurance		\$ 825	
Professional services		44,313	
Rental expense		<u>28,118</u>	
Total Community Activities	<u>73,200</u>	<u>\$ 73,256</u>	<u>(56)</u>
Total Community and Economic Development	<u>\$ 268,100</u>	<u>\$ 249,509</u>	<u>\$ 18,591</u>
Health and Welfare:			
Ambulance:			
Professional services		<u>\$ 50,537</u>	
Total Health and Welfare	<u>\$ 50,500</u>	<u>\$ 50,537</u>	<u>\$ (37)</u>
Other:			
Insurance and bonds		\$ 125,840	
Employee Benefits		754,996	
Contingencies and miscellaneous expenditures		<u>17,704</u>	
Total Other	<u>\$ 905,800</u>	<u>\$ 898,540</u>	<u>\$ 7,260</u>
Debt Service:			
Principal retirement	\$ 69,400	\$ 69,354	
Interest expense	<u>58,700</u>	<u>59,515</u>	
Total Debt Service	<u>\$ 128,100</u>	<u>\$ 128,869</u>	<u>\$ (769)</u>
Capital Outlay	<u>\$ 20,000</u>	<u>\$ 2,898</u>	<u>\$ 17,102</u>
TOTAL EXPENDITURES	<u>\$ 6,717,500</u>	<u>\$ 6,496,656</u>	<u>\$ 220,844</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2010

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Street Improvement</u>	<u>Cemetery</u>	<u>Depot</u>
Assets					
Cash and cash equivalents	\$ 162,100	\$ 166,944	\$ 712,070	\$ 44,003	\$ 85,897
Investments	-	-	-	-	-
Receivables	27,931	11,362	-	541	-
Due from other funds	-	725	-	-	-
Inventory	-	<u>42,552</u>	-	-	-
TOTAL ASSETS	<u>\$ 190,031</u>	<u>\$ 221,583</u>	<u>\$ 712,070</u>	<u>\$ 44,544</u>	<u>\$ 85,897</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	4,413	20,219	-	600	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>\$ 4,413</u>	<u>\$ 20,219</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ -</u>
Fund Balances:					
Reserved for:					
Restricted purposes	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for inventory	-	42,552	-	-	-
Unreserved	<u>185,618</u>	<u>158,812</u>	<u>712,070</u>	<u>43,944</u>	<u>85,897</u>
Total Fund Balances	<u>\$ 185,618</u>	<u>\$ 201,364</u>	<u>\$ 712,070</u>	<u>\$ 43,944</u>	<u>\$ 85,897</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 190,031</u>	<u>\$ 221,583</u>	<u>\$ 712,070</u>	<u>\$ 44,544</u>	<u>\$ 85,897</u>

<u>Garbage and Rubbish Collection</u>	<u>Brownfield Authority</u>	<u>Public Improvement</u>	<u>Building Inspection</u>	<u>Budget Stabilization</u>	<u>Drug Forfeiture</u>
\$ 84,071	\$ 33,291	\$ -	\$ 189,880	\$ 482,345	\$ 8,771
-	-	-	-	517,655	-
-	-	-	6,695	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 84,071</u>	<u>\$ 33,291</u>	<u>\$ -</u>	<u>\$ 196,575</u>	<u>\$ 1,000,000</u>	<u>\$ 8,771</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	400	-	-
-	-	-	22,610	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,010</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>84,071</u>	<u>33,291</u>	<u>-</u>	<u>173,565</u>	<u>1,000,000</u>	<u>8,771</u>
<u>\$ 84,071</u>	<u>\$ 33,291</u>	<u>\$ -</u>	<u>\$ 173,565</u>	<u>\$ 1,000,000</u>	<u>\$ 8,771</u>
<u>\$ 84,071</u>	<u>\$ 33,291</u>	<u>\$ -</u>	<u>\$ 196,575</u>	<u>\$ 1,000,000</u>	<u>\$ 8,771</u>

**CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet - Continued
June 30, 2010**

	<u>Criminal Forfeiture</u>	<u>Band</u>	<u>Public Library</u>	<u>Justice Training</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 5,216	\$ 60,682	\$ 222,394	\$ 4,104	\$ 2,261,768
Investments	-	-	-	-	517,655
Receivables	-	-	-	-	46,529
Due from other funds	-	-	-	1,778	2,503
Inventory	-	-	-	-	42,552
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 5,216</u>	<u>\$ 60,682</u>	<u>\$ 222,394</u>	<u>\$ 5,882</u>	<u>\$ 2,871,007</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 120	\$ -	\$ 120
Due to other funds	-	-	-	-	25,632
Deferred revenue	-	-	-	-	22,610
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 48,362</u>
Fund Balances:					
Restricted purposes	\$ -	\$ -	\$ 444	\$ 7,864	\$ 8,308
Restricted for inventory	-	-	-	-	42,552
Unreserved	5,216	60,682	221,830	(1,982)	2,771,785
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>\$ 5,216</u>	<u>\$ 60,682</u>	<u>\$ 222,274</u>	<u>\$ 5,882</u>	<u>\$ 2,822,645</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,216</u>	<u>\$ 60,682</u>	<u>\$ 222,394</u>	<u>\$ 5,882</u>	<u>\$ 2,871,007</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
For the Year Ended June 30, 2010

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Street Improvement</u>	<u>Cemetery</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 411,993	\$ -
Federal revenue	-	-	443,146	-
State revenue	383,331	155,930	-	-
Charges for services	-	-	-	177,247
Licenses and permits	-	-	-	-
Fines and fees	-	-	-	-
Contributions	-	-	-	1,475
Interest and rents	610	426	429	251
Other	-	9,941	2,656	58
	<u>-</u>	<u>9,941</u>	<u>2,656</u>	<u>58</u>
Total Revenues	<u>\$ 383,941</u>	<u>\$ 166,297</u>	<u>\$ 858,224</u>	<u>\$ 179,031</u>
Expenditures:				
Salaries and wages	\$ 46,310	\$ 342,368	\$ -	\$ 115,236
Benefits and insurance	72,275	65,703	-	42,556
Professional services	15,295	16,524	-	673
Supplies	38,881	23,184	-	14,769
Repairs and maintenance	6,912	-	-	749
Utilities	12,410	-	-	8,536
Rental expense	104,027	228,599	-	7,200
Capital outlay	540,705	-	150	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Miscellaneous	8,421	1,528	-	1,100
	<u>8,421</u>	<u>1,528</u>	<u>-</u>	<u>1,100</u>
Total Expenditures	<u>\$ 845,236</u>	<u>\$ 677,906</u>	<u>\$ 150</u>	<u>\$ 190,819</u>
Revenues Over (Under) Expenditures	<u>\$ (461,295)</u>	<u>\$ (511,609)</u>	<u>\$ 858,074</u>	<u>\$ (11,788)</u>
Other Financing Sources (Uses):				
Sale of fixed assets	\$ -	\$ -	\$ -	\$ -
Operating transfers in	540,705	528,600	207,300	-
Operating transfers out	<u>(220,900)</u>	<u>-</u>	<u>(586,309)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 319,805</u>	<u>\$ 528,600</u>	<u>\$ (379,009)</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ (141,490)	\$ 16,991	\$ 479,065	\$ (11,788)
Fund Balances - Beginning of Year	<u>327,108</u>	<u>184,373</u>	<u>233,005</u>	<u>55,732</u>
FUND BALANCES - END OF YEAR	<u>\$ 185,618</u>	<u>\$ 201,364</u>	<u>\$ 712,070</u>	<u>\$ 43,944</u>

<u>Depot</u>	<u>Garbage and Rubbish Collection</u>	<u>Brownfield Authority</u>	<u>Public Improvement</u>	<u>Building Inspection</u>	<u>Budget Stabilization</u>	<u>Drug Forfeiture</u>
\$ -	\$ 720,997	\$ 38,372	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	2,489	-	-	33,930	-	-
-	-	-	-	263,926	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,973	101	280	848	415	-	25
-	-	-	-	9,119	-	1,097
<u>\$ 19,973</u>	<u>\$ 723,587</u>	<u>\$ 38,652</u>	<u>\$ 848</u>	<u>\$ 307,390</u>	<u>\$ -</u>	<u>\$ 1,122</u>
\$ -	\$ 72,483	\$ -	\$ -	\$ 231,944	\$ -	\$ -
-	30,243	-	-	78,471	-	-
6,872	453,884	191	-	84,562	-	-
-	2,628	-	2,599	3,413	-	120
1,322	-	-	-	-	-	-
403	-	-	-	-	-	-
-	124,184	-	-	5,714	-	-
-	-	-	-	-	-	-
-	-	52,761	-	-	-	-
-	-	20,308	-	-	-	-
125	698	97	-	7,500	-	2,115
<u>\$ 8,722</u>	<u>\$ 684,120</u>	<u>\$ 73,357</u>	<u>\$ 2,599</u>	<u>\$ 411,604</u>	<u>\$ -</u>	<u>\$ 2,235</u>
<u>\$ 11,251</u>	<u>\$ 39,467</u>	<u>\$ (34,705)</u>	<u>\$ (1,751)</u>	<u>\$ (104,214)</u>	<u>\$ -</u>	<u>\$ (1,113)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	(225,819)	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (225,819)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,251	\$ 39,467	\$ (34,705)	\$ (227,570)	\$ (104,214)	\$ -	\$ (1,113)
74,646	44,604	67,996	227,570	277,779	1,000,000	9,884
<u>\$ 85,897</u>	<u>\$ 84,071</u>	<u>\$ 33,291</u>	<u>\$ -</u>	<u>\$ 173,565</u>	<u>\$ 1,000,000</u>	<u>\$ 8,771</u>

CITY OF ST. JOSEPH
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
For the Year Ended June 30, 2010

	<u>Criminal Forfeiture</u>	<u>Band</u>	<u>Public Library</u>	<u>Justice Training</u>	<u>Total</u>
Revenues:					
Taxes	\$ -	\$ 102,981	\$ 280,145	\$ -	\$ 1,554,488
Federal revenue	-	-	-	-	443,146
State revenue	-	-	24,057	3,556	566,874
Charges for services	-	3,650	-	-	217,316
Licenses and permits	-	-	-	-	263,926
Fines and fees	-	-	207,319	-	207,319
Contributions	-	350	220,834	-	222,659
Interest and rents	5	91	616	25	24,095
Other	19,600	-	18,445	-	60,916
	<u>19,605</u>	<u>-</u>	<u>18,445</u>	<u>-</u>	<u>60,916</u>
Total Revenues	\$ 19,605	\$ 107,072	\$ 751,416	\$ 3,581	\$ 3,560,739
Expenditures:					
Salaries and wages	\$ -	\$ 12,034	\$ 391,780	\$ -	\$ 1,212,155
Benefits and insurance	-	1,420	66,507	-	357,175
Professional services	-	69,329	44,072	8,906	700,308
Supplies	-	3,129	39,602	-	128,325
Repairs and maintenance	-	340	34,128	-	43,451
Utilities	-	486	69,610	-	91,445
Rental expense	-	-	4,617	-	474,341
Capital outlay	15,055	-	79,691	-	635,601
Debt service:					
Principal	-	-	-	-	52,761
Interest	-	-	-	-	20,308
Miscellaneous	1,000	3,765	758	-	27,107
	<u>16,055</u>	<u>90,503</u>	<u>730,765</u>	<u>8,906</u>	<u>3,742,977</u>
Total Expenditures	\$ 16,055	\$ 90,503	\$ 730,765	\$ 8,906	\$ 3,742,977
Revenues Over (Under) Expenditures	\$ 3,550	\$ 16,569	\$ 20,651	\$ (5,325)	\$ (182,238)
Other Financing Sources (Uses):					
Sale of fixed assets	\$ -	\$ -	\$ 10	\$ -	\$ 10
Operating transfers in	-	-	24,800	-	1,301,405
Operating transfers out	-	-	(24,800)	-	(1,057,828)
	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>243,587</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 10	\$ -	\$ 243,587
Net Change in Fund Balances	\$ 3,550	\$ 16,569	\$ 20,661	\$ (5,325)	\$ 61,349
Fund Balances - Beginning of Year	1,666	44,113	201,613	11,207	2,761,296
FUND BALANCES - END OF YEAR	\$ 5,216	\$ 60,682	\$ 222,274	\$ 5,882	\$ 2,822,645

**CITY OF ST. JOSEPH
COMPONENT UNIT
Statement of Net Assets
June 30, 2010**

	Downtown Development Authority
Assets	
Cash and cash equivalents	\$ <u>55,753</u>
TOTAL ASSETS	\$ <u><u>55,753</u></u>
Net Assets	
Unrestricted	\$ <u>55,753</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>55,753</u></u>

**CITY OF ST. JOSEPH
COMPONENT UNIT
Statement of Revenues, Expenditures, and Changes
in Net Assets - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Downtown Development Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 49,400	\$ 49,429	\$ 29
Interest	200	143	(57)
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 49,600	\$ 49,572	\$ (28)
	<u> </u>	<u> </u>	<u> </u>
Expenditures:			
General government	\$ 48,500	\$ 45,381	\$ (3,119)
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 48,500	\$ 45,381	\$ (3,119)
	<u> </u>	<u> </u>	<u> </u>
Change in Net Assets	\$ 1,100	\$ 4,191	\$ 3,091
Total Net Assets - Beginning of Year	<u>51,562</u>	<u>51,562</u>	<u>-</u>
TOTAL NET ASSETS - END OF YEAR	<u><u>\$ 52,662</u></u>	<u><u>\$ 55,753</u></u>	<u><u>\$ 3,091</u></u>

CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Net Assets
June 30, 2010

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 682,043	\$ 794,771	\$ 166,388	\$ 1,643,202
Receivables	-	2,865	523	3,388
Due from other funds	-	49,106	-	49,106
Prepaid Expenses	-	-	18,000	18,000
Inventory	-	63,076	-	63,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 682,043	\$ 909,818	\$ 184,911	\$ 1,776,772
Noncurrent assets:				
Furniture and equipment	\$ -	\$ 3,709,113	\$ -	\$ 3,709,113
Accumulated depreciation	-	(2,586,354)	-	(2,586,354)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Noncurrent Assets	\$ -	\$ 1,122,759	\$ -	\$ 1,122,759
TOTAL ASSETS	<u>\$ 682,043</u>	<u>\$ 2,032,577</u>	<u>\$ 184,911</u>	<u>\$ 2,899,531</u>
Liabilities				
Current Liabilities:				
Accrued liabilities	\$ -	\$ 4,703	\$ -	\$ 4,703
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	\$ -	\$ 4,703	\$ -	\$ 4,703
Net Assets				
Invested in capital assets, net of related debt	\$ -	\$ 1,122,759	\$ -	\$ 1,122,759
Restricted for employee benefits	682,043	-	184,911	866,954
Unrestricted	-	905,115	-	905,115
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>\$ 682,043</u>	<u>\$ 2,027,874</u>	<u>\$ 184,911</u>	<u>\$ 2,894,828</u>

CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended June 30, 2010

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ -	\$ 864,662	\$ -	\$ 864,662
Other	<u>524,849</u>	<u>44,978</u>	<u>1,838,125</u>	<u>2,407,952</u>
 Total Operating Revenues	 <u>\$ 524,849</u>	 <u>\$ 909,640</u>	 <u>\$ 1,838,125</u>	 <u>\$ 3,272,614</u>
Operating Expenses:				
Salaries and wages	\$ 248,936	\$ 102,201	\$ -	\$ 351,137
Employment related costs	4,633	31,031	-	35,664
Depreciation	-	194,169	-	194,169
Administration expense	-	7,500	-	7,500
Supplies	-	286,740	-	286,740
Contractual services	3,202	2,133	17,684	23,019
Repairs and maintenance	-	58,996	-	58,996
Insurance	146,830	58,725	1,674,111	1,879,666
Miscellaneous	<u>-</u>	<u>414</u>	<u>-</u>	<u>414</u>
 Total Operating Expenses	 <u>\$ 403,601</u>	 <u>\$ 741,909</u>	 <u>\$ 1,691,795</u>	 <u>\$ 2,837,305</u>
 Operating Income	 <u>\$ 121,248</u>	 <u>\$ 167,731</u>	 <u>\$ 146,330</u>	 <u>\$ 435,309</u>
Nonoperating Revenues (Expenses):				
Interest income	\$ 1,009	\$ 1,837	\$ 467	\$ 3,313
Loss on disposition of assets	<u>-</u>	<u>(15,049)</u>	<u>-</u>	<u>(15,049)</u>
 Total Nonoperating Revenues (Expense)	 <u>\$ 1,009</u>	 <u>\$ (13,212)</u>	 <u>\$ 467</u>	 <u>\$ (11,736)</u>
 Change in Net Assets	 <u>\$ 122,257</u>	 <u>\$ 154,519</u>	 <u>\$ 146,797</u>	 <u>\$ 423,573</u>
 Total Net Assets - Beginning of Year	 <u>559,786</u>	 <u>1,873,355</u>	 <u>38,114</u>	 <u>2,471,255</u>
 TOTAL NET ASSETS - END OF YEAR	 <u><u>\$ 682,043</u></u>	 <u><u>\$ 2,027,874</u></u>	 <u><u>\$ 184,911</u></u>	 <u><u>\$ 2,894,828</u></u>

**CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2010**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Cash receipts for interfund services provided	\$ 520,856	\$ 869,430	\$ 1,442,959	\$ 2,833,245
Cash receipts from customers	-	13,324	-	13,324
Other receipts	-	-	390,197	390,197
Other payments	-	(414)	-	(414)
Payments to employees	(253,569)	(132,355)	-	(385,924)
Payments to interfund services provided	-	(7,500)	-	(7,500)
Payments to suppliers	<u>(150,032)</u>	<u>(406,594)</u>	<u>(1,691,795)</u>	<u>(2,248,421)</u>
Net cash provided by operating activities	<u>\$ 117,255</u>	<u>\$ 335,891</u>	<u>\$ 141,361</u>	<u>\$ 594,507</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	\$ -	\$ (558,539)	\$ -	\$ (558,539)
Proceeds from sale of capital assets	<u>-</u>	<u>16,234</u>	<u>-</u>	<u>16,234</u>
Net cash used by capital and related financing activities	<u>\$ -</u>	<u>\$ (542,305)</u>	<u>\$ -</u>	<u>\$ (542,305)</u>
Cash Flows From Investing Activities:				
Interest and dividends received	<u>\$ 1,009</u>	<u>\$ 1,837</u>	<u>\$ 467</u>	<u>\$ 3,313</u>
Net cash provided by investing activities	<u>\$ 1,009</u>	<u>\$ 1,837</u>	<u>\$ 467</u>	<u>\$ 3,313</u>
Net increase (decrease) in cash and cash equivalents	\$ 118,264	\$ (204,577)	\$ 141,828	\$ 55,515
Balances - Beginning of Year	<u>563,779</u>	<u>999,348</u>	<u>24,560</u>	<u>1,587,687</u>
BALANCES - END OF YEAR	<u>\$ 682,043</u>	<u>\$ 794,771</u>	<u>\$ 166,388</u>	<u>\$ 1,643,202</u>

**CITY OF ST. JOSEPH
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows - Continued
For the Year Ended June 30, 2010**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Healthcare</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 121,248	\$ 167,731	\$ 146,330	\$ 435,309
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	\$ -	\$ 194,169	\$ -	\$ 194,169
(Increase) decrease in:				
Accounts receivable	-	(2,832)	(523)	(3,355)
Due from other funds	-	7,568	3,993	11,561
Inventory	-	(28,822)	-	(28,822)
Increase (decrease) in:				
Accrued liabilities	-	877	-	877
Due to other funds	(3,993)	(2,800)	(8,439)	(15,232)
Total Adjustments	<u>\$ (3,993)</u>	<u>\$ 168,160</u>	<u>\$ (4,969)</u>	<u>\$ 159,198</u>
Net cash provided by operating activities	<u>\$ 117,255</u>	<u>\$ 335,891</u>	<u>\$ 141,361</u>	<u>\$ 594,507</u>

CITY OF ST. JOSEPH
PENSION AND OTHER EMPLOYEE BENEFITS FUNDS
Combining Statement of Net Assets
June 30, 2010

	Employees' Retirement Fund	Flex Spending Fund	Total
Assets			
Cash and cash equivalents	\$ 176,312	\$ 8,152	\$ 184,464
Receivables:			
Interest receivable	\$ 151,678	\$ -	\$ 151,678
Due from other funds	<u>8,129</u>	<u>-</u>	<u>8,129</u>
Total Receivables	<u>\$ 159,807</u>	<u>\$ -</u>	<u>\$ 159,807</u>
Investments, at fair value			
Stock	\$ 26,117,707	\$ -	\$ 26,117,707
Bonds	9,323,601	-	9,323,601
Governmental obligations	8,243,711	-	8,243,711
Other	<u>1,091,989</u>	<u>-</u>	<u>1,091,989</u>
Total Investments	<u>\$ 44,777,008</u>	<u>\$ -</u>	<u>\$ 44,777,008</u>
Total Assets	<u>\$ 45,113,127</u>	<u>\$ 8,152</u>	<u>\$ 45,121,279</u>
Liabilities			
Due to other funds	\$ -	\$ 5,006	\$ 5,006
Due to employees	<u>-</u>	<u>3,146</u>	<u>3,146</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 8,152</u>	<u>\$ 8,152</u>
Net Assets			
Held in trust for pension benefits and other purposes	<u>\$ 45,113,127</u>	<u>\$ -</u>	<u>\$ 45,113,127</u>

CITY OF ST. JOSEPH
PENSION AND OTHER EMPLOYEE BENEFITS FUNDS
Combining Statement of Changes in Net Assets
June 30, 2010

	Employees' Retirement Fund	Flex Spending Fund	Total
Additions:			
Contributions:			
Plan members	\$ 310,634	\$ -	\$ 310,634
Employer	<u>114,073</u>	<u>-</u>	<u>114,073</u>
Total Contributions	<u>\$ 424,707</u>	<u>\$ -</u>	<u>\$ 424,707</u>
Investments Earnings:			
Interest & dividends	\$ 1,459,333	\$ 131	\$ 1,459,464
Net increase, FMV investments	3,411,897	-	3,411,897
Miscellaneous	<u>39,660</u>	<u>-</u>	<u>39,660</u>
Total Investments Earnings	<u>\$ 4,910,890</u>	<u>\$ 131</u>	<u>\$ 4,911,021</u>
Less: investment expenses	<u>(190,183)</u>	<u>-</u>	<u>(190,183)</u>
Net Investment Earnings	<u>\$ 4,720,707</u>	<u>\$ 131</u>	<u>\$ 4,720,838</u>
Total Additions	<u>\$ 5,145,414</u>	<u>\$ 131</u>	<u>\$ 5,145,545</u>
Deductions:			
Benefits	\$ 2,074,610	\$ -	\$ 2,074,610
Refund of contributions	2,824	-	2,824
Administrative expense	<u>85,063</u>	<u>-</u>	<u>85,063</u>
Total Deductions	<u>\$ 2,162,497</u>	<u>\$ -</u>	<u>\$ 2,162,497</u>
Change in Net Assets	\$ 2,982,917	\$ 131	\$ 2,983,048
Net Asset - Beginning of Year	<u>42,130,210</u>	<u>(131)</u>	<u>42,130,079</u>
NET ASSETS - END OF YEAR	<u><u>\$ 45,113,127</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 45,113,127</u></u>

CITY OF ST. JOSEPH
AGENCY FUNDS
Combining Statement of Net Assets
June 30, 2010

	Treasurer's Tax Fund	Imprest Payroll Fund	Trust and Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 2,868	\$ 183	\$ 57	\$ 3,108
TOTAL ASSETS	<u>\$ 2,868</u>	<u>\$ 183</u>	<u>\$ 57</u>	<u>\$ 3,108</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 57	\$ 57
Due to other funds	<u>2,868</u>	<u>183</u>	<u>-</u>	<u>3,051</u>
TOTAL LIABILITIES	<u>\$ 2,868</u>	<u>\$ 183</u>	<u>\$ 57</u>	<u>\$ 3,108</u>

**CITY OF ST. JOSEPH
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2010**

Treasurer's Tax Fund:	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets				
Cash and cash equivalents	\$ 7,659	\$ -	\$ 4,791	\$ 2,868
TOTAL ASSETS	<u>\$ 7,659</u>	<u>\$ -</u>	<u>\$ 4,791</u>	<u>\$ 2,868</u>
Liabilities				
Undistributed taxes	\$ 30	\$ -	\$ 30	\$ -
Due to other funds	<u>7,629</u>	<u>-</u>	<u>4,761</u>	<u>2,868</u>
TOTAL LIABILITIES	<u>\$ 7,659</u>	<u>\$ -</u>	<u>\$ 4,791</u>	<u>\$ 2,868</u>
 Imprest Payroll Fund:				
	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets				
Cash and cash equivalents	\$ 721	\$ -	\$ 538	\$ 183
TOTAL ASSETS	<u>\$ 721</u>	<u>\$ -</u>	<u>\$ 538</u>	<u>\$ 183</u>
Liabilities				
Due to other funds	\$ 721	\$ -	\$ 538	\$ 183
TOTAL LIABILITIES	<u>\$ 721</u>	<u>\$ -</u>	<u>\$ 538</u>	<u>\$ 183</u>
 Trust and Agency Fund:				
	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets				
Cash and cash equivalents	\$ 102	\$ -	\$ 45	\$ 57
Undistributed receipts	<u>120</u>	<u>-</u>	<u>120</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 57</u>
Liabilities				
Accounts payable	\$ 222	\$ -	\$ 165	\$ 57
TOTAL LIABILITIES	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 57</u>

**CITY OF ST. JOSEPH
PERMANENT FUNDS
Combining Balance Sheet
June 30, 2010**

	Cemetery Perpetual <u>Care</u>	Library Endowment	<u>Total</u>
Assets			
Cash	\$ 207,356	\$ 36,751	\$ 244,107
Certificates of deposit	-	650,000	650,000
Due from other funds	-	62,426	62,426
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 207,356</u>	<u>\$ 749,177</u>	<u>\$ 956,533</u>
Fund Balances			
Reserved for restricted purposes	\$ 207,356	\$ 262,503	\$ 469,859
Reserved for endowment	-	486,674	486,674
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>\$ 207,356</u>	<u>\$ 749,177</u>	<u>\$ 956,533</u>

**CITY OF ST. JOSEPH
PERMANENT FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2010**

	<u>Cemetery Perpetual Care</u>	<u>Library Endowment</u>	<u>Total</u>
Revenues:			
Contributions	\$ -	\$ 150	\$ 150
Interest and rents	-	15,633	15,633
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ -	\$ 15,783	\$ 15,783
Other Financing Sources (Uses):			
Operating transfers out	-	(24,800)	(24,800)
	<hr/>	<hr/>	<hr/>
Net Changes in Fund Balances	\$ -	\$ (9,017)	\$ (9,017)
Fund Balances - Beginning of Year	<u>207,356</u>	<u>758,194</u>	<u>\$ 965,550</u>
FUND BALANCES - END OF YEAR	<u>\$ 207,356</u>	<u>\$ 749,177</u>	<u>\$ 956,533</u>

CITY OF ST. JOSEPH
Schedule of 2002 Improvement and Refunding Bonds
June 30, 2010

<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>		
2011	4.375%	\$ 282,481	\$ 91,241	\$ 91,240	\$ 100,000	\$ 3,640,000
2012	4.375%	293,106	89,053	89,053	115,000	3,525,000
2013	4.500%	298,075	86,537	86,538	125,000	3,400,000
2014	4.500%	302,450	83,725	83,725	135,000	3,265,000
2015	4.750%	311,375	80,688	80,687	150,000	3,115,000
2016	4.875%	314,250	77,125	77,125	160,000	2,955,000
2017	5.000%	321,450	73,225	73,225	175,000	2,780,000
2018	5.000%	327,700	68,850	68,850	190,000	2,590,000
2019	4.750%	333,200	64,100	64,100	205,000	2,385,000
2020	4.750%	343,463	59,231	59,232	225,000	2,160,000
2021	4.750%	352,775	53,888	53,887	245,000	1,915,000
2022	4.800%	361,138	48,069	48,069	265,000	1,650,000
2023	4.950%	368,418	41,709	41,709	285,000	1,365,000
2024	5.000%	374,310	34,655	34,655	305,000	1,060,000
2025	5.100%	384,060	27,030	27,030	330,000	730,000
2026	5.100%	392,230	18,615	18,615	355,000	375,000
2027	5.100%	394,125	9,562	9,563	375,000	-
		<u>\$ 5,754,606</u>	<u>\$ 1,007,303</u>	<u>\$ 1,007,303</u>	<u>\$ 3,740,000</u>	

CITY OF ST. JOSEPH
Schedule of 2003 State Revolving Fund Bonds
Project 5190-01
June 30, 2010

<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>		
2011	2.50%	\$ 127,225	\$ 16,706	\$ 15,519	\$ 95,000	\$ 1,241,525
2012	2.50%	124,850	15,519	14,331	95,000	1,146,525
2013	2.50%	122,476	14,332	13,144	95,000	1,051,525
2014	2.50%	125,038	13,144	11,894	100,000	951,525
2015	2.50%	122,538	11,894	10,644	100,000	851,525
2016	2.50%	124,976	10,644	9,332	105,000	746,525
2017	2.50%	122,350	9,331	8,019	105,000	641,525
2018	2.50%	124,663	8,019	6,644	110,000	531,525
2019	2.50%	126,850	6,644	5,206	115,000	416,525
2020	2.50%	123,976	5,207	3,769	115,000	301,525
2021	2.50%	126,038	3,769	2,269	120,000	181,525
2022	2.50%	123,038	2,269	769	120,000	61,525
2023	2.50%	62,294	769	-	61,525	-
		<u>\$ 1,556,312</u>	<u>\$ 118,247</u>	<u>\$ 101,540</u>	<u>\$ 1,336,525</u>	

CITY OF ST. JOSEPH
Schedule of 2004 State Revolving Fund Bonds
Project 5190-02
June 30, 2010

<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>		
2011	2.125%	\$ 128,048	\$ 16,524	\$ 16,524	\$ 95,000	\$ 1,460,205
2012	2.125%	131,029	15,515	15,514	100,000	1,360,205
2013	2.125%	128,904	14,452	14,452	100,000	1,260,205
2014	2.125%	131,779	13,389	13,390	105,000	1,155,205
2015	2.125%	129,548	12,274	12,274	105,000	1,050,205
2016	2.125%	132,317	11,159	11,158	110,000	940,205
2017	2.125%	129,979	9,989	9,990	110,000	830,205
2018	2.125%	132,642	8,821	8,821	115,000	715,205
2019	2.125%	130,198	7,599	7,599	115,000	600,205
2020	2.125%	132,754	6,377	6,377	120,000	480,205
2021	2.125%	130,204	5,102	5,102	120,000	360,205
2022	2.125%	132,654	3,827	3,827	125,000	235,205
2023	2.125%	129,998	2,499	2,499	125,000	110,205
2024	2.125%	112,547	1,171	1,171	110,205	-
		<u>\$ 1,812,601</u>	<u>\$ 128,698</u>	<u>\$ 128,698</u>	<u>\$ 1,555,205</u>	

CITY OF ST. JOSEPH
Schedule of Capital Improvement Note
Berrien County Revolving Loan Fund
June 30, 2010

<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>
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>	

CITY OF ST. JOSEPH
Schedule of Bluffside Installment Loan
Fifth Third Bank
June 30, 2010

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal</u>		<u>Balance</u>
			<u>August 8</u>	<u>February 8</u>	<u>August 8</u>	<u>February 8</u>	
2011	4.350%	\$ 127,948	\$ 28,111	\$ 27,432	\$ 35,813	\$ 36,592	\$ 1,224,668
2012	4.350%	128,048	26,636	25,823	37,388	38,201	1,149,079
2013	4.350%	128,048	24,992	24,143	39,032	39,881	1,070,166
2014	4.350%	128,048	23,276	22,390	40,748	41,634	987,784
2015	4.350%	128,048	21,484	20,559	42,540	43,465	901,779
2016	4.350%	128,048	19,614	18,648	44,410	45,376	811,993
2017	4.350%	128,048	17,661	16,652	46,363	47,372	718,258
2018	4.350%	128,048	15,622	14,569	48,402	49,455	620,401
2019	4.350%	128,048	13,494	12,395	50,530	51,629	518,242
2020	4.350%	128,048	11,272	10,124	52,752	53,900	411,590
2021	4.350%	128,048	8,952	7,754	55,072	56,270	300,248
2022	4.350%	128,048	6,530	5,280	57,494	58,744	184,010
2023	4.350%	128,048	4,002	2,697	60,022	61,327	62,662
2024	4.350%	64,023	1,363	-	62,660	-	-
		<u>\$ 1,728,547</u>	<u>\$ 223,009</u>	<u>\$ 208,466</u>	<u>\$ 673,226</u>	<u>\$ 623,846</u>	

CITY OF ST. JOSEPH
2010 Marina Improvement Loan
June 30, 2010

<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>	
2011	3.74%	\$ 66,519	\$ 5,214	\$ 4,602	\$ 28,045	\$ 28,658	\$ 216,021
2012	3.74%	66,520	4,131	3,535	29,129	29,725	157,167
2013	3.74%	66,520	3,006	2,388	30,254	30,872	96,041
2014	3.74%	66,520	1,837	1,216	31,423	32,044	32,574
2015	3.74%	<u>33,198</u>	<u>624</u>	<u>-</u>	<u>32,574</u>	<u>-</u>	<u>-</u>
		<u>\$ 299,277</u>	<u>\$ 14,812</u>	<u>\$ 11,741</u>	<u>\$ 151,425</u>	<u>\$ 121,299</u>	

CITY OF ST. JOSEPH
2010 Marina Property Note
June 30, 2010

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>	<u>Principal December 31</u>	<u>Balance</u>
2011	-	\$ -	\$ -	\$ -	\$ 125,000
2012	-	13,889	-	13,889	111,111
2013	-	13,889	-	13,889	97,222
2014	-	13,889	-	13,889	83,333
2015	-	13,889	-	13,889	69,444
2016	-	13,889	-	13,889	55,555
2017	-	13,889	-	13,889	41,666
2018	-	13,889	-	13,889	27,777
2019	-	13,889	-	13,889	13,888
2020	-	<u>13,888</u>	<u>-</u>	<u>13,888</u>	<u>-</u>
		<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	

CITY OF ST. JOSEPH
2008 Capital Improvement Bonds
June 30, 2010

<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>October 1</u>	<u>April 1</u>	<u>April 1</u>	
2011	2.500%	\$ 211,750	\$ 40,875	\$ 40,875	\$ 130,000	\$ 3,140,000
2012	2.500%	208,500	39,250	39,250	130,000	3,010,000
2013	2.500%	210,250	37,625	37,625	135,000	2,875,000
2014	2.500%	211,875	35,938	35,937	140,000	2,735,000
2015	2.500%	208,375	34,187	34,188	140,000	2,595,000
2016	2.500%	209,875	32,437	32,438	145,000	2,450,000
2017	2.500%	211,250	30,625	30,625	150,000	2,300,000
2018	2.500%	207,500	28,750	28,750	150,000	2,150,000
2019	2.500%	208,750	26,875	26,875	155,000	1,995,000
2020	2.500%	209,875	24,937	24,938	160,000	1,835,000
2021	2.500%	210,875	22,938	22,937	165,000	1,670,000
2022	2.500%	211,750	20,875	20,875	170,000	1,500,000
2023	2.500%	207,500	18,750	18,750	170,000	1,330,000
2024	2.500%	208,250	16,625	16,625	175,000	1,155,000
2025	2.500%	208,875	14,437	14,438	180,000	975,000
2026	2.500%	209,375	12,187	12,188	185,000	790,000
2027	2.500%	209,750	9,875	9,875	190,000	600,000
2028	2.500%	210,000	7,500	7,500	195,000	405,000
2029	2.500%	210,125	5,063	5,062	200,000	205,000
2030	2.500%	<u>210,125</u>	<u>2,562</u>	<u>2,563</u>	<u>205,000</u>	-
		<u>\$ 4,194,625</u>	<u>\$ 462,311</u>	<u>\$ 462,314</u>	<u>\$3,270,000</u>	

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

September 10, 2010

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of St. Joseph, as of and for the year ended June 30, 2010, which collectively comprise the City of St. Joseph's basic financial statements and have issued our report thereon dated September 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Right. On time.

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

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the City of St. Joseph in a separate letter dated September 10, 2010.

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

Beckel & Company, P.C.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

September 10, 2010

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

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

We have audited the compliance of the City of St. Joseph with the types of compliance requirements described in the U.S. office Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of St. Joseph's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of St. Joseph's management. Our responsibility is to express an opinion on the City of St. Joseph's compliance based on our audit.

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

In our opinion, the City of St. Joseph complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

Right. On time.

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

Internal Control Over Compliance - Continued

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Seibel & Company, PC

City of Saint Joseph
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures
DEPARTMENT OF TRANSPORTATION			
Passed through MDOT	20.205		
Highways Research, Planning and Construction			
Project ARRA 1011 (013) (107685) - Broad St.		\$ 243,300	\$ -
Project ARUL 11400 (106003) - Park St.		<u>200,146</u>	<u>-</u>
Total Department of Transportation		<u>\$ 443,446</u>	<u>\$ -</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan Drinking	66.468		
Water Revolving Fund Program			
Safe Drinking Water State Revolving Fund			
Project 7236-01 (Water Tower Project)		\$ 2,616,000	\$ 779,728
Project 5322-01 (Michigan Avenue CSO)		154,000	-
Project 7237-01 (Water Intake)		<u>4,740,000</u>	<u>-</u>
Total Environmental Protection Agency		<u>\$ 7,510,000</u>	<u>\$ 779,728</u>
DEPARTMENT OF JUSTICE			
Office of Justice Programs			
Bureau of Justice Assistance			
Project 2009-SB-B9-0320	16.8044	\$ 14,000	\$ -
Project BVP - bullet proof vest project		<u>4,375</u>	<u>-</u>
Total Department of Justice		<u>\$ 18,375</u>	<u>\$ -</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 7,971,821</u>	<u>\$ 779,728</u>

Accrued (Deferred) Revenue <u>June 30, 2009</u>	<u>Adjustments</u>	Current Year <u>Expenditures</u>	Current Year Cash <u>Receipts</u>	Accrued (Deferred) Revenue <u>June 30, 2010</u>
\$ -	\$ -	\$ 243,000	\$ 243,000	\$ -
-	-	200,146	200,146	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 443,146	\$ 443,146	\$ -
-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 1,429,600	\$ 882,603	\$ 546,997
-	-	154,000	154,000	-
-	-	1,914,908	1,914,908	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 3,498,508	\$ 2,951,511	\$ 546,997
-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 11,235	\$ 11,235	\$ -
-	-	4,375	4,375	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 15,610	\$ 15,610	\$ -
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 3,957,264	\$ 3,410,267	\$ 546,997
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF ST. JOSEPH
Notes to Schedule of
Expenditures of Federal Awards
June 30, 2010

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

CITY OF ST. JOSEPH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes None

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes No

Type of auditor's report issued on compliance for major programs:

Highway Research, Planning and Constructio	CFDA#20.205	Unqualified
Safe Drinking Water State Revolving Fund	CFDA#66.468	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statements Audit Findings

There were no findings that are required to be reported under **Governmental Auditing Standards** nor were there any findings in the prior year.

Section III - Summary of Auditor's Results

There were no findings or questioned costs in the current year or prior year.