

NEW ISSUE  
BOOK ENTRY ONLY

Assured Guaranty Municipal Corp. Insured  
S&P Global Rating: AA (Insured)  
S&P Global Rating: A+ (Underlying)  
See "RATINGS" herein.

*In the opinion of Gilmore & Bell, P.C., as Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds (including any original issue discount properly allocated to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds is exempt from income taxation by the State of Missouri, and (3) the Bonds have **not** been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.*

**\$15,905,000**  
**CITY OF ST. JOSEPH, MISSOURI**  
**SEWERAGE SYSTEM REVENUE BONDS**  
**SERIES 2018**

**Dated: Date of Issuance**

**Due: June 1, as shown on the inside cover**

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. The Bonds will be available for purchase in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. DTC will receive all payments with respect to the Bonds from UMB Bank, N.A., Kansas City, Missouri, as Paying Agent for the Bonds. DTC is required to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. Semiannual interest will be payable on June 1 and December 1, beginning on December 1, 2018.

The Bonds are special obligations of the City, payable solely from the net income and revenues derived by the City from the operation of its sewerage system after payment of the costs of operation and maintenance. The Bonds are on a parity with six series of the City's outstanding sewerage system revenue bonds. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds or the interest thereon.

The Bonds are subject to optional redemption prior to maturity as further described herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See the section captioned "BOND INSURANCE" herein.



**See inside cover for maturities, principal amounts, interest rates, prices and CUSIP numbers.**

**Baird**

*The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, as Bond Counsel to the City. Gilmore & Bell, P.C. will also pass upon certain matters relating to this Official Statement. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about April 10, 2018.*

**The date of this Official Statement is March 26, 2018**

## MATURITY SCHEDULE

**\$15,905,000**  
**CITY OF ST. JOSEPH, MISSOURI**  
**SEWERAGE SYSTEM REVENUE BONDS**  
**SERIES 2018**

**CUSIP BASE NUMBER: 790807**

### SERIAL BONDS

<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2019	\$465,000	4.000%	102.564%	GC9
2020	565,000	4.000	104.556	GD7
2021	590,000	4.000	106.215	GE5
2022	610,000	4.000	107.414	GF2
2023	635,000	5.000	113.019	GG0
2024	670,000	5.000	114.700	GH8
2025	700,000	5.000	115.900	GJ4
2026	735,000	4.000	109.748	GK1
2027	765,000	3.000	101.444	GL9
2028	790,000	3.000	100.718	GM7
2029	815,000	3.000	99.248	GN5
2030	835,000	3.000	98.992	GP0
2031	865,000	3.000	97.865	GQ8
2032	890,000	3.250	100.000	GR6
2033	915,000	3.250	99.405	GS4
2034	945,000	3.250	98.758	GT2
2035	980,000	3.300	98.706	GU9
2036	1,010,000	3.400	99.460	GV7
2037	1,045,000	3.400	98.885	GW5
2038	1,080,000	3.500	99.710	GX3

**CITY OF ST. JOSEPH, MISSOURI**  
1100 Frederick Avenue  
St. Joseph, Missouri 64501-2346

**CITY OFFICIALS**

**Mayor**

Bill Falkner

**Council Members**

Ken Beck	Joyce A. Starr
Donna Jean Boyer	P.J. Kovac
Kent O'Dell	Gary Roach
Pat Jones	Barbara LaBass

**Administrative Officials**

J. Bruce Woody, City Manager  
Paula Heyde, City Clerk  
Tom Mahoney, Director of Administrative Services  
Andy Clements, Director of Public Works and Transportation  
Bryan Carter, City Attorney

**CERTIFIED PUBLIC ACCOUNTANTS**

CliftonLarsonAllen LLP  
St. Joseph, Missouri

**BOND COUNSEL**

Gilmore & Bell, P.C.  
Kansas City, Missouri

**FINANCIAL ADVISOR**

Piper Jaffray & Co.  
Leawood, Kansas

## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City, the Financial Advisor, the Underwriter or Assured Guaranty Municipal Corp. (“AGM”) to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City, AGM and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or AGM since the date hereof.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or “blue sky” laws. The Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

### CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City’s current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS SET FORTH IN *APPENDIX D*.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the section captioned “**BOND INSURANCE**” herein and “*APPENDIX F –SPECIMEN MUNICIPAL BOND INSURANCE POLICY*” attached to this Official Statement.

## TABLE OF CONTENTS

---

	<u>Page</u>		<u>Page</u>
<b>INTRODUCTION .....</b>	<b>1</b>	<b>BASIC DOCUMENTATION.....</b>	<b>15</b>
Purpose of the Official Statement.....	1	<b>LEGAL MATTERS .....</b>	<b>16</b>
The City.....	1	Legal Proceedings.....	16
The System.....	1	Approval of Legality.....	16
The Bonds .....	1	<b>TAX MATTERS.....</b>	<b>16</b>
Security and Source of Payment.....	2	Opinion of Bond Counsel .....	16
Bond Insurance .....	2	Other Tax Consequences .....	17
Financial Statements.....	2	<b>RATING.....</b>	<b>18</b>
Summary of the Bond Ordinance .....	3	<b>CONTINUING DISCLOSURE.....</b>	<b>18</b>
Continuing Disclosure Information.....	3	Continuing Disclosure Information .....	18
Bond Ratings.....	3	Compliance with Prior Undertakings Under the	
<b>PLAN OF FINANCING.....</b>	<b>3</b>	Rule.....	19
Authorization and Purpose of the Bonds.....	3	<b>MISCELLANEOUS.....</b>	<b>19</b>
The Improvements.....	4	Financial Statements .....	19
Sources and Uses of Funds.....	5	Financial Advisor.....	19
Debt Service on the Bonds .....	5	Underwriting.....	19
Historical Debt Service Coverage .....	7	Certification and Other Matters Regarding Official	
<b>THE BONDS .....</b>	<b>8</b>	Statement .....	20
General Description.....	8	<b>APPENDIX A: City of St. Joseph, Missouri</b>	
Redemption Provisions.....	8	<b>APPENDIX B: Report on Revenue Requirements and</b>	
Registration, Transfer and Exchange of Bonds		Costs of Service Rates for the City of St. Joseph,	
.....	9	Missouri Water Protection Division released	
Book-Entry Only System .....	9	June 2017	
<b>SECURITY AND SOURCES OF PAYMENT</b>		<b>APPENDIX C: City of St. Joseph, Missouri Compre-</b>	
<b>FOR THE BONDS.....</b>	<b>9</b>	hensive Annual Financial Report with Indepen-	
Special Limited Obligations .....	9	dent Auditor’s Report for the Fiscal Year Ended	
The Bond Ordinance .....	9	June 30, 2017	
No Debt Service Reserve Fund .....	11	<b>APPENDIX D: Summary of the Bond Ordinance and</b>	
<b>BOND INSURANCE .....</b>	<b>11</b>	the Omnibus Continuing Disclosure Undertaking	
Bond Insurance Policy.....	11	<b>APPENDIX E: Book-Entry Only System</b>	
Assured Guaranty Municipal Corp.....	11	<b>APPENDIX F: Specimen Municipal Bond Insurance</b>	
<b>THE SYSTEM .....</b>	<b>13</b>	Policy	
Description of the System .....	13		
<b>BONDOWNERS’ RISKS.....</b>	<b>14</b>		
General .....	14		
Factors Affecting the Business Operations of			
the City .....	14		
Enforcement of Remedies .....	15		
Additional Bonds.....	15		
Amendment of the Bond Ordinance.....	15		

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

## OFFICIAL STATEMENT

**\$15,905,000**  
**CITY OF ST. JOSEPH, MISSOURI**  
**SEWERAGE SYSTEM REVENUE BONDS**  
**SERIES 2018**

### INTRODUCTION

*This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.*

#### **Purpose of the Official Statement**

The purpose of this Official Statement is to furnish information relating to (1) the City of St. Joseph, Missouri (the “**City**”) and (2) the City’s Sewerage System Revenue Bonds, Series 2018, to be issued in the aggregate principal amount of \$15,905,000 (the “**Bonds**”), to provide funds to (i) extend and improve the City’s sewerage system, and (ii) pay costs related to the issuance of the Bonds.

#### **The City**

The City is a home rule charter city and political subdivision of the State of Missouri, organized, existing and operating under the constitution and laws of the State of Missouri and the City Charter, adopted in 1981, and exercises powers of municipal government specifically granted by the State of Missouri. For more information about the City, see *Appendix A* and *Appendix C*.

#### **The System**

The City owns and operates a revenue-producing sewerage system serving the City and its inhabitants (the “**System**”). The System includes approximately 425 miles of sanitary sewers, four larger pumping stations and 20 minor pumping stations. The City has been served by a sewer system since 1861 and the first treatment plants were placed in operation in 1965. For more information about the System, see “**THE SYSTEM**” herein and “**HISTORY AND OPERATION OF THE SYSTEM**” and “**FINANCIAL INFORMATION CONCERNING THE SYSTEM**” in *Appendix A*.

#### **The Bonds**

The Bonds are being issued pursuant to an ordinance passed by the City Council of the City on March 26, 2018 (the “**Bond Ordinance**”) to provide funds to extend and improve the System and pay costs related to the issuance of the Bonds, including the premium for the Policy (defined herein) issued by AGM. The Bonds represent the third installment of \$190,000,000 of sewerage system revenue bonds authorized by the required majority of the qualified voters of the City at an election held on February 3, 2015. The City has previously issued two series of sewerage system revenue bonds under such voted authority. The first series of revenue bonds was issued in 2016 (the “**2016 Bonds**”) in the principal amount of \$9,664,123.87 to pay for System improvements, and a second series of revenue bonds was issued in 2017 (the “**2017 Bonds**”) to refund and redeem the 2016 Bonds and to pay for up to \$57,390,876.13 in additional costs of extending and improving the System (the “**2017 Project**”). As of the date of this Official Statement, the City has drawn down \$27,448,182.38 of proceeds of the 2017 Bonds. Assuming the City ultimately draws down the maximum amount of proceeds available from the 2017 Bonds, the total amount of bonds issued under the February 2015 voted authority

(excluding the Bonds) will be \$67,055,000, leaving an additional \$122,945,000 in additional voter-approved revenue bonds that may be issued. See **“THE BONDS”** and **“PLAN OF FINANCING.”**

### **Security and Source of Payment**

The Bonds will be special limited obligations of the City payable from the net income and revenues derived by the City from the operation of the System after the payment of costs of operation and maintenance. A Depreciation and Replacement Fund has been funded in the amount of \$250,000 pursuant to the terms of the ordinances authorizing the Previously Issued Parity Bonds (defined below). The City will covenant to maintain the Depreciation and Replacement Fund in such amount during the term of the Bonds. No Bond proceeds will be used to provide additional funds for the Depreciation and Replacement Fund. No debt service reserve fund has been established for the Bonds. See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”** herein.

The City has outstanding (i) \$305,000 principal amount of Sewerage System Revenue Bonds, Series 2003 (the **“Series 2003 Bonds”**), (ii) \$12,076,400 principal amount of Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2013 (the **“Series 2013 Bonds”**), (iii) \$51,474,000 principal amount of Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2014 (the **“Series 2014 Bonds”**), (iv) \$26,265,000 principal amount of Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2014A (the **“Series 2014A Bonds”**), (v) \$5,240,000 principal amount of Sewerage System Revenue Bonds, Series 2014B (the **“Series 2014B Bonds”**), and (vi) \$27,448,182.38 principal amount of Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2017 (the **“Series 2017 Bonds”**), issued in a principal amount of up to \$66,850,000 and not yet fully funded. The Series 2003 Bonds, Series 2013 Bonds, Series 2014 Bonds, Series 2014A Bonds, Series 2014B Bonds and Series 2017 Bonds are collectively referred to herein as the **“Previously Issued Parity Bonds.”** The Bonds will be issued on a parity with the Previously Issued Parity Bonds with respect to the revenues of the System.

The City has the right under the Bond Ordinance to issue additional bonds on a parity with the Bonds and the Previously Issued Parity Bonds payable from the same sources and secured by the same revenues as the Bonds and the Previously Issued Parity Bonds, but only in accordance with and subject to the terms and conditions set forth in the Bond Ordinance. The Previously Issued Parity Bonds and any additional bonds or other obligations hereafter issued or incurred pursuant to the Bond Ordinance and standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the net revenues of the System are collectively referred to as the **“Parity Bonds.”** The taxing power of the City is not pledged to the payment of the Bonds or the interest thereon. See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”** herein.

### **Bond Insurance**

Assured Guaranty Municipal Corp. (**“AGM”**) has committed to issue, effective as of the date of issuance of the Bonds, a Municipal Bond Insurance Policy, which unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds when due and unpaid by the City. See the section captioned **“BOND INSURANCE”** herein and **“Appendix F - SPECIMEN MUNICIPAL BOND INSURANCE POLICY”** attached to this Official Statement.

### **Financial Statements**

Audited financial statements of the City as of and for the Fiscal Year ended June 30, 2017, are included in the City’s Comprehensive Annual Financial Report (**“CAFR”**) in **Appendix C** to this Official Statement. These financial statements have been audited by CliftonLarsonAllen LLP, St. Joseph, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix C** hereto.



## **Summary of the Bond Ordinance**

A summary of the Bond Ordinance, including definitions of certain words and terms used herein and in the Bond Ordinance, is included in *Appendix D* to this Official Statement. Such summary and definitions do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance are qualified in their entirety by reference to the Bond Ordinance. Copies of the Bond Ordinance and this Official Statement may be viewed at the office of Piper Jaffray & Co., 11635 Rosewood Street, Leawood, KS 66211, (913) 345-3300, or will be provided to any prospective purchaser requesting the same.

## **Continuing Disclosure Information**

The City has agreed to provide certain annual financial information and notices of certain events to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system (“EMMA”), in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”). To insure consistency in the operating data that the City will update on an annual basis for all outstanding obligations subject to continuing disclosure requirements, the City entered into an Omnibus Continuing Disclosure Undertaking dated December 18, 2014 (the “Disclosure Undertaking”) as summarized in *Appendix D*, and will enter into an Adoption Agreement (the “Adoption Agreement”) as described in *Appendix D*, affirming its obligations under the Disclosure Undertaking and declaring that the Disclosure Undertaking will apply to the Bonds in all respects. Under the Disclosure Undertaking, the City agrees to file audited financial statements and operating data for the City for each fiscal year (ending June 30<sup>th</sup> of each year) not later than December 31<sup>st</sup> of that year. See *Appendix D*: “SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING.”

For a discussion of the City’s compliance with its prior undertakings under the Rule, see the section “Compliance with Prior Undertakings Under the Rule” under the caption “CONTINUING DISCLOSURE” in this Official Statement.

## **Bond Ratings**

S&P Global Ratings, a division of S&P Global Inc. (“S&P”), is expected to assign the Bonds the rating on the cover page of this Official Statement conditioned upon the issuance and delivery of the Municipal Bond Insurance Policy by AGM at the time of issuance of the Bonds. S&P has also assigned the Bonds an underlying rating set forth on the cover page of this Official Statement (the rating assigned to the Bonds in the absence of the AGM Municipal Bond Insurance Policy). See the section captioned “RATINGS” herein.

## **PLAN OF FINANCING**

### **Authorization and Purpose of the Bonds**

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 27 of the Missouri Constitution, as amended, and Chapter 250 of the Revised Statutes of Missouri, as amended (the “Act”), and the Bond Ordinance. The Bonds are being issued to extend and improve the System and to pay the costs related to the issuance of the Bonds, including the premium for the Policy (defined herein) issued by AGM. After issuance of the Bonds, the total amount of revenue bonds issued under the \$190,000,000 February 2015 voter-approved authority (assuming the City draws down all available proceeds of the Series 2017 Bonds and the Bonds are issued in the principal amount of \$15,905,000) will be \$82,960,000, leaving an additional \$107,040,000 in remaining voter-approved revenue bonds that may be issued.

## The Improvements

The Bonds are being issued for the purpose of extending and improving the System. The City's capital improvement program (CIP) for the System provides for the major repair and replacement of existing facilities, as well as treatment plant expansions, required major environmental upgrades, and collection system extensions to provide service to new customers. Over a period of six years through the fiscal year ending on June 30, 2022, the CIP provides for nearly \$103,000,000 in improvements to the System. For a further description of the CIP, including a table of proposed expenditures, see Section 4.2 of the Report on Revenue Requirements and Cost of Service Rates in *Appendix B* to this Official Statement.

Specifically, the improvements to be financed by the Bonds consist of the following:

Improvement	Amount
<p><b><i>Electrical upgrades at the Water Protection Facility (wastewater treatment plant).</i></b> The Missouri Department of Natural Resources requires backup power at all pump stations and treatment plants. Because of the size of some of St. Joseph's facilities, the cost of backup generators is significant. Given the location of the plant and its largest pump station, the City will be able to coordinate with KCPL to enhance alternative power from a secondary grid. Payment to the utility for this will satisfy the redundant power requirement of the state.</p>	<p>\$1,474,000</p>
<p><b><i>Large diameter sewer repairs.</i></b> Specifically, costs of an infiltration and inflow study for the Riverside sewer and the rehabilitation work needed as identified in the study.</p>	<p>799,500</p>
<p><b><i>Rehabilitation of Browns Branch Pump Station.</i></b> Will provide design services for the installation of one mechanical bar screen to replace one of the existing bar screens, a conveyor and washer/compactor to transport material from the screen room to the dumpster located outside the existing building, reducing the amount of material that reaches the treatment plant</p>	<p>1,125,601</p>
<p><b><i>Replacement of Digester Heat Exchangers at the treatment plant.</i></b> Heat exchangers burn methane or natural gas and warm the water that keeps the anaerobic digesters warm to support biological life in the vessels.</p>	<p>665,000</p>
<p><b><i>Replacement of Digester Diffusers</i></b> (distribute air into the vessel).</p>	<p>797,000</p>
<p><b><i>Replacement of Pumps at Control Building with Progressive Pumps.</i></b> Progressing cavity pumps that are designed to pump viscous, corrosive, or solids heavy sludge and slurries and replace a type that was prone to plugging.</p>	<p>168,000</p>
<p><b><i>Rehabilitation of Missouri Avenue Sewer.</i></b> A large section will be removed and replaced to repair damage found during a 2011 inspection</p>	<p>3,000,000</p>
<p><b><i>Improvements to the Water Protection Facility Levee Stormwater Pump Station.</i></b> Surface stormwater flows to the west of the treatment plant, through a gatewell structure in federal levee MRLS455. When the Missouri River is at a high stage, the gatewell shuts and the interior drainage backs up and floods the area. The project will develop a staging area for temporary pumps to be placed to pump interior water over the levee, into the river and protect the plant from flooding.</p>	<p>5,000,000</p>

<b>Control Odor – Parkway A.</b> This project is needed to address vapor phase odor control issues along Parkway A, and to improve chemical feed systems at the Faraon Street Pump Station.	3,000,000
<b>Total</b>	\$16,029,101

A breakdown of the expected timing of expenditures related to the Project and a list of other capital improvement projects for the System scheduled through 2022 are shown in Table 7 on page 18 in **Appendix B**.

The City will deposit a portion of the proceeds of the Bonds in the Project Fund established under the Bond Ordinance. Such proceeds will be used by the City to pay the Project costs detailed above.

### Sources and Uses of Funds

The following table summarizes the estimated sources of funds, including the proceeds from the sale of the Bonds, and the expected uses of such funds, in connection with the plan of financing:

#### **Sources of Funds:**

Principal of the Bonds	\$15,905,000.00
Net reoffering premium	<u>417,271.70</u>
Total	<u>\$16,322,271.70</u>

#### **Uses of Funds:**

Deposit to Project Fund	\$16,029,101.00
Costs of Issuance, including insurance premium and Underwriter’s Discount	<u>293,170.70</u>
Total	<u>\$16,322,271.70</u>

### Debt Service on the Bonds

The “**Sewer Revenue Bonds**” are comprised of the six series of Previously Issued Parity Bonds plus the Bonds, all seven of which series are special obligations of the City, payable solely from the net income and revenues derived by the City from the operation of the System, after payment of costs of operation and maintenance. Each of such seven series of Sewer Revenue Bonds are on a parity with each other with respect to the payment of principal of and interest thereon and are collectively referred to as the “**Parity Bonds**.”

The City is also obligated on an annual basis under three separate Financing Agreements entered into in connection with the issuance of the following four series of bonds: (1) Infrastructure Facilities Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2011E (the “**Series 2011E Bonds**”), issued by the Missouri Development Finance Board (the “**Board**”); (2) Infrastructure Facilities Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2012C (the “**Series 2012C Bonds**”), issued by the Board; (3) Special Obligation Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2015A (the “**Series 2015A Bonds**”), issued by The Industrial Development Authority of St. Joseph, Missouri (the “**St. Joseph IDA**”); and (4) Special Obligation Refunding Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2015B (the “**Series 2015B Bonds**”), issued by the St. Joseph IDA. The Series 2011E Bonds, the Series 2012C Bonds, the Series 2015A Bonds and the Series 2015B Bonds as discussed in further detail below, are collectively referred to as the “**Sewer Annual Appropriation Bonds**.”

Each of the City’s loans with respect to each series of Sewer Annual Appropriation Bonds is payable solely from (a) the respective loan payments (as used in this section, the “**Loan Payments**”) to be made by the City under the respective Financing Agreements (the “**Sewer Annual Appropriation Financing Agreements**”); (b) an annual appropriation covenant of the City contained in each of the Sewer Annual

Appropriation Financing Agreements; and (c) certain other funds held by the respective Trustees under each Trust Indenture related to each series of the Sewer Annual Appropriation Bonds. The City’s present intention is to satisfy its obligation to make the Loan Payments required under each Sewer Annual Appropriation Financing Agreement from surplus Revenues of the System available after payment of all amounts required to be paid under (i) the Previously Issued Parity Ordinances pursuant to which six outstanding series of System Revenue Bonds were issued, and (ii) the Bond Ordinance. All Revenues of the System in excess of the amounts required to be set aside on a monthly basis to make the payments required by the Bond Ordinance and the Previously Issued Parity Ordinances would be available to make the Loan Payments under the Sewer Annual Appropriation Financing Agreements. **However, these surplus revenues are NOT pledged to the payment of the Sewer Annual Appropriation Bonds. The City Council will decide on an annual basis whether to appropriate excess Revenues of the System to make the Loan Payments under each of the Sewer Annual Appropriation Financing Agreements or whether to use other available funds of the City to make such Loan Payments.**

The following table shows principal and interest requirements for all bonds expected to be paid from revenues of the System, which bonds are the seven series of Parity Bonds and the Sewer Annual Appropriation Bonds.

<b>Fiscal Year Ending June 30</b>	<b>2018 Sewer Rev. Bonds Debt Service</b>	<b>Other Outstanding Rev. Bonds Debt Service</b>	<b>Total Sewer Rev. Bonds Debt Service</b>	<b>Annual Appropriation Debt Service</b>	<b>Total Debt Service</b>
2018		\$ 8,204,593	\$ 8,204,593	\$ 5,247,031	\$ 13,451,624
2019	\$1,116,132	9,267,698	10,383,830	5,253,331	15,637,161
2020	1,116,735	9,300,838	10,417,573	5,249,881	15,667,454
2021	1,119,135	9,326,880	10,446,015	5,252,731	15,698,746
2022	1,115,535	9,357,756	10,473,291	5,249,531	15,722,822
2023	1,116,135	9,392,910	10,509,045	5,247,856	15,756,901
2024	1,119,385	9,367,912	10,487,297	5,304,131	15,791,428
2025	1,115,885	9,398,071	10,513,956	5,308,425	15,822,381
2026	1,115,885	9,432,127	10,548,012	5,361,931	15,909,943
2027	1,116,485	9,469,695	10,586,180	7,149,444	17,735,624
2028	1,118,535	9,495,123	10,613,658	2,313,419	12,927,077
2029	1,119,835	9,525,610	10,645,445	2,313,888	12,959,333
2030	1,115,385	9,557,201	10,672,586	2,310,400	12,982,986
2031	1,120,335	9,595,180	10,715,515	2,313,538	13,029,053
2032	1,119,385	9,625,948	10,745,333	2,312,125	13,057,458
2033	1,115,460	9,658,682	10,774,142	2,310,356	13,084,498
2034	1,115,723	9,766,355	10,882,078	3,283,619	14,165,697
2035	1,120,010	8,432,115	9,552,125	1,593,294	11,145,419
2036	1,117,670	2,890,681	4,008,351	1,591,163	5,599,514
2037	1,118,330	2,893,828	4,012,158		4,012,158
2038	1,117,800	2,897,247	4,015,047		4,015,047
2039		2,899,932	2,899,932		2,899,932
2040		2,903,872	2,903,872		2,903,872
2041		2,907,044	2,907,044		2,907,044
2042		2,910,447	2,910,447		2,910,447
2043		2,914,056	2,914,056		2,914,056
2044		2,916,862	2,916,862		2,916,862
2045		2,920,858	2,920,858		2,920,858

<b>Fiscal Year Ending June 30</b>	<b>2018 Sewer Rev. Bonds Debt Service</b>	<b>Other Outstanding Rev. Bonds Debt Service</b>	<b>Total Sewer Rev. Bonds Debt Service</b>	<b>Annual Appropriation Debt Service</b>	<b>Total Debt Service</b>
2046		2,924,019	2,924,019		2,924,019
2047		2,930,759	2,930,759		2,930,759
Totals	\$22,349,780	\$203,084,299	\$225,434,079	\$74,966,094	\$300,400,173

It is anticipated that the City will issue another series of sewerage system revenue bonds in the 2019-20 fiscal year (the “**2020 Bonds**”) to pay the costs of an additional \$3.9 million in System improvements. Such 2020 Bonds will be on a parity with the Parity Bonds.

### Historical Debt Service Coverage

The following table shows historical debt service coverage for all System Revenue Bonds prepared from the City’s audited financial statements for the fiscal years ending June 30 in the years 2015 through 2017:

	<b>Fiscal Year Ending June 30</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Operating Revenues</b>	\$22,446,892	\$26,037,495	\$28,155,237
<b>Operating Expenses <sup>(1)</sup></b>	\$12,796,127	\$12,529,341	\$13,149,160
<b>Gross Revenues Available for Debt Service</b>	\$9,650,765	\$13,508,154	\$15,006,077
<b>Less: Sewer Annual Appropriation Debt Service</b>	\$3,416,619	\$3,964,849	\$4,684,531
<b>Less: Transfers Out <sup>(2)</sup></b>	\$1,606,666	\$1,716,558	\$1,958,859
<b>Plus: Intergovernmental Income <sup>(3)</sup></b>	\$378,901	\$377,490	\$376,076
<b>Plus: Investment Income</b>	\$170,342	\$110,975	\$263,429
<b>Net Revenue Available for Debt Service</b>	\$5,176,723	\$8,315,212	\$9,002,192
<b>Debt Service on System Revenue Bonds</b>	\$2,821,494	\$4,922,773	\$7,352,166
<b>Debt Service Coverage</b>	1.83x	1.69x	1.22x

<sup>(1)</sup> Excludes depreciation in all years and, for 2017 only, excludes \$3,568,142 for a noncash pension expense adjustment required to be included as an operating expense under GASB 68 Pension Liability.

<sup>(2)</sup> Reimbursement to City of expenses allocable to the Sewer System.

<sup>(3)</sup> Revenue from intergovernmental transfers is used to pay debt service on certain Sewer Annual Appropriation Bonds.

## THE BONDS

*The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Bond Ordinance for the detailed terms and provisions thereof.*

### **General Description**

The Bonds will be issued in the principal amount stated on the inside cover page of this Official Statement, will be dated the date of issuance thereof, and will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature, subject to redemption as described below, on June 1 in the year and in the principal amount set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2018. Principal will be payable by check or draft mailed by the Paying Agent upon presentation and surrender of the Bonds by the Registered Owners thereof at the principal payment office of UMB Bank, N.A., Kansas City, Missouri, Paying Agent. Interest shall be paid (a) to the Registered Owners of the Bonds as shown on the registration books of the Paying Agent (the “**Bond Register**”) at the close of business on the “**Record Date**” for such interest, which Record Date is the 15<sup>th</sup> day (whether or not a business day) of the calendar month next preceding an interest payment date (a) by check or draft mailed by the Paying Agent to the address of such Registered Owners shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by any Registered Owner, or (b) in the case of an interest payment to any Registered Owner of \$500,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than five days prior to the Record Date for such interest, containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire directed.

### **Redemption Provisions**

***Optional Redemption.*** At the option of the City, the Bonds or portions thereof maturing on June 1, 2027 and thereafter will be subject to redemption and payment prior to maturity, on June 1, 2026 and thereafter, in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

***Selection of Bonds for Redemption.*** Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the outstanding Bonds are to be redeemed, such Bonds shall be redeemed from maturities selected by the City, and Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

***Notice and Effect of Call for Redemption.*** In the event any of the Bonds are to be redeemed and paid prior to the maturity thereof the City, or the Paying Agent acting on behalf of the City, shall give written notice of its intention to redeem and pay said Bonds on a specified date, the same being described by number and maturity, said notice to be given by first class, registered or certified mail addressed to the original purchaser of the Bonds and to the registered owner of each Bond, each of said notices to be mailed at least 20 days prior to the date fixed for redemption. Whenever any Bond is called for redemption and payment, all interest on such Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

The Paying Agent, as long as a book-entry system is used for the Bonds, will send notices of redemption only to the Securities Depository, as the registered owner of the Bonds. It is expected that the Securities Depository will notify the DTC Participants and request the DTC Participants to notify the Beneficial Owners of the Bonds of such redemption. Any failure of the Securities Depository to advise any of the DTC Participants, or of any DTC Participant or any nominee to notify any Beneficial Owner of the Bonds, of any such notice and

its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption.

### **Registration, Transfer and Exchange of Bonds**

Each Bond when issued shall be registered by the Paying Agent in the name of the owner thereof on the Bond Register. If the Book-Entry Only System (described under the following caption) is discontinued the following provisions would apply: Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same series, aggregate principal amount and maturity upon presentation to the principal payment office of the Paying Agent, subject to the terms, conditions and limitations set forth in the Bond Ordinance and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, transfer or exchange. Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same series, aggregate principal amount and maturity upon presentation to the principal payment office of the Paying Agent, subject to the terms, conditions and limitations set forth in the Bond Ordinance and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

### **Book-Entry Only System**

Ownership interests in the Bonds will be available to purchasers only through a book-entry only system (the “**Book-Entry Only System**”) described in *Appendix E*.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **Special Limited Obligations**

The Bonds are special obligations of the City, payable from and secured as to the payment of principal and interest by a pledge of, the net income and revenues derived by the City from the operation of the System and, under certain circumstances, the net proceeds of insurance and other funds held under the Bond Ordinance, after payment of the expenses of operation and maintenance of the System.

**The Bonds will not be or constitute a general obligation of the City, nor will they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest.**

### **The Bond Ordinance**

***Pledge of Revenues.*** The Bonds shall be special obligations of the City payable from, and secured as to the payment of principal and interest by a pledge of, the net income and revenues derived from the operation of the System, after providing for the costs of operation and maintenance thereof, and the City pledges said net income and revenues to the payment of the principal of and interest on the Bonds. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest.

The Bonds will be on a parity with the Previously Issued Parity Bonds with respect to the net revenues of the System.

The covenants and agreements of the City contained in the Bond Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds, all of which Bonds

shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Ordinance. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the net income and revenues derived from the operation of the System and in all other respects with the Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal or interest from said net income and revenues or otherwise over any Parity Bonds and any Parity Bonds shall not have any priority with respect to the payment of principal or interest from said net income and revenues or otherwise over the Bonds.

***Depreciation and Replacement Fund.*** A Depreciation and Replacement Fund has been established for the System and certain deposits are required to be made into such Fund under the ordinances authorizing the Previously Issued Parity Bonds. So long as the amount in the Depreciation and Replacement Fund aggregates \$250,000, no further deposits will be required in the Depreciation and Replacement Fund. But if the City shall ever be required to expend and use a part of the moneys in said Fund for its authorized purposes and such expenditure shall reduce the amount of said Fund below \$250,000, then the City shall resume and continue monthly payments of \$4,170 into said Fund until said Fund again aggregates the sum of \$250,000. The amounts required to be deposited in the Depreciation and Replacement Fund by the Bond Ordinance shall include those amounts required to be deposited by the Previously Issued Parity Bonds. Except as provided in the Bond Ordinance, moneys in the Depreciation and Replacement Fund shall be expended and used by the City, if no other funds are available therefor, solely for the purpose of making emergency replacements and repairs in and to the System as may be necessary to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof.

***Rate Covenant.*** The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to (a) pay the Expenses of the System; (b) pay the principal of and interest on the Bonds as and when the same become due; and (c) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in the Bond Ordinance. The City further covenants and agrees that such rates and charges will be sufficient to enable the City to have in each Fiscal Year Net Revenues not less than 110% of the Debt Service Requirements for such Fiscal Year, provided that interest on any System Revenue Bonds will be reduced by Subsidy Payments, if any (such capitalized terms having the definitions set forth in ***Appendix D***). The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations of the City stated above and otherwise under the provisions of the Bond Ordinance. If for any two consecutive Fiscal Years Net Revenues shall be an amount less than as hereinbefore provided, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the City Clerk and with the Underwriter of the Bonds and shall be furnished to any Registered Owner of the Bonds requesting a copy of the same, at the cost of such Registered Owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

***Parity Obligations.*** The City has the right under the Bond Ordinance to issue additional bonds on a parity with the Bonds and the Previously Issued Parity Bonds payable from the same sources and secured by the same revenues as the Bonds, but only in accordance with and subject to the terms and conditions set forth in the Bond Ordinance, which conditions include meeting either of the following requirements (such capitalized terms used below having the definitions set forth in ***Appendix D***):

- (1) A certificate of an authorized official of the City to the effect that the average annual Net Revenues as set forth in the two most recent annual audits for Fiscal Years preceding the issuance of additional bonds, are at least 110% of the Average Annual Debt Service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues in all



succeeding Fiscal Years. Interest to be paid on any System Revenue Bonds will be reduced by Subsidy Payments, if any. If the City has made any increase in rates for the use and services of the System and the increase has not been in effect during all of the two Fiscal Years for which annual audits are available, the City may add the additional Net Revenues which would have resulted if the rate increase had been in effect for the entire period to the audited Net Revenues, as certified by a Consultant; or

(2) The estimated average annual Net Revenues for the two Fiscal Years immediately following the issuance of the additional bonds or, if improvements are to be made to the System with the proceeds of the additional bonds, for the two Fiscal Years immediately following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation, as certified by a Consultant, is at least 110% of the Average Annual Debt Service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues in succeeding Fiscal Years following the commencement of commercial operation of the improvements. Interest to be paid on any System Revenue Bonds will be reduced by Subsidy Payments, if any. In determining the amount of estimated Net Revenues for the purpose of this subsection, a Consultant may adjust the estimated net income and revenues by adding the estimated increase in Net Revenues resulting from any increase in rates for the use and services of the System approved by the City and to become effective during the two Fiscal Years immediately following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation.

Further provisions of the Bond Ordinance are set forth in **“SUMMARY OF THE BOND ORDINANCE”** in *Appendix D* hereto.

#### **No Debt Service Reserve Fund**

Although debt service reserve funds have been established for certain series of the Previously Issued Parity Bonds as additional security for such bonds, no debt service reserve fund has been established for the Bonds.

### **BOND INSURANCE**

#### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, AGM will issue its Municipal Bond Insurance Policy for the Bonds (the **“Policy”**). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as *Appendix F* to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

#### **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (**“AGL”**), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol **“AGO”**. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated **“AA” (stable outlook)** by S&P, **“AA+” (stable outlook)** by Kroll Bond Rating Agency, Inc. (**“KBRA”**) and **“A2” (stable outlook)** by Moody’s Investors Service, Inc.

(“**Moody’s**”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

***Current Financial Strength Ratings.*** On January 23, 2018, KBRA issued a financial guaranty surveillance report in which it affirmed AGM’s insurance financial strength rating of “**AA+**” (**stable outlook**). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2017, S&P issued a research update report in which it affirmed AGM’s financial strength rating of “**AA**” (**stable outlook**). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody’s published a credit opinion affirming its existing insurance financial strength rating of “**A2**” (**stable outlook**) on AGM. AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

***Capitalization of AGM.*** At December 31, 2017:

- The policyholders’ surplus of AGM was approximately \$2,254 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. (“**MAC**”) (as described below) were approximately \$1,108 million. Such amount includes 100% of AGM’s contingency reserve and 60.7% of MAC’s contingency reserve.
- The net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately \$1,657 million. Such amount includes (i) 100% of the net unearned premium reserves of AGM and AGM’s wholly owned subsidiaries Assured Guaranty (Europe) plc, Assured Guaranty (UK) plc, CIFG Europe S.A. and Assured Guaranty (London) plc (together, the “**AGM European Subsidiaries**”) and (ii) 60.7% of the net unearned premium reserve of MAC.

The policyholders’ surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of the AGM European Subsidiaries were determined in accordance with accounting principles generally accepted in the United States of America.

***Incorporation of Certain Documents by Reference.*** Portions of the following document filed by AGL with the Securities and Exchange Commission (the “**SEC**”) that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (filed by AGL with the SEC on February 23, 2018).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the section captioned “**BOND INSURANCE – Assured Guaranty Municipal Corp.**” or included in a document incorporated by reference herein (collectively, the “**AGM Information**”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

*Miscellaneous Matters.* AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the section captioned “**BOND INSURANCE**” herein.

## **THE SYSTEM**

### **Description of the System**

The City owns and operates the System, a portion of which dates back to 1861. The first treatment facilities were placed in operation in 1965. The City, through its system of sanitary sewers, pumping stations and wastewater treatment facilities, provides for the collection of the wastewater flow of approximately 26,857 customers including residential, commercial and industrial accounts located inside the City limits with a limited number of customers outside the City.

The System includes approximately 425 miles of sanitary sewers, four larger pumping stations and 20 minor pumping stations.

The present wastewater treatment plant represents an investment of over \$150 million. On the average, approximately 17,000,000 gallons of raw sewage flows into the plant daily. The treatment process consists of both a primary and secondary treatment facility. The primary portion of the plant contains a bar screen and de-gritting process, followed by primary clarification and anaerobic digestion of sludge. The secondary portion of the plant involves trickling filters, activated sludge digestion, followed by aerobic digestion. Sludge is removed from the secondary portion of the plant and additionally processed through an anaerobic digestion process. Treated effluent passes through a disinfection process before final discharge into the Missouri River.

The System’s wastewater rates are structured to provide sufficient revenues to meet all operation and maintenance expenses of the System, debt service requirements, capital improvement expenditures to be funded from current revenues, and other specific bond ordinance and revenue requirements.

The System also provides secondary treatment service to South St. Joseph Industrial Sewer District (“SSJISD”), National Beef Leathers and Triumph Foods on a contractual basis. Under an agreement between the City and SSJISD, the City is providing secondary treatment for the wastewater discharged from SSJISD’s primary treatment facilities. The agreement defines the basis for charges for the secondary treatment services and how the service charge to SSJISD is developed and updated. The agreement provides that allocation factors used to develop the charges must be updated not less than every five years. The allocation factors were last updated in 2015.

The provisions of the agreements with National Beef Leathers and Triumph Foods are similar to those in the SSJISD agreement with the exception that National Beef Leathers and Triumph Foods do not pay any costs associated with the SSJISD Pump Station. Otherwise, they are subject to the same rates as SSJISD.

For more detailed information about the System, its revenues and rate structure and its capital improvements plans and sources of revenue for such plans, see “**PLAN OF FINANCING – The Improvements**” above, “**HISTORY AND OPERATION OF THE SEWER SYSTEM**” and “**FINANCIAL INFORMATION CONCERNING THE SEWERAGE SYSTEM**” set forth in *Appendix A* and the Final Report on Revenue Requirements and Costs of Service Rates for the City of St. Joseph, Missouri Wastewater Utility dated June 2017 in *Appendix B*.

## **BONDOWNERS’ RISKS**

*The following is a discussion of certain risks that could affect payments to be made by the City with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully all the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in the Appendices hereto, copies of which are available as described herein.*

### **General**

The Bonds are special obligations of the City and are payable solely out of net income and revenues arising from the operation of the System, including any further extensions and improvements thereto hereafter constructed or acquired by the City, after providing for the costs of operation and maintenance thereof. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional, charter or statutory provision, limitation or restriction. The Bonds are not payable by and have no recourse to the power of taxation. The Bondowners have no lien on or security interest in any of the physical assets of the City, including the System.

Although the City has agreed in the Bond Ordinance and is required by law to charge rates sufficient to pay, among other things, the principal of and interest on the Bonds (see “**Summary of the Bond Ordinance – Rate Covenant**” in *Appendix D*), there is no assurance that, because of adverse economic conditions, unexpected repairs, replacements or improvements to the System or other unanticipated circumstances, the City will be successful in collecting sufficient revenues to pay debt service on the Bonds on a timely basis.

### **Factors Affecting the Business Operations of the City**

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the City’s operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Management.* Changes in key management personnel could affect the capability of management of the City.

2. *Future Economic Conditions.* Increased unemployment or other adverse economic conditions or changes in demographics in the service area of the City; cost and availability of energy; an inability to control expenses in periods of inflation and difficulties in increasing charges. The City could encounter difficulties in providing water service to residents of the City upon acceptable financial terms which could affect the financial performance of the City.

3. *Environmental Regulation.* Water and sewer utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of water and sewer utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory, administrative or enforcement action involving environmental controls that could adversely affect the operation of the facilities of the City. For example, if property of the City is determined to be contaminated by hazardous materials, the City could be liable for significant clean-up costs even if it were not responsible for the contamination.

### **Enforcement of Remedies**

The enforcement of the remedies under the Bond Ordinance may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

### **Additional Bonds**

Under the Bond Ordinance, the City may issue additional bonds in certain circumstances. Any additional bonds may be secured on a parity basis with the Bonds if certain tests are met, or may be junior and subordinate to the Bonds. The issuance of such additional System Revenue Bonds may have a dilutive effect on the debt service coverage ratio for the owners of the Bonds. See the discussion of additional System Revenue Bonds and the conditions on which they may be issued under the sections captioned "**Parity Lien Bonds**" and "**Junior Lien Bonds and Other Obligations**" in *Appendix D* attached to this Official Statement.

### **Amendment of the Bond Ordinance**

Certain amendments to the Bond Ordinance may be made with consent of the owners of not less than a majority in principal amount of the Bonds then outstanding. Such amendments may adversely affect the security of the owners of the Bonds.

## **BASIC DOCUMENTATION**

The City Council of the City passed the Bond Ordinance on March 26, 2018, for the purposes and subject to the terms and conditions described herein. A summary of the Bond Ordinance is contained in *Appendix D* to this Official Statement. Such summary of the Bond Ordinance does not purport to be complete and is qualified in its entirety by reference thereto.

## LEGAL MATTERS

### Legal Proceedings

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the imposition and collection of rates and charges to pay the principal and interest thereof, or which might affect the City's ability to meet its obligations to pay the Bonds.

### Approval of Legality

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, as Bond Counsel to the City. Bond Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof except for the matters appearing in the sections of this Official Statement captioned "**THE BONDS** (except for the information appearing in *Appendix E* relating to the "**Book-Entry Only System**")," "**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**," "**LEGAL MATTERS – Approval of Legality**" and "**TAX MATTERS**" and "*Appendix D – SUMMARY OF THE BOND ORDINANCE AND THE CONTINUING DISCLOSURE UNDERTAKING.*"

## TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

### Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

***Federal and Missouri Tax Exemption.*** The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

***Alternative Minimum Tax.*** The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

**Bank Qualification.** The Bonds have **not** been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “**TAX MATTERS.**”

### **Other Tax Consequences**

**Original Issue Discount.** For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

**Original Issue Premium.** For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

**Sale, Exchange or Retirement of Bonds.** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

***Collateral Federal Income Tax Consequences.*** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## RATING

S&P is expected to assign the Bonds the rating of “AA,” as set forth on the cover page hereof, conditioned upon the issuance and delivery by AGM of the Policy at the time of issuance of the Bonds guaranteeing the timely payment of the principal of and interest on the Bonds when due. See the section captioned “**BOND INSURANCE**” herein and “**Specimen Municipal Bond Insurance Policy**” attached to this Official Statement as *Appendix F*. S&P has also assigned the Bonds an underlying rating of “A+” (**Negative Outlook**), as set forth on the cover page hereof (such rating reflects the rating assigned to the Bonds in the absence of the AGM Policy). At present, S&P maintains four categories of investment grade ratings – AAA, AA, A and BBB. Under S&P criteria, debt rated “AA” has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in small degree; debt rated “A” has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than “AAA”- and “AA”-rated debt. Ratings reflect only the view of S&P at the time such ratings are given, and the City, the Financial Advisor (defined below), the Underwriter (defined below) and AGM make no representation as to the appropriateness of such ratings or that such ratings will not be changed, suspended or withdrawn.

S&P relies on the City and others for the accuracy and completeness of the information submitted in connection with the ratings. Ratings are not “market” ratings nor recommendations to buy, hold or sell the Bonds, and such ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of ratings could have an adverse effect on the market price and marketability of the Bonds.

## CONTINUING DISCLOSURE

### **Continuing Disclosure Information**

The City has agreed to provide certain annual financial information and notices of certain events to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system (“**EMMA**”), in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “**Rule**”). To insure consistency in the operating data that the City will update on an annual basis for all outstanding obligations subject to continuing disclosure requirements, the City entered into an Omnibus Continuing Disclosure Undertaking dated December 18, 2014 (the “**Disclosure Undertaking**”) as summarized in *Appendix D*, and will enter into an Adoption Agreement (the “**Adoption Agreement**”) described in *Appendix D*, affirming its obligations under the Disclosure Undertaking and declaring that the Disclosure Undertaking will apply to the Bonds in all respects. Under the Disclosure Undertaking, the City agrees to file audited financial statements and operating data for the City for each fiscal year (ending June 30<sup>th</sup> of each year) not later than December 31<sup>st</sup> of that year. See *Appendix D*: “**SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING.**”



## **Compliance with Prior Undertakings Under the Rule**

The City believes it has complied during the past five years with its prior undertakings under the Rule, except as follows:

1. Certain of the City's CAFRs contain the City's audited financial statements were filed after the date by which the City had agreed to file such information pursuant to its past continuing disclosure undertakings. The CAFR for fiscal year 2012-13 was filed on time except with respect to the Series 2003 Bonds for which the 2012-13 CAFR was not filed until November 18, 2014. The CAFR for 2013-14 was filed eight days late for three series of bonds, approximately two months late for one series of bonds and approximately four months late for six series of bonds.
2. The City determined that not all of the required operating data was included in the filed CAFRs for fiscal year 2012-13. On November 18, 2014, the City filed updated operating data for such fiscal year, as applicable.
3. The City filed the required operating data for fiscal year 2013-14 nine days late for two series of bonds and approximately four months late on seven series of bonds.
4. During the past five years, the City may not have made timely filings of event notices on EMMA relating to bond calls, defeasances or rating changes. The City believes this information was disseminated or available through other sources.

The City has instituted written procedures to promote future compliance with its undertakings under the Rule. In addition, on April 13, 2015, the City engaged Gilmore & Bell, P.C., to assist the City in meeting its continuing disclosure obligations beginning with the 2014-15 fiscal year. The initial term of the engagement ends on December 31, 2019.

## **MISCELLANEOUS**

### **Financial Statements**

Audited financial statements of the City as of and for the fiscal year ended June 30, 2017, are included in *Appendix C*. These financial statements have been audited by CliftonLarsonAllen LLP, St. Joseph, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in *Appendix C*.

### **Financial Advisor**

Piper Jaffray & Co. (the "**Financial Advisor**") has acted as Financial Advisor to the City in connection with the sale of the Bonds. The Financial Advisor has assisted the City in matters relating to the planning, structuring and issuance of the Bonds and various other debt related matters. The Financial Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Bonds.

### **Underwriting**

Based upon bids received by the City on March 26, 2018, the Bonds were awarded to Robert W. Baird & Co., Inc. (the "**Underwriter**"). The Bonds are being purchased for reoffering by the Underwriter. The Underwriter has agreed to purchase the Bonds from the City at a price equal to \$16,160,237.62 (representing the par amount of the Bonds (\$15,905,000.00) less an Underwriter's discount of \$162,034.08 and plus a net original issue premium of \$417,271.70). The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities. The Underwriter may sell certain of the Bonds at a price greater than such



APPENDIX A

INFORMATION CONCERNING THE CITY OF ST. JOSEPH, MISSOURI

TABLE OF CONTENTS

Page A-

**GENERAL AND DEMOGRAPHIC INFORMATION ..... 1**  
    General..... 1  
    Municipal Services and Utilities..... 1  
    Transportation and Communication Facilities..... 1  
    Educational Institutions and Facilities ..... 2  
    Medical and Health Facilities ..... 2  
    Recreational and Cultural Facilities..... 2

**ECONOMIC INFORMATION CONCERNING THE CITY ..... 2**  
    Commerce and Industry..... 2  
    General and Demographic Information ..... 3  
    Income and Home Values..... 3  
    Building Construction..... 4

**DEBT STRUCTURE OF THE CITY ..... 4**  
    Legal Debt Capacity ..... 4  
    Overlapping and Direct Debt..... 5  
    Sewerage System Revenue Bonds ..... 6  
    Sewer Annual Appropriation Obligations ..... 6  
    Debt Service on Sewer-Related Bonds ..... 8  
    Other Obligations..... 9  
    Industrial Development Revenue Bonds ..... 9  
    No Default ..... 9

**FINANCIAL INFORMATION CONCERNING THE SEWERAGE SYSTEM..... 10**  
    User Charge Rates ..... 10  
    Customers ..... 11  
    Summary of Operations for Sewer Fund..... 12  
    Historical Debt Service Coverage..... 13

**OTHER FINANCIAL INFORMATION CONCERNING THE CITY ..... 13**  
    Accounting, Budgeting and Auditing Procedures ..... 13  
    Sources of Revenue ..... 14  
    Sales Tax..... 14  
    Property Valuations ..... 15  
    Property Tax Levies and Collections..... 16  
    Tax Abatement and Tax Increment Financing..... 16  
    Tax Rates ..... 17  
    Tax Collection Record..... 18  
    Major Property Taxpayers ..... 18  
    General Fund Summary ..... 19  
    Employee Retirement and Pension Plans ..... 20

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

## **GENERAL AND DEMOGRAPHIC INFORMATION**

### **General**

The City is a constitutional charter city and political subdivision, duly created, existing and exercising home rule powers under the laws of the State of Missouri. Additional information regarding the City may be obtained from Tom Mahoney, Administrative Services Director, City of St. Joseph, 1100 Frederick Avenue, St. Joseph, Missouri 64501-2346 (816) 271-5526.

The City is approximately 45 square miles in area and is the County Seat of Buchanan County, Missouri, approximately 55 miles north of metropolitan Kansas City in northwest Missouri. According to the MCDC American Community Survey Profiles, the five-year estimated population of the City is 76,901.

The City utilizes the Council-Manager form of government. The City Manager is appointed by the Council and serves as the chief administrative officer of the City for an indefinite term. The City Charter was adopted by the voters of the City on August 4, 1981 and became effective April 19, 1982. The Charter was amended August 8, 1989, to divide the City into five districts. City Council consists of nine (9) members including a Mayor and three (3) Council members nominated and elected at-large, and five (5) Council members elected within districts. Council members serve concurrent, four (4) year terms. The Mayor and eight City Council members are charged with the formation of public policy to meet the community's needs. They provide leadership in the development of priorities for the City and in planning economic growth and stability for the community.

The Mayor presides over meetings of the City Council. The City Council establishes utility and tax rates and authorizes all municipal indebtedness. Tax rates are established by the City Council in such amounts necessary to generate tax revenues shown in the adopted budget. As required by state law, the aggregate City budget may not include any expenditures in excess of anticipated revenues. The City's fiscal year ends on June 30.

### **Municipal Services and Utilities**

The City provides its citizens with typical services, such as street maintenance and construction, police protection, fire protection, code enforcement, engineering and planning, building inspections and parks and recreation. These services are financed from general revenues of the City.

The City operates a sewerage system. Enterprise operations derive their revenues from user fees. The system is financed by self-sustaining usage charges.

City water is provided by Missouri American Water Company, a private supplier. Kansas City Power & Light and Missouri Gas Energy provide the residents of the City with electricity and natural gas, respectively, and are regulated by the Missouri Public Service Commission.

### **Transportation and Communication Facilities**

The City is located at the junction of Interstate Highway I-29 and U.S. Highway 36, approximately 55 miles north of metropolitan Kansas City. The City is served by motor freight carriers and railroads. The City has an airport with an 8,059 foot grooved concrete, lighted runway. The Kansas City International Airport is located 35 miles from the City.

The City is served by television and radio stations and a cable system in the area. Local news coverage is provided by daily and weekly newspapers.

## **Educational Institutions and Facilities**

The School District of St. Joseph (the “**District**”) currently holds an “accredited” rating from the State Department of Elementary and Secondary Education, which is the highest rating attainable. The District encompasses nineteen elementary schools, four middle schools, four high schools, and three specialty schools with a total enrollment of approximately 11,236 students as of September 2017. The City is the home of Missouri Western State University with an enrollment of over 6,000 students, and with the City being located within 60 miles of metropolitan Kansas City, many colleges and universities are available for continued educational opportunities.

## **Medical and Health Facilities**

Primary medical care is provided in the City by Heartland Health Systems which represents the combination of all individual hospitals in the City into a single non-profit health services provider for the entire regional area. Heartland operates a full continuum of healthcare. Being a regional referral center enables Heartland to function as a resource hub for the surrounding 29-county service area in northwest Missouri and the adjacent areas of Kansas, Iowa and Nebraska. Heartland services include six centers of excellence focusing on heart, cancer, physical and medical rehabilitation, urology, trauma and geriatric medicine. Children and infants from low-income families are serviced through the City Health Department while low-income adults are serviced by the Social Welfare Board (SWB), which is financed largely by donations from the City and Buchanan County, Missouri. The SWB also provides dental care for low-income families.

## **Recreational and Cultural Facilities**

The City is a unique community famous for its historic link to the Pony Express and Jesse James, and for its many fine museums. Other available cultural activities include the Albrecht-Kemper Museum of Art, Riverfront Opry, Robidoux Resident Theatre and St. Joseph Symphony. Civic Arena, Missouri Theater and Missouri Western State University have numerous events including performing artists, theatrical presentations and themed attractions. St. Joseph is large enough to sustain its economic base and support its diverse selections in dining, shopping, arts, history and natural attractions, recreational attractions and entertainment. Year-round activity programs are sponsored by the City’s Parks and Recreation Department, which includes 49 public park areas, 1 public golf course, a 5-field softball complex, an updated baseball stadium, a water park and 2 neighborhood swimming pools, a new recreation center that boasts a state-of-the-art fitness center, indoor volleyball/basketball courts and a community room, and finally a recreation complex that provides a facility for ice skating and outdoor in-line rink and basketball courts and 24 public tennis courts.

## **ECONOMIC INFORMATION CONCERNING THE CITY**

### **Commerce and Industry**

St. Joseph serves as a hub of the four-state area of Missouri, Iowa, Nebraska and Kansas, and is home to several corporations competing in the global economy. Major companies with facilities in the City include Wire Rope, Johnson Controls, Sara Lee, Boehringer-Ingelheim Vetmedica, Altec Industries and Weyerhaeuser. In addition, American Family Insurance has a regional headquarters in the City. Triumph Foods, a major pork processing facility, has its national headquarters and state-of-the-art processing facility located in the City.

Some major employers within the City include:

## TEN LARGEST EMPLOYERS

Employer	Industry	Number	% of Work Force
Mosaic Life Care	Health Services	4,072	6.5%
Triumph Foods	Pork Processing	2,900	4.6
St. Joseph School District	Public Education	1,853	3.0
139th Airlift Wing-MO Air National Guard	Government	1,521	2.5
Boehringer Ingelheim Vetmedica	Animal Pharmaceuticals	1,070	2.4
Missouri Western State University	Higher Education	793	1.3
American Family	Insurance	757	1.2
Tyson Foods	Food Manufacturer	670	1.1
City of St. Joseph	Local Government	653	1.0
Alorica	Financial Services	<u>510</u>	<u>0.1</u>
Total		14,799	23.7%

*Source:* City's Comprehensive Annual Financial Report, fiscal year ended June 30 2017.

### General and Demographic Information

The following tables set forth certain population information.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2012-2016*</u>
City of St. Joseph	71,852	74,990	76,780	76,901
Buchanan County	83,083	85,998	89,201	89,415
State of Missouri	5,117,073	5,595,211	5,988,927	6,059,651

*Source:* U.S. Census Bureau and \*ACS Profile Report (5-year estimate): 2012-2016/Missouri Census Data Center

The following table sets forth unemployment figures for the last five years for Buchanan County, Missouri.

<u>Average for Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2017	45,592	43,961	1,631	3.58%
2016	46,817	44,900	1,917	4.10
2015	46,861	44,699	2,162	4.60
2014	47,454	44,822	2,632	5.50
2013	46,455	43,573	2,882	6.20

*Source:* MERIC (Missouri Economic Research and Information Center)

### Income and Home Values

The following tables show the latest available per capita personal income and median value of owner-occupied housing units in the area of the City, Buchanan County and the State of Missouri:

#### Per Capita Income (2012-2016 Estimate)

City	\$22,430
Buchanan County	23,189
State of Missouri	27,044

**Median Household Income (2012-2016 Estimate)**

City	\$43,543
Buchanan County	46,680
State of Missouri	49,593

**Median Housing Value of Owner-Occupied Housing Units (2012-2016 Estimate)**

City	\$103,500
Buchanan County	112,400
State of Missouri	141,200

*Source:* ACS Profile Report (5-year estimate): 2012-2016/Missouri Census Data Center

**Building Construction**

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City over a five-year period. These numbers reflect permits issued either for new construction or for major renovation.

	(cost expressed in thousands)				
	<b><u>Fiscal Year Ended June 30</u></b>				
	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
<i>Residential:</i>					
Number of Permits	237	57	56	52	67
Estimated Cost	\$11,329	\$11,230	\$9,937	\$10,168	\$12,295
<i>Commercial:</i>					
Number of Permits	243	29	56	37	38
Estimated Cost	\$107,540	\$16,692	\$64,738	\$29,882	\$49,849

*Source:* City Planning Division

**DEBT STRUCTURE OF THE CITY**

**Legal Debt Capacity**

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10% of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10% for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20% of the assessed valuation. Article VI, Section 26(e) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10% for the purpose of purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20% of the assessed valuation. Since the City does not have any outstanding general obligation debt, the City’s legal debt margin, based on property valued as of January 1, 2017, is \$206,115,616.40 (equal to 20% of assessed valuation for the 2017 calendar year).



**Overlapping and Direct Debt**

The following table sets forth direct indebtedness of the City and overlapping general obligations and lease purchase obligations of political subdivisions with boundaries overlapping the City as of the date of this Official Statement and the percent attributable (on the basis of assessed valuation for the calendar year 2017) to the City, based on information furnished by the jurisdictions responsible for the debt obligations. The City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or lease obligations, the amounts of which cannot be determined at this time.

<u>Jurisdiction</u>	<u>Outstanding General Obligation or Lease Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
School District of St. Joseph (overlapping debt)	\$45,600,000	96.13%	\$43,835,280
City of St. Joseph (direct debt)	77,660,172 <sup>(1)</sup>	100.00	<u>77,660,172</u>
Total overlapping and direct debt			<u>\$121,495,452</u>

<sup>(1)</sup> Reflects (a) the outstanding aggregate principal amount, as of March 26, 2018, of the City’s non-sewer related obligations set forth in the table under the caption “**Other Obligations of the City**” in this *Appendix A* totaling \$42,850,000 in aggregate principal amount; (b) the outstanding amount of certain Developer Obligations (\$34,612,468) as of the City’s fiscal year ended June 30, 2017, reflected in the City’s Comprehensive Annual Financial Report for fiscal year ended June 30, 2017; and (c) the outstanding amount of certain Lease Obligations (\$197,704) of the City as of the City’s fiscal year ended June 30, 2017, reflected in the City’s Comprehensive Annual Financial Report for fiscal year ended June 30, 2017.

*[Remainder of this page intentionally left blank.]*

## Sewerage System Revenue Bonds

The payment of the following System Revenue Bonds are secured by the net revenues of the System and are recorded in the Sewer Fund. Outstanding principal amounts of such System Revenue Bonds as of March 26, 2018, are as follows:

Sewerage System Revenue Bonds	Amount Outstanding
<i>Series 2003</i> – Sewerage System Revenue Bonds, issued in the principal amount of \$777,000, due through April 1 2023, interest at 4.90% to 5.125% depending on maturity.	\$ 305,000
<i>Series 2013</i> – Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), issued in the principal amount of \$14,217,922.36, due through January 1, 2034; interest at 1.32%.	12,076,400
<i>Series 2014</i> – Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), issued in the principal amount of \$56,000,000, due through July 1, 2035; interest at 1.57%.	51,474,000
<i>Series 2014A</i> – Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), issued in the principal amount of \$28,585,000, due through July 1, 2035; interest at 1.36%.	26,265,000
<i>Series 2014B</i> – Sewerage System Revenue Bonds, due through July 1, 2034, issued in the principal amount of \$5,755,000; interest at 2.00% to 4.00% depending on maturity.	5,240,000
<i>Series 2017</i> – Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program): issued in the principal amount of \$66,850,000, due through July 1, 2047; interest at 1.14%. The City anticipated utilizing the full amount of the Series 2017 Bonds to fund current and future projects. A debt service schedule will be established once the project is completed and the final amount of the Series 2017 Bonds has been determined. Of the total authorized, \$27,448,182.38 has been disbursed as of March 26, 2018.	66,850,000
<b>Total Sewerage System Revenue Bonds</b>	<b>\$162,210,440</b>

In addition, the City will issue, on April 10, 2018, \$15,905,000 principal amount of Sewerage System Revenue Bonds, Series 2018, on a parity with the above-referenced six series of System Revenue Bonds.

## Sewer Annual Appropriation Obligations

The City is also obligated on an annual appropriation basis under three separate Financing Agreements entered into in connection with the issuance of the four series of bonds described in the table below (the “**Sewer Annual Appropriation Bonds**”). Each of the City’s loans with respect to each series of Sewer Annual Appropriation Bonds is payable solely from (a) the respective loan payments (as used in this section, the “**Loan Payments**”) to be made by the City under the respective Financing Agreements (the “**Sewer Annual Appropriation Financing Agreements**”); (b) an annual appropriation covenant of the City contained in each of the Sewer Annual Appropriation Financing Agreements; and (c) certain other funds held by the respective Trustees under each Trust Indenture related to each series of the Sewer Annual Appropriation Bonds. The City’s present intention is to satisfy its obligation to make the Loan Payments required under each Sewer Annual Appropriation Financing Agreement from surplus Revenues of the System available after payment of all amounts required to be paid under (i) the Previously Issued Parity Ordinances pursuant to which six outstanding series of System Revenue Bonds were issued, and (ii) the Bond Ordinance by which the Series 2018 Bonds are being issued. All Revenues of the System in excess of the amounts required to be set aside on a monthly basis to make the payments required by the Bond Ordinance and the Previously Issued Parity Ordinances would be available

to make the Loan Payments under the Sewer Annual Appropriation Financing Agreements. **However, these surplus revenues are NOT pledged to the payment of the Sewer Annual Appropriation Bonds. The City Council will decide on an annual basis whether to appropriate excess Revenues of the System to make the Loan Payments under each of the Sewer Annual Appropriation Financing Agreements or whether to use other available funds of the City to make such Loan Payments.**

Outstanding principal amounts of such Sewer Annual Appropriation Bonds as of March 26, 2018, were as follows:

<b>Sewer Annual Appropriation Bonds</b>	<b>Amount Outstanding</b>
\$22,275,000 original principal amount of Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2011E	\$18,960,000
\$8,825,000 original principal amount of Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2012C	5,850,000
\$10,255,000 original principal amount of The Industrial Development Authority of St. Joseph, Missouri Special Obligation Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2015A	9,530,000
\$19,215,000 original principal amount of The Industrial Development Authority of St. Joseph, Missouri Special Obligation Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2015B	18,605,000
<b>Total Sewer Annual Appropriation Bonds</b>	<b>\$52,945,000</b>

*[Remainder of this page intentionally left blank.]*

### Debt Service on Sewer-Related Bonds

The following table sets for the debt service on the System Revenue Bonds, including the Series 2018 Bonds being issued, and the Sewer Annual Appropriation Bonds:

<b>Fiscal Year Ending June 30</b>	<b>2018 Sewer Rev. Bonds Debt Service</b>	<b>Other Outstanding Sewer Rev. Bonds Debt Service</b>	<b>Total Sewer Rev. Bonds Debt Service</b>	<b>Annual Appropriation Debt Service</b>	<b>Total Debt Service</b>
2018		\$ 8,204,593	\$ 8,204,593	\$ 5,247,031	\$ 13,451,624
2019	\$1,116,132	9,267,698	10,383,830	5,253,331	15,637,161
2020	1,116,735	9,300,838	10,417,573	5,249,881	15,667,454
2021	1,119,135	9,326,880	10,446,015	5,252,731	15,698,746
2022	1,115,535	9,357,756	10,473,291	5,249,531	15,722,822
2023	1,116,135	9,392,910	10,509,045	5,247,856	15,756,901
2024	1,119,385	9,367,912	10,487,297	5,304,131	15,791,428
2025	1,115,885	9,398,071	10,513,956	5,308,425	15,822,381
2026	1,115,885	9,432,127	10,548,012	5,361,931	15,909,943
2027	1,116,485	9,469,695	10,586,180	7,149,444	17,735,624
2028	1,118,535	9,495,123	10,613,658	2,313,419	12,927,077
2029	1,119,835	9,525,610	10,645,445	2,313,888	12,959,333
2030	1,115,385	9,557,201	10,672,586	2,310,400	12,982,986
2031	1,120,335	9,595,180	10,715,515	2,313,538	13,029,053
2032	1,119,385	9,625,948	10,745,333	2,312,125	13,057,458
2033	1,115,460	9,658,682	10,774,142	2,310,356	13,084,498
2034	1,115,723	9,766,355	10,882,078	3,283,619	14,165,697
2035	1,120,010	8,432,115	9,552,125	1,593,294	11,145,419
2036	1,117,670	2,890,681	4,008,351	1,591,163	5,599,514
2037	1,118,330	2,893,828	4,012,158		4,012,158
2038	1,117,800	2,897,247	4,015,047		4,015,047
2039		2,899,932	2,899,932		2,899,932
2040		2,903,872	2,903,872		2,903,872
2041		2,907,044	2,907,044		2,907,044
2042		2,910,447	2,910,447		2,910,447
2043		2,914,056	2,914,056		2,914,056
2044		2,916,862	2,916,862		2,916,862
2045		2,920,858	2,920,858		2,920,858
2046		2,924,019	2,924,019		2,924,019
2047		2,930,759	2,930,759		2,930,759
<b>Totals</b>	<b>\$22,349,780</b>	<b>\$203,084,299</b>	<b>\$225,434,079</b>	<b>\$74,966,094</b>	<b>\$300,400,173</b>

It is anticipated that the City will issue another series of sewerage system revenue bonds in the 2019-20 fiscal year (the “**2020 Bonds**”) to pay the costs of an additional \$3.9 million in System improvements. Such 2020 Bonds will be on a parity with the Previously Issued Parity Bonds and the Bonds.

## Other Obligations

The City is obligated on certain other loans and capital lease obligations described in Notes 6 and 7 to the City's audited financial statements included as *Appendix C*, some of which are described below. Outstanding principal amounts of certain of such obligations as of March 26, 2018, are as follows:

<b>Other Non-Sewer-Related Obligations</b>	<b>Amount Outstanding</b>
\$6,860,000 original principal amount of Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of St. Joseph, Missouri - Public Safety Improvements Project), Series 2004D	\$ 985,000
\$26,000,000 original principal amount of The Industrial Development Authority of St. Joseph, Missouri Tax Increment Revenue Bonds, Series 2005A (The Shoppes at North Village Project)	16,960,000
\$16,985,000 original principal amount of The Industrial Development Authority of St. Joseph, Missouri Tax Increment Revenue Bonds, Series 2005B (The Shoppes at North Village Project)	11,880,000
\$5,110,000 original principal amount of The Industrial Development Authority of St. Joseph, Missouri Tax Increment Revenue Bonds, Series 2008 (Mitchell Avenue Corridor Project 1)	3,355,000
\$6,685,000 original principal amount of Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of St. Joseph, Missouri - Triumph Foods, LLC Project), Series 2011A	3,930,000
\$8,685,000 original principal amount of Missouri Development Finance Board Taxable Infrastructure Facilities Refunding Revenue Bonds (City of St. Joseph, Missouri - Triumph Foods, LLC Project), Series 2012B	5,740,000
Total Other Obligations	\$42,850,000

## Industrial Development Revenue Bonds

The City has issued several series of industrial development revenue bonds to provide financial assistance to private entities. These bonds are secured by the improvements that are financed. The debt service on such bonds is paid solely by the private entities through lease agreements; therefore, the bonds do not constitute debt of the City and are not included nor reported in the City's balance sheet. The total principal balance outstanding for industrial development revenue bonds as of June 30, 2017 was \$548,367,214.

## No Default

The City has never defaulted on the payment of any of its debt obligations.

**FINANCIAL INFORMATION CONCERNING THE SEWERAGE SYSTEM**

**User Charge Rates**

The following table sets forth the current rates for use of the System which became effective on July 1, 2017.

*Retail*

	<u>Monthly Service Charge</u>		
	<u>Inside City</u>	<u>Outside City</u>	
Service Charge	\$37.69	\$88.45	
Volume Charge	<u>\$/Ccf</u>	<u>\$/Ccf</u>	
	5.57	12.73	
<u>Limit Fees</u>	1.96	4.48	
Surcharges	<u>\$/lb.</u>	<u>\$/lb.</u>	<u>Limit Fees</u>
BOD in excess of 300 mg/l	0.254	0.377	0.381
Suspended solids in excess of 350 mg/l	0.196	0.465	0.239
Ammonia in excess of 30 mg/l	0.105	0.249	0.158
Fats, oils and grease in excess of 100 mg/l	0.286	0.657	
Septage	<u>\$/Kgal</u>	<u>\$/Kgal</u>	
	79.00	79.00	

*Wholesale* <sup>(1)</sup>

Ammonia Project Fixed Charge			
South St. Joseph Industrial Sewer District	\$/Month	40,490	
National Beef Leathers	\$/Month	13,410	
Triumph Foods	\$/Month	26,680	
Flow charge			
South St. Joseph Industrial Sewer District	\$/Ccf	0.279	0.419
National Beef Leathers	\$/Ccf	0.207	0.310
Triumph Foods	\$/Ccf	0.210	0.315
Pump Station <sup>(2)</sup>	\$/Ccf	0.393	
BOD	\$/lb.	0.275	0.413
Suspended solids	\$/lb.	0.114	0.171
Ammonia	\$/lb.	0.105	0.158
Fats, oils and grease	\$/lb.	0.286	

<sup>(1)</sup> Applicable to the South St. Joseph Industrial Sewer District (SSJISD), National Beef Leathers and Triumph Foods LLC for secondary treatment service.

<sup>(2)</sup> Applicable to SSJISD only

Source: The City.

The above System rates were approved by the City Council of the City on June 5, 2017, pursuant to General Ordinance No. 2835, and became effective on July 1, 2017. The implementation of the above System rates resulted in a 11.0% increase across the board compared to the System rates in effect during the prior fiscal year. The rates were implemented in connection with the System to provide sufficient revenues to meet all operation and maintenance expenses of the System, debt service requirements, capital improvement expenditures to be funded from current revenues and other specific bond ordinance and revenue requirements. Rates were determined through the Revenue Requirements and Cost of Service Rates Study completed June 2017 by Black & Veatch and attached to this Official Statement as **Appendix B**. System rates are anticipated to increase by an additional 3.0% effective July 1, 2018.

## Customers

The following table provides a five-year breakdown of number of customers of the System in each billing class. Figures are based upon the number of users in each of the respective years shown below.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Retail</b>					
Residential	23,286	23,326	23,143	23,800	24,176
Commercial	2,118	2,402	2,388	2,119	2,117
<b>Wholesale</b>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<b>Total</b>	25,407	25,721	25,534 <sup>(1)</sup>	25,922 <sup>(1)</sup>	26,296 <sup>(1)</sup>

<sup>(1)</sup> Excludes County Club Village (532 customers) as they opened their own sewer plant in April 2014.

Source: The City.

The following is an estimate based on the sewer billings for the fiscal year ended June 30, 2017, of the fifteen largest users of the System:

<b>Customers**</b>	<b>Volume (Gallons)</b>	<b>Flows (CCF)</b>	<b>FY 2017 Charges</b>	<b>% Total Revenue</b>
1. South St. Joseph Sewer Dist (Whsl) <sup>(1)</sup>	711,719,134	951,496	\$1,842,640	6.61%
2. St Joe Foods (Tyson)	226,418,852	302,699	1,672,722	6.00
3. Triumph Foods (Wholesale)	738,530,000	987,340	1,084,662	3.89
4. Boehringer	83,200,040	111,230	544,517	1.95
5. OA FMDC/WRDCC	60,098,060	80,345	434,512	1.56
6. Heartland East	53,436,372	71,439	351,464	1.26
7. National Beef (Wholesale)	321,233,088	429,456	297,975	1.07
8. Brittany Village Apts	36,085,764	48,243	225,354	0.81
9. ICM (South/West)	30,012,752	40,124	202,252	0.73
10. Lifeline Foods (ICM North)	22,339,768	29,866	147,268	0.53
11. Cintas	15,904,724	21,263	116,655	0.42
12. Johnson Controls	17,892,908	23,921	116,184	0.42
13. Nestle	12,119,096	16,202	81,710	0.29
14. Purina Mills	9,190,676	12,287	60,024	0.22
15. Law Enforcement Center	8,627,432	11,534	57,778	0.21
Subtotal Top 15 System Users	2,346,808,666	3,137,445	\$7,235,717	25.96%
All Other System Users <sup>(2)</sup>	6,743,990,134	9,016,029	20,624,285	74.04
Total All System Users <sup>(2)</sup>	<u>9,090,798,800</u>	<u>12,153,474</u>	<u>\$27,860,006</u>	<u>100.00%</u>

Wholesales customers with special rates; secondary processing only

\*\* Customers are ranked by volume rather than by percentage of total System revenue

<sup>(1)</sup> The South St. Joseph Sewer District, one of three wholesale customers of the System (the others being Triumph Foods and National Beef), provides primary treatment of sewage for the following businesses: AG Processing, Omnium LLC, Deluxe Truck Stop, Albaugh, Inc, Pony Express Warehousing, Silgan Containers Corp, Nestle Purina Petcare, Ventura Foods, Cryovac, Varco-Pruden, Lowe's, KCP&L Greater MO Operations Co, St. Joe Express, and St. Joseph Stockyards.

Source: The City.

## Summary of Operations for Sewer Fund

The following is a summary of the revenues, expenses and changes in fund net assets for the Sewer Fund for the five-year period ended June 30, 2017. The information has been derived from the audited financial statements of the City.

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN SEWER FUND NET POSITION

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating revenues:					
Charges for services	\$ 19,617,283	\$ 19,715,364	\$ 22,029,038	\$ 25,700,009	\$ 27,898,789
Other	13,679	146,524	417,854	337,486	256,448
Total operating revenues	\$19,630,962	\$19,861,888	\$22,446,892	\$26,037,495	\$28,155,237
Operating expenses:					
Personal services	\$3,784,457	\$3,947,901	\$4,104,807	\$4,332,549	\$7,963,315
Contractual services	4,660,584	5,684,890	6,262,181	5,840,233	6,284,021
Commodities	596,632	716,711	789,450	693,146	711,422
Heat, light and power	1,256,684	1,507,094	1,639,689	1,663,413	1,758,544
Depreciation	3,029,117	3,658,093	4,454,545	4,728,009	6,148,430
Total operating expenses	\$13,327,374	\$15,514,689	\$17,250,672	\$17,257,350	\$22,865,732
Operating income (loss)	\$6,303,588	\$ 4,347,199	\$5,196,220	\$8,780,145	\$5,289,505
Nonoperating revenues (expenses):					
Intergovernmental and other	\$894,663	\$405,640	\$378,901	\$377,490	\$376,076
Investment income	205,989	190,199	170,342	110,975	263,429
Interest and fiscal charges	(1,306,143)	(1,398,836)	(2,894,418)	(2,589,539)	(4,074,930)
(Loss) on disposal of capital assets	42,607	0	(43,717)	0	(300,066)
Total nonoperating (expenses), net	\$(162,884)	\$(802,997)	\$(2,388,892)	\$(2,101,074)	\$(3,735,491)
Income before capital contributions and transfers	\$6,140,704	\$3,544,202	\$2,807,328	\$6,679,071	\$1,554,014
Capital contributions	\$ 75,705	\$365,179	--	\$181,709	--
Transfers in	133,410	3,250	\$3,250	7,250	\$15,179
Transfers out	(1,494,910)	(1,606,676)	(1,606,666)	(1,716,558)	(1,958,859)
Change in net position	\$4,854,909	\$2,305,955	\$1,203,912	\$5,151,472	\$(389,666)
Total net position - beginning July 1	\$58,536,958	\$63,391,867	\$68,335,511	\$69,539,423	\$74,690,895
Total net position - ending June 30	\$ 63,391,867	\$ 65,697,822	\$ 69,539,423	\$ 74,690,895	\$ 74,301,229

[Remainder of this page intentionally left blank.]



## Historical Debt Service Coverage

The following table shows historical debt service coverage for all System Revenue Bonds prepared from the City's audited financial statements for the fiscal years ending June 30 in the years 2015 through 2017:

	Fiscal Year Ending June 30		
	2015	2016	2017
<b>Operating Revenues</b>	\$22,446,892	\$26,037,495	\$28,155,237
<b>Operating Expenses</b> <sup>(1)</sup>	\$12,796,127	\$12,529,341	\$13,149,160
<b>Gross Revenues Available for Debt Service</b>	\$9,650,765	\$13,508,154	\$15,006,077
<b>Less: Sewer Annual Appropriation Debt Service</b>	\$3,416,619	\$3,964,849	\$4,684,531
<b>Less: Transfers Out</b> <sup>(2)</sup>	\$1,606,666	\$1,716,558	\$1,958,859
<b>Plus: Intergovernmental Income</b> <sup>(3)</sup>	\$378,901	\$377,490	\$376,076
<b>Plus: Investment Income</b>	\$170,342	\$110,975	\$263,429
<b>Net Revenue Available for Debt Service</b>	\$5,176,723	\$8,315,212	\$9,002,192
<b>Debt Service on System Revenue Bonds</b>	\$2,821,494	\$4,922,773	\$7,352,166
<b>Debt Service Coverage</b>	1.83x	1.69x	1.22x

<sup>(1)</sup> Excludes depreciation in all years and, for 2017 only, excludes \$3,568,142 for a noncash pension expense adjustment required to be included as an operating expense under GASB 68 Pension Liability.

<sup>(2)</sup> Reimbursement to City of expenses allocable to the Sewer System.

<sup>(3)</sup> Revenue from intergovernmental transfers is used to pay debt service on certain Sewer Annual Appropriation Bonds.

## OTHER FINANCIAL INFORMATION CONCERNING THE CITY

### Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with generally accepted accounting principles. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate.

An annual budget is prepared under the direction of the City Manager and submitted to the City Council for consideration prior to the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is

legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending June 30, 2017 was performed by CliftonLarsonAllen LLP, St. Joseph, City, Missouri. Copies of the audit reports for the past five years are on file in the Director of Administrative Service's office and are available for review.

### Sources of Revenue

The City finances its governmental activities through the following taxes and other miscellaneous sources as indicated below for fiscal year ended June 30, 2017:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$66,969,877	82.40%
Licenses and Permits	1,559,402	1.92
Intergovernmental	4,194,178	5.16
Charges for Services	4,335,351	5.33
Fines	809,507	1.00
Special Assessments	20,971	0.03
Investment earnings	678,490	0.84
Contributions and donations	158,244	0.19
Other Revenue	<u>2,542,163</u>	<u>3.13</u>
	\$81,243,816	100.00%

*Source:* Comprehensive Annual Financial Reports, fiscal year ended June 30, 2017.

### Sales Tax

The following table sets forth City sales tax collections for the last five years:

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>General Fund</u> <u>(\$0.015)</u>	<u>Capital Projects</u> <u>(\$0.005)</u>	<u>Mass Transit</u> <u>(\$0.00375)</u>	<u>Public Safety</u> <u>(\$0.005)<sup>(1)</sup></u>	<u>Total</u>
2017	\$21,733,416	\$5,930,307	\$4,607,892	\$6,148,319	\$38,419,934
2016	21,244,461	5,906,522	4,583,310	6,089,924	37,824,217
2015	17,323,949	5,748,910	4,456,303	5,921,322	33,450,484
2014	17,028,640	5,646,088	4,373,653	2,696,572	29,744,953
2013	16,530,081	5,483,011	4,249,381	--	26,262,473

<sup>(1)</sup> Collection of the Public Safety Tax began in fiscal year ended June 30, 2014. In August of 2013, voters approved the half-cent sales tax with a 20-year sunset clause.

*Source:* Comprehensive Annual Financial Reports, fiscal years ended June 30, 2013 through 2017.

**Property Valuations**

*Assessment Procedure:*

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property.....	19%
Agricultural and horticultural real property.....	12%
Utility, industrial, commercial, railroad and all other real property .....	32%

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 0.5%, livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; poultry, 12%; and certain tools and equipment used for pollution control, used in retooling for the purpose of introducing new product lines or used for making improvements to existing products by certain types of companies specified by state law, 25%.

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

***Current Assessed Valuation:***

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City as reported by the Buchanan County Clerk, as of December 31, 2017 (excluding \$59,150,080 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the City).

	<b><u>Assessed Valuation</u></b>	<b><u>Assessment Rate*</u></b>	<b><u>Estimated Actual Valuation</u></b>
Real Estate:			
Residential	\$427,173,430	19.00%	\$2,248,281,211
Agricultural	1,401,710	12.00	\$11,680,917
Commercial <sup>(1)</sup>	<u>340,485,717<sup>(1)</sup></u>	32.00	<u>\$1,064,017,866</u>
Subtotal	<u>\$769,060,857</u>		<u>\$3,323,979,993</u>
Personal Property	\$253,474,395	33.33	\$760,423,185
Locally RR & Utility Personal Prop.	4,791,650	33.33	\$14,374,950
State RR & Utility Personal Prop.	<u>3,236,180</u>	33.33	<u>\$9,708,540</u>
<b>TOTAL</b>	<b>\$1,030,563,082</b>		<b>\$4,108,486,668</b>

\* Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

<sup>(1)</sup> Includes state and locally assessed railroad and utility real property.

### ***History of Property Valuation:***

The following table shows total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, applicable during each of the following fiscal years of the City (rounded to nearest thousands), including the assessed valuation of property in the City as of December 31, 2017, the applicable assessed valuation during the City's current fiscal year ending June 30, 2018.

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2017-18	\$1,030,563,082	1.7%
2016-17	1,012,995,885	1.3
2015-16	1,000,342,993	1.7
2014-15	983,181,738	1.6
2013-14	968,096,910	1.4

*Source:* Buchanan County Assessor's Office.

### **Property Tax Levies and Collections**

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

### **Tax Abatement and Tax Increment Financing**

Under state law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be "blighted." The Land Clearance for Redevelopment Authority Law authorizes ten-year tax abatement pursuant to Sections 99.700 to 99.715, RSMo. In lieu of ten-year tax abatement, a redeveloper that is an urban redevelopment corporation formed pursuant to Chapter 353, RSMo, may seek real property tax abatement for a total period of 25 years. In addition, the Industrial Development Law, Chapter 100, RSMo, authorizes real and personal property tax abatement for corporations for projects for industrial development. Currently, there are tax abatement projects located within the City.

In addition, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city or county to be a “blighted area,” “conservation area,” or “economic development area,” each as defined in such statute.

Currently, certain portions of the City are located in tax increment financing districts (“**TIF Redevelopment Areas**”). Tax increment financing does not diminish the amount of property tax revenues collected by the City in an affected area compared to prior to the establishment of a TIF Redevelopment Area, but instead acts to freeze such revenues at current levels and deprives the City and other taxing districts of all or part of future increases in ad valorem real property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas (the “**TIF Increment**”). The TIF Increment is captured by the TIF Redevelopment Areas until the tax increment financing obligations issued are repaid or the tax increment financing period terminates.

According to the Buchanan County Assessor’s office, the TIF Increment attributable to property within the City was approximately \$59,150,080 for the 2017 tax year. See “**PROPERTY TAX INFORMATION CONCERNING THE CITY – Property Valuations – Current Assessed Valuation**” and “– *History of Property Valuations.*”

**Tax Rates**

*Debt Service Levy.* The City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments. Since the city has no general obligation bonds outstanding, the City has no debt service levy.

*Other Levies.* The total tax levy of the City for the current fiscal year ending June 30, 2018 is \$1.5534 per \$100 of assessed valuation. The levy for the General Fund does not require annual voter approval but the City Council cannot raise the rate above that approved in the last election without the approval of a majority of the voters voting thereon. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City’s General Fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

The following table shows the City’s tax levies (per \$100 of assessed valuation) for each of the last five fiscal years, including the current fiscal year ending June 30, 2018:

**Property Tax Rates  
(Per \$100 Assessed Value)**

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Public Health</u>	<u>Museum</u>	<u>Library</u>	<u>Parks &amp; Recreation</u>	<u>Public Safety</u>	<u>Total <sup>(1)</sup></u>
2017-18	\$0.6000	\$0.2198	\$0.0500	\$0.4136	\$0.2000	\$0.0700	\$1.5534
2016-17	0.6000	0.2195	0.0500	0.4136	0.2000	0.0700	1.5531
2015-16	0.6000	0.2195	0.0500	0.4131	0.2000	0.0700	1.5526
2014-15	0.6000	0.2195	0.0500	0.4131	0.2000	0.0700	1.5526
2013-14	0.6000	0.2195	0.0500	0.4136	0.2000	0.0700	1.5531
2012-13	0.6000	0.2200	0.0500	0.4100	0.2000	0.0700	1.5500

<sup>(1)</sup> Excludes \$0.500 levy (special assessment) for Parks & Recreation District.

Source: State Auditor’s Property Tax Rate Reports for tax years 2012 through 2017 (City’s fiscal years ended June 30, 2013 through 2018)

**Tax Collection Record**

The following table sets forth tax collection information for the City for the last five fiscal years.

**Property Tax Levies and Collections  
(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Taxes Levied</b>	<b>Current &amp; Delinquent Taxes Collected</b>	
		<b>Amount</b>	<b>%</b>
2017	\$15,004	\$15,236	101.55%
2016	14,830	14,529	97.97
2015	14,399	13,196	91.64
2014	14,383	14,376	99.96
2013	13,804	13,796	99.95

*Source:* City’s Comprehensive Annual Financial Statements for fiscal year ended June 30, 2017.

**Major Property Taxpayers**

The following table sets forth the ten largest property taxpayers in the City based upon local assessed valuation for calendar year 2016 (applicable to fiscal year ended June 30, 2017).

<b>Company Name</b>	<b>Type</b>	<b>Valuation</b>	<b>Percentage of Total</b>
			<b>2016 Assessed Valuation</b>
Boehringer Ingelheim Animal Health	Animal Health Manufacturing	\$ 17,791,370	1.76%
Midland Empire Retail LLC	Shopping Mall	15,271,430	1.51
AG Processing Inc.	Soybean Processing	13,819,020	1.36
Mosaic Life Care	Healthcare Industry	13,107,200	1.29
Nestle USA Inc.	Pet Food Manufacturing	12,245,870	1.21
Triumph Foods	Pork Processing	12,005,500	1.19
Missouri American Water	Water Utility	11,866,120	1.17
American Family Mutual Insurance	Insurance	9,889,650	0.98
Cole PC St. Joseph MO LLC	Shopping Center	9,281,560	0.92
Johnson Controls Battery Group	Battery Manufacturer	<u>8,815,710</u>	<u>0.87</u>
<b>Total</b>		<b>\$124,093,430</b>	<b>12.25%</b>

*Source:* City’s Comprehensive Annual Financial Statements for fiscal year ended June 30, 2017.

## General Fund Summary

The following is a summary of the revenues, expenditures and changes in fund balance for the City's General Fund for the five-year period ended June 30, 2017. The information has been derived from the audited financial statements of the City.

### REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE

	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
<b>Revenues</b>					
Taxes	\$ 36,766,646	\$ 37,580,895	\$ 38,078,589	\$ 41,977,592	\$ 42,799,507
Licenses, fees and permits	1,384,711	1,397,060	1,435,050	1,462,388	1,463,869
Intergovernmental	2,168,810	2,354,062	2,267,075	2,381,488	2,122,663
Charges for services	3,406,191	3,029,204	3,231,029	3,340,399	3,153,097
Fines, forfeitures & court costs	1,170,983	1,251,520	1,106,527	1,028,255	809,507
Investment Earnings	55,044	21,305	15,802	35,226	82,286
Other	205,176	337,227	313,764	786,396	735,582
Total revenues	45,157,561	45,971,273	46,447,836	51,011,744	51,166,511
<b>Expenditures</b>					
General government	7,338,345	6,788,573	6,634,752	6,679,353	7,414,353
Public safety	23,401,114	24,466,592	25,396,704	26,245,580	26,156,089
Highways and streets	5,518,827	5,780,735	5,742,988	5,569,753	5,549,262
Public works	0	0	0	0	0
Health and welfare	3,104,459	3,274,307	3,404,319	3,691,758	2,640,275
Parks and Recreation	4,587,318	4,752,167	4,808,731	4,975,218	5,122,999
Capital Outlay	363,001	27,793	382,988	1,428,383	2,577,470
Debt Service					
Principal	281,895	284,304	244,777	210,419	216,171
Interest	94,566	81,375	79,970	99,133	84,577
Total expenditures	44,689,525	45,455,846	46,695,229	48,899,597	50,761,196
Excess (deficiency) of revenues over expenditures	468,036	515,427	(247,393)	2,112,147	405,315
<b>Other Financing Sources (Uses)</b>					
Transfers in	3,068,019	4,404,792	5,638,042	5,548,733	6,111,773
Transfers out	(1,705,423)	(3,356,932)	(2,807,416)	(3,694,707)	(5,029,125)
Issuance of debt	0	0	0	0	0
Capital leases	20,003	0	233,522	118,304	21,896
Sale of capital assets	15,955	2,709	0	41,055	14,010
Total other financing sources (uses)	1,398,554	1,050,569	3,064,148	2,013,385	1,118,554
Net change in fund balances	1,866,590	1,565,996	\$2,816,755	4,125,532	1,523,869
General Fund balance - beginning 7/1	10,010,022	11,876,612	13,442,608	16,259,363	20,384,895
General Fund balance - ending 6/30	11,876,612	13,442,608	16,259,363	20,384,895	21,908,764
Unreserved General Fund balance 6/30	\$ 5,807,342	\$ 6,837,653	\$ 9,384,702	\$ 13,218,788	\$ 7,976,680

## **Employee Retirement and Pension Plans**

All full-time, regular employees of the City participate in one of two retirement plans. The Missouri Local Government Employees' Retirement System plan (“**LAGERS**”) covers all employees except commissioned police officers.

LAGERS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by state statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees (“**LAGERS' Board**”) consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 (the “**2017 LAGERS CAFR**”) is available at <http://www.molagers.org/financial.html>. The link to the 2017 LAGERS CAFR is provided for general background information only, and the information in the 2017 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2017 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

The Police Pension Plan covers all commissioned police officers and is a single-employer defined benefit pension plan established and operated under provisions of Chapter 86 of the Revised Statutes of Missouri. All Plans are qualified as tax exempt under the Internal Revenue Code.

For a further description of the City's retirement plans, including net pension liabilities, and other post-employment benefits, see Notes 10 and 11 on pages FN-41 through FN-55 and Required Supplementary Information (Unaudited) on pages RS-8 through RS-13 in the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017 attached as *Appendix C* to this Official Statement.



**APPENDIX B**

**REPORT ON REVENUE REQUIREMENTS  
AND COST OF SERVICE RATES  
PREPARED FOR  
CITY OF ST. JOSEPH, MISSOURI WATER PROTECTION DIVISION**

**JUNE 2017**

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

# REVENUE REQUIREMENTS AND COST OF SERVICE RATES

BLACK & VEATCH PROJECT NO. 195753 & 195754

PREPARED FOR

City of St. Joseph, Missouri  
Water Protection Division

JUNE 2017



**(THIS PAGE LEFT BLANK INTENTIONALLY)**

## Table of Contents

<b>1</b>	<b>Executive Summary</b> .....	<b>1</b>
1.1	Revenues .....	1
1.2	Revenue REquirements.....	1
1.3	Cost of Service Analysis.....	4
1.4	Wastewater Rate adjustments .....	4
<b>2</b>	<b>Introduction</b> .....	<b>7</b>
2.1	Purpose .....	7
2.2	Scope .....	7
2.3	General Background .....	7
2.4	Disclaimer .....	8
<b>3</b>	<b>Revenues</b> .....	<b>10</b>
3.1	Customer Growth .....	10
3.2	Billed Wastewater Volume .....	10
3.3	Wastewater Service Charge Revenues Under Existing Rates.....	13
3.4	Other Revenue .....	13
<b>4</b>	<b>Revenue Requirements</b> .....	<b>15</b>
4.1	Operating Expense .....	15
4.2	Capital Improvement Program .....	17
4.3	Financing Plan.....	19
4.4	Debt Service Requirements .....	19
<b>5</b>	<b>Summary of Revenue Requirements and Proposed Adjustment to Revenue</b> .....	<b>21</b>
5.1	Debt Service Coverage .....	22
5.2	Rate Covenant .....	23
<b>6</b>	<b>Cost of Service Analysis</b> .....	<b>26</b>
6.1	Cost of Service to be Allocated .....	26
6.2	Functional Cost Components .....	27
6.3	Allocation to Cost Components.....	28
6.4	Distribution of Costs to Customer Classes .....	35
<b>7</b>	<b>Wastewater Rate Adjustments</b> .....	<b>42</b>
7.1	Proposed Wastewater Rates .....	42
7.2	Limit Fees.....	42
7.3	Ammonia Project Fixed Charge .....	43
7.4	Comparison of Typical Customer Bills.....	45
	<b>Appendix A - Detailed Allocation to Cost Components</b> .....	<b>47</b>

## LIST OF TABLES

<b>Table 1 Schedule of Existing Rates</b> .....	11
<b>Table 2 Historical and Projected Number of Customers</b> .....	12
<b>Table 3 Historical and Projected Contributed Volume</b> .....	12
<b>Table 4 Historical and Projected Billed Revenue from Sales (Existing Rates)</b> .....	14
<b>Table 5 Historical and Projected Miscellaneous Revenues</b> .....	14
<b>Table 6 Projected Operating Expense</b> .....	16
<b>Table 7 Proposed Capital Improvement Program</b> .....	18
<b>Table 8 Capital Flow of Funds</b> .....	19
<b>Table 9 Existing and Proposed Debt Service</b> .....	20
<b>Table 10 Operating Flow of Funds</b> .....	22
<b>Table 11 Debt Service Coverage Tests</b> .....	25
<b>Table 12 Development of Total Cost of Service</b> .....	26
<b>Table 13 O&amp;M Functional Cost Components</b> .....	29
<b>Table 14 O&amp;M Cost Allocation Factors</b> .....	30
<b>Table 15 O&amp;M Allocated Costs</b> .....	31
<b>Table 16 Capital Cost Allocation Factors</b> .....	33
<b>Table 17 Capital Allocated Costs</b> .....	34
<b>Table 18 Retail and Wholesale Units of Service</b> .....	37
<b>Table 19 Unit Cost of Service</b> .....	39
<b>Table 20 Customer Class Allocated Cost of Service</b> .....	40
<b>Table 21 Comparison of Revenue Under Existing Rates with Allocated Cost of Service</b> .....	41
<b>Table 22 Schedule of Proposed Rates</b> .....	43
<b>Table 23 Development of Ammonia Project Fixed Charge for Wholesale</b> .....	44
<b>Table 24 Comparison of Cost of Service With Revenue Under Proposed Rates</b> .....	45
<b>Table 25 Typical Retail Sewer Bills Under Existing and Proposed Rates</b> .....	46
<b>Appendix A-1 Sludge Handling Cost Allocation Factors</b> .....	48
<b>Appendix A-2 Secondary Operations Allocation Factors</b> .....	49
<b>Appendix A-3 Wastewater Treatment Plant Vehicle Allocation Factors</b> .....	49
<b>Appendix A-4 Wastewater Treatment Plant and Personnel Expense</b> .....	50
<b>Appendix A-5 Power Cost Allocation Factors</b> .....	51
<b>Appendix A-6 Laboratory Allocation Factors</b> .....	51
<b>Appendix A-7 O&amp;M Details</b> .....	52
<b>Appendix A-8 O&amp;M Functional Cost Allocation</b> .....	53

**Appendix A-9 O&M Cost Allocation Factors .....53**  
**Appendix A-10 O&M Allocated Costs .....54**  
**Appendix A-11 Fixed Assets.....55**  
**Appendix A-12 Ammonia Project Allocations.....61**  
**Appendix A-13 Construction Work in Progress Allocations.....61**  
**Appendix A-14 Capital Cost Allocation Factors.....62**  
**Appendix A-15 Capital Allocated Costs .....63**

**(THIS PAGE LEFT BLANK INTENTIONALLY)**



# 1 Executive Summary

The wastewater utility, owned and operated by the City of St. Joseph, Missouri (Sewer Utility or Water Protection Division), conducts an annual review of its charges for sewer service (Rate Study). The Rate Study consists of three phases: Revenue and Revenue Requirements, Cost of Service, and Rate Design. The Revenue and Revenue Requirements phase (also referred to as the Financial Planning phase) determines the overall rate adjustment required based on cost data and capital project forecasts provided by the City. The Cost of Service phase determines how costs should be equitably recovered from each of the Sewer Utility's customer classes. The last phase, Rate Design, determines how services should be priced to reflect the cost of service and recover 100% of the revenue requirement.

## 1.1 REVENUES

The Sewer Utility is projected to experience no change in the number of customers for the study period fiscal year (FY) 2018 through FY 2022. Billable volume from current retail customers and wholesale customers is projected to remain constant (Tables 2 and 3).

The projection of billed revenues from sales increases from a base of \$28,214,900 in FY 2017 to \$28,938,000 in FY 2022 (Table 4). The forecasted usage from FY2017 Rate Study was not achieved and resulted in about \$1.3 million less per year in revenue from FY 2017-FY 2022. This was caused by a decline in use per customer and the implementation of a new billing policy that bills customers on the lesser of their winter quarter average usage or actual usage for the month. Miscellaneous operating revenues, which are primarily from penalties for late payment and tax credit revenue, are projected to be approximately \$1,136,500 in FY 2017 and only decreasing slightly to about \$1,021,200 in FY 2022 (Table 5).

## 1.2 REVENUE REQUIREMENTS

Operating expenses, which include operation and maintenance expense, routine capital expense, and transfers to other City funds, are expected to be \$ 14,921,100 in FY 2017 and are projected to increase to \$ 17,305,900 in FY 2022 (Table 6).

In prior years, bad debt has been highlighted as a significant contributor to rate increases. In the past few years the City has continued to make bad debt reduction a priority. This study assumes bad debt to be about 2 percent of the total operating revenues for FY2017 through FY2022. The City's substantial improvement in its bad debt as a percentage of rate revenue is the result of the City using the following steps to address bad debt from unpaid bills:

- Implementing an additional payment plan that allows income qualified customers to have a 12 month payment plan to bring their past due accounts current;
- Working with local Social Service Agencies to assist customers who are having difficulties making payments;
- Reducing the days for payment of an outstanding wastewater utility bill from 90 days to 60 days;
- Disconnecting water service for non-payment of wastewater utility bills;
- Continuing to educate customers on leaks and other household activities that could have the potential for higher payments;
- Encouraging customers to contact the City before their services have been disconnected;
- Upgrading software system to allow for more flexibility in the information that we share with our customers.

As shown in the table below, between FY 2014 and FY 2016, the City reduced its bad debt percentage from 8.8% of revenue to 1.6%. Bad debt is projected to be 2.0% of revenue in FY 2017 through the end of the study period

	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 ACTUAL	FY 2017 PROJECTED	FY 2018 BUDGET
Bad Debt	\$1,909,371	\$1,447,995	\$408,127	\$564,000	\$642,000
Total Rate Revenue	\$21,679,555	\$23,782,387	\$25,495,085	\$28,214,900	\$32,121,200
Bad Debt %	8.8%	6.1%	1.6%	2.0%	2.0%

During previous Rate Studies, there have been comments related to the concern of using the Payment in Lieu of Taxes (PILOT) as a method to offset supporting costs for services that the wastewater utility receives from general administration, including Finance and Law support, and not an indirect cost allocation. An additional review of this issue was completed and it was found that PILOT averaged about \$80k less per year compared to the indirect cost allocation from FY 2015-FY 2018. In addition, PILOT is being reduced from 7% to 6.5% for FY 2018-FY 2022 to account for the adjustment of applying PILOT to all rate revenue.

The City’s current Capital Improvement Program (CIP) for FY 2017 through FY 2022 totals \$102.9 million (Table 7). The City’s anticipated capital requirements are driven by regulatory needs or capital replacement expenses required to maintain current operations. As a result, the individual flexibility of projects is limited and, in general, the delaying of projects has the largest impact on rates. Once projects are scheduled, the City’s procurement process aims to provide the necessary supplies, equipment, and services at the lowest possible cost that is consistent with the quality needed to meet the requirements of the wastewater utility so that the ratepayers receive the maximum value for each dollar expended. Future CIP projects are conservative estimates that City staff are generally able to report success in keeping projects at or below the originally estimated cost. For that reason, future rate increases could be lower than the current forecast as lower project costs related to being under budget or receiving lower bond rates are possible. An example of this is not only the lower bond rates shown with the SRF funding strategy used for the Blacksnake project, but also reducing the SRF loan from \$80 million to \$67.3 million. This saved the City approximately \$5 million in debt service from FY 2018 to FY 2022.

About 2.4% of the CIP is for environmental and regulatory projects mandated by the Missouri Department of Natural Resources (MDNR) for power upgrades of \$1.5 million and final stages of the Ammonia project (\$976,000). The current CIP includes a total of \$59 million in CSO related projects, with the majority going towards the Blacksnake Creek Stormwater Separation project. The CIP is anticipated to be financed with annual operating revenues, \$67.3 million (\$10.2 million to refund the SRF FY 2016 bond and \$57.1 million for construction) State Revolving Fund (SRF) bond issue in FY 2017, a \$14.2 million conventional bond issue in FY 2018, and a \$4.3 million conventional bond issue in FY 2020. Annual debt service on existing and proposed debt is projected to increase from approximately \$12.2 million in FY 2017 to \$15.9 million in FY 2022 (Table 9).

With increasing debt costs, it is important to analyze the amount of total capital dollars (debt service and cash financed capital) being spent compared to the total operating requirements of the

Sewer Utility. The table below shows the comparison of the City to other utilities from a benchmark survey completed by National Association of Clean Water Agencies which consists of water and wastewater utilities. As shown on Lines 10 and Line 17, the City's percent of total capital dollars in FY 2019 through FY 2022 are decreasing as a result of continually spending operating funds to keep debt service down along with working to keep new debt issuances lower (2017 SRF loan). It is important to note that capital costs are comprised of debt and cash and the ratio of these two components can vary among utilities depending on the mix of debt and pay-as-you-go funds they use.

Line No.	Description	Estimated	Projected				
		2017	2018	2019	2020	2021	2022
<b>St. Joseph</b>							
1	Total Operating Requirements	31,290,700	31,360,700	33,667,700	35,332,700	35,404,400	36,253,600
2	Operating and Maintenance	12,396,900	12,216,000	12,677,900	13,176,500	13,685,000	14,218,200
3	Capital Improvements	4,806,800	4,810,200	5,324,700	5,415,500	3,688,500	3,928,200
4	Debt Service	12,187,800	12,290,800	13,609,800	14,623,700	15,870,500	15,902,700
5	Other	1,899,200	2,043,700	2,055,300	2,117,000	2,160,400	2,204,500
6	% Operation and Maintenance	39.6%	39.0%	37.7%	37.3%	38.7%	39.2%
7	% Capital Improvements	15.4%	15.3%	15.8%	15.3%	10.4%	10.8%
8	% Debt Service	39.0%	39.2%	40.4%	41.4%	44.8%	43.9%
9	% Other	6.1%	6.5%	6.1%	6.0%	6.1%	6.1%
10	Total Capital (Line 7 + Line 8)	54.3%	54.5%	56.2%	56.7%	55.2%	54.7%
11	<b>NACWA Financial Survey 2015 (a)</b>						
12	<b>Breakdown of Clean Water Agency Expenditures</b>						
13	% Operation and Maintenance	41.0%					
14	% Capital Improvements	27.0%					
15	% Debt Service	27.0%					
16	% Other	5.0%					
17	Total Capital (Line 14 + Line 15)	54.0%					

(a) Water and Wastewater Utilities

The following revenue increases are projected to be required to meet the Sewer Utility's revenue requirements through the fiscal year ending June 30, 2022. The rate increase for FY 2018 is lower than last year's Rate Study (3% compared to 5% for last year). Revenue requirements include both the cash obligations and the debt service coverage obligations of the Sewer Utility.

EFFECTIVE DATE	PERCENTAGE OVERALL INCREASE IN REVENUES	RESIDENTIAL INDICATOR <sup>1</sup>
July 1, 2017	11.0%	1.3%
July 1, 2018	3.0%	1.4%
July 1, 2019	3.0%	1.5%
July 1, 2020	2.0%	1.5%
July 1, 2021	2.0%	1.5%

### 1.3 COST OF SERVICE ANALYSIS

Total cost of service for FY 2018 to be met from wastewater service charges is \$32,121,200 (Table 12). Rates proposed in this report are designed to recover cost of service from each customer class based on the service requirements of the customer class while recognizing contractual provisions for wholesale service.

The cost allocation process was last updated in FY 2015 and will be the basis for cost allocation for the next two years with the exception of certain allocations that will be updated annually. The cost allocations follow standard wastewater utility cost allocation procedures<sup>2</sup> that are shown in Tables 13 through 20.

Upon completion of the Ammonia Removal Project in FY2018, the second phase of the Ammonia charge will be implemented. This will consist of the current fixed charge from phase one and a charge per pound of removal from customers’ flows will be added as shown in Table ES-1.

### 1.4 WASTEWATER RATE ADJUSTMENTS

The proposed cost of service based rates scheduled to become effective July 1, 2017 are shown in Tables 22 and ES-1. The projected recovery by customer class of the allocated cost of service is shown in Tables 24 and ES-2. The projected recovery of allocated cost of service under the proposed rates is 100.0 percent for the retail class and 100.0 percent for the wholesale customer class.

The impact on a residential customer using 4 hundred cubic feet (Ccf), approximately 3,000 gallons, per month will be an increase of \$6.65per month, from \$53.32 (\$0.018 per gallon) to \$59.97 (\$0.02 per gallon), which is a 12.5% increase.

<sup>1</sup> Residential Indicator is calculated as the average cost per residential household of wastewater charges as a percentage of the median household income (MHI) of St. Joseph. It is a measure of affordability used in evaluating a reasonable schedule of the CSO LTCP.

<sup>2</sup> Water Environment Federation (WEF), Financing and Charges for Wastewater Systems, Manual of Practice No. 27

**Table ES-1 Schedule of Proposed Rates for Fiscal Year Ending June 30, 2018**

RETAIL

Service Charge	Monthly Charge					
	\$					
Inside City	37.69					
Outside City	88.45					
Volume Charge	Monthly				Limit	
	\$/Ccf				Fees	
Inside City	5.57				1.96	\$/Ccf
Outside City	12.73				4.48	\$/Ccf
Extra Strength Surcharge		Inside	Outside			
		City	City			
BOD in excess of 300 mg/l		0.254	0.377	\$/lb	0.381	\$/lb.
Suspended solids in excess of 350 mg/l		0.196	0.465	\$/lb	0.239	\$/lb.
Ammonia in excess of 30 mg/l		0.105	0.249	\$/lb	0.158	\$/lb.
Fats, Oils, & Grease in Excess of 100 mg/l		0.286	0.657	\$/lb		
Septage		79.00	79.00	\$/Kgal		

WHOLESALE (a)

Ammonia Project Fixed Charge						
South St. Joseph Industrial Sewer District	40,490	\$/Month				
National Beef Leathers	13,410	\$/Month				
Triumph Foods	26,680	\$/Month				
Flow charge						
South St. Joseph Industrial Sewer District	0.279	\$/Ccf			0.419	\$/Ccf
National Beef Leathers	0.207	\$/Ccf			0.310	\$/Ccf
Triumph Foods	0.210	\$/Ccf			0.315	\$/Ccf
Pump Station (b)	0.393	\$/Ccf				
BOD	0.275	\$/lb.			0.413	\$/lb.
Suspended Solids	0.114	\$/lb.			0.171	\$/lb.
Ammonia	0.105	\$/lb.			0.158	\$/lb.
Fats, Oils, & Grease	0.286	\$/lb.			0.000	\$/lb.

(a) Applicable to the South St. Joseph Industrial Sewer District (SSJISD), National Beef Leathers, and Triumph for secondary treatment service.

(b) Applicable to SSJISD only.

**Table ES-2 Comparison of Cost of Service with Revenue under Proposed Rates**

Fiscal Year Ending June 30, 2018

		[A]	[B]	[C]	[D]
Line No.	Customer Class	Allocated Cost of Service	Revenue Under Estimated Rates	Revenue as Percent of Adjusted Cost of Service	Revenue Inc/(Dec) Compared to Existing Rates
		\$	\$	%	%
	Retail				
1	Residential	18,037,679	17,430,500	96.6	12.5
2	Commercial/Industrial	9,779,494	10,385,200	106.2	12.0
3	Surcharge	750,360	751,900	100.2	(19.6)
4	Septage	154,664	156,400	101.1	12.8
5	Total Retail	<u>28,722,197</u>	<u>28,724,000</u>	100.0	11.1
	Secondary Wholesale Treatment				
6	South St. Joseph Industrial Sewer Di	1,853,953	1,854,200	100.0	5.6
7	National Beef Leathers	360,016	360,200	100.1	36.2
8	Triumph Foods	1,185,037	1,185,200	100.0	10.8
9	Total Secondary Wholesale Treatm	<u>3,399,006</u>	<u>3,399,600</u>	100.0	10.0
10	Total	<u>32,121,203</u>	<u>32,123,600</u>	100.0	11.0

## 2 Introduction

### 2.1 PURPOSE

The purpose of this report is to present the findings of our study of the financing needs and rate requirements of the Sewer Utility owned and operated by the City of St. Joseph, Missouri (City). The study addresses three objectives: (1) projection of operating and capital financing costs of the Sewer Utility for a five-year planning period ending June 30, 2022; (2) projection of revenue adjustments through fiscal year (FY) 2022; and (3) development of cost of service based rates for retail and wholesale customers for FY 2018. Unless otherwise noted, references in this report to a specific year are for the City's fiscal year ended June 30.

### 2.2 SCOPE

The report presents the study of revenue and revenue requirements, cost of service allocations, and proposed rate design for wastewater service. The revenue and revenue requirements study includes consideration of future revenues under existing rates, operation and maintenance expense, principal and interest expense on bonded debt, expenditures for capital improvements, and compliance with existing bond indentures. Annual projections of the number of customers, billed wastewater volumes, revenues, and expenditures are shown for FY 2018 through FY 2022.

Revenue requirements are developed on a cash basis and the allocation of costs to functional cost components follows the design basis of cost causative allocation methods. The analysis provides the basis for the design of schedules of charges for wastewater service that will recover the total cost of wastewater service for the fiscal year ended June 30, 2018.

This report also continues with developing a rate for the Ammonia Removal Project, which consists of a fixed charge designed to recover the debt service associated with the project. The debt service is estimated each year until the project is complete. For FY 2018, the rate recovers principal, interest, and administrative fees for the loan. Upon completion of the Ammonia Removal Project in FY2018, the second phase of the Ammonia charge will be implemented. This will consist of the current fixed charge from phase one and a charge per pound of removal from customers' flows will be added. In addition to adding an ammonia fixed charge, the continued phase out of the Secondary Service Minimum (SSM) is also performed in this study.

### 2.3 GENERAL BACKGROUND

The City operates and maintains the Sewer Utility as a self-supporting enterprise. The Sewer Utility provides services to approximately 25,700 customers including residential, commercial, and industrial accounts.

The utility's wastewater rates are developed to provide sufficient revenues to meet all operation and maintenance expenses of the system, debt service requirements, capital improvement expenditures to be funded from current revenues, and other specific bond ordinance and revenue requirements.

The Sewer Utility also provides secondary treatment service to South St. Joseph Industrial Sewer District (SSJISD), National Beef Leathers, and Triumph Foods (collectively, the "wholesale customers") on a contractual basis. In 1980, the City and SSJISD entered into an agreement whereby the City would provide secondary treatment for the wastewater discharged from SSJISD's primary treatment facilities. The agreement was revised in January 1996 to define the basis for charges for the secondary treatment services and how the service charge to SSJISD would be developed and



updated. The agreement provides that allocation factors used to develop the charges must be updated not less than every five years. The allocation factors were updated three years ago.

The City also has agreements with National Beef Leathers and Triumph Foods. Provisions of the agreement are similar to those of SSJISD, with the exception that National Beef Leathers and Triumph Foods do not pay any costs associated with the SSJISD Pump Station.

Each of the wholesale customers now has a fixed charge for the Ammonia Project related debt service. This charge is based on plant design and the units provided by each wholesale customer for their Significant Industrial Users (SIU) permit. With the addition of the capacity component to the cost of service allocations, each wholesale customer now has a different flow charge. A full description of the capacity component is found in the cost of service section later in this report. Otherwise, they are all subject to the same charge for treatment of BOD, Suspended Solids, FOG, and Ammonia as of FY 2018.

## 2.4 DISCLAIMER

Subject to the limitations set forth herein, this report was prepared for the City of St. Joseph, Missouri (“City”) by Black & Veatch Corporation (“B&V”) and is based on information not within the control of B&V. B&V has not been requested to make an independent analysis, to verify the information provided, or to render an independent judgment of the validity of the information provided by others. As such, B&V cannot guarantee the accuracy thereof to the extent that such information, data, or opinions were based on information provided by others.

In conducting the B&V analysis and in forming an opinion of the projection of future operations summarized in this report, B&V has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. The methodologies B&V utilizes in performing the analysis and making these projections follow generally accepted industry practices. While B&V believes that such assumptions and methodologies as summarized in this report are reasonable and appropriate for the purpose for which they are used; depending upon conditions, events, and circumstances that actually occur but are unknown at this time, actual results may materially differ from those projected. Such factors may include, but are not limited to, the ability to execute the capital improvement program on schedule and within budget, the regional and national economic climate, and growth in the service area.

Readers of this report are advised that any projected or forecasted financial, operating, growth, performance, or strategy merely reflects the reasonable judgment of B&V at the time of the preparation of such information and is based on a number of factors and circumstances beyond B&V control. Accordingly, B&V makes no assurances that the projections or forecasts will be consistent with actual results or performance. To better reflect more current trends and reduce to chance of projected error, B&V recommends that periodic updates of the projections contained in this report be conducted so more recent historical trends can be recognized and taken into account.

Any use of this report, and the information therein, constitutes agreement that: (i) B&V makes no warranty, express or implied, relating to this report, (ii) the user accepts the sole risk of any such use, and (iii) the user waives any claim for damages of any kind against B&V.

Use of this report or reliance on any information contained herein constitutes a waiver and release of B&V from and against all claims and liability, including, but not limited to, liability for special, incidental, indirect, or consequential damages in connection with such use. In addition, use of this report or any information contained herein constitutes agreement to defend, indemnify and hold B&V harmless from and against any claims and liability, including, but not limited to, liability for



special, incidental, indirect, or consequential damages in connection with such use. To the fullest extent permitted by law, such waiver, release, and indemnification shall apply notwithstanding the negligence, strict liability, fault, or breach of warranty or contract of B&V.

## 3 Revenues

The majority of the Sewer Utility's revenue is derived from rates and charges for sewer service. A summary of the City's existing rates is presented in Table 1. Projections of future revenue under existing rates are based on analyses of historical trends of customer growth and average volume per customer (Tables 2 - 4). Other income sources such as wastewater service penalties, tax credits, and other revenue are presented in Table 5. FY 2017 customer and volume estimates are based on projecting the average of the first eight months of the fiscal year (July 2016 through February 2017).

### 3.1 CUSTOMER GROWTH

Table 2 summarizes the historical average number of Sewer Utility customers by customer class during FY 2012 through FY 2016 and the projected number of customers for FY 2017 through 2022. Figures shown in Table 2 are annual averages based on the number of bills issued. Customer growth projections are based on an examination of recent trends in the number of customers added to the system. During the past five years the utility has experienced a decrease in the overall number of customers with an average annual decrease of approximately 0.83 percent. There was a significant drop in customer numbers from FY 2012 to FY 2013, which approximately coincides with a switch to a new billing system. There is no projected growth in the number of customers for FY 2018 through FY 2022 for the residential, commercial, and industrial customer classes. In recent years, retail commercial and industrial customers have shown a fluctuation in the number of customers over the years. A large part of this is related to customer changes in the occupants of multi-family dwellings (duplexes and fourplexes) and not actual businesses leaving the wastewater utility.

### 3.2 BILLED WASTEWATER VOLUME

Historical and projected billed wastewater volumes are shown in Table 3. Total billed wastewater volume (retail and wholesale) from FY 2012 through FY 2016 has decreased from 5,317,791 Ccf to 5,235,002 Ccf.

The billed wastewater volume for retail customers has decreased approximately 335,000 Ccf, between FY 2012 and FY 2017. The drop from FY 2016 to FY 2018 was caused by a decline in use per customer and the implementation of a new billing policy that bills customers on the lesser of their winter quarter average usage or actual usage for the month. Going forward, residential and commercial/industrial volume is projected to increase slightly in FY 2018 (based on a FY2016 use per customer for residential customers and a 3-year average use per customer for other customers) and then remain steady. Both residential and commercial volumes are in line with the customer growth forecast. Total billed wastewater volume (retail and wholesale) is estimated to increase from about 5,133,800 Ccf in FY 2017 to 5,209,500 Ccf in FY 2022, an increase of about 1.5 percent. The majority of this increase is related to new industrial customers for Retail and SSJISD.

#### 3.2.1 Wholesale Customer Growth

Contributed volume from the South St. Joseph Industrial Sewer District (SSJISD) had been gradually increasing from FY 2012 to FY 2016. SSJISD is expected to see a slight drop in FY 2017 to 917,500 Ccf, but once new customers are fully onboard will increase in FY 2018 and remain steady for the rest of the study period at 934,000 Ccf.

National Beef Leathers (NBL) experienced an increase in volumes from 225,690 Ccf in FY 2012 to 484,107 Ccf in FY 2016. Their flow is estimated to decrease from FY 2016 to 2017 by about 12.8

percent to 422,000 Ccf. NBL's contributed volume is projected to be 422,000 Ccf from FY 2018 through FY 2022.

Triumph Foods' flows have decreased each year from FY 2012 to FY2015. They have decreased approximately 10.9 percent overall. They are estimated to increase slightly by 1.8 percent from FY 2015 to FY 2017 and then remain constant for the rest of the study period. The pounds of BOD in Triumph's contributed wastewater decreased in FY 2017 by 10.7percent and contributed pounds of suspended solids increased by 83.4 percent. These loadings are projected to remain flat for the rest of the study period. Triumph Foods' contributed volume is projected to be 986,900 Ccf from FY 2018 through FY 2022.

**Table 1 Schedule of Existing Rates (a)**

RETAIL

Service Charge	<u>Monthly Charge</u>					
	\$					
Inside City	33.40					
Outside City	78.38					
Volume Charge	<u>Monthly</u>				<u>Limit</u>	
	\$/Ccf				<u>Fees</u>	
Inside City	4.98				1.96	\$/Ccf
Outside City	11.38				4.48	\$/Ccf
Extra Strength Surcharge		Inside	Outside			
		<u>City</u>	<u>City</u>			
BOD in excess of 300 mg/l		0.254	0.378	\$/lb	0.390	\$/lb.
Suspended solids in excess of 350 mg/l		0.196	0.465	\$/lb	0.329	\$/lb.
Fats, Oils, & Grease in Excess of 100 mg/l		0.274	0.629	\$/lb		
Septage		70.00	70.00	\$/Kgal		

WHOLESALE (a)

Ammonia Project Fixed Charge						
South St. Joseph Industrial Sewer District	30,610	\$/Month				
National Beef Leathers	10,140	\$/Month				
Triumph Foods	20,180	\$/Month				
Flow charge						
South St. Joseph Industrial Sewer District	0.3160	\$/Ccf		0.514	\$/Ccf	
National Beef Leathers	0.2340	\$/Ccf		0.379	\$/Ccf	
Triumph Foods	0.2350	\$/Ccf		0.378	\$/Ccf	
Pump Station (b)	0.3580	\$/Ccf				
BOD	0.2810	\$/lb.		0.426	\$/lb.	
Suspended Solids	0.1520	\$/lb.		0.251	\$/lb.	
Fats, Oils, & Grease	0.2740	\$/lb.				

(a) Rates were fully effective on August 1, 2016.

(b) Applicable to the South St. Joseph Industrial Sewer District (SSJISD), National Beef Leathers, and Triumph Foods for secondary treatment service.

(c) Applicable to SSJISD only.

**Table 2 Historical and Projected Number of Customers**

Fiscal Years Ending June 30

Customer Class	Historical					Estimated (a)	Projected				
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>RETAIL</b>											
<b>Inside City</b>											
Residential	24,294	23,286	23,342	23,299	23,211	23,382	23,382	23,382	23,382	23,382	23,382
Commercial/Industrial	2,511	2,118	2,020	2,122	2,052	2,118	2,118	2,118	2,118	2,118	2,118
Surcharge		9	9	10	10	9	9	9	9	9	9
<b>Outside City</b>											
Residential		624	186	178	196	171	171	171	171	171	171
Commercial/Industrial		23	22	34	32	30	30	30	30	30	30
<b>WHOLESALE</b>											
SSJISD	1	1	1	1	1	1	1	1	1	1	1
National Beef Leathers	1	1	1	1	1	1	1	1	1	1	1
Triumph Foods	1	1	1	1	1	1	1	1	1	1	1
Total	26,808	26,063	25,582	25,646	25,504	25,713	25,713	25,713	25,713	25,713	25,713

(a) FY 2017 Number of customers is based on average of first eight months of fiscal year

**Table 3 Historical and Projected Contributed Volume**

Fiscal Years Ending June 30

Customer Class	Historical					Estimated (a)	Projected				
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	Ccf	Ccf	Ccf	Ccf	Ccf	Ccf	Ccf	Ccf	Ccf	Ccf	Ccf
<b>RETAIL</b>											
<b>Inside City</b>											
Residential	1,581,966	1,528,749	1,580,272	1,459,517	1,252,600	1,167,162	1,178,500	1,178,500	1,178,500	1,178,500	1,178,500
Commercial/Industrial	1,560,489	972,068	1,110,592	1,323,167	1,158,867	1,188,400	1,235,500	1,235,500	1,235,500	1,235,500	1,235,500
Surcharge		339,970	315,831	345,638	401,396	438,900	438,900	438,900	438,900	438,900	438,900
<b>Outside City</b>											
Residential		38,532	11,698	11,202	9,154	8,800	8,600	8,600	8,600	8,600	8,600
Commercial/Industrial		5,205	4,913	4,936	7,126	4,100	5,100	5,100	5,100	5,100	5,100
Subtotal Retail	3,142,455	2,884,524	3,023,306	3,144,460	2,829,143	2,807,362	2,866,600	2,866,600	2,866,600	2,866,600	2,866,600
<b>WHOLESALE</b>											
SSJISD	861,009	902,767	958,593	946,047	938,460	917,500	934,000	934,000	934,000	934,000	934,000
National Beef Leathers	225,690	290,546	308,733	439,217	484,107	422,000	422,000	422,000	422,000	422,000	422,000
Triumph Foods	1,088,637	1,013,746	1,002,465	969,712	983,292	986,900	986,900	986,900	986,900	986,900	986,900
Subtotal Wholesale	2,175,336	2,207,059	2,269,791	2,354,976	2,405,859	2,326,400	2,342,900	2,342,900	2,342,900	2,342,900	2,342,900
Total System	5,317,791	5,091,583	5,293,097	5,499,435	5,235,002	5,133,762	5,209,500	5,209,500	5,209,500	5,209,500	5,209,500

(a) FY 2017 contributed volume is based on average of first eight months of fiscal year

### 3.3 WASTEWATER SERVICE CHARGE REVENUES UNDER EXISTING RATES

Estimates of revenues from wastewater service charges are based on projections of customer growth, billable wastewater volume, and surcharge billings. The estimates are obtained by applying the existing service charge and volume charge for each customer class to the projected number of customers and estimated billable wastewater volume. Approximately 99 percent of the retail customers pay the inside city rate while 1 percent pay the outside city rate. The City currently has nine retail surcharge customers, five of which have significant extra strength surcharges. Surcharge revenue in FY 2016 decreased 36.7 percent to an estimated \$401,909. Multiple customers have significantly reduced their overage pounds resulting in surcharge revenue from FY 2014 to FY 2016 to decrease by 68 percent. Revenue is projected to be \$935,700 from FY 2018 (based on existing rates) through the remainder of the study period. The increase in revenue is the result of a new SIU customer that is expected to be operational for an entire year in FY 2018. As shown in Table 4, wastewater billed revenue from sales under existing rates are projected to be \$28,214,900 in FY 2017, and increase to \$28,938,000 in FY 2022.

### 3.4 OTHER REVENUE

Historical and projected miscellaneous operating and non-operating revenues are shown in Table 5. Miscellaneous operating revenues consist of Sewer Service Penalties, System Development Fees, BUILD Credit Revenue and Other Revenue. Miscellaneous revenue is projected to total about \$1,136,500 in FY 2017, and remain fairly steady through the study period, with projected FY 2022 miscellaneous revenue of approximately \$1,021,200.

As shown in Table 5, the City is receiving tax credits related to the Missouri Development Finance Board (MDFB) BUILD bonds. The BUILD program provides financial incentives for the location or expansion of large business projects that will result in specified levels of new jobs within a three-year period. The revenue is used to pay down existing debt service, specifically the 2004C Revenue Bonds.

The revenues shown in Table 5 do not include earnings from the investment of available cash balances. Interest earnings are considered in a subsequent section of this report.

**Table 4 Historical and Projected Billed Revenue from Sales (Existing Rates)**

Fiscal Years Ending June 30

Customer Class	Historical					Estimated	Projected				
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>RETAIL</b>											
Residential	9,941,598	10,926,734	12,139,563	13,548,199	14,234,597	15,234,596	15,499,100	15,499,100	15,499,100	15,499,100	15,499,100
Commercial/Industrial	5,454,130	5,044,030	6,057,964	7,162,555	7,806,267	8,952,200	9,273,900	9,273,900	9,273,900	9,273,900	9,273,900
Extra Strength Surcharges	723,851	1,281,068	1,251,538	634,660	401,909	752,000	935,700	935,700	935,700	935,700	935,700
Septage			57,785	129,456	138,185	138,600	138,600	138,600	138,600	138,600	138,600
Subtotal Retail	16,119,579	17,251,832	19,506,850	21,474,870	22,580,958	25,077,396	25,847,300	25,847,300	25,847,300	25,847,300	25,847,300
<b>WHOLESALE</b>											
SSJISD	1,036,998	1,178,478	1,381,013	1,364,209	1,660,694	1,799,500	1,756,200	1,756,200	1,756,200	1,756,200	1,756,200
National Beef Leathers	52,200	116,600	144,600	174,200	272,200	273,000	264,400	264,400	264,400	264,400	264,400
Triumph Foods	464,374	567,774	647,093	769,108	981,234	1,065,000	1,070,100	1,070,100	1,070,100	1,070,100	1,070,100
Subtotal Wholesale	1,553,572	1,862,852	2,172,706	2,307,517	2,914,128	3,137,500	3,090,700	3,090,700	3,090,700	3,090,700	3,090,700
Total System	17,673,151	19,114,684	21,679,555	23,782,387	25,495,085	28,214,896	28,938,000	28,938,000	28,938,000	28,938,000	28,938,000

**Table 5 Historical and Projected Miscellaneous Revenues**

Fiscal Years Ending June 30

Description	Historical					Estimated	Projected				
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Miscellaneous Revenues</b>											
Sewer Service Penalties	303,000	370,974	422,973	647,983	489,288	500,000	500,000	500,000	500,000	500,000	500,000
Sewer System Development Fees	30,000	41,316	27,700	31,500	39,286	30,000	30,000	34,000	38,000	42,000	46,000
Refund Prior Year Expenditures	0	-3,823	233	0	17	0	0	0	0	0	0
BUILD Credit Revenue	387,700	381,400	380,100	378,900	377,500	387,700	387,700	385,900	384,800	383,700	382,500
Other Revenue	36,400	77,500	92,100	247,200	704,000	218,800	104,700	92,800	92,800	92,700	92,700
Total Miscellaneous Revenue	757,100	867,368	923,106	1,305,583	1,610,091	1,136,500	1,022,400	1,012,700	1,015,600	1,018,400	1,021,200

## 4 Revenue Requirements

Revenues required to provide for the continued operation of the Sewer Utility must be sufficient to meet the cash requirements for operation and maintenance expense, principal and interest payments on bonded debt, routine annual capital improvements and replacements, and other major capital expenditures that are not financed through debt. In addition, revenues must be adequate to meet applicable rate covenants included in the City's ordinances authorizing the outstanding revenue bonds. The revenue requirements developed in this report incorporate the financial conditions as of July 1, 2016, and are projected for the five-year period ending June 30, 2022.

### 4.1 OPERATING EXPENSE

Operating expenses of the Sewer Utility include the cost of operating and maintaining the sewer collection and treatment facilities, routine capital expenditures, and transfers to other City departments or funds for services provided. These expenses are classified as Wastewater Plant Administration, Wastewater Treatment, Laboratory, and Sewer Maintenance. Other operating expenses include Routine Capital Expense and Transfers. Because these costs are a continuing normal annual obligation of the utility, they are met from operating revenue as they are incurred.

Projected operating expense is summarized in Table 6. Operating expense for FY 2017 is estimated to be \$14,921,100. This is about a 3.2 percent increase from FY 2016 actual expenses of \$14,458,900. This increase is not primarily attributed to one specific increase, but to numerous small increases over several areas. Operating expense for FY 2018 is budgeted to be \$15,315,400. This is a 62.6 percent increase over the FY2017 total. Operating expenses are projected to increase an average of 3.1 percent per year to \$ 17,305,900 in FY 2022.

The City continues to be focused on reducing bad debt and, as mentioned in the Executive Summary, has taken several steps to help reduce it. Bad debt is budgeted to remain stable at 2 percent of the total operating revenue for the study period. Bad debt is estimated at \$564,000 in FY 2017, and reaches up to \$709,000 in 2022.

Routine capital expenditures are purchases from the operating budget that are incurred annually for normal replacement of equipment and system expenses. As such, they are funded from annual revenues. Routine capital expenses are summarized in Table 6. The FY 2018 budget includes \$1,055,700 for various in-house rehabilitation projects.

In addition, the Sewer Utility transfers monies annually to the City's General Fund to pay the utility's allocated share of the City's general and administrative costs. The Sewer Utility also transfers monies to the Computer Network Fund that provides monies for replacement of computers. In FY 2018, the basis for transfers to the General Fund is based on portions of the GIS system and costs for claims technician (\$58,800) and a payment in lieu of tax (PILOT). The proposed budget estimates PILOT transfers of \$1.9 million. Computer Network Fund may vary from year to year based on need; \$ 34,000 is budgeted in FY 2018 with projected growth of about 3 percent annually. The Sewer Utility also transfers monies to the City's Aviation Department to pay for costs related to sludge disposal at the City airport. The Aviation Department transfers are budgeted for \$48,300 in FY 2018 and are projected to be eliminated after FY 2018.

**Table 6 Projected Operating Expense**

Fiscal Years Ending June 30

Line No.	Description	Historical			Estimated	Budgeted	Projected			
		2014	2015	2016	2017	2018	2019	2020	2021	2022
		\$			\$	\$	\$	\$	\$	\$
Operation & Maintenance Expense										
1	Wastewater Plant Administration	2,753,400	2,860,700	1,806,500	2,991,900	2,176,000	2,240,100	2,305,000	2,364,400	2,426,200
2	Wastewater Treatment	5,578,400	6,495,300	6,483,800	6,817,700	6,967,100	7,239,800	7,542,000	7,855,500	8,184,200
3	Laboratory	604,700	622,100	669,600	612,600	721,600	752,300	784,700	818,700	854,600
4	Sewer Maintenance	1,760,100	1,807,400	1,958,800	1,974,700	2,351,300	2,445,700	2,544,800	2,646,400	2,753,200
5	Subtotal Direct O & M Expense	10,696,600	11,785,500	10,918,700	12,396,900	12,216,000	12,677,900	13,176,500	13,685,000	14,218,200
Transfers										
6	General Fund	1,535,500	86,000	86,000	58,800	58,800	60,600	62,400	64,300	66,200
7	PILOT	0	1,441,900	1,554,000	1,761,600	1,902,600	1,959,700	2,018,500	2,058,900	2,100,000
8	Computer Network	22,900	30,500	28,300	30,500	34,000	35,000	36,100	37,200	38,300
9	Aviation	48,300	48,300	48,300	48,300	48,300	0	0	0	0
10	Subtotal Transfers	1,606,700	1,606,700	1,716,600	1,899,200	2,043,700	2,055,300	2,117,000	2,160,400	2,204,500
11	Total Direct O&M and Transfers	12,303,300	13,392,200	12,635,300	14,296,100	14,259,700	14,733,200	15,293,500	15,845,400	16,422,700
12	Routine Capital Expense	1,060,700	868,200	1,823,600	625,000	1,055,700	808,200	832,500	857,500	883,200
13	Total Operating Expense	13,364,000	14,260,400	14,458,900	14,921,100	15,315,400	15,541,400	16,126,000	16,702,900	17,305,900



## 4.2 CAPITAL IMPROVEMENT PROGRAM

The Sewer Utility's capital improvement program (CIP) provides for the major repair and replacement of existing facilities, as well as treatment plant expansions, required major environmental upgrades, and collection system extensions to provide service to new customers. As shown in Table 7, the proposed capital improvement program totals \$47.8 million in FY 2018 (Line 59). The major project scheduled for FY 2018 is the construction phase of the project for Stormwater Separation Conduits in the Blacksnake watershed (\$27.1 million).

The CIP shown in Table 7 is divided into six major sections: Environmental and Regulatory projects, CMOM Projects, CSO Long Term Control Plan projects, System Expansion projects, Collection System capital projects, and Water Protection Facility (WPF) capital projects.

### 4.2.1 Environmental and Regulatory Projects

The first section of Table 7 shows the projects classified as Environmental and Regulatory Projects. This section contains projects that are mandated by MDNR as part of the City's NPDES permit. The two projects for this section are the final components of the Ammonia Project (\$976,000) and the KCPL/WPF Power Upgrades (\$1.5 million) in FY 2018.

### 4.2.2 Capacity, Management, Operation and Maintenance (CMOM) Projects

The next section of Table 7 shows the projects classified as Capacity, Management, Operation and Maintenance (CMOM) Projects. CMOM is a program that is mandated in the City's NPDES permit. It provides documentation and planning which demonstrates actions being taken to prevent overloading of wastewater treatment plants, maintenance of the collection system, and the overflow prevention of sanitary sewage into lakes and streams. The specific CMOM projects are shown on Lines 4 through 21 of Table 7. All CMOM projects are forecast to be funded with annual revenues and not debt financed except the Large Diameter Sewer Rehab project.

### 4.2.3 CSO Long Term Control Plan Projects

The focus of CSO LTCP projects included in the 5-year study period is to remove excess stormwater from entering the collection system with Stormwater Separation Conduits in the Blacksnake watershed. The total amount forecast for these projects from FY 2017 through FY 2022 is \$59 million and will be financed with operating revenue and State Revolving Fund (SRF) bonds.

### 4.2.4 System Expansion Projects

In July 2007, the Department of Public Works was directed by the City Council to implement a plan to extend sewer mains throughout the city. Due to a lack of demand and economic conditions, few expansion projects have been executed to date. A total of \$3.6 million is scheduled during the study period.

### 4.2.5 Capital Projects - Collection System and WPF

Lines 29 through 58 of Table 7 show the major capital projects necessary to maintain the sewer collection system and the existing water protection facility (WPF). These sections are comprised of projects that are necessary to operate and maintain the collection system and WPF in a safe and efficient manner. The major projects in FY 2018 are for the Odor Control – Parkway A (\$3 million), MO Ave Sewer Rehab (\$3million), and WPF Levee Stormwater Pump Station (\$5 million).

**Table 7 Proposed Capital Improvement Program**

Fiscal Years Ending June 30

Line No.	Description	Estimated	Projected				Total	Funding Source
		2017	2018	2019	2020	2021		
		\$	\$	\$	\$	\$	\$	
<b>ENVIRONMENTAL AND REGULATORY PROJECTS</b>								
1	Ammonia Project	-	975,900	-	-	-	975,900	2014B
2	KCP&L and WPF Power Upgrades - Phase 2	-	1,474,000	-	-	-	1,474,000	2018 Conv
3	<b>Subtotal</b>	-	<b>2,449,900</b>	-	-	-	<b>2,449,900</b>	
<b>CMOM Projects</b>								
4	TV Van	269,703	162,997	-	228,000	-	660,700	Cash
5	Other Rolling Stock - Sewer Maint.	-	-	621,000	-	-	621,000	Cash
6	Portable TV Unit	-	-	98,000	-	-	98,000	Cash
7	Easement Jet Machine	-	295,000	-	-	-	295,000	Cash
8	Purchase 50% of Street Sweeper A	-	-	196,000	-	-	196,000	Cash
9	Purchase 50% of Street Sweeper B	119,500	68,500	-	-	-	188,000	Cash
10	CMOM Cast-in-place Pipe Lining	376,100	380,000	391,000	403,000	415,000	2,414,100	Cash
11	CMOM Increased Root Control & Line Cleaning	126,700	127,000	130,000	134,000	138,000	805,700	Cash
12	CMOM Emergency Collection System Repairs	570,700	570,000	587,000	605,000	623,000	3,629,700	Cash
13	Major Mainline Sewer Repairs	56,100	53,000	55,000	56,000	58,000	341,100	Cash
14	CMOM Spray on Liner, Manhole, & Sewer Line Repair	188,600	185,000	190,000	196,000	202,000	1,180,600	Cash
15	CMOM Cave in Repairs	101,600	101,000	104,000	108,000	111,000	645,600	Cash
16	Large Diameter Sewer Rehab (for Sinking Fund - spend every five years)	-	299,500	500,000	-	-	799,500	2018 Conv
17	Large Diameter Sewer Rehab (for Sinking Fund - spend every five years)	500,000	200,500	-	-	-	700,500	2015A
18	I/I reduction	579,700	591,000	621,000	652,000	684,000	3,881,700	Cash
19	Manhole Inspection program from O & M	59,000	59,000	62,000	65,000	75,000	320,000	Cash
20	GPS Equipment	3,000	84,000	47,000	49,000	51,000	291,000	Cash
21	Update Aerial Photography	-	44,000	-	49,000	-	150,000	Cash
22	<b>Subtotal</b>	<b>2,950,703</b>	<b>3,220,497</b>	<b>3,602,000</b>	<b>2,545,000</b>	<b>2,282,000</b>	<b>17,218,200</b>	
<b>CSO LONG TERM CONTROL PLAN PROJECTS</b>								
23	Green Solutions	-	607,000	217,000	228,000	239,000	1,491,000	Cash
24	Water Quality Education Program from O & M	75,000	81,000	85,000	90,000	-	406,000	Cash
25	Blacksnake Stormwater Separation Conduit	30,000,000	27,100,000	-	-	-	57,100,000	SRF
26	<b>Subtotal</b>	<b>30,075,000</b>	<b>27,788,000</b>	<b>302,000</b>	<b>318,000</b>	<b>239,000</b>	<b>58,997,000</b>	
<b>SYSTEM EXPANSION PROJECTS</b>								
27	System Expansion Projects	1,465,111	-	593,500	1,551,000	-	3,609,611	Cash
28	<b>Subtotal</b>	<b>1,465,111</b>	<b>-</b>	<b>593,500</b>	<b>1,551,000</b>	<b>-</b>	<b>3,609,611</b>	
<b>CAPITAL PROJECTS - COLLECTION SYSTEM</b>								
29	Brown's Branch PS - Rehab.	-	1,088,000	-	-	-	1,088,000	2018 Conv
30	Roof - Brown's Branch PS	-	-	-	-	11,000	11,000	Cash
31	SSJISD PS - Replace VS Drives w/ EM Mag Drives	-	-	-	1,551,000	-	1,551,000	2020 Conv
32	Odor Control - Parkway A	-	3,000,000	-	-	-	3,000,000	2015A
33	Rosecrans Lagoon Liner Replacement	-	1,350,900	-	-	-	1,350,900	2015A
34	<b>Subtotal</b>	<b>-</b>	<b>5,438,900</b>	<b>-</b>	<b>1,551,000</b>	<b>11,000</b>	<b>7,000,900</b>	
<b>CAPITAL PROJECTS - Water Protection Facility</b>								
35	ICP/Mass Spectr. Equipment	140,000	-	-	-	-	140,000	Cash
36	Roof - Admin Bldg	-	251,000	-	-	-	251,000	Cash
37	Digester Heat Exchangers (X - 6)	-	-	665,000	-	-	665,000	2018 Conv
38	Replace Gas Burnoff	-	67,000	-	-	-	67,000	Cash
39	Sludge Piping Replacement	-	-	-	-	171,000	171,000	Cash
40	Primary Sludge PS - Roofs	-	13,000	-	-	-	13,000	Cash
41	Motor Control Room (Belt Press Room)	-	-	-	111,000	-	111,000	Cash
42	Replace Raw Sludge Magnetic Flowmeter	-	-	-	-	14,000	14,000	Cash
43	Primary Clarifier Complex - Piping Replacement	-	-	-	-	26,000	26,000	Cash
44	Primary Clarifier Complex - Replace Progressive Cavity Pumps	-	-	-	-	26,000	26,000	Cash
45	Plant PS - Replace Centrifugal Raw Wastewater Pumps (X - 3)	-	-	177,000	-	-	177,000	Cash
46	Total for all Roofs	-	-	140,000	-	-	140,000	Cash
47	DAF Motor Control Center	-	-	-	-	86,000	86,000	Cash
48	Replacement Diffusers	-	425,000	372,000	-	-	797,000	2018 Conv
49	Rehab Aeration Arms	-	-	-	586,000	-	586,000	2020 Conv
50	Additional Centrifugal Blowers	-	-	-	1,773,000	-	1,773,000	2020 Conv
51	Return Sludge PS #1 - Motor Control Center	-	-	74,000	-	-	74,000	Cash
52	Return Sludge PS #2 - Motor Control Center	-	-	74,000	-	-	74,000	Cash
53	Aeration Basins - Replace Sheaths	-	168,000	-	-	-	168,000	2018 Conv
54	Furnace - Maintenance Garage	-	15,000	-	-	-	15,000	Cash
55	Rehab Muffin Monsters, build 1 of 3 every year ( 3 year cycle)	51,000	-	54,000	58,000	62,000	291,000	Cash
56	Mo Ave Sewer Rehab	-	3,000,000	-	-	-	3,000,000	2018 Conv
57	WPF Levee Stormwater PS	-	5,000,000	-	-	-	5,000,000	2018 Conv
58	<b>Subtotal</b>	<b>191,000</b>	<b>8,939,000</b>	<b>1,556,000</b>	<b>2,528,000</b>	<b>299,000</b>	<b>13,665,000</b>	
59	<b>Total</b>	<b>34,681,814</b>	<b>47,836,297</b>	<b>6,053,500</b>	<b>8,493,000</b>	<b>2,831,000</b>	<b>3,045,000</b>	<b>102,940,611</b>
<b>SUMMARY</b>								
60	Financed with 2014B	-	975,900	-	-	-	975,900	
61	Financed with 2015A	500,000	4,551,400	-	-	-	5,051,400	
62	Total financed through SRF Bonds	-	-	-	-	-	-	
63	Environmental/Regulatory Projects	-	-	-	-	-	-	
64	CSO LTCP Projects	30,000,000	27,100,000	-	-	-	57,100,000	
65	Collection System Capital Projects	-	-	-	-	-	-	
66	WWTP Capital Projects	-	-	-	-	-	-	
67	<b>Total financed through Conventional Bonds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,100,000</b>	
68	Environmental/Regulatory Projects	-	1,474,000	-	-	-	1,474,000	
69	CMOM Projects	-	299,500	500,000	-	-	799,500	
70	CSO LTCP Projects	-	-	-	-	-	-	
71	System Expansion Projects	-	-	-	-	-	-	
72	Collection System Capital Projects	-	1,088,000	-	1,551,000	-	2,639,000	
73	WWTP Capital Projects	-	8,593,000	1,037,000	2,359,000	-	11,989,000	
74	<b>Total financed through Operating Funds</b>	<b>4,181,814</b>	<b>3,754,497</b>	<b>4,516,500</b>	<b>4,583,000</b>	<b>2,831,000</b>	<b>3,045,000</b>	<b>22,911,811</b>
75	Total Annual Expenditures	34,681,814	47,836,297	6,053,500	8,493,000	2,831,000	3,045,000	102,940,611

### 4.3 FINANCING PLAN

Total planned investment from FY 2017 through FY 2022 is \$102.9 million, as shown on Table 7. The CIP financing plan is presented in Table 8. The funding sources are summarized on Lines 1 through 6 and the Capital Fund requirements, or use of funds, are shown on Lines 7 through 12. The Capital Fund had a balance of \$6.03 million, as shown in Table 7 Line 60 and 61, is from the 2014B (\$5,755,000) and 2015A (\$10,300,000) Revenue bonds. The use of these funds can be seen in the Funding Source column on Table 7.

In April 2011 and again in February 2015, the voters of St. Joseph voted for bond approval that allows the city to apply to the Missouri Department of Natural Resources to participate in its SRF program. The SRF program provides low interest loans that have lower interest rates than conventional bond issues. The projected interest rate and term for future SRF bonds are 1.25% for 30 years. This compares to 20-year conventional bonds with a 3.5%-5.0% interest rates used in this study. Bonding assumptions were provided by the City’s advisors.

The SRF bonds are being used for the major capital projects in the study period, as shown in Table 7 Lines 62-67. This study assumes that SRF funds will be available for all projects requesting SRF funding. Should some projects be denied SRF funding, additional conventional bonds may be required which could impact future rate increases.

The CIP presented in Table 7 is anticipated to be funded with the remaining proceeds from the 2014B revenue bonds (\$975,900) and 2015A revenue bonds(\$5.1million), as well as SRF Bond in 2017 (\$67.3 million), and conventional bonds in 2018 (\$14.2 million), and 2020 (\$4.3 million).

The Operating Fund will be used to fund projects not included in the bond issues, such as a majority of the CMOM Program, CSO Green Solutions, system expansion projects, etc. The operating fund can also be used to offset minor contingencies on the proposed projects.

**Table 8 Capital Flow of Funds**

Fiscal Years Ending June 30

Line No.	Description	Estimated	Projected					Total
		2017	2018	2019	2020	2021	2022	
		\$	\$	\$	\$	\$	\$	\$
<b>SOURCE OF FUNDS</b>								
1	Funds on Hand at Beginning of Year	6,027,300	42,627,300	1,537,000	0	0	0	6,027,300
2	Transfer from Operating Fund	4,181,800	3,754,500	4,516,500	4,583,000	2,831,000	3,045,000	22,911,800
3	Conventional Bond at Par	0	14,170,000	0	4,264,000	0	0	18,434,000
4	Net Short Term Bond	0	0	0	0	0	0	0
5	SRF Loan	67,300,000	0	0	0	0	0	67,300,000
6	<b>Total Funds Available</b>	<b>77,509,100</b>	<b>60,551,800</b>	<b>6,053,500</b>	<b>8,847,000</b>	<b>2,831,000</b>	<b>3,045,000</b>	<b>114,673,100</b>
<b>USE OF FUNDS</b>								
7	Major Capital Improvement Program	34,681,800	47,836,300	6,053,500	8,493,000	2,831,000	3,045,000	102,940,600
8	Bond Issuance Costs	0	135,800	0	40,200	0	0	176,000
9	Bond Reserve Fund	0	1,042,700	0	313,800	0	0	1,356,500
10	Net Payoff on Other Loans	200,000	10,000,000	0	0	0	0	10,200,000
11	Reimbursement to Operating Fund	0	0	0	0	0	0	0
12	<b>Total Use of Funds</b>	<b>34,881,800</b>	<b>59,014,800</b>	<b>6,053,500</b>	<b>8,847,000</b>	<b>2,831,000</b>	<b>3,045,000</b>	<b>114,673,100</b>
13	Funds on Hand at End of Year	42,627,300	1,537,000	0	0	0	0	0

### 4.4 DEBT SERVICE REQUIREMENTS

Table 9 presents a summary of the annual total of the monthly deposits into the Sewer Debt Fund for both the existing and proposed revenue bonds. The financial plan presented in this report uses the \$10 million SRF bond to fund design work on Blacksnake and that will be paid off early with the proceeds from the \$67.3 million SRF bond. The FY 2017 SRF bond issue of \$67.3 million is used for

the Stormwater Separation Conduits in the Blacksnake watershed and has a 30-year term and an average interest rate of 1.25 percent, plus a 0.5 percent administration fee.

Conventional bonds will be used to fund the remaining projects that are not covered with cash and unlikely to receive SRF funding. There are 11 projects included in these bond issuances for various major replacement or rehabilitation projects. The conventional bond issues are projected in 2018 (\$14.2 million) and 2020 (4.3million). The forecast assumes 4.0 percent interest for 20 years, consistent with prior year assumptions provided by the City's financial advisor.

Annual debt service payments increase significantly after FY 2018 due to the full principal and interest payments starting for new debt being issued in FY2017. Annual debt service increases from \$12.2 million in FY 2017 to \$15.9 million by FY 2022.

**Table 9 Existing and Proposed Debt Service**

Fiscal Years Ending June 30

Description	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$
State Environmental Improvement & Energy Resources Authority, Series 1993	0	0	0	0	0	0
State Environmental Improvement & Energy Resources Authority, Series 1997	538,800	0	0	0	0	0
Sewer System Revenue Bonds Series 2003	62,500	60,300	58,100	60,900	58,400	60,900
Sewer System Revenue Bonds Series 2004	837,300	838,300	838,600	838,400	837,500	841,100
Sewer System Revenue Bonds Series 2011	1,593,900	1,594,100	1,593,300	1,591,500	1,593,700	1,589,700
State Revolving Fund Loan Series 2013	940,200	876,200	880,400	882,200	885,900	889,200
State Revolving Fund Loan Series 2014	3,659,300	3,400,500	3,412,100	3,425,400	3,439,400	3,453,100
Series 2014A	1,537,100	1,551,200	1,565,900	1,580,200	1,596,100	1,611,500
Series 2016	397,500	0	0	0	0	0
Conventional Bonds						
Series 2014B	378,700	379,700	380,600	386,400	387,000	387,500
Series 2015A	719,100	718,700	898,100	721,300	722,300	722,300
Series 2015B	1,534,300	2,096,000	2,098,400	2,098,800	2,099,300	2,096,500
Subtotal Existing Annual Debt Service	12,198,700	11,515,000	11,725,500	11,585,100	11,619,600	11,651,800
<b>PROPOSED BONDS</b>						
Proposed SRF Bonds FY 2017 Issue (\$67.3 million)	0	350,700	841,600	1,868,000	2,894,400	2,894,400
Proposed Conventional Bonds FY 2018 Issue (\$14.2 million)	0	425,100	1,042,700	1,042,700	1,042,700	1,042,700
Proposed Conventional Bonds FY 2020 Issue (\$4.3 million)	0	0	0	127,900	313,800	313,800
Subtotal Proposed Annual Debt Service	0	775,800	1,884,300	3,038,600	4,250,900	4,250,900
Total Annual Debt Service	12,198,700	12,290,800	13,609,800	14,623,700	15,870,500	15,902,700

## 5 Summary of Revenue Requirements and Proposed Adjustment to Revenue

The total revenue requirements of the Sewer Utility consist of operation and maintenance expense, debt service requirements, routine annual capital outlays, and cash financing of major capital improvements. Revenue levels must also be sufficient to meet existing and future revenue bond covenants that net revenues in each fiscal year be not less than 110 percent of the debt service requirement. It is also essential that the Sewer Utility maintain sufficient cash balances to provide for Operating Fund encumbrances, offset fluctuations in revenues and expenditures, and provide for funds for use in emergencies. Charges for wastewater service provide the principal source of revenues to meet these requirements with additional revenue being derived from miscellaneous operating and non-operating income and from interest earnings.

Table 10 combines the projected revenues and revenue requirements into a pro forma operations statement or cash flow summary. The cash flow summary provides a basis for evaluation of the timing and size of wastewater revenue increases that are indicated to be necessary to meet the projected revenue requirements for the period FY 2018 through FY 2022. Projected revenues from wastewater service charges under existing rates are shown on Lines 1 through 4. The indicated total additional revenues under proposed rate increases are shown on Line 10. The increased revenues are the result of the rate increases shown on Lines 5 through 9. The revenue increase effective dates shown on Lines 5 through 9 of Table 10 indicate when additional revenue associated with the revenue increases will be realized. These revenue increases are primarily needed to cover large increases in debt service due to implementation of mandated regulatory projects and the CSO LTCP, in addition to higher cash financed capital projects, which reduce net revenues available for debt coverage purposes, and net operating reserve balances available to cover a working capital allowance.

Projected miscellaneous operating revenues from Table 5 are shown on Line 12. Interest income from the Operating and Capital Fund balances are shown on Line 13. These monies are projected to yield an average annual interest rate of 1.0 percent for the period. Interest income on the Bond Reserve Fund, shown on Line 14, is also calculated using a 1.0 percent interest rate. With the proposed revenue increases, total Sewer Utility revenues are projected to range from \$ 29,631,300 in FY 2017 to \$ 36,678,700 in FY 2022 (Line 15).

Revenue requirements for operation and maintenance expense, including transfers, debt service, routine annual capital outlays, and cash financed capital projects are taken from Tables 6, 8, and 9 and are summarized on Lines 16 through 24. These annual operating requirements are projected to increase from \$31,290,700 in FY 2017 to \$36,253,600 in FY 2022, as shown on Line 26 of Table 10.

The projected net annual operating balance is shown on Line 27 and ranges from a low of negative \$1.7 million in FY 2017 to a high of approximately \$2.1 million in FY 2018. Any annual surpluses accrued will be used to finance future capital projects and reduce the amount of future bond issues. The end of year operating cash balances shown on Line 28 include monies that have not been encumbered and which, by ordinance, must be available to the Sewer Utility. The City's current policy on operating reserves is 120 days of O&M expenses, which is approximately \$5 million on Line 30. This serves two primary purposes: first, with the substantial amount of new debt the City is forecast to take on in the coming years, it is prudent utility practice to have additional liquidity to offset fluctuations in revenues and expenditures and allow for contingencies; and second, it provides the City with a stronger base for the City to maintain its current credit rating. With the significant amount of debt the City plans to issue to fund its CSO LTCP and mandated regulatory

projects, there is a risk the rating agencies could lower the City's credit rating, possibly increasing the cost of issuing additional debt.

**Table 10 Operating Flow of Funds**

Fiscal Years Ending June 30

Line No.	Operating Fund	Estimated	Projected				
		2017	2018	2019	2020	2021	2022
		\$	\$	\$	\$	\$	\$
Revenue							
1	Retail Revenue Under Existing Rates (Table 4)	25,077,400	25,847,300	25,847,300	25,847,300	25,847,300	25,847,300
2	SSJISD Under Existing Rates (Table 4)	1,799,500	1,756,200	1,756,200	1,756,200	1,756,200	1,756,200
3	National Beef Leathers Under Existing Rates (Table 4)	273,000	264,400	264,400	264,400	264,400	264,400
4	Triumph Foods Under Existing Rates (Table 4)	1,065,000	1,070,100	1,070,100	1,070,100	1,070,100	1,070,100
Additional Sewer Revenue Required:							
	Revenue Increase Effective Date	Annualized Revenue Increase (a)					
5	July 1, 2017	11.00%	3,183,200	3,183,000	3,183,200	3,183,200	3,183,200
6	July 1, 2018	3.00%		963,600	963,600	963,600	963,600
7	July 1, 2019	3.00%			992,500	992,500	992,500
8	July 1, 2020	2.00%				681,500	681,500
9	July 1, 2021	2.00%					695,200
10	Total Additional Sewer Revenue	-	3,183,200	4,146,600	5,139,300	5,820,800	6,516,000
11	Total Sewer Revenue	28,214,900	32,121,200	33,084,600	34,077,300	34,758,800	35,454,000
12	Miscellaneous Revenue (Table 5)	1,136,500	1,022,400	1,012,700	1,015,600	1,018,400	1,021,200
13	Interest Income - Operating & Capital Fund (b)	135,000	128,000	27,000	29,000	41,000	45,000
14	Interest Income - Bond Reserve Fund	144,900	150,100	155,400	156,900	158,500	158,500
15	Total Operating Fund Revenues Available	29,631,300	33,421,700	34,279,700	35,278,800	35,976,700	36,678,700
Revenue Requirements							
16	Operation and Maintenance Expense (Table 6) (c)	14,296,100	14,259,700	14,733,200	15,293,500	15,845,400	16,422,700
17	Net Revenues	15,335,200	19,162,000	19,546,500	19,985,300	20,131,300	20,256,000
Debt Service							
18	Existing Debt Service (Table 9)	12,198,700	11,515,000	11,725,500	11,585,100	11,619,600	11,651,800
19	Proposed Bond Debt Service (Table 9)	-	775,800	1,884,300	3,038,600	4,250,900	4,250,900
20	Total Debt Service	12,198,700	12,290,800	13,609,800	14,623,700	15,870,500	15,902,700
21	Less: Interest on EIERA Reserve Fund	(14,900)	-	-	-	-	-
22	EIERA Administrative Fee	4,000	-	-	-	-	-
23	Net Effective Debt Service	12,187,800	12,290,800	13,609,800	14,623,700	15,870,500	15,902,700
24	Routine Capital Outlay (Table 6)	625,000	1,055,700	808,200	832,500	857,500	883,200
25	Transfer to (from) Capital Fund	4,181,800	3,754,500	4,516,500	4,583,000	2,831,000	3,045,000
26	Total Operating Requirements	31,290,700	31,360,700	33,667,700	35,332,700	35,404,400	36,253,600
27	Net Annual Balance	(1,659,400)	2,061,000	612,000	(53,900)	572,300	425,100
28	Beginning of Year Balance	4,330,000	2,670,600	4,731,600	5,343,600	5,289,700	5,862,000
29	End of Year Balance	2,670,600	4,731,600	5,343,600	5,289,700	5,862,000	6,287,100
30	Desired Working Capital Allowance (d)	4,700,100	4,688,100	4,843,800	5,028,000	5,209,400	5,399,200

(a) Average annual revenue adjustment percentage. Revenues reflect twelve effective months in the first year of revenue adjustment

(b) Interest earnings based on budget and projected fund balances

(c) Includes Operation & Maintenance Expense and Transfers

(d) Working capital allowance calculated as 120 days operation and maintenance expense

## 5.1 DEBT SERVICE COVERAGE

For existing debt, an annual debt service coverage test must be met regardless of whether additional bonds will be issued during the study period. The annual coverage test compares annual net revenues with annual debt service. Bond covenants stipulate that annual Net Revenues Available for Debt Service must be at least 110 percent of annual principal and interest payments.



## 5.2 RATE COVENANT

A summary of the annual revenue bonds test found in the bond indentures for the Series 1992 Bonds and similarly, in Section 902 of Article IX of the outstanding EIERA bonds, is as follows:

The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal of and interest on the Bonds as and when the same become due at the Maturity thereof or any Interest Payment Date; (c) enable the City to have in each fiscal year Net Revenues not less than 110 percent of the amount required to be paid in such fiscal year on account of both principal of and interest on all System Revenue Bonds at the time outstanding; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in the Ordinance. The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations of the City under the provisions of the Ordinance. If in any fiscal year Net Revenues are less than as hereinbefore provided, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the City Clerk and with the Purchaser of the Bonds and shall be furnished to any Owner of the Bonds requesting a copy of the same, at the cost of such Owner. The City is required, to the extent feasible, to follow the recommendations of the Consultant.

In order for parity bonds to be issued, two additional bonds tests exist, only one of which must be met for parity to be attained. The historical additional bonds test stipulates that net revenues available for debt service (adjusted as defined in the bond resolution) be 110 percent of average annual debt service. The future additional bonds test requires that net revenues available for debt service (adjusted as defined in the bond resolution) be 110 percent of average annual debt service for the average of the two years following commercial operation of the capital improvements financed from the proceeds of the issue.

The financial plan demonstrated herein assumes issuance of bonds in fiscal year 2018, and 2020. For purposes of this report, 110 percent coverage is assumed for all future bond issues. A summary of the EIERA, SRF, and other conventional bonds additional bonds tests is as follows:

1. The City shall not be in default in the payment of principal of or interest on any Bonds or the Parity bonds or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in this Ordinance or any Parity Ordinance; and
2. The City shall obtain a certificate showing either of the following:
  - a. The average annual Net Revenues Available for Debt Service as set forth in the last available annual audits for the two Fiscal Years immediately preceding the issuance of additional bonds, are at least 110 percent of the average annual debt service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues Available for Debt Service in succeeding Fiscal Years. Interest to be paid on any SRF Program Bonds may be reduced by the SRF Subsidy, if any. If the City has made any increase in rates for the use and services of the System and the increase has not been in

effect during all of the two Fiscal Years for which annual audits are available, the City may add the additional Net Revenues Available for Debt Service which would have resulted if the rate increase been in effect for the entire period to the audited Net Revenues Available for Debt Service; or

- b. The estimated average annual Net Revenues Available for Debt Service for the two Fiscal Years immediately following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation, as certified by the Consultant, is at least 110 percent of the average annual debt service on the System Revenue Bonds, including the additional bonds to be issued, to be paid out of the Net Revenues Available for Debt Service in succeeding Fiscal Years following the commencement of commercial operation of the improvements. Interest to be paid on any SRF Program Bonds may be reduced by the SRF Subsidy, if any. In determining the amount of estimated Net Revenues Available for Debt Service for the purpose of this subsection, the Consultant may adjust the estimated net income and revenues by adding the estimated increase in Net Revenues Available for Debt Service resulting from any increase in rates for the use and services of the System approved by the City.

Additional revenue bonds or other obligations of the City issued under the conditions set forth in this Section shall stand on a parity with the Bonds and shall enjoy complete equality of lien on and claim against the net revenues of the System with the Bonds, and the City may make equal provision for paying said bonds and the interest thereon out of the revenue Fund and may likewise provide for the creation of reasonable system debt service funds and system debt reserve funds for the payment of such additional bonds and the interest thereon out of moneys in the Revenue Fund.

Debt service coverage for existing and proposed bonds is shown in Table 11. The annual and future bond coverage test (Line 9 and 17) must meet or exceed 110 percent. The annual coverage ranges from a high of 156 percent in 2017 to low of 127 percent in 2020 and 2021. The future additional bonds test minimum coverage of 110 percent is met every year, ranging from 114 percent to 155 percent.

The City needs to closely monitor both the annual debt service coverage and the additional bonds test as part of the annual budgeting process. Projected rate adjustments may need to be modified to assure that the City will meet the bond ordinance requirements.



**Table 11 Debt Service Coverage Tests**

Fiscal Years Ending June 30

Line No.	Description	2018	2019	2020	2021	2022
		\$	\$	\$	\$	\$
ANNUAL COVERAGE						
1	Total Operating Fund Revenues (a)	33,421,700	34,279,700	35,278,800	35,976,700	36,678,700
2	O&M Expense and Transfers	(14,259,700)	(14,733,200)	(15,293,500)	(15,845,400)	(16,422,700)
3	Net Operating Revenue	19,162,000	19,546,500	19,985,300	20,131,300	20,256,000
Debt Service (b)						
4	Existing Bonds	5,687,100	5,867,100	5,697,300	5,698,200	5,698,000
5	Existing SRF	5,827,900	5,858,400	5,887,800	5,921,400	5,953,800
6	Proposed Bonds	775,800	1,884,300	3,038,600	4,250,900	4,250,900
7	EIERA Subsidy (c)	0	0	0	0	0
8	Net Debt Service	12,290,800	13,609,800	14,623,700	15,870,500	15,902,700
9	Annual Coverage = Line 3 / Line 8 (d)	156%	144%	137%	127%	127%
ADDITIONAL BONDS TEST - FUTURE (e)						
10	Total Operating Fund Revenues (f)	33,421,700	33,316,100	33,322,700	33,339,100	33,345,900
11	O&M Expense and Transfers	(14,259,700)	(14,733,200)	(15,293,500)	(15,845,400)	(16,422,700)
12	Annual Appropriation Debt Service	(5,672,200)	(6,471,100)	(6,420,600)	(6,609,300)	(6,606,100)
13	Net Operating Revenue	13,489,800	12,111,800	11,608,600	10,884,400	10,317,100
14	Parity Debt Service (g)	6,618,600	7,138,700	8,203,100	9,261,200	9,296,600
15	Average Net Revenues Available for Debt Service (h)	11,860,200	11,246,500	10,600,750	n/a	n/a
16	Average Annual Debt Service (h)	7,670,900	8,732,150	9,278,900		
17	Future Coverage = Line 15 / Line 16 (i)	155%	129%	114%		

(a) Includes interest on Capital Fund  
 (b) Represents payments to bondholders.  
 (c) EIERA Admin Fee less Interest on EIERA Reserve Fund  
 (d) Requires 1.10 times coverage.  
 (e) Additional Bond Test is for FY16 & FY17 Blacksnake Stormwater Separation Conduit  
 (f) Does not include rate increases beyond FY19  
 (g) All Existing Bonds & Only Proposed Bonds through FY19  
 (h) Calculated as average of two years following test year.  
 (i) Requires 1.10 times coverage.

## 6 Cost of Service Analysis

The cost of service phase of the study consists of three steps: (1) the determination of the total cost of service to be recovered from charges for wastewater service, (2) the allocation of cost of service to functional cost components which recognize the system characteristics, and (3) the distribution of functionalized cost of service components to customer classes.

Revenue requirements to be derived from charges for wastewater service are synonymous with the total cost of service. As a basis for developing an equitable rate structure, these costs are allocable to the various customer classifications according to respective service requirements. Allocations of revenue requirements to customer classes should take into account the quantity of wastewater discharged, the number of customers, the quantity of pollutant loadings, and relative responsibility for infiltration/inflow into the wastewater system.

### 6.1 COST OF SERVICE TO BE ALLOCATED

The costs of service to be recovered from wastewater service revenue consist of the elements of operation and maintenance expense and capital costs, as shown in Table 12. Operation and maintenance expense includes costs directly related to the collection and treatment of wastewater, including administrative functions and maintenance of system facilities. Capital related costs include projected debt service payments on existing and proposed bonds and major capital improvements financed from revenues. The projected revenue requirement for the Sewer Utility for FY 2018 totals \$31,360,700 (Line 6). Revenue requirements that are met from sources other than wastewater revenue such as miscellaneous revenues and interest income on Operating, Capital, and Bond Reserve Funds are deducted from total revenue requirements on Lines 7 through 10. There will be no full year rate adjustment for FY 2018 since this year's rate increases will be in place for the full fiscal year. The projected increase in the City's Operating Fund is \$2,061,000 as shown on Line 12. The resulting total cost of service for FY 2018 totals \$32,121,200.

**Table 12 Development of Total Cost of Service**

For Fiscal Year 2018

Line No.	Description	O&M Costs	Capital Costs	Total
Revenue Requirements				
1	Operation and Maintenance Expense	14,259,700		14,259,700
2	Existing Debt Service		11,515,000	11,515,000
3	Proposed Debt Service		775,800	775,800
4	Routine Capital Outlay	1,055,700		1,055,700
5	Transfer to (from) Capital Fund	-	3,754,500	3,754,500
6	Total Revenue Requirements	\$15,315,400	\$16,045,300	\$31,360,700
Adjustments to Revenue Requirements				
7	Miscellaneous Revenues	992,400	30,000	1,022,400
8	Interest Income - Operating and Capital Funds		128,000	128,000
9	Interest Income - Bond Reserve Fund	-	150,100	150,100
10	Subtotal	\$14,323,000	\$15,737,200	\$30,060,200
11	Full Year Rate Adjustment	0	0	-
12	Increase (Decrease) in Fund Balances	-	2,061,000	2,061,000
13	Total FY 2018 Cost of Service	\$14,323,000	\$17,798,200	\$32,121,200

## 6.2 FUNCTIONAL COST COMPONENTS

The cost of wastewater service is analyzed by system function to properly allocate the costs to various classes of customers. Costs of service are separated into applicable functional cost components. The cost components are Volume, Capacity, Biochemical Oxygen Demand (BOD), Suspended Solids (SS), Ammonia, and Fats, Oil, and Grease (FOG) for both common to retail customers and common to all customers, SSJISD Pump Station, Septage, and Billing.

Volume costs are those costs, which vary directly with the volume of wastewater flow in the system. Included in the volume component are costs associated with primary and secondary clarifiers and disinfection.

Capacity costs recognizes that certain facilities are designed to handle peak wastewater flows, in contrast to other “volume related” facilities that are based on annual flows, or average daily flows. The Capacity factor is the ratio of peak flow to average daily flow and represents the average peak flow a customer will have on any given day. It is calculated by taking the flow for Contributed and Infiltration/Inflow (I/I) for each class, multiplying each by an appropriate capacity factor, and then dividing it by the number of days in the year. The capacity factors for the different customers are as follows:

- Retail – Contribution 1.5 and Infiltration/Inflow 4.0
- Triumph Foods - Contribution 1.5
- National Beef Leathers - Contribution 1.5
- SSJISD – Contribution 2.5

It should be noted the SSJISD has a higher capacity factor than the other wholesale (and retail) customers. This is to reflect their prior issues with high flow during wet weather periods. These capacity factors will be reassessed in the next cost allocation update in 2019.

BOD strength costs include those costs, which are influenced in magnitude by the BOD in the influent flow. Principal costs included in the BOD component are the operating and capital costs related to roughing filters, aeration facilities, and that portion of sludge disposal facilities required for handling and disposal of BOD related sludge.

Suspended solids strength costs consist of the treatment plant related costs that vary with the quantity of suspended solids in the influent flow. Included in this cost component are the costs of sludge pumping and disposal of sludge resulting from removal of suspended solids from the raw wastewater.

FOG strength costs include those costs, which are influenced in magnitude by the FOG in the influent flow. Similar to BOD, principal costs included in the FOG component are the operating and capital costs related to roughing filters, aeration facilities, and that portion of sludge disposal facilities required for handling and disposal of FOG related sludge.

Ammonia strength costs include those costs, which are influenced in magnitude by the ammonia in the influent flow. Principal costs included in the Ammonia component are mainly related to operating as a majority of the capital costs are recovered from the Ammonia Fixed charge. The operating costs related to Ammonia are Secondary Treatment, sludge, vehicles, gas, chemical, power, general treatment, and treatment repair and replacement. The portion allocated to Ammonia is related to the portion of sludge related to Ammonia that is removed from the system.

Septage cost are related to the operating and capital costs to treat and handle septage that is discharged at the Septage Upload Station by septage haulers that truck in waste from septic tanks or other hauled wastewater.

SSJISD Pump Station costs are costs associated with the SSJISD Pump Station and related facilities. Billing costs are costs associated with billing and collection, including bad debt expense.

### 6.3 ALLOCATION TO COST COMPONENTS

Each element of cost is allocated to functional cost components on the basis of the parameter or parameters having significant influence on the magnitude of the element of cost. The separation of costs into functional components provides a means for distributing such costs to the various classes of customers on the basis of the respective requirements for service of each particular class. Costs are allocated directly to cost components to the extent they are identifiable. General and administrative cost elements are then allocated on the basis of the allocation of other costs to which they are most nearly related. As mentioned in the Introduction of this report, the allocation factors must be updated at least every 5 years, and were last updated in FY 2015. The fixed asset allocation will be updated annually.

#### 6.3.1 O&M Allocation Components

The first step in the O&M cost allocation process is to assign the O&M expenses shown in Table 13, developed from the budget details, to various categories of costs which are necessary for subsequent assignment to appropriate functional cost components. The allocation percentages for each line item are summarized in Table 13. The Headings from Table 13 (Column A - O) are carried forward and used in the Description Column in Table 14. Each of the cost categories from Table 13 are then distributed to the different functional cost components recognizing the primary cost driver for each of the various costs. The description for how each allocation is determined is found in Column Q. The dollar amounts, from Table 13 Column A, are then distributed in Table 15 based on the allocations identified in Table 14. The totals in Line 15 of Table 15 are also found on Line 6 in Table 12. Total O&M is then adjusted (Total O&M less Miscellaneous Revenues, Table 12 Line 7) and allocated based on Line 15.

Table 13 O&M Functional Cost Components

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	
Line No.	Description	Total	Primary	Secondary	Sludge	Pumping	Vehicles	Gas	Power	Chemicals	Laboratory	Gen. Treatment	Treatment - Repair & Replace	Sewer Maintenance	General WW	Billing
WW Treatment																
1	Personnel	2,789,200	34.20%	33.37%	10.19%	18.65%	3.59%									
2	Chemicals	438,600								100.00%						
3	Motor Fuel & Lubricants	100,000								100.00%						
4	Other Materials and Supplies	729,100														
5	Gas Service	165,000						100.00%					100.00%			
6	Electric Service	1,556,700							100.00%							
7	Transfer to Aviation	48,300			100.00%											
8	Routine Repair and Replacement	2,244,200											100.00%			
9	Laboratory	721,600									100.00%					
10	Admin. & General	2,176,000										28.00%				72.00%
11	Sewer Maintenance	2,351,300												100.00%		
12	Transfer to General Fund	1,995,500													100.00%	
13	Total Wastewater O&M	15,315,500	953,898	930,844	332,409	520,135	100,213	165,000	1,556,700	538,600	721,600	1,338,274	2,244,200	2,351,300	1,995,500	1,566,826

Table 14 O&M Cost Allocation Factors

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]	[Q]
		Total	Common to Retail						Common to All						SSJISD	Septage	Billing	Basis of Allocation
			Volume	Capacity	BOD	TSS	Ammonia	FOG	Volume	Capacity	BOD	TSS	Ammonia	FOG				
1	Primary Treatment	100.00%	90.0%		3.0%	6.0%			1.0%									90% Primary Volume and Sludge Based on Appendix A-1 (Primary Only)
2	Secondary Treatment	100.00%							19.1%	0.0%	61.5%	16.7%	2.7%					Appendix A-2
3	Sludge	100.00%			10.3%	20.2%					39.2%	18.4%	8.4%					Appendix A-1
4	Pumping	100.00%		81.6%											18.4%			Based on Fixed Assets
5	Vehicles	100.00%	9.5%	5.4%	7.7%	15.3%			2.8%	2.9%	32.1%	14.4%	6.4%		0.9%			Appendix A-3
6	Gas	100.00%	44.0%						56.0%									Average Day Primary & Secondary
7	Electric Service	100.00%	45.5%	0.0%	1.9%	3.7%			5.3%	0.0%	35.5%	3.4%	1.5%		2.6%			Appendix A-5
8	Chemicals	100.00%			10.3%	20.2%					39.2%	18.4%	8.4%					Appendix A-1
9	Laboratory	100.00%	12.5%	0.0%	12.5%	12.5%			16.7%	0.0%	16.7%	16.6%	0.0%		0.0%			Appendix A-6
10	General Treatment	100.00%	23.4%	10.5%	5.3%	8.3%	0.0%		7.3%	0.1%	26.0%	11.0%	2.6%	0.0%	2.4%			Allocate on Basis of Treatment O&M , Less Power, Chem.
11	Treatment Repair & Replacement	100.00%	2.4%	7.6%	3.1%	7.7%	0.0%		8.5%	42.1%	20.4%	5.4%	0.5%	0.0%	0.0%	1.1%	0.0%	Allocate on Basis of Treatment Plant in Service
12	Sewer Maintenance	100.00%		100.0%														Primary Capacity
13	Transfer to General Fund	100.00%	16.2%	47.1%	2.7%	3.9%	0.0%		5.1%	0.0%	14.5%	5.9%	1.0%	0.0%	1.6%			Allocate on Basis of Treatment O&M and Sewer Maint., Less Power, & Chem.
14	Billing	100.00%															100.0%	Billing

Table 15 O&M Allocated Costs

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]
		Total	Common to Retail						Common to All						SSJISD	Septage	Billing
			Volume	Capacity	BOD	TSS	Ammonia	FOG	Volume	Capacity	BOD	TSS	Ammonia	FOG			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
1	Primary Treatment	953,898	858,508	-	28,617	57,234	-	9,539	-	-	-	-	-	-	-		-
2	Secondary Treatment	930,844	-	-	-	-	-	-	177,791	-	572,469	155,451	25,133	-	-		-
3	Sludge	332,409	-	-	34,238	67,147	-	11,634	-	-	130,304	61,163	27,922	-	-		-
4	Pumping	520,135	-	424,431	-	-	-	-	-	-	-	-	-	-	95,705		-
5	Vehicles	100,213	9,520	5,412	7,716	15,333	-	2,606	2,806	2,906	32,169	14,431	6,414	-	902		-
6	Gas	165,000	72,600	-	-	-	-	-	92,400	-	-	-	-	-	-		-
7	Electric Service	1,556,700	708,299	-	29,577	57,598	-	9,340	82,505	-	552,629	52,928	23,351	-	40,474		-
8	Chemicals	538,600	-	-	55,476	108,797	-	18,851	-	-	211,131	99,102	45,242	-	-		-
9	Laboratory	721,600	90,200	-	90,200	90,200	-	90,200	120,507	-	120,507	119,786	-	-	-		-
10	General Treatment	1,338,274	312,949	140,383	70,625	110,620	-	43,381	98,338	949	348,336	146,944	34,198	-	31,551		-
11	Treatment Repair & Replacement	2,244,200	53,795	171,208	69,839	172,799	-	23,685	191,134	945,690	458,176	121,279	11,221	-	-	25,328	-
12	Sewer Maintenance	2,351,300	-	2,351,300	-	-	-	-	-	-	-	-	-	-	-		-
13	Transfer to General Fund	1,995,500	323,522	938,984	54,281	77,624	-	38,482	101,660	981	288,821	118,449	20,078	-	32,617		-
14	Billing	1,566,826	-	-	-	-	-	-	-	-	-	-	-	-	-		1,566,826
15	Total O&M	15,315,500	2,429,393	4,031,716	440,569	757,352	-	247,718	867,142	950,526	2,714,542	889,533	193,559	-	201,249	25,328	1,566,826
16	Less: O&M Adjustments	(992,400)															
17	Net O&M From Rates	14,323,000	2,272,100	3,770,400	412,000	708,300	-	231,700	810,900	888,900	2,538,600	831,900	181,000	-	188,200	23,700	1,465,300

### 6.3.2 Capital Allocation Components

The first step in the Capital allocation process was to assign the various fixed assets line items to appropriate functional cost components. The fixed asset categories are shown in Table 16 in the Description Column. The description for how each fixed asset category is to be assigned to one or more of the functional cost components is found in Column Q. The results of the allocations of the fixed assets are shown in Table 17. The total capital costs to be recovered from wastewater rates are shown on Line 43 of Table 17. This total may also be found in Table 12 by adding Line 2, 3, and 5 and subtracting Lines 7 through 9.

The specific allocation of the Ammonia Removal project is found on Table 16 Lines 27 through 28 and the results of the allocation are shown in Table 17 Lines 33 and 34. Table 17 Line 44 shows the applicable amount of debt service for the Ammonia project. This amount is recovered in the fixed charge shown in Table 23. This amount is separated from the capital allocations and is shown in Column N of Tables 19 and 20. This year the fixed charge now includes principal, interest, and administration fees from the SRF loan that will be applicable to the Ammonia Removal project in FY 2018.

The allocation of Existing and Proposed Debt Service (Table 17 Lines 39-42) includes Construction Work in Progress (CWIP) (Appendix I-6.7). Starting in FY15, the fixed asset (plant) allocation factors are updated every year as part of the rate study.



Table 16 Capital Cost Allocation Factors

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]	[Q]
		Total	Common to Retail				Common to All				SSJISD	Septage	Billing	Basis of Allocation				
		Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG					
<b>COLLECTION &amp; CONVEYANCE</b>																		
1	Collection and Conveyance Mains	100%	100.0%															Primary Capacity
2	Pumping & Lift Stations	100%	100.0%															Primary Capacity
3	SSJISD Pump Stations	100%													100.0%			SSJISD
<b>TREATMENT</b>																		
4	Grit Basins	100%			100.0%													Suspended Solids
5	Primary Clarifiers	100%	90.0%		3.0%	5.9%		1.0%										90% Primary Volume and Sludge Based on Appendix A-1 (Primary Only)
6	Other Primary	100%		100.0%														Primary Capacity
7	Pumping	100%		100.0%														Primary Capacity
8	Septage	100%														100.0%		Septage
9	Trickling Filters	100%								100.0%								Secondary Capacity
10	Blowers	100%								82.4%		17.6%						BOD & Ammonia on Appendix A-1
11	Aeration	100%								82.4%		17.6%						BOD & Ammonia on Appendix A-1
12	Secondary Clarifiers	100%						90.0%		8.2%		1.8%						90% Secondary Volume 10% Secondary BOD & SS
13	Other Secondary	100%						30.1%	10.4%	44.6%	7.6%	7.3%	0.0%					Secondary Treatment Plant
14	Sludge Pumping	100%			10.3%	20.2%				39.2%	18.4%	8.4%						Appendix A-1
15	Aerobic Digesters	100%			10.3%	20.2%				39.2%	18.4%	8.4%						Appendix A-1
16	Dissolved Air Flotation (DAF)	100%			10.3%	20.2%				39.2%	18.4%	8.4%						Appendix A-1
17	Sludge Handling	100%			10.3%	20.2%				39.2%	18.4%	8.4%						Appendix A-1
18	Outfall	100%							100.0%									Secondary Capacity
19	Meters	100%							100.0%									Secondary Volume
20	Laboratory	100%						100.0%										Secondary Volume
21	General	100%	5.3%	11.8%	2.6%	11.0%	0.0%	0.9%	18.8%	6.5%	27.9%	4.8%	4.6%	0.0%	0.0%	5.9%		Treatment Plant
<b>SECONDARY EXPANSION</b>																		
22	Secondary Expansion - Secondary Clarifiers	100%						90.0%		8.2%		1.8%						90% Secondary Volume 10% Secondary BOD & SS
<b>ADMINISTRATIVE</b>																		
23	Admin. & General	100%	4.3%	18.7%	2.1%	9.0%	0.0%	0.7%	19.5%	5.3%	23.2%	3.9%	3.8%	0.0%	0.0%	4.8%	4.5%	Total Treatment Plant
24	Billing Software	100%															100.0%	Billing
<b>CONTRIBUTIONS</b>																		
25	Secondary Expansion - Secondary Clarifiers	100%						90.0%		8.2%		1.8%						90% Secondary Volume 10% Secondary BOD & SS
26	Collection and Conveyance Mains	100%		100.0%														Primary Capacity
<b>AMMONIA PROJECT</b>																		
27	Secondary Expansion - Ammonia Project	100%	0.0%	0.0%	0.0%	0.0%		0.0%	16.0%	2.8%	60.9%	3.1%	17.3%		0.0%			Appendix A-12
28	Ammonia Phase I	100%	0.0%	0.0%	0.0%	0.0%		0.0%	16.0%	2.8%	60.9%	3.1%	17.3%		0.0%			Appendix A-12

Table 17 Capital Allocated Costs

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]	[Q]
		Total	Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG	SSJSD	Septage	Billing	Basis of Allocation
<b>COLLECTION &amp; CONVEYANCE</b>																		
1	Collection and Conveyance Mains	101,407,358	-	101,407,358	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Pumping & Lift Stations	1,886,992	-	1,886,992	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	SSJSD Pump Stations	1,689,472	-	-	-	-	-	-	-	-	-	-	-	-	1,689,472	-	-	-
4	Subtotal	104,983,822	-	103,294,350	-	-	-	-	-	-	-	-	-	-	1,689,472	-	-	-
<b>TREATMENT</b>																		
5	Grit Basins	6,606,547	-	-	-	6,606,547	-	-	-	-	-	-	-	-	-	-	-	-
6	Primary Clarifiers	850,079	765,071	-	25,502	50,155	-	8,501	-	-	-	-	-	-	-	-	-	-
7	Other Primary	487,044	-	487,044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Pumping	2,320,542	-	2,320,542	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Septage	269,210	-	-	-	-	-	-	-	-	-	-	-	-	-	269,210	-	-
10	Trickling Filters	1,560,260	-	-	-	-	-	-	-	1,560,260	-	-	-	-	-	-	-	-
11	Blowers	533,027	-	-	-	-	-	-	-	438,963	-	94,064	-	-	-	-	-	-
12	Aeration	744,150	-	-	-	-	-	-	-	612,830	-	131,321	-	-	-	-	-	-
13	Secondary Clarifiers	3,449,303	-	-	-	-	-	-	3,104,373	284,060	-	60,870	-	-	-	-	-	-
14	Other Secondary	91,344	-	-	-	-	-	-	27,479	40,720	6,974	6,695	-	-	-	-	-	-
15	Sludge Pumping	626,114	-	-	64,490	126,475	-	21,914	-	245,437	115,205	52,594	-	-	-	-	-	-
16	Aerobic Digesters	9,280,847	-	-	955,927	1,874,731	-	324,830	-	3,638,092	1,707,676	779,591	-	-	-	-	-	-
17	Dissolved Air Flotation (DAF)	13,646	-	-	1,406	2,757	-	478	-	5,349	2,511	1,146	-	-	-	-	-	-
18	Sludge Handling	8,628,769	-	-	888,763	1,743,011	-	302,007	-	3,382,477	1,587,693	724,817	-	-	-	-	-	-
19	Outfall	26,093,003	-	-	-	-	-	-	26,093,003	-	-	-	-	-	-	-	-	-
20	Meters	31,018	-	-	-	-	-	-	31,018	-	-	-	-	-	-	-	-	-
21	Laboratory	1,014,080	-	-	-	-	-	-	1,014,080	-	-	-	-	-	-	-	-	-
22	General	5,040,462	266,864	593,030	131,060	553,594	-	44,477	949,095	327,274	1,406,431	240,874	231,248	-	-	296,515	-	-
23	Subtotal	67,639,446	1,031,935	3,400,617	2,067,148	10,957,270	-	702,206	5,126,044	26,429,752	11,614,620	3,660,933	2,082,345	-	-	565,725	-	-
<b>SECONDARY EXPANSION</b>																		
24	Secondary Expansion - Secondary Clarifiers	12,449,974	-	-	-	-	-	-	11,204,977	-	1,025,292	-	219,705	-	-	-	-	-
25	Subtotal	12,449,974	-	-	-	-	-	-	11,204,977	-	1,025,292	-	219,705	-	-	-	-	-
<b>ADMINISTRATIVE</b>																		
26	Admin. & General	3,165,388	137,117	592,480	67,340	284,442	-	22,853	617,153	168,156	734,487	123,763	121,357	-	-	152,352	143,888	-
27	Billing Software	41,525	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,525	-
28	Subtotal	3,206,913	137,117	592,480	67,340	284,442	-	22,853	617,153	168,156	734,487	123,763	121,357	-	-	152,352	185,413	-
<b>CONTRIBUTIONS</b>																		
29	Secondary Expansion - Secondary Clarifiers	(12,449,974)	-	-	-	-	-	-	(11,204,977)	-	(1,025,292)	-	(219,705)	-	-	-	-	-
30	Collection and Conveyance Mains	(3,362,207)	-	(3,362,207)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>CWIP</b>	14,049,923	13,496	11,183,991	62,646	890,329	-	9,177	655,655	345,418	447,330	161,184	90,552	-	182,749	7,394	-	Appendix A-13
32	Subtotal Existing Plant	186,517,897	1,182,549	115,109,231	2,197,134	12,132,040	-	734,236	6,398,852	26,943,327	12,796,437	3,945,880	2,294,254	-	1,872,221	725,471	185,413	-
<b>AMMONIA PROJECT</b>																		
33	Secondary Expansion - Ammonia Project	41,359,833	-	-	-	-	-	-	6,597,717	1,176,462	25,176,094	1,263,884	7,145,676	-	-	-	-	-
34	Ammonia Phase I	1,700,606	-	-	-	-	-	-	271,280	48,373	1,035,174	51,968	293,811	-	-	-	-	-
35	Subtotal	43,060,439	-	-	-	-	-	-	6,868,998	1,224,835	26,211,267	1,315,851	7,439,487	-	-	-	-	-
36	<b>TOTAL</b>	229,578,336	1,182,549	115,109,231	2,197,134	12,132,040	-	734,236	13,267,850	28,168,162	39,007,705	5,261,731	9,733,741	-	1,872,221	725,471	185,413	-
37	Existing Plant	100.0%	0.7%	60.3%	1.2%	6.5%	0.0%	0.4%	3.3%	15.4%	7.2%	2.2%	1.3%	0.0%	1.0%	0.4%	0.1%	-
38	Plant Including CWIP	100.0%	0.6%	61.7%	1.2%	6.5%	0.0%	0.4%	3.4%	14.4%	6.9%	2.1%	1.2%	0.0%	1.0%	0.4%	0.1%	-
<b>Basis of Allocation</b>																		
39	Existing Debt Service	11,515,000	73,059	7,106,464	135,644	748,992	-	45,329	395,044	1,663,392	790,010	243,606	141,640	-	115,585	44,788	11,447	Plant Including CWIP
40	Less: Misc Revenues	1,752,900	11,122	1,081,800	20,649	114,017	-	6,900	60,137	253,214	120,261	37,083	21,561	-	17,595	6,818	1,743	Plant Including CWIP
41	Transfer to Capital Fund	3,754,500	23,821	2,317,084	44,227	244,211	-	14,780	128,805	542,354	257,585	79,428	46,182	-	37,687	14,603	3,732	Plant Including CWIP
42	Proposed Debt	775,800	4,922	478,784	9,139	50,462	-	3,054	26,615	112,068	53,225	16,412	9,543	-	7,787	3,018	771	Plant Including CWIP
43	Net Capital for Rates	17,798,200	112,924	10,984,132	209,658	1,157,682	-	70,063	610,601	2,571,028	1,221,081	376,530	218,926	-	178,654	69,227	17,693	-
44	Less: Debt Service for Ammonia Project	2,428,900	-	-	-	-	-	-	296,727	1,249,412	593,395	182,978	106,389	-	-	-	-	-
45	Net Capital for Rates Less: Ammonia Project	15,369,300	112,924	10,984,132	209,658	1,157,682	-	70,063	313,875	1,321,616	627,687	193,552	112,537	-	178,654	69,227	17,693	-

## 6.4 DISTRIBUTION OF COSTS TO CUSTOMER CLASSES

The total cost responsibility of customer classes is determined by the allocation of the costs of service for each cost component to customers based on the respective units of service of each class. Each class is assigned its proportionate share of the costs by function using projected units of service.

### 6.4.1 Customer Classification

For purposes of cost of service analysis and rate design, wastewater customers are classified to reflect groups of customers with similar service requirements. The classifications used by the City for record keeping purposes are satisfactory for this purpose. The customer classifications include residential, commercial, SSJISD, National Beef Leathers, and Triumph Foods. Costs are also allocated to BOD, suspended solids, ammonia, and FOG surcharges for commercial customers with wastewater strength that exceeds 300 mg/l for BOD, 350 mg/l for suspended solids, 30 mg/l for ammonia, and 100 mg/l for FOG.

### 6.4.2 Units of Service

Volume related costs vary with, and are allocated on, the basis of the volume of billable wastewater volume and infiltration and inflow conveyed by the wastewater system. Capacity related costs vary by customer class and the units are calculated by taking contributed flow multiplied by the capacity factor and then dividing by the number of days in the year. This provides the average day capacity units. Infiltration and inflow also has a capacity component as shown on Table 18 Column G. Strength costs are related to the function of reducing BOD, suspended solids, ammonia, and FOG concentrations and are allocated to customer classes in proportion to the respective strength loadings. Septage units are based on the gallons of waste received at the septage upload station. Billing costs are related to the number of bills sent to customers.

The estimated FY 2018 service requirements or units of service for the various customer classes are shown in Table 18. Estimates of annual billable wastewater volume and number of bills are based on the projection of the number of Sewer Utility customers and their estimated billable wastewater volume. Contributed wastewater volume shown for the residential class is based upon the average water usage billed during the winter period that serves as the basis for assessing charges.

Infiltration/inflow includes flow entering the wastewater system from groundwater infiltration through wastewater service pipe and main joints and inflow from manhole covers and the combined wastewater system. Infiltration/inflow is estimated to total approximately 66 percent of the total wastewater flow reaching the primary treatment plant on an annual basis.

Each customer class, with the exception of the secondary wholesale customers whose flows are measured at the treatment plant, should bear its proportionate share of the costs associated with infiltration/inflow. 60 percent of infiltration/inflow is allocated to customer classes in proportion to the number of individual customers and 40 percent is allocated in proportion to customer class contributed volume. Table 18 shows the results of the allocations.

The BOD, suspended solids, ammonia, and FOG responsibility of each retail customer class is based on the estimated average strength concentrations and contributed wastewater volume for each class. The average strength for contributed wastewater flow is estimated to be 251 mg/l for BOD, 472 mg/l for suspended solids, 31 mg/l for ammonia, and 41 mg/l for FOG. Infiltration/inflow is

estimated to have a BOD strength of 75 mg/l, suspended solids strength of 220 mg/l, ammonia strength of 5 mg/l, and FOG strength of 8 mg/l.

The estimates of suspended solids, ammonia, and BOD strengths in excess of normal limits are assigned to the surcharge customer classification, and are shown separately in Table 18. The estimates are based on extra strength data maintained by the Sewer Utility and utilized for current average billings.

Estimates of the strength related loadings on the secondary treatment plant (common to all) are based on the strength of the effluent from the primary treatment plant and the strength of the flows from the secondary wholesale customers.

In an effort to mitigate the impact of the decrease in loadings at the secondary plant primarily due to the closing of the Monfort Plant in November 1993, a Secondary Service Minimum (SSM) class was added to the cost allocation procedures by means of contracts between the City and SSJISD. Contract provisions provide that wholesale rates shall be established using a minimum flow of 1,725,000 hundred cubic feet of flow, 6,800,000 pounds of BOD, and 3,250,000 pounds of suspended solids. By City policy, the costs associated with the Secondary Service Minimum class are recovered in the retail volume charge; therefore lessening the impact to the wholesale customers.

As part of updating the cost of service allocations in FY 2015, the City began phasing out the SSM. This will be accomplished by reducing the subsidy units, minimum flow of 1,725,000 hundred cubic feet of flow, 6,800,000 pounds of BOD, and 3,250,000 pounds, by 20 percent each year until the units are completely removed. This means that for FY 2018 only 20 percent of the units will be available to reduce the impact to the wholesale customer. The full units are shown on Table 18 Line 9 and the adjusted units are shown on Table 19 Line 9.

Table 18 Retail and Wholesale Units of Service

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[K]	[L]	[M]	[O]	[P]
		Assignable Volume			Capacity			Common to Retail			Common to All			Retail	Retail
		Contributed Volume	Infiltration/Inflow	Total	Contributed	Infiltration/Inflow	Total	BOD	SS	FOG	BOD	SS	Ammonia	Customers	Bills
	Ccf	Ccf	Ccf	Ccf/Day	Ccf/Day	Ccf/Day	lbs	lbs	lbs	lbs	lbs	lbs			
Retail															
1	Residential	1,187,100	4,062,500	5,249,600	4,900	44,500	49,400	3,760,600	9,073,300	506,500	2,632,400	3,629,300	356,400	23,553	282,636
2	Commercial/Industrial	1,679,500	1,616,900	3,296,400	6,900	17,700	24,600	3,387,200	7,166,300	510,400	2,371,000	2,866,500	375,300	2,157	25,884
3	Surcharge							2,913,200	9,100	35,600	2,039,200	3,600	0		
4	Septic							107,400	214,800	1,200	75,200	85,900	0		
5	Subtotal	2,866,600	5,679,400	8,546,000	11,800	62,200	74,000	10,168,400	16,463,500	1,053,700	7,117,800	6,585,300	731,700	25,710	308,520
Wholesale															
6	SSJISD			934,010	6,400	0	6,400				2,294,059	754,571	226,411		
7	National Beef Leathers			421,952	1,700	0	1,700				47,921	200,511	723,000		
8	Triumph Foods			986,900	4,100	0	4,100				1,457,100	1,227,300	1,116,300		
9	Secondary Service Minimum (a)			0							3,000,921	1,067,619	0		
10	Subtotal	0	0	2,342,862	12,200	0	12,200	0	0	0	6,800,000	3,250,000	2,065,711	0	0
11	Total	2,866,600	5,679,400	10,888,862	24,000	62,200	86,200	10,168,400	16,463,500	1,053,700	13,917,800	9,835,300	2,797,411	25,710	308,520

(a) Per agreements with SSJISD, the total flow, BOD loading, and suspended solids loading for Secondary Service for cost allocation purposed is to be at least 1,725,000 Ccf, 6,800,000 pounds of BOD, and 3,250,000 pounds of Suspended Solids.

### 6.4.3 Customer Class Costs of Service

Costs of service are allocated to the customer classes by application of unit costs of service to respective service requirements. The unit costs are developed by dividing the total cost allocated to each functional cost component by the total applicable units of service. The customer class cost of service is obtained by applying the unit costs of service to the number of units for which the customer class is responsible. Table 19 shows the development of the unit costs of service for each functional cost component, and Table 20 shows the subsequent application of unit costs to the respective service requirements of each customer class. By City policy, the cost of service for retail customers is adjusted in Column P to reflect the Secondary Service Minimum class cost of service.

**Table 19 Unit Cost of Service**

For Fiscal Year Ending June 30, 2018

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
		Common to Retail					Common to All					SSJISD Pump Station	Septage	Billing	Ammonia Debt Service	Total
		Volume	Capacity	BOD	Suspended Solids	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia					
	Units of Service															
	Units	Ccf	Ccf/Day	lbs	lbs	lbs	Ccf	Ccf/Day	lbs	lbs	lbs	Ccf	Mgal.	Bills		
	Retail															
1	Residential	5,249,600	49,400	3,760,600	9,073,300	506,500	5,249,600	49,400	2,632,400	3,629,300	356,400				282,636	
2	Commercial/Industrial	3,296,400	24,600	3,387,200	7,166,300	510,400	3,296,400	24,600	2,371,000	2,866,500	375,300				25,884	
3	Surcharge			2,913,200	9,100	35,600			2,039,200	3,600	0					
4	Septage			107,400	214,800	1,200			75,200	85,900	0		1,980			
5	Wholesale															
6	SSJISD						934,010	6,400	2,294,059	754,571	226,411	934,010				
7	National Beef Leathers						421,952	1,700	47,921	200,511	723,000					
8	Triumph Foods						986,900	4,100	1,457,100	1,227,300	1,116,300					
9	Secondary Service Minimum (reduced by 80%)						0		600,184	213,524						
10	Total	8,546,000	74,000	10,168,400	16,463,500	1,053,700	10,888,862	86,200	11,517,064	8,981,205	2,797,411	934,010	1,980	308,520		
	Functional Cost Allocations															
11	Net Operation, Maint. & Replacement - \$	2,272,100	3,770,400	412,000	708,300	231,700	810,900	888,900	2,538,600	831,900	181,000	188,200	23,700	1,465,300		14,323,000
12	Net Capital- \$	112,924	10,984,132	209,658	1,157,682	70,063	313,875	1,321,616	627,687	193,552	112,537	178,654	69,227	17,693	2,428,900	17,798,200
13	Total Cost of Service - \$	2,385,024	14,754,532	621,658	1,865,982	301,763	1,124,775	2,210,516	3,166,287	1,025,452	293,537	366,854	92,927	1,482,993	2,428,900	32,121,200
14	Total Annual Units	8,546,000	74,000	10,168,400	16,463,500	1,053,700	10,888,862	86,200	11,517,064	8,981,205	2,797,411	934,010	1,980	308,520		
15	Op, Maint & Replace. Unit Cost (a) - \$/Unit	0.2659	50.9514	0.0405	0.0430	0.2199	0.0745	10.3121	0.2204	0.0926	0.0647	0.2015	11.9683	4.7494		
16	Capital Unit Cost (a) - \$/Unit	0.0132	148.4342	0.0206	0.0703	0.0665	0.0288	15.3320	0.0545	0.0216	0.0402	0.1913	34.9592	0.0573		
17	Total Unit Cost (a)- \$/Unit	0.2791	199.3856	0.0611	0.1133	0.2864	0.1033	25.6440	0.2749	0.1142	0.1049	0.3928	46.9275	4.8068		

(a) Unit costs are dollars per one hundred cubic feet (\$/Ccf) for volume and dollars per pound (\$/lb) for BOD, suspended solids, ammonia, and FOG.

**Table 20 Customer Class Allocated Cost of Service**

For Fiscal Year Ending June 30, 2018

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]
		Common to Retail					Common to All					SSJISD Pump Station	Septage	Billing	Ammonia Debt Service	Total	Adjusted Retail Cost of Service
		Volume	Capacity	BOD	Suspended Solids	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia						
Allocated Cost of Service																	
Residential																	
1	Operation, Maint. & Replacement - \$	1,395,696	2,516,997	152,371	390,356	111,375	390,942	509,416	580,236	336,170	23,060			1,342,365			7,748,984
2	Capital - \$	69,367	7,332,650	77,538	638,017	33,679	151,321	757,399	143,467	78,214	14,338			16,208	898,071		10,210,269
3	Residential Subtotal - \$	1,465,063	9,849,647	229,909	1,028,373	145,054	542,263	1,266,815	723,703	414,384	37,398			1,358,573	898,071		17,959,253
Commercial/Industrial																	
4	Operation, Maint. & Replacement - \$	876,404	1,253,403	137,241	308,311	112,233	245,486	253,677	522,618	265,515	24,283			122,935			4,122,106
5	Capital - \$	43,558	3,651,482	69,839	503,921	33,938	95,020	377,166	129,221	61,775	15,098			1,484	563,929		5,546,431
6	Commercial Monthly Subtotal - \$	919,962	4,904,885	207,080	812,232	146,171	340,506	630,843	651,839	327,290	39,381			124,419	563,929		9,668,537
Surcharge																	
7	Operation, Maint. & Replacement - \$	0	0	118,036	392	7,828	0	0	449,482	333	0			0			576,071
8	Capital - \$	0	0	60,066	640	2,367	0	0	111,138	78	0			0			174,289
9	Surcharge Subtotal - \$	0	0	178,102	1,032	10,195	0	0	560,620	411	0			0			750,360
Septage																	
10	Operation, Maint. & Replacement - \$	0	0	4,352	9,241	264	0	0	16,576	7,957	0		23,700	0			62,090
11	Capital - \$	0	0	2,214	15,104	80	0	0	4,098	1,851	0		69,227	0			92,574
12	Septage Subtotal - \$	0	0	6,566	24,345	344	0	0	20,674	9,808	0		92,927	0			154,664
Secondary Service Minimum (a)																	
13	Operation, Maint. & Replacement - \$	0	0	0	0	0	0	0	132,293	19,778	0		0	0			152,071
14	Capital - \$	0	0	0	0	0	0	0	32,710	4,602	0		0	0			37,312
	Subtotal Secondary Service Minimum - \$	0	0	0	0	0	0	0	165,003	24,380	0		0	0			189,383
15	Subtotal Retail - \$	2,385,025	14,754,532	621,657	1,865,982	301,764	882,769	1,897,658	2,121,839	776,273	76,779		92,927	1,482,992	1,462,000		28,722,197
South St. Joseph Industrial Sewer District																	
16	Operation, Maint. & Replacement - \$						69,556	65,997	505,658	69,893	14,649	188,200		0			913,953
17	Capital - \$						26,923	98,125	125,028	16,262	9,108	178,654		0	485,900		940,000
18	SSJISD Subtotal - \$						96,479	164,122	630,686	86,155	23,757	366,854		0	485,900		1,853,953
National Beef Leathers																	
19	Operation, Maint. & Replacement - \$						31,423	17,531	10,563	18,573	46,780	0		0			124,870
20	Capital - \$						12,163	26,064	2,612	4,321	29,086	0		0	160,900		235,146
21	National Beef Leathers Subtotal						43,586	43,595	13,175	22,894	75,866	0		0	160,900		360,016
Triumph Foods																	
22	Operation, Maint. & Replacement - \$						73,495	42,279	321,175	113,681	72,228	0		0			622,858
23	Capital - \$						28,448	62,861	79,413	26,449	44,908	0		0	320,100		562,179
24	Triumph Foods Subtotal						101,943	105,140	400,588	140,130	117,136	0		0	320,100		1,185,037
25	Total	2,385,025	14,754,532	621,657	1,865,982	301,764	1,124,777	2,210,515	3,166,288	1,025,452	293,538	366,854	92,927	1,482,992	2,428,900		32,121,203

(a) Per agreement with SSJISD cost allocations are based on minimum units of service from Secondary Service customers. Secondary Service Minimum is allocated costs for the units of service required to meet the minimum amount. Secondary Service Minimum allocated costs are recovered from Retail Service customers.



A comparison of projected revenue under existing rates and allocated cost of service are shown in Table 21. This table provides guidance to the rate design phase to show what class increase could be justified. The indicated revenue changes required to meet costs of service are shown for each customer class. The indicated changes in retail rates range from negative 19.8 percent to 16.4 percent. The average indicated increase for retail customers is 11.1 percent. The indicated rate change for wholesale customers is an increase of 5.6 percent for South St. Joseph Industrial Sewer District, an increase of 36.2 percent for National Beef Leathers, and an increase of 10.7 percent for Triumph Foods. The overall adjustment indicated for wholesale customers is an increase of 10.0 percent. It is important to note that these increases are indicated rate increases based on cost of service results and not actual. Please use Table 24 for these purposes.

**Table 21 Comparison of Revenue Under Existing Rates with Allocated Cost of Service**

For Fiscal Year Ending June 30, 2018

Line No.	Customer Class	Revenue Under Existing Rates	Allocated Cost of Service	Adjusted Allocated Cost of Service	Indicated Percent Change
		\$	\$	\$	%
Retail					
1	Residential	15,499,100	17,959,253	18,037,679	16.4
2	Commercial/Industrial	9,273,900	9,668,537	9,779,494	5.5
3	Surcharge	935,700	750,360	750,360	(19.8)
4	Septage	138,600	154,664	154,664	11.6
5	Secondary Service Minimum		189,383		
6	Total Retail	25,847,300	28,722,197	28,722,197	11.1
Secondary Wholesale Treatment					
7	South St. Joseph Industrial Sewer Di	1,756,200	1,853,953	1,853,953	5.6
8	National Beef Leathers	264,400	360,016	360,016	36.2
9	Triumph Foods	1,070,100	1,185,037	1,185,037	10.7
10	Total Secondary Wholesale	3,090,700	3,399,006	3,399,006	10.0
11	Total	28,938,000	32,121,203	32,121,203	11.0

## 7 Wastewater Rate Adjustments

The revenue requirements studies described in the preceding sections of this report provide a basis for the design of wastewater rates. It should be recognized, however, that these studies are the result of engineering estimates, based on historical data and, to some extent, upon judgment and experience. Detailed results should not be used as literal and exact answers, but as guides for rate adjustments. Judgment and City policy must enter into the final choice of rates, and consideration must be given to factors such as previous rate levels, existing contractual requirements, and past local practice.

### 7.1 PROPOSED WASTEWATER RATES

Table 22 presents the proposed wastewater rate schedule recommended to be fully effective July 1, 2017. The proposed rates provide for an 11.0 percent overall revenue increase once the rates are in effect.

### 7.2 LIMIT FEES

Limit fees started in FY 2016 and are applicable to SIUs in the retail and wholesale classes. The limit fees are applicable to wholesale customers and any retail SIUs with a permit and the limit fees will be applicable to both volume and strength limits.

The retail class will continue with the same procedure of extra strength surcharges over a certain strength limit as it has been in the past. Retail SIUs will also have a limit fee in addition to normal surcharge billings if the daily maximum limits in its permit are exceeded. These two types of fees serve two different purposes. Extra strength surcharges are used to recover the cost of removing pollutants from wastewater in an equitable manner relative to the each customer's contribution. The limit fees for exceeding the daily permit limit are to provide a financial incentive to enforce the permit and protect the biological treatment process from washing out.

Limit Fees are applied to SIU customers when the daily maximum, as defined in each customer's permit, for Volume, BOD, TSS, and ammonia are exceeded for any given day. The limit fee would be applied to everything exceeding the daily maximum limit in each SIU customer's permit. All contributed volume and strength would be billed at normal rates up to the daily limit and the limit fee would be applied on the incremental flow and pollutants above that amount. This revenue is not part of the cost of service and will be above and beyond what is assumed for revenue estimates. These rates are based on cost of service rates multiplied by a factor of 1.5. The limit fees for Retail SIU customers are adjusted so they are only paying 1.5 times the contributed portion of the volume charge. The portion of the rate associated with I/I is based on a system calculation that is not entirely in their control, therefore it is removed from the limit fee calculation.

A sample calculation for a day with an overage for a wholesale customer is as follows. Based on a daily charge using the proposed rates in Table 22, if the limit was 600 lbs. per day and the actual discharge was 850 lbs. BOD, would be  $(600 \text{ lbs.} \times \$0.275/\text{lb.}) + [(850-600) \text{ lbs.} \times \$0.413/\text{lb.}]$ .

**Table 22 Schedule of Proposed Rates**

for Fiscal Year Ending June 30, 2018

RETAIL

Service Charge	Monthly <u>Charge</u>					
	\$					
Inside City	37.69					
Outside City	88.45					
Volume Charge	Monthly <u>\$/Ccf</u>				Limit <u>Fees</u>	
Inside City	5.57				1.96	\$/Ccf
Outside City	12.73				4.48	\$/Ccf
Extra Strength Surcharge		Inside <u>City</u>	Outside <u>City</u>			
BOD in excess of 300 mg/l		0.254	0.377	\$/lb	0.381	\$/lb.
Suspended solids in excess of 350 mg/l		0.196	0.465	\$/lb	0.239	\$/lb.
Ammonia in excess of 30 mg/l		0.105	0.249	\$/lb	0.158	\$/lb.
Fats, Oils, & Grease in Excess of 100 mg/l		0.286	0.657	\$/lb		
Septage		79.00	79.00	\$/Kgal		

WHOLESALE (a)

Ammonia Project Fixed Charge

South St. Joseph Industrial Sewer District	40,490	\$/Month		
National Beef Leathers	13,410	\$/Month		
Triumph Foods	26,680	\$/Month		
Flow charge				
South St. Joseph Industrial Sewer District	0.279	\$/Ccf		0.419 \$/Ccf
National Beef Leathers	0.207	\$/Ccf		0.310 \$/Ccf
Triumph Foods	0.210	\$/Ccf		0.315 \$/Ccf
Pump Station (b)	0.393	\$/Ccf		
BOD	0.275	\$/lb.		0.413 \$/lb.
Suspended Solids	0.114	\$/lb.		0.171 \$/lb.
Ammonia	0.105	\$/lb.		0.158 \$/lb.
Fats, Oils, & Grease	0.286	\$/lb.		0.000 \$/lb.

(a) Applicable to the South St. Joseph Industrial Sewer District (SSJISD), National Beef Leathers, and Triumph for secondary treatment service.

(b) Applicable to SSJISD only.

### 7.3 AMMONIA PROJECT FIXED CHARGE

The rates in Table 22 have a fixed charge for wholesale customers to recover their share of the debt service related to the Ammonia Removal project, as shown in Table 23, Line 4. The driver for this is if a customer significantly reduces its ammonia loadings, due to changes in onsite treatment, they will still be responsible for the fixed cost of the treatment process that was designed for them. This allocation will be updated every five years, or if a SIU joins the system. Table 23 provides the basis for how the charge is structured. The first step in developing the fixed charge was to functionalize the individual components of the Ammonia project based on their designed function, with the results shown on Line 3. The units on Lines 5-8 form the allocations in Lines 13-16. Then the debt

service charge on Line 4 is multiplied by each allocation to form the totals in Line 13-16. These costs are totaled in Column A Line 17. The wholesale amounts are then divided by twelve to create a monthly bill and the retail amount is divided by the contributed flows. The reason flows are used for the retail calculation is there is no customer with higher than normal strength flows. Therefore, flows are the main determinant of each customer's contribution to the system and not the number of connections.

The debt service is estimated each year until the project is complete. Once construction is complete, the payment will be based on the loan amortization schedule.

**Table 23 Development of Ammonia Project Fixed Charge for Wholesale**

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]
		Total	Volume	Capacity	BOD	Suspended Solids	Ammonia
<b>Ammonia Project Capital Costs</b>							
1	Existing Plant	\$ 41,359,833	\$ 6,597,717	\$ 1,176,462	\$ 25,176,094	\$ 1,263,884	\$ 7,145,676
2	CIP	\$ 1,700,606	\$ 271,280	\$ 48,373	\$ 1,035,174	\$ 51,968	\$ 293,811
3	Total	\$ 43,060,439	\$ 6,868,998	\$ 1,224,835	\$ 26,211,267	\$ 1,315,851	\$ 7,439,487
4	Debt Service Applicable to Ammonia Project	\$ 2,428,900	\$ 387,500	\$ 69,100	\$ 1,478,500	\$ 74,200	\$ 419,600
<b>Units for Plant Design</b>							
			<b>Ccf</b>	<b>Ccf/Day</b>	<b>lbs</b>	<b>lbs</b>	<b>lbs</b>
5	Retail		7,612,000	61,600	6,376,700	3,651,200	946,000
6	South St Joseph		975,936	6,700	2,555,000	1,095,000	375,950
7	Triumph		1,219,920	5,000	1,095,000	657,000	693,500
8	National Beef		487,968	2,000	73,000	219,000	876,000
<b>Allocation to Customer Classes</b>							
9	Retail	= Line 5 / Total Units for Plant	73.9%	81.8%	63.1%	64.9%	32.7%
10	South St Joseph	= Line 6 / Total Units for Plant	9.5%	8.9%	25.3%	19.5%	13.0%
11	Triumph	= Line 7 / Total Units for Plant	11.8%	6.6%	10.8%	11.7%	24.0%
12	National Beef	= Line 8 / Total Units for Plant	4.7%	2.7%	0.7%	3.9%	30.3%
<b>Allocated Ammonia Capital Costs to Customer Classes</b>							
13	Retail	= Line 4 x Line 9	\$ 1,462,000	\$ 286,500	\$ 56,600	\$ 933,500	\$ 48,100
14	South St Joseph	= Line 4 x Line 10	\$ 485,900	\$ 36,700	\$ 6,100	\$ 374,000	\$ 14,500
15	Triumph	= Line 4 x Line 11	\$ 320,100	\$ 45,900	\$ 4,600	\$ 160,300	\$ 8,700
16	National Beef	= Line 4 x Line 12	\$ 160,900	\$ 18,400	\$ 1,800	\$ 10,700	\$ 2,900
17	Total Applicable to Ammonia Project	\$ 2,428,900	\$ 387,500	\$ 69,100	\$ 1,478,500	\$ 74,200	\$ 419,600
		<b>Costs</b>	<b>Units</b>		<b>Charge</b>		
18	Retail	\$ 1,462,000	2,866,600	Ccf	\$ 0.51	\$/Ccf	
19	South St Joseph	\$ 485,900	12	Bills	\$ 40,490	\$/Bill	
20	Triumph	\$ 320,100	12	Bills	\$ 26,680	\$/Bill	
21	National Beef	\$ 160,900	12	Bills	\$ 13,410	\$/Bill	
22	Total	\$ 2,428,900					

Presented in Table 24 is a comparison of adjusted allocated cost of service with revenue under proposed rates. The proposed retail rates are projected to recover 100.0 percent of the cost of service and results in an average increase over existing rates of 11.1 percent. The proposed wholesale rates are projected to recover 100.0 percent of the cost of service and results in an average increase over existing rates of 10.0 percent.

**Table 24 Comparison of Cost of Service With Revenue Under Proposed Rates**

for Fiscal Year Ending June 30, 2018

		[A]	[B]	[C]	[D]
Line No.	Customer Class	Allocated Cost of Service	Revenue Under Estimated Rates	Revenue as Percent of Adjusted Cost of Service	Revenue Inc/(Dec) Compared to Existing Rates
		\$	\$	%	%
	Retail				
1	Residential	18,037,679	17,430,500	96.6	12.5
2	Commercial/Industrial	9,779,494	10,385,200	106.2	12.0
3	Surcharge	750,360	751,900	100.2	(19.6)
4	Septage	154,664	156,400	101.1	12.8
5	Total Retail	<u>28,722,197</u>	<u>28,724,000</u>	100.0	11.1
	Secondary Wholesale Treatment				
6	South St. Joseph Industrial Sewer District	1,853,953	1,854,200	100.0	5.6
7	National Beef Leathers	360,016	360,200	100.1	36.2
8	Triumph Foods	1,185,037	1,185,200	100.0	10.8
9	Total Secondary Wholesale Treatment	<u>3,399,006</u>	<u>3,399,600</u>	100.0	10.0
10	Total	<u>32,121,203</u>	<u>32,123,600</u>	100.0	11.0

#### 7.4 COMPARISON OF TYPICAL CUSTOMER BILLS

A comparison of typical bills for various quantities of billable wastewater volume under the proposed schedule of wastewater rates with those under existing rates is shown in Table 25. The resulting increase in the typical bills is also indicated. The average residential user contributes approximately 4 Ccf per month, or approximately 3,000 gallons. At this level, a customer’s monthly bill would increase by \$6.65 to \$59.97 (\$0.02 per gallon).

**Table 25 Typical Retail Sewer Bills Under Existing and Proposed Rates**

Monthly Billed Sewer Volume	Inside City			Outside City		
	Existing Rates	Estimated Rates	Increase	Existing Rates	Estimated Rates	Increase
Ccf	\$	\$	%	\$	\$	%
0	33.40	37.69	12.8	78.38	88.45	12.8
2	43.36	48.83	12.6	101.14	113.90	12.6
4	53.32	59.97	12.5	123.90	139.36	12.5
6	63.28	71.11	12.4	146.66	164.82	12.4
10	83.20	93.39	12.2	192.18	215.73	12.3
30	182.80	204.79	12.0	419.78	470.29	12.0
50	282.40	316.19	12.0	647.38	724.86	12.0
75	406.90	455.44	11.9	931.88	1,043.06	11.9
100	531.40	594.69	11.9	1,216.38	1,361.27	11.9
150	780.40	873.19	11.9	1,785.38	1,997.68	11.9
200	1,029.40	1,151.69	11.9	2,354.38	2,634.09	11.9
500	2,523.40	2,822.69	11.9	5,768.38	6,452.56	11.9
1,000	5,013.40	5,607.69	11.9	11,458.38	12,816.68	11.9

## Appendix A - Detailed Allocation to Cost Components

Updated for  
Fiscal Year 2018

Revised O&M and Plant Allocators  
For Fiscal Year 2018

**Appendix A-1 Sludge Handling Cost Allocation Factors**

Primary Sludge	Secondary Sludge	Total
pounds	pounds	pounds
9,815,099	18,609,833	28,424,932
34%	66%	100%

Description	Common to Retail				Common to All			
	Volume	BOD	Suspended Solids	FOG	Volume	BOD	Suspended Solids	Ammonia
Sludge Handling (a)		10.3%	20.2%	3.5%		39.2%	18.4%	8.4%

(a) Assume Primary Treatment related sludge is 34 percent of the total sludge processed and allocate 10 percent to Primary Treatment related BOD and 20 percent to Primary Treatment related Suspended Solids. Allocate the remaining 66 percent, 39 percent to Secondary Treatment related BOD and 18 percent to Secondary Treatment related Suspended Solids.



**Appendix A-2 Secondary Operations Allocation Factors**

Secondary Cost Components	EPA Manual Estimated Hours (a)	Common to Retail					Common to All				
		Volume	Capacity	BOD	Suspended Solids	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia
Aeration	2,700								2,700		
Secondary Clarifiers	3,000						3,000				
Trickling Filters	5,000								5,000		
Sludge Digestion	5,000								1,960	2,620	420
<b>Total</b>	<b>15,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>9,660</b>	<b>2,620</b>	<b>420</b>
Percentage	100%	0.0%	0.0%	0.0%	0.0%	0.0%	19.1%	0.0%	61.5%	16.7%	2.7%

(a) "Estimating Cost and Manpower Requirements for Conventional Wastewater Treatment Facilities", Office of Research and Monitoring-Environmental Protection Agency, 1971.

**Appendix A-3 Wastewater Treatment Plant Vehicle Allocation Factors**

Description	Total	Common to Retail					Common to All					SSJISD Pump Station
		Volume	Capacity	BOD	Suspended Solids	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	
Sludge Related (a)	70.00%			7.21%	14.14%	2.45%			27.44%	12.88%	5.88%	
Other (b)	30.00%	9.50%	5.39%	0.54%	1.16%	0.18%	2.76%	2.86%	4.68%	1.52%	0.48%	0.93%
<b>Total</b>	<b>100.00%</b>	<b>9.50%</b>	<b>5.39%</b>	<b>7.75%</b>	<b>15.30%</b>	<b>2.63%</b>	<b>2.76%</b>	<b>2.86%</b>	<b>32.12%</b>	<b>14.40%</b>	<b>6.36%</b>	<b>0.93%</b>
Total (Rounded)	100%	9.5%	5.4%	7.7%	15.3%	2.6%	2.8%	2.9%	32.1%	14.4%	6.4%	0.9%

(a) Allocation based on Sludge Handling Cost allocation Factors, Appendix A-1.  
 (b) Allocation based on Wastewater Treatment Plant and Lift Station Personnel Expense Allocation Factors, excluding Vehicles, Appendix A-4.

**Appendix A-4 Wastewater Treatment Plant and Personnel Expense**

Activity	Percentage Dist (a)	Common to Retail					Common to All					SSJISD Pump Station
		Volume	Capacity	BOD	Suspended Solids	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	
	%	%	%	%	%	%	%	%	%	%	%	%
Primary Operations	12%	12.4%										
Secondary Operations (b)	12%						2.0%		7.0%	2.0%	0.0%	
Sludge - Belt Press (c)	5%			0.5%	1.0%	0.2%			1.9%	0.9%	0.4%	
Sludge - Haul & Spread (c)	5%			0.5%	1.1%	0.2%			2.1%	1.0%	0.4%	
Equipment Maintenance (d)												
Primary Operations	22%	17.5%	1.7%	0.7%	1.7%	0.2%						
Secondary Operations	22%						6.9%	9.2%	4.0%	1.0%	0.7%	
Pump Station (e)	19%		15.6%									3.0%
Vehicle Maintenance (f)	4%	0.3%	0.2%	0.3%	0.5%	0.1%	0.1%	0.1%	1.2%	0.5%	0.2%	0.0%
<b>Total</b>	<b>100%</b>	<b>30.3%</b>	<b>17.5%</b>	<b>2.0%</b>	<b>4.3%</b>	<b>0.7%</b>	<b>9.0%</b>	<b>9.3%</b>	<b>16.2%</b>	<b>5.4%</b>	<b>1.8%</b>	<b>3.0%</b>
Percentage Distribution												
Wastewater Treatment Plant & L.S.	100.00%	30.80%	17.50%	2.00%	4.30%	0.70%	9.00%	9.30%	16.20%	5.40%	1.80%	3.00%
Wastewater Treatment Plant Only	100.00%	38.80%	2.20%	2.20%	4.80%	0.80%	11.50%	11.90%	19.50%	6.30%	2.00%	
Vehicles	100.00%	18.50%	5.40%	7.70%	15.30%		2.80%	2.90%	32.10%	14.40%		0.90%

- (a) Percentage distribution based on analysis of functional duties and salary budget
- (b) Allocation based on Secondary Operation Allocation Factors, Appendix A-2.
- (c) Allocation based on Sludge Handling Cost Allocation Factors, Appendix A-1.
- (d) Allocation based on Wastewater Treatment
- (e) Allocation based on SSJISD pump station fixed assets as a percent of total pump station fixed assets.
- (f) Allocation based on Vehicle Allocation Factors, Appendix A-3.

**Appendix A-5 Power Cost Allocation Factors**

Location	Power Costs (a)	Common to Retail					Common to All					SSJISD Pump Station
		Volume	Capacity	BOD	Suspended Solids	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Substation 1- Intermed. P.S.	252,207	168,979	0	0	0	0	83,228	0	0	0	0	0
Substation 2- Blower Bldg.	441,648	0	0	0	0	0	0	0	441,648	0	0	0
Substation 3- Util. Water P.S.	44,465	44,465	0	0	0	0	0	0	0	0	0	0
Substation 4- Control Bldg.	284,028	0	0	29,255	57,374	9,941	0	0	111,339	52,261	23,858	0
Ammonia Project	0	0	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1,022,348</b>	<b>213,443</b>	<b>0</b>	<b>29,255</b>	<b>57,374</b>	<b>9,941</b>	<b>83,228</b>	<b>0</b>	<b>552,987</b>	<b>52,261</b>	<b>23,858</b>	<b>0</b>
Lift Stations	534,377	493,521	0	0	0	0	0	0	0	0	0	40,857
<b>Total</b>	<b>1,556,725</b>	<b>706,964</b>	<b>0</b>	<b>29,255</b>	<b>57,374</b>	<b>9,941</b>	<b>83,228</b>	<b>0</b>	<b>552,987</b>	<b>52,261</b>	<b>23,858</b>	<b>40,857</b>
Percentage Distribution	100.00%	45.50%	0.00%	1.90%	3.70%	0.60%	5.30%	0.00%	35.50%	3.40%	1.50%	2.60%

(a) Wastewater Treatment electricity cost for fiscal year 2015.

**Appendix A-6 Laboratory Allocation Factors**

Description	Total	Common to Retail					Common to All					SSJISD Pump Station
		Volume	Capacity	BOD	Suspended Solids	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	
Secondary Treatment Plant (a)	50.00%						16.67%		16.67%	16.66%	0.00%	
Other Laboratory Expense (b)	50.00%	12.50%		12.50%	12.50%	12.50%						
<b>Total Laboratory</b>	<b>100.00%</b>	<b>12.50%</b>	<b>0.00%</b>	<b>12.50%</b>	<b>12.50%</b>	<b>12.50%</b>	<b>16.67%</b>	<b>0.00%</b>	<b>16.67%</b>	<b>16.66%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Laboratory (Rounded)</b>	<b>100%</b>	<b>12.5%</b>	<b>0.0%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>16.7%</b>	<b>0.0%</b>	<b>16.7%</b>	<b>16.6%</b>	<b>0.0%</b>	<b>0.0%</b>

(a) Allocate equally to each Secondary cost component.

(b) Allocate equally to each Primary cost component.

Appendix A-7 O&M Details

Line No	Description	[A]	[B]
		FY 2018	Used in Appendix A-8
	Wastewater Treatment Plant (a)		
1	Personnel Related	2,789,200	Line 1
	Materials & Supplies		
2	Wastewater Treatment	438,600	Line 2
3	Motor Fuel & Lubricants	100,000	Line 3
4	Other	729,100	Line 4
5	Subtotal Mat. & Supplies	1,267,700	
	Outside Services		
6	Gas Service	165,000	Line 5
7	Electric Service	1,556,700	Line 6
8	M&R Buildings/Facilities	960,000	Line 8
9	M&R Machinery & Equip.	12,500	Line 8
10	M&R Motor Vehicles	50,000	Line 8
11	Other	166,000	Line 8
12	Subtotal	2,910,200	
13	Transfer to Aviation	48,300	Line 7
14	Capital Outlay	1,055,700	Line 8
15	Total Wastewater Treatment	8,071,100	
16	Laboratory	721,600	Line 9
17	Subtotal	8,792,700	
18	Wastewater Plant Admin.	2,176,000	Line 10
19	Sewer Maintenance (b)	2,351,300	Line 11
20	Transfer to General (c)	1,995,500	Line 12
21	Subtotal	6,522,800	
22	Total Revenue Requirement	15,315,500	

(a) Including Lift Stations.

(b) Includes Street & Sewer Maintenance, Sewer Rehabilitation, Trunk Sewer Development,

(c) Including Legal Services.

Appendix A-8 O&M Functional Cost Allocation

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Line No.	Description	Total	Primary	Secondary	Sludge	Pumping	Vehicles	Gas	Power	Chemicals	Laboratory	Gen. Treatment	Treatment - Repair & Replace	Sewer Maintenance	General WW	Billing
	WW Treatment															
1	Personnel	2,789,200	34.20%	33.37%	10.19%	18.65%	3.59%									
2	Chemicals	438,600								100.00%						
3	Motor Fuel & Lubricants	100,000								100.00%						
4	Other Materials and Supplies	729,100										100.00%				
5	Gas Service	165,000						100.00%								
6	Electric Service	1,556,700							100.00%							
7	Transfer to Aviation	48,300			100.00%											
8	Routine Repair and Replacement	2,244,200											100.00%			
9	Laboratory	721,600									100.00%					
10	Admin. & General	2,176,000										28.00%				72.00%
11	Sewer Maintenance	2,351,300												100.00%		
12	Transfer to General Fund	1,995,500													100.00%	
13	Total Wastewater O&M	15,315,500	953,898	930,844	332,409	520,135	100,213	165,000	1,556,700	538,600	721,600	1,338,274	2,244,200	2,351,300	1,995,500	1,566,826

Appendix A-9 O&M Cost Allocation Factors

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]	[Q]
Line No.	Description	Total	Common to Retail					Common to All					SSJISD	Septage	Billing	Basis of Allocation		
			Volume	Capacity	BOD	TSS	Ammonia	FOG	Volume	Capacity	BOD	TSS					Ammonia	FOG
1	Primary Treatment	100.00%	90.0%		3.0%	6.0%												90% Primary Volume and Sludge Based on Appendix A-1 (Primary Only)
2	Secondary Treatment	100.00%							19.1%	0.0%	61.5%	16.7%	2.7%					Appendix A-2
3	Sludge	100.00%			10.3%	20.2%					39.2%	18.4%	8.4%					Appendix A-1
4	Pumping	100.00%		81.6%											18.4%			Based on Fixed Assets
5	Vehicles	100.00%	9.5%	5.4%	7.7%	15.3%		2.6%	2.8%	2.9%	32.1%	14.4%	6.4%		0.9%			Appendix A-3
6	Gas	100.00%	44.0%						56.0%									Average Day Primary & Secondary
7	Electric Service	100.00%	45.5%	0.0%	1.9%	3.7%		0.6%	5.3%	0.0%	35.5%	3.4%	1.5%		2.6%			Appendix A-5
8	Chemicals	100.00%			10.3%	20.2%		3.5%			39.2%	18.4%	8.4%					Appendix A-1
9	Laboratory	100.00%	12.5%	0.0%	12.5%	12.5%		12.5%	16.7%	0.0%	16.7%	16.6%	0.0%		0.0%			Appendix A-6
10	General Treatment	100.00%	23.4%	10.5%	5.3%	8.3%	0.0%	3.2%	7.3%	0.1%	26.0%	11.0%	2.6%	0.0%	2.4%			Allocate on Basis of Treatment O&M , Less Power, Chem.
11	Treatment Repair & Replacement	100.00%	2.4%	7.6%	3.1%	7.7%	0.0%	1.1%	8.5%	42.1%	20.4%	5.4%	0.5%	0.0%	0.0%	1.1%	0.0%	Allocate on Basis of Treatment Plant in Service
12	Sewer Maintenance	100.00%		100.0%														Primary Capacity
13	Transfer to General Fund	100.00%	16.2%	47.1%	2.7%	3.9%	0.0%	1.9%	5.1%	0.0%	14.5%	5.9%	1.0%	0.0%	1.6%			Allocate on Basis of Treatment O&M and Sewer Maint., Less Power, & Chem.
14	Billing	100.00%															100.0%	Billing

Appendix A-10 O&M Allocated Costs

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]
		Total	Common to Retail						Common to All						SSJISD	Septage	Billing
			Volume	Capacity	BOD	TSS	Ammonia	FOG	Volume	Capacity	BOD	TSS	Ammonia	FOG			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Primary Treatment	953,898	858,508	-	28,617	57,234	-	9,539	-	-	-	-	-	-	-	-	-
2	Secondary Treatment	930,844	-	-	-	-	-	-	177,791	-	572,469	155,451	25,133	-	-	-	-
3	Sludge	332,409	-	-	34,238	67,147	-	11,634	-	-	130,304	61,163	27,922	-	-	-	-
4	Pumping	520,135	-	424,431	-	-	-	-	-	-	-	-	-	-	95,705	-	-
5	Vehicles	100,213	9,520	5,412	7,716	15,333	-	2,606	2,806	2,906	32,169	14,431	6,414	-	902	-	-
6	Gas	165,000	72,600	-	-	-	-	-	92,400	-	-	-	-	-	-	-	-
7	Electric Service	1,556,700	708,299	-	29,577	57,598	-	9,340	82,505	-	552,629	52,928	23,351	-	40,474	-	-
8	Chemicals	538,600	-	-	55,476	108,797	-	18,851	-	-	211,131	99,102	45,242	-	-	-	-
9	Laboratory	721,600	90,200	-	90,200	90,200	-	90,200	120,507	-	120,507	119,786	-	-	-	-	-
10	General Treatment	1,338,274	312,949	140,383	70,625	110,620	-	43,381	98,338	949	348,336	146,944	34,198	-	31,551	-	-
11	Treatment Repair & Replacement	2,244,200	53,795	171,208	69,839	172,799	-	23,685	191,134	945,690	458,176	121,279	11,221	-	-	25,328	-
12	Sewer Maintenance	2,351,300	-	2,351,300	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Transfer to General Fund	1,995,500	323,522	938,984	54,281	77,624	-	38,482	101,660	981	288,821	118,449	20,078	-	32,617	-	-
14	Billing	1,566,826	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,566,826
15	Total O&M	15,315,500	2,429,393	4,031,716	440,569	757,352	-	247,718	867,142	950,526	2,714,542	889,533	193,559	-	201,249	25,328	1,566,826
16	Less: O&M Adjustments	(992,400)															
17	Net O&M From Rates	14,323,000	2,272,100	3,770,400	412,000	708,300	-	231,700	810,900	888,900	2,538,600	831,900	181,000	-	188,200	23,700	1,465,300

Appendix A-11 Fixed Assets (1 of 6)

Location	FA ID	Asset Description	Code	Original Cost	Accumulated Depreciation	Year in Service	Trend Factor	Trended Cost	Trended Cost Less Depr	Allocation
				\$	\$			\$	\$	
<b>LAND</b>										
LAND	A900287	TREATMENT PLANT LAND	LD	126,553	0	1967	1.000	126,553	126,553	Treatment - Other Primary
LAND	A870895	SECONDARY PLANT	LD	91,344	0	1967	1.000	91,344	91,344	Treatment - Other Secondary
LAND	A870889	R-2-1 WHITEHEAD PUMP STATION	LD	57,836	0	1967	1.000	57,836	57,836	Pumping
LAND	A870891	R-3 INTERCEPTOR MISC EXP	LD	16,174	0	1967	1.000	16,174	16,174	Collection & Conveyance
LAND	870883	WHITEHEAD PUMP STATION LAND	LD	12,565	0	1967	1.000	12,565	12,565	Pumping
LAND	870892	BROWN'S BRANCH PUMP STATION	LD	8,339	0	1967	1.000	8,339	8,339	Pumping
LAND	870893	ROY'S BRANCH PUMP STATION LAND	LD	3,008	0	1967	1.000	3,008	3,008	Pumping
LAND	A870932	D#217 GF LAND PARCEL	LD	2,550	0	1967	1.000	2,550	2,550	Collection & Conveyance
LAND	A870896	LAND EASEMENTS	LD	2,521	0	1967	1.000	2,521	2,521	Collection & Conveyance
LAND	870879	BLACKSNAKE PUMP STATION LAND	LD	2,048	0	1967	1.000	2,048	2,048	Pumping
LAND	A870936	G1-1 PICKETT-MITCHELL	LD	1,667	0	1967	1.000	1,667	1,667	Collection & Conveyance
LAND	A870884	G7-1 6TH STREET	LD	1,421	0	1967	1.000	1,421	1,421	Collection & Conveyance
LAND	A870890	R2-2 WHITEHEAD FORCE MAIN	LD	1,295	0	1967	1.000	1,295	1,295	Collection & Conveyance
LAND	A870885	G7-2 KING HILL EXTENSION	LD	1,029	0	1967	1.000	1,029	1,029	Collection & Conveyance
LAND	870881	FARAON PUMP STATION LAND	LD	90,594	0	1969	1.000	90,594	90,594	Pumping
LAND	A870897	102 INTERCEPTOR	LD	26,262	0	1976	1.000	26,262	26,262	Collection & Conveyance
LAND	A870899	OUTFALL LINE	LD	18,300	0	1976	1.000	18,300	18,300	Treatment - Outfall
LAND	A870898	CARNATION EASEMENT	LD	2,928	0	1976	1.000	2,928	2,928	Collection & Conveyance
SSJ	A900288	SOUTH ST JOSEPH PUMP STATION	LD	3,500	0	1978	1.000	3,500	3,500	SSJISD Pump Stations
LAND	A870900	COUNTRY SQUIRE	LD	2,100	0	1984	1.000	2,100	2,100	Collection & Conveyance
LAND	870901	EASTON RD LIFT STATION LAND	LD	1,000	0	1984	1.000	1,000	1,000	Pumping
LAND	A870933	SD#262 GF LAND PARCEL	LD	1,000	0	1986	1.000	1,000	1,000	Collection & Conveyance
LAND	A880450	LAND EASEMENTS	LD	9,390	0	1987	1.000	9,390	9,390	Collection & Conveyance
LAND	A880042	LAND EASEMENT SEWER DIST #317	LD	2,000	0	1987	1.000	2,000	2,000	Collection & Conveyance
LAND	A880041	LAND EASEMENT SEWER NORTHRIDGE	LD	1,650	0	1987	1.000	1,650	1,650	Collection & Conveyance
WPC	70049	4316 STOCKYARDS EXPRESSWAY	LD	151,220	0	2006	1.000	151,220	151,220	Collection & Conveyance
WPC	90060	UP Railroad Land Purch-Bicksnk	LD	175,638	0	2009	1.000	175,638	175,638	Pumping
SWMTN	100137	Hausman Trstee Land Purchase	LD	29,000	0	2010	1.000	29,000	29,000	Collection & Conveyance
SWMTN	100136	Word of Life Land Purchase	LD	15,000	0	2010	1.000	15,000	15,000	Collection & Conveyance
SWMTN	100138	Kennedy Land Purchase	LD	5,900	0	2010	1.000	5,900	5,900	Collection & Conveyance
LAND	110204	FY11 Sewer Easements	LD	18,563	0	2011	1.000	18,563	18,563	Collection & Conveyance
LAND	120069	2012 land purch for Wthhd Pump	LD	551,862	0	2012	1.000	551,862	551,862	Pumping
WPC	160066	Blacksnake Permanent Land Acquisitions	LD	604,241	0	2016	1.000	604,241	604,241	Collection & Conveyance
LAND	120067	Disinf Pump Sta-land (Pallet)	LD	200,000	0	2012	1.000	200,000	200,000	Treatment - Outfall
LAND	120068	Disinf Pump Sta-land(Bartlett)	LD	17,900	0	2012	1.000	17,900	17,900	Treatment - Outfall
LAND	120065	Jessen Perm Easent CTYL/Yrk St	LD	10,500	0	2012	1.000	10,500	10,500	Collection & Conveyance
LAND	130204	2013 Sewer Easements	LD	47,810	0	2013	1.000	47,810	47,810	Collection & Conveyance
LAND	130205	Whitehead-BNSF Easements	LD	16,775	0	2013	1.000	16,775	16,775	Collection & Conveyance
WPC	140076	Atha/Janice East Side Imp Land	LD	381,179	0	2014	1.000	381,179	381,179	Collection & Conveyance
SWMTN	140202	2014 Sewer Easements	LD	349,379	0	2014	1.000	349,379	349,379	Collection & Conveyance
TOTAL LAND				3,062,041				3,062,041	3,062,041	
Check				2,457,800						
<b>BUILDINGS AND IMPROVEMENTS</b>										
WHITEHEAD	850076	WHITEHEAD PUMPING STATION	BD	172,854.00	172,854	1965	11.054	1,910,654	0	Pumping
SEWAGE	850156	PLANT SEWAGE PUMP STATION	BD	100,336.80	100,337	1965	11.054	1,109,080	0	Treatment - Pumping
STATIONS	850128	ZIMMERMAN LIFT STATION	BD	12,280.00	12,159	1967	10.148	124,612	1,227	Pumping
BROWN	850072	BROWNS BRANCH PUMPING STATION	BD	76,080.00	76,080	1968	9.672	735,836	0	Pumping
STATIONS	850127	ROY'S BRANCH LIFT STATION	BD	16,120.00	14,348	1972	6.728	108,460	11,919	Pumping
STATIONS	850122	PHILLIPS & SHERMAN LIFT STATIO	BD	19,520.00	16,590	1974	5.291	103,272	15,499	Pumping
STATIONS	850130	SHERWOOD LIFT STATION	BD	20,880.00	17,330	1975	4.798	100,192	17,033	Pumping
STATIONS	850126	CAMBRIDGE LIFT STATION	BD	23,200.00	18,329	1977	4.390	101,850	21,382	Pumping
SSJ	850075	SOUTH ST JOE INDUSTRIAL PUMP	BD	118,472.20	118,472	1978	3.994	473,124	0	SSJISD Pump Stations
OLDCONTROL	850137	FILTER/CTRL BLDG W/ DIGESTERS	BD	4,179,844.00	3,134,884	1979	3.663	15,309,606	3,827,396	Treatment - Digester
BLOWER	850154	AEROBIC DIGESTER	BD	2,289,326.00	1,716,993	1979	3.663	8,385,164	2,096,296	Treatment - Digester
INTERMED	850144	INTERMEDIATE PUMP STATION	BD	1,554,740.00	1,166,054	1979	3.663	5,694,580	1,423,650	Treatment - Pumping
WPC	850148	AERATION TANK RETURN	BD	812,666.80	609,498	1979	3.663	2,976,572	744,150	Treatment - Aeration
CLARIFIERS	850149	SECONDARY CLARIFIER #2	BD	675,758.00	506,817	1979	3.663	2,475,114	618,783	Treatment - Secondary Clarifier
CLARIFIERS	850151	SECONDARY CLARIFIER #3	BD	675,758.00	506,817	1979	3.663	2,475,114	618,783	Treatment - Secondary Clarifier
CLARIFIERS	850150	SECONDARY CLARIFIER #4	BD	675,758.00	506,817	1979	3.663	2,475,114	618,783	Treatment - Secondary Clarifier
FLOTATION	850155	DISSOLVED AIR FLOTATION	BD	524,027.60	524,028	1979	3.663	1,919,367	0	Treatment - DAF
BLOWER	850153	BLOWER BUILDING	BD	517,151.60	387,864	1979	3.663	1,894,182	473,545	Treatment - Blower Bldg.
FARAON	850073	FARAON STREET PUMP STATION	BD	485,292.80	485,293	1979	3.663	1,777,493	0	Pumping
CHEMICAL	850157	C P CLARIFIER WITH CONTROL	BD	393,689.20	295,267	1979	3.663	1,441,974	360,492	Treatment - Other Primary
RETURNPUMP	850147	RETURN #1 ONE STORY BLDG	BD	284,208.00	213,156	1979	3.663	1,040,975	260,244	Treatment - Sludge Pumping
RETURNPUMP	850146	RETURN #2 ONE STORY BLDG	BD	284,208.00	213,156	1979	3.663	1,040,975	260,244	Treatment - Sludge Pumping
SWMTN	850158	MAINTENANCE BUILDING	BD	277,866.80	208,400	1979	3.663	1,017,749	254,439	Collection & Conveyance
CLARIFIERS	850141	PRIMARY CLARIFIER #2	BD	271,220.00	203,414	1979	3.663	993,403	248,356	Treatment - Primary Clarifier
CLARIFIERS	850142	PRIMARY CLARIFIER #3	BD	271,220.00	203,414	1979	3.663	993,403	248,356	Treatment - Primary Clarifier
CLARIFIERS	850143	PRIMARY CLARIFIER #4	BD	271,220.00	203,414	1979	3.663	993,403	248,356	Treatment - Primary Clarifier
TRANSFER	850152	TRANSFER PUMP/UTILITY WATER	BD	233,249.20	174,937	1979	3.663	854,327	213,380	Treatment - Pumping
EASTON	850123	EASTON RD LIFT STATION 6294FS	BD	68,760.00	51,570	1979	3.663	251,849	62,962	Pumping
RAWPUMP	850139	RAW SLUDGE PUMP HOUSE #1	BD	57,682.00	43,263	1979	3.663	211,273	52,813	Treatment - Sludge Pumping
RAWPUMP	850140	RAW SLUDGE PUMP HOUSE #2	BD	57,682.00	43,263	1979	3.663	211,273	52,813	Treatment - Sludge Pumping
FARAON	850074	STORAGE SHED	BD	4,660.40	4,660	1979	3.663	17,070	0	Pumping
STATIONS	880323	LIFT STATION 16 AIRPT 15-1578	BD	22,000.00	22,000	1987	2.579	56,742	0	Pumping
BLUESIDE	900216	AEROBIC ACTIVATED SLUDGE SYSTE	BD	1,723,974.23	1,522,845	1990	2.390	4,120,232	480,692	Treatment - Digester
BLOWER	920424	ELECTRICAL IMPROVEMENTS	BD	65,496.64	53,490	1991	2.345	153,570	28,152	Treatment - Blower Bldg.
OLDCONTROL	910298	FILTER BLDG ROOF REPLACEMENT	BD	27,321.00	23,222	1991	2.345	64,059	9,610	Treatment - Digester
BLOWER	920418	WPC ROOF REPAIR/REPLACEMENT	BD	27,761.00	22,670	1992	2.354	65,339	11,981	Treatment - Blower Bldg.
BROWN	920262	INSULATED ROLL UP OVRHEAD DOOR	BD	4,165.00	3,402	1992	2.354	9,803	1,797	Admin. & General
BROWN	920263	INSULATED ROLL UP OVRHEAD DOOR	BD	2,980.00	2,434	1992	2.354	7,014	1,285	Admin. & General
STATIONS	940744	GENERATOR FLOOD REPLACEMENT	BD	26,452.00	19,840	1993	2.251	59,541	14,884	Pumping
STATIONS	930383	LIFT STATION WHEATRIDGE	BD	13,000.00	6,111	1993	2.251	29,262	15,507	Pumping
STATIONS	930382	OLD 12 OAKS Lift Station	BD	13,000.00	6,111	1993	2.251	29,262	15,507	Pumping
AIRPORT	940743	AIRPORT LIFT STATION FLOOD REP	BD	26,560.99	19,921	1994	2.157	57,287	14,322	Pumping
AIRPORT	940742	DRAINAGE PUMP STATION FLOOD RP	BD	18,008.06	13,505	1994	2.157	38,840	9,711	Pumping
INTERMED	940694	TRICKLING FILTER #3	BD	968,100.14	693,806	1995	2.050	1,984,285	562,213	Treatment - Trickling Filter
SEWAGE	950697	MAG METER & PLC INSTALLATION	BD	26,707.50	19,141	1995	2.050	54,742	15,509	Treatment - Meters
RAWPUMP	950698	MAG METER 7 PLC INSTALLATIONS	BD	26,707.50	19,141	1995	2.050	54,742	15,509	Treatment - Meters
FLOTATION	950695	OVERHEAD HOISTING RAIL	BD	23,500.00	16,842	1995	2.050	48,167	13,646	Treatment - DAF
WPC	950660	MAIN OFFICE ROOF REPLACEMENT	BD	16,306.00	16,306	1995	2.050	33,422	0	Admin. & General
WPC	940693	AEROBIC DIGESTER IMPROVEMENTS	BD	906,506.30	589,229	1996	2.003	1,815,946	635,582	Treatment - Digester
INTERMED	940695	TRICKLING FILTER #2	BD	786,658.04	537,549	1996	2.003	1,575,862	499,023	Treatment - Trickling Filter

Appendix A-11 Fixed Assets (2 of 6)

Location	FA ID	Asset Description	Code	Original Cost	Accumulated Depreciation	Year in Service	Trend Factor	Trended Cost	Trended Cost Less Depr	Allocation
				\$	\$			\$	\$	
INTERMED	940696	TRICKLING FILTER #4	BD	786,658.04	537,549	1996	2.003	1,575,862	499,023	Treatment - Trickling Filter
INTERMED	940697	INTERMEDIATE PUMPING ST IMPROV	BD	457,163.15	312,395	1996	2.003	915,806	290,004	Treatment - Pumping
SEWAGE	940692	PLANT SEWAGE PUMP STATION IMPR	BD	421,822.39	274,185	1996	2.003	845,010	295,753	Treatment - Pumping
BROWN	940706	BROWNS BRANCH PUMP ST IMPROVEM	BD	138,960.90	94,956	1996	2.003	278,372	88,152	Pumping
WPC	950659	DIGESTER REHABS 1,2,3,4	BD	36,718.86	25,092	1996	2.003	73,557	23,292	Treatment - Digester
OLDCONTROL	970364	STAIRS AND 2 RAILINGS	BD	17,662.00	11,480	1996	2.003	35,381	12,384	Treatment - Digester
OLDCONTROL	960905	MISC TRTMENT PLANT IMPRV 420026	BD	3,828,935.58	2,488,808	1997	1.959	7,500,352	2,625,124	Treatment - General
NEWCONTROL	960895	ADMIN BLDG CIP 420-060	BD	1,615,267.87	1,049,925	1997	1.959	3,164,085	1,107,428	Treatment - General
WPC	940691	FILTER CTRL BLDG IMPROVEMENTS	BD	1,165,280.00	757,432	1997	1.959	2,282,621	798,917	Treatment - Sludge
OLDCONTROL	990129	ROOF REPLACEMENT WASTEWTR PLANT	BD	37,160.00	21,676	1999	1.876	69,703	29,044	Treatment - Digester
SSJ	990128	ROOF REPLACEMENT STJOE PLANT	BD	14,774.00	8,618	1999	1.876	27,712	11,546	SSJSD Pump Stations
BROWN	990127	ROOF REPLACEMENT BROWNS BRNCH	BD	14,077.00	8,211	1999	1.876	26,405	11,003	Pumping
WHITEHEAD	32	ROOF REPLACE-WHITEHEAD	BD	42,350.00	42,350	2000	1.826	77,329	0	Pumping
FARAO	33	ROOF REPLACE - FARAO PUMP STA	BD	39,420.00	39,420	2000	1.826	71,979	0	Pumping
WPC	40040	ROOF REPLACEMENT	BD	23,941.00	23,941	2003	1.587	37,999	0	Treatment - General
SWMTN	70026	SEWER MAINT GARAGE	BD	31,270.86	9,902	2007	1.306	40,837	27,906	Collection & Conveyance
SWMTN	100120	Sewer Mice/Recyc Ctr Facility	BD	889,011.85	162,986	2011	1.138	1,011,578	826,122	Collection & Conveyance
WPC	110106	Disinf/Effluent Pump Station	BD	26,931,479.65	2,244,290	2014	1.047	28,207,421	25,856,803	Treatment - Outfall
WPC	100112	Septage Receiving Sys Building	BD	290,487.84	33,890	2013	1.049	304,766	269,210	Treatment - Septage
OLDCONTROL	130112	WP Maintenance Building	BD	2,328,531.81	349,280	2015	1.011	2,355,165	2,001,891	Admin. & General
WHITEHEAD	853750	C/O ASPHALT PAVING AND FENCING	IM	6,282.20	6,282	1965	11.054	69,441	0	Pumping
WPC	853305	LOT OF LAND IMPROVEMENTS	IM	195,000.00	195,000	1979	3.663	714,231	0	Treatment - Other Primary
WPC	960896	INTERCEPTOR CLEANING & REHAB	IM	616,327.17	421,157	1996	2.003	1,234,649	390,972	Collection & Conveyance
WPC	950696	WPC FACILITY FENCES	IM	10,940.00	7,476	1996	2.003	21,915	6,939	Treatment - General
WPC	970389	DIGESTER #1&2 REHAB (R-28)	IM	1,765,081.38	1,147,302	1997	1.959	3,457,549	1,210,143	Treatment - Digester
AIRPORT	980180	PUMP STATION WIRING 420-137	IM	263,340.38	263,340	1998	1.940	510,996	0	Pumping
WHITEHEAD	990219	INSTALL 3 FREQUENCY DRIVES	IM	61,854.00	36,082	1999	1.876	116,023	48,342	Pumping
WPC	36	MANHOLE REHAB PROJECT	IM	148,899.50	148,900	2000	1.826	271,884	0	Collection & Conveyance
CLARIFIERS	30108	REPAIRS TO SEC CLARIFIER #3	IM	144,523.04	39,021	2002	1.664	240,483	175,553	Treatment - Secondary Clarifier
WHITEHEAD	40003	Magnetic Flow Meter	IM	19,745.38	8,227	2003	1.577	31,339	18,281	Pumping
SEWAGE	40052	FLOWSERVE CENTRIFUGAL PUMP	IM	45,269.71	18,862	2004	1.551	70,230	40,968	Treatment - Pumping
WPC	40054	REPLACE STAINLESS AIR FILTER	IM	45,200.00	45,200	2004	1.551	70,122	0	Treatment - Blower Bldg.
SSJ	70047	INVERTER REPLACEMENT	IM	583,629.05	184,816	2006	1.376	802,814	548,590	SSJSD Pump Stations
WPC	60045	SECURITY GATE SYSTEM	IM	41,703.00	14,596	2006	1.376	57,365	37,287	Treatment - General
WPC	40129	WURP EXPAN FOR TRUMPH FOODS	IM	14,004,291.57	3,967,883	2008	1.240	17,372,057	12,449,974	Treatment - Industrial Secondary Clarifier
WPC	40128	DIGESTER REHAB	IM	1,075,810.32	304,813	2008	1.240	1,334,522	956,408	Treatment - Digester
INFRAS	80115	Block St. Drainage Improvements	IM	144,008.75	36,009	2009	1.168	168,191	126,144	Collection & Conveyance
SWMTN	90101	Llama Ln Storm Drainage Projt	IM	113,895.96	28,474	2009	1.168	133,022	99,766	Collection & Conveyance
CLARIFIERS	100114	Rehab Primary Clarifier #2	IM	334,006.09	72,368	2010	1.179	393,809	308,484	Treatment - Secondary Clarifier
EASTON	80126	Easton Rd Station & Force Main	IM	123,644.00	26,790	2010	1.179	145,782	114,196	Collection & Conveyance
SSJ	90121	SSJ Pump Stat Wet Well Rehab	IM	1,217,524.51	182,629	2012	1.088	1,324,513	1,125,836	SSJSD Pump Stations
OLDCONTROL	100113	Rehab Secondary Clar #2 & #4	IM	1,199,226.64	179,884	2012	1.088	1,304,607	1,108,916	Treatment - Secondary Clarifier
OLDCONTROL	100116	Overhaul 4 Elevators	IM	469,178.30	70,377	2012	1.088	510,407	433,846	Admin. & General
OLDCONTROL	90120	Rosecrans Sewage Lagoon Efflue	IM	431,670.19	64,750	2012	1.088	469,603	399,162	Treatment - General
Other	120106	County Line/York Pump Station	IM	652,107.11	76,079	2013	1.049	684,160	604,341	Pumping
OLDCONTROL	130111	Greens Demonstration Project	IM	325,288.32	48,793	2015	1.011	329,009	279,658	Collection & Conveyance
OLDCONTROL	100115	Whitehead Creek Strmwtr Separation	IM	16,285,514.68	487,297	2015	1.011	16,471,787	15,978,916	Collection & Conveyance
OLDCONTROL	130109	WP Lab Rehab & Improvements	IM	873,110.38	130,967	2015	1.011	883,097	750,632	Laboratory
OLDCONTROL	150049	WPC Lab Light Replacement	IM	305,577.00	45,837	2015	1.011	309,072	262,711	Laboratory
Less Contributed Property				100,764,557	32,312,634			167,879,794	87,345,699	
				(14,004,292)	(3,967,883)			(17,372,057)	(12,449,974)	Contribution - Treatment
				86,760,266				150,507,737	74,895,725	
<b>MACHINERY AND EQUIPMENT</b>										
BROWN	853748	PROCESS PIPING C/O PIPE	ME	105,790.00	105,790	1965	11.429	1,209,029	0	Pumping
BROWN	853749	PROCESS PIPING C/O PIPE	ME	77,480.00	77,480	1965	11.429	885,486	0	Pumping
INTERMED	853251	PROCESSING PIPING C/O PIPE	ME	41,400.00	41,400	1965	11.429	473,143	0	Treatment - Pumping
INTERMED	853208	PROCESSING PIPING C/O PIPE	ME	39,425.40	39,425	1965	11.429	450,576	0	Treatment - Pumping
BROWN	853740	PROCESS PIPING C/O PIPE	ME	23,840.00	23,840	1965	11.429	272,457	0	Pumping
INTERMED	853209	PROCESSING PIPING C/O PIPE	ME	19,370.00	19,370	1965	11.429	221,371	0	Treatment - Pumping
BROWN	650342	CHART RECORDER CABINET	ME	7,450.00	7,450	1965	11.429	85,143	0	Pumping
BLOWER	650341	MOTOR CONTROL CENTER	ME	7,450.00	7,450	1965	11.429	85,143	0	Treatment - Blower Bldg.
GARAGE	734222	LATHE-METAL	ME	8,540.00	8,540	1973	7.200	61,488	0	Admin. & General
WHITEHEAD	770317	SEWAGE PUMP CENTRIFUGAL #3	ME	47,440.00	47,440	1977	4.737	224,716	0	Pumping
WHITEHEAD	770318	SEWAGE PUMP CENTRIFUGAL #4	ME	47,440.00	47,440	1977	4.737	224,716	0	Pumping
WHITEHEAD	770319	SEWAGE PUMP CENTRIFUGAL #5	ME	47,440.00	47,440	1977	4.737	224,716	0	Pumping
BLOWER	770316	MOTOR CONTROL CENTER	ME	35,580.00	35,580	1977	4.737	168,537	0	Treatment - Blower Bldg.
WHITEHEAD	650321	SEWAGE PUMP CENTRIFUGAL #1	ME	23,840.00	23,840	1977	4.737	112,926	0	Pumping
WHITEHEAD	650320	SEWAGE PUMP CENTRIFUGAL #2	ME	23,840.00	23,840	1977	4.737	112,926	0	Pumping
WHITEHEAD	853746	SHAW BOX CRANE 5 TON	ME	14,825.00	14,825	1977	4.737	70,224	0	Pumping
BROWN	853744	PROCESS PIPING C/O PIPE	ME	144,450.00	144,450	1978	4.390	634,171	0	
FARAO	780336	SEWAGE PUMP CENTRIFUGAL	ME	51,360.00	51,360	1978	4.390	225,483	0	
FARAO	780337	SEWAGE PUMP CENTRIFUGAL	ME	51,360.00	51,360	1978	4.390	225,483	0	
FARAO	780338	SEWAGE PUMP CENTRIFUGAL	ME	51,360.00	51,360	1978	4.390	225,483	0	
OLDCONTROL	A90026	3 TON ELECTRIC HOIST	ME	6,420.00	6,420	1978	4.390	28,185	0	Treatment - General
SSJ	780335	HOIST ELECTRIC 3 TON	ME	6,420.00	6,420	1978	4.390	28,185	0	SSJSD Pump Stations
INTERMED	853250	PROCESSING PIPING C/O PIPE	ME	207,000.00	207,000	1979	4.022	832,626	0	
BROWN	853742	PROCESS PIPING C/O PIPE	ME	172,500.00	172,500	1979	4.022	693,855	0	
WPC	853258	SWINGFUSER INCLUD PIPING RETUR	ME	132,480.00	132,480	1979	4.022	532,880	0	
INTERMED	853254	PROCESSING PIPING C/O PIPE	ME	120,750.00	120,750	1979	4.022	485,698	0	
BROWN	853264	PROCESS PIPING C/O PIPE	ME	103,500.00	103,500	1979	4.022	416,313	0	
INTERMED	853256	PROCESSING PIPING C/O PIPE	ME	103,500.00	103,500	1979	4.022	416,313	0	
EASTON	790292	EMERGENCY GENERATOR SET	ME	86,250.00	86,250	1979	4.022	346,927	0	
SEWAGE	794398	MECHANICAL BAR SCREEN	ME	69,000.00	69,000	1979	4.022	277,542	0	
SEWAGE	853265	PROCESS PIPING C/O PIPER	ME	69,000.00	69,000	1979	4.022	277,542	0	
INTERMED	790716	RAW SEWAGE PUMP CENTRIFUGAL	ME	62,100.00	62,100	1979	4.022	249,788	0	
INTERMED	790717	RAW SEWAGE PUMP CENTRIFUGAL	ME	62,100.00	62,100	1979	4.022	249,788	0	
INTERMED	790718	RAW SEWAGE PUMP CENTRIFUGAL	ME	62,100.00	62,100	1979	4.022	249,788	0	
BLOWER	790792	MOTOR CONTROL CENTER	ME	58,650.00	58,650	1979	4.022	235,911	0	
BROWN	790770	MECHANICAL BAR SCREEN #1	ME	55,200.00	55,200	1979	4.022	222,034	0	
BROWN	790771	MECHANICAL BAR SCREEN #2	ME	55,200.00	55,200	1979	4.022	222,034	0	
OLDCONTROL	790632	HEAT EXCHANGER	ME	51,750.00	51,750	1979	4.022	208,156	0	
OLDCONTROL	790633	HEAT EXCHANGER	ME	51,750.00	51,750	1979	4.022	208,156	0	
OLDCONTROL	790634	HEAT EXCHANGER	ME	51,750.00	51,750	1979	4.022	208,156	0	
INTERMED	853252	PROCESSING PIPING C/O PIPE	ME	51,750.00	51,750	1979	4.022	208,156	0	
FLOTATION	794411	G E MOTOR CONTROL CENTER	ME	48,300.00	48,300	1979	4.022	194,279	0	
TRANSFER	790829	SEWAGE PUMP-C/O SCREW PUMP #1	ME	41,400.00	41,400	1979	4.022	166,525	0	
TRANSFER	790828	SEWAGE PUMP-C/O SCREW PUMP #2	ME	41,400.00	41,400	1979	4.022	166,525	0	
TRANSFER	790827	SEWAGE PUMP-C/O SCREW PUMP #3	ME	41,400.00	41,400	1979	4.022	166,525	0	
EASTON	790329	EMERGENCY GENERATOR SET	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	A90018	ROTARY LOBE BLOWER #5	ME	34,500.00	34,500	1979	4.022	138,771	0	



Appendix A-11 Fixed Assets (3 of 6)

Location	FA ID	Asset Description	Code	Original Cost	Accumulated Depreciation	Year in Service	Trend Factor	Trended Cost	Trended Cost Less Depr	Allocation
				\$	\$			\$	\$	
BLOWER	790783	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790784	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790785	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790786	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790787	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790788	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790789	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790790	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790791	ROTARY LOBE BLOWER 200HP	ME	34,500.00	34,500	1979	4.022	138,771	0	
BLOWER	790746	MOTOR CONTROL CENTER	ME	31,050.00	31,050	1979	4.022	124,894	0	
BLOWER	790775	MOTOR CONTROL CENTER	ME	31,050.00	31,050	1979	4.022	124,894	0	
TRANSFER	853262	PROCESS PIPING	ME	24,150.00	24,150	1979	4.022	97,140	0	
CHEMICAL	794430	GE MOTOR CENTRAL CENTER	ME	20,700.00	20,700	1979	4.022	83,263	0	
BLOWER	790826	MOTOR CONTROL CENTER	ME	20,700.00	20,700	1979	4.022	83,263	0	
BROWN	853266	PROCESS PIPING C/O PIPE	ME	20,700.00	20,700	1979	4.022	83,263	0	
INTERMED	853247	PROCESSING PIPING C/O PIPE	ME	18,768.00	18,768	1979	4.022	75,491	0	
SEWAGE	794399	FLOW CABINET, TWO INDICATORS	ME	17,250.00	17,250	1979	4.022	69,385	0	
FLOTATION	794412	G E 7700 LINE CONTROL CENTER	ME	13,800.00	13,800	1979	4.022	55,508	0	
INTERMED	790719	CRANE ELECTRIC 5 TON W/50LF	ME	10,350.00	10,350	1979	4.022	41,631	0	
SEWAGE	794404	FAIRBANKS SEWAGE PUMP #1	ME	10,350.00	10,350	1979	4.022	41,631	0	
SEWAGE	794405	FAIRBANKS SEWAGE PUMP #2	ME	10,350.00	10,350	1979	4.022	41,631	0	
INTERMED	790727	HOIST/CRANE ELECTRIC 5TON	ME	10,350.00	10,350	1979	4.022	41,631	0	
FARAON	790286	SHOW BOX CRANE	ME	10,350.00	10,350	1979	4.022	41,631	0	
RAWPUMP	790713	EMERGENCY GENERATOR SET 20KVA	ME	6,900.00	6,900	1979	4.022	27,754	0	
SEWAGE	794403	LOAD LIFTER CRANE, ELECTRIC	ME	6,900.00	6,900	1979	4.022	27,754	0	
FARAON	790312	SHAW BOX CRANE 2TON WITH 50LF	ME	6,900.00	6,900	1979	4.022	27,754	0	
FLOTATION	794424	SLUDGE PUMP	ME	6,900.00	6,900	1979	4.022	27,754	0	
TRANSFER	853261	TRAVELING HOIST-25LF ELECTRIC	ME	6,900.00	6,900	1979	4.022	27,754	0	
OLDCONTROL	790620	STORAGE TANK FERRIC CHLORIDE	ME	6,210.00	6,210	1979	4.022	24,979	0	
OLDCONTROL	790621	STORAGE TANK FERRIC CHLORIDE	ME	6,210.00	6,210	1979	4.022	24,979	0	
FARAON	790297	HOIST CABIN 3 TON WITH 1000LF	ME	5,520.00	5,520	1979	4.022	22,203	0	
CHEMICAL	794434	SLUDGE PUMP C/T 15H P	ME	5,520.00	5,520	1979	4.022	22,203	0	
OLDCONTROL	790640	SLUDGE PUMP CENTRIFUGAL #1	ME	5,520.00	5,520	1979	4.022	22,203	0	
OLDCONTROL	790641	SLUDGE PUMP CENTRIFUGAL #2	ME	5,520.00	5,520	1979	4.022	22,203	0	
OLDCONTROL	790642	SLUDGE PUMP CENTRIFUGAL #3	ME	5,520.00	5,520	1979	4.022	22,203	0	
OLDCONTROL	790643	SLUDGE PUMP CENTRIFUGAL #4	ME	5,520.00	5,520	1979	4.022	22,203	0	
	871049	Ford 4610 Tractor	ME	15,669.00	15,669	1986	2.717	42,572	0	
WPC	871050	ROTARY MOWER	ME	1,508.00	1,508	1986	2.717	4,097	0	
OLDCONTROL	870800	BLOWER/BURNER	ME	20,845.00	20,845	1987	2.637	54,976	0	
AIRPORT	890128	TW-35 FORD TRACTOR	ME	47,929.00	47,929	1988	2.609	125,032	0	
AIRPORT	890129	JOHN DEERE SPREADER #780	ME	9,822.44	9,822	1988	2.609	25,624	0	
WPC	910049	PRESSURE WASHER W/TRAILER	ME	8,550.00	8,550	1990	2.441	20,868	0	
OLDCONTROL	900048	KOCH STATIC MIXING UNIT	ME	3,245.00	3,245	1990	2.441	7,920	0	
OLDCONTROL	900097	KOCH STATIC MIXING UNIT	ME	3,245.00	3,245	1990	2.441	7,920	0	
GARAGE	910051	LIFT CRANE #2200	ME	1,771.00	1,771	1990	2.441	4,322	0	
GRITBASIN	A920294	MAGNETIC FLOW METER	ME	83,925.00	83,925	1991	2.400	201,420	0	
WPC	910047	PORTABLE AIR COMPRESSOR	ME	14,233.00	14,233	1991	2.400	34,159	0	
SEWAGE	920413	MECH BAR SCREEN REPLACEMENT BU	ME	160,259.96	160,260	1992	2.353	377,082	0	
OLDCONTROL	920387	EAST HEAT EXCHANGE ROOM	ME	29,000.00	29,000	1992	2.353	68,235	0	
BLOWER	920290	MOTOR CONTROL CENTER	ME	29,000.00	29,000	1992	2.353	68,235	0	
GARAGE	920210	15HP 1750 CHOPPER SUBMERSIBLE	ME	9,620.00	9,620	1992	2.353	22,635	0	
OLDCONTROL	920121	ADJUSTABLE LIFTING CANTRY	ME	3,140.95	3,141	1992	2.353	7,390	0	
OLDCONTROL	920122	ADJUSTABLE LIFTING CANTRY	ME	3,140.95	3,141	1992	2.353	7,390	0	
GRITBASIN	920234	SLUICE GATE FOR SPLITTER BOX	ME	2,492.00	2,492	1992	2.353	5,864	0	
GRITBASIN	920235	SLUICE GATE FOR SPLITTER BOX	ME	2,492.00	2,492	1992	2.353	5,864	0	
GRITBASIN	920236	SLUICE GATE FOR SPLITTER BOX	ME	2,492.00	2,492	1992	2.353	5,864	0	
GRITBASIN	920237	SLUICE GATE FOR SPLITTER BOX	ME	2,492.00	2,492	1992	2.353	5,864	0	
GRITBASIN	920238	SLUICE GATE FOR SPLITTER BOX	ME	2,492.00	2,492	1992	2.353	5,864	0	
GRITBASIN	920239	SLUICE GATE FOR SPLITTER BOX	ME	2,492.00	2,492	1992	2.353	5,864	0	
GRITBASIN	920240	SLUICE GATE FOR SPLITTER BOX	ME	2,492.00	2,492	1992	2.353	5,864	0	
GRITBASIN	920241	SLUICE GATE FOR SPLITTER BOX	ME	2,492.00	2,492	1992	2.353	5,864	0	
GARAGE	920222	EAST GARAGE DOOR 12' W X 12' H	ME	2,490.00	2,490	1992	2.353	5,859	0	
GARAGE	920220	TEKTRONIC OSCILLOSCOPE	ME	2,475.00	2,475	1992	2.353	5,824	0	
AIRPORT	940117	JOHN DEERE 630 DISKS	ME	11,977.13	11,977	1993	2.286	27,376	0	
GARAGE	A97025	STANLEY HYDE VALVE OPERATOR	ME	7,875.00	7,875	1993	2.286	18,000	0	
GARAGE	A97026	STANLEY HYDE VALVE OPERATOR	ME	7,875.00	7,875	1993	2.286	18,000	0	
RAWPUMP	930367	MOYNA PROGRESSIVE CAV PUMP #4	ME	6,653.00	6,653	1993	2.286	15,207	0	
RAWPUMP	930368	MOYNA PROGRESSIVE CAV PUMP #5	ME	6,653.00	6,653	1993	2.286	15,207	0	
RAWPUMP	930369	MOYNA PROGRESSIVE CAV PUMP #6	ME	6,653.00	6,653	1993	2.286	15,207	0	
TRANSFER	A94037	CENTRIFUGAL PROCESS TYPE PUMP	ME	5,659.86	5,660	1993	2.286	12,937	0	
TRANSFER	A94038	CENTRIFUGAL PROCESS TYPE PUMP	ME	5,659.86	5,660	1993	2.286	12,937	0	
TRANSFER	A94039	CENTRIFUGAL PROCESS TYPE PUMP	ME	5,659.86	5,660	1993	2.286	12,937	0	
GARAGE	930166	GENIE AERIAL WORK PLATFORM	ME	5,587.00	5,587	1993	2.286	12,770	0	
FARAON	930189	550GALLON TANK W/ CONTAINMENT	ME	1,088.88	1,089	1993	2.286	2,489	0	
WPC	940053	SLUDGE TRUNKER TRAILER	ME	33,434.00	33,434	1994	2.229	74,528	0	
WPC	940052	SLUDGE TANKER TRAILER	ME	30,558.00	30,558	1994	2.229	68,117	0	
FLOTATION	940575	ROTARY SCREW COMPRESSOR	ME	5,420.00	5,420	1994	2.229	12,082	0	
FLOTATION	940576	ROTARY SCREW COMPRESSOR	ME	5,420.00	5,420	1994	2.229	12,082	0	
TRANSFER	940577	GLDS PUMP 3X4-8GS	ME	4,480.00	4,480	1994	2.229	9,986	0	
TRANSFER	940578	GLDS PUMP 3X4-8GS	ME	4,480.00	4,480	1994	2.229	9,986	0	
OLDCONTROL	940029	VENTILATION FAN	ME	3,960.00	3,960	1994	2.229	8,827	0	
OLDCONTROL	940030	VENTILATION FAN	ME	3,960.00	3,960	1994	2.229	8,827	0	
AIRPORT	960482	400 BU SPREADER	ME	11,050.00	11,050	1995	2.162	23,892	0	Treatment - General
GARAGE	A97027	PERSONNEL WINCH RETRIEVAL SYST	ME	3,320.13	3,320	1995	2.162	7,179	0	
GARAGE	950470	3 WAY RETRIEVAL TRIPOD	ME	3,119.00	3,119	1995	2.162	6,744	0	Treatment - General
FARAON	960436	HYDROGRANGER I W/ 120' CABLE	ME	1,797.10	1,797	1995	2.162	3,886	0	
WPC	970278	1997 8200 GX4 3AXLE TRACTOR	ME	61,801.16	61,801	1996	2.105	130,108	0	
STREETS	970281	ICB 215 BACKHOE/LOADER 1996	ME	57,830.00	57,830	1996	2.105	121,747	0	
WPC	960503	1996 INT DUMPSTER TRUCK	ME	30,811.58	30,812	1996	2.105	64,866	0	
WPC	970279	1997 CHEVROLET 1/2 TON 4X4 PU	ME	19,882.00	19,882	1996	2.105	41,857	0	
WPC	960505	NISSAN NOMAD FORKLIFT TRUCK	ME	19,468.00	19,468	1996	2.105	40,985	0	
SWMTN	960487	TRASH PUMP SELF-PRIMING 6X6 GR	ME	16,029.00	16,029	1996	2.105	33,745	0	
FLOTATION	970395	DAF SLUDGE PUMP & DRIVE	ME	13,554.00	13,554	1996	2.105	28,535	0	
CLARIFIERS	970396	SEC CLARIFIER SCUM PIT PUMP #2	ME	10,451.00	10,451	1996	2.105	22,002	0	
CLARIFIERS	970397	SEC CLARIFIER SCUM PIT PUMP #3	ME	10,451.00	10,451	1996	2.105	22,002	0	
CLARIFIERS	970398	SEC CLARIFIER SCUM PIT PUMP #4	ME	10,451.00	10,451	1996	2.105	22,002	0	
GARAGE	970365	SITORBUILT BLOWER	ME	4,999.00	4,999	1996	2.105	10,524	0	
SWMTN	970283	SA-1 REVERSE DIAL INDICATOR	ME	2,982.95	2,983	1996	2.105	6,280	0	
WPC	980030	1998 CHEVROLET 3/4 TON PICKUP	ME	21,521.00	21,521	1997	2.045	44,020	0	
AIRPORT	980028	3HP TORNAO AERATOR	ME	16,370.00	16,370	1997	2.045	33,484	0	Treatment - General

Appendix A-11 Fixed Assets (4 of 6)

Location	FA ID	Asset Description	Code	Original Cost	Accumulated Depreciation	Year in Service	Trend Factor	Trended Cost	Trended Cost Less Depr	Allocation
				\$	\$			\$	\$	
OLDCONTROL	A98057	MOYNO SLUDGE PUMP #1A	ME	13,541.00	13,541	1997	2.045	27,698	0	
OLDCONTROL	A98059	MOYNO SLUDGE PUMP #1B	ME	13,541.00	13,541	1997	2.045	27,698	0	
OLDCONTROL	A98058	MOYNO SLUDGE PUMP #2A	ME	13,541.00	13,541	1997	2.045	27,698	0	
OLDCONTROL	A98060	MOYNO SLUDGE PUMP #2B	ME	13,541.00	13,541	1997	2.045	27,698	0	
	970291	STETCO 12" ROUND CRANE BUCKETT	ME	4,160.00	4,160	1997	2.045	8,509	0	
	970292	STETCO 15"ORANGE CRANE BUCKET	ME	2,995.00	2,995	1997	2.045	6,126	0	
GARAGE	970296	XK PACEMASTER PLASMA CUTTER	ME	2,908.00	2,908	1997	2.045	5,948	0	
BROWN	A98061	ALLEN BRADLEY CONTROLLER	ME	2,747.39	2,747	1997	2.045	5,620	0	
BROWN	A98062	ALLEN BRADLEY CONTROLLER	ME	2,747.39	2,747	1997	2.045	5,620	0	
SWMTN	980032	8HP HONDA STONE MORTAR MIXER	ME	2,505.00	2,505	1997	2.045	5,124	0	
SWMTN	990094	1999 GMC CAB & CHASSIS	ME	55,495.72	55,496	1998	1.973	109,471	0	
WPC	980044	TRAILER MOUNTED VACUUM SYSTEM	ME	35,400.00	35,400	1998	1.973	69,830	0	
WPC	990078	SKID STEER LOADER 873 BOBCAT	ME	31,603.44	31,603	1998	1.973	62,341	0	
YARD	990077	6000 GALLON ABOVE GROUND FUEL	ME	21,300.00	21,300	1998	1.973	42,016	0	
FARAO	990033	3250 GALLON CHEMICAL TANK	ME	5,887.00	5,887	1998	1.973	11,613	0	
FARAO	990034	3250 GALLON STORAGE TANK	ME	5,887.00	5,887	1998	1.973	11,613	0	
GARAGE	990026	300 GALLON 3 POINT SPRAYER	ME	1,352.94	1,353	1998	1.973	2,669	0	Treatment - General
GARAGE	990113	FURNACE	ME	23,665.00	23,665	1999	1.900	44,957	0	
BLOWER	990114	ADJUSTABLE FREQUENCY DRIVE	ME	17,584.00	17,584	1999	1.900	33,405	0	
BLOWER	990115	ADJUSTABLE FREQUENCY DRIVE	ME	17,584.00	17,584	1999	1.900	33,405	0	
BLOWER	990116	ADJUSTABLE FREQUENCY DRIVE	ME	17,584.00	17,584	1999	1.900	33,405	0	
YARD	990126	3000 GALLON ABOVE FUEL TANK	ME	14,900.00	14,900	1999	1.900	28,306	0	Treatment - General
RAWPUMP	21	R&M 1G065GI-CDQ-AAA PUMP #2	ME	9,748.00	9,748	1999	1.900	18,519	0	
YARD	29	FLYGT CS3152-432 PUMP 20HP	ME	8,203.00	8,203	1999	1.900	15,584	0	
YARD	30	FLYGT CS3152-432 PUMP 20HP	ME	8,203.00	8,203	1999	1.900	15,584	0	
FLOTATION	A03009	SLUDGE PUMP	ME	5,040.00	5,040	1999	1.900	9,575	0	
SWMTN	990093	TRENCH BOX	ME	2,744.00	2,744	1999	1.900	5,213	0	
WPC	28	2000 INTL 92001 6X4 TRUCK/TRCT	ME	69,243.56	69,244	2000	1.851	128,163	0	
EASTON	31	EASTON ROAD SLUICE GATE	ME	26,412.00	14,527	2000	1.851	48,886	21,998	Collection & Conveyance
WPC	24	2000 CHEVY 3/4 TON CAB/CHASSIS	ME	25,800.00	25,800	2000	1.851	47,753	0	
WPC	26	2000 CHEVY 3/4 TON CAB/CHASSIS	ME	25,800.00	25,800	2000	1.851	47,753	0	
	10024	36" AMERICAN R/D 50 LINE DI	ME	24,500.00	24,500	2000	1.851	45,347	0	Treatment - General
WPC	25	2000 CHEVY 3/4 TON CAB/CHASSIS	ME	23,400.00	23,400	2000	1.851	43,311	0	
RAWPUMP	23	R&M 1G065GI CDQ AAA PUMP #1	ME	12,321.45	12,321	2000	1.851	22,806	0	
RAWPUMP	22	R&M 1G065GI CDQ AAA PUMP #3	ME	12,321.45	12,321	2000	1.851	22,806	0	
SWMTN	37	PRO SCOUT INSPECTION SYSTEM	ME	11,000.00	11,000	2000	1.851	20,360	0	
FARAO	10055	HEATING AND VENTILATION UNITS	ME	155,838.00	155,838	2001	1.805	281,211	0	
INTERMED	20004	Lower Bearing Type Rotary Arm	ME	92,760.00	92,760	2001	1.805	167,386	0	
WPC	10022	2001 VOLVO TRUCK	ME	90,818.00	90,818	2001	1.805	163,882	0	
WPC	10023	2001 VOLVO TRUCK	ME	90,818.00	90,818	2001	1.805	163,882	0	
YARD	20021	Air Compressor, 260 CFM	ME	14,903.92	14,904	2001	1.805	26,894	0	
STATIONS	10001	Emergency Generator for Roy's	ME	8,669.00	8,669	2001	1.805	15,643	0	
SWMTN	10026	TRENCH SHIELD	ME	5,835.10	5,835	2001	1.805	10,530	0	
WPC	20027	2001 VOLVO DUMP TRUCK	ME	89,510.00	89,510	2002	1.739	155,670	0	
WPC	30002	2003 INERNATIONAL 4200	ME	34,564.00	34,564	2002	1.739	60,111	0	Treatment - General
WPC	30003	WARREN DUMP BODY U451-10	ME	6,111.00	6,111	2002	1.739	10,628	0	Treatment - General
	T12010	2002 Ford F150 Truck	ME	0.00	0	2002	1.739	0	0	Admin. & General
SWMTN	30046	2003 INTERNL 7400 & CATCH BAS	ME	98,454.30	98,454	2003	1.674	164,854	0	Collection & Conveyance
INTERMED	30059	LOWER BEARING ROTARY ARM	ME	93,500.00	93,500	2003	1.674	156,558	0	Treatment - Pumping
SWMTN	40012	2004 CHEVY 2500 PICKUP	ME	23,787.00	23,787	2003	1.674	39,829	0	Collection & Conveyance
	30041	Ford F450 One ton Cab/Chassis	ME	24,973.95	24,974	2003	1.674	41,817	0	Admin. & General
WPC	30042	2003 Chevrolet Silverado 2500	ME	24,683.00	24,683	2003	1.674	41,330	0	Treatment - General
WPC	30066	Chevrolet S-10 Crew Cab Pickup	ME	18,867.00	18,867	2003	1.674	31,591	0	Admin. & General
INTERMED	40055	LOWER BEARING ROTARY DISTRIBUT	ME	93,500.00	93,500	2004	1.625	151,964	0	Treatment - Pumping
	40039	2004 CHEVY Silverado 2500	ME	24,963.00	24,963	2004	1.625	40,572	0	Admin. & General
WPC	40124	TORO WORKMAN UTILITY VEHICLE	ME	23,517.09	23,517	2004	1.625	38,222	0	Treatment - General
SWMTN	50013	2005 CHEVY SILVERADO	ME	22,550.00	22,550	2004	1.625	36,650	0	Collection & Conveyance
SWMTN	50012	2005 CHEVY SILVERADO	ME	22,550.00	22,550	2004	1.625	36,650	0	Collection & Conveyance
SWMTN	50011	2005 CHEVY SILVERADO	ME	17,793.00	17,793	2004	1.625	28,919	0	Collection & Conveyance
SWMTN	40015	INGERSOL RAND AIR COMPRESSOR	ME	12,110.00	12,110	2004	1.625	19,682	0	Collection & Conveyance
FLOTATION	50051	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
FLOTATION	50052	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
FLOTATION	50053	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
NEWLAB	40048	SPECTROPHOTOMETER	ME	5,293.50	5,294	2004	1.625	8,603	0	Laboratory
WPC	60008	GENIE GS2032 SCISSOR LIFT	ME	10,076.49	10,076	2005	1.588	15,704	0	Treatment - General
FLOTATION	50045	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
FLOTATION	50046	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
FLOTATION	50047	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
FLOTATION	50048	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
FLOTATION	50049	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
FLOTATION	50050	ASPIRATING PUMP	ME	8,340.00	8,340	2004	1.625	13,555	0	Treatment - DAF
SWMTN	60046	2006 INTERNATIONAL 7300	ME	62,256.00	62,256	2006	1.494	92,997	0	Collection & Conveyance
SWMTN	60033	MANHOLE REHABILITATION MACHINE	ME	52,353.00	52,353	2006	1.494	78,204	0	Collection & Conveyance
NEWLAB	70029	3000XL-PLUS SS AUTO EXTRACTOR	ME	32,664.59	32,665	2006	1.494	48,794	0	Treatment - General
WPC	70003	2007 CHEVY SILVERADO	ME	18,582.00	18,582	2006	1.494	27,757	0	Treatment - General
SWMTN	70035	VACTOR SEWER MACHINE	ME	261,384.00	261,384	2007	1.449	378,665	0	Collection & Conveyance
AIRPORT	80108	New Holland Tractor	ME	110,264.00	110,264	2007	1.449	159,739	0	Admin. & General
NEWLAB	70028	ICP PLASMA UNIT	ME	87,508.00	87,508	2007	1.449	126,772	0	Laboratory
SWMTN	70017	CASE 590 BACKHOE LOADER	ME	72,695.00	72,695	2007	1.449	105,313	0	Collection & Conveyance
WPC	80019	2007 Freightliner Sprinter Van	ME	34,344.00	34,344	2007	1.449	49,754	0	Treatment - General
WPC	70042	CSO FLOW MONITORING EQUIPMENT	ME	28,345.00	28,345	2007	1.449	41,063	0	Collection & Conveyance
AIRPORT	70007	BIOSOLIDS SPREADER	ME	27,450.00	27,450	2007	1.449	39,767	0	Treatment - Sludge
NEWLAB	70033	Thermo BOD Incubator	ME	6,088.00	6,088	2007	1.449	8,820	0	Laboratory
	80036	Mechanism for Prim Clarif #3	ME	263,500.00	223,975	2008	1.328	350,037	52,506	Treatment - Primary Clarifier
	80037	Mechanism for Prim Clarif #4	ME	263,500.00	223,975	2008	1.328	350,037	52,506	Treatment - Primary Clarifier
NEWLAB	80020	UVAS Hach Probe	ME	15,525.35	15,525	2008	1.328	20,624	0	Laboratory
SWMTN	100009	2009 Dodge TV Inspection Van	ME	198,136.70	198,137	2009	1.241	245,963	0	Collection & Conveyance
	100006	12" Mob Emer Centrifugal Pump	ME	112,186.48	112,186	2009	1.241	139,266	0	Treatment - Pumping
SWMTN	100015	2010 International 7400	ME	57,622.00	57,622	2009	1.241	71,531	0	Collection & Conveyance
SWMTN	90033	Easement Machine	ME	48,750.00	48,750	2009	1.241	60,517	0	Collection & Conveyance
WPC	90018	2006 Snorkel Boom Lift	ME	45,000.00	45,000	2009	1.241	55,862	0	Treatment - General
YARD	90049	Cummins 80KW Generator	ME	33,869.00	33,869	2009	1.241	42,044	0	Admin. & General
YARD	90050	Cummins 80KW Generator	ME	33,869.00	33,869	2009	1.241	42,044	0	Admin. & General
WPC	90048	2009 Ford F250	ME	26,000.00	26,000	2009	1.241	32,276	0	Treatment - General
WPC	100010	2010 Alumweld Talon Boat	ME	21,947.00	21,947	2009	1.241	27,245	0	Treatment - General
WPC	90026	2009 Ford Ranger	ME	12,236.00	12,236	2009	1.241	15,190	0	Treatment - General
WPC	90027	2009 Ford Ranger	ME	12,236.00	12,236	2009	1.241	15,190	0	Treatment - General
INTERMED	100119	DSI Dynamic Freq Mag Drive	ME	217,193.34	217,193.33	2010	1.194	259,335	0	Treatment - Pumping
INTERMED	100117	DSI Dynamic Freq Mag Drive	ME	217,193.33	217,193.33	2010	1.194	259,335	0	Treatment - Pumping
INTERMED	100118	DSI Dynamic Freq Mag Drive	ME	217,193.33	217,193.33	2010	1.194	259,335	0	Treatment - Pumping

Appendix A-11 Fixed Assets (5 of 6)

Location	FA ID	Asset Description	Code	Original Cost	Accumulated Depreciation	Year in Service	Trend Factor	Trended Cost	Trended Cost Less Depr	Allocation
				\$	\$			\$	\$	
WPC	90119	Septage Receiving Sys - JWC	ME	104,459.00	104,459	2010	1.194	124,727	0	Treatment - Septage
	110077	Grinder #1	ME	70,035.50	70,036	2010	1.194	83,624	0	Treatment - Grit Basin
	110078	Grinder #2	ME	70,035.50	70,036	2010	1.194	83,624	0	Treatment - Grit Basin
RETURNPUMP	90139	Screw Pump #2	ME	52,795.02	52,795	2010	1.194	63,039	0	Treatment - Sludge Pumping
	110069	Replace Screw Pump #5	ME	52,658.00	28,962	2010	1.194	62,875	28,294	Treatment - Pumping
	110070	Replace Screw Pump #6	ME	52,658.00	28,962	2010	1.194	62,875	28,294	Treatment - Pumping
RETURNPUMP	100134	Screw Pump #3	ME	52,658.00	52,658	2010	1.194	62,875	0	Treatment - Sludge Pumping
RETURNPUMP	100135	Screw Pump #4	ME	52,658.00	52,658	2010	1.194	62,875	0	Treatment - Sludge Pumping
WPC	110006	2011 Ford F250	ME	26,367.00	26,367	2010	1.194	31,483	0	Treatment - General
WPC	110005	2011 Ford Ranger	ME	17,814.00	17,814	2010	1.194	21,270	0	Treatment - General
WPC	110010	2011 Ford Ranger	ME	13,010.00	13,010	2010	1.194	15,534	0	Treatment - General
SWMTN	100033	Sullair Compressor w/trailer	ME	12,877.00	12,877	2010	1.194	15,376	0	Collection & Conveyance
SWMTN	100022	Dump Body	ME	12,798.00	12,798	2010	1.194	15,281	0	Collection & Conveyance
	100027	19" Digitil Video Recorder	ME	6,675.00	6,675	2010	1.194	7,970	0	Admin. & General
	120025	2012 Intern' Vactor Ramjet	ME	199,277.00	179,349	2011	1.178	234,827	23,483	Collection & Conveyance
	120046	ENPRO Polymer Blending Unit	ME	21,625.00	19,463	2011	1.178	25,483	2,548	Treatment - Sludge
	120047	ENPRO Polymer Blending Unit	ME	21,625.00	19,463	2011	1.178	25,483	2,548	Treatment - Sludge
	120048	ENPRO Polymer Blending Unit	ME	21,625.00	19,463	2011	1.178	25,483	2,548	Treatment - Sludge
	120011	2012 Chevrolet Silverado	ME	21,512.00	19,361	2011	1.178	25,350	2,535	Admin. & General
	120012	2012 Chevrolet Silverado	ME	21,512.00	19,361	2011	1.178	25,350	2,535	Admin. & General
	120023	2012 Chevrolet Silverado	ME	20,986.00	18,887	2011	1.178	24,730	2,473	Admin. & General
WPC	120024	2011 Ford Ranger	ME	19,629.00	17,666	2011	1.178	23,131	2,313	Treatment - General
	120005	2011 Kawasaki Mule	ME	12,289.00	11,060	2011	1.178	14,481	1,448	Admin. & General
	120022	2011 StoAway Bumper Crane	ME	8,301.78	7,472	2011	1.178	9,783	978	Admin. & General
	130019	2012 Ford F450 SD	ME	30,122.00	21,085	2012	1.129	33,993	10,198	Treatment - General
	130022	2012 Ford F250 SD	ME	29,111.00	20,378	2012	1.129	32,853	9,856	Treatment - General
	130023	2012 Ford F250 SD	ME	29,111.00	20,378	2012	1.129	32,853	9,856	Treatment - General
	130030	2013 Dodge Durango SXT	ME	27,667.00	19,367	2012	1.129	31,223	9,367	Treatment - General
	130050	OZII Camera w/CPD Transporter	ME	24,827.00	17,379	2012	1.129	28,018	8,405	Collection & Conveyance
	130051	OZII Camera w/CPD Transporter	ME	24,827.00	17,379	2012	1.129	28,018	8,405	Collection & Conveyance
	130028	2012 Dodge Ram 3500	ME	23,432.00	16,402	2012	1.129	26,444	7,933	Treatment - General
	130027	2012 Dodge Ram 3500	ME	22,464.00	15,725	2012	1.129	25,351	7,605	Treatment - General
	130029	2012 Dodge Ram 3500	ME	22,464.00	15,725	2012	1.129	25,351	7,605	Treatment - General
	120040	2012 Chevrolet Silverado	ME	21,940.00	19,746	2012	1.129	24,760	2,476	Admin. & General
	120041	2012 Chevrolet Silverado	ME	21,940.00	19,746	2012	1.129	24,760	2,476	Admin. & General
	120054	2012 Transit Connect XLT Wagon	ME	21,703.00	19,533	2012	1.129	24,492	2,449	Admin. & General
	130014	Tiger Star mini truck	ME	14,199.00	9,939	2012	1.129	16,024	4,807	Treatment - General
	130015	Tiger Star mini truck	ME	14,199.00	9,939	2012	1.129	16,024	4,807	Treatment - General
	130016	Tiger Star mini truck	ME	14,199.00	9,939	2012	1.129	16,024	4,807	Treatment - General
	130017	Reading 8' Aluminum truck body	ME	12,282.00	8,597	2012	1.129	13,861	4,158	Treatment - General
	130018	Reading 8' Aluminum Truck body	ME	12,282.00	8,597	2012	1.129	13,861	4,158	Treatment - General
	120066	ELGA Rev Osmosis Water System	ME	6,523.00	5,871	2012	1.129	7,361	736	Laboratory
	140014	2013 JD 410K Backhoe Loader	ME	95,775.00	47,888	2013	1.088	104,166	52,083	Treatment - General
	130077	2012 Cat Portable Generator	ME	57,700.00	40,390	2013	1.088	62,755	18,827	Treatment - General
	130080	So 22nd St FX Pump Station	ME	43,000.00	30,100	2013	1.088	46,767	14,030	Pumping
	130054	Bobcat S650 Skid Steer Loader	ME	30,405.58	21,284	2013	1.088	33,070	9,921	Collection & Conveyance
	130069	Annhilator Grinder w/cont pan	ME	23,222.20	16,256	2013	1.088	25,257	7,577	Treatment - Grit Basin
	130070	Annhilator Grinder w/cont pan	ME	23,222.20	16,256	2013	1.088	25,257	7,577	Treatment - Grit Basin
	130071	Annhilator Grinder w/cont pan	ME	23,222.20	16,256	2013	1.088	25,257	7,577	Treatment - Grit Basin
	130072	Annhilator Grinder w/cont pan	ME	23,222.20	16,256	2013	1.088	25,257	7,577	Treatment - Grit Basin
	130073	Annhilator Grinder w/cont pan	ME	23,222.20	16,256	2013	1.088	25,257	7,577	Treatment - Grit Basin
	130079	Cummins Generator - So 22nd St	ME	18,300.00	12,810	2013	1.088	19,903	5,971	Treatment - General
	130059	Hasler 3000 Folder/Inserter	ME	13,868.66	9,708	2013	1.088	15,084	4,525	Treatment - General
	130040	25' Doolittle Trailer	ME	12,970.00	4,539	2013	1.088	14,106	9,169	Admin. & General
	130061	Knapheide utility Service Body	ME	8,768.00	6,138	2013	1.088	9,536	2,861	Treatment - General
	130062	Knapheide 1-Ton Dump Body	ME	7,795.00	5,457	2013	1.088	8,478	2,543	Treatment - General
	130063	Knapheide 1-Ton Dump Body	ME	7,795.00	5,457	2013	1.088	8,478	2,543	Treatment - General
SWMTN	140062	2014 Vactor 2110 Sewer Cleaner	ME	243,962.00	121,981	2014	1.048	255,681	127,840	Collection & Conveyance
SWMTN	140052	2015 International 7500	ME	93,927.00	46,964	2014	1.048	98,439	49,219	Admin. & General
AIRPORT	160042	Hyundai HL730-9A	ME	113,900.00	11,390	2016	1.000	113,900	102,510	Admin. & General
SWMTN	T16002	Takeuchi Mini Excavator	ME	-	-	2016	1.000	-	-	Collection & Conveyance
AIRPORT	T16003	2011 Kawasaki Mule	ME	12,289.00	11,060	2016	1.000	12,289	1,229	Admin. & General
WPC	T16006	Vactor 2110 Sewer Machine	ME	153,318.00	153,318	2016	1.000	153,318	0	Collection & Conveyance
WPC	160003	2015 Nissan Frontier 4WD	ME	26,609.50	2,661	2015	1.030	27,409	24,668	Admin. & General
WPC	160004	2015 Nissan Frontier 4WD	ME	26,609.50	2,661	2015	1.030	27,409	24,668	Admin. & General
WPC	160009	2015 Ford F150	ME	27,179.00	2,718	2015	1.030	27,996	25,196	Admin. & General
WPC	160026	2016 Mack Truck	ME	163,750.00	16,375	2016	1.000	163,750	147,375	Treatment - General
SWMTN	160040	2016 Chevrolet Silverado	ME	21,688.00	2,169	2016	1.000	21,688	19,519	Admin. & General
SWMTN	160059	2017 Freightliner Vactor Truck	ME	366,549.00	36,655	2016	1.000	366,549	329,894	Treatment - General
WPC	140043	2014 Ford E350 SD	ME	23,858.00	11,929	2014	1.048	25,004	12,502	Admin. & General
WPC	140042	2014 Ford F250 SD	ME	22,155.00	11,078	2014	1.048	23,219	11,610	Admin. & General
				11,743,612	10,458,603			28,399,373	1,373,702	
		PDF che		12,577,992	11,572,028					

Appendix A-11 Fixed Assets (6 of 6)

Location	FA ID	Asset Description	Code	Original Cost	Accumulated Depreciation	Year in Service	Trend Factor	Trended Cost	Trended Cost Less Depr	Allocation
				\$	\$			\$	\$	
<b>OTHER</b>										
	110104	Ammonia Removal Facility	CP	41,359,833	0	2016	1.000	41,359,833	41,359,833	Treatment - Ammonia Project
	110105	Eastside Wstwr Improv Project	CP	29,629,829	0	2016	1.000	29,629,829	29,629,829	Collection & Conveyance
	120108	Bio Solid Process Dryer	CP	7,822,207	0	2016	1.000	7,822,207	7,822,207	Treatment - Sludge
	130103	Blacksnake Crk Strmwtr Sep	CP	8,320,090	0	2016	1.000	8,320,090	8,320,090	Collection & Conveyance
	120105	Replace Grit Removal System	CP	6,568,662	0	2016	1.000	6,568,662	6,568,662	Treatment - Grit Basin
	150111	ROSECRANS LAGOON LINER	CP	96,301	0	2016	1.000	96,301	96,301	Treatment - General
WPC	160107	Brown's Branch Motor Control Center	CP	19,350	0	2016	1.000	19,350	19,350	Treatment - Blower Bldg.
WPC	160108	Hydraulic Model	CP	331,595	0	2016	1.000	331,595	331,595	Admin. & General
SWMTN	60200	SEWER LINES EXISTING	IN	55,569,360	32,306,093	2006	1.376	76,438,742	31,999,917	Collection & Conveyance
SWMTN	70102	SEWER LINES FY07 ACCEPTED SUBD	IN	1,324,937	314,673	2007	1.306	1,730,245	1,319,311	Collection & Conveyance
SWMTN	80128	FY08 Donated Sewers	IN	688,019	146,204	2008	1.240	853,474	672,111	Collection & Conveyance
SWMTN	90124	FY09 Donated Sewers	IN	262,400	49,200	2009	1.168	306,463	249,001	Collection & Conveyance
INFRAS	90122	Greystone Sewers	IN	3,174,610	515,874	2010	1.179	3,743,016	3,134,776	Collection & Conveyance
SWMTN	100202	FY10 Donated Sewers	IN	1,460,200	237,282	2010	1.179	1,721,645	1,441,878	Collection & Conveyance
SWMTN	80123	Riverside Rd Sewer Extension	IN	1,203,908	195,635	2010	1.179	1,419,465	1,188,802	Collection & Conveyance
SWMTN	80122	Woodbine Rd Sewer Extension	IN	96,966	15,757	2010	1.179	114,327	95,749	Collection & Conveyance
STATIONS	80121	Roy's Branch Sewer Separation	IN	1,921,450	211,360	2011	1.138	2,186,356	1,945,856	Collection & Conveyance
SWMTN	110203	FY11 Donated Sewers	IN	127,300	17,504	2011	1.138	144,851	124,934	Collection & Conveyance
SWMTN	120202	2012 Donated Sewers	IN	878,440	98,824	2012	1.088	955,632	848,123	Collection & Conveyance
SWMTN	130203	2013 Donated Sewers	IN	11,120	973	2013	1.049	11,667	10,646	Collection & Conveyance
SWMTN	140201	2014 Donated Sewers	IN	15,800	988	2014	1.047	16,549	15,514	Collection & Conveyance
WPC	160069	Whitehead Separation Conduit Design	IN	416,297	5,204	2016	1.000	416,297	411,093	Collection & Conveyance
GARAGE	960810	MOUNTED TRASH PUMP	OF	15,194	15,194	1996	2.003	30,437	0	Collection & Conveyance
	110076	LabCal Water Info Mgmt System	OF	9,010	9,010	2011	1.138	10,252	0	Laboratory
TECHSERV	140049	Integrity HTML5 Mob GIS Webste	OF	7,500	6,250	2013	1.049	7,869	1,311	Admin. & General
	120103	Accela Management Software	OF	435,022	362,518	2014	1.047	455,632	75,939	Admin. & General
	120109	Springbook Swr Billing Softwre	OF	237,882	198,235	2014	1.047	249,152	41,525	Customer
	140071	Replace Radio & Comm Equipment	OF	145,285	36,321	2014	1.047	152,168	114,126	Treatment - General
	150002	GEO 7X Handheld GPS	OF	10,420	5,210	2014	1.047	10,914	5,457	Admin. & General
	150054	Mayline 20' Conference Table	OF	5,529	1,659	2015	1.011	5,592	3,915	Admin. & General
WPC	160065	Trimble GPS Equipment	OF	11,256	563	2016	1.000	11,256	10,693	Admin. & General
				162,175,771	34,750,529			185,139,867	137,858,546	
		Less Contributed Assets		(3,443,279)				(4,010,280)	(3,362,207)	Contribution - C&C Mains
				158,732,492				181,129,587	134,496,338	

## Appendix A-12 Ammonia Project Allocations

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[L]
		Total Costs	Volume	Capacity	BOD	Suspended Solids	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	SSJISD Pump Station	Basis of Allocation
1	Site Planning	\$ 5,742,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 916,102	\$ 163,353	\$ 3,495,736	\$ 175,492	\$ 992,187	\$ -	Ammonia Asset Allocation
2	Construction Administration	\$ 2,281,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363,924	\$ 64,893	\$ 1,388,691	\$ 69,715	\$ 394,149	\$ -	Ammonia Asset Allocation
3	Operations Building Modifications	\$ 246,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,377	\$ 7,021	\$ 150,257	\$ 7,543	\$ 42,647	\$ -	Ammonia Asset Allocation
3	Roughing Filter Modifications	\$ 154,279								\$ 154,279				BOD
4	Intermediate Pump Station	\$ 399,890							\$ 399,890					Common to All Capacity
4	PE Diversion Splitter Box and Meter Vault	\$ 241,909							\$ 241,909					Common to All Capacity
5	Domestic Aeration Basin Modifications	\$ 3,092,980								\$ 2,404,573		\$ 688,406.86		CTA BOD 78% Ammonia 22%
5	Final Clarifier Splitter Box	\$ 190,071								\$ 103,134	\$ 57,411	\$ 29,526		CTA BOD 54% SS 30% Ammonia 16%
6	Pump Station No. 2	\$ 1,212,014								\$ 657,645	\$ 366,091	\$ 188,278		CTA BOD 54% SS 30% Ammonia 16%
7	Industrial Splitter Box 1	\$ 55,540								\$ 30,136	\$ 16,776	\$ 8,628		CTA BOD 54% SS 30% Ammonia 16%
7	Industrial Aeration Basin	\$ 12,402,775								\$ 9,642,280		\$ 2,760,495		Design BOD 78% Ammonia 22%
8	Blower Building	\$ 4,771,532								\$ 3,709,529		\$ 1,062,004		Design BOD 78% Ammonia 22%
8	Industrial Final Clarifier Splitter Box	\$ 118,486					\$ 106,637			\$ 9,211		\$ 2,637		CTA Volume 90% BOD 8% Ammonia 2%
9	Industrial Final Clarifier	\$ 5,103,540					\$ 4,593,186			\$ 396,764		\$ 113,590		CTA Volume 90% BOD 8% Ammonia 2%
9	RAS Pump Station No. 1	\$ 1,108,338								\$ 601,390	\$ 334,776	\$ 172,172		CTA BOD 54% SS 30% Ammonia 16%
10	DAFT Feed Pump Wet Well	\$ 133,297								\$ 72,328	\$ 40,263	\$ 20,707		CTA BOD 54% SS 30% Ammonia 16%
10	Filtrate Equalization Basin	\$ 196,243						\$ 196,243						Common to All Capacity
11	Belt Filter Press Building	\$ 281,404								\$ 152,691	\$ 84,999	\$ 43,714		CTA BOD 54% SS 30% Ammonia 16%
		\$ 37,733,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,019,227	\$ 1,073,310	\$ 22,968,646	\$ 1,153,066	\$ 6,519,141	\$ -	
	Ammonia Site Planning Allocation		0.00%	0.00%	0.00%	0.00%	0.00%	15.95%	2.84%	60.87%	3.06%	17.28%	0.00%	
	Ammonia Phase I Allocation		0.00%	0.00%	0.00%	0.00%	0.00%	15.95%	2.84%	60.87%	3.06%	17.28%	0.00%	
12	Adjusted Amount	\$ 1,700,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,280	\$ 48,373	\$ 1,035,174	\$ 51,968	\$ 293,811	\$ -	

## Appendix A-13 Construction Work in Progress Allocations

Line No.	Description	CWIP	Common to Retail						Common to All						SSJISD Pump Station	Septage	Billing	Allocation Basis
			Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG				
1	2015 Contracted Mainline Sewer Repairs	1,879,156		1,879,156														Common to Retail Capacity
2	2016 Contracted Mainline Sewer Repairs	1,704,486		1,704,486														Common to Retail Capacity
3	2017 Contracted Mainline Sewer Repairs	1,135,974		1,135,974														Common to Retail Capacity
4	Bio Solids Dryer	406,804								241,671	113,339	51,795						Appendix A-1 (Secondary Treatment)
5	Blacksnake Creek Stormwater Separation Project	3,745,237		3,745,237														Common to Retail Capacity
6	Charles Street Outfall- FEMA	49,304	752	2,479	1,507	7,987	-	512	3,736	19,265	8,466	2,669	1,518	-	-	412	-	General Treatment
7	CMOM ( Capacity Management OperationMaintenance ) - Asse	710,910		710,910														Common to Retail Capacity
8	Eastside Wastewater Improvement Project	782,779		782,779														Common to Retail Capacity
9	GPS Equipment	12,367	189	622	378	2,003	-	128	937	4,832	2,123	669	381	-	-	103	-	General Treatment
10	Grit Removal	782,755			35,630	747,125												CTR BOD 5% SS 95%
11	Manhole Inspections	177,150		177,150														Common to Retail Capacity
12	MCC Brown's Branch Pump Station	39,027		39,027														Common to Retail Capacity
13	Northeast Parkway Investigation	59,063		59,063														Common to Retail Capacity
14	Odor Control Parkway A	110,419	1,686	5,551	3,375	17,887	-	1,146	8,368	43,145	18,960	5,976	3,399	-	-	924	-	General Treatment
15	Rehab Existing Secondary Clarifiers	654,068							588,661	53,864		11,542						90% Secondary Volume 10% Secondary
16	Rosecrans Lagoon Liner	38,723	591	1,947	1,183	6,273	-	402	2,935	15,131	6,649	2,096	1,192	-	-	324	-	General Treatment
17	Separated Sewer Hydraulic Model	483,427	7,381	24,305	14,774	78,313	-	5,019	36,636	188,897	83,011	26,165	14,883	-	-	4,043	-	General Treatment
18	Sewer Extension Agreements	22,000		22,000														Common to Retail Capacity
19	SSJISD Flow Metering Structure	182,749													182,749			SSJISD Pump Station
20	TV Van & Vacuum Sewer Cleaning Truck	614,703		614,703														Common to Retail Capacity
21	Update Arial Photography	14,277	218	718	436	2,313	-	148	1,082	5,579	2,452	773	440	-	-	119	-	General Treatment
22	Water Quality Education Program	175,484	2,679	8,823	5,363	28,428	-	1,822	13,299	68,570	30,133	9,498	5,402	-	-	1,468	-	General Treatment
23	Whitehead Pump Station Foremain Meter Vaults	269,062		269,062														Common to Retail Capacity
24	<b>Total</b>	14,049,923	13,496	11,183,991	62,646	890,329	-	9,177	655,655	345,418	447,330	161,184	90,552	-	182,749	7,394	-	
25	<b>Allocation</b>	100.00%	0.10%	79.60%	0.40%	6.30%	0.00%	0.10%	4.70%	2.50%	3.20%	1.10%	0.60%	0.00%	1.30%	0.10%	0.00%	

## Appendix A-14 Capital Cost Allocation Factors

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]	[Q]
		Total	Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG	SSJSD	Septage	Billing	Basis of Allocation
<b>COLLECTION &amp; CONVEYANCE</b>																		
1	Collection and Conveyance Mains	100%		100.0%														Primary Capacity
2	Pumping & Lift Stations	100%		100.0%														Primary Capacity
3	SSJSD Pump Stations	100%												100.0%				SSJSD
<b>TREATMENT</b>																		
4	Grit Basins	100%				100.0%												Suspended Solids
5	Primary Clarifiers	100%	90.0%		3.0%	5.9%		1.0%										90% Primary Volume and Sludge Based on Appendix A-1 (Primary Only)
6	Other Primary	100%		100.0%														Primary Capacity
7	Pumping	100%		100.0%														Primary Capacity
8	Septage	100%													100.0%			Septage
9	Trickling Filters	100%								100.0%								Secondary Capacity
10	Blowers	100%								82.4%			17.6%					BOD & Ammonia on Appendix A-1
11	Aeration	100%								82.4%			17.6%					BOD & Ammonia on Appendix A-1
12	Secondary Clarifiers	100%							90.0%			8.2%		1.8%				90% Secondary Volume 10% Secondary BOD & SS
13	Other Secondary	100%							30.1%	10.4%	44.6%	7.6%	7.3%	0.0%				Secondary Treatment Plant
14	Sludge Pumping	100%			10.3%	20.2%		3.5%			39.2%	18.4%	8.4%					Appendix A-1
15	Aerobic Digesters	100%			10.3%	20.2%		3.5%			39.2%	18.4%	8.4%					Appendix A-1
16	Dissolved Air Flotation (DAF)	100%			10.3%	20.2%		3.5%			39.2%	18.4%	8.4%					Appendix A-1
17	Sludge Handling	100%			10.3%	20.2%		3.5%			39.2%	18.4%	8.4%					Appendix A-1
18	Outfall	100%								100.0%								Secondary Capacity
19	Meters	100%							100.0%									Secondary Volume
20	Laboratory	100%							100.0%									Secondary Volume
21	General	100%	5.3%	11.8%	2.6%	11.0%	0.0%	0.9%	18.8%	6.5%	27.9%	4.8%	4.6%	0.0%	0.0%	5.9%		Treatment Plant
<b>SECONDARY EXPANSION</b>																		
22	Secondary Expansion - Secondary Clarifiers	100%							90.0%			8.2%		1.8%				90% Secondary Volume 10% Secondary BOD & SS
<b>ADMINISTRATIVE</b>																		
23	Admin. & General	100%	4.3%	18.7%	2.1%	9.0%	0.0%	0.7%	19.5%	5.3%	23.2%	3.9%	3.8%	0.0%	0.0%	4.8%	4.5%	Total Treatment Plant
24	Billing Software	100%														100.0%		Billing
<b>CONTRIBUTIONS</b>																		
25	Secondary Expansion - Secondary Clarifiers	100%							90.0%			8.2%		1.8%				90% Secondary Volume 10% Secondary BOD & SS
26	Collection and Conveyance Mains	100%		100.0%														Primary Capacity
<b>AMMONIA PROJECT</b>																		
27	Secondary Expansion - Ammonia Project	100%	0.0%	0.0%	0.0%	0.0%		0.0%	16.0%	2.8%	60.9%	3.1%	17.3%		0.0%			Appendix A-12
28	Ammonia Phase I	100%	0.0%	0.0%	0.0%	0.0%		0.0%	16.0%	2.8%	60.9%	3.1%	17.3%		0.0%			Appendix A-12

## Appendix A-15 Capital Allocated Costs

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	[P]	[Q]
		Total	Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG	Volume	Capacity	BOD	Suspended Solids	Ammonia	FOG	SS/JSD	Septage	Billing	Basis of Allocation
<b>COLLECTION &amp; CONVEYANCE</b>																		
1	Collection and Conveyance Mains	101,407,358	-	101,407,358	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Pumping & Lift Stations	1,886,992	-	1,886,992	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	SSJSD Pump Stations	1,689,472	-	-	-	-	-	-	-	-	-	-	-	-	1,689,472	-	-	-
4	Subtotal	104,983,822	-	103,294,350	-	-	-	-	-	-	-	-	-	-	1,689,472	-	-	-
<b>TREATMENT</b>																		
5	Grit Basins	6,606,547	-	-	-	6,606,547	-	-	-	-	-	-	-	-	-	-	-	-
6	Primary Clarifiers	850,079	765,071	-	25,502	50,155	-	8,501	-	-	-	-	-	-	-	-	-	-
7	Other Primary	487,044	-	487,044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Pumping	2,320,542	-	2,320,542	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Septage	269,210	-	-	-	-	-	-	-	-	-	-	-	-	-	-	269,210	-
10	Trickling Filters	1,560,260	-	-	-	-	-	-	-	-	1,560,260	-	-	-	-	-	-	-
11	Blowers	533,027	-	-	-	-	-	-	-	-	438,963	-	94,064	-	-	-	-	-
12	Aeration	744,150	-	-	-	-	-	-	-	-	612,830	-	131,321	-	-	-	-	-
13	Secondary Clarifiers	3,449,303	-	-	-	-	-	-	3,104,373	-	284,060	-	60,870	-	-	-	-	-
14	Other Secondary	91,344	-	-	-	-	-	-	27,479	9,476	40,720	6,974	6,695	-	-	-	-	-
15	Sludge Pumping	626,114	-	-	64,490	126,475	-	21,914	-	-	245,437	115,205	52,594	-	-	-	-	-
16	Aerobic Digesters	9,280,847	-	-	955,927	1,874,731	-	324,830	-	-	3,638,092	1,707,676	779,591	-	-	-	-	-
17	Dissolved Air Flotation (DAF)	13,646	-	-	1,406	2,757	-	478	-	-	5,349	2,511	1,146	-	-	-	-	-
18	Sludge Handling	8,628,769	-	-	888,763	1,743,011	-	302,007	-	-	3,382,477	1,587,693	724,817	-	-	-	-	-
19	Outfall	26,093,003	-	-	-	-	-	-	-	26,093,003	-	-	-	-	-	-	-	-
20	Meters	31,018	-	-	-	-	-	-	31,018	-	-	-	-	-	-	-	-	-
21	Laboratory	1,014,080	-	-	-	-	-	-	1,014,080	-	-	-	-	-	-	-	-	-
22	General	5,040,462	266,864	593,030	131,060	553,594	-	44,477	949,095	327,274	1,406,431	240,874	231,248	-	-	296,515	-	
23	Subtotal	67,639,446	1,031,935	3,400,617	2,067,148	10,957,270	-	702,206	5,126,044	26,429,752	11,614,620	3,660,933	2,082,345	-	-	565,725	-	
<b>SECONDARY EXPANSION</b>																		
24	Secondary Expansion - Secondary Clarifiers	12,449,974	-	-	-	-	-	-	11,204,977	-	1,025,292	-	219,705	-	-	-	-	-
25	Subtotal	12,449,974	-	-	-	-	-	-	11,204,977	-	1,025,292	-	219,705	-	-	-	-	-
<b>ADMINISTRATIVE</b>																		
26	Admin. & General	3,165,388	137,117	592,480	67,340	284,442	-	22,853	617,153	168,156	734,487	123,763	121,357	-	-	152,352	143,888	-
27	Billing Software	41,525	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,525	-
28	Subtotal	3,206,913	137,117	592,480	67,340	284,442	-	22,853	617,153	168,156	734,487	123,763	121,357	-	-	152,352	185,413	-
<b>CONTRIBUTIONS</b>																		
29	Secondary Expansion - Secondary Clarifiers	(12,449,974)	-	-	-	-	-	-	(11,204,977)	-	(1,025,292)	-	(219,705)	-	-	-	-	-
30	Collection and Conveyance Mains	(3,362,207)	-	(3,362,207)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>CWIP</b>	14,049,923	13,496	11,183,991	62,646	890,329	-	9,177	655,655	345,418	447,330	161,184	90,552	-	182,749	7,394	-	Appendix A-13
32	Subtotal Existing Plant	186,517,897	1,182,549	115,109,231	2,197,134	12,132,040	-	734,236	6,398,852	26,943,327	12,796,437	3,945,880	2,294,254	-	1,872,221	725,471	185,413	-
<b>AMMONIA PROJECT</b>																		
33	Secondary Expansion - Ammonia Project	41,359,833	-	-	-	-	-	-	6,597,717	1,176,462	25,176,094	1,263,884	7,145,676	-	-	-	-	-
34	Ammonia Phase I	1,700,606	-	-	-	-	-	-	271,280	48,373	1,035,174	51,968	293,811	-	-	-	-	-
35	Subtotal	43,060,439	-	-	-	-	-	-	6,868,998	1,224,835	26,211,267	1,315,851	7,439,487	-	-	-	-	-
36	<b>TOTAL</b>	229,578,336	1,182,549	115,109,231	2,197,134	12,132,040	-	734,236	13,267,850	28,168,162	39,007,705	5,261,731	9,733,741	-	1,872,221	725,471	185,413	-
37	Existing Plant	100.0%	0.7%	60.3%	1.2%	6.5%	0.0%	0.4%	3.3%	15.4%	7.2%	2.2%	1.3%	0.0%	1.0%	0.4%	0.1%	-
38	Plant Including CWIP	100.0%	0.6%	61.7%	1.2%	6.5%	0.0%	0.4%	3.4%	14.4%	6.9%	2.1%	1.2%	0.0%	1.0%	0.4%	0.1%	-
<b>Basis of Allocation</b>																		
39	Existing Debt Service	11,515,000	73,059	7,106,464	135,644	748,992	-	45,329	395,044	1,663,392	790,010	243,606	141,640	-	115,585	44,788	11,447	Plant Including CWIP
40	Less: Misc Revenues	1,752,900	11,122	1,081,800	20,649	114,017	-	6,900	60,137	253,214	120,261	37,083	21,561	-	17,595	6,818	1,743	Plant Including CWIP
41	Transfer to Capital Fund	3,754,500	23,821	2,317,084	44,227	244,211	-	14,780	128,805	542,354	257,585	79,428	46,182	-	37,687	14,603	3,732	Plant Including CWIP
42	Proposed Debt	775,800	4,922	478,784	9,139	50,462	-	3,054	26,615	112,068	53,225	16,412	9,543	-	7,787	3,018	771	Plant Including CWIP
43	Net Capital for Rates	17,798,200	112,924	10,984,132	209,658	1,157,682	-	70,063	610,601	2,571,028	1,221,081	376,530	218,926	-	178,654	69,227	17,693	-
44	Less: Debt Service for Ammonia Project	2,428,900	-	-	-	-	-	-	296,727	1,249,412	593,395	182,978	106,389	-	-	-	-	-
45	Net Capital for Rates Less: Ammonia Project	15,369,300	112,924	10,984,132	209,658	1,157,682	-	70,063	313,875	1,321,616	627,687	193,552	112,537	-	178,654	69,227	17,693	-

**(THIS PAGE LEFT BLANK INTENTIONALLY)**



**APPENDIX C**

**CITY OF ST. JOSEPH, MISSOURI**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

# Comprehensive Annual Financial Report

City of  
*St. Joseph*  
Missouri



**For the fiscal year ended June 30, 2017**

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

# CITY OF ST. JOSEPH, MISSOURI

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by the Administrative Services Department

Tom Mahoney  
Interim Director of Administrative Services

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

**CITY OF ST. JOSEPH, MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE YEAR ENDED JUNE 30, 2017

**TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION:</b>	<b>PAGE</b>
Principal Officials.....	i
Organizational Chart .....	ii
Letter of Transmittal .....	iii-xiv
GFOA Certificate of Achievement.....	xv
 <b>FINANCIAL SECTION:</b>	
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	MD-1-15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	GW-1
Statement of Activities.....	GW-2
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	FF-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	FF-2
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	FF-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	FF-4
Statement of Net Position – Proprietary Funds .....	FF-5
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	FF-6
Statement of Cash Flows – Proprietary Funds .....	FF-7-8
Statement of Fiduciary Net Position – Fiduciary Funds.....	FF-9
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	FF-10
Notes to Financial Statements .....	FN-1-58
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund.....	RS-1-3
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Allocation Fund.....	RS-4
Notes to the Budgetary Comparison Schedules .....	RS-5-7
Schedule of Changes in Net Pension Liability and Related Ratios - Lagers .....	RS-8
Schedule of Changes in Net Pension Liability and Related Ratios - Police .....	RS-9
Schedule of Employer Contributions .....	RS-10
Notes to Schedule of Contributions - Lagers .....	RS-11
Notes to Schedule of Contributions - Police .....	RS-12
Schedule of Funding Progress - OPEB .....	RS-13
Combining Individual Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	CS-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	CS-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds:	
Streets Maintenance Fund.....	CS-3
Parks Maintenance Fund .....	CS-4
Public Safety Fund.....	CS-5

**TABLE OF CONTENTS**  
(Continued)

<b>FINANCIAL SECTION: - (Continued)</b>	<b>PAGE</b>
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds (continued)	
Community Development Fund .....	CS-6
Riverboat Gaming Fund.....	CS-7
Museum Fund .....	CS-8
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund .....	CS-9
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	CS-10
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds.....	CS-11
Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	CS-12-13
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	CS-14
 <b>STATISTICAL SECTION:</b>	
Net Position by Component .....	T-1
Changes in Net Position.....	T-2-3
Governmental Activities Tax Revenues by Source.....	T-4
Fund Balances of Governmental Funds .....	T-5
Changes in Fund Balances of Governmental Funds .....	T-6
General Governmental Tax Revenues by Source .....	T-7
Total City Taxable Sales by Category.....	T-8
Sales Tax Rates - Direct and Overlapping Government.....	T-9
Assessed and Estimated Actual Value of Taxable Property.....	T-10
Property Tax Rates - Direct and Overlapping Government.....	T-11
Principal Taxpayers.....	T-12
Property Tax Levies and Collections .....	T-13
Ratios of Outstanding Debt by Type .....	T-14
Ratios of General Bonded Debt Outstanding .....	T-15
Direct and Overlapping Governmental Activities Debt.....	T-16
Legal Debt Margin Information.....	T-17
Pledged-Revenue Coverage.....	T-18
Demographic and Economic Statistics .....	T-19
Principal Employers .....	T-20
Full-time City Government Employees by Function/Program.....	T-21
Operating Indicators by Function/Program .....	T-22
Capital Asset Statistics by Function/Program .....	T-23



# Introductory Section

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

# CITY OF ST. JOSEPH, MISSOURI

## PRINCIPAL OFFICIALS

Bill Falkner  
Mayor

### CITY COUNCIL

---

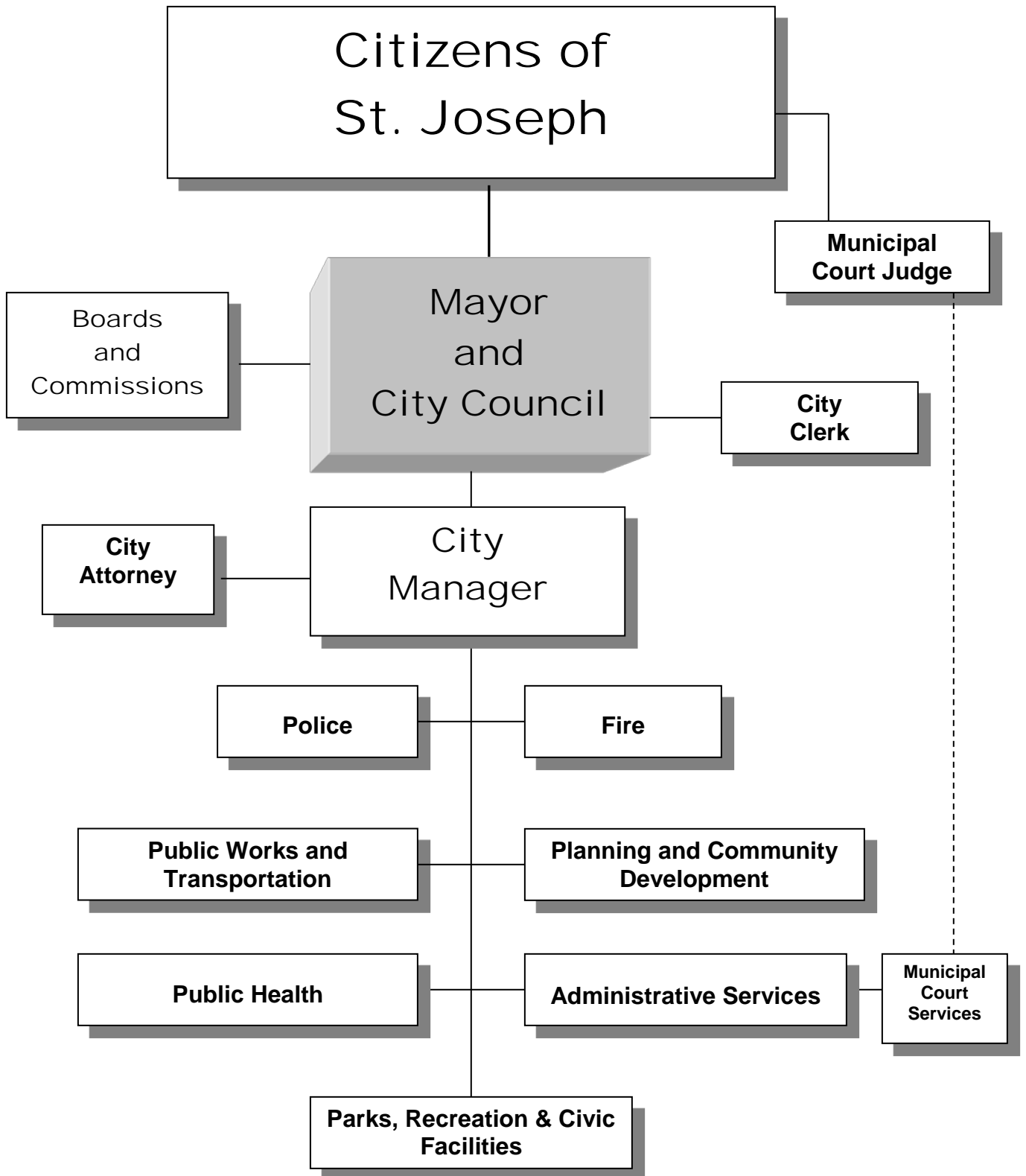
Ken Beck	Donna Jean Boyer
Pat Jones	P J Kovac
Barbara LaBass	Kent O'Dell
Gary Roach	Joyce Starr

---

J. Bruce Woody  
City Manager

Administrative Services	Gia Scruggs
Interim	Tom Mahoney
City Attorney	Bryan Carter
City Clerk	Paula Heyde
Fire Chief	Michael Dalsing
Parks, Recreation & Civic Facilities	Chuck Kempf
Planning & Community Development	Clint Thompson
Police Chief	Chris Connally
Public Health	Debra Bradley
Public Works & Transportation	Bill Heatherman
Interim	Andy Clements

# ORGANIZATION CHART



December 15, 2017

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

The comprehensive annual financial report of the City of St. Joseph, Missouri (the City) for the Fiscal Year Ended June 30, 2017, is hereby submitted in compliance with Article IV, Section 4.4 (f) of the City Charter. The Charter requires that the City of St. Joseph issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of its data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) which are standard guidelines for financial reporting, further ensuring that the financial position of the City is presented fairly. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The independent accounting firm of CliftonLarsonAllen has audited the City's financial statements. The purpose of the audit conducted by CliftonLarsonAllen was to review and provide reasonable assurance that the City's financial statements for fiscal year ended June 30, 2017, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

As a recipient of federal, state, and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to assistance programs. The City is required to undergo an annual single audit in conformity with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. *Audits of States, Local Governments and Non-Profit Organizations*. The standards governing Single Audit engagements require the independent auditor to report on the audited government's internal controls over compliance and compliance with legal requirements applicable to its major Federal programs. These reports are available in the City's separately issued Single Audit Report.

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

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

## **PROFILE OF THE CITY**

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

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

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

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

The City Manager annually prepares a plan of services, or budget, for the upcoming fiscal year. The budget is the most significant annual policy document, operations guide, financial plan and communications device prepared by the City. It establishes the expectations of City Council and provides the fiscal resources and policy direction needed to achieve Council's goals. This plan is submitted to Council no later than 60 days prior to June 30, the end of the fiscal year. It is reviewed by the City Council and is formally adopted by the passage of a budget ordinance on or before the third Monday of the month prior to June 30. The appropriated budget is prepared by fund, department, and program or function. Strict budgetary compliance is maintained by the Administrative Services Department using the automated accounting system to ensure effective fiscal management and accountability. As purchase orders are issued, corresponding appropriations are encumbered for later payment to ensure that appropriations are not overspent. Open encumbrances are reported as a reservation of fund balances at year-end and all unencumbered appropriations lapse at year-end. Departments can transfer between accounts as long as unapproved positions or capital expenditures are not created. These require Council approval.

## FACTORS AFFECTING FINANCIAL CONDITION

### Local economy

The City is the central services provider for a four county area of northwest Missouri and northeast Kansas with a combined population of 126,565. The City's population of 76,780 represents 61% of the total service area. Located in the heart of the country, St. Joseph's prime location provides for access to customers and suppliers. From Canada to Mexico, Interstate 29, a major north-south interstate runs through the city. St. Joseph has two airports available. South of St. Joseph is Kansas City International (KCI) airport and just west over the Missouri River is Rosecrans Memorial Airport serving St. Joseph's civilian and military needs by providing capacity for any size aircraft. The Missouri River borders St. Joseph allowing the public river port facility the ability to give area businesses the option of transporting via river. In addition, rail service provides direct access to all parts of North America.

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

### Labor Force

St. Joseph's Metropolitan Statistical Area (MSA) consists of Andrew, Buchanan, and DeKalb Counties in Missouri and Doniphan County in Kansas. The St. Joseph MSA maintains a civilian labor force of 64,348 with 62,700 employed for the period ending June 30, 2017, producing an unemployment rate of 3.7%. Compared to last year at this time the unemployment rate was 4.5%.

### Major Employers

St. Joseph's economy is highly diversified, with major industrial, manufacturing, financial services, healthcare, and educational institutions. The City's largest employer, Mosaic Life Care, a partner with Mayo Clinic Care Network, provides 4,072 jobs, or 6.5% of the total employed work force. Mosaic Life Care, a physician led life care company, combines traditional health care while focusing on key life elements affecting a person's overall wellbeing. The ten largest employers provide a total of 14,844 jobs, representing 23.7% of the total employed work force. These employers are listed as follows:

<b>TEN LARGEST EMPLOYERS</b>			
<b>Employer</b>	<b>Industry</b>	<b>Number</b>	<b>% of Work Force</b>
Mosaic Life Care	Health Services	4,072	6.5%
Triumph Foods	Pork Processing	2,900	4.6%
St. Joseph School District	Public Education	1,853	3.0%
139 <sup>th</sup> Airlift Wing-MO Air National Guard	Government	1,521	2.5%
Boehringer Ingelheim Vetmedica	Animal Pharmaceuticals	1,070	2.4%
Missouri Western State University	Higher Education	793	1.3%
American Family	Insurance	757	1.2%
Tyson Foods	Food Manufacturer	670	1.1%
City of St. Joseph	Local Government	653	1.0%
Alorica	Financial Services	510	0.1%
<b>Total</b>		<b>14,799</b>	<b>23.7%</b>

### **Economic Development Efforts**

The St. Joseph economy in FY2017 continued to experience moderate growth and expansion. The level of ongoing cooperation among the City, County, Chamber of Commerce and the business community was reflected in the level of economic development success demonstrated throughout the year.

### **New and Existing Businesses**

During the year, the City, County, and the Chamber of Commerce were involved in numerous attraction and expansion projects, resulting in new investment in the community.

**Advanced Science Research Center**, led by the St. Joseph School District and its foundation, constructed a two story addition at Hillyard Technical Center. It is designed to enhance teaching in science, technology, engineering and math while preparing students for the workforce and meeting the needs of the animal health industry. The new addition is a result of a team effort by numerous groups and individuals who helped with the planning, funding, and construction for the future of St. Joseph.

**Cosentino's Price Chopper**, added final touches, stocked inventory, and welcomed the St. Joseph community in October, 2016. With \$11,600,000 in capital investment, the 72,000 square foot store employs 250 people and offers a large wine and spirits section, bakery, floral shop, pharmacy, Starbucks, and one of the biggest delis the Kansas City based grocer has ever built. Cosentino Group has 27 locations in Kansas City and surrounding areas in Missouri and Kansas and is excited to offer a unique look and shopping experience to St. Joseph.

**The Fort**, launched its first Missouri location with a 28,800 square foot store in February, 2017. The Nebraska based chain has locations in Lincoln, Columbus, and Nebraska City. Carl and Shirley Wohlfarth started The Fort in 1972 and offers western wear, western décor, cowboy hats, work wear, cowboy boots, saddles, and tack.

**High Plains Biodiesel-St. Joe Biodiesel (HPB)**, a subsidiary of Seaboard Food's system, made significant improvements to the efficiency of the former Blue Sun BioDiesel facility as well as cosmetic improvements. HPB, the newest addition to the Stockyards Industrial Area, utilizes both vegetable oils and animal fats in a chemical process called transesterification to create two products methyl esters, the chemical name for biodiesel that works well in diesel engines and is a great fuel additive and glycerin, a valuable byproduct used in food, feed, drugs, cosmetics, and lubricants. Several more projects are planned for 2018 including an increase in tank storage with a \$2 million investment in a new tank farm.

**Kindred Biosciences**, a biopharmaceutical company, selected a location near St. Joseph for the ability to meet anticipated manufacturing needs of its pipeline, lower its costs of goods and increase its margins. The new campus includes 8 acres, two buildings totaling 180,000 square feet, and equipment for small molecule and biologics manufacturing. Kindred's mission and strategy is to bring the very best science and medicine to our animal companions focusing on savings and improving the lives of pets. The California based company identified drugs, biologics, and targets validated in humans and develop animal versions for pets.

**LifeLine Foods LLC**, reinforced their investment in St. Joseph, with an installation of a state of the art \$1.8 million Premier Tech Chronos packaging line. This packaging line provides increased efficiency, consistent bag weights, greater stability of pallets for transport and storage, as well as increased product integrity and traceability. LifeLine Foods, headquartered in St. Joseph, is owned by more than 600 progressive farmer/owners spanning Missouri, Kansas, Iowa, and Nebraska and also by ICM, Inc, a leading ethanol engineering firm.

**Missouri Army National Guard**, announced plans for expansion in Northwest Missouri for a possible new base and training facility. Buchanan County has donated close to 45 acres near the



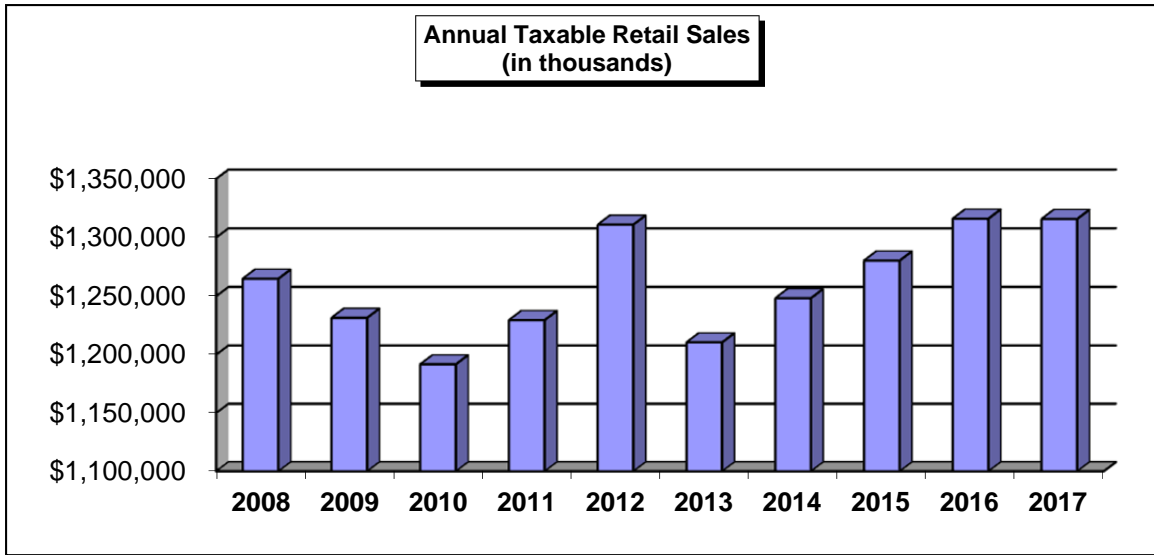
intersection of Interstate 29 and North 169 Highway. It's going to be a big boost for the economy and the community as a result of over 2,000 army units located in northwest Missouri utilizing the site.

**Mosaic Life Care**, completed renovations on the historic six story German-American Bank Building. The two year project and \$20 million investment brought 200 employees to the downtown area and is an example of Mosaic's involvement in redevelopment of downtown.

**Tonistry**, an animal health company from Ireland, located their United States headquarters in St. Joseph. Founded in 2015, Tonistry International LTD main goal is to provide novel nutritional supplementary products that are not only beneficial for swine health but also guarantee a return on investment for participating producers. While Tonistry is currently focusing on the global swine market, the company has long term plans to extend product lines to other market categories. Px is a isotonic protein powder drink that improves the hydration and digestion in animals for new born pigs.

**Taxable Annual Retail Sales and City Sales Tax**

Receipts from one of the City's largest general revenue sources, the one and one-half cent local sales tax stayed constant in fiscal year 2017 as well as the revenues received from the City's fifty percent (50%) of the general sales taxes generated in the economic development districts. Total retail sales in St. Joseph held steady as reflected in the total sales tax remitted to the City. The following chart depicts annual taxable retail sales over the last ten years.



**ECONOMIC CONDITIONS**

City of St. Joseph voters have approved a five year half cent CIP Sales Tax five times – 1993, 1997, 2003, 2008, and the latest in August, 2012. This tax generates \$5.5 million annually in City revenues and provides infrastructure, enhancements to City facilities, and investment in the community.

On February 5, 2008, voters approved an increase in the Transit Tax from .15% to .375% effective July 1, 2008 to keep the public transportation in operation.

In June, 2011, voters approved a 3% increase in the local Hotel/Motel occupancy tax. The new revenues are earmarked for a future, downtown convention center as well as other downtown/riverfront redevelopment activities.

In August, 2013, voters approved a half cent Public Safety Sales Tax under a 20 year sunset clause. Revenue generated from this tax will help fund additional police employees, public safety employee salaries and benefits, and public safety equipment and facilities.

### **Work Force Education and Training**

The City has a well-regarded public school system as well as private and parochial elementary, middle, and high schools. The St. Joseph Public School District includes three high schools, four middle schools, and 16 elementary schools with enrollment of 11,117 students.

Missouri Western State University (MWSU), Hillyard Technical Center, and American Business and Technology University are located in St. Joseph. MWSU has certificates, associate degrees, four-year baccalaureate programs and a number of master's degree programs. With enrollment of more than 6,000 students, MWSU serves both the needs of traditional as well as non-traditional students. The Western Institute at MWSU is home to many community outreach programs and services. Northwest Missouri State University (NWMSU), located 45 miles north of St. Joseph in Maryville, conducts graduate classes from its downtown St. Joseph location. Hillyard Technical Center providing, both adults and high school students, classes with hands on experience up to 30 credit hours. MWSU, NWMSU, and Hillyard have joined efforts to enhance technical educational programs. Students can transfer from a certificate program at Hillyard to associate, bachelor and/or master degree programs at MWSU and NWMSU. American Business and Technology University campus is located in the historic Wyeth Mansion offers online/distance education based degree programs in varying fields.

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

From a heritage rich in agriculture, St. Joseph has a strong life sciences-based economy with over 6,500 jobs directly employed in such businesses as animal pharmaceuticals, agriculture chemicals, food processing, health care, animal research and development and seed production. These companies are located in St. Joseph, as Northwest Missouri boasts the highest crop yields for soybeans and corn in the state of Missouri and provides easy access to raw materials for manufacturing. Locally, a life science network has been formed to provide direction and input to the initiative of creating an applied Life Science Institute in St. Joseph in order to attract more life sciences jobs to the area. The group includes representatives from the City, County, Missouri Western State University, St. Joseph School District, St. Joseph Area Chamber of Commerce, and life science businesses.

### **Culture and Recreation**

The City's role as a cultural and tourism center provides further diversification in its economy. St. Joseph is a unique community famous for its historic link to the Pony Express and to Jesse James, for exquisite historic architecture and mansions, and for many fine museums. Combining history and architecture, the mid-1800s Westward expansion is depicted by murals painted on six buildings in the downtown area. Other available cultural activities include the Albrecht-Kemper Museum of Art, the Sculpture Walk, featuring annual exhibits displayed throughout the historic downtown district, Robidoux Resident Theatre and St. Joseph Symphony. Missouri Western State University as well as the municipally owned Civic Arena, Missouri Theater, Krug Park and Felix Street Square, host numerous events including performing artists, theatrical presentations, city-wide festivals and themed attractions.

The St. Joseph Park system, listed on the National Register of Historic Places, is comprised of 1,500+ acres, 26 miles of parkways and boulevards, 36 parks and facilities and a 9.5 mile green belt that connects principal parks from north end by Krug Park to south end near Hyde Park.

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

The Public Works and Transportation and the Parks, Recreation and Civic Facilities Departments joined forces to create the Urban Trail System in St. Joseph. The Public Works and Transportation Department closely coordinates the development of the Urban Trail to provide non-motorized access to St. Joseph's citizens and the region. The initial phase of development focused upon developing a North/South spine along the Historic Parkway System, while current and future efforts will be to expand access to under-served areas of the community, for access to schools, shopping, work, recreation and other transportation needs.

The City's recreation division coordinates a wide range of instructional, developmental and recreational programs and leisure opportunities for all ages, interests, and abilities.

Fairview Golf Course, one of the oldest public golf courses in Northwest Missouri, was established in 1930. With rolling fairways, large mature trees, and several water hazards, the 18-hole facility offers many services as well as a challenge to players of all skill levels. Fairview now offers golfers the ability to play golf year-round in a climate controlled environment through the modern technology of a golf simulator.

The Joyce Raye Patterson Senior Citizens Center features a multi-purpose room, stage area, cafeteria, and a renovated and expanded fitness center. Many craft and recreation options are offered, including a cooperative use of the indoor walking track at the St. Joseph REC Center.

Bode Sports Complex, encompassing a six court outdoor basketball complex, three pickle ball courts, outdoor skateboard park, indoor ice arena, offers family entertainment all year. Figure skating, hockey, broomball, bubble hockey, and curling are some of the ice recreation offered in the ice arena.

Phil Welch, a 5,000 seat stadium, is home to the St. Joseph Mustangs competing in the MINK League. Through the ten seasons, the Mustangs have earned seven (7) top ten attendance rankings, five MINK Championships including 2017, and four trips to the National Baseball Congress World Series (two top 5 finishes).

The St. Joseph Civic Arena is a multi-use facility hosting a range of events from Roller Derby to corporate annual meetings and everything in between. Events include Moila Shrine Circus, Chili Challenge, Mixed Martial Arts, youth wrestling tournaments, farm and agriculture shows, antique shows, gun and sport shows, concerts, and various other trade and family shows.

Missouri Theater, a 1927 former movie theater listed on the National Register of Historic Landmarks, is an architectural asset to downtown St. Joseph sponsoring many St. Joseph arts organizations and touring theatrical groups.

The 15,000 square foot Remington Nature Center (RNC) sits next to the mighty Missouri River. Visitors are greeted by a life-sized mammoth and calf along with the only mammoth bones excavated in Missouri, which happen to have been found in Buchanan County. As the journey begins, guests see a 7,000 gallon aquarium home to Missouri River fishes. To educate, entertain, and enlighten guests throughout the Center are interactive displays, artifacts, and animal exhibits native to the St. Joseph area including a beaver dam and beehive. Visitors can stroll through time and witness how civilization from 10,000 B.C. to the turn of the 20<sup>th</sup> Century impacted nature. The RNC showcases the Missouri River and the River's force in the development of Northwest Missouri, as it relates to travel, transportation, and trade. Exhibits emphasize the significance of Native American civilization in Northwest Missouri, by demonstrating artifacts used by the tribes of this area. This City museum also conveys the

prominent role Northwest Missouri played in western migration, especially in exploration, trapping, trading and mercantile.

The St. Joseph REC Center features a full service fitness center, community room, three (3) gymnasiums, and elevated walking track. Along with traditional fitness activities, a variety of fitness classes are offered for people of all ages and abilities. The REC Center is also the home to St. Joe Fit, adult volleyball and pickle ball leagues, youth basketball and volleyball leagues, a variety of youth basketball tournaments, and the summer youth camp.

Bill McKinney Softball Complex at Heritage Park, located near the Remington Nature Center, features a five field complex where numerous invitational tournaments and ASA Men's and Coed Slow Pitch Softball National Championships were held this season. The complex has been host to several other state, national, and regional tournaments in its 15 year existence.

The City boasts an aquatic park complete with two water slides, floating river, and children play area. Adjacent to the Aquatic Center, the 23 acre facility has 12 lighted tennis courts, 16 horseshoe courts, a ball field, and a running track.

In August, 2016, the Allied Arts Council of St. Joseph produced the twenty third annual Trails West!® Festival, with 40,000 in attendance. Other festivals and parades include the Apple Blossom Parade and BBQ in May, Northside Festival each June, St. Patrick's Mexican Fiesta the first weekend in August, Southside Fall Festival and Parade the middle of September, and Pumpkinfest every October.

Felix Street Square located in historic downtown, hosts "Imagine Eleven" on Sunday nights, "Sounds of Summer" held Friday nights, the Coleman Hawkins Festivals - Jazz in June/Blues in September, and Joestock Music Festival the first weekend of September. Live music under the stars can be enjoyed on a warm summer night.

Missouri Western State University offers three attractions to the community and visitors alike. The Bushman Planetarium, within Agenstein Hall, explores the universe from starry skies to microscopic life forms. The Walter Cronkite Memorial, located inside Spratt Hall, honors "the most trusted man in America" with major moments in Cronkite's history and his legendary broadcast career. Each year 60,000 guests enjoy professional football training when St. Joseph and MWSU become home to the Kansas City Chiefs Summer Training Camp.

St. Joseph offers two major established retail locations in The Shoppes at North Village and East Hills Shopping Center. Each location has national retailers as well as individual specialty shops. Downtown St. Joseph attracts shoppers with its unique boutiques and restaurants.

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

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

- Enhanced Enterprise Zone Benefits – The City, per RSMo 135.215, participates in the "Enhanced Enterprise Zones" program designed to ease the financial burden on growing businesses. Eligible facilities can receive a minimum of 50% abatement of property taxes for improvements made to real property for a period of 10 years from assessment of improvements.

- Missouri Chapter 100 bonds – The City, per RSMo 100.090, is granted the authority to issue Industrial Development Revenue Bonds in the amount not to exceed ten percent of the assessed valuation of the taxable tangible property in the City for special industrial development projects for private corporations, partnerships, or individuals. The City shall bear no pecuniary liability. The bond is payable solely from the revenue pledged to the payment and does not constitute a debt of the City. Currently, there are 20 bond issuances and 14 companies benefiting from these Missouri Chapter 100 bonds at the end of the fiscal year.
- Chapter 353 Tax Abatement – The City, per RSMo 353.110.1, can utilize an incentive for redevelopment of blighted areas by providing real property tax abatement for a period up to 25 years. For the first 10 years, the statute provides for a 100% abatement on the increased assessed value of the improvements (excluding land). For the next 15 years, Chapter 353 allows for a 50% abatement on the actual assessed value of the property (land and improvements). Payments in lieu of taxes may be required by the City to reduce the amount of the abatement authorized by statute and to ensure no loss of existing property tax revenues by taxing jurisdictions such as the City and school district. Tax abatement is not available for personal property taxes on equipment or machinery. As of June 30, 2017, there are nine (9) Chapter 353 Tax Abatement projects.
- Tax Increment Financing (TIF) – Redirects incremental increases in economic activity taxes, property taxes and/or user fees within qualifying jurisdictions for the exclusive use of paying off bonds issued or developer obligations that were used to finance infrastructure and related business developments within the jurisdiction. The City is working with thirteen (13) TIF developments at June 30, 2017.
- Developer Agreements – Special assessments, tax abatements, loans and other financing assistance negotiated directly between the City and the business requesting such assistance in order to achieve a common objective generally held to be in the best interest of the community. The City has four (4) Developer Agreements at June 30, 2017.
- Community Improvement Districts (CID) – Special assessments, taxes and/or fees can be established in order to make improvements and support business activity and economic development within designated boundaries of the district. There are seven (7) Community Improvement Districts established at June 30, 2017.
- Neighborhood Improvement Districts (NID) – Special assessments levied on benefiting properties to make improvements within designated boundaries. The City has four (4) Neighborhood Sewer Improvement Districts and five (5) Neighborhood Lighting Improvement Districts, as of June 30, 2017.
- Transportation Development District (TDD) – Transportation related infrastructure improvements can be financed through special assessments, property taxes or sales taxes levied within designated boundaries. There is one (1) TDD within the City as of June 30, 2017.
- Infrastructure (in-kind) Improvements – In order to entice new and existing business to relocate to or expand in St. Joseph, the City frequently takes it upon itself to make the necessary sewerage, street, lighting and similar infrastructure improvements.

**The Community Alliance of St. Joseph** is comprised of representatives from the City, County, Chamber, University, School District, and major private enterprises. The Alliance promotes a shared vision for the community through collective input from citizens to provide a strategic plan

and implementation process to help St. Joseph optimize its potential. Its goal is to work together to advance improved informational opportunities and attainment, as well as improved livability and quality jobs to promote growth and a solid future for St. Joseph and its residents.

**Improved Citizen Communications** – The city continues to improve and expand its methods of communicating with residents. In addition to regularly scheduled City Council meetings, work sessions, committee meetings and public hearings, the city continues to reach out to its citizens through the City Council bi-monthly town hall **City Talk** public forums, Student in Government Day, resident surveys, government access channel, interactive website, and informational campaigns and social media. The City Weekly publication is produced to provide information to residents on a regular basis. The city also uses social networking as a means to communicate with residents via Facebook and Twitter. City Council and Planning Commission meetings are televised live and rebroadcast on the city’s government access channel (Channel 19).

**Long-term financial planning** - A Five Year Capital Improvement Program is adopted by City Resolution. The Five Year Plan provides a summary of proposed improvements, estimate of project costs, and plan for financing. The City’s capital improvement initiatives are funded primarily by the half-cent Capital Projects sales taxes, government grants, revenue bond proceeds and operating reserves. The current half-cent sales tax is a six year tax that was extended for the fifth time by the voters in August, 2012.

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

**Riverfront/Riverwalk Redevelopment** – City officials will be looking to implement use of local lodging tax revenue as approved by voters to allocate towards riverfront redevelopment near the existing casino. It is anticipated funds will be used for riverfront recreation complex, river walk, campgrounds, and nature center among other amenities.

**Downtown Event Center** - The City is working with Inner Circle Investment LLC, the owners of the Downtown Radisson Hotel on the feasibility of constructing a new Downtown Event Center and the possible relocation of the existing casino. If this relocation happens, the City will have the opportunity to utilize the hotel lodging tax funds for riverfront activities where the existing casino is located, associated with potential additions to the existing Bill McKinney Softball Complex at Heritage Park and entertainment venues.

The use of TIF and CID were identified as the main source of funding for the above mentioned improvements. Implementation of the Master Plan began with the construction of the streetscape and surface parking improvements. The City’s public assistance has spurred private investment to Downtown as well such as Mosaic Life Care.

As mentioned earlier, the City through approval of a vote in June, 2011, from St. Joseph residents, increased the hotel lodging tax from 3% to 6% starting in 2012 to generate additional revenue for both downtown and riverfront redevelopment activities. Money generated from this tax will help fund a portion of the proposed “Downtown Event Center.”

**St. Joseph Regional Port Authority** – Adjacent to the Riverfront Industrial Development Area (Brownfield) is the location of a multipurpose port and general cargo dock facility. This project was completed March 2002, and goes hand in hand with the Downtown

Redevelopment, Brownfield Redevelopment and Economic Development initiatives. The Port Authority mission is to promote the general welfare of the community and serve the surrounding agricultural and industrial markets.

**Eastowne Business Park** - With the success of the Mitchell Woods Business Park, an additional business park was needed to continue to attract new or existing business expansion. The City provided \$5.4 million in funding from the voter approved 2003 one-half cent Capital Project Sales Tax with an additional \$2.3 million from the 2008 Capital Project tax for infrastructure improvements at the new Eastowne Business Park located at Riverside and Pickett Roads. This project moved forward in conjunction with the Missouri Department of Transportation's extension of Route AC (Riverside Road) south to Highway 169. With a contribution of cell phone revenues, construction of the remaining loop on the west portion of the development has connected two streets that have now led to the completion of the Final Plat to allow lots to be sold in the second phase.

Under Missouri State Law, the City has the authority to issue general obligation bonds payable from ad valorem taxes to finance capital improvements upon two-thirds majority vote and, on general election dates, a four-sevenths majority vote, of the qualified voters. The Missouri Constitution provides that the amount of bonds payable from tax receipts (including bonds payable from special assessments) shall not exceed twenty percent of the total assessed valuation of the taxable property in the City. At June 30, 2017, the City had no general obligation debt.

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

## Awards and Acknowledgements

### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Joseph, Missouri, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Respectfully submitted,



Tom Mahoney  
Interim Director of Administrative Services



J. Bruce Woody  
City Manager





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

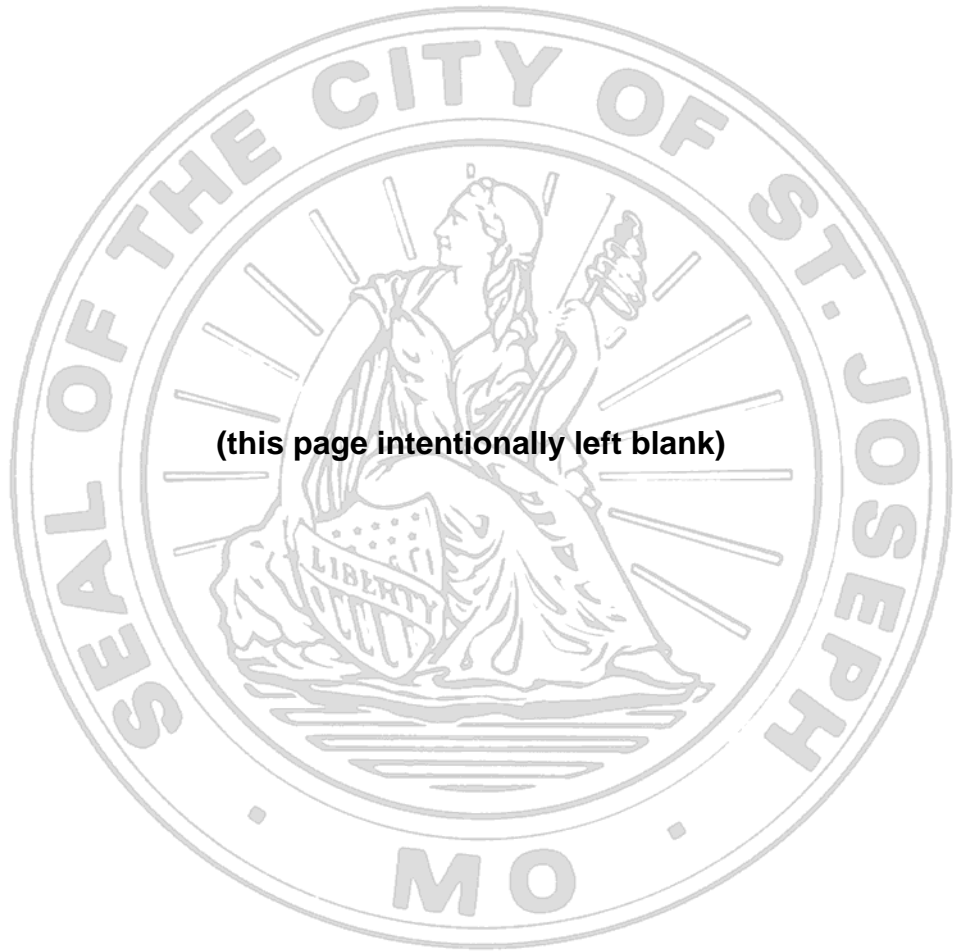
Presented to

**City of St. Joseph  
Missouri**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



**(this page intentionally left blank)**

# Financial Section

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Joseph, Missouri (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Mayor  
and Members of the City Council  
City of St. Joseph

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Joseph, Missouri as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of changes in pension liability, schedules of employer contributions, and the schedule of funding progress for postemployment benefit plan as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Joseph, Missouri's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor  
and Members of the City Council  
City of St. Joseph

***Other Matters (Continued)***

*Other Information (Continued)*

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the City of St. Joseph, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of St. Joseph, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of St. Joseph, Missouri's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

St. Joseph, Missouri  
December 22, 2017

## CITY OF ST. JOSEPH, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

As management of the City of St. Joseph (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report.

#### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$236,850,840 (*net position*).
- The City's total net position decreased \$21,639,408 - \$24,345,021 is attributable to a decrease in "Governmental activities" while "Business-type activities" contributed an increase of \$2,705,613.
- As of the close of the current fiscal year, the City's funds reported combined ending governmental fund balances of \$61,804,115 an increase of \$3,510,062 in comparison with the prior year. \$7,976,680 is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the fiscal year, unassigned fund balance for the general fund was \$7,976,680 or 16% of total general fund expenditures.
- The City's net investment in capital assets for its governmental and business-type activities decreased \$5,702,406.
- The City's total long-term debt as detailed beginning on page MD-14 increased \$10,395,959 during the current fiscal year.

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

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

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

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



## CITY OF ST. JOSEPH, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

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

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

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

The City maintains eleven 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*, *Special Allocation Fund* and *Capital Projects Fund*. These funds are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

## CITY OF ST. JOSEPH, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Budgetary comparison schedules have been provided for the City's budgeted governmental funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found beginning on page FF-1 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its municipal landfill, golf course, sewer treatment & maintenance facilities, airport, parking lots & garages, and mass transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally across the City's various functions. The City uses an internal service fund to account for its workers' compensation management and claims activities. This service benefits both governmental and business-type functions; therefore certain amounts are allocated based on its percentage of use by the functions.

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

The proprietary fund financial statements can be found beginning on page FF-5 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found beginning on page FF-9 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page FN-1 of this report.

**Required Supplementary Information.** Additional information required by the Governmental Accounting Standards Board to supplement the basic statements. The required supplementary information other than the Management's Discussion and Analysis can be found beginning on page RS-1 of this report.

**Other Information.** The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented beginning on page CS-1 of this report.

## CITY OF ST. JOSEPH, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$236,850,840 at the close of the most recent fiscal year.

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 74,706,262	\$ 80,052,015	\$ 72,090,335	\$ 65,555,956	\$ 146,796,597	\$ 145,607,971
Capital assets	151,824,034	157,075,185	233,822,890	230,178,001	385,646,924	387,253,186
<b>Total assets</b>	<b>226,530,296</b>	<b>237,127,200</b>	<b>305,913,225</b>	<b>295,733,957</b>	<b>532,443,521</b>	<b>532,861,157</b>
Deferred outflows	14,920,497	19,861,307	2,639,138	4,122,232	17,559,635	23,983,539
Total deferred outflows	14,920,497	19,861,307	2,639,138	4,122,232	17,559,635	23,983,539
Long-term liabilities	76,038,586	76,452,018	160,371,993	155,593,446	236,410,579	232,045,464
Other liabilities	54,356,893	45,018,573	19,367,792	18,152,621	73,724,685	63,171,194
Total liabilities	130,395,479	121,470,591	179,739,785	173,746,067	310,135,264	295,216,658
Deferred inflows	2,842,045	2,959,626	175,007	178,164	3,017,052	3,137,790
Total deferred inflows	2,842,045	2,959,626	175,007	178,164	3,017,052	3,137,790
Net position:						
Net Investment in capital assets	149,662,833	154,553,070	73,709,814	74,521,983	223,372,647	229,075,053
Restricted	51,497,184	47,224,229	18,697,704	19,902,679	70,194,888	67,126,908
Unrestricted (deficit)	(92,946,748)	(69,219,009)	36,230,053	31,507,296	(56,716,695)	(37,711,713)
Total net position	\$ 108,213,269	\$ 132,558,290	\$ 128,637,571	\$ 125,931,958	\$ 236,850,840	\$ 258,490,248

## **CITY OF ST. JOSEPH, MISSOURI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

At the end of the current fiscal year, the City is able to report positive balances in the “net investment in capital assets” and “restricted net position” categories, for the government as a whole, as well as for its separate governmental and business-type activities.

The unrestricted net position category for the governmental activities is negative. The deficit in unrestricted net position is the result of recording certain development related long-term obligations of the City that may not result in the acquisition of a corresponding capital asset. However the City is not legally or financially responsible for these reimbursements or debt payments. This is particularly relevant when considering “reimbursable” amounts of pay-as-you-go Tax Increment Financing (TIF) and Sales Tax Reimbursement Agreements (STRA) plans (which comprise the majority of the City’s economic redevelopment districts). The developer is reimbursed only to the extent that TIF revenues are generated by the development district. Once the term of the TIF expires, reimbursements end even if the developer has not been fully reimbursed.

Unlike the governmental activities, the business-type activities show positive an unrestricted net position for FY17 of \$36,230,053

An additional portion of the City's net position, 29% or \$70,194,888 represents resources that are subject to external restrictions on how they may be used. Governmental activities claim 22% or \$51,497,184 while the business-type activities have the other 7% or \$18,697,704.

As previously stated, the City's net position decreased \$21,639,408 during the current fiscal year. Governmental activities represent a \$24,345,021 decrease in the City's net position and a \$2,705,613 increase in net position is reported in connection with the City's business-type activities.

**CITY OF ST. JOSEPH, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**City of St. Joseph's Changes in Net Position**

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>General Revenues:</b>						
Property taxes	\$ 13,961,024	\$ 13,874,251	\$ -	\$ -	\$ 13,961,024	\$ 13,874,251
Sales taxes	37,087,811	36,622,113	4,607,892	4,583,310	41,695,703	41,205,423
Other taxes	15,896,675	15,242,163	1,159,486	1,150,648	17,056,161	16,392,811
Other revenue	685,947	636,148	400,176	195,615	1,086,123	831,763
<b>Program Revenues:</b>						
Charges for services	8,843,956	8,963,252	34,068,026	31,626,669	42,911,982	40,589,921
Operating grants & contributions	3,954,466	4,387,229	2,149,007	1,295,544	6,103,473	5,682,773
Capital grants & contributions	-	1,334,795	2,461,960	5,321,138	2,461,960	6,655,933
Gain on sale of capital assets	74,095	-	-	17,558	74,095	17,558
<b>Total revenues</b>	<b>80,503,974</b>	<b>81,059,951</b>	<b>44,846,547</b>	<b>44,190,482</b>	<b>125,350,521</b>	<b>125,250,433</b>
<b>Expenses:</b>						
<b>Functions/Programs:</b>						
General government	16,006,227	9,991,777	-	-	16,006,227	9,991,777
Public safety	48,607,386	35,484,112	-	-	48,607,386	35,484,112
Highway and streets	23,368,980	25,647,652	-	-	23,368,980	25,647,652
Public works	274,544	288,766	-	-	274,544	288,766
Health and welfare	5,725,515	4,697,365	-	-	5,725,515	4,697,365
Parks and recreation	9,311,548	8,173,780	-	-	9,311,548	8,173,780
Interest	2,633,268	2,782,947	-	-	2,633,268	2,782,947
Sewer services	-	-	27,302,731	19,778,320	27,302,731	19,778,320
Transit services	-	-	5,109,233	5,248,301	5,109,233	5,248,301
Other proprietary functions	-	-	8,650,497	4,754,597	8,650,497	4,754,597
<b>Total expenses</b>	<b>105,927,468</b>	<b>87,066,399</b>	<b>41,062,461</b>	<b>29,781,218</b>	<b>146,989,929</b>	<b>116,847,617</b>
Excess (deficiency) of revenues over (under) expenses	(25,423,494)	(6,006,448)	3,784,086	14,409,264	(21,639,408)	8,402,816
<b>Transfers</b>	<b>1,078,473</b>	<b>2,632,071</b>	<b>(1,078,473)</b>	<b>(2,632,071)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(24,345,021)</b>	<b>(3,374,377)</b>	<b>2,705,613</b>	<b>11,777,193</b>	<b>(21,639,408)</b>	<b>8,402,816</b>
Net position - beginning	132,558,290	135,932,667	125,931,958	114,154,765	258,490,248	250,087,432
<b>Net position - ending</b>	<b>\$108,213,269</b>	<b>\$132,558,290</b>	<b>\$128,637,571</b>	<b>\$125,931,958</b>	<b>\$236,850,840</b>	<b>\$258,490,248</b>

## CITY OF ST. JOSEPH, MISSOURI

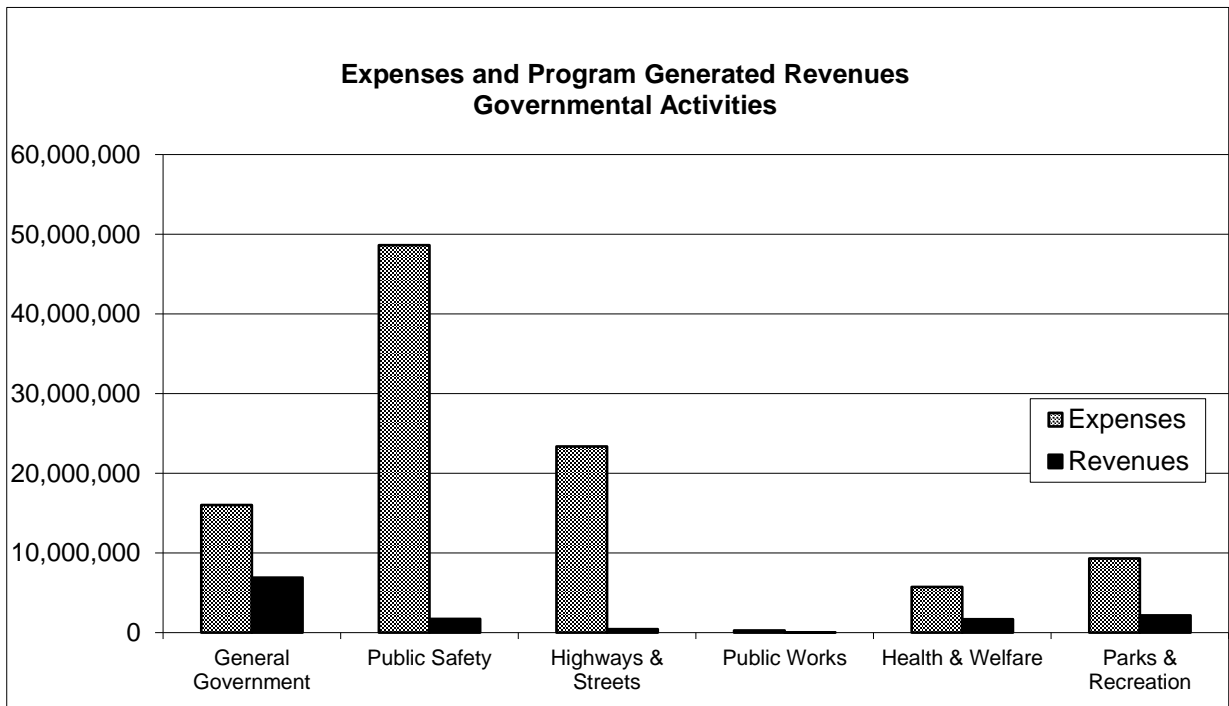
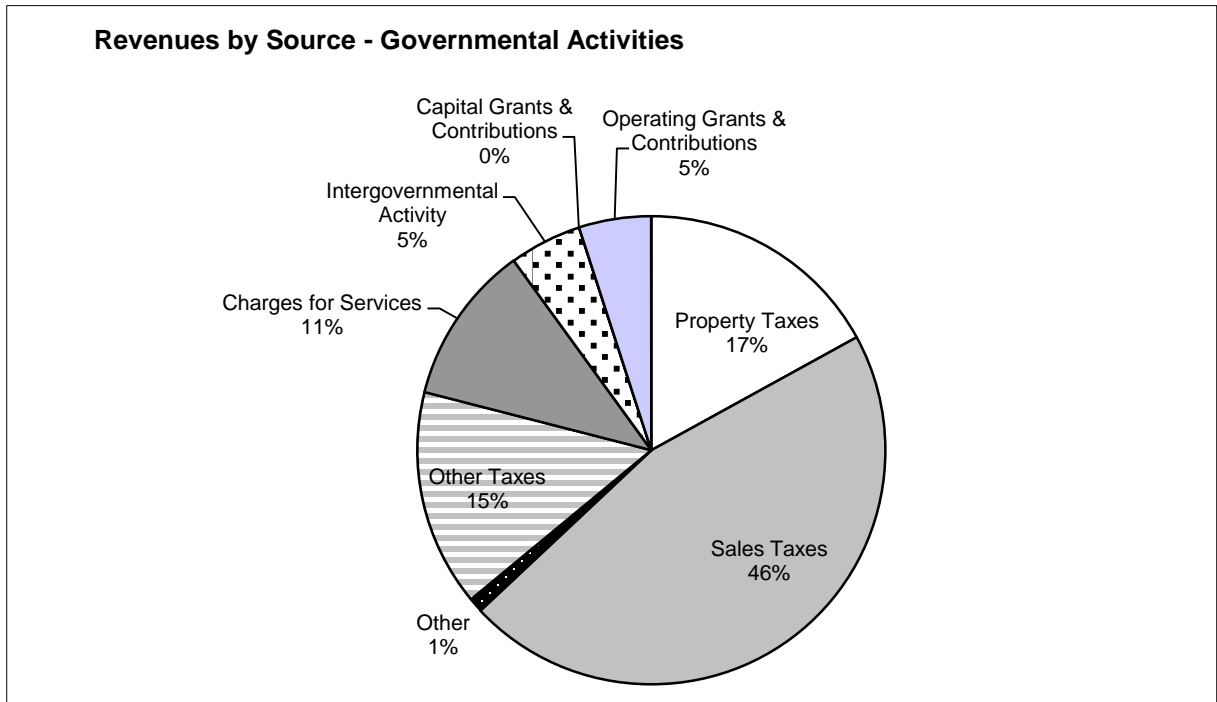
### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

**Governmental Activities.** Governmental activities decreased the City's net position by \$24,345,021. The key elements to this decrease are as follows:

- Sales tax revenue, a major funding source for the city, increased slightly by \$465,698 over last year's amount. The previous year experienced a much larger increase due to the passage of the April 7, 2015 vote for a 2.875% local use tax on out of state purchases over a ten year period.
- Property taxes, 17% of total revenue, didn't show much change this year. Total receipts for this revenue source were \$13,961,024 in FY17 marginally up from \$13,874,251 in FY16 as a direct result of flat valuations for FY17.
- Other taxes reported an increase of \$645,512 from FY16. Franchise taxes climbed \$226,355 due to warmer temperatures during the fall and winter seasons. Intergovernmental activity taxes showed improvement from the previous fiscal year. Last year, \$3,696,630 was recognized compared to \$4,194,178 in FY16. Motor fuel taxes, \$65,077 showed an uptick as fuel prices remained around the \$2.00 mark which promoted more travel. Hotel taxes dropped \$52,712 due to the closure of a major hotel early in the fiscal year.
- Charges for services netted a decrease of \$119,296 of the Governmental Activities revenue. Construction appeared to decrease in FY17 as the City issued \$26,453 less in building permits and \$41,774 in plan review fees. Aquatic Park daily fees were down as well by \$55,703 with unfavorable weather for swimming. Resale concessions dipped by \$20,666 due to the unavailability of the Hyde Park ball fields for much of the year with continued renovations.
- During fiscal year 2016, Governmental Activities operating and capital grants and contributions dropped by a total amount of \$1,767,558. A majority of this decline was attributed to no capital grants or contributions received in FY17 in comparison to \$1,334,795 the prior year. State health contracts decreased by \$244,095 from FY16.
- Total expenses for the governmental activities increased \$18,861,069 from \$87,066,399 in FY16 to \$105,927,468 in FY17. In fiscal year 2017, developers submitted significantly more certified costs compared to FY16 in the General government activities, specifically the Tuscany Village development. Public safety experienced expenses totaling \$18,879,863 for net pension activity. Highway and streets finalized the improvement project involving the reconstruction of Illinois Avenue. Parks and recreation completed the renovations to the Hyde Park ball fields. Health and Welfare reported an increase of \$1,028,150 which was also impacted by net pension activity.

**CITY OF ST. JOSEPH, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**



## CITY OF ST. JOSEPH, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

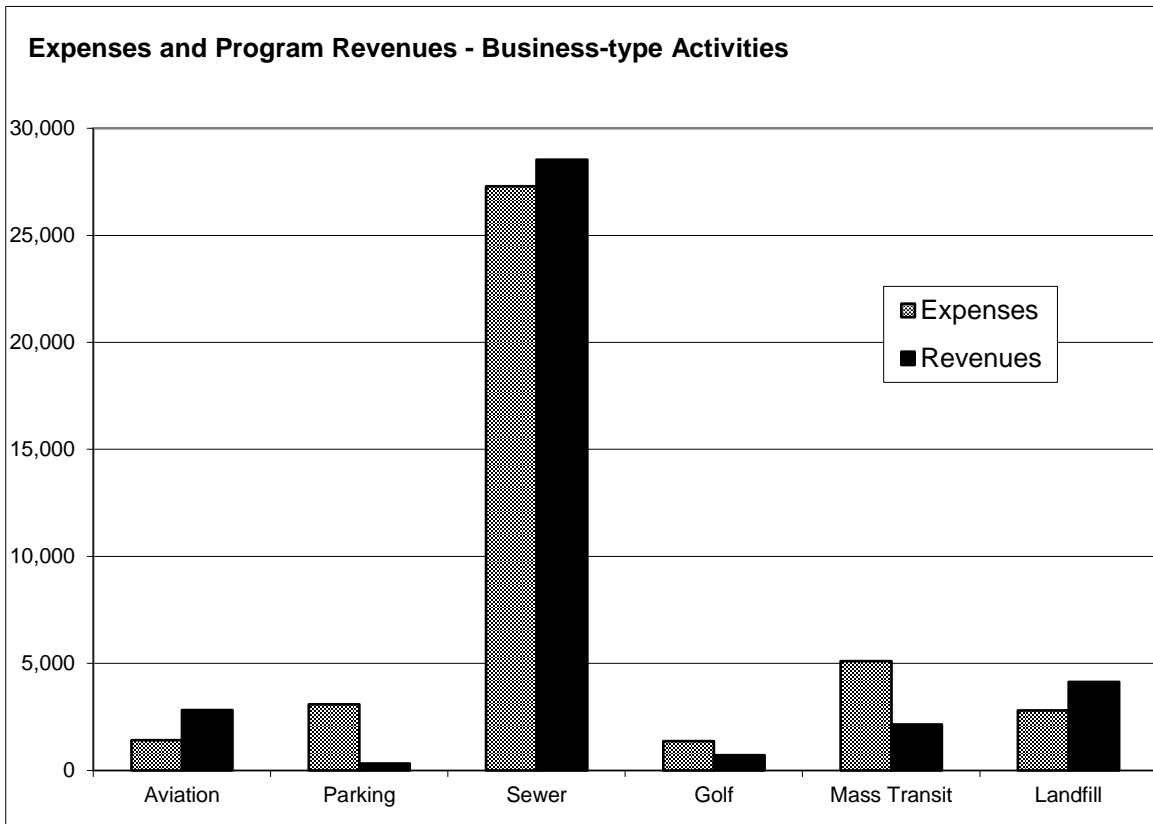
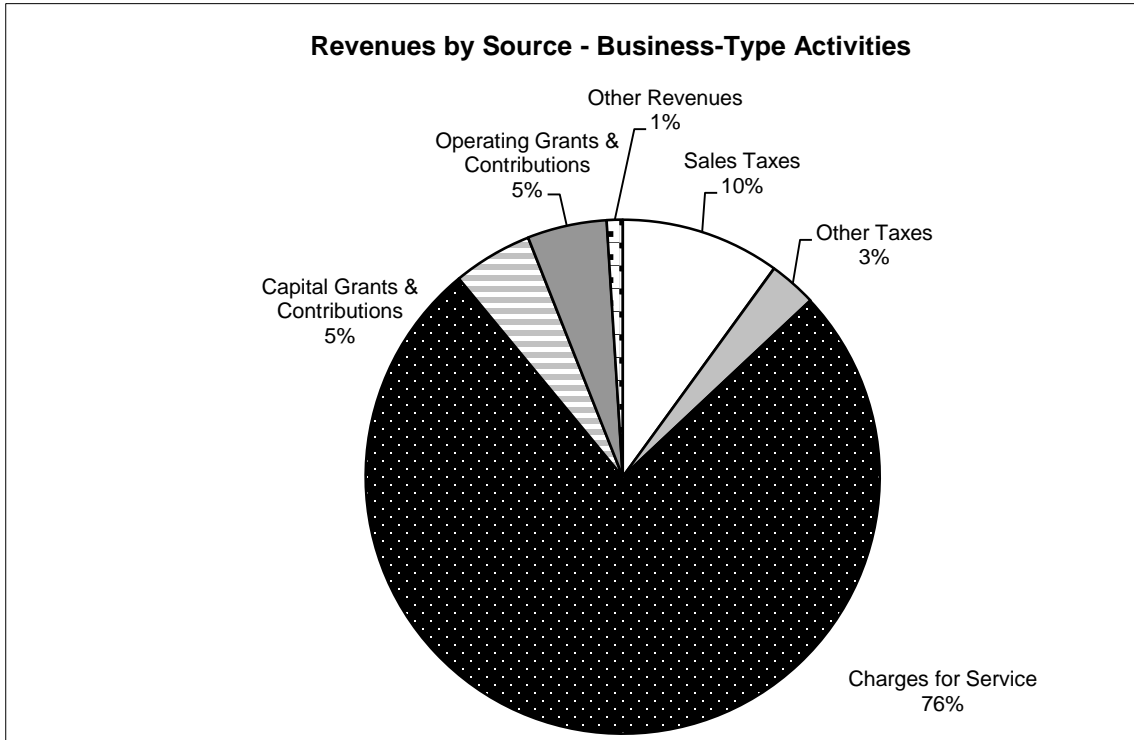
**Business-type activities.** The net position of the City's business-type activities increased \$2,705,613. Key elements of the increase within the business-type activities were:

- Transit operations are the only business-type service receiving sales tax and utility franchise fees revenues. Increases in both combined for a total of \$68,650 more collected than in FY16.
- The large boost in revenue for business-type activities came from Sewer services in the Sewer Fund. Charges for Services for the sewer system increased over last year by \$2,756,674. An 11% rate increase went into effect at the beginning of August, 2016. After taking responsibility for sewer billings from Missouri American Water, the City has implemented a more aggressive approach to collecting on past due accounts. Staff was moved with the Customer Service division to a localized office that could attend to all needs of waste water bill customers and has resulted in a more efficient process. Landfill services produced a \$413,469 increase in revenue as a direct result of an increase in tonnage from 124,831 in FY16 to 126,883 in FY17.
- Business-type activities reported a decrease of \$2,005,715 in operation and capital contributions and grants. A large majority was contributed to Aviation services that received \$2,724,476 less from Federal Aviation Agency and Missouri Air National Guard funding as the runway pavement replacement project was near completion. Federal Transit operations grants were received in the amount of \$1,747,159, up from \$900,622 the previous fiscal year.
- Overall expenses in the business-type activities increased by \$11,344,243 over the prior year. Aviation services saw a significant drop of \$3,932,658 with \$3,842,813 fewer expenses for improvement projects. Parking services had an increase in expenses, \$3,483,744, from costs related to the redevelopment project at 8<sup>th</sup> & Felix. Landfill services showed \$2,964,623 in FY16 compared to \$2,946,418 in FY17 with \$33,090 less expense in salary & wages than the previous year. The largest increase belonged to Sewer services with a rise in costs of \$7,524,411 in comparison to the previous year. The Sewer fund incurred \$1,478,595 more in expense for contractual services related to the various projects resulting from the federally mandated EPA capital improvement requirements. An increase of \$5,597,787 in debt service was also a major factor in the large hike in expenditures. Golf services upped their expenses in FY17 by \$92,480 with increases in capital improvements for sod replacement. Transit services increased their expenses by \$121,650. As Federal Transit Operating Grant awarded more, the City's contracted services expenses followed suit.



**CITY OF ST. JOSEPH, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**



## CITY OF ST. JOSEPH, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

#### **Financial Analysis of the City's Funds**

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

The *General Fund* is the main operating fund of the City. It records all assets, liabilities, deferred inflow of resources, revenues, and expenditures that are not assigned to a special purpose fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,976,680 while total general fund balance reached \$21,908,764. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. City Council has adopted a fund balance policy which includes a target for unassigned general fund balance of 10% of expenditures. At the end of FY17, unassigned fund balance represented 16% of total general fund expenditures, while total fund balance represented 43% of that same amount.

Total fund balance of the City's general fund increased \$1,523,869 during the current fiscal year. The increase in fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

- Revenue for the General fund totaled \$51,166,511, a slight increase of \$154,767 when FY16 reported \$51,011,744. Expenditures increased by \$1,861,599, from \$48,899,597 to \$50,761,196.
- General government function went up \$735,000 from added positions and outside services. Highway and streets saved \$20,491 from a decrease in salary & wages. Less public safety spending in salary & wages and maintenance & repair resulted in an overall decrease of \$89,491. Savings in outside services led health & welfare to record \$51,483 less than FY16. Purchases of new motor vehicles and mower were the main cause for the Parks increase of \$147,781 in expenditures. Capital Outlay increased by \$1,149,087 due to a number of projects in the fund. The most notable projects being the reconstruction of Illinois Avenue and the complete renovation of the Hyde Park ball fields.

The *Special Allocation Fund* was established in FY04 to record transactions for the City's TIF districts, special economic development districts, and any related bond issues. The ending fund balance of \$15,599,305 is restricted for debt service payments or pay-as-you go distributions as the case may be. There was an increase in fund balance of \$1,485,501 from FY17. The three districts for which TIF bonds had been issued – Triumph, North Shoppes, and Mitchell Road Corridor – all generated sufficient revenues to meet bond payments. Disbursements to the other pay-as-you-go districts were roughly equal to revenues received minus collection fees and slight differences in timing between receipt and distribution of monies.

The *Capital Projects Fund* had a total fund balance of \$12,807,789. All of the budgeted monies within this fund are attached to projects approved by the voters with the six-year, half-cent CIP sales tax issue renewed for the fifth time in August 2012. Fund balance fluctuations are tied directly to the status of projects and/or to the timing of grant monies anticipated as reimbursements for up-front expenditures on the projects.

## CITY OF ST. JOSEPH, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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

The Proprietary funds net position activity resulted in an increase of \$2,796,624 over last year, excluding the internal service fund. Net investment in capital assets, the largest component of net position, had a decrease of \$812,169 from last year. A portion of the City's proprietary fund net position, 14% or \$18,697,704, represents resources subject to external restrictions on how they may be used. In FY17, the City continued draws on the 2014 and 2014A State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program).

Unrestricted net position at the end of the fiscal year was positive in all Proprietary funds except two. The Sewer fund reported \$13,289,516, Aviation fund showed \$899,693, Public Parking fund presented a deficit of \$2,263,745, Municipal Golf Course fund stated a deficit of \$64,405, Mass Transit fund claimed \$21,359,466, while Landfill fund reported an unrestricted net position balance of \$3,103,799.

#### **General Fund Budgetary Highlights**

Total General Fund expenditures for the 2017 fiscal year were under budget by \$2,881,797. Actual expenditures were less than the amount appropriated largely as the result of an intentional under-spending of the budget through delays in filling of vacant positions, benefit savings, and continued cost containment measures where possible. The functions which experienced the greatest amount of savings were: Public Safety, \$527,984; Highway and streets, \$1,126,764; General government, \$561,988; Health and Welfare, \$362,981; and Parks and recreation, \$302,140.

Over the course of the fiscal year, the Council revised the City budget. Appropriations including transfers out increased the General Fund by \$3,932,370. The appropriations can be directly related to Highway and streets, \$2,547,840 primarily from the 2016 Use Tax Resurfacing program contract, Health and welfare, \$393,293, for rollforward of prior year unspent Health grants; Public Safety, \$109,433.

#### **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled \$385,646,924 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, office furniture and fixtures, roads, bridges, park improvements, major fire apparatus, sewer lines and wastewater treatment facility improvements.

**CITY OF ST. JOSEPH, MISSOURI**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**Governmental Activities**

- Renovated Hyde Park Ball Fields (\$1,603,052)
- Completed Illinois Avenue Reconstruction (\$1,212,425)
- Acquired 2 New Pumper Fire Trucks (\$1,122,421)
- Implemented Construction of 2 New Fire Stations (\$807,257)
- Began Mansfield Road Improvements (\$732,389)
- Continued Cook Road Extension (\$601,163)
- Started Karnes/Parkway Realignment (\$389,952)
- Purchased thirteen (13) police vehicles (\$361,119)
- Installed new HVAC System for Civic Arena (\$326,566)
- Obtained new communication recording system (\$125,000)

**Business-Type Activities**

- Construction advanced on the Blacksnake Storm Water project (\$3,284,054)
- Finished Ammonia Removal Facility (\$2,081,791)
- Concluded Grit Improvement & Bio Solids Projects (\$540,636)
- Progress continued on replacement of Runway 13/31 (\$479,419)
- Procured a Vacuum Sewer Cleaning Truck (\$385,500)
- Completed the Eastside Wastewater Improvement (\$249,496)
- Purchased Route Match Software for the Transit system (\$56,720)
- Added a Catapult Bale Processor for the Landfill (\$47,000)
- Acquired an Automated Oil & Grease Extractor for Water Protection (\$28,364)

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 6,038,844	\$ 6,038,844	\$ 8,569,970	\$ 8,569,970	\$ 14,608,814	\$ 14,608,814
Buildings	18,963,352	20,160,059	80,485,440	39,835,500	99,448,792	59,995,559
Improvements other than buildings	28,886,569	28,945,915	79,213,905	35,839,762	108,100,474	64,785,677
Machinery and equipment	8,440,748	6,328,200	2,652,093	2,712,839	11,092,841	9,041,039
Infrastructure	86,717,458	93,737,599	41,194,870	42,490,272	127,912,328	136,227,871
Construction in progress	2,777,063	1,864,568	21,706,612	100,729,658	24,483,675	102,594,226
<b>Total capital assets</b>	<b>\$ 151,824,034</b>	<b>\$ 157,075,185</b>	<b>\$ 233,822,890</b>	<b>\$ 230,178,001</b>	<b>\$ 385,646,924</b>	<b>\$ 387,253,186</b>

Additional information on the City's capital assets can be found in Note 4 of the Notes to Financial Statements.

**CITY OF ST. JOSEPH, MISSOURI**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Debt Administration.** At the end of the current fiscal year, the City had total debt outstanding of \$246,767,807, an increase of \$10,395,959 despite the normal annual retirement of debt service, the City continues draws on the 2014, 2014A and 2016 State Revolving Loan Bonds.

The Missouri State Constitution permits a City, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for “City purposes” not to exceed specified percentages of the assessed value of taxable tangible property. Currently, the City has no outstanding general obligation debt. Standard & Poor’s has given the City an issuer rating of A+ and the City’s current bonds ratings of A+. The ratings were re-affirmed in November 2014. The City’s financial position is strong overall and St. Joseph’s financial management practices are considered good under the Standard and Poor’s Financial Management Assessment (FMA).

**City of St. Joseph’s Outstanding Debt**

Revenue Bonds and Other Bonded Debt

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue Bonds	-	-	\$ 109,110,424	\$ 98,288,292	\$ 109,110,424	\$ 98,288,292
Industrial Development Authority	\$ 33,560,000	\$ 35,245,000	28,135,000	29,090,000	61,695,000	64,335,000
Infrastructure Facility Bonds	9,670,000	10,820,000	18,960,000	19,580,000	28,630,000	30,400,000
MO Development Finance Board*	1,009,466	1,130,361	8,843,883	9,766,038	9,853,349	10,896,399
Developer Obligation	34,612,468	32,034,429	-	-	34,612,468	32,034,429
Other Obligations	-	-	2,545,560	-	2,545,560	-
Capital Lease Obligations	197,704	260,637	123,302	157,091	321,006	417,728
<b>Total long-term debt</b>	<b>\$ 79,049,638</b>	<b>\$ 79,490,427</b>	<b>\$ 167,718,169</b>	<b>\$ 156,881,421</b>	<b>\$ 246,767,807</b>	<b>\$ 236,371,848</b>

\*Net of issuance premiums and discounts

Additional information on the City's long-term debt can be found in Note 6 of the Notes to the Financial Statements.

## CITY OF ST. JOSEPH, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

#### **Economic Factors and Next Year's Budgets and Rates**

##### Economic Development Efforts

The St. Joseph economy in FY2017 continued to experience some growth and expansion. The level of ongoing cooperation among the City, County, Chamber of Commerce and the business community was reflected in the level of economic development success demonstrated throughout the year.

The City contracts with the Chamber of Commerce for economic development services. During the year, the City, County, and the Chamber of Commerce were involved in numerous attraction and expansion projects, resulting in new investment in the community.

##### Operating Budget Overview FY 2018

Operating Revenues – The operating revenue component of the City's FY2018 Proposed Annual Budget, net of Capital Project receipts, transfers, bonds, Special Allocation Fund revenues and capital grants, are projected to increase. Sales tax revenues continue to improve. The Use tax has seen double digit growth each of the first two years, with revenues 15% over our forecast.

The largest contribution to the increase is the influx of revenues from the fourth full year of the Public Safety Sales Tax, projected to generate \$6.02 million next year. Property tax revenues are expected to remain level compared to the current year's receipts, as are franchise taxes and most other major sources of revenue.

Operating Expenditures – The net operating expenditure component of the City's FY2018 Proposed Annual Budget (excluding Special Allocation Funds, CIP programs, cell phone expenditures) increased by 3.9% or \$4.6 million above that adopted by the City Council for FY2017. Another increase affecting operating expenditures is the proposed 2.0% cost of living increase for all general employees and 3.2% for members of the Fraternal Order of Police. Changes to the LAGERS pension plan will be made as well with general employees going from an L-3 to an L-6 plan. Fire service employees will move from an L-6 to an L-11 plan. This change will require employees to start contributing 4% of their gross salary to their pension plan (under the current plan employees make no contribution).

Health insurance premiums are increasing in FY2018 by 13.3% due to an increase in claims. The total impact to wages and benefits in FY18 is projected at \$2.8 million.

##### *Requests for Information*

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

**CITY OF ST. JOSEPH, MISSOURI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 42,838,646	\$ 39,415,954	\$ 82,254,600
Receivables, net where applicable of allowances for uncollectibles	15,835,053	6,481,213	22,316,266
Loan receivables	2,569,672	-	2,569,672
Property held for resale	192,522	-	192,522
Internal balances	94,270	(94,270)	-
Due from other governments	656,207	593,646	1,249,853
Prepaid items and deferred charges	232,589	134,477	367,066
Restricted assets:			
Cash and investments	12,287,303	25,559,315	37,846,618
Capital assets:			
Capital assets, not being depreciated	8,815,907	30,276,582	39,092,489
Capital assets net of accumulated depreciation	143,008,127	203,546,308	346,554,435
Total assets	<u>226,530,296</u>	<u>305,913,225</u>	<u>532,443,521</u>
<b>Deferred Outflows of Resources</b>			
Deferred amount on refunding	584,583	1,702,434	2,287,017
Deferred outflows due to pension	14,335,914	936,704	15,272,618
Total deferred outflows of resources	<u>14,920,497</u>	<u>2,639,138</u>	<u>17,559,635</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	4,577,250	3,178,069	7,755,319
Unearned revenue	87,466	-	87,466
Accrued interest payable	416,549	1,250,535	1,667,084
Noncurrent liabilities:			
Due within one year	7,638,349	7,830,660	15,469,009
Due in more than one year	76,038,586	160,371,993	236,410,579
Net pension liability	41,637,279	1,584,387	43,221,666
Landfill closure and postclosure costs:			
Due within one year	-	73,500	73,500
Due in more than one year	-	5,450,641	5,450,641
Total liabilities	<u>130,395,479</u>	<u>179,739,785</u>	<u>310,135,264</u>
<b>Deferred inflows of resources</b>			
Deferred inflows due to pension	2,842,045	175,007	3,017,052
Total deferred inflows of resources	<u>2,842,045</u>	<u>175,007</u>	<u>3,017,052</u>
<b>Net Position</b>			
Net Investment in capital assets	149,662,833	73,709,814	223,372,647
Restricted for:			
Debt service	21,194,019	18,697,704	39,891,723
Capital projects	12,807,789	-	12,807,789
Loan programs	4,171,087	-	4,171,087
Economic development	3,532,761	-	3,532,761
Museum	426,224	-	426,224
Other purposes	9,365,304	-	9,365,304
Unrestricted (deficit)	(92,946,748)	36,230,053	(56,716,695)
Total net position	<u>\$ 108,213,269</u>	<u>\$ 128,637,571</u>	<u>\$ 236,850,840</u>

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

**CITY OF ST. JOSEPH, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities:							
General government	\$ 16,006,227	\$ 5,407,741	\$ 1,464,573	\$ -	\$ (9,133,913)	\$ -	\$ (9,133,913)
Public safety	48,607,386	638,595	1,063,232	-	(46,905,559)	-	(46,905,559)
Highways and streets	23,368,980	268,589	141,205	-	(22,959,186)	-	(22,959,186)
Public works	274,544	20,401	-	-	(254,143)	-	(254,143)
Health and welfare	5,725,515	587,871	1,061,607	-	(4,076,037)	-	(4,076,037)
Parks and recreation	9,311,548	1,920,759	223,849	-	(7,166,940)	-	(7,166,940)
Interest on long-term debt	2,633,268	-	-	-	(2,633,268)	-	(2,633,268)
Total governmental activities	<u>105,927,468</u>	<u>8,843,956</u>	<u>3,954,466</u>	<u>-</u>	<u>(93,129,046)</u>	<u>-</u>	<u>(93,129,046)</u>
Business-type activities:							
Aviation services	1,409,019	418,018	-	2,405,711	-	1,414,710	1,414,710
Parking services	3,081,451	296,439	-	29,198	-	(2,755,814)	(2,755,814)
Sewer services	27,302,731	28,155,237	376,076	-	-	1,228,582	1,228,582
Golf services	1,362,893	713,740	-	-	-	(649,153)	(649,153)
Transit services	5,109,233	344,438	1,772,931	27,051	-	(2,964,813)	(2,964,813)
Landfill services	2,797,134	4,140,154	-	-	-	1,343,020	1,343,020
Total business-type activities	<u>41,062,461</u>	<u>34,068,026</u>	<u>2,149,007</u>	<u>2,461,960</u>	<u>-</u>	<u>(2,383,468)</u>	<u>(2,383,468)</u>
Total primary government	<u>\$ 146,989,929</u>	<u>\$ 42,911,982</u>	<u>\$ 6,103,473</u>	<u>\$ 2,461,960</u>	<u>(93,129,046)</u>	<u>(2,383,468)</u>	<u>(95,512,514)</u>
General revenues:							
Property taxes					13,961,024	-	13,961,024
Sales taxes					37,087,811	4,607,892	41,695,703
Franchise taxes					6,412,592	1,159,486	7,572,078
Motor fuel taxes					3,814,060	-	3,814,060
Cigarette taxes					373,764	-	373,764
Hotel taxes					1,181,911	-	1,181,911
Intergovernmental activity taxes					4,114,348	-	4,114,348
Unrestricted investment revenues					685,947	400,176	1,086,123
Gain on sale of capital assets					74,095	-	74,095
Transfers in (out)					1,078,473	(1,078,473)	-
Total general revenues and transfers					<u>68,784,025</u>	<u>5,089,081</u>	<u>73,873,106</u>
Change in net position					<u>(24,345,021)</u>	<u>2,705,613</u>	<u>(21,639,408)</u>
Net position - beginning					132,558,290	125,931,958	258,490,248
Net position - ending					<u>\$ 108,213,269</u>	<u>\$ 128,637,571</u>	<u>\$ 236,850,840</u>

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



**CITY OF ST. JOSEPH, MISSOURI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
JUNE 30, 2017

	General	Special Allocation	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 18,218,707	\$ 2,815,034	\$ 12,611,690	\$ 7,611,922	\$ 41,257,353
Receivables	6,596,497	6,643,899	965,096	1,629,561	15,835,053
Loan receivables	-	-	-	2,569,672	2,569,672
Property held for resale	-	-	-	192,522	192,522
Due from other governments	211,700	-	69,500	375,007	656,207
Prepaid items	169,302	-	-	63,287	232,589
Restricted cash and investments	195,949	12,091,354	-	-	12,287,303
Total assets	<u>\$ 25,392,155</u>	<u>\$ 21,550,287</u>	<u>\$ 13,646,286</u>	<u>\$ 12,441,971</u>	<u>\$ 73,030,699</u>
Total assets and deferred outflows of resources					
	<u>\$ 25,392,155</u>	<u>\$ 21,550,287</u>	<u>\$ 13,646,286</u>	<u>\$ 12,441,971</u>	<u>\$ 73,030,699</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 2,362,585	\$ 135,668	\$ 838,497	\$ 739,108	\$ 4,075,858
Accrued payroll	482,978	-	-	18,414	501,392
Unearned revenue	87,466	-	-	-	87,466
Total liabilities	<u>2,933,029</u>	<u>135,668</u>	<u>838,497</u>	<u>757,522</u>	<u>4,664,716</u>
Deferred Inflows of Resources:					
Unavailable revenues-property taxes	467,326	-	-	61,152	528,478
Unavailable revenues-other	83,036	5,815,314	-	135,040	6,033,390
Total deferred inflows of resources	<u>550,362</u>	<u>5,815,314</u>	<u>-</u>	<u>196,192</u>	<u>6,561,868</u>
Fund balances:					
Nonspendable	169,302	-	-	63,287	232,589
Restricted	5,781,503	15,599,305	12,807,789	11,424,970	45,613,567
Committed	5,568,525	-	-	-	5,568,525
Assigned	2,412,754	-	-	-	2,412,754
Unassigned	7,976,680	-	-	-	7,976,680
Total fund balances	<u>21,908,764</u>	<u>15,599,305</u>	<u>12,807,789</u>	<u>11,488,257</u>	<u>61,804,115</u>
Total liabilities, deferred inflows of resources and fund balances					
	<u>\$ 25,392,155</u>	<u>\$ 21,550,287</u>	<u>\$ 13,646,286</u>	<u>\$ 12,441,971</u>	<u>\$ 73,030,699</u>

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

**CITY OF ST. JOSEPH, MISSOURI**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
 JUNE 30, 2017

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

Fund balances – total governmental funds	\$ 61,804,115
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	151,824,034
Deferred charges on refunding are not due and payable in the current period, and therefore, are not reported in the funds.	584,583
Deferred outflows related to pension activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position	14,335,914
Long-term assets are not available to pay for current period expenditures and are therefore reported as unavailable revenues in the fund statements.	6,561,868
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due.	(416,549)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund is included in the governmental activities in the statement of net position.	163,862
Net pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	(41,637,279)
Deferred inflows related to pension activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position	(2,842,045)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(82,165,234)</u>
 Net position of governmental activities	 <u><u>\$ 108,213,269</u></u>

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

**CITY OF ST. JOSEPH, MISSOURI**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2017

	General	Special Allocation	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes:					
Property	\$ 12,088,708	\$ 643,358	\$ -	\$ 1,253,325	\$ 13,985,391
Sales	21,733,416	3,275,769	5,930,307	6,148,319	37,087,811
Franchise	6,412,592	-	-	-	6,412,592
Motor Fuel and other	1,009,116	-	-	2,804,944	3,814,060
Cigarette	373,764	-	-	-	373,764
Hotel	1,181,911	-	-	-	1,181,911
Intergovernmental activity	-	4,114,348	-	-	4,114,348
Licenses and permits	1,463,869	-	-	95,533	1,559,402
Intergovernmental	2,122,663	-	97,573	1,973,942	4,194,178
Charges for services	3,153,097	-	-	1,182,254	4,335,351
Fines	809,507	-	-	-	809,507
Special assessments	-	-	-	20,971	20,971
Investment earnings	82,286	461,621	57,445	77,138	678,490
Contributions and donations	123,244	-	35,000	-	158,244
Other	612,338	950,641	502,794	476,390	2,542,163
<b>Total revenues</b>	<b>51,166,511</b>	<b>9,445,737</b>	<b>6,623,119</b>	<b>14,032,816</b>	<b>81,268,183</b>
<b>Expenditures</b>					
Current:					
General government	7,414,353	816,284	-	1,462,835	9,693,472
Public safety	26,156,089	-	-	1,317,457	27,473,546
Highways and streets	5,549,262	-	-	3,078,167	8,627,429
Public works	-	-	-	247,835	247,835
Health and welfare	3,640,275	-	-	1,381,774	5,022,049
Parks and recreation	5,122,999	-	-	1,049,916	6,172,915
Debt Service:					
Principal	216,171	4,664,239	-	-	4,880,410
Interest and fiscal charges	84,577	2,479,713	-	-	2,564,290
Capital outlay	2,577,470	-	7,688,856	3,984,313	14,250,639
<b>Total expenditures</b>	<b>50,761,196</b>	<b>7,960,236</b>	<b>7,688,856</b>	<b>12,522,297</b>	<b>78,932,585</b>
Excess (deficiency) of revenues over expenditures	405,315	1,485,501	(1,065,737)	1,510,519	2,335,598
<b>Other financing sources (uses)</b>					
Transfers in	6,111,773	-	993,245	2,751,570	9,856,588
Transfers out	(5,029,125)	-	(368,090)	(3,380,900)	(8,778,115)
Capital lease Proceeds	21,896	-	-	-	21,896
Sale of capital assets	14,010	-	-	60,085	74,095
<b>Total other financing sources (uses), net</b>	<b>1,118,554</b>	<b>-</b>	<b>625,155</b>	<b>(569,245)</b>	<b>1,174,464</b>
<b>Net change in fund balances</b>	<b>1,523,869</b>	<b>1,485,501</b>	<b>(440,582)</b>	<b>941,274</b>	<b>3,510,062</b>
Fund balances - beginning	20,384,895	14,113,804	13,248,371	10,546,983	58,294,053
<b>Fund balances - ending</b>	<b>\$ 21,908,764</b>	<b>\$ 15,599,305</b>	<b>\$ 12,807,789</b>	<b>\$ 11,488,257</b>	<b>\$ 61,804,115</b>

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

**CITY OF ST. JOSEPH, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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

Net changes in fund balances – total governmental funds		\$ 3,510,062
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
	Capital outlay	6,913,650
	Depreciation	<u>(11,682,534)</u>
		(4,768,884)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations)		
	Disposals	(482,267)
		(482,267)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(845,761)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		4,880,410
		(92,725)
		(21,896)
		(4,403,620)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
		23,747
		(302,226)
		(16,601,144)
		(4,744,609)
Internal Service Funds are used by management to charge the costs of self-insurance to individual funds.		
		(496,108)
		<u>(496,108)</u>
Change in net position of governmental activities		<u>\$ (24,345,021)</u>

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

**CITY OF ST. JOSEPH, MISSOURI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	Sewer	Mass Transit	Other Enterprise Funds	Total	Internal Service Fund
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 9,675,539	\$ 20,219,979	\$ 9,520,436	\$ 39,415,954	\$ 1,581,293
Interest receivable	49,869	42,588	19,282	111,739	-
Accounts receivable (net of allowance for uncollectibles)	5,000,866	979,324	389,284	6,369,474	-
Due from other governments	-	188,411	405,235	593,646	-
Prepaid items	100,174	5,256	29,047	134,477	-
Total current assets	<u>14,826,448</u>	<u>21,435,558</u>	<u>10,363,284</u>	<u>46,625,290</u>	<u>1,581,293</u>
Noncurrent assets:					
Restricted cash and investments	25,559,315	-	-	25,559,315	-
Capital assets:					
Capital assets, not being depreciated:	15,067,916	189,134	15,019,532	30,276,582	-
Capital assets net of accumulated depreciation:	186,627,674	2,107,029	14,811,605	203,546,308	-
Total capital assets (net of accumulated depreciation)	<u>201,695,590</u>	<u>2,296,163</u>	<u>29,831,137</u>	<u>233,822,890</u>	<u>-</u>
Total noncurrent assets	<u>227,254,905</u>	<u>2,296,163</u>	<u>29,831,137</u>	<u>259,382,205</u>	<u>-</u>
Total assets	<u>242,081,353</u>	<u>23,731,721</u>	<u>40,194,421</u>	<u>306,007,495</u>	<u>1,581,293</u>
<b>Deferred Outflows of Resources</b>					
Deferred amount on refunding	1,702,434	-	-	1,702,434	-
Deferred outflows due to pension assets	634,812	-	301,892	936,704	-
Total Deferred Outflows of Resources	<u>2,337,246</u>	<u>-</u>	<u>301,892</u>	<u>2,639,138</u>	<u>-</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 2,269,341	\$ 76,092	\$ 755,296	\$ 3,100,729	\$ -
Claims payable	-	-	-	-	754,756
Accrued payroll	51,489	-	25,851	77,340	-
Accrued interest payable	1,250,535	-	-	1,250,535	-
Long-term obligations due in one year	7,714,683	-	115,977	7,830,660	-
Landfill closure and postclosure liability	-	-	73,500	73,500	-
Total current liabilities	<u>11,286,048</u>	<u>76,092</u>	<u>970,624</u>	<u>12,332,764</u>	<u>754,756</u>
Noncurrent liabilities:					
Claims	-	-	-	-	756,945
Long-term obligations due in more than one year (net of unamortized discounts and deferred amount on refunding)	157,638,967	-	2,733,026	160,371,993	-
Landfill closure and postclosure liability	-	-	5,450,641	5,450,641	-
Net Pension Liability	1,073,751	-	510,636	1,584,387	-
Total noncurrent liabilities	<u>158,712,718</u>	<u>-</u>	<u>8,694,303</u>	<u>167,407,021</u>	<u>756,945</u>
Total liabilities	<u>169,998,766</u>	<u>76,092</u>	<u>9,664,927</u>	<u>179,739,785</u>	<u>1,511,701</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows due to pension	118,604	-	56,403	175,007	-
Total deferred inflows of resources	<u>118,604</u>	<u>-</u>	<u>56,403</u>	<u>175,007</u>	<u>-</u>
<b>Net Position</b>					
Net Investment in capital assets	42,314,009	2,296,163	29,099,641	73,709,814	-
Restricted for debt service	18,697,704	-	-	18,697,704	-
Unrestricted (deficit)	13,289,516	21,359,466	1,675,342	36,324,323	69,592
Total net position	<u>\$ 74,301,229</u>	<u>\$ 23,655,629</u>	<u>\$ 30,774,983</u>	<u>128,731,841</u>	<u>\$ 69,592</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(94,270)	
Net position of business-type activities				<u>\$ 128,637,571</u>	

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

**CITY OF ST. JOSEPH, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Sewer	Mass Transit	Other Enterprise Funds	Total	Total Internal Service Fund
<b>Operating revenues:</b>					
Charges for services	\$ 27,898,789	\$ 312,453	\$ 5,488,028	\$ 33,699,270	\$ 1,330,306
Other	256,448	31,985	80,323	368,756	-
Total operating revenues	<u>28,155,237</u>	<u>344,438</u>	<u>5,568,351</u>	<u>34,068,026</u>	<u>1,330,306</u>
<b>Operating expenses:</b>					
Personal services	7,963,315	2,344	3,780,650	11,746,309	-
Contractual services	6,284,021	4,419,660	2,450,589	13,154,270	1,924,882
Commodities	711,422	341,566	538,949	1,591,937	-
Heat, light and power	1,758,544	33,537	167,250	1,959,331	-
Depreciation	6,148,430	312,126	1,507,083	7,967,639	-
Closure and postclosure care costs	-	-	34,913	34,913	-
Total operating expenses	<u>22,865,732</u>	<u>5,109,233</u>	<u>8,479,434</u>	<u>36,454,399</u>	<u>1,924,882</u>
Operating income (loss)	<u>5,289,505</u>	<u>(4,764,795)</u>	<u>(2,911,083)</u>	<u>(2,386,373)</u>	<u>(594,576)</u>
<b>Nonoperating revenues (expenses):</b>					
Intergovernmental and other	376,076	1,772,931	-	2,149,007	-
Sales taxes	-	4,607,892	-	4,607,892	-
Franchise taxes	-	1,159,486	-	1,159,486	-
Investment income	263,429	93,744	43,003	400,176	7,457
Interest and fiscal charges	(4,074,930)	-	(55,771)	(4,130,701)	-
(Loss) on disposal of capital assets	(300,066)	-	(86,284)	(386,350)	-
Total nonoperating revenues (expenses), net	<u>(3,735,491)</u>	<u>7,634,053</u>	<u>(99,052)</u>	<u>3,799,510</u>	<u>7,457</u>
Income (loss) before capital contributions and transfers	1,554,014	2,869,258	(3,010,135)	1,413,137	(587,119)
Capital contributions and grants	-	27,051	2,434,909	2,461,960	-
Transfers in	15,179	-	2,190,260	2,205,439	-
Transfers out	(1,958,859)	(166,539)	(1,158,514)	(3,283,912)	-
Change in net position	<u>(389,666)</u>	<u>2,729,770</u>	<u>456,520</u>	<u>2,796,624</u>	<u>(587,119)</u>
Total net position - beginning	<u>74,690,895</u>	<u>20,925,859</u>	<u>30,318,463</u>		<u>656,711</u>
Total net position - ending	<u>\$ 74,301,229</u>	<u>\$ 23,655,629</u>	<u>\$ 30,774,983</u>		<u>\$ 69,592</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(91,011)	
Change in net position of business-type activities				<u>\$ 2,705,613</u>	

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

**CITY OF ST. JOSEPH, MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Sewer	Mass Transit	Other Enterprise Funds	Totals	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 27,978,892	\$ 245,034	\$ 6,661,591	\$ 34,885,517	\$ 1,330,306
Payments to suppliers	(14,136,191)	(4,898,116)	(1,785,735)	(20,820,042)	(1,839,962)
Payments to employees	(4,230,863)	(2,344)	(2,117,730)	(6,350,937)	-
Other operating revenues	256,448	31,985	80,323	368,756	-
Net cash provided (used) by operating activities	9,868,286	(4,623,441)	2,838,449	8,083,294	(509,656)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund advances	-	-	(1,056,192)	(1,056,192)	-
Intergovernmental grants	376,076	1,584,520	-	1,960,596	-
Taxes received	-	5,767,378	-	5,767,378	-
Transfers in	15,179	-	2,190,260	2,205,439	-
Transfers out	(1,958,859)	(166,539)	(1,158,514)	(3,283,912)	-
Net cash provided (used) by noncapital financing activities	(1,567,604)	7,185,359	(24,446)	5,593,309	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Bond Proceeds	15,597,308	-	-	15,597,308	-
Payments of debt principal	(6,359,721)	-	(44,530)	(6,404,251)	-
Payments of debt interest and charges	(4,843,937)	-	(54,018)	(4,897,955)	-
Capital grants received	-	27,051	3,136,017	3,163,068	-
Purchase of capital assets	(7,919,871)	(67,090)	(3,964,194)	(11,951,155)	-
Net cash provided (used) by capital and related financing activities	(3,526,221)	(40,039)	(926,725)	(4,492,985)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments	54,156,796	37,883,835	17,201,398	109,242,029	3,606,526
Purchase of investments	(46,904,714)	(40,293,532)	(18,972,982)	(106,171,228)	(3,151,135)
Interest and dividends received	237,010	76,146	33,762	346,918	7,457
Net cash provided (used) by investing activities	7,489,092	(2,333,551)	(1,737,822)	3,417,719	462,848
Net increase (decrease) in cash and cash equivalents	12,263,553	188,328	149,456	12,601,337	(46,808)
Cash and cash equivalents - beginning	1,442,508	1,537,324	663,056	3,642,888	181,762
Cash and cash equivalents - ending	13,706,061	1,725,652	812,512	16,244,225	134,954
Investments	21,528,793	18,494,327	8,707,924	48,731,044	1,446,339
Total cash and investments	\$ 35,234,854	\$ 20,219,979	\$ 9,520,436	\$ 64,975,269	\$ 1,581,293
Cash and investments reported on the Statement of Net Position:					
Unrestricted cash and investments	\$ 9,675,539	\$ 20,219,979	\$ 9,520,436	\$ 39,415,954	\$ 1,581,293
Restricted cash and investments	25,559,315	-	-	25,559,315	-
Total cash and investments	\$ 35,234,854	\$ 20,219,979	\$ 9,520,436	\$ 64,975,269	\$ 1,581,293

(continued)

**CITY OF ST. JOSEPH, MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Sewer	Mass Transit	Other Enterprise Funds	Totals	Internal Service Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 5,289,505	\$ (4,764,795)	\$ (2,911,083)	\$ (2,386,373)	\$ (594,576)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	6,148,430	312,126	1,507,083	7,967,639	-
Noncash economic development expense	-	-	2,545,560	2,545,560	-
Effect of changes in operating assets and liabilities:					
Accounts and other receivables	80,103	(67,419)	1,173,563	1,186,247	-
Prepaid expenses	(6,327)	(354)	(1,910)	(8,591)	-
Net pension Asset	2,666,372	-	1,134,823	3,801,195	-
Deferred outflows of resources	901,770	-	519,587	1,421,357	-
Accounts payable and contracts/claims payable	(5,375,877)	(102,999)	(1,078,832)	(6,557,708)	84,920
Accrued payroll and compensated absences	164,310	-	8,510	172,820	-
Landfill closure and postclosure	-	-	(58,852)	(58,852)	-
Net cash provided (used) by operating activities	\$ 9,868,286	\$ (4,623,441)	\$ 2,838,449	\$ 8,083,294	\$ (509,656)

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



**CITY OF ST. JOSEPH, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 JUNE 30, 2017

	Pension Trust Fund	Total Agency Funds
	Police Pension	
<b>Assets:</b>		
Cash and cash equivalents	\$ -	\$ 122,536
Investments:		
Other debt securities	15,491,163	-
Corporate stock	22,978,432	-
Receivables:		
Taxes	-	292,302
Accrued interest	132,010	-
Total assets	<u>38,601,605</u>	<u>\$ 414,838</u>
<b>Liabilities:</b>		
Accounts payable	21,254	\$ -
Due to others	-	414,838
Total liabilities	<u>21,254</u>	<u>\$ 414,838</u>
<b>Net Position Restricted for Pension benefits</b>	<u>\$ 38,580,351</u>	

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

**CITY OF ST. JOSEPH, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2017

	Pension Trust Fund <u>Police Pension</u>
<b>Additions:</b>	
Member contributions	\$ 264,163
Employer contributions	2,186,054
Interest and dividends	937,278
Net depreciation in fair value of investments	2,712,488
Less investment expenses	<u>(65,862)</u>
Total additions	<u>6,034,121</u>
<b>Deductions:</b>	
Benefit payments	2,569,545
Refunds of contributions	7,997
Administrative expenses	<u>63,752</u>
Total deductions	<u>2,641,294</u>
Net change in net position	3,392,827
<b>Net position restricted for pension benefits</b>	
Beginning of year	<u>35,187,524</u>
End of year	<u>\$ 38,580,351</u>

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

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the City of St. Joseph, Missouri (the “City”) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The following is a summary of the more significant accounting and reporting policies and practices of the City.

**A. Reporting Entity**

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

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

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, “The Financial Reporting Entity”, GASB Statement 39, “Determining Whether Certain Organizations are Component Units – an amendment to GASB Statement 14”, Statement No. 61 “The Financial Reporting Entity: Omnibus on an amendment of GASB Statements No. 14 and No. 34”, and GASB Statement 80, “Blending Requirements for Certain Component Units – an amendment to GASB Statement 14”, an evaluation is made of organizations to determine whether they are within the scope of the “primary government” or whether they are a component unit of the government. Primary governments are financially accountable for organizations that make up their legal entity, for legally separate organizations (if certain criteria are met) and for organizations that are fiscally dependent upon the government. Generally, component units are presented discretely within the financial statements of the primary government; unless certain criteria are met in which case they are blended.

Organizations were evaluated and determined if they were part of the primary government and not a separate component unit. The test to determine if an organization falls within the umbrella of the City’s legal entity is determining if the organization has separate legal standing. However, some organizations, despite being legally separate from the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government and should be reported as part of the primary government.

The definition of a legally separate entity includes possessing corporate powers that would distinguish it as being legally separate from the primary government. This includes the right to sue and be sued in its own name without recourse to the City, and the right to buy, sell, lease, and mortgage property in its own name.

# CITY OF ST. JOSEPH, MISSOURI

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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

### **Blended Component Units:**

*Tax Increment Financing Commission of St. Joseph, Missouri* (Commission) - The Commission is governed by an eleven-member board of which six members are appointed by the City Council. The remaining members are appointed by the respective taxing districts' boards. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because its sole function is to review proposed TIF plans and provide recommendations to the City Council for the use of TIF as a method to finance economic activity and infrastructure improvements through payments in lieu of taxes and economic activity taxes. The Commission's activities are reported in Special Allocation Fund.

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

No separately issued financial statements are prepared for the Commission and the Authority.

### **B. Government-Wide and Fund Financial Accounting**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Eliminations have been made to minimize the doubling effects of internal activities however; interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

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

# CITY OF ST. JOSEPH, MISSOURI

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

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

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. Property tax, sales tax, franchise tax, motor fuel tax, cigarette tax, hotel tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

The City reports the following major proprietary funds:

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

The *Mass Transit Fund* accounts for the operations of the City-wide bus system. The operations are funded by user charges, 1% utility franchise fees, a 3/8th cent (\$.0375) transit sales tax and Federal Transit Administration operating and capital grants.

Additionally, the City reports the following fund types:

The *Internal Service Fund* is used to account for self-insurance reserves provided to other departments or agencies of the City on a cost reimbursement basis.

The *Pension Trust Fund* is used to account for the accumulation of resources for pension benefit payments to qualified police personnel.

The *Agency Funds* are used to account for assets held by the City as an agent for the 2317 Belt CID, Gateway TDD, Cooks Crossing CID, East Hills CID, Beck Road CID, Tuscan Village CID, and Library Tax Fund. Agency funds report assets and liabilities and use the accrual basis of accounting to recognize receivables and payables.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. All other revenues and expenses are considered non-operating.

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

## CITY OF ST. JOSEPH, MISSOURI

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

#### **D. Cash and Investments**

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

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

Cash and cash equivalents, as used in the statement of cash flows, refers to cash on hand, cash in demand deposit accounts in financial institutions, and short-term, highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value due to changes in interest rates.

Under GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City has elected to take the "one-year option" because its investments at the time of purchase have a maturity date of less than one year and are valued at amortized cost. The Police Pension investments are recorded at fair value since maturity is longer than one year.

#### **E. Receivables**

All trade receivables are shown net of an allowance for uncollectibles as determined by management based on a review of outstanding accounts and prior history of uncollectible accounts.

#### **F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation. Balances in prepaid items at June 30, 2017, include the premiums paid to various companies for general liability insurance, auto liability, boiler and machinery, crime, and other insurance for coverage effective July 1, 2017. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### **G. Property Held for Resale**

The City has acquired various properties through the federal Neighborhood Stabilization Grant Program, Community Development Block Grant program, and private donation. The purpose of the federal program is to purchase foreclosed or abandoned properties and provide rehabilitation funding for properties to eventually be sold to revitalize older neighborhoods. The properties have been included as property held for resale in the Community Development Block Grant Fund.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**H. Restricted Assets**

Portions of net position are segregated for future use, and are; therefore, not available for current appropriation or expenditure. Proceeds from the sale of bonds are restricted for project expenditures and the related debt service reserve accounts held by the Trustees are restricted to pay debt service and meet bond covenant requirements.

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The first two relate to change in actual and projected experience in calculating the pension liability and the change in actual and projected earnings in calculating the pension asset. The last is a deferred amount of refunding reported in the government-wide and proprietary fund statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items, which arises under the accrual and modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental activities statement of net position and the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, wastewater improvement agreement and other government granting agencies. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities report deferred inflows of resources from pension plans.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and Police Pension Fund additions to/deductions from LAGERS and Police Pension Fund's fiduciary net position have been determined on the same basis as they are reported by each plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**J. Capital Assets**

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense and fiscal charges incurred by the Sewer fund during the current fiscal year was \$4,948,706. Of this amount, \$963,903 was included as part of the cost of capital assets under construction in connection with Sewer fund construction projects.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

- Computer equipment	3 years
- Motor vehicles and motorized equipment	5 years
- Furniture, machinery and equipment	10 years
- Buildings and improvements	30 years
- Sewer treatment plant	50 years
- Streets Infrastructure	25 years
- Sewer Infrastructure	40 years
- Bridge Infrastructure	50 years

**K. Compensated Absences**

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

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

Vacation leave is earned at the following rates:

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

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

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

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

**L. Property Tax Revenue Recognition**

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

**M. Interfund Activity**

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

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

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**N. Net Position/Fund Balance**

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

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

*Restricted* – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

*Unrestricted* – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**Fund Balances**

The objective of a fund balance policy is for the City to be in a strong fiscal position that will (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns or revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies. It is City policy to identify fund balance separately based on a hierarchy of constraints placed on the use of the financial resources within its governmental funds up to five classifications. See Note 12 for additional information regarding Fund balance.

**Nonspendable Fund Balance** – resources that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to be maintained intact.

**Restricted Fund Balance** – resources where constraints are imposed by externally enforceable legal restrictions through (1) external creditors, grantors, contributors or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.

**Committed Fund Balance** – resources for specific purposes established through formal action by Ordinance of the City Council, the government’s highest level of decision making authority. Any changes or removal of specific purpose requires the same action by the governing body.

**Assigned Fund Balance** – resources that are (1) limited by the government’s intent to be used for specific purposes or (2) remaining excess amounts in the governmental funds other than the General Fund not classified as non-spendable, restricted, or committed. The authority to assign fund balance for specific uses has been delegated to the City Manager and/or the Director of Administrative Services through Resolution of the City Council approving the City’s Fund Balance policy.

## **CITY OF ST. JOSEPH, MISSOURI**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017**

Unassigned Fund Balance – total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balances.

The General Fund will be the only governmental fund that reports a positive unassigned fund balance amount. In the other governmental funds if the assigned fund balance is negative it will be necessary to report it as a negative unassigned fund balance.

The City strives to develop and maintain a diversified and reliable revenue stream so as to avoid becoming overly dependent on any single source of revenue. Efforts are directed to optimize existing revenue sources while periodically reviewing potential new revenue sources. The City is to utilize the restricted fund balance for a specific purpose prior to unrestricted fund balance when more than one fund balance resource is required. Unrestricted fund balance will be maintained for necessary and unexpected expenditures. The City will consent to committed amounts first followed by assigned funds before allocating unassigned net resources when more than one unrestricted resource is required.

The City has adopted a minimum fund balance policy for the General Fund which instructs management to maintain a fund balance level in the General Fund equal to 10% of annual expenditures. If fund balance is near minimum threshold, appropriations shall be only for one time expenditures and not for ongoing and routine operating expenditures.

#### **O. Use of Estimates**

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

#### **P. Reclassifications**

Certain line items have been reclassified to conform to the presentation of the financial statements in the current year. These reclassifications had no net effect on the City's net position or changes therein for the current year.

#### **Q. Stewardship, Compliance and Accountability**

RSMO section 302.341 requires the City to annually calculate the percentage of its general revenue that comes from traffic violations. Any such revenues that exceed 30% of the total general revenues are required to be transferred to the Director of Missouri Department of Revenue. In the current year, the City has reported fines and forfeitures, which includes traffic violations and other additional items, in the amount of \$911,543. This amount is approximately 2% of total general fund revenues of \$57,314,817 and, accordingly, the City believes that they are in compliance with the requirements of the Statute.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2: CASH DEPOSITS AND INVESTMENTS**

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

Collateralized time deposits and United States Treasury and Agency securities with maturities of one year or less when purchased are reported on the balance sheet at their cost. All other investments are reported at fair value.

Interest earnings from unrestricted cash and investments are allocated to each fund based on a weekly average cash balance. Interest earnings from restricted cash and investments are reported directly in the related fund. Funds, if any, having negative month-end cash balances are assessed interest charges.

Restricted cash and investments are segregated from other cash balances and are recorded separately in the financial statements. Restricted cash and investments include escrow balances, pension plan assets, funds set aside for legally restricted purposes, and certain bond proceeds and reserves required to be restricted by the bond indenture agreements.

Statutes authorize the City to enter into a Banking Services Depository Agreement; whereby, the City invests, daily, all available collected account balances in an interest bearing checking account based on the 90-day U.S. Treasury Bill Rate. Cash deposits exceeding the City's estimated three month operational expense needs are invested in collateralized time deposits or U.S. Treasury and Agency securities. In addition, the City is authorized to invest in other direct obligations of the U.S. Government or insured Agency bonds or obligations of the State of Missouri, Buchanan County or the City.

City ordinances further provide for a Safekeeping Agreement between the banking institution, the City, and the Federal Reserve Bank; whereby, the bank agrees to deposit with the Federal Reserve Bank, as custodian for the City, such collateral securities as required by Missouri State Statutes (Chapter 110 – Depositories for Public Funds), for the safekeeping and prompt payment of City deposits.

The market value of pledged securities shall at all times be not less than one hundred percent (100%) of the actual amount of the funds on deposit with the bank, less the amount covered by federal depository insurance.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

A reconciliation of cash and investments as shown on the government-wide statement of net position and statement of fiduciary net position is as follows:

	<b>Balance June 30, 2017</b>
Cash on hand	\$ 24,385
Cash Deposit in Bank	5,326,798
Investments held by Trustee (Bond Reserves)	23,984,574
US Agency Securities	84,727,997
Certificate of Deposits	6,160,000
Police Pension Trust:	
Investments	38,469,595
	38,469,595
	\$ 158,693,349

	<b>Government- wide Statement of Net Position</b>	<b>Fiduciary Funds Statement of Net Position</b>	<b>Total</b>
Unrestricted – cash and investments	\$ 82,254,600	\$ 122,536	\$ 82,377,136
Restricted – cash and investments	37,846,618	—	37,846,618
Police Pension – cash and investments	—	38,469,595	38,469,595
Total	\$ 120,101,218	\$ 38,592,131	\$ 158,693,349

Investments for the City of St. Joseph, Missouri are as follows for the year ended June 30, 2017

	Investment Maturities (in years)	
	Cost	Less Than 1
Investment type:		
US Agency Securities		
Federal National Mortgage Assoc	\$ 17,949,325	\$ 17,949,325
Federal Home Loan Mort Corp	31,896,504	31,896,504
Federal Home Loan Bank	34,882,168	34,882,168
Total	\$ 84,727,997	\$ 84,727,997

Investments in US Agency Securities are carried at cost as maturities are less than 180 days.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

Investments for the Police Pension fund by segmented maturity are as follows for the year ended June 30, 2017:

	Investment Maturities (in years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	>10
Investment type:					
Debt Securities					
Fed Natl Mort Assoc	\$ 3,003,208	—	\$ 502,247	\$ 102,597	\$ 2,398,364
Fed Hme Loan Mort	1,469,692	—	—	—	1,469,692
Fed Hme Loan Bank	198,876	—	198,876	—	—
Gov Natl Mort Assoc	606,824	—	—	—	606,824
Money Market	982,636	\$ 982,636	—	—	—
US Treasuries	1,731,747	49,900	420,908	474,685	786,254
Credit Bond Fund	—	—	—	—	—
Muni Obligations	99,712	—	99,712	—	—
Foreign debt	99,706	—	99,706	—	—
Corporate debt	7,298,762	1,149,489	3,130,572	1,732,353	1,286,348
	<u>\$ 15,491,163</u>	<u>\$ 2,182,025</u>	<u>\$ 4,452,021</u>	<u>\$ 2,309,635</u>	<u>\$ 6,547,482</u>
Other Investments:					
Corporate stock	<u>22,978,432</u>				
Total	<u>\$ 38,469,595</u>				

**Custodial Credit Risk** – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City has no formal policy relating to custodial credit risk for deposits. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2017, the bank balance of \$7,426,395 was insured by federal depository insurance and collateral securities held by the City’s agent in the name of the City. All U.S. Agency securities were insured through the broker-dealers’ membership in the Securities Investor Protection Corporation (SIPC) and through surety bonds purchased by them from private insurance companies. Investments are reported at fair value based upon quoted market prices at the valuation date, except for the U.S. Agency securities discussed above which are recorded at cost due to their short-term nature.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Interest Rate Risk** – It is the policy of the City of St. Joseph, Missouri, to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and while conforming to all Missouri state statutes, the City Charter, the City Administrative Code, and the City’s Code of Ordinances governing the investment of public funds. The City’s investment policy limits investment maturities to less than one year as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

**Credit Risk** – The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is the City’s policy to limit its investments to collateralized time deposits, agencies, or other obligations of the United States.

Credit ratings for the City of St. Joseph, Missouri, investments that are rated are as follows, according to Standard & Poor’s:

Investment type:	Quality Ratings	
	Cost	AA
US Agency Securities		
Federal National Mortgage Assoc	\$ 17,949,325	\$ 17,949,325
Federal Home Loan Mortgage Corp	31,896,504	31,896,504
Federal Home Loan Bank	34,882,168	34,882,168
Total	<u>\$ 84,727,997</u>	<u>\$ 84,727,997</u>



**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

The Police Pension fund follows the prudent person rule with certain fixed income securities portfolio constraints. According to the Police Pension fund investment policy statement only “investment grade” debt securities will be held in the portfolio.

Credit ratings for the Police Pension fund investments that are rated are as follows, according to Standard & Poor’s:

Investment type:	<b>Quality Ratings</b>					
	Fair <u>Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BAA</u>	<u>BBB</u>
<b>Debt Securities</b>						
Fed Natl Mort Assoc	\$ 3,003,208	\$ 3,003,208	—	—	—	—
Fed Hme Loan Mort	1,469,692	1,469,692	—	—	—	—
Fed Hme Loan Bank	198,876	198,876	—	—	—	—
Gov Natl Mort Assoc	606,824	606,824	—	—	—	—
Money Market	982,636	982,636	—	—	—	—
US Treasuries	1,731,747	1,731,747	—	—	—	—
Muni Obligations	99,712	—	\$ 99,712	—	—	—
Foreign Debt	99,706	—	99,706	—	—	—
Corporate debt	7,298,762	497,221	464,432	\$ 4,362,123	\$ 1,844,400	\$ 130,586
	<u>\$ 15,491,163</u>	<u>\$ 8,490,204</u>	<u>\$ 663,850</u>	<u>\$ 4,362,123</u>	<u>\$ 1,844,400</u>	<u>\$ 130,586</u>

**Concentration of Credit Risk** – Safety of principal is the foremost objective of the City’s investment program. The cash investments of the City of St. Joseph, Missouri, shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The City’s investments are in the following investment types at June 30:

	Carrying Value	Concentration
Federal National Mortgage Association	\$ 17,949,325	21%
Federal Home Loan Mortgage Corporation	31,896,504	38%
Federal Home Loan Bank	34,882,168	41%
	<u>\$ 84,727,997</u>	<u>100%</u>

# CITY OF ST. JOSEPH, MISSOURI

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

The Police Pension Board established asset allocation guidelines in its investment policy statement to achieve the long term investment objectives. The asset allocation mix should be maintained as follows: 1) Equity investments will range between a maximum of 60%, and a minimum of 40% of the total portfolio within the total equity exposure. 2) Investments in international securities may comprise up to 15% of the total portfolio value. 3) Fixed income investments will range between a maximum of 60% and a minimum of 40% of the total portfolio. 4) Cash investments will range between 0% and 20%, of the total portfolio. 5) Convertible securities may represent attractive investment alternatives and limited to 10% of the portfolio value. To ensure diversification of the fixed income securities, credit exposure to any individual issuer, other than the U.S. Government, shall not exceed 10% of the total fixed income portfolio assets.

### **Fair Value of Financial Measurements**

In determining fair value, the Pension Fund uses various valuation approaches within GASBS 72 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

GASBS 72 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. GASBS 72 defines levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* — Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

*Level 2* — Valuations based on quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data; and

*Level 3* — Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

*Debt Securities:* Valued at last sales price, if listed on a national market or exchange, or if there is no sale and the market is still considered active, at the last transaction price before year-end. In less active markets, the valuation is based on the most recent price of the equivalent quoted yield for such securities. These are classified as Level 2 within the valuation hierarchy.

*Equity Securities:* Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 or Level 2 of the valuation hierarchy, as appropriate.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

Fair values of assets and liabilities of the City measured on a recurring basis, as of June 30, 2017 are as follows:

Investment type:	Fair Value	Level 1	Level 2	Level 3
Debt Securities				
Fed Natl Mort Assoc	\$ 3,003,208	—	\$ 3,003,208	—
Fed Hme Loan Mort	1,469,692	—	1,469,692	—
Fed Hme Loan Bank	198,876	—	198,876	—
Gov Natl Mort Assoc	606,824	—	606,824	—
Money Market	982,636	—	982,636	—
US Treasuries	1,731,747	—	1,731,747	—
Muni Obligations	99,712	—	99,712	—
Foreign Debt	99,706	—	99,706	—
Corporate debt	7,298,762	—	7,298,762	—
Equity Securities:				
Corporate Stock	16,650,453	16,650,453	—	—
Exchange Traded Fund - Equity	41,272	41,272	—	—
Real Estate Investment Trust	787,691	787,691	—	—
Exchange Traded Fund - REIT	1,454,860	1,454,860	—	—
Foreign Equities	4,044,156	4,044,156	—	—
	<u>\$ 38,469,595</u>	<u>\$ 22,978,432</u>	<u>\$ 15,491,163</u>	<u>\$ —</u>

**NOTE 3: RECEIVABLES**

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

Assessed values for real and personal property are established annually by Buchanan County and used by the City.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

The following calendar provides important dates for property tax assessment, billing and collection activities:

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

The City's 2016 property tax rate was \$1.55 per \$100 valuation (\$1.14 per \$100 valuation in areas annexed effective December 30, 1972.) An additional special assessment of \$.50 per \$100 assessed value of land only is levied in the Park District for park maintenance and repair. The tax levy is as follows:

Tax Year/Fiscal Year	2016/2017	2015/2016
City:		
General Fund	\$ .60	\$ .60
Public Safety	.07	.07
Parks & Recreation	.20	.20
Public Health	.22	.22
Library	.41	.41
Museum	.05	.05
Special Park	.50	.50

As required by RSMo 137.073, the State Auditor examined and approved the property tax rates for calendar year 2016 which comply with Article X, Section 22 of the Missouri Constitution.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

The assessed valuation of all tangible taxable property for the 2016 and 2015 levies were as follows:

Tax Year / Fiscal Year	2016 / 2017	2015 / 2016	Change	Percent of Change
Real Property	\$716,782,330	\$707,450,430	\$9,331,900	1.32%
Personal Property	249,389,648	248,116,912	1,272,736	0.51%
Railroad Utilities	46,823,907	44,775,651	2,048,256	4.57%
<b>Total</b>	<b>\$1,012,995,885</b>	<b>\$1,000,342,993</b>	<b>\$12,652,892</b>	<b>6.40%</b>

Receivables as of June 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts and Other	Accrued Interest	Taxes	Total Receivables	Allowance for Doubtful Accounts	Receivables, Net
<b>Governmental activities:</b>						
General	\$ 693,021	\$ 40,698	\$ 5,862,778	\$ 6,596,497	\$ -	\$ 6,596,497
Special Allocation	6,152,130	2,027	489,742	6,643,899	-	6,643,899
CIP Sales Tax	-	8,909	956,187	965,096	-	965,096
Nonmajor governmental funds	201,004	5,393	1,423,164	1,629,561	-	1,629,561
<b>Total governmental activities</b>	<b>7,046,155</b>	<b>57,027</b>	<b>8,731,871</b>	<b>15,835,053</b>	<b>-</b>	<b>15,835,053</b>
<b>Business-type activities:</b>						
Sewer	\$ 5,195,488	\$ 49,869	\$ -	\$ 5,245,357	\$ (194,622)	\$ 5,050,735
Mass Transit	13,625	42,588	965,699	1,021,912	-	1,021,912
Nonmajor enterprise funds	389,284	19,282	-	408,566	-	408,566
<b>Total business-type activities</b>	<b>5,598,397</b>	<b>111,739</b>	<b>965,699</b>	<b>6,675,835</b>	<b>(194,622)</b>	<b>6,481,213</b>
<b>Total Net Receivables</b>	<b>\$ 12,644,552</b>	<b>\$ 168,766</b>	<b>\$ 9,697,570</b>	<b>\$ 22,510,888</b>	<b>\$ (194,622)</b>	<b>\$ 22,316,266</b>

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

<b>NOTE 4: CAPITAL ASSETS</b>
-------------------------------

Capital asset activity for the year ended June 30, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,038,844	\$ —	\$ —	\$ 6,038,844
Construction in progress	1,864,568	4,054,538	3,142,043	2,777,063
Total capital assets, not being depreciated	7,903,412	4,054,538	3,142,043	8,815,907
Capital assets, being depreciated:				
Buildings	46,529,053	—	504,305	46,024,748
Improvements other than buildings	43,095,345	1,654,502	786,914	43,962,933
Machinery and equipment	24,937,071	3,963,840	1,257,268	27,643,643
Office Equipment and Furniture	6,278,110	394,743	239,158	6,433,695
Infrastructure	273,687,716	—	—	273,687,716
Total capital assets being depreciated	394,527,295	6,013,085	2,787,645	397,752,735
Less accumulated depreciation for:				
Buildings	26,368,994	1,098,823	406,421	27,061,396
Improvements other than buildings	14,149,430	1,398,186	471,252	15,076,364
Machinery and equipment	20,958,620	1,645,886	1,189,461	21,415,045
Office Equipment and Furniture	3,928,361	519,498	226,314	4,221,545
Infrastructure	179,950,117	7,020,141	—	186,970,258
Total accumulated depreciation	245,355,522	11,682,534	2,293,448	254,744,608
Total capital assets, being depreciated, net	149,171,773	(5,669,449)	494,197	143,008,127
<b>Total Governmental activities capital assets, net</b>	<b>\$ 157,075,185</b>	<b>\$ (1,614,911)</b>	<b>\$ 3,636,240</b>	<b>\$ 151,824,034</b>

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
<b>Sewer fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,062,040	\$ —	\$ —	\$ 3,062,040
Construction in progress	94,147,867	7,229,836	89,371,827	12,005,876
Total capital assets, not being depreciated	97,209,907	7,229,836	89,371,827	15,067,916
Capital assets, being depreciated:				
Buildings	59,261,909	43,757,147	637,176	102,381,880
Improvements other than buildings	41,502,649	45,614,679	123,644	86,993,684
Machinery and equipment	11,743,612	722,713	469,183	11,997,142
Office Equipment and Furniture	877,098	—	—	877,098
Infrastructure	67,150,806	—	—	67,150,806
Total capital assets being depreciated	180,536,074	90,094,539	1,230,003	269,400,610
Less accumulated depreciation for:				
Buildings	24,097,087	2,606,592	477,884	26,225,795
Improvements other than buildings	8,215,547	1,998,785	26,790	10,187,542
Machinery and equipment	10,458,603	529,303	392,587	10,595,319
Office Equipment and Furniture	634,960	133,634	—	768,594
Infrastructure	34,115,570	880,116	—	34,995,686
Total accumulated depreciation	77,521,767	6,148,430	897,261	82,772,936
Total capital assets, being depreciated, net	103,014,307	83,946,109	332,742	186,627,674
<b>Total sewer fund capital assets, net</b>	<b>\$ 200,224,214</b>	<b>\$ 91,175,945</b>	<b>\$ 89,704,569</b>	<b>\$ 201,695,590</b>
<b>Mass Transit fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 189,134	\$ —	\$ —	\$ 189,134
Total capital assets, not being depreciated	189,134	—	—	189,134
Capital assets, being depreciated:				
Buildings	4,504,512	—	—	4,504,512
Improvements other than buildings	184,595	—	—	184,595
Machinery and equipment	5,540,236	—	—	5,540,236
Office Equipment and Furniture	970,607	67,090	16,929	1,020,768
Total capital assets being depreciated	11,199,950	67,090	16,929	11,250,111
Less accumulated depreciation for:				
Buildings	2,515,146	147,585	—	2,662,731
Improvements other than buildings	67,255	10,167	—	77,422
Machinery and equipment	5,420,853	149,982	—	5,570,835
Office Equipment and Furniture	844,631	4,392	16,929	832,094
Total accumulated depreciation	8,847,885	312,126	16,929	9,143,082
Total capital assets, being depreciated, net	2,352,065	(245,036)	—	2,107,029
<b>Total mass transit fund capital assets, net</b>	<b>\$ 2,541,199</b>	<b>\$ (245,036)</b>	<b>\$ —</b>	<b>\$ 2,296,163</b>

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Nonmajor enterprise funds:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,318,796	\$ —	\$ —	\$ 5,318,796
Construction in Progress	6,581,791	3,178,571	59,626	9,700,736
Total capital assets, not being depreciated	11,900,587	3,178,571	59,626	15,019,532
Capital assets, being depreciated:				
Buildings	10,023,385	—	894,165	9,129,220
Improvements other than buildings	12,230,077	—	7,487	12,222,590
Machinery and equipment	7,450,399	815,837	74,963	8,191,273
Office Equipment and Furniture	25,446	24,230	—	49,676
Infrastructure	11,869,953	—	—	11,869,953
Total capital assets being depreciated	41,599,260	840,067	976,615	41,462,712
Less accumulated depreciation for:				
Buildings	7,342,074	189,987	890,416	6,641,645
Improvements other than buildings	9,794,758	134,299	7,055	9,922,002
Machinery and equipment	6,510,064	766,300	45,764	7,230,600
Office Equipment and Furniture	25,446	1,211	—	26,657
Infrastructure	2,414,917	415,286	—	2,830,203
Total accumulated depreciation	26,087,259	1,507,083	943,235	26,651,107
Total capital assets, being depreciated, net	15,512,001	(667,016)	33,380	14,811,605
<b>Total nonmajor enterprise fund capital assets, net</b>	<u>27,412,588</u>	<u>2,511,555</u>	<u>93,006</u>	<u>29,831,137</u>
<b>Total business-type activities capital assets, net</b>	\$ <u>230,178,001</u>	\$ <u>93,442,464</u>	\$ <u>89,797,575</u>	\$ <u>233,822,890</u>

Depreciation expense was charged to functions/programs as followed:

Governmental activities:	
General government	\$ 305,384
Public safety	1,331,951
Highways and streets	7,595,348
Health and welfare	185,095
Parks and recreation	2,264,756
Total depreciation expense – governmental activities	\$ <u>11,682,534</u>
Business-type activities:	
Sewer	\$ 6,148,430
Mass Transit	312,126
Non-major enterprise funds	1,507,083
Total depreciation expense – business-type activities	\$ <u>7,967,639</u>



**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5: INTERFUND ACTIVITIES**

Interfund transfers consisted of the following amounts:

	Transfers To							
	General Fund	Special Allocation	CIP Sales Tax	Nonmajor Governmental	Sewer Fund	Nonmajor Business-type	Total	
<b>Governmental Funds:</b>								
Transfers From	General Fund	Nonmajor governmental	CIP Sales Tax					
	\$ -	\$ -	\$ 993,245	\$ 2,316,571	\$ 11,929	\$ 1,707,380	\$ 5,029,125	
	3,204,401	-	-	109,999	-	66,500	3,380,900	
	-	-	-	-	-	368,090	368,090	
<b>Enterprise Funds:</b>								
	1,910,569	-	-	-	-	48,290	1,958,859	
	166,539	-	-	-	-	-	166,539	
	830,264	-	-	325,000	3,250	-	1,158,514	
	<u>\$ 6,111,773</u>	<u>\$ -</u>	<u>\$ 993,245</u>	<u>\$ 2,751,570</u>	<u>\$ 15,179</u>	<u>\$ 2,190,260</u>	<u>\$ 12,062,027</u>	

Transfers are used to (1) move revenues from the fund that budgets or ordinance requires to collect them to the fund that budgets or ordinance requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 6: LONG-TERM LIABILITIES**

Governmental Activities	Balance 07/01/16	Increases	Decreases	Balance 06/30/17	Current Portion
Industrial Development					
Authority Bonds	\$ 35,245,000	\$ -	\$ (1,685,000)	\$ 33,560,000	\$ 1,800,000
Infrastructure Facility					
Revenue Bonds	10,820,000	-	(1,150,000)	9,670,000	1,175,000
MO Development Finance					
Board Bonds	1,260,000	-	(135,000)	1,125,000	140,000
Discount on Issuance	(129,639)	-	14,105	(115,534)	-
Developer Obligations	32,034,429	4,403,620	(1,825,581)	34,612,468	2,000,000
Capital Lease Obligations	260,637	21,896	(84,829)	197,704	95,509
Compensated Absences *	1,630,301	2,089,824	(2,040,258)	1,679,867	1,673,084
OPEB Obligation*	1,183,069	252,660	-	1,435,729	-
Claims	1,426,781	1,611,985	(1,527,065)	1,511,701	754,756
<b>Total Governmental activities</b>					
<b>Long-term liabilities</b>	<u>\$ 83,730,578</u>	<u>\$ 8,379,985</u>	<u>\$ (8,433,628)</u>	<u>\$ 83,676,935</u>	<u>\$ 7,638,349</u>

\* Compensated absences, pension liabilities and other post-employment benefit obligations are generally liquidated by the general fund.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

<b>Business-type Activities</b>	<b>Balance 7/1/16</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/17</b>	<b>Current Portion</b>
<b>Water Protection Fund</b>					
Revenue Bonds	\$ 98,288,292	\$ 15,583,754	\$ (4,761,622)	\$ 109,110,424	\$ 4,740,824
Industrial Development Authority Bonds	29,090,000	-	(955,000)	28,135,000	1,545,000
Infrastructure Facility Revenue Bonds	19,580,000	-	(620,000)	18,960,000	645,000
MO Development Finance Board Bonds	6,485,000	-	(635,000)	5,850,000	655,000
Discount on Issuance	(89,736)	-	4,360	(85,376)	(1,908)
Premium on Issuance	3,370,774	-	(291,515)	3,079,259	-
Capital Leases	903	13,553	(2,813)	11,643	3,326
Compensated Absences	137,372	197,203	(207,131)	127,444	127,441
OPEB Obligation	136,174	29,082	-	165,256	-
<b>Total water protection fund</b>					
<b>Long-term liabilities</b>	156,998,779	15,823,592	(7,468,721)	165,353,650	7,714,683
<b>Nonmajor enterprise funds:</b>					
Capital Leases	156,188	-	(44,529)	111,659	20,784
Other Obligations	-	3,500,000	(954,440)	2,545,560	-
Closure/Post Closure	5,582,993	34,913	(93,765)	5,524,141	73,500
Compensated absences	122,897	108,917	(125,428)	106,386	95,193
OPEB Obligation	70,370	15,028	-	85,398	-
<b>Total nonmajor enterprise funds</b>					
<b>Long-term liabilities</b>	5,932,448	3,658,858	(1,218,162)	8,373,144	189,477
<b>Total Business-type activities</b>					
<b>Long-term liabilities</b>	<b>\$ 162,931,227</b>	<b>\$ 19,482,450</b>	<b>\$ (8,686,883)</b>	<b>\$ 173,726,794</b>	<b>\$ 7,904,160</b>

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

<b>Governmental Activities</b>					
<b>Year ending 30-Jun</b>	<b>Industrial Development</b>			<b>Infrastructure Facility</b>	
	<b>Authority Bonds</b>			<b>Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>		<b>Principal</b>	<b>Interest</b>
2018	\$ 1,800,000	\$ 1,775,066	\$	\$ 1,175,000	\$ 368,494
2019	1,975,000	1,676,388		1,210,000	334,644
2020	2,110,000	1,569,726		1,255,000	295,749
2021	2,290,000	1,452,875		1,305,000	251,724
2022	2,450,000	1,325,616		1,350,000	202,668
2023-2027	15,395,000	4,338,000		3,375,000	238,373
2028-2032	7,540,000	244,613		-	-
	<u>\$ 33,560,000</u>	<u>\$ 12,382,284</u>	\$	<u>\$ 9,670,000</u>	<u>\$ 1,691,652</u>

<b>Total</b>					
<b>Year ending 30-Jun</b>	<b>MO Development</b>			<b>Governmental Activities</b>	
	<b>Finance Board Bonds</b>			<b>Debt Service Requirements</b>	
	<b>Principal</b>	<b>Interest</b>		<b>Principal</b>	<b>Interest</b>
2018	\$ 140,000	\$ 50,625	\$	\$ 3,115,000	\$ 2,194,185
2019	145,000	44,325		3,330,000	2,055,357
2020	155,000	37,800		3,520,000	1,903,275
2021	160,000	30,825		3,755,000	1,735,424
2022	165,000	23,625		3,965,000	1,551,909
2023-2027	360,000	24,525		19,130,000	4,600,898
2028-2032	-	-		7,540,000	244,613
	<u>\$ 1,125,000</u>	<u>\$ 211,725</u>	\$	<u>\$ 44,355,000</u>	<u>\$ 14,285,661</u>

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

Year ending 30-Jun	Business-type Activities					
	Revenue Bonds		Industrial Development Authority Bonds		Infrastructure Facility Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 4,740,824	\$ 1,648,176	\$ 1,545,000	\$ 1,269,694	\$ 645,000	\$ 949,063
2019	4,853,000	1,584,783	1,610,000	1,386,491	670,000	923,263
2020	6,120,800	1,512,185	1,670,000	1,150,044	695,000	896,463
2021	7,419,300	1,420,323	1,755,000	1,066,544	725,000	868,663
2022	9,370,000	1,320,473	1,840,000	978,794	750,000	839,663
2023-2027	25,803,700	5,247,353	14,530,000	3,606,988	4,335,000	3,627,363
2028-2032	29,313,700	3,089,436	2,910,000	694,056	5,545,000	2,414,313
2033-2037	21,489,100	676,078	2,275,000	119,438	5,595,000	771,581
2038-2041	-	-	-	-	-	-
	<u>\$ 109,110,424</u>	<u>\$ 16,498,807</u>	<u>\$ 28,135,000</u>	<u>\$ 10,272,049</u>	<u>\$ 18,960,000</u>	<u>\$ 11,290,372</u>

Year ending 30-Jun	MO Development Finance Board Bonds		Total Business-type Activities Debt Service Requirements		Total Debt Service Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
	2018	\$ 655,000	\$ 183,275	\$ 7,585,824	\$ 4,050,208	\$ 10,700,824
2019	675,000	163,625	7,808,000	4,058,162	11,138,000	6,113,519
2020	695,000	143,375	9,180,800	3,702,067	12,700,800	5,605,342
2021	715,000	122,525	10,614,300	3,478,055	14,369,300	5,213,479
2022	740,000	101,075	12,700,000	3,240,005	16,665,000	4,791,914
2023-2027	2,370,000	142,756	47,038,700	12,624,460	66,168,700	17,225,358
2028-2032	-	-	37,768,700	6,197,805	45,308,700	6,442,418
2033-2037	-	-	29,359,100	1,567,097	29,359,100	1,567,097
2038-2041	-	-	-	-	-	-
	<u>\$ 5,850,000</u>	<u>\$ 856,631</u>	<u>\$ 162,055,424</u>	<u>\$ 38,917,859</u>	<u>\$ 206,410,424</u>	<u>\$ 53,203,520</u>

## CITY OF ST. JOSEPH, MISSOURI

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

#### **General Obligation Bonds:**

The Missouri State Constitution permits a City, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "City purposes" not to exceed 10% of the assessed value of taxable tangible property; and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring right-of-way, construction, extending and improving streets and avenues and/or sanitary or storm sewer systems; and an additional 10% for purchasing or constructing waterworks, electric, or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property. Currently, the City does not have any outstanding general obligation debt.

#### **Industrial Development Authority Bonds:**

The Industrial Development Authority of the City of St. Joseph, Missouri is authorized and empowered under Chapter 349 of the Revised Statutes of Missouri to issue bonds for the purpose of promoting projects within the City of St. Joseph, Missouri. March 1, 2005, the Authority issued \$26,000,000 2005A Series Tax Increment Revenue Bonds in connection with the financing of redevelopment costs for The Shoppes at North Village. Then on August 1, 2005, the Authority issued an additional \$16,985,000 2005B Series Tax Increment Revenue Bonds to provide funding for costs of public and private improvements for The Shoppes at North Village. November 1, 2007, the Authority issued \$20,410,000 2007 Series Bonds for the Sewerage System improvement projects. The 2008 Mitchell Avenue Tax Increment Revenue Bond Series were issued for \$5,110,000 on June 5, 2008 by the Authority for the purpose of promoting public facility projects within a redevelopment area. The Series 2005A, 2005B, and 2008 bonds and interest are limited obligations of the Authority, payable solely from Payments in Lieu of Taxes and Economic Activity Tax Revenues. On May 12, 2015, the Authority issued \$10,255,000 2015A Special Obligation Revenue Bonds and \$19,215,000 2015B Special Obligation Refunding Revenue Bonds. The Series 2015A financed Sewerage System improvement projects and the Series 2015B refinanced the 2007 bonds payable from surplus revenues of the Water Protection fund and debt service reserve funds held by the Trustee.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

The total principal balance outstanding for the Industrial Development Authority Bonds as of June 30, 2017 is \$61,695,000.

Governmental Activities

Series 2005A – Industrial Development Authority Bonds (Special Allocation); due in annual installments through May 1, 2027; interest at 4.00% to 5.50%	\$ 17,910,000
Series 2005B – Industrial Development Authority Bonds (Special Allocation); due in annual installments through November 1, 2027; interest at 4.00% to 5.50%	12,540,000
Series 2008 – Industrial Development Authority Bonds (Special Allocation); due in annual installments through March 1, 2029; interest at 5.50%	<u>3,110,000</u>
Total Industrial Development Authority Bonds for Governmental Activities	<u>\$ 33,560,000</u>

Business-type Activities

Series 2015A – Industrial Development Authority Bonds (Sewer); due in annual installments through April 1, 2034; interest at 2.00% to 5.00%	\$ 9,530,000
Series 2015B – Industrial Development Authority Bonds (Sewer); due in annual installments through April 1, 2027; interest at 3.00% to 5.00%	<u>18,605,000</u>
Total Industrial Development Authority Bonds for Business-type Activities	<u>\$ 28,135,000</u>

**Refunding:**

In prior years, the City defeased the 2007 Industrial Development Authority Special Obligation Revenue Bonds by placing the proceeds of the 2015B Industrial Development Authority Special Obligation Revenue Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for refunded Series 2007 Industrial Development Authority Bonds are not included in the City’s financial statements. As of June 30, 2017, the bonds have been paid in full and are considered defeased and the liability for those bonds have been removed from the long-term debt.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Infrastructure Facility Revenue Bonds:**

The City of St. Joseph issued Taxable Infrastructure Facility Revenue Bonds to obtain financial assistance with the Stockyards Redevelopment Agreement for the purpose of Private Property Improvement costs. The bonds are secured by loan payments made by the City pursuant to the financing agreement, TIF Incremental Tax Revenues and Chapter 100 Pilots Revenues. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City's statement of net position. The annual appropriation covenant of the City constitutes a commitment of all general funds of the City to make loan payments under the financing agreement. Bond Series 2004B was refunded in November, 2012, with the Bond Series 2012B. To meet Missouri Department of Natural Resource mandates, on December 1, 2011, the City of St. Joseph issued Missouri Development Finance Board Infrastructure Facilities Revenue Bonds Series 2011E.

The total principal balance outstanding for the Taxable Infrastructure Facilities Revenue Bonds as of June 30, 2017 is \$28,630,000.

Governmental Activities

Series 2011A – Infrastructure Facility Revenue Refunding Bonds (Special Allocation); due in annual installments through March 1, 2024; interest at 2.00% to 4.625%	\$ 3,930,000
Series 2012B – Infrastructure Facility Revenue Refunding Bonds (Special Allocation); due in annual installments through November 1, 2024; interest at 1.195% to 4.078%	<u>5,740,000</u>
Total Infrastructure Facility Revenue Bonds Governmental Activities	<u>\$ 9,670,000</u>

Business-type Activities

Series 2011E – Infrastructure Facilities Revenue Bonds (Sewer); due in annual installments through May 1, 2036; interest at 2.00% to 5.375%	<u>\$ 18,960,000</u>
---	----------------------

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Missouri Development Finance Board Bonds:**

On December 1, 2004, the City of St. Joseph issued Missouri Development Finance Board Bonds Series 2004C and Series 2004D. \$11,720,000 of the proceeds of the Series 2004C funded improvements to the City's sewerage system and pay certain blight remediation costs in connection with the City's Stockyard Redevelopment Project. In association with the 2004C Series, a financing agreement related to the issuance of Missouri Build Bonds was entered into by the Board, City and Triumph Foods. Under the agreement, subject to certain requirements, tax credits earned by Triumph Foods have been assigned to the trustee of the 2004C bonds. Bond Series 2004C was refunded in November, 2012, with the Bond Series 2012C to refinance a portion of the Stockyards Redevelopment Project and improvements to the City's sewerage system. \$6,860,000 of the Series 2004D proceeds financed the cost of acquiring two new fire apparatus, completing the acquisition of new equipment for the Public Safety Communication System and funding improvements to the Law Enforcement Center. The bonds and the interest are special, limited obligations of the Board, payable by the Board solely from the loan payments made by the City. The loan payments to be made shall constitute currently budgeted expenditures of the City, therefore, is included or reported in the City's statement of net position. The annual appropriation covenant of the City constitutes a commitment to make loan payments under the financing agreements. The total principal balance outstanding for the MO Development Board Bonds as of June 30, 2017 is \$6,975,000.

Governmental Activities

Series 2004D – Infrastructure Facilities Revenue Bonds (General); due in annual installments through March 1, 2024; interest at 3.00% to 5.00% \$ 1,125,000

Business-type Activities

Series 2012C – Infrastructure Facilities Revenue Bonds (Sewer); due in annual installments through November 1, 2024; interest at 2.00% to 3.25% \$ 5,850,000



**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Revenue Bonds:**

The City of St. Joseph, Missouri issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue Bonds payables are recorded in the Sewer Enterprise Fund and total principal outstanding at June 30, 2017 is \$109,110,424.

Business-type Activities

Series 2003 – Sewer System Revenue Bonds: due in annual installments through April 1, 2023; interest at 1.3% to 5.125%	\$ 305,000
Series 2013 – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through January 1, 2034; interest at 1.32%	12,694,300
Series 2014 – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through July 1, 2035; interest at 1.57%.	53,767,000
Series 2014A – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through July 1, 2035; interest at 1.36%.	27,440,000
Series 2016 – State Environmental Improvement and Energy Resources Authority (State of Missouri) Water Pollution Control Revenue Bonds (State Revolving Fund Program): due through January 1, 2022; interest at 1.00%.	9,664,124
Series 2014B – Sewer System Revenue Bonds: due in annual installments through July 1, 2034; interest at 2.00% to 4.00%.	<u>5,240,000</u>
Total Revenue Bonds for Business-type Activities	<u>\$109,110,424</u>

On April 5, 2011, the voters of the City of St. Joseph, Missouri approved the City's issuance of \$105 million revenue bonds for providing for the major repair and replacement of existing facilities, as well as treatment plant expansions, required major environmental upgrades, and collection System extensions to provide service to new customers. Total cost of the improvements is estimated at \$181.3 million through 2017.

In 2013, the City issued \$14,660,000 Missouri Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2013. The City is participating in the State of Missouri's Direct Loan Program of the DNR and the Clean Water Commission of the State of Missouri. The 2013 revenue bonds mature through 2034 with interest of 1.32%. On May 27, 2016, the project was determined complete for a total amount of \$14,217,922. As of June 30, 2017, the outstanding balance of the bonds was \$12,694,300.

## CITY OF ST. JOSEPH, MISSOURI

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

In 2014, the City issued \$56,000,000 Missouri Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2014. The City is participating in the State of Missouri’s Direct Loan Program of the DNR and the Clean Water Commission of the State of Missouri. The 2014 revenue bonds mature through 2035 with interest of 1.57%. On March 13, 2017, the project was determined complete for a total amount of \$56,000,000. As of June 30, 2017, the outstanding balance of the bonds was \$53,767,000.

In 2015, the City issued \$28,585,000 Missouri Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2014A. The City is participating in the State of Missouri’s Direct Loan Program of the DNR and the Clean Water Commission of the State of Missouri. The 2014A revenue bonds mature through 2035 with interest of 1.36%. On March 31, 2017, the project was determined complete for a total amount of \$28,585,000. As of June 30, 2017, the outstanding balance of the bonds was \$27,440,000.

In 2017, the City issued \$10,000,000 Missouri Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2016. The City is participating in the State of Missouri’s Direct Loan Program of the DNR and the Clean Water Commission of the State of Missouri. The 2016 revenue bonds mature through 2022 with interest of 1.00%. On June 8, 2017, the project was determined complete for a total amount of \$9,664,124. As of June 30, 2017, the outstanding balance of the bonds was \$9,664,124.

On December 18, 2014, the City of St. Joseph issued \$5,755,000 Sewerage System Revenue Bonds, Series 2014B, to fund design costs for the Blacksnake Creek Storm Water Project and the right-of-way acquisition costs incurred to date for the Blacksnake and Whitehead Creek Storm Water Separation Projects and the Eastside Wastewater Improvements Project. All \$105 million voter approved revenue bonds have been authorized and issued for the sewer system improvements. As of June 30, 2017, the outstanding balance of the bonds was \$5,240,000.

The City is in compliance with the provisions of the ordinance relating to the maintenance of special reserves and accounts for the 2003 Sewer Revenue Refunding series. Net revenues of the City’s sewerage system are sufficient to pay both the principal and interest on all the Sewerage System Refunding and Improvement Revenue Bonds that have been pledged for payment of the principal and interest on the bonds as they mature.

#### **Wastewater Improvement Agreement:**

In conjunction with the issuance of the 2004B bond issuance, the City entered into a wastewater improvement agreement with Triumph Foods, LLC (Triumph). The agreement requires that Triumph pay the City monthly sewer reserve charges beginning February 2005. As of June 30, 2017, the total annual sewer reserve charges due to the City through the agreement are payable as follows:

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

Year Ending June 30:	Total
2018	\$ 972,996
2019	972,996
2020	972,996
2021	972,996
2022	972,996
2023-2025	2,477,270
	7,342,250
Less interest	(1,526,936)
Net present value	\$ 5,815,314

The total present value of the agreement is recorded on the City’s fund financial statements as Accounts Receivable and Deferred Inflows in the Special Allocation Fund.

**Other Obligations:**

The City adopted Special Ordinance number 9013 on December 7, 2015 approving the Mosaic Downtown Revitalization Redevelopment Project and selected St. Joseph Downtown Development, LLC as the developer whose rights were assigned to a separate, but affiliated entity, Ascend Development, LLC to implement the Redevelopment Project. On July 18, 2016, Special Ordinance number 9093 authorized a Downtown Building Rehabilitation Program Agreement with Ascend that governs the City’s lease of the property on which the 8<sup>th</sup> & Felix parking garage is located to the Developer. The parking structure portion of the Project shall include actions by both the City and the Developer. The City shall ground lease the Site to the Developer for a period of twenty-five (25) years, commencing upon substantial completion of the parking structure and the City shall contribute \$3,500,000 in public funds for costs association with the parking structure portion of the Project. The City shall pay for all costs and expenses associated with constructing drainage facilities required to accommodate the positioning of the parking structure in a floodway (estimated to be approximately \$1,400,000). The City shall receive credit against the City Contribution for the cost constructing drainage facilities required to accommodate the positioning of the parking structure in a floodway. The City Contribution funded by Developer shall be repaid by the City to the Developer, with interest at the rate of four (4) percent per annum, in equal annual payments over a period of ten (10) years with the first such payment occurring on August 1, 2017. The total principal balance outstanding in the Public Parking Fund as of June 30, 2017 is \$2,545,560 after \$954,440 in actual costs were recognized by the City in 2017.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**Industrial Development Revenue Bonds:**

The City of St. Joseph issued Industrial Development Revenue Bonds to provide economic financial assistance to private entities. The bonds are secured by the improvements that are to be made. The debt service on these issues are paid solely from the private entities through lease agreements; therefore, the issues do not constitute a debt of the City and accordingly, are not included nor reported in the City's statement of net position. The total principal balance outstanding for the Industrial Development Revenue Bonds as of June 30, 2017 is \$548,367,214.

**Tax Increment Financing (TIF) Bonds and Developer Obligations:**

The City's tax increment financing bonds indebtedness is recorded as a liability of the City to match revenue streams to the related debt for which they have been pledged. The obligation of the City to pay principal and interest on these bonds is generally limited solely to the tax increment financing (TIF) revenues generated from each project.

The City has pledged a portion of future property tax, sales tax, and franchise tax revenue to repay \$63,465,000 in tax increment financing bonds issued at various dates beginning in 2004 to finance redevelopment projects within each of the respective TIF plans. The bonds are payable solely from the incremental increase in the property, sales, and franchise taxes generated within the TIF plans. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the TIF bonds. Should TIF revenues not be sufficient to meet the required debt service obligations, the City is obligated in certain instances (Series 2012B \$5,740,000 and Series 2011A \$3,390,000 Infrastructure Facility Revenue Bonds) to make such bond payments from any other sources of its revenues. Management does not anticipate that any of the City's funds will be required to make up any deficiency in bond payments during the next fiscal year.

Developer obligations represent developer project costs that have been certified by the City as eligible for reimbursement from tax increment financing revenues attributable to each respective project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from certain incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. The City has estimated that \$2,000,000 of these obligations will be paid in 2018. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the City.

At June 30, 2017, total principal and interest remaining on the bonds was \$57,303,935 and outstanding developer obligations were \$34,612,468. The bonds are scheduled to mature at varying amounts through 2030 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

## CITY OF ST. JOSEPH, MISSOURI

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

For the current year, principal and interest paid on TIF bonds and developer obligations totaled \$7,122,485. Incremental revenues from the City included \$3,275,769 in sales taxes, \$643,358 in property taxes and \$138,542 in other economic activity revenues. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues from other taxing districts and governmental entities, developer contributions, and debt trust funds.

#### **Tax Exemptions and Abatements:**

The City of St. Joseph is subject to property and sales tax abatements through various programs implemented. The programs include Tax Increment Financing, Chapter 100, Chapter 353 and Enhanced Enterprise Zone. The definitions described below are meant to be general descriptions of the abatements.

- Tax Increment Financing ("TIF")/Sales Tax Reimbursement Account ("STRA")  
The enacting authority for TIF is Chapter 99, RSMO. A TIF project diverts tax revenue, above an established base level of taxes, to a special allocation fund that allows certain project costs to be reimbursed to developers for up to 23 years. Most commonly, the two sources of funds that are diverted are Payments In Lieu of Taxes ("PILOTs") and Economic Activity Taxes ("EATs"). Generally, 100% of PILOTs (real property based taxes) and 50% of EATs (sales, utilities, and earnings based taxes) are diverted. A basic requirement, as outlined in Section 99.810.1 (1), RSMO, is: "The redevelopment area on the whole is a blighted area, a conservation area, or an economic development area, and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing." Each agreement will vary from project to project.
- Chapter 100  
The enacting authority for Chapter 100 tax abatements is Chapter 100, RSMO. Generally, a Chapter 100 project transfers property to a municipality for a specified number of years. An Industrial Development Plan must be approved by the City. The municipality can then issue bonds to facilitate the financing of a variety of projects including offices, warehouses, distribution facilities and industrial plants. Land, buildings, fixtures and machinery may also be financed using the bond proceeds. The use of these bonds provides the ability to abate a percentage of real and/or personal property tax. In addition to debt payment, there may be negotiated PILOTs. A sales tax exemption when purchasing equipment, machinery and other eligible purchases may also be provided. Each agreement will vary from project to project.
- Chapter 353  
The enacting authority for Chapter 353 tax abatements is Chapter 353, RSMO. Chapter 353 is a tax abatement whereby property transfers through a redevelopment corporation and can last up to 25 years. For example, in a 25 year abatement, 100% of real property taxes may be abated, except for the base property taxes for the land, for the first 10 years. In the subsequent 15 years, 50% of all taxes may be abated. Chapter 353 tax abatements may

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

involve negotiated PILOTs. Often, a project will seek eligibility for tax abatement by seeking to redevelop a blighted area. Each agreement will vary from project to project.

- Enhanced Enterprise Zone ("EEZ")

The enacting authority for Enhanced Enterprise Zones is Chapter 135, RSMO. EEZ's provide local property tax abatements to new or expanding businesses. The EEZ generally abates 50% of taxes for a specified number of years, not to exceed 25, and may involve negotiated PILOTs. Eligibility requirements are that the project is located in an EEZ, invests a minimum of \$100,000, and creates a minimum of two new full-time jobs. Each agreement will vary from project to project.

The financial impact of each abatement program on the City of St. Joseph is summarized below:

<u>Type of Abatement</u>	<u>City of St. Joseph</u>
Chapter 353	\$ 69,268
Chapter 100	223,271
Enhanced Enterprise Zone	210,651
TIF/STRA PILOTS	3,108,790
TIF/STRA EATS	4,814,898
Total Incentives	<u>\$ 8,426,878</u>

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

<b>NOTE 7: CAPITAL LEASE AGREEMENTS</b>
---

**Capital Lease Obligations:**

The City has entered into a number of capital leases for the purchase of various machinery and equipment. The agreements are subject to annual appropriation of funds by the City for their payment and are terminated if the City should fail to do so. In that instance the City would relinquish the financed items to the debt holder in full satisfaction of its responsibilities.

The following is a schedule of the present value of net minimum lease payments for all of the City's capitalized leases as of June 30, 2017:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Year ending June 30:		
2018	\$ 111,489	\$ 117,444
2019	67,596	3,528
2020	41,806	3,528
2021	2,375	1,470
Total minimum lease payments	<u>223,266</u>	<u>125,970</u>
Less amount representing interest	<u>(25,562)</u>	<u>(2,668)</u>
Present value of net minimum lease payments	<u><u>\$ 197,704</u></u>	<u><u>\$ 123,302</u></u>

The following schedule shows the amount and asset classifications for capital lease items as of June 30, 2017:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Office equipment	\$ 351,827	\$ -
Machinery & equipment	22,802	83,014
less: Accumulated depreciation	<u>(178,763)</u>	<u>(63,774)</u>
	<u><u>\$ 195,866</u></u>	<u><u>\$ 19,240</u></u>

CITY OF ST. JOSEPH, MISSOURI

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 8: RISK MANAGEMENT**

The City contracts with various insurance companies for general, property, and casualty insurance and has qualified as its own self-insurer for workers' compensation benefits. The City retains liability for \$600,000 of each accident with specific excess coverage purchased to provide protection in excess of that amount. The City has an aggregate limit of \$1,000,000. A third party administrator is contracted to provide claims administration and payment services for worker's compensation. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Insurance Fund. An actuarial report is prepared to evaluate loss and allocated loss adjustment expense reserves for the self-funded workers compensation program and to determine the funding level of the program. The net position of the Insurance Internal Service Fund at June 30, 2017 is \$69,592.

As of June 30, 2017, incurred but not reported (IBNR) workers' compensation claims and claims payable of \$1,511,701 have been accrued as a liability in the Insurance Internal Service Fund.

Workers' Compensation Claims Payable

	Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	End of Year
Fiscal Year 2016	\$1,464,037	\$376,657	(\$ 413,913)	\$1,426,781
Fiscal Year 2017	1,426,781	1,611,985	(1,527,065)	1,511,701



**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

<b>NOTE 9: COMMITMENTS</b>
----------------------------

**A. Construction Commitments**

At June 30, 2017 the City had the following commitments of approximately \$62,048,264 to complete construction contracts.

	<b>Amounts</b>
<b>Governmental Activities</b>	
Major Governmental Funds:	
CIP Sales Tax Improvement	\$ 14,683,856
Non Major Governmental Funds:	
Cell Phone	381,310
Total Governmental Activities	15,065,166
<b>Business-type Activities</b>	
Major business-type Funds:	
Sewer	46,386,293
Non Business-type Funds:	
Aviation	222,733
Parking	334,348
Transit	39,725
Total Business-type Activities	46,983,099
Total	\$ 62,048,264

**B. Landfill Closure and Postclosure Care Liabilities**

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

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

LANDFILL CLOSURE  
AND POSTCLOSURE CARE LIABILITIES  
June 30, 2017

Description	Amount	Anticipated Close Years	Capacity Used
City's Operating Landfill			
Area I	\$ 700,741	2016-2018	98.0 %
Area II	828,277	2015-2016	99.9 %
Area III	<u>2,516,340</u>	2070-2075	34.5 %
	<u>\$ 4,045,358</u>		
McArthur Drive Landfill	<u>\$ 1,478,783</u>	Closed	100 %
Total	<u>\$5,524,141</u>		

In 2011, the City engaged an outside professional engineering firm to update and develop a Landfill Tipping Fee Study (the Study) for the purpose of establishing landfill fees to cover operating cost as well as providing funding for landfill closure and postclosure care cost. With the 2011 Study, the City changed the previously used assumption of having a third party perform most of the closure and postclosure care activities to the assumption of having City personnel perform most of these closure and postclosure activities.

During the year ended June 30, 2017, total closure and postclosure care liabilities incurred a net decrease of \$58,852 from \$5,582,993 to \$5,524,141.

1. City's Operating Landfill - Total estimated future closure and postclosure care costs for the City's operating landfill are \$9,305,746 of which \$4,045,358 is reported as landfill closure and postclosure care liability at June 30, 2017, representing the cumulative amount reported to date based on capacity use measurements. The City will recognize the remaining estimated cost of closure and postclosure care of \$5,260,388 as the remaining estimated capacity is consumed by the year 2075. These amounts are based on estimates; actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in environmental regulations.
2. McArthur Drive Landfill - This landfill was owned and operated by the City until the late 1950's or early 1960's and no longer accepts waste. The Environmental Protection Agency has listed the site on its National Priorities List and is requiring proper closure and remediation. The City entered into an Administrative Order on Consent with the Environmental Protection Agency on October 11, 1996. That order required the remediation of this site including a bank stabilization project and plans for a permanent cap to be placed on the old landfill. A contribution protection action may eventually be filed by the City to recoup some of these costs. Currently the remaining closure and postclosure liability of \$1,478,783 is recorded in the Landfill Enterprise Fund and costs are expected to be expended by the year 2033.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

The City engages an outside professional engineering firm to prepare a tipping fee/cost analysis. The analysis quantifies the timing and amount of future closure and postclosure care costs and recommended tipping fee adjustments. Based upon the results of the 2011 tipping fee/cost analysis provides annual cash designations of \$78,900 for future closure and postclosure care expenses. At June 30, 2017, these cash designations totaled \$4,805,115 and will be adjusted annually subject to the availability of funds and the results of future tipping fee/cost analysis.

The City maintains a Contract of Obligation with the Missouri Department of Natural Resources (MDNR) in accordance with the Missouri Solid Waste Management Law. At June 30, 2017, the City's Contract of Obligation was \$15,012,273.

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

**C. Litigation**

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding various issues. While other cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

**NOTE 10: RETIREMENT PLANS**

All full-time, regular employees of the City participate in one of two retirement plans. The *LAGERS Plan* covers all employees except commissioned police officers. The Missouri Local Government Employees Retirement System (LAGERS) is an agent multiple-employer statewide public employee retirement plan for units of local government established and operated under provisions of the Revised Statutes of Missouri (RSMo) Section 70. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. The *Police Pension Plan* covers all commissioned police officers and is a single-employer defined benefit pension plan established and operated under provisions of Revised Statutes of Missouri (RSMo) Section 86. All Plans are qualified as tax exempt under the Internal Revenue Code.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**A. Plan Descriptions**

*Local Government Employees Retirement System (LAGERS)*

***Plan Description***

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS' issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

***Benefits Provided***

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

	<u>2017 Valuation</u>
Benefit Multiplier:	1.25%
Final Average Salary:	3 Years
Member Contributions:	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

***Employees Covered by Benefit Terms***

At June 30, 2017, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Fire</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	265	130	395
Inactive employees entitled to but no yet receiving benefits	103	8	111
Active employees	396	125	521
	<u>764</u>	<u>263</u>	<u>1,027</u>

***Contributions***

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 11.8% (General) and 43.7% (Fire) of annual covered payroll.

***Net Pension Liability/(Asset)***

The City's net pension liability/(asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of February 28, 2017.

***Actuarial Assumptions***

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 6.55% (General) including wage inflation 3.5% to 7.15% (Fire) including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets/Real return	23.50%	3.42%

***Discount Rate***

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

*Changes in the Net Pension Liability/(Asset)*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at beginning of year</b>	\$ 117,419,198	\$ 110,831,965	\$ 6,587,233
<b>Changes for the year:</b>			
Service Cost	2,198,748	-	2,198,748
Interest	8,378,135	-	8,378,135
Change in Benefit Terms	25,817,532	-	25,817,532
Difference between expected and actual experience	670,410	-	670,410
Contributions - employer	-	3,004,259	(3,004,259)
Net investment income	-	13,141,219	(13,141,219)
Benefit payments, including refunds	(5,982,356)	(5,982,356)	-
Administrative expense	-	(84,616)	84,616
Other changes (net transfer)	-	1,139,138	(1,139,138)
Net Changes	31,082,469	11,302,260	19,864,825
<b>Balance at end of year</b>	<b>\$ 148,501,667</b>	<b>\$ 122,134,225</b>	<b>\$ 26,452,058</b>

*Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate*

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability/(Asset) would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	Current Single Discount Rate		
	1% Decrease 6.25%	Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 169,368,953	\$ 148,501,667	\$ 131,185,219
Plan Fiduciary Net Position	(122,049,609)	(122,049,609)	(122,049,609)
Net Pension Liability/(Asset)	<b>\$ 47,319,344</b>	<b>\$ 26,452,058</b>	<b>\$ 9,135,610</b>

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2017, the City recognized LAGERS pension expense of \$30,011,930 with \$19,960,645 coming from General division and \$10,051,285 from the Fire division. The City reported deferred outflows related to LAGERS pension from the following sources:

	<u>General</u>	<u>Fire</u>	<u>Total</u>
	Deferred	Deferred	Deferred
	Outflows of	Outflows of	Outflows of
	Resources	Resources	Resources
Differences in experience	\$ 66,385	\$ 1,671,791	\$ 1,738,176
Excess (Deficit) Investment Returns	1,574,218	992,634	2,566,852
Net Difference between projected and actual earnings on pension plan investments	2,056,470	1,137,431	3,193,901
<b>Total</b>	<b><u>\$ 3,697,073</u></b>	<b><u>\$ 3,801,856</u></b>	<b><u>\$ 7,498,929</u></b>

	<u>General</u>	<u>Fire</u>	<u>Total</u>
	Deferred	Deferred	Deferred
	Inflows of	Inflows of	Inflows of
	Resources	Resources	Resources
Differences in experience	\$ (690,737)	\$ (1,046,607)	\$ (1,737,346)
<b>Total</b>	<b><u>\$ (690,737)</u></b>	<b><u>\$ (1,046,607)</u></b>	<b><u>\$ (1,737,346)</u></b>

Net amounts reported as deferred outflows and deferred inflows of resources related to LAGERS pension will be recognized in pension expense as follows:

Year ending June 30:	<u>General</u>	<u>Fire</u>	<u>Total</u>
2018	\$ 1,420,364	\$ 1,218,481	\$ 2,638,845
2019	1,420,363	1,218,481	2,638,844
2020	707,553	536,987	1,244,540
2021	(536,137)	(283,062)	(819,199)
2022	(5,807)	64,362	58,555
<b>Total</b>	<b><u>\$ 3,006,336</u></b>	<b><u>\$ 2,755,249</u></b>	<b><u>\$ 5,761,585</u></b>



**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

At June 30, 2017, the City reported a payable of \$367,212 for the outstanding amount of contributions to the LAGERS pension plan required for the year ended June 30, 2017.

**Police Pension**

***Plan Description***

*Police Pension* membership is mandatory for all full-time commissioned officers of the City of St. Joseph Police Department immediately upon employment. The pension plan is administered by the Police Pension Board of Trustees.

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

***Benefits Provided***

Pension plan benefit changes are recommended by the Board of Trustees and approved by the City Council. The plan provides for monthly defined benefits commencing with the attainment of 20 years of service. Benefits are computed at 40% of average monthly salary plus 2% for each full year of service beyond 20 years, not to exceed 15 additional years.

These retirement benefits do not vest with the participant until attaining the requisite years for benefit eligibility. Member contributions are 100% refundable, without interest, upon resignation or dismissal prior to obtaining retirement eligibility. The plan also provides death and disability benefits and an annual cost of living adjustment to retirees equal to one-half of the Consumer Price Index not to exceed 4%.

***Employees Covered by Benefit Terms***

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	114
Active employees	119
	<hr/>
	233
	<hr/> <hr/>

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***Contributions***

The City is required to withhold participant contributions at a rate established in accordance with applicable state statutes as recommended by the Police Pension Board of Trustees and approved by the City Council. For the year ended June 30, 2017, the participant's contribution rate was 4%. The City is required to contribute at an actuarially determined rate; the current rate is 36.2% of annual covered payroll.

***Net Pension Liability***

The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

***Actuarial Assumptions***

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increase	3.0% including 2.0% assumed future COLA
Investment rate of return	7.1%, net of investment and administrative expenses

Mortality rates for healthy lives were based on the RP 2015 Blue Collar Mortality Table with generational improvements and mortality rates for disabled lives were based on the RP 2015 Disabled Mortality Table with generational improvements set forward 10 years.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected	
	Real Rate of Return	Target Allocation
Equity	5.70%	60%
Fixed Income	2.70%	25%
Cash	0.50%	15%

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***Discount Rate***

The discount rate used to measure the total pension liability is 7.1%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at beginning of year</b>	\$ 51,313,974	\$ 35,187,524	\$ 16,126,450
<b>Changes for the year:</b>			
Service Cost	1,098,105	-	1,098,105
Interest	4,078,284	-	4,078,284
Change in Benefit Terms	(624,567)	-	(624,567)
Difference between expected and actual experience	2,061,705	-	2,061,705
Contributions - employer	-	2,186,054	(2,186,054)
Contributions - employee	-	264,163	(264,163)
Net investment income	-	3,583,903	(3,583,903)
Benefit payments, including refunds	(2,577,542)	(2,577,542)	-
Administrative expense	-	(63,751)	63,751
Net Changes	4,035,985	3,392,827	643,158
<b>Balance at end of year</b>	<b>\$ 55,349,959</b>	<b>\$ 38,580,351</b>	<b>\$ 16,769,608</b>

***Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate***

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.1%, as well as what the employer's Net Pension Liability/(Asset) would be using a discount rate that is 1 percentage point lower (6.1%) or one percentage point higher (8.1%) than the current rate.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

*Sensitivity of the net pension liability to changes in the discount rate*

	<b>Current Single Discount</b>		
	<b>1% Decrease 6.10%</b>	<b>Rate Assumption 7.10%</b>	<b>1% Increase 8.10%</b>
Total Pension Liability (TPL)	\$ 63,032,958	\$ 55,349,956	\$ 49,106,918
Plan Fiduciary Net Pension	(38,580,351)	(38,580,351)	(38,580,351)
Net Pension Liability (Asset)	<u>\$ 24,452,607</u>	<u>\$ 16,769,605</u>	<u>\$ 10,526,567</u>

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2017, the City recognized pension benefit of \$454,215. The City reported deferred outflows of resources related to the police pension from the following sources:

*Pension expense and deferred outflows and inflows of resources related to pensions*

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ 834,834	\$ 1,237,440
Differences in assumptions	2,862,359	
Excess (deficit) investment returns	2,988,316	42,268
Contributions subsequent to the measurement date*	1,088,180	
Total	<u>\$ 7,773,689</u>	<u>\$ 1,279,708</u>

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

The \$1,088,180 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources related to the police pension will be recognized in the pension expense as follows:

Year ending June 30:	
2018	1,838,907
2019	1,793,037
2020	1,199,738
2021	449,396
thereafter	<u>124,724</u>
Total	<u><u>\$ 5,405,802</u></u>

***Payable to the Pension Plan***

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

Summary of financial reporting of the City's pension plan.

	LAGERS			Police	Total
	General	Fire	Total		
<b>Governmental activities:</b>					
Net Pension Liability	\$ 4,669,021	\$ 20,198,650	\$ 24,867,671	\$ 16,769,608	\$ 41,637,279
<b>Business-type activities:</b>					
Net Pension Liability	1,584,387	-	1,584,387	-	1,584,387
Net Pension Liability	\$ 6,253,408	\$ 20,198,650	\$ 26,452,058	\$ 16,769,608	\$ 43,221,666
<b>LAGERS</b>					
	General	Fire	Total	Police	Total
<b>Governmental activities:</b>					
Deferred outflows due to:					
Difference between expected and actual experience	\$ 49,565	\$ 1,671,791	\$ 1,721,356	\$ 834,834	\$ 2,556,190
Assumption Changes	1,175,369	992,634	2,168,003	2,862,359	5,030,362
Net Difference between projected and actual earnings on pension plan investment	1,535,435	1,137,431	2,672,866	2,988,316	5,661,182
Contribution Subsequent to measurement date	-	-	-	1,088,180	1,088,180
	\$ 2,760,369	\$ 3,801,856	\$ 6,562,225	\$ 7,773,689	\$ 14,335,914
Deferred inflows due to:					
Difference between expected and actual experience	\$ (515,730)	\$ (1,046,607)	\$ (1,562,337)	\$ (1,237,440)	\$ (2,799,777)
Net Difference between projected and actual earnings on pension plan investment	-	-	-	(42,268)	(42,268)
	\$ (515,730)	\$ (1,046,607)	\$ (1,562,337)	\$ (1,279,708)	\$ (2,842,045)
<b>Business-type activities:</b>					
Deferred outflows due to:					
Difference between expected and actual experience	\$ 16,596	\$ -	\$ 16,596	\$ -	\$ 16,596
Assumption Changes	393,555	-	393,555	-	393,555
Net Difference between projected and actual earnings on pension plan investment	514,118	-	514,118	-	514,118
	924,268	-	924,268	-	924,268
Deferred inflows due to:					
Difference between expected and actual experience	\$ (172,685)	\$ -	\$ (172,685)	\$ -	\$ (172,685)
	\$ (172,685)	\$ -	\$ (172,685)	\$ -	\$ (172,685)
Total	\$ 2,996,223	\$ 2,755,249	\$ 5,751,472	\$ 6,493,981	\$ 12,245,453

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

<b>NOTE 11: OTHER POST-EMPLOYMENT BENEFITS</b>
--

In addition to providing pension benefits the City provides the post-employment healthcare benefits described below. During the year ended June 30, 2009, the City adopted Government Accounting Standards Board (GASB) Statement No. 45. Under GASB 45, the City recognizes the cost of post-employment healthcare benefits in the year in which the employee services are provided, reports the accumulated liability from prior years, and provides additional information useful to assess potential demands on the City's future cash flows. Recognition of the liability that has accumulated from prior years will be phased in over 30 years, commencing with the 2009 fiscal year.

***Plan Description***

The City provides for a continuation of health, dental and life benefits to employees that retire from City employment and who participate in the Missouri Local Government Employees Retirement System (LAGERS).

The City requires the retirees to pay 100% of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those had the retirees been rated as a separate group. The difference between these amounts is the implicit rate subsidy, which is considered other post-employment benefits (OPEB) under GASB Statement No. 45.

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or when payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

***Funding Policy***

GASB Statement No. 45 does not require funding of the OPEB liability, and the City has chosen not to fund it.

***Annual OPEB Cost and Net OPEB Obligation***

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 370,142
Interest on net OPEB obligation	55,586
Adjustment to annual required contribution	<u>(77,244)</u>
Annual OPEB cost (expense)	348,484
Less: Net employer contribution	<u>51,714</u>
Change in net OPEB obligation	296,770
Net OPEB obligation - July 1, 2016	1,389,613
Net OPEB obligation - June 30, 2017	<u><u>\$ 1,686,383</u></u>

This net OPEB obligation is recorded on the City's financial statements as follows:

	<u>Net OPEB Obligation</u>
Governmental Activities	<u>\$ 1,435,729</u>
Business-Type Activities	
Sewer	165,256
Other Business-Type Funds	<u>85,398</u>
Total Business-Type Activities	<u>250,654</u>
Total Government	<u><u>\$ 1,686,383</u></u>

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2017 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 248,368	37%	\$ 906,866
6/30/2015	\$ 349,183	29%	\$ 1,155,239
6/30/2016	\$ 351,009	33%	\$ 1,389,613
6/30/2017	\$ 348,484	15%	\$ 1,686,383



**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

*Funded Status and Funding Progress*

As of July 1, 2016, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$2,825,537. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$29,849,761, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions include a 4.5 percent investment rate of return and a 3.5 percent inflation rate. The actuarial assumptions for healthcare cost trend is a growth factor of 8.5 percent for the first year and then declining by 0.5 percent per year until 4.5 percent is reached. The 4.5 percent growth is used on a go-forward basis. The UAAL will be amortized over a period of 30 years in level dollar amounts on an open period amortization basis.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 12: FUND BALANCE**

Fund Balance	Governmental activities				
	General	Special Allocation	Capital Projects	Nonmajor	Total
<b>Nonspendable:</b>					
Prepays	\$ 169,302	\$ -	\$ -	\$ 63,287	\$ 232,589
<b>Total Nonspendable</b>	<b>169,302</b>	<b>-</b>	<b>-</b>	<b>63,287</b>	<b>232,589</b>
<b>Restricted for:</b>					
Econ Development	2,923,703	-	-	474,018	3,397,721
Public Safety - personnel and capital	39,422	-	-	3,535,767	3,575,189
Highways	2,442,790	-	-	2,086,860	4,529,650
Health & Welfare	85,401	-	-	380,110	465,511
Parks & Recreation	94,238	-	-	372,351	466,589
Museum	-	-	-	404,777	404,777
Debt Service	195,949	15,599,305	-	-	15,795,254
Capital Projects	-	-	12,807,789	-	12,807,789
Loan Program	-	-	-	4,171,087	4,171,087
<b>Total Restricted</b>	<b>5,781,503</b>	<b>15,599,305</b>	<b>12,807,789</b>	<b>11,424,970</b>	<b>45,613,567</b>
<b>Committed for:</b>					
Econ Development	1,649,250	-	-	-	1,649,250
Public Safety	345,749	-	-	-	345,749
Highways	-	-	-	-	-
Parks & Recreation	-	-	-	-	-
Highways	3,512,635	-	-	-	3,512,635
Health & Welfare	4,600	-	-	-	4,600
Parks & Recreation	56,291	-	-	-	56,291
<b>Total Committed</b>	<b>5,568,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,568,525</b>
<b>Assigned to:</b>					
Econ Development	87,361	-	-	-	87,361
Public Safety	161,285	-	-	-	161,285
Highways	92,374	-	-	-	92,374
Health & Welfare	18,455	-	-	-	18,455
Parks & Recreation	68,704	-	-	-	68,704
Capital Projects	1,677,315	-	-	-	1,677,315
Salaries	307,260	-	-	-	307,260
<b>Total Assigned</b>	<b>2,412,754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,412,754</b>
Unassigned	7,976,680	-	-	-	7,976,680
<b>Total Unassigned</b>	<b>7,976,680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,976,680</b>
<b>Total Fund Balance</b>	<b>\$ 21,908,764</b>	<b>\$ 15,599,305</b>	<b>\$ 12,807,789</b>	<b>\$ 11,488,257</b>	<b>\$ 61,804,115</b>

The City classifies fund balance based on the nature of the particular net resources reported in a governmental fund and on the constraints placed on their use.

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end.

	Governmental activities				Total
	General	Special Allocation	Capital Sales Tax	Nonmajor	
Encumbrances	\$ 4,792,481	\$ -	\$ 11,243,538	\$ 3,567,870	\$ 19,603,889

<b>NOTE 13: NEW ACCOUNTING PRONOUNCEMENTS</b>
---

In June, 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this statement is to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The City is currently evaluating the impact of adopting Statement No. 75. The requirements of this Statement are effective for financial statement for periods beginning after June 15, 2017.

In November, 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to provide financial statement users with information about asset retirement obligations by establishing criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The City is currently evaluating the impact of adopting Statement No. 83. The requirements of this Statement are effective for financial statement for periods beginning after June 15, 2018.

In January, 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The City is currently evaluating the impact of adopting Statement No. 84. The requirements of this Statement are effective for financial statement for periods beginning after December 15, 2018.

In March, 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits. The City is currently evaluating the impact of adopting Statement No. 85. The requirements of this Statement are effective for financial statement for periods beginning after June 15, 2017.

In May, 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for certain debt

**CITY OF ST. JOSEPH, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

extinguishments. The City is currently evaluating the impact of adopting Statement No. 86. The requirements of this Statement are effective for financial statement for periods beginning after June 15, 2017.

In June, 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The City is currently evaluating the impact of adopting Statement No. 87. The requirements of this Statement are effective for financial statement for periods beginning after December 15, 2019.

**NOTE 14: SUBSEQUENT EVENTS**

On June 5, 2017, the City Council adopted changes in the Missouri Local Government Employees Retirement System Benefits programs applicable to General Employees and Fire Employees. Beginning July 1, 2017, the approved conversion of the benefits program applicable to General Employees from LAGERS benefit program L-3 to L-6 and the benefits program applicable to Fire Employees from L-6 to L-11 will require all member employees to contribute four percent of their salary to the benefit program.

On August 8, 2017, the citizens of Buchanan County authorized to continue the \$0.15 per \$100 of assessed valuation Library levy, first authorized in 1999, to be used to operate and maintain library facilities.

In furtherance of one of the City Council's objectives, the City, while working with a citizens group to facilitate relocation of the Open Door Food Kitchen to a modern, newly constructed facility in a convenient location, on August 9, 2017, purchased a property and will attempt to convey the 510 Edmond Street property to a third-party purchaser in an effort to recover as much of its investment in the project as possible.

On August 23, 2017, the City authorized the issuance of not to exceed \$66,850,000 principal amount of Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2017 for the purpose of refunding the Sewerage System Revenue Bonds Series 2016 bonds and extending and improving the City's sewerage system. Blacksnake Creek Storm Water Improvement Project is comprised of six (6) separate construction packages. The packages are as follows: tunnel, conveyance (open trench box culvert), crack repair on the existing Blacksnake pipe, flap gate and discharge channel repair and stabilization, tree re-planting/green swales/water gardens, and road improvements. Within the conveyance package is contained the Karnes Road/NW Parkway Road Project (funded by CIP), the Northside Complex reconstruction of the basketball courts and playground, 6<sup>th</sup> & Jules diversion structure/bar screen replacement, and new access road to the ball field on Karnes Road.

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes:				
Property	\$ 11,745,144	\$ 11,745,144	\$ 12,088,708	\$ 343,564
Sales	20,770,015	20,770,015	21,733,416	963,401
Franchise	6,318,770	6,329,217	6,412,592	83,375
Motor Fuel	965,000	965,000	1,009,116	44,116
Cigarette	416,300	416,300	373,764	(42,536)
Hotel	1,269,660	1,269,660	1,181,911	(87,749)
Licenses and permits	1,420,880	1,420,880	1,463,869	42,989
Intergovernmental	2,194,551	2,643,244	2,122,663	(520,581)
Charges for services	3,259,690	3,261,355	3,153,097	(108,258)
Fines	953,000	968,230	809,507	(158,723)
Investment earnings	9,925	9,925	82,286	72,361
Other	185,078	388,035	735,582	347,547
Total revenues	49,508,013	50,187,005	51,166,511	979,506
<b>Expenditures</b>				
Current:				
General government				
City council				
Salaries	45,369	47,744	47,741	3
Benefits	119,843	119,843	118,011	1,832
Materials and supplies	2,100	2,100	1,994	106
Outside services	33,590	31,215	23,028	8,187
Total City council	200,902	200,902	190,774	10,128
City clerk				
Salaries	112,400	112,400	111,674	726
Benefits	33,841	33,841	32,603	1,238
Materials and supplies	1,700	1,700	1,296	404
Outside services	60,240	60,240	8,606	51,634
Total City clerk	208,181	208,181	154,179	54,002
Municipal court				
Salaries	291,197	290,977	288,598	2,379
Benefits	91,089	91,309	91,307	2
Materials and supplies	5,225	2,383	2,380	3
Outside services	114,500	117,342	117,331	11
Total Municipal court	502,011	502,011	499,616	2,395
City manager				
Salaries	465,424	465,424	374,461	90,963
Benefits	153,592	153,592	130,856	22,736
Materials and supplies	9,550	10,940	10,936	4
Outside services	115,430	114,040	83,705	30,335
Total City manager	743,996	743,996	599,958	144,038
Legal				
Salaries	407,237	407,237	394,815	12,422
Benefits	118,296	118,296	111,662	6,634
Materials and supplies	4,500	5,992	5,987	5
Outside services	56,925	56,605	48,539	8,066
Total Legal	586,958	588,130	561,003	27,127

(continued)

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
<b>Planning</b>				
Salaries	969,022	969,022	904,461	64,561
Benefits	345,464	345,464	306,041	39,423
Materials and supplies	55,400	57,526	46,549	10,977
Outside services	315,560	733,317	706,620	26,697
Capital outlay	47,500	54,307	53,739	568
<b>Total Planning</b>	<b>1,732,946</b>	<b>2,159,636</b>	<b>2,017,410</b>	<b>142,226</b>
<b>Finance</b>				
Salaries	1,477,272	1,477,272	1,432,124	45,148
Benefits	489,091	489,091	480,584	8,507
Materials and supplies	360,989	156,767	128,487	28,280
Outside services	636,658	654,451	654,265	186
Capital outlay	-	233,842	232,756	1,086
<b>Total Finance</b>	<b>2,964,010</b>	<b>3,011,423</b>	<b>2,928,216</b>	<b>83,207</b>
<b>Other - unclassified</b>				
Benefits	12,500	12,500	427	12,073
Materials and supplies	14,000	14,000	13,227	773
Outside services	1,047,203	1,317,580	1,310,868	6,712
Capital outlay	225,900	149,547	70,240	79,307
<b>Total Other - unclassified</b>	<b>1,299,603</b>	<b>1,493,627</b>	<b>1,394,762</b>	<b>98,865</b>
<b>Total general government</b>	<b>8,238,607</b>	<b>8,907,906</b>	<b>8,345,918</b>	<b>561,988</b>
<b>Public safety:</b>				
<b>Police</b>				
Salaries	8,211,695	8,245,862	7,956,369	289,493
Benefits	4,140,883	4,147,886	4,114,385	33,501
Materials and supplies	449,958	485,725	425,140	60,585
Outside services	2,013,689	2,037,728	2,037,320	408
Capital outlay	40,890	45,999	45,839	160
<b>Total Police</b>	<b>14,857,115</b>	<b>14,963,200</b>	<b>14,579,053</b>	<b>384,147</b>
<b>Fire</b>				
Salaries	7,419,242	7,419,242	7,292,324	126,918
Benefits	4,115,293	4,135,503	4,135,501	2
Materials and supplies	131,640	105,823	88,961	16,862
Outside services	314,160	323,115	323,060	55
<b>Total Fire</b>	<b>11,980,335</b>	<b>11,983,683</b>	<b>11,839,846</b>	<b>143,837</b>
<b>Total public safety</b>	<b>26,837,450</b>	<b>26,946,883</b>	<b>26,418,899</b>	<b>527,984</b>
<b>Highway and streets</b>				
Salaries	3,801,076	3,801,076	3,442,386	358,690
Benefits	1,263,931	1,263,931	1,176,270	87,661
Materials and supplies	368,580	351,380	195,451	155,929
Outside services	866,411	899,611	815,127	84,484
Capital outlay	2,490,000	5,021,840	4,581,840	440,000
<b>Total Highway and streets</b>	<b>8,789,998</b>	<b>11,337,838</b>	<b>10,211,074</b>	<b>1,126,764</b>
<b>Parks and recreation</b>				
Salaries	3,075,118	2,894,118	2,894,054	64
Benefits	848,349	848,349	832,320	16,029
Materials and supplies	541,080	530,680	500,484	30,196
Outside services	943,677	954,077	943,980	10,097
Capital outlay	491,360	426,921	181,167	245,754
<b>Total Parks and recreation</b>	<b>5,899,584</b>	<b>5,654,145</b>	<b>5,352,005</b>	<b>302,140</b>

(continued)

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
Health and welfare				
Salaries	1,901,745	1,968,116	1,864,866	103,250
Benefits	625,313	661,517	630,588	30,929
Materials and supplies	117,480	265,262	155,261	110,001
Outside services	959,175	1,083,791	965,050	118,741
Capital outlay	-	18,320	18,320	-
Total Health and welfare	3,603,713	3,997,006	3,634,085	362,921
Total expenditures	53,369,352	56,843,778	53,961,981	2,881,797
Revenues over (under) expenditures	(3,861,339)	(6,656,773)	(2,795,470)	3,861,303
<b>Other financing sources (uses)</b>				
Transfers in	5,983,663	6,128,663	6,111,773	(16,890)
Transfers out	(4,932,490)	(5,390,434)	(5,029,125)	361,309
Capital lease	-	-	21,896	21,896
Sale of capital assets	-	-	14,010	14,010
Total other financing sources	1,051,173	738,229	1,118,554	380,325
Net change in fund balances, net	(2,810,166)	(5,918,544)	(1,676,916)	4,241,628
Fund balances, beginning of year	20,384,895	20,384,895	20,384,895	-
Fund balances - ending	\$ 17,574,729	\$ 14,466,351	\$ 18,707,979	\$ 4,241,628

(concluded)

See independent auditor's report and notes to required supplementary information.

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SPECIAL ALLOCATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final			
<b>Revenues</b>					
Taxes:					
Property	\$ 3,297,132	\$ 3,297,132	\$ 3,219,392	\$ (77,740)	
Sales	4,786,880	4,786,880	4,814,083	27,203	
Investment earnings	1,045	1,045	461,621	460,576	
Other	1,782,096	1,782,096	950,641	(831,455)	
Total revenues	<u>9,867,153</u>	<u>9,867,153</u>	<u>9,445,737</u>	<u>(421,416)</u>	
<b>Expenditures</b>					
Outside services	8,306,277	8,306,277	7,960,236	346,041	
Total General government	<u>8,306,277</u>	<u>8,306,277</u>	<u>7,960,236</u>	<u>346,041</u>	
Revenues over (under) expenditures	<u>1,560,876</u>	<u>1,560,876</u>	<u>1,485,501</u>	<u>(75,375)</u>	
<b>Other financing sources</b>					
Transfers in	5,000	5,000	-	(5,000)	
Total other financing sources	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	
Net change in fund balances	1,565,876	1,565,876	1,485,501	(80,375)	
Fund balances - beginning	14,113,804	14,113,804	14,113,804	-	
Fund balances - ending	<u>\$ 15,679,680</u>	<u>\$ 15,679,680</u>	<u>\$ 15,599,305</u>	<u>\$ (80,375)</u>	

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



## CITY OF ST. JOSEPH, MISSOURI

### REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2017

#### A. Budgetary Information

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

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

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

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

The City Council approves a formal fund budget document for the General fund, Special Revenue fund except the CDBG Loan funds, Capital Projects, and Enterprise Funds. Encumbrance accounting is employed in Governmental Funds. Encumbrances outstanding at year end do not

**CITY OF ST. JOSEPH, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**JUNE 30, 2017**

constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

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

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

The City Council during the fiscal year adopted a number of amendments to the budget to address unforeseen contingencies. The following schedule outlines the appropriation changes for the General, Special Revenue, Capital Projects and Enterprise Funds. The General budget increase is due to the 2017 Use Tax Resurfacing program contract with Herzog, the demolition of 417-427 South 4<sup>th</sup> Street due to structural fire damage, the real estate purchase and relocation of the Open Door Food Kitchen, Missouri Tax Credits received from Daily Foods, Hidden Valley Homes Association resurfacing project, upgrades to the city government access Channel 19, donations received by the Parks and Recreation department for Eagles Ball Field Complex improvements and resurfacing outdoor sports courts at Bode Sports Complex, the rollforward of various health grants and several new grants accepted by the Health Department, Youth Alliance compliance programs, 2016 Byrne Memorial Grant, and many other Missouri Highway Safety grants awarded to the Police department. The Special Revenue budget increase is from the Resident Stormwater Conveyance grant in the Street Maintenance Fund, Parks Maintenance Fund purchased a 15 passenger work crew van, Public Safety Tax Fund acquired two pumper fire trucks, Habitat for Humanity and Community Appearance Program was granted funding for three construction projects in the Community Development Fund and the Gaming Initiative Fund approved a Save Our Heritage Grant to Sons of Liberty Firearms. The Capital Projects increase to the budget is due to construction of two new fire stations 9 and 11, improvements to the Missouri River Levee system and renovation of Hyde Park Ball Complex. The increase in the Enterprise Funds is for the roof replacements at the Water Protection facilities in the Sewer Fund, emergency repairs to Runway 17/35 and replacement of Runway 13/31 and commercial freezer/cooler at Rosecrans in the Aviation Fund.

**CITY OF ST. JOSEPH, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2017**

<b>Fund Type</b>	<b>2017 Budget</b>		
	<b>Original</b>	<b>Appropriation Amended</b>	<b>Increase</b>
General	\$ 58,301,842	\$ 62,234,212	\$ 3,932,370
Special Revenue	25,827,983	26,595,708	767,725
Capital	14,737,575	20,944,968	6,207,393
Enterprise	141,149,641	141,935,152	785,511
	<u>\$ 240,017,041</u>	<u>\$ 251,710,040</u>	<u>\$ 11,692,999</u>

**B. Budget/GAAP Reconciliation**

The following schedule reconciles the amounts on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual to the amounts on the Statement of Revenues, Expenses and Changes in Fund Balances for the year ended June 30, 2017:

	<b>General Fund</b>	<b>Special Allocation Fund</b>
Ending Fund Balance on budgetary basis	\$ 18,707,979	\$ 15,599,305
Encumbrances outstanding June 30, 2017	4,556,088	-
Prior Year Encumbrances Expended in FY 2017	(1,215,681)	-
Accrued payroll	(161,518)	-
Capital Lease Proceeds	21,896	-
Ending Fund Balance on GAAP basis	<u>\$ 21,908,764</u>	<u>\$ 15,599,305</u>

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Schedule of Changes in Net Pension Liability  
and Related Ratios

	<b>Lagers 2017</b>	<b>Lagers 2016</b>	<b>Lagers 2015</b>
<b>Total Pension Liability</b>			
Service costs	\$ 2,198,748	\$ 2,170,373	\$ 2,078,186
Interest on total pension liability	8,378,135	7,933,932	7,430,849
Changes in benefit terms	25,817,532	-	-
Difference between expected and actual experience of the total pension liability	670,410	(2,477,760)	2,236,768
Changes of assumptions	-	4,108,168	-
Benefit payments and refunds	(5,982,356)	(5,273,443)	(4,445,097)
Net change in total pension liability	31,082,469	6,461,270	7,300,706
Total pension liability - beginning of year	117,419,198	110,957,928	103,657,222
Total pension liability - end of year (a)	<u>\$ 148,501,667</u>	<u>\$ 117,419,198</u>	<u>\$ 110,957,928</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 3,004,259	\$ 3,271,854	\$ 3,702,055
Net investment income	13,141,219	(244,948)	2,147,370
Benefit payments and refunds	(5,982,356)	(5,273,443)	(4,445,097)
Administrative expenses	(84,616)	(82,937)	(89,754)
Other (net transfer)	1,139,138	1,033,621	773,382
Net change in plan fiduciary net position	11,217,644	(1,295,853)	2,087,956
Plan fiduciary net position - beginning of year	110,831,965	112,127,818	110,039,862
Plan fiduciary net position - end of year (b)	<u>\$ 122,049,609</u>	<u>\$ 110,831,965</u>	<u>\$ 112,127,818</u>
Net pension liability/(asset) (a) - (b)	<u>\$ 26,452,058</u>	<u>\$ 6,587,233</u>	<u>\$ (1,169,890)</u>
Plan net position as a percentage of the total pension liability	82.19%	94.39%	101.05%
Covered payroll	\$ 24,126,112	\$ 23,293,962	\$ 23,303,716
Net pension liability/(asset) as a percentage of covered payroll	109.64%	28.28%	-5.02%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
Schedule of Changes in Net Pension Liability  
and Related Ratios

	<b>Police 2017</b>	<b>Police 2016</b>	<b>Police 2015</b>
<b>Total Pension Liability</b>			
Service costs	\$ 1,098,105	\$ 1,541,534	\$ 884,293
Interest on total pension liability	4,078,284	5,619,009	3,180,140
Difference between expected and actual experience of the total pension liability	(624,567)	(2,356,440)	2,171,488
Changes of assumptions	2,061,705	2,347,868	
Benefit payments and refunds	(2,577,542)	(2,437,913)	(2,269,912)
Net change in total pension liability	4,035,985	4,714,058	3,966,009
Total pension liability - beginning of year	51,313,974	46,599,916	42,633,907
Total pension liability - end of year (a)	<u>\$ 55,349,959</u>	<u>\$ 51,313,974</u>	<u>\$ 46,599,916</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 2,186,054	\$ 1,688,681	\$ 1,625,738
Contributions - employee	264,163	255,516	243,701
Net investment income	3,583,903	(1,624,901)	880,708
Benefit payments and refunds	(2,577,542)	(2,437,913)	(2,269,912)
Administrative expenses	(63,751)	(74,716)	(71,613)
Net change in plan fiduciary net position	3,392,827	(2,193,333)	408,622
Plan fiduciary net position - beginning of year	35,187,524	37,380,857	36,972,235
Plan fiduciary net position - end of year (b)	<u>\$ 38,580,351</u>	<u>\$ 35,187,524</u>	<u>\$ 37,380,857</u>
Net pension liability/(asset) (a) - (b)	<u>\$ 16,769,608</u>	<u>\$ 16,126,450</u>	<u>\$ 9,219,059</u>
Plan net position as a percentage of the total pension liability	69.70%	68.57%	80.22%
Covered payroll	\$ 6,604,033	\$ 6,588,958	\$ 6,087,055
Net pension liability/(asset) as a percentage of covered payroll	253.93%	244.75%	151.45%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
Schedule of Employer Contributions

**LAGERS (General and Fire)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll</b>	<b>Contribution as Percentage</b>
2008	2,957,789	2,957,789	-	21,289,747	13.89%
2009	2,864,232	2,864,232	-	22,317,255	12.83%
2010	2,690,467	2,690,467	-	22,271,166	12.08%
2011	3,428,399	2,874,705	553,694	21,556,058	13.34%
2012	3,441,890	3,070,747	371,143	21,267,875	14.44%
2013	3,493,132	3,305,656	187,476	21,464,280	15.40%
2014	3,514,073	3,514,073	-	22,415,700	15.68%
2015	3,701,512	3,701,512	-	23,473,498	15.77%
2016	3,269,826	3,269,826	-	24,292,810	13.46%
2017	3,006,543	3,006,543	-	24,338,110	12.35%

**Police Pension**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll</b>	<b>Contribution as Percentage</b>
2008	1,536,575	1,536,575	-	5,043,081	30.47%
2009	1,550,095	1,550,095	-	5,137,480	30.17%
2010	1,980,812	1,980,812	-	5,276,973	37.54%
2011	1,786,550	1,786,550	-	5,234,079	34.13%
2012	1,715,703	1,715,703	-	5,200,069	32.99%
2013	1,771,904	2,271,904	(500,000)	5,494,313	41.35%
2014	1,752,686	1,752,686	-	6,087,055	28.79%
2015	1,625,738	1,625,738	-	5,954,250	27.30%
2016	1,688,681	1,688,681	-	6,588,958	25.63%
2017	2,186,054	2,186,054	-	6,604,033	33.10%

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
Notes to Schedule of Contributions

**Lagers**

**Valuation Date** February 28, 2017

**Notes:** The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments and administrative costs

**Methods and assumptions used to determine contributions rates:**

**Actuarial cost method** Entry Age Normal and Modified Terminal Funding

**Amortization method** Level percentage of payroll, closed

**Remaining amortization period** Multiple bases from 13 to 15 years

**Asset valuation method** 5-year smoothed market; 20% corridor

**Inflation assumption** 3.25% wage inflation; 2.50% price inflation

**Salary increases** 3.25% to 6.55% including wage inflation (General)  
3.25% to 7.15% including wage inflation (Fire)

**Investment rate of return** 7.25%, net of investment and administrative expenses

**Retirement age** Experienced-based table of rates that are specific to the type of eligibility condition

**Mortality**

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

**Other Information** None.

**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
Notes to Schedule of Contributions

**Police Pension**

**Valuation Date** January 1, 2017

**Notes:** Actuarially determined contributions rates are calculated as of January 1, eighteen months prior to the end of the fiscal year in which contributions are reported

**Methods and assumptions used to determine contributions rates:**

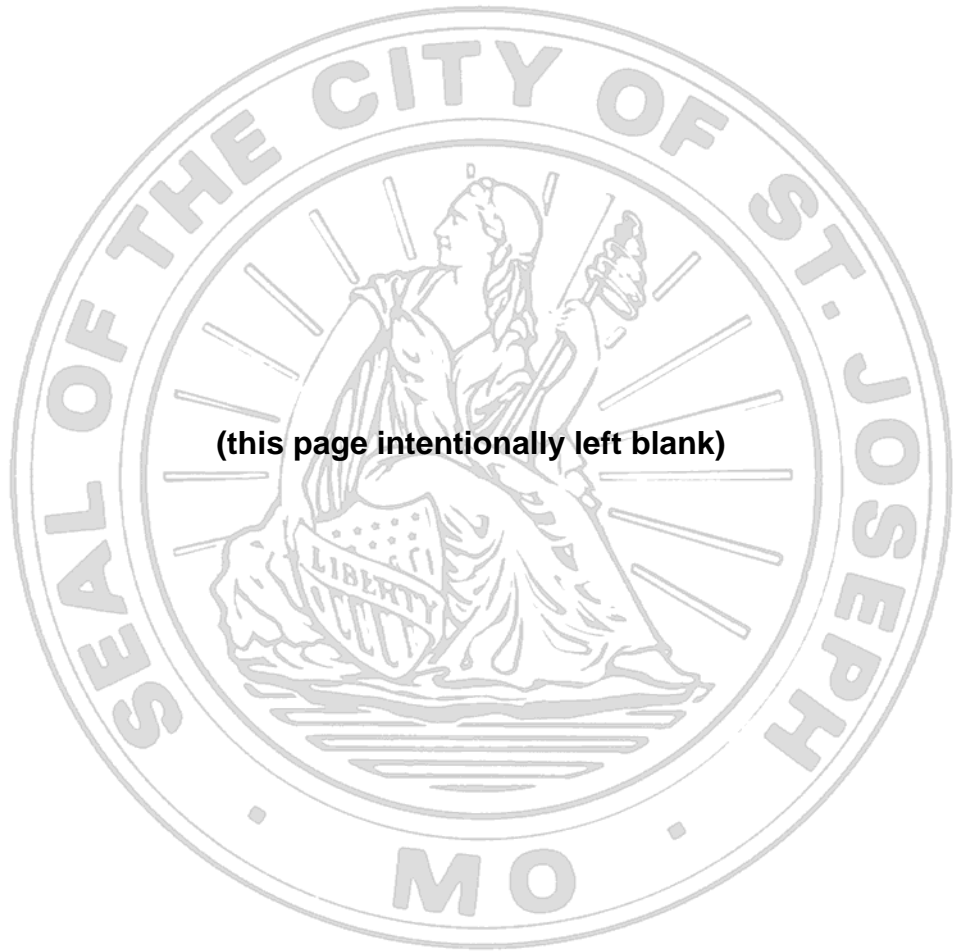
<b>Actuarial cost method</b>	Individual Entry Age
<b>Amortization method</b>	Level percentage of payroll, open
<b>Remaining amortization period</b>	20 years
<b>Asset valuation method</b>	Market Value
<b>Inflation assumption</b>	2.5%
<b>Salary increases</b>	3%
<b>Investment rate of return</b>	7.1%, net of investment and administrative expenses
<b>Mortality – healthy lives</b>	RP-2015 Blue Collar with generational improvements (formerly RP-2000)
<b>Mortality – disabled lives</b>	RP-2015 Disabled with generational improvements (formerly RP-2000 set forward 10 years)
<b>Termination of employment</b>	Rate of turnover from 0.75% to 5.00% based on age
<b>Disablement</b>	Rates from 0.17% to 1.93% based on age



**CITY OF ST. JOSEPH, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**Schedule of Funding Progress**

**Other Post Employment Benefits**

<b>Fiscal year ended</b>	<b>Actuarial valuation date</b>	<b>(a) Actuarial value of assets</b>	<b>(b) actuarial accrued liability</b>	<b>(b) - (a) Unfunded accrued liability (UAL)</b>	<b>(a)/(b) Funded ratio</b>	<b>(c) Annual covered payroll</b>	<b>(b)-(a)/(c) UAL as a percentage of covered payroll</b>
6/30/2015	7/1/2014	-	2,956,177	2,956,177	0%	28,800,443	10%
6/30/2016	7/1/2015	-	3,150,634	3,150,634	0%	29,952,461	11%
6/30/2017	7/1/2016	-	2,825,537	2,825,537	0%	29,849,761	9%



**(this page intentionally left blank)**

**CITY OF ST. JOSEPH, MISSOURI**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	Special Revenue								Total Nonmajor Governmental Funds
	Streets Maintenance	Parks Maintenance	Public Safety Tax	Community Development	Riverboat Gaming	Municipal Museum	C.D Rehab Loan	Home Revolving Loan	
<b>Assets</b>									
Cash and investments	\$ 1,963,187	\$ 438,988	\$ 2,699,072	\$ 43,556	\$ 439,074	\$ 397,592	\$ 1,390,723	\$ 239,730	\$ 7,611,922
Receivables	420,657	50,679	980,616	10,163	138,621	28,825	-	-	1,629,561
Loan receivables	-	-	-	-	-	-	966,135	1,603,537	2,569,672
Property held for resale	-	-	-	192,522	-	-	-	-	192,522
Due from other governments	-	-	-	375,007	-	-	-	-	375,007
Prepaid items	-	56,530	-	2,994	-	3,763	-	-	63,287
Total assets	<u>\$ 2,383,844</u>	<u>\$ 546,197</u>	<u>\$ 3,679,688</u>	<u>\$ 624,242</u>	<u>\$ 577,695</u>	<u>\$ 430,180</u>	<u>\$ 2,356,858</u>	<u>\$ 1,843,267</u>	<u>\$ 12,441,971</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 296,984	\$ 77,611	\$ 131,767	\$ 99,838	\$ 103,677	\$ 193	\$ 9,396	\$ 19,642	\$ 739,108
Accrued payroll	-	-	12,154	6,260	-	-	-	-	18,414
Total liabilities	<u>296,984</u>	<u>77,611</u>	<u>143,921</u>	<u>106,098</u>	<u>103,677</u>	<u>193</u>	<u>9,396</u>	<u>19,642</u>	<u>757,522</u>
<b>Deferred Inflows of Resources:</b>									
Unavailable revenues-property taxes	-	39,705	-	-	-	21,447	-	-	61,152
Unavailable revenues-other	-	-	-	135,040	-	-	-	-	135,040
Total deferred inflows of resources	<u>-</u>	<u>39,705</u>	<u>-</u>	<u>135,040</u>	<u>-</u>	<u>21,447</u>	<u>-</u>	<u>-</u>	<u>196,192</u>
<b>Fund balances:</b>									
Nonspendable:									
Restricted	2,086,860	372,351	3,535,767	380,110	474,018	404,777	2,347,462	1,823,625	11,424,970
Total fund balances	<u>2,086,860</u>	<u>428,881</u>	<u>3,535,767</u>	<u>383,104</u>	<u>474,018</u>	<u>408,540</u>	<u>2,347,462</u>	<u>1,823,625</u>	<u>11,488,257</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,383,844</u>	<u>\$ 546,197</u>	<u>\$ 3,679,688</u>	<u>\$ 624,242</u>	<u>\$ 577,695</u>	<u>\$ 430,180</u>	<u>\$ 2,356,858</u>	<u>\$ 1,843,267</u>	<u>\$ 12,441,971</u>

**CITY OF ST. JOSEPH, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue								Total Nonmajor Governmental Funds
	Streets Maintenance	Parks Maintenance	Public Safety Tax	Community Development	Riverboat Gaming	Municipal Museum	Rehab Loan	Revolving Loan	
<b>Revenues</b>									
Taxes:									
Property	\$ -	\$ 700,233	\$ -	\$ -	\$ -	\$ 553,092	\$ -	\$ -	\$ 1,253,325
Sales	-	-	6,148,319	-	-	-	-	-	6,148,319
Motor Fuel	2,804,944	-	-	-	-	-	-	-	2,804,944
Licenses and permits	-	95,533	-	-	-	-	-	-	95,533
Intergovernmental	-	79,004	-	1,894,938	-	-	-	-	1,973,942
Charges for services	220,612	33,278	-	-	928,364	-	-	-	1,182,254
Special assessments	8,870	-	-	12,101	-	-	-	-	20,971
Investment earnings	8,117	1,976	16,571	10	1,906	1,519	22,219	24,820	77,138
Other	8,098	9,489	85	147,854	-	-	224,956	85,908	476,390
Total revenues	3,050,641	919,513	6,164,975	2,054,903	930,270	554,611	247,175	110,728	14,032,816
<b>Expenditures</b>									
Current:									
General government	-	-	-	185,394	686,359	390,557	142,429	58,096	1,462,835
Public safety	-	-	1,317,457	-	-	-	-	-	1,317,457
Highway and streets	3,078,167	-	-	-	-	-	-	-	3,078,167
Public works	-	-	-	247,835	-	-	-	-	247,835
Health and welfare	-	-	-	1,381,774	-	-	-	-	1,381,774
Parks and recreation	-	1,049,916	-	-	-	-	-	-	1,049,916
Capital outlay	1,553,145	334,885	2,062,641	-	33,642	-	-	-	3,984,313
Total expenditures	4,631,312	1,384,801	3,380,098	1,815,003	720,001	390,557	142,429	58,096	12,522,297
Excess (deficiency) of revenues over (under) expenditures	(1,580,671)	(465,288)	2,784,877	239,900	210,269	164,054	104,746	52,632	1,510,519
<b>Other financing sources (uses)</b>									
Transfers in	2,215,280	351,490	64,801	109,999	10,000	-	-	-	2,751,570
Transfers out	(35,970)	(1,090)	(2,751,757)	(234,569)	(186,500)	(61,015)	-	(109,999)	(3,380,900)
Sale of capital assets	60,085	-	-	-	-	-	-	-	60,085
Total other financing sources (uses),net	2,239,395	350,400	(2,686,956)	(124,570)	(176,500)	(61,015)	-	(109,999)	(569,245)
Net change in fund balances	658,724	(114,888)	97,921	115,330	33,769	103,039	104,746	(57,367)	941,274
Fund balances - beginning	1,428,136	543,769	3,437,846	267,774	440,249	305,501	2,242,716	1,880,992	10,546,983
Fund balances - ending	\$ 2,086,860	\$ 428,881	\$ 3,535,767	\$ 383,104	\$ 474,018	\$ 408,540	\$ 2,347,462	\$ 1,823,625	\$ 11,488,257

**CITY OF ST. JOSEPH, MISSOURI**  
**STREETS MAINTENANCE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes:				
Motor Fuel	\$ 2,744,900	\$ 2,744,900	\$ 2,804,944	60,044
Charges for services	200,000	200,000	220,612	20,612
Special assessments	6,750	6,750	8,870	2,120
Investment earnings	450	450	8,117	7,667
Other	-	1,912	8,098	6,186
Total revenues	2,952,100	2,954,012	3,050,641	96,629
<b>Expenditures</b>				
Highways and streets				
Materials and supplies	1,416,550	1,266,050	1,087,005	179,045
Outside services	1,954,400	2,127,634	2,126,070	1,564
Capital outlay	2,360,700	2,360,700	2,059,912	300,788
Total Highways and streets	5,731,650	5,754,384	5,272,987	481,397
Revenues over (under) expenditures	(2,779,550)	(2,800,372)	(2,222,346)	578,026
<b>Other financing sources (uses)</b>				
Transfers in	2,289,500	2,310,322	2,215,280	(95,042)
Transfers out	(35,970)	(35,970)	(35,970)	-
Sale of capital assets	-	-	60,085	60,085
Total other financing sources	2,253,530	2,274,352	2,239,395	(34,957)
Net change in fund balances	(526,020)	(526,020)	17,049	543,069
Fund balances, beginning of year	1,428,136	1,428,136	1,428,136	-
Fund balances - ending	\$ 902,116	\$ 902,116	\$ 1,445,185	\$ 543,069

**CITY OF ST. JOSEPH, MISSOURI**  
**PARKS MAINTENANCE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes:				
Property	\$ 683,900	\$ 683,900	\$ 700,233	\$ 16,333
Licenses and permits	96,000	96,000	95,533	(467)
Intergovernmental	70,000	70,000	79,004	9,004
Charges for services	25,000	25,000	33,278	8,278
Investment earnings	-	-	1,976	1,976
Other	-	-	9,489	9,489
Total revenues	<u>874,900</u>	<u>874,900</u>	<u>919,513</u>	<u>44,613</u>
<b>Expenditures</b>				
Parks and recreation				
Materials and supplies	206,650	206,650	170,748	35,902
Outside services	1,004,740	1,004,740	890,226	114,514
Capital outlay	514,788	542,711	291,083	251,628
Total Parks and recreation	<u>1,726,178</u>	<u>1,754,101</u>	<u>1,352,057</u>	<u>402,044</u>
Revenues over (under) expenditures	<u>(851,278)</u>	<u>(879,201)</u>	<u>(432,544)</u>	<u>446,657</u>
<b>Other financing sources (uses)</b>				
Transfers in	352,990	352,990	351,490	(1,500)
Transfers out	(1,090)	(1,090)	(1,090)	-
Total other financing sources (uses)	<u>351,900</u>	<u>351,900</u>	<u>350,400</u>	<u>(1,500)</u>
Net change in fund balances	<u>(499,378)</u>	<u>(527,301)</u>	<u>(82,144)</u>	<u>445,157</u>
Fund balances, beginning of year	543,769	543,769	543,769	-
Fund balances - ending	<u>\$ 44,391</u>	<u>\$ 16,468</u>	<u>\$ 461,625</u>	<u>\$ 445,157</u>

**CITY OF ST. JOSEPH, MISSOURI**  
**PUBLIC SAFETY TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes:				
Sales	\$ 6,020,615	\$ 6,020,615	\$ 6,148,319	127,704
Investment earnings	-	-	16,571	16,571
Other	-	-	85	85
Total revenues	<u>6,020,615</u>	<u>6,020,615</u>	<u>6,164,975</u>	<u>144,360</u>
<b>Expenditures</b>				
Public Safety				
Benefits	392,065	374,410	374,408	2
Materials and supplies	120,510	121,199	121,194	5
Outside services	81,530	59,965	59,961	4
Capital outlay	708,004	720,050	712,059	7,991
Total Police	<u>1,935,280</u>	<u>1,935,365</u>	<u>1,927,362</u>	<u>8,003</u>
Fire				
Materials and supplies	100,100	82,100	50,844	31,256
Outside services	60,325	60,325	60,325	-
Total public safety	<u>3,339,311</u>	<u>3,353,216</u>	<u>3,311,917</u>	<u>41,299</u>
Total expenditures	<u>3,339,311</u>	<u>3,353,216</u>	<u>3,311,917</u>	<u>41,299</u>
Revenues over (under) expenditures	<u>2,681,304</u>	<u>2,667,399</u>	<u>2,853,058</u>	<u>185,659</u>
<b>Other financing sources (uses)</b>				
Transfers in	70,000	70,000	64,801	(5,199)
Transfers out	(2,751,757)	(2,751,757)	(2,751,757)	-
Total other financing sources(uses)	<u>(2,681,757)</u>	<u>(2,681,757)</u>	<u>(2,686,956)</u>	<u>(5,199)</u>
Net change in fund balances	(453)	(14,358)	166,102	180,460
Fund balances - beginning	3,437,846	3,437,846	3,437,846	-
Fund balances - ending	<u>\$ 3,437,393</u>	<u>\$ 3,423,488</u>	<u>\$ 3,603,948</u>	<u>\$ 180,460</u>

**CITY OF ST. JOSEPH, MISSOURI**  
**COMMUNITY DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Licenses and permits	\$ 2,236,370	\$ 2,799,533	\$ 1,894,938	\$ (904,595)
Special assessments	-	-	12,101	12,101
Investment earnings	-	-	10	10
Other	-	-	147,854	147,854
Total revenues	2,236,370	2,799,533	2,054,903	(744,630)
<b>Expenditures</b>				
General government				
Materials and supplies	2,800	2,800	-	2,800
Outside services	17,536	17,536	10,521	7,015
Total General government	166,562	166,562	149,031	17,531
Health and welfare				
Salaries	164,767	170,172	170,170	2
Benefits	69,001	69,001	57,936	11,065
Materials and supplies	3,917	3,917	3,447	470
Outside services	1,304,825	1,867,988	1,616,952	251,036
Public works				
Salaries	110,317	104,912	103,949	963
Benefits	44,207	44,207	34,365	9,842
Materials and supplies	3,555	3,555	1,756	1,799
Outside services	219,650	219,650	123,399	96,251
Total expenditures	2,086,801	2,649,964	2,261,005	388,959
Revenues over (under) expenditures	149,569	149,569	(206,102)	(355,671)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	109,999	109,999
Transfers out	(149,569)	(234,569)	(234,569)	-
Total other financing sources (uses)	(149,569)	(234,569)	(124,570)	109,999
Net change in fund balances	-	(85,000)	(330,672)	(245,672)
Fund balances - beginning	267,774	267,774	267,774	-
Fund balances - ending	\$ 267,774	\$ 182,774	\$ (62,898)	\$ (245,672)



**CITY OF ST. JOSEPH, MISSOURI**  
**RIVERBOAT GAMING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

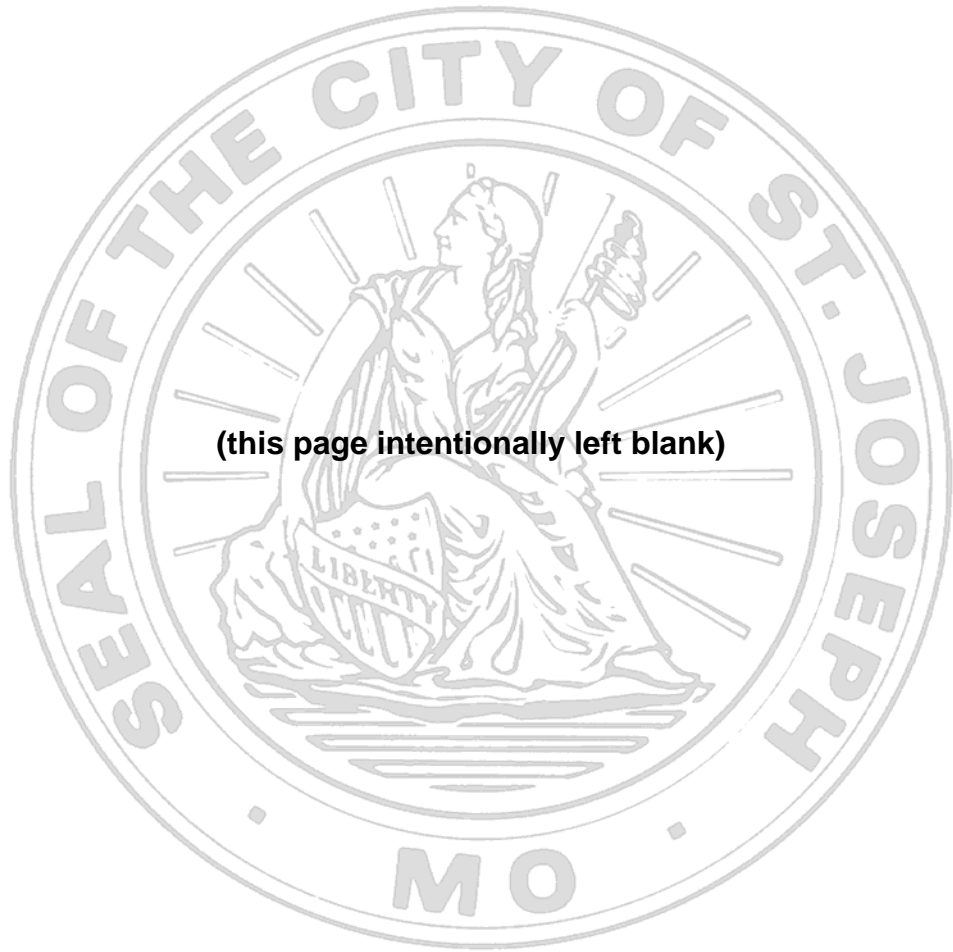
	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Intergovernmental	\$ 1,013,670	\$ 1,013,670	\$ 928,364	\$ (85,306)
Charges for services	200	200	1,906	1,706
Total revenues	<u>1,013,870</u>	<u>1,013,870</u>	<u>930,270</u>	<u>(83,600)</u>
<b>Expenditures</b>				
General government				
Outside services	818,355	813,355	729,859	83,496
Capital outlay	2,000	2,000	-	2,000
Total General government	<u>820,355</u>	<u>815,355</u>	<u>729,859</u>	<u>85,496</u>
Revenues over (under) expenditures	<u>193,515</u>	<u>198,515</u>	<u>200,411</u>	<u>1,896</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	10,000	10,000	-
Transfers out	(131,500)	(191,500)	(186,500)	5,000
Total other financing sources (uses)	<u>(131,500)</u>	<u>(181,500)</u>	<u>(176,500)</u>	<u>5,000</u>
Net change in fund balances	62,015	17,015	23,911	6,896
Fund balances - beginning	440,249	440,249	440,249	-
Fund balances - ending	<u>\$ 502,264</u>	<u>\$ 457,264</u>	<u>\$ 464,160</u>	<u>\$ 6,896</u>

**CITY OF ST. JOSEPH, MISSOURI**  
**MUNICIPAL MUSEUM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget- Positive(Negative)
	Original	Final			
<b>Revenues</b>					
Taxes:					
Property	\$ 612,010	\$ 612,010	\$ 553,092	\$ (58,918)	
Investment earnings	670	670	1,519	849	
Total revenues	612,680	612,680	554,611	(58,069)	
<b>Expenditures</b>					
General government					
Outside services	402,510	402,510	390,558	11,952	
Capital outlay	284,000	284,000	-	284,000	
Total General government	686,510	686,510	390,558	295,952	
Revenues over (under) expenditures	(73,830)	(73,830)	164,053	237,883	
<b>Other financing sources (uses)</b>					
Transfers out	(61,015)	(61,015)	(61,015)	-	
Total other financing sources (uses)	(61,015)	(61,015)	(61,015)	-	
Net change in fund balances	(134,845)	(134,845)	103,038	237,883	
Fund balances - beginning	305,501	305,501	305,501	-	
Fund balances - ending	\$ 170,656	\$ 170,656	\$ 408,539	\$ 237,883	

**CITY OF ST. JOSEPH, MISSOURI**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes:				
Sales	\$ 5,923,275	\$ 5,923,275	\$ 5,930,307	\$ 7,032
Intergovernmental	1,185,500	1,229,000	97,573	(1,131,427)
Investment earnings	20,000	20,000	57,445	37,445
Other	15,000	917,792	537,794	(379,998)
Total revenues	<u>7,143,775</u>	<u>8,090,067</u>	<u>6,623,119</u>	<u>(1,466,948)</u>
<b>Expenditures</b>				
Capital outlay				
Materials and supplies	-	-	4,398	(4,398)
Outside services	1,900,559	1,900,559	681,569	1,218,990
Capital outlay	<u>12,587,016</u>	<u>18,794,409</u>	<u>14,649,206</u>	<u>4,145,203</u>
Total Capital outlay	<u>14,487,575</u>	<u>20,694,968</u>	<u>15,335,173</u>	<u>5,359,795</u>
Revenues over (under) expenditures	<u>(7,343,800)</u>	<u>(12,604,901)</u>	<u>(8,712,054)</u>	<u>3,892,847</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,050,000	1,066,601	993,245	(73,356)
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(368,090)</u>	<u>(118,090)</u>
Total other financing sources (uses)	<u>800,000</u>	<u>816,601</u>	<u>625,155</u>	<u>(191,446)</u>
Net change in fund balances	<u>(6,543,800)</u>	<u>(11,788,300)</u>	<u>(8,086,899)</u>	<u>3,701,401</u>
Fund balances, beginning of year	<u>13,248,371</u>	<u>13,248,371</u>	<u>13,248,371</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,704,571</u>	<u>\$ 1,460,071</u>	<u>\$ 5,161,472</u>	<u>\$ 3,701,401</u>



**(this page intentionally left blank)**

**CITY OF ST. JOSEPH, MISSOURI**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2017**

Business-type Activities - Enterprise Funds

	Aviation	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 636,255	\$ 331,388	\$ 29,933	\$ 8,522,860	\$ 9,520,436
Interest receivable	1,340	698	(707)	17,951	19,282
Accounts receivable (net of allowance for uncollectibles)	(1,517)	289	2,400	388,112	389,284
Due from other governments	405,235	-	-	-	405,235
Prepaid items	9,162	6,330	2,521	11,034	29,047
Total current assets	1,050,475	338,705	34,147	8,939,957	10,363,284
Noncurrent assets:					
Capital assets:					
Capital assets, not being depreciated:	10,155,439	2,505,438	110,000	2,248,655	15,019,532
Capital assets net of accumulated depreciation:	11,460,435	982,709	1,171,842	1,196,619	14,811,605
Total capital assets (net of accumulated depreciation)	21,615,874	3,488,147	1,281,842	3,445,274	29,831,137
Total noncurrent assets	21,615,874	3,488,147	1,281,842	3,445,274	29,831,137
Total assets	22,666,349	3,826,852	1,315,989	12,385,231	40,194,421
<b>Deferred Outflows of Resources</b>					
Deferred outflow due to pension assets	62,457	31,458	41,833	166,144	301,892
Total Deferred Outflows of Resources	62,457	31,458	41,833	166,144	301,892
<b>Liabilities and Net Position</b>					
Current liabilities:					
Accounts payable	629,475	60,922	16,736	48,163	755,296
Accrued payroll	4,958	2,339	5,631	12,923	25,851
Long-term obligations due in one year	13,206	7,940	34,998	59,833	115,977
Landfill closure and postclosure liability	-	-	-	73,500	73,500
Total current liabilities	647,639	71,201	57,365	194,419	970,624
Noncurrent liabilities:					
Long-term obligations due in more than one year (net of unamortized discounts and premiums)	17,553	2,554,192	116,104	45,177	2,733,026
Landfill closure and postclosure liability	-	-	-	5,450,641	5,450,641
Net pension liability	105,644	53,210	70,758	281,024	510,636
Total noncurrent liabilities	123,197	2,607,402	186,862	5,776,842	8,694,303
Total liabilities	770,836	2,678,603	244,227	5,971,261	9,664,927
<b>Deferred Inflows of Resources</b>					
Deferred inflow due to pension	11,669	5,877	7,816	31,041	56,403
Total Deferred Inflows of Resources	11,669	5,877	7,816	31,041	56,403
<b>Net Position</b>					
Net Investment in capital assets	21,046,608	3,437,575	1,170,184	3,445,274	29,099,641
Unrestricted (deficit)	899,693	(2,263,745)	(64,405)	3,103,799	1,675,342
Total net position	\$ 21,946,301	\$ 1,173,830	\$ 1,105,779	\$ 6,549,073	\$ 30,774,983

**CITY OF ST. JOSEPH, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Aviation	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
Operating revenues:					
Charges for services	\$ 384,296	\$ 295,120	\$ 702,186	\$ 4,106,426	\$ 5,488,028
Other	33,722	1,319	11,554	33,728	80,323
Total operating revenues	418,018	296,439	713,740	4,140,154	5,568,351
Operating expenses:					
Personal services	694,867	402,516	651,437	2,031,830	3,780,650
Contractual services	(12,534)	2,547,213	247,524	(331,614)	2,450,589
Commodities	22,828	3,236	192,277	320,608	538,949
Heat, light and power	39,458	26,493	87,912	13,387	167,250
Depreciation	599,768	75,890	122,153	709,272	1,507,083
Closure and postclosure care costs	-	-	-	34,913	34,913
Total operating expenses	1,344,387	3,055,348	1,301,303	2,778,396	8,479,434
Operating income (loss)	(926,369)	(2,758,909)	(587,563)	1,361,758	(2,911,083)
Nonoperating revenues (expenses):					
Investment income	1,625	635	-	40,743	43,003
Interest and fiscal charges	-	-	(55,771)	-	(55,771)
Gain (loss) on sale of capital assets	(59,626)	(23,075)	-	(3,583)	(86,284)
Total nonoperating revenues (expenses), net	(58,001)	(22,440)	(55,771)	37,160	(99,052)
Income (loss) before capital contributions and transfers	(984,370)	(2,781,349)	(643,334)	1,398,918	(3,010,135)
Capital contributions and grants	2,405,711	29,198	-	-	2,434,909
Transfers in	529,272	1,295,288	365,700	-	2,190,260
Transfers out	(5,450)	(70,183)	(25,690)	(1,057,191)	(1,158,514)
Change in net position	1,945,163	(1,527,046)	(303,324)	341,727	456,520
Total net position - beginning	20,001,138	2,700,876	1,409,103	6,207,346	30,318,463
Total net position - ending	\$ 21,946,301	\$ 1,173,830	\$ 1,105,779	\$ 6,549,073	\$ 30,774,983

**CITY OF ST. JOSEPH, MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Aviation	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,680,334	\$ 296,312	\$ 702,773	\$ 3,982,172	\$ 6,661,591
Payments to suppliers	(1,069,912)	(29,178)	(557,441)	(129,204)	(1,785,735)
Payments to employees	(387,469)	(224,792)	(422,536)	(1,082,933)	(2,117,730)
Other operating revenues	33,722	1,319	11,554	33,728	80,323
Net cash provided (used) by operating activities	256,675	43,661	(265,650)	2,803,763	2,838,449
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund advances	(1,044,013)	(12,179)	-	-	(1,056,192)
Transfers in	529,272	1,295,288	365,700	-	2,190,260
Transfers out	(5,450)	(70,183)	(25,690)	(1,057,191)	(1,158,514)
Net cash provided (used) by noncapital financing activities	(520,191)	1,212,926	340,010	(1,057,191)	(24,446)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Payments of debt principal	-	-	(44,530)	-	(44,530)
Payments of debt interest and charges	-	-	(54,018)	-	(54,018)
Capital grants received	3,106,819	29,198	-	-	3,136,017
Purchase of capital assets	(2,217,409)	(960,146)	(5,300)	(781,339)	(3,964,194)
Net cash provided (used) by capital and related financing activities	889,410	(930,948)	(103,848)	(781,339)	(926,725)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments	695,133	362,569	87,419	16,056,277	17,201,398
Purchase of investments	(1,267,903)	(660,432)	(60,647)	(16,984,000)	(18,972,982)
Interest and dividends received	299	-	-	33,463	33,762
Net cash provided (used) by investing activities	(572,471)	(297,863)	26,772	(894,260)	(1,737,822)
Net increase (decrease) in cash and cash equivalents	53,423	27,776	(2,716)	70,973	149,456
Cash and cash equivalents - beginning	878	506	5,271	656,401	663,056
Cash and cash equivalents - ending	54,301	28,282	2,555	727,374	812,512
Investments	581,954	303,106	27,378	7,795,486	8,707,924
Total cash and investments	\$ 636,255	\$ 331,388	\$ 29,933	\$ 8,522,860	\$ 9,520,436
Cash and investments reported on the Statement of Net Position:					
Unrestricted cash and investments	\$ 636,255	\$ 331,388	\$ 29,933	\$ 8,522,860	\$ 9,520,436
Total cash and investments	\$ 636,255	\$ 331,388	\$ 29,933	\$ 8,522,860	\$ 9,520,436

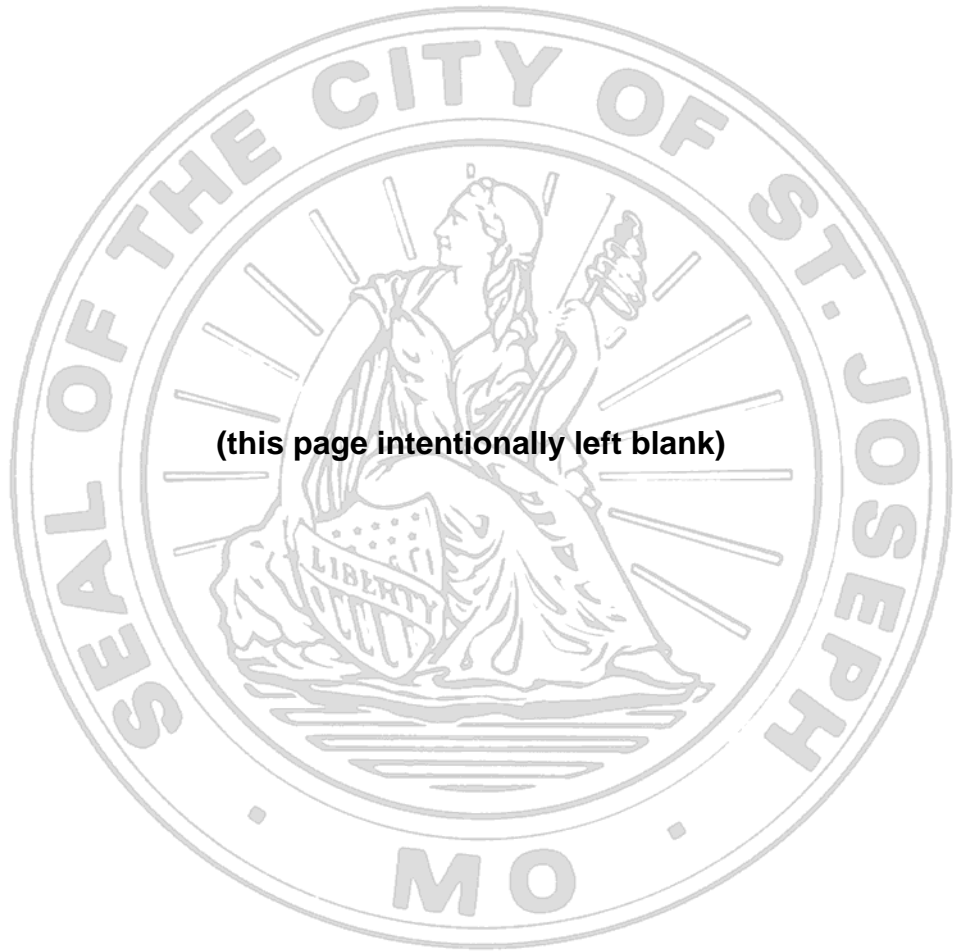
**CITY OF ST. JOSEPH, MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Aviation	Public Parking	Municipal Golf Course	Landfill	Total Nonmajor Enterprise Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (926,369)	\$ (2,758,909)	\$ (587,563)	\$ 1,361,758	\$ (2,911,083)
Adjustments to reconciliation operating income (loss) to net cash provided by operating activities:					
Depreciation	599,768	75,890	122,153	709,272	1,507,083
Noncash economic development expense	-	2,545,560	-	-	2,545,560
Effect of changes in operating assets and liabilities:					
Accounts receivable	1,296,038	1,192	587	(124,254)	1,173,563
Prepaid expenses	(624)	(439)	(205)	(642)	(1,910)
Net pension asset	130,181	132,587	170,480	701,575	1,134,823
Deferred outflows of resources	180,472	45,126	54,380	239,609	519,587
Accounts payable and contracts/claims payable	(1,019,536)	2,643	(29,523)	(32,416)	(1,078,832)
Accrued payroll and compensated absences	(3,255)	11	4,041	7,713	8,510
Landfill closure and postclosure	-	-	-	(58,852)	(58,852)
Net cash provided (used) by operating activities	<u>\$ 256,675</u>	<u>\$ 43,661</u>	<u>\$ (265,650)</u>	<u>\$ 2,803,763</u>	<u>\$ 2,838,449</u>



**CITY OF ST. JOSEPH, MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Balance		Balance	
	June 30, 2016	Additions	Deductions	June 30, 2017
<b>Tuscany Village CID Tax Fund</b>				
Assets:				
Cash and investments:	\$ (415)	\$ -	\$ 2	\$ (417)
Receivables - taxes	-	1,744	-	1,744
	<u>\$ (415)</u>	<u>\$ 1,744</u>	<u>\$ 2</u>	<u>\$ 1,327</u>
Liabilities:				
Due to others	\$ (415)	\$ 1,744	\$ 2	\$ 1,327
<b>2317 Belt CID Tax Fund</b>				
Assets:				
Cash and investments:	\$ 89	\$ -	\$ -	\$ 89
	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89</u>
Liabilities:				
Due to others	\$ 89	\$ -	\$ -	\$ 89
<b>Gateway TDD Tax Fund</b>				
Assets:				
Cash and investments:	\$ 46,174	\$ 35,260	\$ 24,350	\$ 57,084
Receivables - taxes	5,505	32,213	35,260	2,458
	<u>\$ 51,679</u>	<u>\$ 67,473</u>	<u>\$ 59,610</u>	<u>\$ 59,542</u>
Liabilities:				
Due to others	\$ 51,679	\$ 67,473	\$ 59,610	\$ 59,542
<b>Cooks Crossing CID Tax Fund</b>				
Assets:				
Cash and investments:	\$ 207	\$ 372,855	\$ 372,848	\$ 214
Receivables - taxes	31,125	381,163	372,855	39,433
	<u>\$ 31,332</u>	<u>\$ 754,018</u>	<u>\$ 745,703</u>	<u>\$ 39,647</u>
Liabilities:				
Due to others	\$ 31,332	\$ 754,018	\$ 745,703	\$ 39,647
<b>East Hills CID Tax Fund</b>				
Assets:				
Cash and investments:	\$ 112,650	\$ 713,907	\$ 763,370	\$ 63,187
Receivables - taxes	42,713	759,903	713,907	88,709
	<u>\$ 155,363</u>	<u>\$ 1,473,810</u>	<u>\$ 1,477,277</u>	<u>\$ 151,896</u>
Liabilities:				
Due to others	\$ 155,363	\$ 1,473,810	\$ 1,477,277	\$ 151,896
<b>Beck Road CID Tax Fund</b>				
Assets:				
Cash and investments:	\$ 2,369	\$ 10	\$ -	\$ 2,379
	<u>\$ 2,369</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 2,379</u>
Liabilities:				
Due to others	\$ 2,369	\$ 10	\$ -	\$ 2,379
<b>Library Tax Fund</b>				
Assets:				
Cash and investments:	\$ 54	\$ 268,224	\$ 268,278	\$ -
Receivables - taxes	173,834	254,348	268,224	159,958
	<u>\$ 173,888</u>	<u>\$ 522,572</u>	<u>\$ 536,502</u>	<u>\$ 159,958</u>
Liabilities:				
Due to others	\$ 173,888	\$ 522,572	\$ 536,502	\$ 159,958
<b>All Agency Funds</b>				
Assets:				
Cash and investments	\$ 161,128	\$ 1,390,256	\$ 1,428,848	\$ 122,536
Receivables - taxes	253,177	1,429,371	1,390,246	292,302
	<u>\$ 414,305</u>	<u>\$ 2,819,627</u>	<u>\$ 2,819,094</u>	<u>\$ 414,838</u>
Liabilities:				
Due to others	\$ 414,305	\$ 2,819,627	\$ 2,819,094	\$ 414,838



**(this page intentionally left blank)**

# Statistical Section

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

# STATISTICAL SECTION

This part of the City of St. Joseph's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## Contents

## Tables

### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**1-5**

### **Revenue Capacity**

These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.

**6-12**

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future

**13-17**

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**18-20**

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**21-22**

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

**CITY OF ST. JOSEPH, MISSOURI**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	<b>Fiscal Year</b>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net Investment in capital assets	\$ 190,940,915	182,248,926	182,851,470	177,925,146	176,097,074	167,292,448	164,614,446	158,218,098	154,553,070	149,662,833
Restricted	11,924,749	25,568,379	26,413,521	28,961,044	27,037,787	38,726,116	36,196,036	41,840,617	47,224,229	51,497,184
Unrestricted	<u>(42,603,952)</u>	<u>(62,172,221)</u>	<u>(74,693,418)</u>	<u>(74,506,750)</u>	<u>(66,806,724)</u>	<u>(67,941,251)</u>	<u>(58,244,395)</u>	<u>(63,952,044)</u>	<u>(69,219,009)</u>	<u>(92,946,748)</u>
Total governmental activities net position	\$ <u>160,261,712</u>	<u>145,645,084</u>	<u>134,571,573</u>	<u>132,379,440</u>	<u>136,328,137</u>	<u>138,077,313</u>	<u>142,566,087</u>	<u>136,106,671</u>	<u>132,558,290</u>	<u>108,213,269</u>
Business-type activities										
Net Investment in capital assets	\$ 58,958,430	59,010,032	59,207,226	61,758,835	71,446,980	81,683,532	77,684,858	77,437,020	74,521,983	73,709,814
Restricted	7,052,076	7,242,299	7,127,675	7,010,353	7,852,141	6,872,034	9,571,719	11,877,345	19,902,679	18,697,704
Unrestricted	<u>1,502,371</u>	<u>4,577,757</u>	<u>8,155,548</u>	<u>18,320,929</u>	<u>19,729,354</u>	<u>16,442,462</u>	<u>21,038,462</u>	<u>24,840,400</u>	<u>31,507,296</u>	<u>36,230,053</u>
Total business-type activities net position	\$ <u>67,512,877</u>	<u>70,830,088</u>	<u>74,490,449</u>	<u>87,090,117</u>	<u>99,028,475</u>	<u>104,998,028</u>	<u>108,295,039</u>	<u>114,154,765</u>	<u>125,931,958</u>	<u>128,637,571</u>
Primary government										
Net Investment in capital assets	\$ 249,899,345	241,258,958	242,058,696	239,683,981	247,544,054	248,975,980	242,299,304	235,655,118	229,075,053	223,372,647
Restricted	18,976,825	32,810,678	33,541,196	35,971,397	34,889,928	45,598,150	45,767,755	53,717,962	67,126,908	70,194,888
Unrestricted	<u>(41,101,581)</u>	<u>(57,594,464)</u>	<u>(66,537,870)</u>	<u>(56,185,821)</u>	<u>(47,077,370)</u>	<u>(51,498,789)</u>	<u>(37,205,933)</u>	<u>(39,111,644)</u>	<u>(37,711,713)</u>	<u>(56,716,695)</u>
Total primary government net position	\$ <u>227,774,589</u>	<u>216,475,172</u>	<u>209,062,022</u>	<u>219,469,557</u>	<u>235,356,612</u>	<u>243,075,341</u>	<u>250,861,126</u>	<u>250,261,436</u>	<u>258,490,248</u>	<u>236,850,840</u>

Note: FY 2005 - Beginning in 2005, unrestricted net position includes tax increment financing related obligations that does not result in an asset for the City.

Note: FY2007 Completed the retroactive infrastructure reporting requirements of GASB 34 for governmental activities.

Note: FY2013 the City implemented GASB 63 and GASB 65, so the format of the schedule has changed to be Net Position versus Net Assets

**CITY OF ST. JOSEPH, MISSOURI**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 18,759,334	26,816,581	26,922,302	13,596,637	12,356,372	10,231,933	9,679,288	19,182,884	9,991,777	16,006,227
Public safety	23,318,744	25,047,545	25,875,428	25,728,700	24,624,508	24,144,704	26,855,874	28,023,361	35,484,112	48,607,386
Highways and streets	18,375,904	15,691,228	14,582,255	15,698,362	16,878,702	17,399,263	17,057,575	18,789,099	25,647,652	23,368,980
Public works	212,776	247,807	293,125	398,643	416,183	354,893	235,620	290,349	288,766	274,544
Health and welfare	5,397,561	5,998,130	5,231,832	6,380,731	5,383,486	4,995,710	4,850,675	5,430,715	4,697,365	5,725,515
Parks and Recreation	5,096,787	5,613,173	6,163,817	7,377,233	7,373,783	8,100,980	7,363,194	7,330,358	8,173,780	9,311,548
Interest on long-term debt	3,752,522	3,754,782	3,825,683	3,612,293	2,683,179	3,438,526	3,192,158	2,888,824	2,782,947	2,633,268
Total governmental activities expenses	<u>74,913,628</u>	<u>83,169,246</u>	<u>82,894,442</u>	<u>72,792,599</u>	<u>69,716,213</u>	<u>68,666,009</u>	<u>69,234,384</u>	<u>81,935,590</u>	<u>87,066,399</u>	<u>105,927,468</u>
Business-type activities:										
Aviation	989,152	1,117,337	1,234,602	1,127,663	1,087,908	1,059,518	1,190,984	1,259,261	1,296,177	1,409,019
Parking	358,222	397,508	384,058	328,919	348,149	339,368	353,047	365,141	337,849	3,081,451
Sewer	12,065,818	13,047,197	14,046,926	14,535,729	13,905,100	14,634,267	16,896,135	20,162,018	19,778,320	27,302,731
Golf	427,656	403,153	505,136	770,572	835,932	837,476	901,488	862,290	908,714	1,362,893
Transit	5,047,032	4,711,415	4,925,073	5,111,531	5,286,344	5,438,634	5,584,803	5,387,901	5,248,301	5,109,233
Landfill	4,672,139	3,486,083	3,631,750	2,811,194	3,003,318	2,862,856	2,677,926	3,176,737	2,211,857	2,797,134
Total business-type activities expenses	<u>23,560,019</u>	<u>23,162,693</u>	<u>24,727,545</u>	<u>24,685,608</u>	<u>24,466,751</u>	<u>25,172,119</u>	<u>27,604,383</u>	<u>31,213,348</u>	<u>29,781,218</u>	<u>41,062,461</u>
Total primary government expenses	<u>\$ 98,473,647</u>	<u>106,331,939</u>	<u>107,621,987</u>	<u>97,478,207</u>	<u>94,182,964</u>	<u>93,838,128</u>	<u>96,838,767</u>	<u>113,148,938</u>	<u>116,847,617</u>	<u>146,989,929</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 5,836,677	5,916,735	5,320,274	4,064,973	4,488,893	4,836,836	4,712,935	4,745,255	5,469,103	5,407,741
Public safety	543,241	583,425	642,911	665,299	680,798	821,264	936,478	737,997	715,576	638,595
Highways and streets	172,658	103,004	151,461	269,131	260,965	204,937	246,169	215,358	177,120	268,589
Public works	23,327	24,080	93,802	21,516	85,748	32,380	206,290	399,760	16,636	20,401
Health and welfare	684,720	746,525	572,275	655,605	559,092	626,570	539,526	572,768	604,724	587,871
Parks and Recreation	1,598,356	1,648,685	1,674,287	2,294,994	2,278,372	1,865,417	1,781,041	1,877,097	1,980,093	1,920,759
Operating grants and contributions	6,360,929	5,232,333	6,278,518	6,904,263	6,709,670	4,849,305	4,468,942	4,583,812	4,387,229	3,954,466
Capital grants and contributions	2,255,309	1,455,757	3,999,694	1,306,274	2,239,178	935,202	560,794	911,812	1,334,795	-
Total governmental activities program revenues	<u>17,475,217</u>	<u>15,710,544</u>	<u>18,733,222</u>	<u>16,182,055</u>	<u>17,302,716</u>	<u>14,171,911</u>	<u>13,452,175</u>	<u>14,043,859</u>	<u>14,685,276</u>	<u>12,798,422</u>
Business-type activities:										
Charges for services:										
Aviation	479,350	465,191	517,945	500,349	381,111	463,197	384,248	412,124	454,755	418,018
Parking	447,428	446,538	425,611	383,003	354,578	360,734	327,267	314,408	295,355	296,439
Sewer	11,321,682	12,080,534	13,423,446	15,727,445	17,807,964	19,630,962	19,861,888	22,446,892	26,037,495	28,155,237
Golf	369,883	394,779	532,429	705,864	783,605	820,578	802,264	789,054	805,081	713,740
Transit	284,077	327,506	298,583	357,891	394,945	350,978	343,364	385,106	319,896	344,438
Landfill	5,087,108	5,029,726	4,044,536	3,272,369	3,271,106	2,967,671	2,912,969	3,140,238	3,714,087	4,140,154
Operating grants and contributions	2,918,251	1,831,416	3,429,946	2,559,544	2,659,336	3,214,908	2,097,547	1,778,662	1,295,544	2,149,007
Capital grants and contributions	688,019	768,444	1,471,591	3,287,255	6,928,194	106,268	502,346	573,383	5,321,138	2,461,960
Total business-type activities program revenues	<u>21,595,798</u>	<u>21,344,134</u>	<u>24,144,087</u>	<u>26,793,720</u>	<u>32,580,839</u>	<u>27,915,296</u>	<u>27,231,893</u>	<u>29,839,867</u>	<u>38,243,351</u>	<u>38,678,993</u>
Total primary government program revenues	<u>\$ 39,071,015</u>	<u>37,054,678</u>	<u>42,877,309</u>	<u>42,975,775</u>	<u>49,883,555</u>	<u>42,087,207</u>	<u>40,684,068</u>	<u>43,883,726</u>	<u>52,928,627</u>	<u>51,477,415</u>
Net (expense)/revenue										
Governmental activities	(57,438,411)	(67,458,702)	(64,161,220)	(56,610,544)	(52,413,497)	(54,494,098)	(55,782,209)	(67,891,731)	(72,381,123)	(93,129,046)
Business-type activities	(1,964,221)	(1,818,559)	(583,458)	2,108,112	8,114,088	2,743,177	(372,490)	(1,373,481)	8,462,133	(2,383,468)
Total primary government net expense	<u>\$ (59,402,632)</u>	<u>(69,277,261)</u>	<u>(64,744,678)</u>	<u>(54,502,432)</u>	<u>(44,299,409)</u>	<u>(51,750,921)</u>	<u>(56,154,699)</u>	<u>(69,265,212)</u>	<u>(63,918,990)</u>	<u>(95,512,514)</u>



**General Revenues and Other Changes in Net Position**

Governmental activities:

Taxes										
Property taxes	\$ 12,214,235	12,611,491	12,516,447	12,404,637	13,285,118	13,013,990	13,221,988	13,541,862	13,874,251	13,961,024
Sales and use taxes	24,278,612	23,570,684	22,846,746	23,538,465	24,724,085	24,434,378	28,100,006	32,282,910	36,622,113	37,087,811
Franchise taxes	7,588,044	6,822,074	8,218,703	6,653,184	6,716,146	6,824,507	6,923,106	6,646,361	6,186,237	6,412,592
Motor fuel taxes	3,554,512	3,256,266	3,310,259	3,484,128	3,476,388	3,421,644	3,542,417	3,655,049	3,748,983	3,814,060
Cigarette taxes	451,815	441,029	418,473	439,289	438,673	422,366	395,181	386,003	375,690	373,764
Hotel taxes	448,717	412,623	425,537	443,127	815,756	913,963	856,089	1,088,009	1,234,623	1,181,911
Intergovernmental activity taxes	2,433,665	3,110,961	3,325,651	3,734,112	4,309,127	4,117,506	4,325,026	4,705,935	3,696,630	4,114,348
Unrestricted investment earnings	1,913,204	1,113,290	776,579	743,281	697,834	640,068	651,729	658,515	636,148	685,947
Gain (loss) on sale of capital assets	9,914	75,546	90,476	535	-	-	65,877	5,436	-	74,095
Transfers	1,405,495	1,428,110	1,158,838	414,691	1,899,067	2,454,852	2,189,564	2,658,816	2,632,071	1,078,473
Total governmental activities	<u>54,298,213</u>	<u>52,842,074</u>	<u>53,087,709</u>	<u>51,855,449</u>	<u>56,362,194</u>	<u>56,243,274</u>	<u>60,270,983</u>	<u>65,628,896</u>	<u>69,006,746</u>	<u>68,784,025</u>
Business-type activities:										
Sales and use taxes	1,726,313	4,016,551	3,975,759	4,085,862	4,291,043	4,249,381	4,373,653	4,456,303	4,583,310	4,607,892
Franchise taxes	1,058,276	1,049,179	1,053,842	1,109,866	1,130,630	1,154,809	1,272,415	1,217,843	1,150,648	1,159,486
Unrestricted investment earnings	1,099,122	619,634	365,302	330,070	295,082	233,696	212,997	197,631	195,615	400,176
Gain (loss) on sale of capital assets	177,256	-	7,754	-	6,582	43,342	-	-	-	-
Special item	-	-	-	5,380,449	-	-	-	-	-	-
Transfers	(1,405,495)	(1,428,110)	(1,158,838)	(414,691)	(1,899,067)	(2,454,852)	(2,189,564)	(2,549,131)	(2,614,513)	(1,078,473)
Total business-type activities	<u>2,655,472</u>	<u>4,257,254</u>	<u>4,243,819</u>	<u>10,491,556</u>	<u>3,824,270</u>	<u>3,226,376</u>	<u>3,669,501</u>	<u>3,322,646</u>	<u>3,315,060</u>	<u>5,089,081</u>
Total primary government	<u>\$ 56,953,685</u>	<u>57,099,328</u>	<u>57,331,528</u>	<u>62,347,005</u>	<u>60,186,464</u>	<u>59,469,650</u>	<u>63,940,484</u>	<u>68,951,542</u>	<u>72,321,806</u>	<u>73,873,106</u>

**Changes in Net Position**

Governmental activities	\$ (3,140,198)	(14,616,628)	(11,073,511)	(4,755,095)	3,948,697	1,749,176	4,488,774	(2,262,835)	(3,374,377)	(24,345,021)
Business-type activities	691,251	2,438,695	3,660,361	12,599,668	11,938,358	5,969,553	3,297,011	1,949,165	11,777,193	2,705,613
Total primary government	<u>\$ (2,448,947)</u>	<u>(12,177,933)</u>	<u>(7,413,150)</u>	<u>7,844,573</u>	<u>15,887,055</u>	<u>7,718,729</u>	<u>7,785,785</u>	<u>(313,670)</u>	<u>8,402,816</u>	<u>(21,639,408)</u>

Note: FY2013 the City implemented GASB 63 and GASB 65, so the format of the schedule has changed to be Net Position versus Net Assets

Table 3

**CITY OF ST. JOSEPH, MISSOURI**  
 Governmental Activities Tax Revenues By Source  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Fuel Tax</u>	<u>Cigarette Tax</u>	<u>Hotel Tax</u>	<u>Intergovernmental Activity Tax</u>	<u>Total</u>
2008	\$ 12,214,235	\$ 24,278,612	\$ 7,588,044	\$ 3,554,512	\$ 451,815	\$ 448,717	\$ 2,433,665	\$ 50,969,600
2009	12,611,491	23,570,684	6,822,074	3,256,266	441,029	412,623	3,110,961	50,225,128
2010	12,516,447	22,846,746	8,218,703	3,310,259	418,473	425,537	3,325,651	51,061,816
2011	12,404,637	23,538,465	6,653,184	3,484,128	439,289	443,127	3,734,112	50,696,942
2012	13,285,118	24,724,085	6,716,146	3,476,388	438,673	815,756	4,309,127	53,765,293
2013	13,013,990	24,434,378	6,824,507	3,421,644	422,366	913,963	4,117,506	53,148,354
2014	13,221,988	28,100,006	6,923,106	3,542,417	395,181	856,089	4,325,026	57,363,813
2015	13,541,862	32,282,910	6,646,361	3,655,049	386,003	1,088,009	4,705,935	62,306,129
2016	13,874,251	36,622,113	6,186,237	3,748,983	375,690	1,234,623	3,696,630	65,738,527
2017	13,961,024	37,087,811	6,412,592	3,814,060	373,764	1,181,911	4,114,348	66,945,510

**CITY OF ST. JOSEPH, MISSOURI**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 2,075,505	1,715,494	860,005							
Unreserved	5,592,876	5,449,331	3,132,137							
Total General Fund	<u>\$ 7,668,381</u>	<u>7,164,825</u>	<u>3,992,142</u>							
General Fund										
Nonspendable				\$ 408,508	\$ 469,113	499,662	127,450	329,141	237,066	169,302
Restricted				409,628	715,017	1,141,146	1,503,232	2,043,949	2,681,140	5,781,503
Committed				2,492,882	1,406,328	1,292,606	1,262,220	1,480,367	2,393,462	5,568,525
Assigned				1,206,978	3,259,079	3,135,856	3,712,053	3,021,204	1,854,439	2,412,754
Unassigned				3,176,846	4,160,485	5,807,342	6,837,653	9,384,702	13,218,788	7,976,680
Total General Fund				<u>\$ 7,694,842</u>	<u>\$ 10,010,022</u>	<u>11,876,612</u>	<u>13,442,608</u>	<u>16,259,363</u>	<u>20,384,895</u>	<u>21,908,764</u>
All other governmental funds										
Reserved	\$ 16,742,801	21,830,413	24,371,401							
Unreserved, reported in:										
Special revenue funds	11,941,619	5,477,728	3,245,197							
Capital project funds	6,517,615	5,110,764	4,493,117							
Total all other governmental funds	<u>\$ 35,202,035</u>	<u>32,418,905</u>	<u>32,109,715</u>							
All other governmental funds										
Nonspendable				\$ -	\$ 147,548	125,002	59,688	64,529	59,018	63,287
Restricted				30,860,074	29,170,639	32,890,892	35,175,720	40,259,086	37,850,140	39,832,064
Assigned				(121,516)	(285,298)	-	-	-	-	-
Total all other governmental funds				<u>\$ 30,738,558</u>	<u>\$ 29,032,889</u>	<u>33,015,894</u>	<u>35,235,408</u>	<u>40,323,615</u>	<u>37,909,158</u>	<u>39,895,351</u>

Note: In 2011 GASB 54 was implemented which changes the Fund Balance classifications

**CITY OF ST. JOSEPH, MISSOURI**  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 50,983,735	50,132,601	49,880,091	51,796,371	53,824,015	53,177,858	57,428,912	62,297,555	65,694,109	66,969,877
Licenses, fees and permits	1,461,356	1,376,436	1,519,836	1,438,472	1,493,098	1,481,598	1,492,146	1,531,031	1,559,764	1,559,402
Intergovernmental	8,644,884	6,045,431	7,347,329	8,086,513	6,667,413	6,161,673	4,604,559	5,576,566	5,859,371	4,194,178
Charges for services	4,717,410	4,715,722	4,177,716	4,223,558	3,801,507	4,616,555	4,168,520	4,473,445	4,505,848	4,335,351
Fines, forfeitures, and court costs	1,192,519	1,222,664	1,041,640	929,267	922,214	1,170,983	1,251,520	1,106,527	1,028,255	809,507
Special Assessments	28,648	24,474	22,040	26,002	30,610	35,220	68,741	29,182	22,665	20,971
Investment earnings	1,847,313	1,097,544	774,001	340,348	696,623	638,735	650,588	657,155	632,413	678,490
Other	1,711,517	2,011,842	2,059,121	3,206,392	2,457,992	1,626,120	1,922,109	1,930,301	2,392,542	2,700,407
Total revenues	<u>70,587,382</u>	<u>66,626,714</u>	<u>66,821,774</u>	<u>70,046,923</u>	<u>69,893,472</u>	<u>68,908,742</u>	<u>71,587,095</u>	<u>77,601,762</u>	<u>81,694,967</u>	<u>81,268,183</u>
<b>Expenditures</b>										
General government	10,956,124	11,676,893	12,036,926	11,401,238	9,197,296	9,987,736	9,092,825	8,782,284	8,825,428	9,693,472
Public safety	21,779,899	22,495,913	23,288,767	22,913,580	23,042,799	23,401,114	24,466,592	25,917,269	27,316,892	27,473,546
Highways and streets	8,834,917	7,961,665	8,145,602	8,142,562	8,195,698	8,376,243	8,953,664	8,850,821	8,801,774	8,627,429
Public works	212,776	245,910	294,018	252,137	272,492	212,831	235,200	293,853	307,912	247,835
Health and welfare	5,203,704	5,266,266	5,132,934	4,963,446	5,167,350	4,874,842	4,677,049	5,282,713	4,938,253	5,022,049
Parks and Recreation	4,566,717	4,999,838	5,028,218	4,818,778	4,714,047	5,511,231	5,656,119	5,709,258	5,929,834	6,172,915
Capital outlay	13,965,360	11,882,657	10,465,131	9,757,181	11,078,324	4,805,192	9,340,646	10,103,530	19,013,553	14,250,639
Debt Service										
Principal	3,291,383	3,218,074	3,514,899	3,742,547	6,447,821	4,142,728	5,237,826	4,832,814	4,792,181	4,880,410
Interest and bond costs	3,686,478	3,683,004	3,657,857	3,553,716	3,805,053	3,432,401	2,973,193	2,816,596	2,712,344	2,564,290
Total expenditures	<u>72,497,358</u>	<u>71,430,220</u>	<u>71,564,352</u>	<u>69,545,185</u>	<u>71,920,880</u>	<u>64,744,318</u>	<u>70,633,114</u>	<u>72,589,138</u>	<u>82,638,171</u>	<u>78,932,585</u>
Excess of revenues over (under) expenditures	(1,909,976)	(4,803,506)	(4,742,578)	501,738	(2,027,408)	4,164,424	953,981	5,012,624	(943,204)	2,335,598
<b>Other Financing Sources (Uses)</b>										
Transfers in	6,676,295	5,754,232	7,158,847	13,505,542	8,965,682	5,899,033	8,270,465	8,860,629	9,540,662	9,856,588
Transfers out	(5,270,800)	(4,326,122)	(6,000,009)	(11,874,966)	(7,066,615)	(3,287,456)	(5,560,001)	(6,201,813)	(6,908,591)	(8,778,115)
Issuance of debt	5,110,000	-	-	-	6,685,000	8,685,000	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(6,420,443)	(9,647,589)	-	-	-	-
Capital lease proceeds	56,201	-	-	198,694	163,180	20,003	-	233,522	118,304	21,896
Sale of capital assets	56,378	88,710	101,867	535	310,115	16,180	121,065	-	77,908	74,095
Total other financing sources (uses)	<u>6,628,074</u>	<u>1,516,820</u>	<u>1,260,705</u>	<u>1,829,805</u>	<u>2,636,919</u>	<u>1,685,171</u>	<u>2,831,529</u>	<u>2,892,338</u>	<u>2,828,283</u>	<u>1,174,464</u>
Net change in fund balances	\$ <u>4,718,098</u>	<u>(3,286,686)</u>	<u>(3,481,873)</u>	<u>2,331,543</u>	<u>609,511</u>	<u>5,849,595</u>	<u>3,785,510</u>	<u>7,904,962</u>	<u>1,885,079</u>	<u>3,510,062</u>
Debt service as a percentage of non capital expenditures	11.53%	10.96%	11.25%	11.71%	16.85%	12.15%	12.88%	11.41%	10.23%	10.34%

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

Fiscal Year	Property Tax (1)	Sales Tax	Cigarette Tax	Motor Vehicle Tax	Utility Franchise Tax	Hotel Motel Tax	Intergovernmental Activity Tax	Total
2008	12,228	24,278	452	3,555	7,588	449	2,434	50,983
2009	12,519	23,571	441	3,256	6,822	413	3,111	50,133
2010	12,469	22,847	418	3,310	7,084	426	3,326	49,880
2011	12,349	23,538	439	3,484	7,808	443	3,734	51,795
2012	13,344	24,724	439	3,476	6,716	816	4,309	53,824
2013	13,040	24,437	422	3,422	6,826	914	4,118	53,178
2014	13,287	28,100	395	3,543	6,923	856	4,325	57,429
2015	13,533	32,283	386	3,655	6,646	1,088	4,706	62,297
2016	13,830	36,622	376	3,749	6,186	1,235	3,697	65,695
2017	13,985	37,088	374	3,814	6,413	1,182	4,114	66,970

(1) Includes interest and penalties.

**CITY OF ST. JOSEPH, MISSOURI**  
**Total City Taxable Sales by Category**  
**Last Nine Calendar Years**  
(in thousands of dollars)

<b>Sales by Retail Category:</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Apparel stores	\$ 28,381	21,991	24,995	34,625	43,434	45,680	48,277	50,121	49,710	N/A
General merchandise	326,102	318,626	311,804	311,672	313,507	312,147	311,553	315,705	314,101	N/A
Food stores	127,635	127,175	124,988	132,028	134,628	137,249	145,043	151,506	153,656	N/A
Eating and drinking establishments	135,897	134,125	135,082	137,208	143,499	147,355	149,938	155,787	160,098	N/A
Home furnishings and appliances	62,775	30,768	31,395	31,081	31,121	33,360	38,032	39,430	43,282	N/A
Building materials and farm tools	27,178	51,514	50,134	49,274	42,416	52,590	59,726	65,058	64,026	N/A
Construction/Remodeling	10,999	4,299	4,824	4,484	4,392	6,778	6,804	16,999	30,495	N/A
Auto dealers and supplies	81,079	82,324	89,594	95,806	100,357	97,295	173,595	111,131	119,216	N/A
Wholesale Trade	21,793	21,787	19,789	20,349	30,000	42,462	50,661	56,500	65,080	N/A
Hotels, Motels	13,317	11,458	10,986	10,926	11,896	11,985	14,901	17,862	17,904	N/A
Communication	44,011	45,268	44,607	38,198	23,359	21,950	23,169	21,191	21,649	N/A
Other retail stores	84,559	79,669	76,782	77,622	76,761	78,351	82,641	92,079	98,505	N/A
All other outlets	50,330	49,766	51,062	45,405	53,414	87,852	87,488	110,178	118,413	N/A
<b>Total</b>	<b>\$ 1,014,056</b>	<b>978,770</b>	<b>976,042</b>	<b>988,678</b>	<b>1,008,782</b>	<b>1,075,053</b>	<b>1,191,828</b>	<b>1,203,546</b>	<b>1,256,135</b>	<b>-</b>

Note: Amounts for 2017 are not provided due to only receiving partial year figures.

Source: Retail categories and information provided by Missouri Department of Revenue.

Table 8

**CITY OF ST. JOSEPH, MISSOURI**  
Sales Tax Rates  
Direct and Overlapping Governments  
Last Ten Calendar Years  
(in percent)

<b>Direct Sales Tax Rate City of St. Joseph</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Fund	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Public Safety							0.500	0.500	0.500	0.500
Capital Improvements	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Mass Transit	0.150	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375
<b>Total Direct Sales Tax Rate</b>	<b>2.150</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.375</b>	<b>2.875</b>	<b>2.875</b>	<b>2.875</b>	<b>2.875</b>
<b>Total Local Option Sales Tax Rate</b>										
State of Missouri										
General Sales Tax	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Education	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Total State of Missouri	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225	4.225
Buchanan County										
General Sales Tax	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Law Enforcement	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Capital Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
County Tourism	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Ambulance							0.250	0.250	0.250	0.250
Levee Allocation										0.250
Total Buchanan County	1.100	1.100	1.100	1.100	1.100	1.100	1.350	1.350	1.350	1.600
City of St. Joseph	2.150	2.375	2.375	2.375	2.375	2.375	2.875	2.875	2.875	2.875
<b>Total Direct and Overlapping Sales Tax Rate</b>	<b>7.475</b>	<b>7.700</b>	<b>7.700</b>	<b>7.700</b>	<b>7.700</b>	<b>7.700</b>	<b>8.450</b>	<b>8.450</b>	<b>8.450</b>	<b>8.700</b>

Sources: Missouri Department of Revenue  
City of St. Joseph Revenue Manual

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

Fiscal Year	Real Property (1)		Personal Property		Railroad & Utility		Total			Ratio of Total Assess Value To Total Estimated Actual Value
	Assess Value(2)	Estimated Actual Value	Assess Value	Estimated Actual Value	Assess Value	Estimated Actual Value	Assess Value	Direct Tax Rate	Estimated Actual Value	
2008	618,779	2,769,236	255,510	774,272	16,183	49,038	890,471	1.55	3,592,546	24.8%
2009	622,357	2,789,469	271,357	822,293	15,858	48,054	909,571	1.56	3,659,816	24.9%
2010	636,014	2,843,770	284,102	860,915	16,234	49,193	936,350	1.53	3,753,878	24.9%
2011	636,915	2,848,165	284,496	862,110	21,012	63,672	942,423	1.53	3,773,946	25.0%
2012	676,612	3,004,808	270,539	819,814	28,193	85,434	975,343	1.53	3,910,056	24.9%
2013	684,120	3,031,268	238,786	723,594	31,627	95,840	954,533	1.55	3,850,702	24.8%
2014	690,096	3,055,487	238,274	722,042	39,727	120,384	968,097	1.55	3,897,914	24.8%
2015	697,860	3,084,821	244,647	741,354	40,675	123,258	983,182	1.55	3,949,433	24.9%
2016	707,450	3,116,802	248,117	751,869	44,776	135,684	1,000,343	1.55	4,004,356	25.0%
2017	716,782	3,150,595	249,390	755,726	46,824	141,891	1,012,996	1.55	4,048,212	25.0%

T-10



**CITY OF ST. JOSEPH, MISSOURI**  
 Property Tax Rates  
 Direct and Overlapping Governments  
 Last Ten Fiscal Years  
 (rate per \$100 assessed value)

Fiscal Year	City Direct Rates								Overlapping Rates (1)			
	General Fund	Public Safety	Debt Service	Public Health	Parks & Recreation	Museum	Library	Total City of St. Joseph	State of Missouri	St. Joseph School District	Buchanan County	Total
2008	\$ 0.63	0.07	-	0.21	0.19	0.05	0.40	1.55	0.03	3.93	0.44	5.95
2009	0.63	0.07	-	0.21	0.20	0.05	0.40	1.56	0.03	3.93	0.45	5.97
2010	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	3.39	0.46	5.41
2011	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	4.00	0.46	6.02
2012	0.60	0.07	-	0.21	0.20	0.05	0.40	1.53	0.03	4.00	0.46	6.02
2013	0.60	0.07	-	0.22	0.20	0.05	0.41	1.55	0.03	4.14	0.46	6.18
2014	0.60	0.07	-	0.22	0.20	0.05	0.41	1.55	0.03	4.12	0.46	6.17
2015	0.60	0.07	-	0.22	0.20	0.05	0.41	1.55	0.03	4.12	0.46	6.17
2016	0.60	0.07	-	0.22	0.20	0.05	0.41	1.55	0.03	3.43	0.46	5.47
2017	0.60	0.07	-	0.22	0.20	0.05	0.41	1.55	0.03	3.43	0.46	5.47

Notes: (1) County Tax Breakdown for Current Year:

General Fund	0.07
Road & Bridge Fund	0.29
Handicap	<u>0.10</u>
Total County	<u><u>0.46</u></u>

**CITY OF ST. JOSEPH, MISSOURI**  
**PRINCIPAL TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	TYPE OF BUSINESS	2017			2008		
		ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION(1)	2007 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
Boehringer Ingelheim Animal Health	Animal Health Manufacturer	\$ 17,791,370	1	1.76%			
Midland Empire Retail, LLC	Shopping Mall	15,271,430	2	1.51%			
Ag Processing Inc	Soybean Processing	13,819,020	3	1.36%	8,518,780	9	0.96%
Mosaic Lifecare	Healthcare Industry	13,107,200	4	1.29%	10,226,150	3	1.15%
Triumph Foods LLC	Pork Processing	12,005,500	5	1.19%	12,282,040	1	1.38%
Nestle USA Inc	Pet Food Manufacturing	12,245,870	6	1.21%			
Missouri American Water	Water Utility	11,866,120	7	1.17%	8,971,466	7	1.01%
American Family Mutual Insurance	Insurance	9,889,650	8	0.98%	9,615,820	5	1.08%
Cole PC St Joseph MO LLC	Shopping Center	9,281,560	9	0.92%	8,285,240	10	0.93%
Johnson Controls Battery Group	Battery Manufacturer	8,815,710	10	0.87%	10,784,885	2	1.21%
St. Joseph Foods	Meat Manufacturer				8,655,415	8	0.97%
Danisco	Shopping Center				9,299,260	6	1.04%
Wal Mart Stores Inc.	Retail Variety Store				9,919,790	4	1.11%
		<u>\$ 124,093,430</u>		<u>12.26%</u>	<u>\$ 96,558,846</u>		<u>10.84%</u>

(1) The total assessed valuation for 2017 = 1,012,995,885

**CITY OF ST. JOSEPH, MISSOURI**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 13,496,762	\$ 13,086,927	96.96%	\$ 405,618	\$ 13,492,545	99.97%
2009	13,713,589	13,237,877	96.53%	471,687	13,709,564	99.97%
2010	13,737,486	13,192,295	96.03%	541,218	13,733,513	99.97%
2011	14,261,209	13,532,867	94.89%	709,307	14,242,174	99.87%
2012	14,600,231	14,283,412	97.83%	314,279	14,597,691	99.98%
2013	13,803,855	13,737,726	99.52%	59,985	13,797,711	99.96%
2014	14,382,659	14,021,700	97.49%	355,959	14,377,659	99.97%
2015	14,399,375	12,853,103	89.26%	439,764	13,292,867	92.32%
2016	14,830,223	14,529,043	97.97%	266,145	14,795,188	99.76%
2017	15,003,629	14,985,665	99.88%	-	-	

**CITY OF ST. JOSEPH, MISSOURI**  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	PBA	MDFB	IFB/IDA	Developer Obligations	Capital Leases	Loans
2008	\$ 296,647	\$ 2,170,000	\$ 65,570,000	\$ 9,654,552	\$ 50,793	\$ -
2009	252,142	2,070,000	63,685,000	20,882,574	35,573	-
2010	202,856	1,965,000	61,745,000	31,689,113	19,012	-
2011	155,961	1,860,000	59,755,000	31,948,993	195,021	-
2012	106,675	1,750,000	55,930,034	29,730,100	305,458	-
2013	52,591	1,463,046	54,150,000	27,946,881	220,719	-
2014	-	1,357,151	51,235,000	26,152,384	109,006	-
2015	-	1,246,256	48,715,000	33,477,507	222,752	-
2016	-	1,130,361	46,065,000	32,034,429	260,637	-
2017	-	1,009,466	43,230,000	34,612,468	197,704	-

Fiscal Year	Business-Type Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	PBA	MDFB	Revenue Bonds	Special Obligations	Capital Leases	Loans			
2008	\$ 318,740	\$ 11,275,000	\$ 30,529,313	\$ -	\$ 60,222	\$ -	\$ 119,925,267	5.94%	\$ 27,306
2009	271,095	10,860,000	29,384,235	-	20,648	-	127,461,267	6.03%	28,552
2010	218,235	10,415,000	28,171,157	-	103,661	-	134,529,034	5.69%	31,946
2011	167,981	9,950,000	26,906,079	-	77,957	-	131,016,992	5.25%	32,533
2012	115,121	9,465,000	47,438,000	-	50,401	-	144,890,789	5.57%	33,732
2013	57,409	8,290,000	48,380,411	-	86,117	-	140,647,174	5.36%	34,189
2014	-	7,700,000	60,547,713	-	248,814	-	147,350,068	5.32%	36,068
2015	-	7,100,000	110,611,267	-	203,704	-	201,576,486	7.24%	36,259
2016	-	6,485,000	150,239,330	-	157,091	-	236,371,848	8.00%	38,562
2017	-	5,850,000	159,199,307	2,545,560	123,302	-	246,767,807	8.74%	36,942

(1) Bureau of Economic Analysis

**CITY OF ST. JOSEPH, MISSOURI**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Est. Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Less Amounts Available in Debt Service	Total		
2008	\$ -	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-

T-15

Note: The City does not have any General Bonded Debt over the past ten fiscal years. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF ST. JOSEPH, MISSOURI**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Joseph School District	\$ 48,900,000	95.75%	\$ <u>46,821,750</u>
Subtotal, overlapping debt			46,821,750
City of St. Joseph direct debt			79,049,638
Total direct and overlapping debt			\$ <u><u>125,871,388</u></u>

T-16

Sources: Assessed valuation data and outstanding debt provided by the St. Joseph School District and Buchanan County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of St. Joseph, Missouri. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF ST. JOSEPH, MISSOURI**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit (1)	\$ 178,094,297	181,914,282	187,270,023	188,484,606	195,068,675	190,906,624	193,619,382	196,636,348	200,068,599	202,599,177
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 178,094,297	181,914,282	187,270,023	188,484,606	195,068,675	190,906,624	193,619,382	196,636,348	200,068,599	202,599,177
Total net debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed Value	\$ 1,012,995,885
Debt Limit (20% of assessed value)	202,599,177
General obligation:	-
Total Bonded Debt	-
Less:	-
Total net debt applicable to limit	-
Legal debt margin	\$ 202,599,177

T-17

Notes:

(1) Total tangible property assessed value as of January 1, 2016 as certified by the County Clerk on June 30, 2016

(2) Section 95.115 of the 1986 Missouri Revised Statutes permits any county or city, by vote of two-thirds of qualified electors voting thereon, to incur an indebtedness for city purposes not to exceed 5 percent of the taxable tangible property therein, as shown by the last assessment.

Section 95.120 of the 1986 Missouri Revised Statutes permits any county or city, by a vote of two-thirds of qualified electors voting thereon, to incur additional indebtedness of city purposes not to exceed 5 percent of the taxable property therein, as shown by the assessment.

Section 95.125 and 95.130 of the 1986 Missouri Revised Statutes provides that any city may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring right-of-ways, constructing, extending and improving streets and avenues and/or sanitary sewer system and an additional ten percent for purchasing or construction of waterworks, electric or other light plants provided the total general obligation indebtedness of the city does not exceed twenty percent of the assessed valuation.

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

**CITY OF ST. JOSEPH, MISSOURI**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
 (amounts expressed in thousands)

Fiscal Year	Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
<u>Sewer</u>						
2008	\$ 13,265	\$ 7,269	\$ 5,996	\$ 1,354	\$ 1,811	1.89
2009	13,743	8,451	5,292	1,675	1,949	1.46
2010	15,828	10,372	5,456	1,747	1,867	1.51
2011	16,849	10,901	5,948	1,845	1,780	1.64
2012	20,411	9,163	11,247	2,233	2,731	2.27
2013	21,917	12,117	9,800	2,400	2,465	2.01
2014	22,736	13,709	9,027	3,098	3,636	1.34
2015	24,447	13,617	10,830	2,945	4,129	1.53
2016	27,509	13,308	14,201	6,972	4,115	1.28
2017	29,417	14,812	14,605	7,586	4,050	1.26



**CITY OF ST. JOSEPH, MISSOURI**  
 Demographic and Economic Statistics  
 Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2008	73,990	\$ 2,020,371	\$ 27,306	35.30	11,630	5.00%
2009	73,990	2,112,562	28,552	36.50	11,744	8.70%
2010	73,990	2,363,685	31,946	37.00	11,935	7.70%
2011	76,780	2,497,884	32,533	37.90	11,737	2.56%
2012	77,185	2,603,604	33,732	38.10	11,039	5.70%
2013	76,780	2,625,031	34,189	35.60	11,387	5.80%
2014	76,780	2,769,301	36,068	35.60	11,244	5.80%
2015	76,780	2,783,966	36,259	35.70	12,034	5.50%
2016	76,596	2,953,695	38,562	35.70	11,534	4.50%
2017	76,472	2,825,029	36,942	36.20	11,117	3.60%

T-19

- Sources:
- 1 Bureau of Economic Analysis
  - 2 Census.gov
  - 3 Information provided by school districts.
  - 4 Bureau of Labor Statistics

**CITY OF ST. JOSEPH, MISSOURI**  
Principal Employers  
2017 and 2008

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mosaic Life Care	4,072	1	6.49%	2,800	1	4.20%
Triumph Foods	2,900	2	4.63%	2,300	2	3.50%
St. Joseph School District	1,853	3	2.96%	1,825	3	2.80%
139th Airlift Wing-MO Air Nat Guard	1,521	4	2.43%	-		
Boehringer Ingelheim Vetmedica	1,070	5	1.71%	750	6	1.10%
Missouri Western State University	793	6	1.26%	-		
American Family	757	7	1.21%	820	5	1.20%
Tyson Foods	670	8	1.07%	661	9	1.00%
City of St. Joseph	653	9	1.04%	700	8	1.00%
Alorica	510	10	0.81%	744	7	1.10%
Altec Industries				850	4	1.30%
Western Reception Diagnostic				576	10	0.90%
<b>Total</b>	<b>14,799</b>		<b>23.61%</b>	<b>12,026</b>		<b>18.10%</b>

Source: St. Joseph Area Chamber of Commerce

**CITY OF ST. JOSEPH, MISSOURI**  
Full-time City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Mayor/Council	1	1	1	1	1	1	1	1	1	1
City Clerk	3	3	3	2	2	2	2	2	2	2
City Manager	6	6	6	5	4	4	4	4	5	5
Technology & Communications	5	5	5	5	4	4	4	4	4	4
Municipal Court	6	6	6	5	5	5	5	5	5	5
Legal	7	7	7	6	6	6	6	5	9	8
Administrative Services	15	15	15	15	16	17	18	17	17	17
Human Resources	6	6	6	5	5	5	5	5	5	5
Customer Assistance	16	16	16	15	3	3	3	3	3	3
Public Safety										
Police - Arrest Powers	117	119	117	116	115	113	116	125	126	128
Police - Civilian	44	44	45	44	42	43	42	41	44	43
Fire Protection	131	131	131	127	124	128	127	125	127	124
Fire - Civilian	3	3	3	3	3	3	3	3	3	3
Public Works										
Engineering	10	10	10	9	9	8	9	9	9	9
Public Works Administration	5	5	5	5	5	6	6	5	6	6
Streets	64	64	64	63	58	62	56	58	58	59
Traffic	8	8	8	8	7	8	8	8	7	8
Airport	6	6	6	6	5	6	6	6	6	6
Parking Services	6	6	6	6	5	4	5	5	5	4
Landfill	18	18	18	18	18	17	17	16	16	17
Recycling Center	2	2	2	2	2	2	2	2	2	2
Sewer Maintenance	19	19	19	20	24	21	22	23	24	21
Water Pollution Control	46	46	50	51	50	53	53	55	52	49
Health Department	42	42	42	41	40	40	41	41	40	41
Parks and Recreation	53	51	52	51	52	53	53	48	54	55
Community Development										
Planning	4	4	4	3	5	5	5	5	6	4
Housing & Community Dev	7	7	7	7	15	15	14	14	12	15
Property Maintenance	11	10	11	9	10	9	10	10	10	9
<b>Total</b>	<b>661</b>	<b>660</b>	<b>665</b>	<b>648</b>	<b>635</b>	<b>643</b>	<b>643</b>	<b>645</b>	<b>658</b>	<b>653</b>

T-21

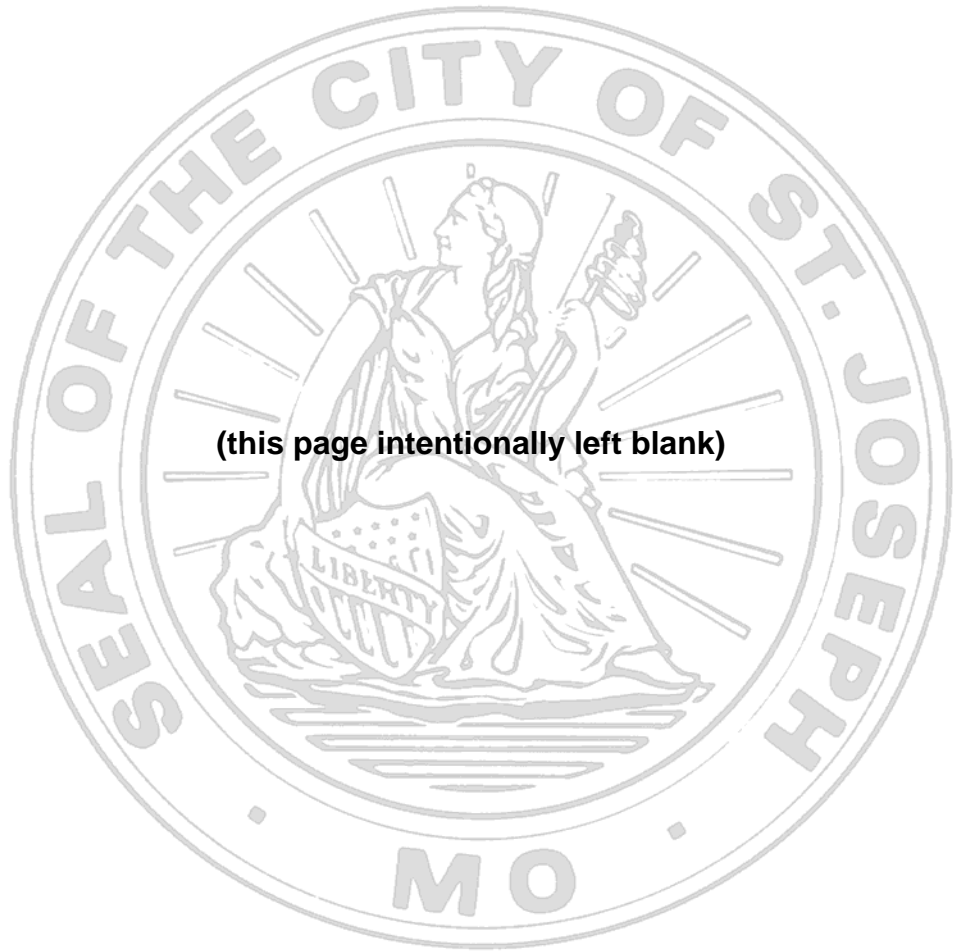
Source: City of St. Joseph Annual Report

**CITY OF ST. JOSEPH, MISSOURI**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public Safety</b>											
	<b>Police</b>										
	Physical Arrests	7,178	6,368	5,170	5,275	4,870	6,958	7,262	6,612	6,614	5,918
	Traffic Violations	18,065	18,453	14,544	11,084	14,080	12,235	11,312	12,542	15,567	15,656
	Parking Violations	10,524	11,861	12,071	8,719	8,532	9,196	7,130	7,285	6,758	7,097
	<b>Fire</b>										
	Total Alarms	8,573	8,074	7,920	9,049	9,651	8,461	8,836	9,111	9,604	10,301
	Inspections	390	1,058	590	419	442	565	754	628	698	650
NS-1	<b>Water</b>										
	Number of customers	33,333	32,548	32,002	32,014	32,004	32,004	31,993	31,993	31,892	31,892
	Daily Average Water Consumption	18,000,000	17,209,000	17,161,000	17,589,000	17,584,000	17,866,000	17,729,000	17,729,000	1,721,000	1,721,000
	<b>Sewer</b>										
	Number of customers	26,876	26,859	26,910	26,875	26,836	25,723	24,625	24,625	26,357	26,284
	Daily Average Wastewater Treated	17,000,000	17,000,000	17,000,000	17,000,000	15,000,000	15,000,000	17,000,000	17,000,000	15,000,000	15,000,000

**CITY OF ST. JOSEPH, MISSOURI**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety</b>										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Vehicles	106	104	106	119	122	107	118	122	122	118
Fire										
Fire Stations	9	9	9	9	9	9	9	9	9	9
<b>Public Works</b>										
Total area (square miles)	45.443	44.680	46.500	46.500	46.500	46.500	46.500	46.500	44.770	44.770
Paved miles	426.4	432.8	432.8	432.3	432.3	434.8	433.1	433.1	433.1	433.1
<b>Culture and Recreation</b>										
Park acreage	1,500	1,500	1,500	2,000	2,000	2,000	2,000	2,000	1,500	1,500
Parks	46	46	46	46	46	46	46	46	36	36
Ball Fields	22	23	23	23	23	23	23	23	23	23
Community Centers	1	1	1	1	1	1	1	1	3	3
Golf Courses	1	1	1	1	1	1	1	1	1	1
Ice Arenas	1	1	1	1	1	1	1	1	1	1
Swimming Pools	3	3	3	3	3	3	3	3	2	2
Tennis Courts	21	21	21	21	21	21	21	21	21	21
<b>Power and Light</b>										
Power stations	12	12	12	12	12	12	12	12	12	12
Transmission/Distribution Circuits (miles)	813.04	816.45	816.45	593.32	595.45	598.04	601.01	601.01	601.01	601.01
Street Lights	6,884	6,903	6,923	6,943	6,952	6,952	6,952	6,952	6,952	6,952
<b>Water</b>										
Water mains (miles)	613	616	619	619	619	620	620	620	621	621
Fire hydrants	3,075	3,063	3,096	3,031	3,030	3,032	3,043	3,043	3,086	3,086
Maximum daily pumpage (millions of gallons)	30	30	21	24	24	26	26	26	23	23
<b>Sewer</b>										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	390	380	397	397	402	403	406	406	406	406
Maximum daily capacity of treatment (MGD)	27	27	27	27	27	27	27	27	54	54



**(this page intentionally left blank)**

## APPENDIX D

### SUMMARY OF THE BOND ORDINANCE AND THE CONTINUING DISCLOSURE UNDERTAKING

#### SUMMARY OF THE BOND ORDINANCE

The following is a summary of certain provisions contained in the Bond Ordinance. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Bond Ordinance for a complete recital of the terms thereof.

#### Definitions

*In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Bond Ordinance and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Bond Ordinance for complete definitions of all terms.*

**“Accountant”** means an independent certified public accountant or firm of certified public accountants.

**“Act”** means Article VI, Section 27 of the Missouri Constitution and Chapter 250 of the Revised Statutes of Missouri, as amended.

**“Authority”** means the State Environmental Improvement and Energy Resources Authority, a governmental instrumentality of the State of Missouri.

**“Authority Program Bonds”** means any bonds of the Authority heretofore or hereafter issued under the SRF Program, all or a portion of the proceeds of which are loaned to the City with respect to the System and pursuant to the SRF Program.

**“Average Annual Debt Service”** means the average of the Debt Service Requirements as computed for the then current and all future Fiscal Years.

**“Bond Counsel”** means Gilmore & Bell, P.C., Kansas City, Missouri, or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

**“Bond Payment Date”** means any date on which principal of or interest on any Bond is payable at the Maturity thereof or on any Interest Payment Date.

**“Bond Register”** means the books for the registration, transfer and exchange of Bonds kept at the office of the Paying Agent.

**“Bondowner,” “Owner” or “Registered Owner”** when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

**“Bonds”** means the Sewerage System Revenue Bonds, Series 2018, of the City, authorized and issued pursuant to the Bond Ordinance.

**“Business Day”** means a day other than a Saturday, Sunday or holiday, on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

**“Cede & Co.”** means Cede & Co., as nominee name of The Depository Trust Company, New York, New York, and any successor nominee with respect to the Bonds.

**“City”** means the City of St. Joseph, Missouri, and any successors or assigns.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

**“Consultant”** means the Consulting Engineer, an Accountant or a registered municipal advisor.

**“Consulting Engineer”** means each independent engineer or engineering firm with experience in designing and constructing wastewater treatment, sanitary sewerage or water pollution control facilities, and retained by the City.

**“Continuing Disclosure Undertaking”** means the Omnibus Continuing Disclosure Undertaking dated December 18, 2014, which will apply to the Bonds pursuant to an Adoption Agreement, the form of which is attached to the Bond Ordinance.

**“Debt Service Account”** means the Series 2018 Debt Service Account for the Bonds, created in the Bond Ordinance.

**“Debt Service Requirements”** means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and net interest or interest-like payments (after taking into account any applicable Subsidy Payments) on all System Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers.

**“Defaulted Interest”** means interest on any Bond which is payable but not paid on any Interest Payment Date.

**“Defeasance Obligations”** means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;



(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in a rating category by Moody's or S&P Global Ratings that is no lower than the rating category then assigned by that rating agency to United States Government Obligations.

**“Depreciation and Replacement Fund”** means the fund by that name ratified and confirmed by the Bond Ordinance.

**“DNR”** means the Missouri Department of Natural Resources.

**“Expenses”** means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Revenue Bonds and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant's reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term indebtedness incurred and payable within a particular Fiscal Year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System.

**“Federal Tax Certificate”** means the Federal Tax Certificate with respect to the Bonds delivered by the City, which sets forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the use of property financed or refinanced with those proceeds, and the investment of the Bond proceeds and certain other related money in order to comply with the requirements of Code imposed on the Bonds.

**“Fiscal Year”** means the fiscal year of the City, currently July 1 to June 30.

**“Interest Payment Date”** means the Stated Maturity of an installment of interest on any Bond.

**“Maturity”** when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and provided in the Bond Ordinance, whether at the Stated Maturity thereof or by call for redemption or otherwise.

**“Net Revenues”** means all Revenues less all Expenses.

**“Operation and Maintenance Fund”** means the fund by that name ratified and confirmed in the Bond Ordinance.

**“Outstanding,”** when used with reference to Bonds, means, as of any particular date of determination, all Bonds theretofore issued and delivered hereunder, except the following Bonds:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of the Bond Ordinance; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered hereunder.

**“Parity Bonds”** means the Previously Issued Parity Bonds and any additional bonds or other obligations hereafter issued or incurred pursuant to the Bond Ordinance and standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net Revenues of the System.

**“Parity Ordinances”** means the Previously Issued Parity Ordinances and the ordinance or ordinances under which any additional Parity Bonds are hereafter issued pursuant to the Bond Ordinance.

**“Participants”** means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

**“Paying Agent”** means UMB Bank, N.A., Kansas City, Missouri, and any successors and assigns.

**“Permitted Investments”** means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Bond Ordinance.

- (a) United States Government Obligations;
- (b) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by United States Government Obligations which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and
- (c) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

**“Person”** means any natural person, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

**“Previously Issued Parity Bonds”** means, collectively, the Series 2003 Bonds, Series 2013 Bonds, Series 2014 Bonds, Series 2014A Bonds, Series 2014B Bonds, and Series 2017 Bonds.

**“Previously Issued Parity Ordinances”** means, collectively, the Series 2003 Ordinance, the Series 2013 Ordinance, the Series 2014 Ordinance, the Series 2014A Ordinance, the Series 2014B Ordinance and the Series 2017 Ordinance.

**“Project”** means improving and extending the City’s sewerage system.

**“Project Fund”** means the fund by that name created in the Bond Ordinance.

**“Purchaser”** means Robert W. Baird & Co., Inc., the original purchaser of the Bonds.

**“Rebate Fund”** means the fund by that name created in the Bond Ordinance.

**“Record Date”** for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

**“Redemption Date”** when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Ordinance.

**“Redemption Price”** when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of the Bond Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

**“Replacement Bonds”** means Bonds issued to the beneficial owners of the Bonds in accordance with the Bond Ordinance.

**“Revenue Fund”** means the fund by that name ratified and confirmed in the Bond Ordinance.

**“Revenues”** means all income and revenues derived from the ownership and operation of the System, including investment and rental income, net proceeds from business interruption insurance, sales tax revenues which have been annually appropriated by the City or which are limited solely to the payment of improvements to or expenses of the System, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of System facilities to be applied during the period of determination to pay interest on System Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

**“Securities Depository”** means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

**“Series 2003 Bonds”** means the Sewerage System Revenue Bonds, Series 2003, of the City, authorized and issued pursuant to the Series 2003 Ordinance.

**“Series 2003 Ordinance”** means Ordinance No. 6136 of the City passed on September 2, 2003, under which the Series 2003 Bonds were issued.

**“Series 2013 Bonds”** means the Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2013, of the City, authorized and issued pursuant to the Series 2013 Ordinance.

**“Series 2013 Ordinance”** means Special Ordinance No. 8610 of the City passed on March 18, 2013, under which the Series 2013 Bonds were issued.

**“Series 2014 Bonds”** means the Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2014, of the City, authorized and issued pursuant to the Series 2014 Ordinance.

**“Series 2014 Ordinance”** means Special Ordinance No. 8773 of the City passed on March 17, 2014, under which the Series 2014 Bonds were issued.

**“Series 2014A Bonds”** means the Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2014A, of the City, authorized and issued pursuant to the Series 2014A Ordinance.

“**Series 2014A Ordinance**” means Special Ordinance No. 8853 of the City passed on September 29, 2014, under which the Series 2014A Bonds were issued.

“**Series 2014B Bonds**” means the Sewerage System Revenue Bonds, Series 2014B, of the City, authorized and issued pursuant to the Series 2014B Ordinance.

“**Series 2014B Ordinance**” means Special Ordinance No. 8880 of the City passed on December 8, 2014, under which the Series 2014A Bonds were issued.

“**Series 2017 Bonds**” means the Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2017, of the City, authorized and issued pursuant to the Series 2017 Ordinance.

“**Series 2017 Ordinance**” means Special Ordinance No. 9277 of the City passed on July 31, 2017, under which the Series 2017 Bonds were issued.

“**Special Record Date**” means the date fixed by the Paying Agent pursuant to the Bond Ordinance for the payment of Defaulted Interest.

“**SRF Program**” means the Missouri Leveraged State Water Pollution Control Revolving Fund Program of DNR and the Authority.

“**SRF Program Bonds**” means any System Revenue Bonds heretofore or hereafter issued in connection with the City’s participation in the SRF Program.

“**Stated Maturity**” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Bond Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“**Subsidy Payments**” means funds received (or with respect to **Section 902(b)** of the Bond Ordinance funds that are reasonably expected to be received) by the City that either (a) must be used or (b) have been used (or with respect to **Section 902(b)** of the Bond Ordinance are reasonably expected to be used) to reduce the interest or principal payments on System Revenue Bonds. Such Subsidy Payments would include, but are not limited to, payments received by the City through a federal or State of Missouri program.

“**Surplus Fund**” means the fund by that name ratified and confirmed by the Bond Ordinance.

“**System**” means the entire sewerage plant and system owned and operated by the City for the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

“**System Revenue Bonds**” means, collectively, the Bonds and all other revenue bonds or other obligations which are payable out of, or secured by an interest in, the Net Revenues of the System.

“**United States Government Obligations**” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation).

“**Valuation Date**” means the first business day of each Fiscal Year of the System.

## **Establishment of Funds and Accounts**

There are created and ordered to be established and maintained in the treasury of the City the following separate accounts to be known respectively as the:

- (a) Project Fund.
- (b) Revenue Fund.
- (c) Operation and Maintenance Fund.
- (d) Debt Service Account- Series 2018 Bonds.
- (e) Depreciation and Replacement Fund.
- (f) Surplus Fund.
- (g) Rebate Fund.

The funds and accounts referred to in paragraphs (a) through (g) of this Section shall be maintained and administered by the City solely for the purposes and in the manner as provided in the Act and in the Bond Ordinance and in the Previously Issued Parity Ordinances so long as any of the Bonds or the Previously Issued Parity Bonds remain outstanding within the meaning of the Bond Ordinance and said Previously Issued Parity Ordinances, respectively.

The City acknowledges the creation and continuing existence of the reserve accounts, debt service accounts, principal accounts and interest accounts established under the Previously Issued Parity Ordinances.

### **Application of Moneys in the Project Fund**

Money in the Project Fund shall be used solely for the purpose of (a) paying the cost of the Project as provided in the Bond Ordinance, in accordance with the plans and specifications therefor prepared by the City's Consultant for the Project, as approved by the Council of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consultant and approved by the Council of the City, and (b) paying the costs and expenses incident to the issuance of the Bonds.

Upon completion of the Project as hereinbefore provided, any surplus money remaining in the Project Fund and not required for the payment of unpaid costs thereof shall be deposited into the Debt Service Account.

### **Revenue Fund**

The City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding under the Bond Ordinance, all of the Revenues derived and collected from the operation of the System shall as and when received be paid and deposited into the Revenue Fund unless otherwise specifically provided by the Bond Ordinance. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the Bond Ordinance.

### **Application of Moneys in Fund and Accounts**

The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will administer and allocate all of the moneys then held in the Revenue Fund as follows:

- (a) *Operation and Maintenance Fund.* On the first day of each month, there shall be paid and credited to the Operation and Maintenance Fund an amount sufficient to pay the estimated Expenses during the ensuing month. All amounts paid and credited to the Operation and

Maintenance Fund shall be expended and used by the City solely for the purpose of paying the Expenses of the System.

- (b) *Debt Service Account.* On the first day of each month, there shall next be paid and credited to the Debt Service Account, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bonds, the following sums:
- (1) Beginning with the first of said deposits and continuing on the first day of each month thereafter to and including November 1, 2018, an equal *pro rata* portion of the amount of interest becoming due on the Bonds on December 1, 2018; and thereafter, beginning on December 1, 2018, and continuing on the first day of each month thereafter so long as the Bonds shall remain outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Interest Payment Date; and
  - (2) Beginning with the first of said deposits and continuing on the first day of each month thereafter to and including May 1, 2019, an equal *pro rata* portion of the amount of principal becoming due on the Bonds on June 1, 2019; and thereafter, beginning on June 1, 2019, and continuing on the first day of each month thereafter so long as the Bonds shall remain outstanding and unpaid, an amount not less than 1/12 of the amount of principal that will become due on the Bonds on the next succeeding Maturity.

The amounts required to be paid and credited to the Debt Service Account pursuant to this Section shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinances.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Account and to the debt service accounts established to pay the principal of and interest on any Parity Bonds, the available moneys in the Revenue Fund shall, unless otherwise directed by the Previously Issued Parity Ordinances, be divided among such debt service accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in said debt service accounts.

All amounts paid and credited to the Debt Service Account shall be expended and used by the City for the sole purpose of paying the interest on and principal of the Bonds as and when the same become due on each Bond Payment Date.

- (c) *Depreciation and Replacement Fund.* So long as the amount in the Depreciation and Replacement Fund aggregates the sum of \$250,000, no further deposits will be required in the Depreciation and Replacement Fund. But if the City shall ever be required to expend and use a part of the moneys in said Fund for its authorized purposes and such expenditure shall reduce the amount of said Fund below the sum of \$250,000, then the City shall resume and continue monthly payments of \$4,170 into said Fund until said Fund again aggregates the sum of \$250,000. The amounts required to be deposited in the Depreciation and Replacement Fund shall **not** be in addition to amounts required to be deposited therein pursuant to the Previously Issued Parity Ordinances. Except as provided in the Bond Ordinance, moneys in the Depreciation and Replacement Fund shall be expended and used by the City, if no other funds are available therefor, solely for the purpose of making unusual or extraordinary replacements and repairs in and to the System as may be necessary to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof, including replacing or repairing portions of the System or major items of any plant or equipment which

either have been fully depreciated and are worn out or have become obsolete, inefficient or uneconomical. No moneys in said Fund shall be used for the purpose of extending or enlarging the System.

- (d) *Surplus Fund.* After all payments and credits required at the time to be made under the provisions of paragraphs (a), (b) and (c) above have been made in accordance with the Bond Ordinance, all moneys remaining in the Revenue Fund shall be paid and credited to the Surplus Fund. Moneys in the Surplus Fund may be expended and used for the following purposes as determined by the Council of the City:
- (1) Paying the cost of the operation, maintenance and repair of the System to the extent that may be necessary after the application of the moneys held in the Operation and Maintenance Fund under the provisions of paragraph (a) of this Section;
  - (2) Paying the cost of extending, enlarging or improving the System;
  - (3) Preventing default in, anticipating payments into or increasing the amounts in the debt service accounts or debt service reserve accounts for System Revenue Bonds or the Depreciation and Replacement Fund, or any one of them, said payments made to prevent default to be made in the order prescribed in the Bond Ordinance as described above or in the applicable sections of ordinances authorizing additional System Revenue Bonds hereafter issued, or establishing or increasing the amount of any debt service account or debt service reserve account created by the City for the payment of any additional System Revenue Bonds;
  - (4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any bonds are callable), any System Revenue Bonds, including principal, interest and redemption premium, if any; or
  - (5) Any other lawful purpose in connection with the operation of the System and benefitting the System.

So long as any of the Bonds remain Outstanding, no moneys derived from the operation of the System shall be diverted to the general governmental or municipal functions of the City.

- (e) *Deficiency of Payments into Funds and Accounts.* If at any time the Revenues derived from the operation of the System are insufficient to make any payment on the date or dates specified in the Bond Ordinance, the City will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received from the operation of the System, such payments and credits being made and applied in the order specified in the Bond Ordinance.

#### **Payments Due on Saturdays, Sundays and Holidays**

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

## **Nonpresentment of Bonds**

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City without liability for interest thereon the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

## **Application of Moneys in the Rebate Fund**

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), for payment to the United States of America, and neither the City nor the Registered Owner of any Bond shall have any rights in or claim to such money.

## **Deposit and Investment of Moneys**

Money in each of the funds and accounts created by and referred to in the Bond Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks or financial institutions holding such deposits as provided by the laws of the State of Missouri.

Moneys held in any fund or account held in the custody of the City referred to in the Bond Ordinance may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund or account was created. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of the Bond Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided, however, that investments held in the Debt Service Reserve Fund shall be valued at market value only. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of the Bond Ordinance, the City shall direct that such excess be paid and credited to the Revenue Fund.

## **Efficient and Economical Operation**

The City will continuously own and will operate the System as a revenue producing facility in an efficient and economical manner and will keep and maintain the same in good repair and working order. The City will establish and maintain such rules and regulations for the use of the System as may be necessary to assure maximum utilization and most efficient operation of the System.

## **Rate Covenant**

The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to (a) pay the Expenses of the System; (b) pay the



principal of and interest on the Bonds as and when the same become due; and (c) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in the Bond Ordinance. The City further covenants and agrees that such rates and charges will be sufficient to enable the City to have in each Fiscal Year Net Revenues not less than 110% of the Debt Service Requirements for such Fiscal Year, provided that interest on any System Revenue Bonds will be reduced by Subsidy Payments, if any. The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations of the City under this Section and otherwise under the provisions of the Bond Ordinance. If for any two consecutive Fiscal Years Net Revenues shall be an amount less than as hereinbefore provided, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the City Clerk and with the Purchaser of the Bonds and shall be furnished to any Registered Owner of the Bonds requesting a copy of the same, at the cost of such Registered Owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

### **Restrictions on Mortgage or Sale of System**

The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may:

- (a) sell at fair market value any portion of the System which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the System, and in the event of sale, the City will apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing redemption of Bonds in advance of Stated Maturity, or (2) replacement of the property so disposed of by other property the Revenues of which shall be incorporated into the System as provided in the Bond Ordinance;
- (b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City; or
- (c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the System. Property being leased as lessor and/or lessee pursuant to this subparagraph (c) shall not be treated as part of the System for purposes set forth in the Bond Ordinance and may be mortgaged, pledged or otherwise encumbered.

### **Insurance**

The City will carry and maintain insurance with respect to the System and its operations against casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability insurance, business interruption insurance, worker's compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other municipalities or public entities engaged in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the

City will pay and deposit the proceeds of such insurance into the Revenue Fund. The City will annually review the insurance it maintains with respect to the System to determine that such insurance is customary and adequate to protect its property and operations. The cost of all insurance obtained pursuant to the requirements of this Section shall be paid as an Expense out of the Revenues.

### **Annual Budget**

Prior to the commencement of each Fiscal Year, the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year. The City Clerk, promptly upon the filing of said budget in the City Clerk's office, will mail a copy of said budget to the Purchaser of the Bonds.

### **Annual Audit**

Annually, promptly after the end of the Fiscal Year, the City will cause an audit to be made of the System for the preceding Fiscal Year by an Accountant be employed for that purpose and paid from the Revenues of the System. Said annual audit shall cover in reasonable detail the operation of the System during such Fiscal Year.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk, and a duplicate copy of said audit shall be mailed to the Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the System, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or Registered Owner. A copy of any such audit will, upon request and upon receipt by the City of payment of the reasonable cost of preparing and mailing the same, be sent to any Bondowner or prospective Bondowner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of the Bond Ordinance, the City will promptly cure such deficiency and will promptly proceed to increase the rates and charges to be charged for the use and services furnished by the System as may be necessary to adequately provide for such requirements.

### **Tax Covenants**

The City covenants that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from federal gross income of the interest on the Bonds, and (2) it will not use or permit the use of any proceeds of the Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion from federal gross income of the interest on the Bonds. The City will also pass such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future law in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

The City covenants and agrees that (1) it will use the proceeds of the Bonds as soon as practicable for the purposes for which the Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

The City covenants that it will pay or provide for the payment from time to time of all arbitrage rebate to the United States pursuant to Section 148(f) of the Code and the Federal Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Federal Tax Certificate may be amended or replaced

if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the Bonds.

The City covenants that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any Bond to be a “private activity bond” within the meaning of Section 141 of the Code.

### **Senior Lien Bonds**

The City covenants and agrees that so long as any of the Bonds remain Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the City for the payment of moneys determined in accordance with generally accepted accounting principles including capital leases as defined by generally accepted accounting principles, payable out of the net income and revenues of the System or any part thereof which are superior to the Bonds.

### **Parity Lien Bonds**

The City covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional bonds or other long-term obligations payable out of the Net Revenues of the System or any part thereof which stand on a parity or equality with the Bonds unless the following conditions are met:

- (a) The City shall not be in default in the payment of principal of or interest on any Bonds or any Parity Bonds at the time outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in the Bond Ordinance or any Parity Ordinance for Parity Bonds at the time outstanding (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and
- (b) Either of the following:
  - (1) A certificate of an authorized official of the City to the effect that the average annual Net Revenues as set forth in the two most recent annual audits for Fiscal Years preceding the issuance of additional bonds, are at least 110% of the Average Annual Debt Service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues in all succeeding Fiscal Years. Interest to be paid on any System Revenue Bonds will be reduced by Subsidy Payments, if any. If the City has made any increase in rates for the use and services of the System and the increase has not been in effect during all of the two Fiscal Years for which annual audits are available, the City may add the additional Net Revenues which would have resulted if the rate increase had been in effect for the entire period to the audited Net Revenues, as certified by a Consultant; or
  - (2) The projected average annual Net Revenues for the two Fiscal Years immediately following the issuance of the additional bonds or, if improvements are to be made to the System with the proceeds of the additional bonds, for the two Fiscal Years immediately following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation, as certified by a Consultant, is at least 110% of the Average Annual Debt Service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues in succeeding Fiscal Years following the commencement of commercial operation of the improvements. Interest to be paid on any System Revenue Bonds will be reduced by Subsidy Payments, if any. In determining the amount of estimated Net Revenues for the purpose of this subsection, a Consultant may adjust the estimated net income and revenues by adding the estimated increase in Net Revenues resulting from any increase in rates for the use and services of the System approved by the City and to become effective during the two Fiscal Years immediately

following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation.

### **Junior Lien Bonds and Other Obligations**

Nothing shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the facility and benefiting the System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the Net Revenues of the System, provided at the time of the issuance of such additional revenue bonds or obligations the City is not in default in the performance of any covenant or agreement contained in the Bond Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Bonds, or if the City is in default in making any payments required to be made by it under the provisions of the Bond Ordinance, the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or obligations out of moneys in the Revenue Fund.

### **Refunding Bonds**

The City shall have the right, without complying with the provisions of the Bond Ordinance allowing for the issuance of Parity Bonds, to refund any of the Bonds under the provisions of any law then available, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Bonds that are not refunded, if any, upon the Net Revenues of the System; provided, however, that if only a portion of the Bonds are refunded and if said Bonds are refunded in such manner that the aggregate amount of principal and interest scheduled to become due on the refunding bonds in any Fiscal Year (taking into account scheduled mandatory redemptions) exceeds the aggregate amount of principal and interest scheduled to become due on the refunded Bonds in said Fiscal Year (taking into account scheduled mandatory redemptions), then said Bonds may be refunded without complying with the provisions of Bond Ordinance authorizing the issuance of Parity Bonds only by and with the written consent of the Registered Owners of a majority in principal amount of the Bonds not refunded.

### **Acceleration of Maturity Upon Default**

The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Bonds as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of the Bond Ordinance or of the constitution or statutes of the State of Missouri, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the Registered Owner of any Bond then Outstanding, then, at any time thereafter and while such default continues, the Registered Owners of 25% in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in the Bond Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has been paid in full and all other defaults, if any, by the City under the provisions of the Bond Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as specified in the Bond Ordinance may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

## **Other Remedies**

The provisions of the Bond Ordinance, including the covenants and agreements contained in the Bond Ordinance, shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Ordinance or by the Constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

## **Limitation on Rights of Bondowners**

No one or more Bondowners secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Ordinance, or to enforce any right under the Bond Ordinance, except in the manner provided in the Bond Ordinance, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

## **No Obligation to Levy Taxes**

Nothing contained in the Bond Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred in the Bond Ordinance or to pay the principal or interest on the Bonds.

## **Defeasance**

When any or all of the Bonds or the interest payments thereon have been paid and discharged, then the requirements contained in the Bond Ordinance and the pledge of Net Revenues made under the Bond Ordinance and all other rights granted shall terminate with respect to the Bonds or interest payments so paid and discharged. Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payment thereon, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Bonds, and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments.

## **Amendments**

The Continuing Disclosure Undertaking is exempt from the provisions of this section of the Bond Ordinance and is subject to amendment and modification only as provided therein. The rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of the Bond Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by

an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond;
- (c) permit the creation of a lien on the Net Revenues of the System prior or equal to the lien of the Bonds or Parity Bonds;
- (d) permit preference or priority of any Bonds over any other Bonds; or
- (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

Any provision of the Bonds or of the Bond Ordinance may, however, be amended or modified by ordinance duly adopted by the governing body of the City at any time in any respect with the written consent of the Registered Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Bondowners, the City may amend or supplement the Bond Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the security of the Bondowners.

## SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING

*The following is a summary of certain provisions of the Omnibus Continuing Disclosure Undertaking. The following is not a comprehensive description, however and is qualified in its entirety by reference to the Omnibus Continuing Disclosure Undertaking for a full recital of the provisions thereof.*

### Definitions

In addition to the definitions set forth in the Bond Ordinance, which apply to any capitalized term used in the Omnibus Continuing Disclosure Undertaking (the “Undertaking”) unless otherwise defined below, the following capitalized terms have the following meanings:

“**Annual Report**” means any Annual Report provided by the City pursuant to, and as described in, the Undertaking.

“**Beneficial Owner**” means, with respect to a series of Bonds, any registered owner of any Bonds of such series and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds of such series (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds of such series for federal income tax purposes.

“**Bonds**” means all bonds and certificates of the City identified as follows and in **Schedule 1** to the Undertaking as such schedule may be supplemented and amended and, as context may require, the Bonds of any particular series identified on **Schedule 1**:

- **Sewer System Revenue Bonds, Series 2003 (the “Series 2003 Bonds”)**

- **Tax Increment Revenue Bonds (The Shoppes at North Village Project), Series 2005A (issued by the Industrial Development Authority of the City of St. Joseph (the “St. Joseph IDA”)) (the “Series 2005A Bonds”)**
- **Tax Increment Revenue Bonds (The Shoppes at North Village Project), Series 2005B (issued by the St. Joseph IDA) (the “Series 2005B Bonds,” and together with the Series 2005A Bonds, the “Series 2005 Bonds”)**
- **Special Obligation Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2007 (issued by the St. Joseph IDA)**
- **Infrastructure Facilities Refunding Revenue Bonds (City of St. Joseph, Missouri – Triumph Foods, LLC Project), Series 2011A (issued by the Missouri Development Finance Board (“MDFB”)) (the “Series 2011A Bonds”)**
- **Infrastructure Facilities Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2011E (issued by MDFB)**
- **Taxable Infrastructure Facilities Refunding Revenue Bonds (City of St. Joseph, Missouri – Triumph Foods, LLC Project), Series 2012B (issued by MDFB) (the “Series 2012B Bonds”)**
- **Infrastructure Facilities Refunding Revenue Bonds (City of St. Joseph, Missouri – Sewerage System Improvements Project), Series 2012C (issued by MDFB)**
- **Sewerage System Revenue Bonds, Series 2014B (the “Series 2014B Bonds”)**
- **Sewerage System Revenue Bonds, Series 2018 (the “Series 2018 Bonds”)**

The City may make future series of bonds subject to the Undertaking by executing an Adoption Agreement in substantially the form attached to the Undertaking as **Exhibit A** or by other action of the City Council of the City.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures.

“**Fiscal Year**” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the City as its Fiscal Year for financial reporting purposes.

“**Material Events**” means any of the events listed in the Undertaking set for under “**Reporting of Material Events**” which follows.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Participating Underwriter**” means each of the original underwriters of a series of Bonds required to comply with the Rule in connection with the offering of Bonds of that series.

“**Prior Undertakings**” means the existing continuing disclosure undertakings of the City with respect to Bonds pursuant to the Rule.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

## Provision of Annual Reports

(a) The City shall, not later than December 31 of each year (or the final day of the sixth month following the end of the City's Fiscal Year), provide to the MSRB, through EMMA, the following financial information and operating data (the "**Annual Report**"):

(1) The audited financial statements of the City for the prior fiscal year prepared in accordance with the accounting principles described in the notes to the financial statements included as part of the Official Statement for the Bonds and audited by its independent auditors (or if not available as of such date, the unaudited financial statements of the City and as soon thereafter as available such audited financial statements of the City); and

(2) Updates as of the end of the fiscal year of the financial information and operating data contained in *Appendix A* to the final Official Statement for the Series 2018 Bonds in substantially the scope and form contained in *Appendix A* to the final Official Statement with respect to the Series 2018 Bonds in the tables labeled or identified as follows, which information may be contained in the audited financial statements of the City or any schedules supplemental thereto:

- A. All of the tables under the heading "**FINANCIAL INFORMATION CONCERNING THE CITY.**"
- B. All of the tables under the heading "**HISTORY AND OPERATION OF THE SYSTEM.**"
- C. The information contained in the table "**Summary of Operations for Sewer Fund**" under the heading "**FINANCIAL INFORMATION CONCERNING THE SYSTEM.**"
- D. The information contained in the table "**Historical Debt Service Coverage**" under the heading "**PLAN OF FINANCING**" for the most recently ended fiscal year (located in the body of the Official Statement).

(3) Updates as of the end of the fiscal year of the financial information and operating data contained in *Appendix A* to the final Official Statement for the City's Series 2012B Bonds in substantially the scope and form contained in *Appendix A* to the final Official Statement with respect to the Series 2012B Bonds in the tables labeled or identified as follows, which information may be contained in the audited financial statements of the City or any schedules supplemental thereto:

- A. The following tables under the heading "**DEBT STRUCTURE OF THE CITY**":
  - "**Revenue Bonds**"
  - "**Public Building Authority Bonds**"
  - "**Other Obligations**"
  - "**Debt Service Requirements**"

(4) Updates as of the end of the fiscal year of the financial information and operating data contained in *Appendix A* to the final Official Statement for the City's Series 2003 Bonds in substantially the scope and form contained in *Appendix A* to the final Official Statement with respect to the Series 2003 Bonds in the tables labeled or identified as follows, which information may be contained in the audited financial statements of the City or any schedules supplemental thereto:

- A. The following tables under the heading "**DEBT STRUCTURE OF THE CITY**":
  - "**Current Indebtedness of the City**"
  - "**Overlapping Indebtedness**"
  - "**Legal Debt Capacity**"



(5) A description of all Incremental Tax Revenues (as such term is defined in Special Ordinance 6311 passed by the Council of the City on April 12, 2004) deposited into the Special Allocation Fund related to the Series 2011A Bonds and the Series 2012B Bonds, and a description of all amounts deposited into the “City of St. Joseph, Missouri, Chapter 100 Bonds PILOTS Receipts Fund – Triumph Foods, LLC Project” established pursuant to the Cooperation Agreement (as defined in the Trust Indenture for the Series 2012B Bonds) (both to be set forth in a table in the form set forth in **Exhibit B** to the Undertaking).

(6) A description of all Sewer Reserve Charges (as such term is defined in the Trust Indenture for the Series 2012B Bonds) received by the City related to the Series 2012B Bonds (in the form set forth in **Exhibit B** to the Undertaking).

(7) A description of the deposits into the PILOTS Account and the Economic Activity Tax Revenues Account of the Special Allocation Fund related to the Series 2005 Bonds (in the form set forth in **Exhibit B** to the Undertaking).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an “**obligated person**” (as defined by the Rule), which have been provided to the MSRB and is available through EMMA or to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; *provided* that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event.

### **Reporting of Material Events**

Not later than **10** business days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“**Material Events**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

- termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the City has not submitted the Annual Report to the MSRB by the date required above, the City shall send a notice to the MSRB of the failure of the City to file the Annual Report on a timely basis.

### **Termination of Reporting Obligation**

The City's obligations under the Undertaking for a particular series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of that series of the Bonds. If the City's obligations under the Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with the Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of such Bonds, the City shall give notice of such termination or substitution in the same manner as for a Material Event.

### **Dissemination Agent**

The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The dissemination agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the City. The dissemination agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to the Undertaking. Initially, the City will serve as dissemination agent.

### **Bonds Subject to the Undertaking; Amendment; Waiver.**

(a) All outstanding Bonds as of the date of the Undertaking are hereby made subject to the Undertaking, and all Prior Undertakings are governed by the terms of the Undertaking. The City may make any future series of Bonds subject to the Undertaking by executing the Adoption Agreement attached to the Undertaking.

(b) All references to the "**Bonds**" in the Undertaking shall apply separately to each series of Bonds that are or become subject to the Undertaking, without further amendment hereto.

(c) Notwithstanding the provisions of paragraph (d) below or anything else contained in the Undertaking to the contrary, in conjunction with the public offering of any series of Bonds, the City may amend the categories of operating data to be updated on an annual basis to conform to the operating data included in the final official statement for such series of Bonds, in conformance with the requirements and interpretations of the Rule as of the date of such final official statement, without further amendment to the Undertaking. Thereafter, the annual operating data to be filed by the City with the MSRB with respect to the Bonds (and all other series of Bonds then subject to the Undertaking) shall be deemed to be amended to reflect the requirements of the revised Undertaking for the new series of Bonds.

(d) Except as otherwise provided in paragraph (c) above, the City may amend the Undertaking and any provision of the Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Undertaking; provided, however, that the Undertaking may be amended for the purpose of (i) extending the coverage of the Undertaking to any additional series of Bonds or (ii) removing reference to any series of Bonds for which the City's reporting obligations have terminated in

accordance with the Undertaking, each without the provision of a written opinion as otherwise required by this paragraph.

(e) If a provision of the Undertaking is amended or waived with respect to a series of Bonds, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City.

### **Additional Information**

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

### **Default**

If the City fails to comply with any provision of the Undertaking with respect to a series of Bonds, any Participating Underwriter or any Beneficial Owner of the Bonds of such series may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed an event of default under the Bond Ordinance or the Bonds, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

## APPENDIX E

### BOOK-ENTRY ONLY SYSTEM

*The following information concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the City believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Paying Agent or the Underwriter. The City, the Paying Agent and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.*

**General.** The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “**Book-Entry System**”) maintained by The Depository Trust Company “**DTC**”), New York, New York.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book Entry Only System, as described below.

**DTC and its Participants.** DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a rating from S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

**Purchase of Ownership Interests.** Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

**Transfers.** To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

**Notices.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

**Voting.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Payments of Principal, Redemption Price and Interest.** Payment of principal or redemption price of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**Discontinuation of Book-Entry System.** DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered as described in the Bond Ordinance.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of

DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described in the Bond Ordinance.

***RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.***

***THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE CITY AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF, AND NEITHER THE PARTICIPANTS NOR THE BENEFICIAL OWNERS SHOULD RELY ON THE FOREGOING INFORMATION WITH RESPECT TO SUCH MATTERS BUT SHOULD INSTEAD CONFIRM THE SAME WITH DTC OR THE PARTICIPANTS, AS THE CASE MAY BE.***

**(THIS PAGE LEFT BLANK INTENTIONALLY)**



**APPENDIX F**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

**(THIS PAGE LEFT BLANK INTENTIONALLY)**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100