



## ***CITY OF FERGUSON, MISSOURI***

### ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***FOR THE YEAR ENDED  
JUNE 30, 2008***



## ***CITY OF FERGUSON, MISSOURI***

### ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***FOR THE YEAR ENDED  
JUNE 30, 2008***

*Prepared by: Finance Department*

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# ***CITY OF FERGUSON, MISSOURI***

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## ***INTRODUCTORY SECTION***



## PRINCIPAL OFFICIALS

### MAYOR

Brian P. Fletcher

### COUNCIL MEMBERS

Peggy Faul  
Fran Grecco  
Dwayne T. James  
James W. Knowles III  
Michael Salant  
Kynan Crecelius

### CITY MANAGER

John Shaw  
Sam Anselm  
Jeffrey Blume  
Dave Smith  
Rosalind Williams  
Tom Moonier  
Terry O'Neil  
Debbie Matthies

### ASSISTANT TO THE CITY MANAGER

### DIRECTOR OF FINANCE

### DIRECTOR OF PARKS & RECREATION

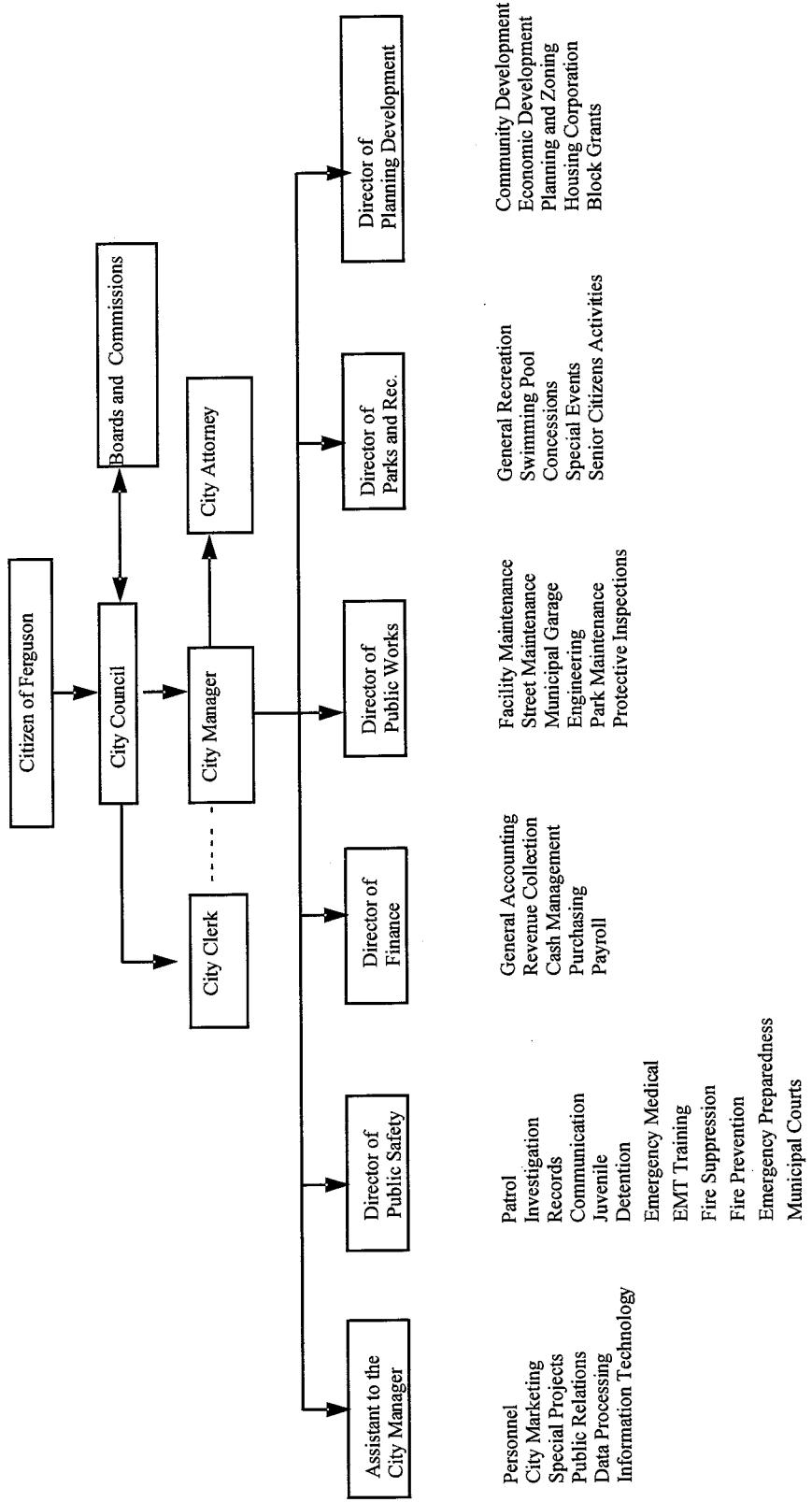
### DIRECTOR OF PLANNING AND DEVELOPMENT

### DIRECTOR OF PUBLIC SAFETY

### DIRECTOR OF PUBLIC WORKS

### CITY CLERK

## Administrative Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Ferguson  
Missouri**

For its Comprehensive Annual

Financial Report

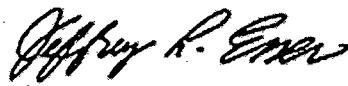
for the Fiscal Year Ended

June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

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November 16, 2008

To the Honorable Mayor, Members of the City Council,  
and Citizens of the City of Ferguson, Missouri:

State law and local ordinances require that all general-purpose local governments publish a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Ferguson, Missouri for the fiscal year ended June 30, 2008. This year's CAFR is the sixth year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The format and the purpose of these changes are addressed in Management's Discussion and Analysis (MD&A).

This report consists of management's representations concerning the finances of the City of Ferguson, Missouri. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Ferguson, Missouri's financial statements have been audited by Botz, Deal and Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Ferguson, Missouri for the year ended June 30, 2008, are free of material misstatement. 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 basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Ferguson, Missouri's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Ferguson, Missouri's MD&A can be found immediately following the Independent Auditors' Report.

## THE FINANCIAL REPORTING ENTITY

The City of Ferguson, Missouri, (the City) initially incorporated in 1894, is a suburban community located in North St. Louis County between two major interstate highways. Since 1954, however, the City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six City Council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Clerk, Deputy City Clerk, City Attorney, and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Council members serve two-year staggered terms, with three Council members elected each year. Beginning in 2009, council members will serve three-year staggered terms. The Mayor is elected at large to serve a three-year term.

The City provides a full range of municipal services. These services include legislative, administrative, judicial, police and fire protection, street maintenance and improvements, planning and zoning, public improvements, cultural and recreational services.

The Ferguson Special Business District (FSBD) was created by ordinance to maintain and improve the City's downtown business district and is included as a special revenue fund. The Ferguson Neighborhood Improvement Program (FNIP), a not-for-profit corporation established to assist in the rehabilitation and restoration of housing and residential properties in the City, is included as a discretely presented component unit. The FNIP Board of Directors is appointed by the City Council, and although the City cannot "impose its will" on FNIP, the City of Ferguson provides a material subsidy to FNIP, primarily finance and administrative staffing and office space for day-to-day operations. Complete financial statements of FNIP can be obtained from their administrative offices at 110 Church Street, Ferguson, Missouri 63135.

## ECONOMIC CONDITION AND OUTLOOK

The City of Ferguson, Missouri, occupies a land area of 6.93 square miles and serves a population of 22,406 residents, who are ideally located to commute to employment in downtown St. Louis or to any of the several major industrial facilities located in the County. The world headquarters of Emerson Electric Co. is located within the City.

The City is a mature city that has experienced considerable commercial and residential growth in past years. The City's development has slowed in recent years as the City is has limited space along the primary corridors for commercial growth. However, the Downtown Business District still has great potential in offering additional business growth, goods and services, and sales tax revenues. Commercial redevelopment can produce some of the additional revenues necessary to address resident concerns, such as infrastructure needs and quality services.

The City has two main retail bases, North County Festival and Crossings at Halls Ferry. North County Festival includes Wal-Mart, Sam's, Circuit City, Toys 'R Us, and a variety of smaller stores, while Crossings at Halls Ferry is anchored by Home Depot and Shop 'n Save, with many other smaller stores. Cracker Barrel restaurant is also located in the area.

Efforts are well underway to redevelop the historic downtown business district. In the current fiscal year, the City anticipates receiving federal grant funds for road and streetscape improvements to Florissant Road, the "Main Street" of old Ferguson. A Tax Increment Financing (TIF) district was established in September, 2002 to assist with redevelopment of the business area. TIF assistance may be useful in attracting a major development as well as assisting local business owners with improvements to new or existing businesses.

A joint redevelopment effort by St. Louis County and the Cities of Ferguson, Berkeley, and Kinloch will transform over 600 acres of vacant property adjacent to Lambert International Airport into a major business industrial park. The project is planned to include medium and low rise industrial, commercial, and office uses. It is projected to transfer or create up to 12,000 jobs over a period of 20 years and have a cumulative, regional economic impact of at least \$7 billion. Although only a small portion of the redevelopment area lies within Ferguson, the economic benefits created by the new jobs and the increased business traffic are expected to be significant.

#### FINANCIAL CONTROLS

Management of the City is responsible for establishing and maintaining an internal control framework that is designed to protect the City's assets from loss, theft, or misuse. City Management must also ensure that adequate accounting data is compiled to allow for the preparation of accurate financial statements in conformance with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City of Ferguson, Missouri's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statement will be free from material misstatement.

Accounting records for the City's general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when measurable and available and expenditures being recorded when the liability is incurred.

The annual operating budget serves as the foundation for the City financial planning and control. All departments of the City of Ferguson are required to submit requests for appropriation to the Director of Finance each year. The Director of Finance uses these requests as the starting point for development of a proposed budget. After review, the City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and park fund, this comparison is presented as required supplementary information. For governmental funds other than the general fund and park fund with appropriated annual budgets, comparisons for special revenue funds and capital projects funds are found in other supplementary information. The City maintains an encumbrance accounting system as a budgetary control technique. Encumbrances reserve appropriations, which have been obligated through purchase orders or contractual documents. Budgets are prepared on a basis consistent with GAAP, except that encumbered amounts are treated as expenditures for budgetary purposes.

Single Audit - As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. The internal control is subject to periodic evaluation by management and the staff of the City. The City is required to undergo an audit in conformity with the provisions of the Single Audit Act as amended in 1996 and the United States Office of Management and Budget Circular A-133. The City met the threshold the Single Audit Act for the fiscal year ended June 30, 2008; therefore, an audit in accordance with these provisions was required.

Capital Projects - It is a priority of the City to maintain and improve existing infrastructure. A vital element for managing both of these priorities is the development and maintenance of the City's infrastructure through capital improvements. The management of the City's Capital Improvements Program is controlled through the use of a long-range plan approved in concept by the Mayor and City Council. The Capital Improvement Program projects the City's capital improvement needs for a five-year period and is reviewed and updated annually. The management and accounting of this plan is controlled through the use of capital projects funds. The primary sources of financing these improvements include capital and park sales taxes, City budgeted funds, tax increment financing and revenue from federal, state and county grants.

#### OTHER INFORMATION

Cash Management Policies and Practices - Temporarily idle cash in the governmental funds during the year was invested in certificates of deposit and obligations of the U.S. Treasury and other US Agencies. The maturities of the investments range from overnight to one year, with an average maturity of six months. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, all of City deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City's agent, the Federal Reserve Bank or a financial institution's trust department in the City's name.

Risk Management - The City is a member of St. Louis Area Insurance Trust (SLAIT), a public entity risk pool comprised of various municipalities in St. Louis County, Missouri. This pool covers workers' compensation and liability exposures. The purpose of this pool is to share the cost of self-insurance with other similar cities. The Daniel & Henry Company provides claims administration for the trust. Additional information on the City of Ferguson, Missouri's risk management activity can be found in the notes to the financial statements.

Debt Administration - At year end, the City had three debt issues outstanding. These issues and original issue amounts include \$2,960,000 in certificates of participation related to the City's capital lease obligation for the construction of the Splash at Wabash aquatic facility, \$6,185,000 in TIF revenue bonds related to the Crossings at Halls Ferry redevelopment project, and \$5,000,000 in capital improvement.

Pension - The City of Ferguson sponsors a single-employer defined benefit pension plan (the Plan) for all full-time employees. Plan governance is the responsibility of the independent Pension Board. Each year an independent actuary, engaged by the Pension Board, calculates the amount of the annual contribution the City must make to the pension plan to ensure the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. Until this fiscal year, the City has had no actuarially required contribution. It made its actuarially required payment this year.

Additional information on the City of Ferguson, Missouri's pension arrangements can be found in the notes to the financial statements.

#### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the City of Ferguson, Missouri for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the twenty-second consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA for certification.

The preparation of this report would not have been possible without the dedicated service of the entire staff of the finance department and various other departments of the City. An expression of gratitude is also extended to the Mayor and the City Council for their leadership and on-going concern for the financial well-being of the City. Finally, I would like to acknowledge the assistance of our independent auditors, Botz, Deal & Company. Their assistance and recommendations, both in the preparation of this report, as well as their consultations and interim reviews, are sincerely appreciated.

Respectfully submitted,



John Shaw  
City Manager



Jeffery B. Blume  
Director of Finance

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## ***FINANCIAL SECTION***

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of  
the Board of Aldermen  
**CITY OF FERGUSON, MISSOURI**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of June 30, 2008, and the respective changes in the financial position and thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated November 16, 2008, on our consideration of the City of Ferguson, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, budgetary comparison information and schedule of funding status and progress on pages 3 through 10 and 38 through 41, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Ferguson, Missouri's basic financial statements. The introductory section, other supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and budgetary schedule listed as other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole. 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 express no opinion on them.

Boaty Deal & Company PC  
November 16, 2008

**CITY OF FERGUSON, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008

As management of the City of Ferguson, Missouri (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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found within this report.

### **Financial Highlights**

- On a government-wide basis, at the end of the current fiscal year, the City's assets exceeded its liabilities by about \$20,296,000. This represents an increase of about \$5,369,000. This increase is due in large part to receipt of about \$2,200,000 in grants, settlement of litigation resulting in an increase of about \$900,000 in franchise taxes and about a \$900,000 decrease in expenditures. Most of the expenditure decrease was the absence of forestry related costs incurred in the prior fiscal year as a result of storm damage.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of about \$15,708,000. This represents a decrease of about \$126,000 in comparison to the prior year.
- The City's debt decreased by \$946,000 during the current fiscal year. This decrease is due overwhelmingly to principal payments.

### **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 basic financial statements. This report also contains required supplemental information, other supplemental information and statistical information in addition to the basic financial statements.

### **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. Note the government-wide financial statements exclude fiduciary fund activities.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

**CITY OF FERGUSON, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008

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).

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, community development, and culture and recreation. The City does not have any business-type activities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate entity, Ferguson Neighborhood Improvement Program (FNIP), for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. Complete financial statements of the FNIP can be obtained from their administrative office at 110 Church Street, Ferguson, Missouri 63135. The government-wide financial statements may be found on pages 11-12 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 of Ferguson, Missouri, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ferguson, Missouri can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *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 government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and the government-wide *governmental activities*.

**CITY OF FERGUSON, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008

The City maintains several 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, Parks Fund and Capital Improvements Sales Tax Fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other non-major funds". Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the other supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund, Parks Fund, Capital Improvements Sales Tax Capital Projects Fund, Halls Ferry TIF Bonds Debt Service Fund, Special Business District Special Revenue Fund, Sewer Lateral Special Revenue Fund, Downtown TIF Redevelopment Capital Projects Fund, Splash at Wabash Pool Project Debt Service Fund, and Local Improvement Capital Projects Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

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

**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.

**Required supplemental information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information*.

**Other supplemental information.** The combining and individual fund statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis - Financial Analysis of the City as a Whole**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$20,295,909 at the close of the most recent fiscal year.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure) less any 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.

**CITY OF FERGUSON, MISSOURI**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2008

	Statement of Net Assets Governmental Activities	
	2008	2007
<b>Assets</b>		
Current and other assets	\$ 18,253,887	\$ 17,783,604
Capital assets, net	<u>16,431,654</u>	<u>11,955,744</u>
Total assets	<u>34,685,541</u>	<u>29,739,348</u>
<b>Liabilities</b>		
Other liabilities	1,796,881	1,180,318
Long-term liabilities	<u>12,592,751</u>	<u>13,738,593</u>
Total liabilities	<u>14,389,632</u>	<u>14,918,911</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	10,507,866	7,246,484
Restricted	5,138,047	7,826,907
Unrestricted	<u>4,649,996</u>	<u>( 252,954)</u>
Total net assets	<u>\$ 20,295,909</u>	<u>\$ 14,820,437</u>

The restricted portion of the City's net assets represents resources that are subject to external restrictions on how they may be used.

**Governmental activities.** Governmental activities increased the City's net assets by \$5,368,940. Key elements of this increase are as follows:

- Settlement of cellular telephone provider litigation resulted in recognition and or receipt of about \$900,000 additional revenues relative to the prior fiscal year
- Overall, City's expenditures decreased by about \$900,000. The most substantial cause for this decrease was the absence of costs related storm clean up costs incurred in the prior fiscal year.
- During the current fiscal year, the City was the recipient of about \$2.2 million in grants. The most significant source was a federal grant related to capital expenditures for road improvements.

**CITY OF FERGUSON, MISSOURI**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2008

		Statement of Changes in Net Assets	
		Governmental Activities	
		2008	2007
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 2,740,677	\$ 2,922,742	
Capital grants and contributions	2,199,903	320,056	
General revenues:			
Taxes	13,731,370	12,741,388	
Investment income	551,101	603,169	
Gain on the disposal of capital assets	( 20,893)	660,898	
Other revenue	299,373	174,519	
Total revenue	<u>19,501,531</u>	<u>17,422,772</u>	
<b>Expenses</b>			
General government	1,567,009	1,608,651	
Public safety	7,531,021	7,219,261	
Highways and streets	2,302,635	3,109,783	
Community development	609,187	782,770	
Culture and recreation	1,442,340	1,613,879	
Interest on long-term debt	680,399	724,694	
Total expenses	<u>14,132,591</u>	<u>15,059,038</u>	
Change in net assets	<u>5,368,940</u>	<u>2,363,734</u>	
Net Assets, beginning of year, as previously stated	14,820,437	12,456,703	
Correction to taxes receivable	106,532	-	
Net Assets, beginning of year, as restated	<u>14,926,969</u>	<u>12,456,703</u>	
Net Assets, end of year	<u>\$ 20,295,909</u>	<u>\$ 14,820,437</u>	

#### **Significant Changes in Fund Net Assets**

The majority of the \$5,368,940 increase in net assets was attributable to the purchase of capital assets and the payment of principal on outstanding debt, which are not reflected as expenses in the statement of activities.

#### **Financial Analysis of the City of Ferguson, Missouri's Funds**

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

**CITY OF FERGUSON, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008

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

The General Fund is the main operating fund of the City. At the end of fiscal year 2008, the unreserved fund balance of the General Fund was \$6,772,230, and the total fund balance was \$7,125,121. The difference of \$352,891 represents reserved fund balance, which is not available for spending because it has already been committed to liquidate contracts and purchase orders of the prior period or expended for services yet to be received. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 62% of total General Fund expenditures of \$10,887,163.

The unreserved fund balance of the City's General Fund increased by \$2,246,492 or 46%, from 2008 to 2007. This change in the current year's fund balance is mainly attributable to:

- A transfer into the General Fund from the Parks Fund of \$1,034,731
- An increase in franchise or utility tax receipts of about \$900,000
- The absence of storm clean up costs, offset by other cost increases

Changes in fund balances for other major governmental funds can be described as follows:

- The fund balance of the Parks Fund decreased by about \$139, 000, mostly as a result of a decrease in tax revenues.
- The unreserved fund balance of the Capital Improvements Sales Tax Fund decreased by \$2,462,563. The decrease in this fund balance is attributable to the expenditure of proceeds received in prior years from the issuance of bonds for capital improvement projects.

**Fiduciary funds** - The City maintains trust and agency funds to account for monies received and held for the benefit of others for the following purposes:

- Assets of the Pension Plan accumulated to provide benefits for all vested participants.
- Bond deposits held to ensure a defendant's appearance in court.
- Proceeds held in connection with the privately funded Victorian Plaza project.

**CITY OF FERGUSON, MISSOURI**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2008

**Capital Assets**

The City has invested \$16,431,654 in a broad range of capital assets as of June 30, 2008. This investment in capital assets includes land, buildings, machinery and equipment, park facilities, highways and streets, and bridges.

	Capital Assets, Net of Depreciation	
	2008	2007
Land	\$ 1,534,726	\$ 1,529,539
Buildings & other improvements	7,003,334	6,584,073
Machinery and equipment	352,911	188,869
Motor vehicles	1,163,482	1,060,316
Infrastructure	4,904,714	1,975,176
Construction in progress	1,472,487	617,771
Total	<u>\$ 16,431,654</u>	<u>\$ 11,955,744</u>

Additional information on the City's capital assets can be found in Note 5 in the notes to the basic financial statements.

**Long-Term Debt**

At June 30, 2008, the City had outstanding long-term debt obligations for governmental activities in the amount of \$13,252,714 compared to \$14,199,000 in 2007. The decrease in the City's long-term debt obligations is the result of the City making its scheduled debt service payments. In accordance with its trust provisions, the City trustee made additional principal payments on its TIF Bonds totaling \$190,000.

The City's governmental activities debt is detailed below:

	Outstanding Long-Term Debt Obligations	
	2008	2007
Tax Increment Revenue Bonds, series 2005	\$ 5,510,000	\$ 6,185,000
Variable Rate Capital Improvement Bonds 2005	4,850,000	5,000,000
Certificates of Participation, series 2002	2,820,000	2,960,000
Capital lease	72,714	54,000
Total	<u>\$ 13,252,714</u>	<u>\$ 14,199,000</u>

Additional information on the City's long-term debt can be found in Note 6 in the notes to the basic financial statements.

**CITY OF FERGUSON, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008

### **Significant Variances between Budgets and Actual Revenues**

In the General Fund, the following significant variances occurred between budget and actual revenues:

- General taxes were about \$1,091,000 over budget, mostly as a result of the increase in franchise tax receipts
- Licenses and permits were about \$182,000 over budget mostly due to increased gross receipts collected by municipal businesses
- Other income exceeded budget by about \$455,000 mostly because the City received grant revenue during the year that was not anticipated when the budget was prepared.

### **Economic Factors and Next Year's Budget**

Reviewing fiscal year 2007-08 while looking ahead to the current 2008-09 fiscal year the City of Ferguson has continued to strengthen its position with conservative budgeting, a heightened focus on capital improvements to the City's infrastructure and efforts to modernize critical City equipment all while maintaining a constant focus on economic development and the benefits it brings to the City of Ferguson. The financial condition of the City of Ferguson continues to be strong and stable. This will prove helpful as the country and local economy suffer economic slowdown.

The theme of the proposed FY 2008-09 budget can best be described as *strategic action*. This strategic action is built upon extensive efforts by the City Council and City administration to fully review the City's operations and to develop departmental action plans that will be implemented throughout this and future fiscal years. Expenditures, efforts and investments are being focused on areas deemed most important to the current and long term operational and fiscal health of the City and its residents. These strategic investments will call upon focused, open and communicative financial management efforts by all City departments and officials.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Ferguson, Missouri's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, City of Ferguson, Missouri, 110 Church Street, Ferguson, MO 63135.

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	Governmental Activities	Component Unit Ferguson Neighborhood Improvement Program
<b>ASSETS</b>		
Cash and investments	\$ 10,956,569	\$ 406,095
Taxes receivable:		
Property	174,582	-
Accounts receivable	619,592	-
Due from other governments	1,911,608	-
Prepaid	313,759	-
Inventory	53,265	-
Loans receivable	-	58,906
Bond issue costs	145,490	-
Cash and investments - restricted	4,079,022	-
Capital assets - net		
Nondepreciable	3,007,213	-
Depreciable	13,424,441	-
<b>TOTAL ASSETS</b>	<b>34,685,541</b>	<b>465,001</b>
<b>LIABILITIES</b>		
Accounts payable	1,065,352	-
Wages and benefits payable	530,655	-
Other liabilities	50,418	-
Accrued interest payable	143,824	-
Unearned revenue	6,632	-
Noncurrent liabilities:		
Due in one year	1,000,508	-
Due in more than one year	11,592,243	-
<b>TOTAL LIABILITIES</b>	<b>14,389,632</b>	<b>-</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	10,507,866	-
Restricted for:		
Home improvements	-	351,219
Debt service	299,676	-
Capital projects	2,704,437	-
Community development	499,954	-
Culture and recreation	1,633,980	-
Unrestricted	4,649,996	113,782
<b>TOTAL NET ASSETS</b>	<b>\$ 20,295,909</b>	<b>\$ 465,001</b>

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

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**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Program Revenue		Net (Expense) Revenue and Change in Net Assets		Component Unit Ferguson Neighborhood Improvement Program
	Program Expenses	Charges for Service	Capital Contributions	Governmental Activities	
<b>Governmental Activities</b>					
General government	\$ 1,567,009	\$ 439,153	\$ 287,898	\$ (839,958)	\$ -
Public safety	7,531,021	1,694,023	-	(5,836,998)	-
Highway and streets	2,302,635	208,710	1,912,005	(18,920)	-
Community development	609,187	30,611	-	(578,576)	-
Culture and recreation	1,442,340	368,180	-	(1,074,160)	-
Interest and fiscal charges	680,399	-	-	(680,399)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 14,132,591</b>	<b>\$ 2,740,677</b>	<b>\$ 2,199,903</b>	<b>(9,192,011)</b>	<b>-</b>
<b>Component Unit:</b>					
Ferguson Neighborhood Improvement Program	\$ 35,370	\$ 10,172	\$ -	-	(25,198)
Taxes:					
Sales				8,687,937	-
Utility				2,665,470	-
Property				2,304,983	-
Other				72,980	-
Interest income				551,101	5,790
Loss on disposal of capital assets				(20,893)	-
Other revenue				299,373	-
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 14,560,951</b>				<b>5,790</b>
<b>CHANGE IN NET ASSETS</b>					
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY STATED				14,820,437	484,409
Taxes receivable not recorded in prior period				106,532	-
NET ASSETS - BEGINNING OF YEAR, AS RESTATED				14,926,969	484,409
<b>NET ASSETS END OF YEAR</b>	<b>\$ 20,295,909</b>				<b>\$ 465,001</b>

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

**CITY OF FERGUSON, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	General Fund	Parks Fund	Capital Improvements Sales Tax	Other Non-major Funds	Total
<b>ASSETS AND OTHER DEBITS</b>					
Cash and investments	\$ 4,758,305	\$ 3,042,562	\$ 2,105,061	\$ 1,050,641	\$ 10,956,569
Accounts receivable	583,088	5,787	-	30,717	619,592
Property tax receivable	117,131	57,451	-	-	174,582
Due from other governments	1,171,935	331,897	206,460	201,316	1,911,608
Due from other funds	1,496,188	(1,748,283)	(260,289)	512,384	-
Prepaid items	313,759	-	-	-	313,759
Inventory	53,265	-	-	-	53,265
Restricted:					
Cash	-	-	993,356	1,266,740	2,260,096
Investments	-	-	1,818,926	-	1,818,926
<b>TOTAL ASSETS</b>	<b>\$ 8,493,671</b>	<b>\$ 1,689,414</b>	<b>\$ 4,863,514</b>	<b>\$ 3,061,798</b>	<b>\$ 18,108,397</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 123,911	\$ 19,414	\$ 919,754	\$ 2,273	\$ 1,065,352
Wages and benefits payable	494,635	36,020	-	-	530,655
Other liabilities	50,418	-	-	-	50,418
Deferred revenue	699,586	54,701	-	-	754,287
<b>TOTAL LIABILITIES</b>	<b>\$ 1,368,550</b>	<b>110,135</b>	<b>919,754</b>	<b>2,273</b>	<b>\$ 2,400,712</b>
<b>FUND BALANCES:</b>					
Fund balances:					
Reserved:					
Encumbrances	39,132	5,714	913,724	-	958,570
Prepaid items	313,759	-	-	-	313,759
Debt service	-	-	-	299,676	299,676
Unreserved:					
General fund	6,772,230	-	-	-	6,772,230
Special Revenue Funds	-	1,573,565	-	1,186,890	2,760,455
Capital Projects Funds	-	-	3,030,036	1,572,959	4,602,995
<b>TOTAL FUND BALANCES</b>	<b>\$ 7,125,121</b>	<b>1,579,279</b>	<b>\$ 3,943,760</b>	<b>\$ 3,059,525</b>	<b>\$ 15,707,685</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,493,671</b>	<b>\$ 1,689,414</b>	<b>\$ 4,863,514</b>	<b>\$ 3,061,798</b>	<b>\$ 18,108,397</b>

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

**CITY OF FERGUSON, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF NET ASSETS**  
**OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET**  
**AS OF JUNE 30, 2008**

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

Total fund balance per balance sheet	\$ 15,707,685
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,431,654
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	747,655
Costs associated with the issuance of debt are expenditures in the governmental funds, however these costs are recorded as an asset in the statement of net assets and amortized over the life of the debt.	145,490
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Long-term liabilities at year-end consist of:	
Accrued interest	(143,824)
Outstanding debt	<u>(12,592,751)</u>
Net assets of governmental activities	<u><u>\$ 20,295,909</u></u>

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

**CITY OF FERGUSON, MISSOURI**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Parks Fund	Capital Improvements Sales Tax	Other Non-major Funds	Total
<b>REVENUES</b>					
Taxes	\$ 9,232,672	\$ 1,699,464	\$ 1,283,248	\$ 1,768,002	\$ 13,983,386
Licenses and permits	571,162	-	-	23,728	594,890
Charges for service	169,088	368,180	-	-	537,268
Fines and forfeits	1,447,904	-	-	-	1,447,904
Investment income	177,545	85,403	109,627	178,526	551,101
Other income	489,453	112,065	1,832,536	3,790	2,437,844
<b>TOTAL REVENUES</b>	<b>12,087,824</b>	<b>2,265,112</b>	<b>3,225,411</b>	<b>1,974,046</b>	<b>19,552,393</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,485,407	-	-	-	1,485,407
Public safety	7,308,373	-	-	-	7,308,373
Highways and streets	1,472,053	-	-	-	1,472,053
Community development	216,785	-	-	610,277	827,062
Culture and recreation	316,857	850,793	-	-	1,167,650
Capital outlays	87,688	253,938	5,346,825	-	5,688,451
Debt service:					
Principal, interest and fiscal charges	-	-	406,091	1,221,372	1,627,463
<b>TOTAL EXPENDITURES</b>	<b>10,887,163</b>	<b>1,104,731</b>	<b>5,752,916</b>	<b>1,831,649</b>	<b>19,576,459</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<b>1,200,661</b>	<b>1,160,381</b>	<b>(2,527,505)</b>	<b>142,397</b>	<b>(24,066)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	64,942	-	64,942
Transfer in (out)	1,045,831	(1,299,731)	-	253,900	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,045,831</b>	<b>(1,299,731)</b>	<b>64,942</b>	<b>253,900</b>	<b>64,942</b>
<b>CHANGE IN FUND BALANCE</b>					
	2,246,492	(139,350)	(2,462,563)	396,297	40,876
<b>FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>					
Reclassification of accrued vacation	5,045,718	1,718,629	6,406,323	2,663,228	15,833,898
Taxes receivable not recorded in prior period	(273,621)	-	-	-	(273,621)
<b>FUND BALANCES - BEGINNING OF YEAR, AS RESTATED</b>	<b>106,532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,532</b>
	<b>4,878,629</b>	<b>1,718,629</b>	<b>6,406,323</b>	<b>2,663,228</b>	<b>15,666,809</b>
<b>FUND BALANCES - END OF YEAR</b>					
	<b>\$ 7,125,121</b>	<b>\$ 1,579,279</b>	<b>\$ 3,943,760</b>	<b>\$ 3,059,525</b>	<b>\$ 15,707,685</b>

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

**CITY OF FERGUSON, 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, 2008**

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

Change in fund balance-total governmental funds	\$ 40,876
Revenues that do not provide current financial resources are not included in the fund financial statements.	(29,969)
The acquisition of capital assets requires the use of current financial resources but has no effect on net assets.	5,516,049
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(1,019,245)
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds financial resources received are reflected as revenue. As a result, the change in net assets differs from the change in fund balance by the net book value of the disposed capital assets.	(20,893)
Governmental funds report the effect of issuance costs, premiums and discounts when the debt is issued, whereas the amounts are deferred and amortized in the statement of activities.	(93,325)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	29,161
Long-term debt proceeds are reported as an increase to fund balance in the governmental funds. In the statement of net assets the issuance of debt increases liabilities and has no effect on net assets.	(64,942)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>1,011,228</u>
Change in net assets of governmental activities	<u>\$ 5,368,940</u>

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

**CITY OF FERGUSON, MISSOURI**  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2008

	Pension Trust Fund	Agency Funds
<b>ASSETS AND OTHER DEBITS</b>		
Cash and cash equivalents	\$ -	\$ 113,224
Investments:		
Common stock	6,879,234	-
Equity Funds	4,948,949	-
Government securities - U.S. agencies	2,467,246	-
Other government securities	540,587	-
Corporate obligations	4,815,777	-
Certificate of deposit	96,831	-
Money market funds	1,207,277	-
Interest receivable	50,194	-
<b>TOTAL ASSETS</b>	<b><u>21,006,095</u></b>	<b><u>113,224</u></b>
<b>LIABILITIES</b>		
Accounts payable	- -	113,224
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 21,006,095</u>	<u>\$ -</u>

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Investment income:	
Contribution	\$ 7,075
Interest and dividends	621,582
Net depreciation in fair value of investments	<u>(1,051,577)</u>
<b>TOTAL ADDITIONS</b>	<u>(422,920)</u>
<b>DEDUCTIONS</b>	
Benefits paid	825,103
Administrative fees	<u>79,085</u>
<b>TOTAL DEDUCTIONS</b>	<u>904,188</u>
<b>CHANGE IN NET ASSETS</b>	(1,327,108)
<b>NET ASSETS HELD IN TRUST -</b>	
<b>BEGINNING OF YEAR</b>	<u>22,333,203</u>
<b>NET ASSETS HELD IN TRUST -</b>	
<b>END OF YEAR</b>	<u>\$ 21,006,095</u>

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

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**CITY OF FERGUSON, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Ferguson, Missouri (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

**A. REPORTING ENTITY**

The City was incorporated November 12, 1894. The City operates under a City Manager/Council, home rule charter form of government. The present Charter of the City was adopted February 3, 1998. Services provided by the City to its residents include public safety (police and fire protection), street maintenance and improvements, sanitation, culture and recreation, public improvements, planning and zoning, and general governmental services.

The City defines its financial reporting entity in accordance with provisions established by GASB. GASB requirement for inclusion of component units are primarily based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on that PCU, or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City.

Based on these criteria, the City has determined that its financial reporting entity consists of the City (the primary government) and one discretely presented component unit, the Ferguson Neighborhood Improvement Program (FNIP).

**Discretely Presented Component Unit (FNIP)**

The discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the City. FNIP is a not-for-profit corporation established to assist in the rehabilitation and restoration of housing and properties in the City. FNIP Board of Directors is appointed by the City Council, however, the Board functions autonomously. FNIP receives administrative support and financial contributions from the City. Significant footnote disclosures relating to FNIP are included within the respective notes to the financial statements. Complete financial statements of FNIP may be obtained from their administrative office at 110 Church Street, Ferguson, Missouri 63135.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

A. **REPORTING ENTITY - continued**

**Related Organization**

The City provides limited finance related services to the Ferguson Municipal Public Library District (the District). In addition, its City Council appoints a majority of the members of the District's Board of Directors. However, the City's accountability for this entity does not extend beyond these responsibilities. Accordingly, the District is not included as a component unit within the City's financial reporting entity.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and charges for services, are reported separately from the component unit for which the City is financially accountable.

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

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

B. **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. Fiduciary fund financial statements use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**
  
- B. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - continued**

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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 incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due (i.e. matured).

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, 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:

**General Fund** - The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Parks Fund** - The Parks Fund is used to account for taxes levied on all property within the City for the purpose of providing public park facilities and to account for expenditures for recreational and park purposes and for revenues derived from recreational program fees. The Parks Fund also is used to account for the  $\frac{1}{2}$  cent *Park and Stormwater Sales Tax* that was approved by voters in November 2004. In adopting the legislation locally and placing the measure before the voters of the City, the Ferguson City Council chose to use the  $\frac{1}{2}$  cent sales tax strictly for parks operations and improvement purposes.

**Capital Improvements Sales Tax Fund** - The Capital Improvements Sales Tax Fund is used to account for the proceeds for the  $\frac{1}{2}$  cent capital improvements sales tax approved by voters in 1994. In addition, the City issued Variable Rate Capital Improvement Bonds to fund various capital improvements throughout the City. The funds received from these bonds have and will be expended out of this fund. Expenditures of this fund are restricted by state statute to capital improvements

Additionally, the City reports the following fund types:

**Pension Trust Fund** - The Pension Trust Fund accounts for the activities of the City's single employer pension plan, which accumulates resources for pension benefit payments to qualified plan participants.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

B. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** - continued

**Agency Funds** - This fund is used to account for monies received from private individuals for the cash bonds required by City ordinances.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

C. **CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash and cash equivalents include amounts in demand and time deposits, as well as short-term investments with a maturity date within three months of the date acquired.

Statutes authorize the City to invest in insured bank certificates of deposit and in obligations of the U.S. Treasury and agencies and instrumentalities and repurchase agreements. In addition, the Pension Trust Fund is authorized to invest in commercial paper, corporate bonds and corporate stocks.

Investments are recorded at fair value.

D. **LOANS RECEIVABLE**

Loans receivable consist of amounts loaned by FNIP, a discretely presented component unit, to qualified City residents for home improvement projects. Loans are evidenced by a signed promissory note and are subject to interest rates ranging from 0% to 6% annually.

E. **CAPITAL ASSETS**

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements where applicable. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure acquired prior to the implementation of GASB 34 has not been reported in the financial statements.

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

E. **CAPITAL ASSETS - continued**

Depreciation is computed on the straight-line method, using the following asset lives:

Assets	Years
Buildings	20 - 40
Improvements other than buildings	10 - 15
Machinery and equipment	5 - 10
Motor vehicles	3 - 20
Infrastructure	15 - 30

F. **INVENTORIES AND PREPAIDS**

Inventories are adjusted to periodic physical counts and are valued at cost utilizing the first-in, first-out method of valuation. Inventories consist of fuel, vehicle parts and expendable supplies. They are charged to expense at the time of consumption.

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

G. **VACATION AND SICK LEAVE**

Under terms of the City's personnel policy, employees are granted vacations based on length of service. Vacations accrue on January 1 of each year and must be taken within the same year as earned. Upon termination the employee is paid for unused vacation of the current year. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of the accrued sick leave is payable to the employee upon termination and, therefore, not reflected as a liability. Under this policy employees had accumulated earned vacation aggregating \$311,551 at June 30, 2008, recorded in the General and Parks Funds in the fund financial statements.

H. **DEFERRED REVENUE**

Deferred revenue is composed of delinquent property taxes and court and pool fee receivables which are measurable but not available and, therefore, not recognized as revenue in the accompanying fund financial statements.

I. **LONG-TERM LIABILITIES**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Long-term debt is reported net of the applicable debt premium or discount. Debt issuance costs are reported as deferred charges.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

I. **LONG-TERM LIABILITIES** - continued

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

J. **FUND EQUITY/NET ASSETS**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by third parties for use for a specific purpose.

In government-wide financial statements net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. This amount does not include unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments). All other net assets are considered unrestricted.

It is the City's policy to use restricted funds before unrestricted funds. At June 30, 2008, the City had restricted net assets totaling \$5,138,047. All of these assets are restricted by enabling legislation.

K. **ENCUMBRANCES**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All unexpended and unencumbered annual appropriations lapse at year-end.

L. **INTERFUND TRANSACTIONS**

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) move revenues in excess of current year expenditures to other funds, or 3) reimburse other funds for debt service payments.

M. **DUE TO/FROM OTHER FUNDS**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from" and are considered "available/spendable resources" and are subject to elimination upon consolidation.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

N. **USE OF ESTIMATES**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

O. **RESTRICTED ASSETS**

Assets restricted for the repayment of tax increment revenue bonds and certificates of participation are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. In addition, unspent proceeds from the issuance of bonds are reported as restricted assets on the balance sheet.

P. **ALLOWANCE FOR UNCOLLECTIBLES**

Accounts receivable are shown net of an allowance for uncollectible amounts. Based on management's analysis all outstanding accounts receivable at year-end are collectible.

2. **CASH, CASH EQUIVALENTS, AND INVESTMENTS**

A. **Deposits**

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2008, the City's bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

As of June 30, 2008, the discretely presented component unit's bank balances totaled \$183,737, of which \$83,737 was uninsured.

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## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - continued

### B. Investments

As of June 30, 2008, the City had the following investments:

Investments	Fair Value	Less Than			More Than			Credit Risk
		One Year	1-5 Years	6-10 Years	Ten Years			
<b>Primary Government</b>								
Federal national mortgage discount notes	\$ 106,010	\$ 106,010	\$ -	\$ -	\$ -	\$ -	\$ -	AAA
Interest rate swap agreement	(111,593)	(111,593)	-	-	-	-	-	N/A
<b>Total Primary Government</b>	<b>( 5,583)</b>	<b>( 5,583)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Fiduciary Funds</b>								
Common stock	11,828,182	11,828,182	-	-	-	-	-	N/A
Federal home loan bank notes	1,163,706	150,704	813,205	199,798	-	-	-	AAA
Federal national mortgage association notes	602,205	101,329	203,438	297,438	-	-	-	AAA
Government national mortgage association pool	701,336	-	-	32,120	669,216	-	-	N/A
Other	3,172	-	3,172	-	-	-	-	N/A
Corporate obligations funds	4,229,756	4,229,756	-	-	-	-	-	N/A
Corporate obligations	92,995	-	92,995	-	-	-	-	BBB
Corporate obligations	493,022	-	201,197	291,825	-	-	-	AAA/A
Local government obligations	537,415	-	537,415	-	-	-	-	AAA
Money market funds	1,207,281	1,207,281	-	-	-	-	-	N/A
<b>Total Fiduciary Funds</b>	<b>20,859,070</b>	<b>17,517,252</b>	<b>1,851,422</b>	<b>821,180</b>	<b>669,216</b>	<b>-</b>	<b>-</b>	
<b>Discretely Presented Component Unit</b>								
Mutual fund - bonds	76,374	73,374	-	-	-	-	-	N/A
Mutual fund - equities	130,473	130,473	-	-	-	-	-	N/A
Money market funds	15,452	15,452	-	-	-	-	-	N/A
<b>Total Discretely Presented Component Unit</b>	<b>222,299</b>	<b>222,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

### Investment Policies

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy to minimize credit risk is to:

1. prequalify the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business.

2. **CASH, CASH EQUIVALENTS, AND INVESTMENTS** - continued

B. **Investments** - continued

2. diversify the portfolio to reduce potential losses on individual securities.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy to minimize interest rate risk is to:

1. structure its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. invest primarily in shorter-term securities.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy to minimize concentration of credit risk is to hold a diversified portfolio.

The component unit does not have investment policies.

3. **PROPERTY TAX**

Property taxes are levied in October of each year on the assessed value as of the prior January 1 for all real and personal property located in the City. Property taxes attach as an enforceable lien on property as of January 1, are due upon receipt of billing, and become delinquent after December 31. Assessed values are established by the St. Louis County Assessor, subject to review by the County's Board of Equalization. The assessed value at January 1, 2007 upon which the 2007 levy was based for real, personal, and public utility property was \$242,250,098. The 2007 levy is collected in the City's 2008 fiscal year.

The City is permitted by Missouri state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. The tax rates per \$100 of assessed value are as follows:

	<u>General Fund</u>	<u>Parks Fund</u>
Residential	\$ .3480	\$ .1450
Agricultural	.2650	.1060
Commercial	.4320	.1860
Personal Property	.4500	.1980

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#### 4. INTERFUND BALANCES

Due to/from other funds as of June 30, 2008 are as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 1,496,188	\$ -
Parks Fund	-	1,748,283
Capital Improvements Fund	-	260,289
Special Business District Fund	7,335	-
Sewer Lateral Fund	-	84,619
Downtown TIF Redevelopment Fund	385,779	-
Local Improvement Fund	188,794	-
Splash At Wabash Pool Project	14,796	-
North Park Redevelopment TIF Fund	299	-
	<u>\$ 2,093,191</u>	<u>\$ 2,093,191</u>

Interfund balances are the result of short-term advances between funds due to the timing of receipts and disbursements.

The following transfers were made during the fiscal year ended June 30, 2008:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,045,831	\$ -
Parks Fund	-	1,299,731
Special Business District Fund	8,900	-
Sewer Lateral Fund	-	20,000
Splash At Wabash Pool Project - Debt Service Fund	265,000	-
	<u>\$ 1,319,731</u>	<u>\$ 1,319,731</u>

Transfers were made for the following purposes:

<u>Expending Fund</u>	<u>Recipient Fund</u>	<u>Purpose</u>
Parks and Sewer Lateral	General	For the cost of services provided by the recipient fund
Parks	Splash at Wabash	For debt service
General	FSBD	To underwrite its activities, net of outside revenues

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## 5. CAPITAL ASSETS

For the year ended June 30, 2008, capital asset activity was as follows:

	BALANCE, BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DISPOSALS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,529,539	\$ 5,214	\$ ( 27)	\$ 1,534,726
Construction in process	617,771	1,321,873	( 467,157)	1,472,487
Total capital assets, not being depreciated	<u>2,147,310</u>	<u>1,327,087</u>	<u>( 467,184)</u>	<u>3,007,213</u>
Capital assets, being depreciated:				
Buildings and improvements	10,750,886	830,922	-	11,581,808
Machinery and equipment	674,848	241,405	-	916,253
Motor vehicles	3,664,976	327,484	( 237,234)	3,755,226
Infrastructure	4,657,011	3,256,308	-	7,913,319
Total capital assets, being depreciated	<u>19,747,721</u>	<u>4,656,119</u>	<u>( 237,234)</u>	<u>24,166,606</u>
Less accumulated depreciation for:				
Buildings and improvements	( 4,166,813)	( 411,661)	-	( 4,578,474)
Machinery and equipment	( 485,979)	( 77,363)	-	( 563,342)
Motor vehicles	( 2,604,660)	( 203,451)	216,367	( 2,591,744)
Infrastructure	( 2,681,835)	( 326,770)	-	( 3,008,605)
Total accumulated depreciation	<u>( 9,939,287)</u>	<u>( 1,019,245)</u>	<u>216,367</u>	<u>( 10,742,165)</u>
Total capital assets, being depreciated, net	<u>9,808,434</u>	<u>3,636,874</u>	<u>( 20,867)</u>	<u>13,424,441</u>
Total governmental activities	<u>\$ 11,955,744</u>	<u>\$ 4,963,961</u>	<u>\$ ( 488,051)</u>	<u>\$ 16,431,654</u>

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental activities:		
General governments		\$ 52,771
Public safety		222,648
Highways and streets		463,411
Community development		5,720
Parks and recreation		274,695
Total depreciation expense- governmental activities		<u>\$ 1,109,245</u>

## 6. LONG-TERM DEBT

The City has three outstanding debt issues. They are:

### **Variable Rate Capital Improvement Bonds - Series 2005 and 2006**

On September 1, 2005, the City issued \$2,250,000 in Variable Rate Capital Improvement Bonds, Series 2005 and on September 1, 2006, \$2,750,000 in Variable Rate Capital Improvement Bonds, Series 2006. The purpose of the bonds was to finance the costs of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects. At the same time the bonds were issued, the City executed an interest rate swap agreement, which fixed the City's interest rate at 3.995%. At June 30, 2008 the City had the following variable rate bonds outstanding:

Variable Rate Capital Improvement Bonds - Series 2005 and 2006	\$4,850,000
--	-------------

Maturities required on these bonds are as follows:

	Principal	Interest	Total
2009	\$ 305,000	\$ 193,436	\$ 498,436
2010	320,000	180,880	500,880
2011	330,000	167,818	497,818
2012	345,000	154,764	499,764
2013	360,000	140,277	500,277
2014	370,000	125,494	495,494
2015	390,000	110,306	500,306
2016	405,000	94,656	499,656
2017	420,000	77,904	497,904
2018	435,000	60,691	495,691
2019	455,000	42,871	497,871
2020	470,000	24,293	494,293
2021	245,000	5,003	250,003
	<u>\$ 4,850,000</u>	<u>\$ 1,378,393</u>	<u>\$ 6,228,393</u>

### **Tax Increment Revenue Bonds - Series 2005**

On September 12, 1997 the City issued \$8,385,000 in Tax Increment Revenue Bonds to finance necessary public improvements for the Crossings at Halls Ferry Redevelopment Project. The bonds were issued pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 of the Revised Statutes of Missouri. Interest and principal on the bonds were originally scheduled to be paid annually on April 1 beginning in the year 2000, with a final maturity date of April 1, 2018. However, on March 1, 2005, the City issued \$7,370,000 in Tax Increment Revenue Bonds to refund the prior bonds issued on September 12, 1997. The proceeds (after underwriting fees and issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1997 Tax Increment Revenue Bonds. As a result, the 1997 Tax Increment Revenue Bonds are considered to be defeased and the liability for this debt has been removed from the City's financial statements. Interest on the bonds is paid semiannually on April 1 and October 1. Principal on the bonds is paid annually on April 1. The bonds and the interest thereon are special, limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and from incremental increases in economic activity taxes in the project area. The bonds do not constitute a general obligation of the City. Interest rates range from 2.80 percent to 5.00 percent. The indentures require a reserve balance of \$737,000. The actual balance of the reserve fund was \$730,803 at June 30, 2008.

6. **LONG-TERM DEBT** - continued

Tax Increment Revenue Bonds - Series 2005 \$5,510,000

Maturities required on these bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 500,000	\$ 276,990	\$ 776,990
2010	520,000	259,490	779,490
2011	540,000	240,250	780,250
2012	560,000	218,650	778,650
2013	585,000	194,570	779,570
2014	610,000	166,800	776,800
2015	645,000	133,250	778,250
2016	680,000	101,000	781,000
2017	715,000	43,500	758,500
2018	155,000	7,750	162,750
	<u>\$ 5,510,000</u>	<u>\$ 1,642,250</u>	<u>\$ 7,152,250</u>

**Certificates of Participation - Series 2002**

Certificates of Participation were issued totaling \$3,480,000 dated October 3, 2002 maturing October 1, 2022 with interest rates at two percent to five percent to finance the construction of the new aquatic facility "Splash at Wabash." The indentures require a reserve balance of \$275,570. The actual balance of the reserve fund was \$277,882 at June 30, 2008. At June 30, 2008, the City had the following certificates of participation outstanding:

Certificates of Participation - Series 2002 \$2,820,000

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## 6. LONG-TERM DEBT - continued

Maturities required on these certificates are as follows:

	Principal	Interest	Total
2009	\$ 140,000	\$ 121,021	\$ 261,021
2010	145,000	116,403	261,403
2011	150,000	111,294	261,294
2012	155,000	105,803	260,803
2013	160,000	99,974	259,974
2014	170,000	93,574	263,574
2015	175,000	86,674	261,674
2016	180,000	79,462	259,462
2017	200,000	71,500	271,500
2018	200,000	62,250	262,250
2019	205,000	52,125	257,125
2020	220,000	41,500	261,500
2021	230,000	30,250	260,250
2022	240,000	18,500	258,500
2023	250,000	6,250	256,250
	<u>\$ 2,820,000</u>	<u>\$ 1,096,580</u>	<u>\$ 3,916,580</u>

The City entered into a lease/purchase agreements with Key Government Finance, Inc. to finance the purchase of equipment. The equipment was recorded as a capital asset in the Governmental Activities at a cost of \$82,127 and accumulated depreciation of \$35,588 as of June 30, 2008. The leases are recorded in the government-wide statement of net assets and are serviced by the Capital Improvement Sales Tax Fund. Payment includes principal and interest. On June 30, 2008 the outstanding principal on the leases consists of the following:

Interest Rate	Maturity	Payment	Balance
6.3%	April 2009	\$ 2,523	\$ 25,213
6.3%	August 2010	1,946	47,501
			<u>\$ 72,714</u>

Future minimum lease payments are as follows:

2009	\$ 48,585
2010	23,353
2011	3,892
Total payments	75,830
Portion representing interest	( 3,116)
Net present value	<u>\$ 72,714</u>

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## 6. LONG-TERM DEBT - continued

Changes in the City's long-term debt, for the year ended June 30, 2008, are as follows:

	BALANCE, BEGINNING OF YEAR		PAYMENT AND REDUCTIONS	BALANCE, END OF YEAR	DUE WITHIN ONE YEAR
Governmental activities:					
Tax Increment Revenue Bonds	\$ 6,185,000	\$ -	\$ ( 675,000)	\$ 5,510,000	\$ 500,000
Variable Rate Capital					
Improvement Bonds	5,000,000	-	( 150,000)	4,850,000	305,000
Certificates of Participation	2,960,000	-	( 140,000)	2,820,000	140,000
Less deferred amount:					
Issuance discounts	( 47,811)	-	3,684	( 44,127)	-
Refunding	( 686,217)	-	70,381	( 615,836)	-
Total bonds and certificates	13,410,972	-	( 890,935)	12,520,037	945,000
Capital lease	54,000	64,942	( 46,228)	72,714	55,508
Compensated absences payable	290,597	-	( 290,597)	-	-
Total governmental activities	\$ 13,755,569	\$ 64,942	\$ ( 1,277,760)	\$ 12,592,751	\$ 1,000,508

## 7. DEFERRED COMPENSATION PLAN AND COMPENSATED ABSENCES

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This Plan, available to all City employees, permits them to defer payment of a portion of their salary to future years. This deferred compensation is not available to plan participants until termination, retirement, death, or unforeseeable emergency.

Investments are managed by the Plan's trustee under one of five investment options, or a combination thereof. The choice of investment option(s) is made by the plan participant.

The Plan has been amended to comply with amendments to Section 457 of the Internal Revenue Code. Trust Provisions were incorporated so that plan assets are held in trust for the exclusive benefit of plan participants and their beneficiaries.

Compensated absences have been reclassified to the governmental funds. This liability is considered to be payable from current resources.

## 8. EMPLOYEE RETIREMENT PLAN

**Plan Description and Provisions** - The City of Ferguson Pension Plan (the Plan) is a single-employer, defined benefit retirement and disability plan covering all regular, full-time employees of the City except the City Manager and Assistant to the City Manager. The Plan is administered by Marshall and Ilsley Trust Company. Employees become eligible for full benefits under the Plan on the first day of the month or next following the later of a) the participant's 60<sup>th</sup> birthday and completion of eight years of credited service or b) the participant's 55<sup>th</sup> birthday and the date of the participant's age plus years of credited service total at least 82 1/2. Employees fully vest after eight years of service. The Plan does not provide for partial vesting. The Plan does not issue a separate stand-alone financial report. The Plan's financial information is included as a Trust Fund in the City's financial statements and is accounted for on an accrual basis. The fair value of Plan investments is determined by their market value at the date of the statement. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

8. **EMPLOYEE RETIREMENT PLAN - continued**

**Plan Description and Provisions - continued**

At July 1, 2007, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	131
Retirees and beneficiaries currently receiving benefits	79
Terminated employees entitled to benefits but not yet receiving them	24
Total Plan Participants	<u>234</u>

The payroll for employees covered by the Plan for the year ended June 30, 2007 was \$5,688,280; the City's total payroll was \$6,946,883.

Benefits under the Plan are established by ordinance. An eligible employee is entitled to a monthly benefit of 1.75 percent of his final average salary for each year of credited service. Credited service also includes prior years of service for those persons reemployed following termination, provided the break in service is not more than five years. Unused sick leave is added to credited service. Final average salary (FAS), for the purpose of computing benefits, means the average monthly compensation received during 60 consecutive months of the last 96 months preceding the date of calculation which produces the greatest average.

The Plan permits early retirement at age 55 with less than 27 years of credited service with a benefit reduction of 0.25%. A health insurance benefit of \$5 per month per year of credited service, up to \$150 is provided, until the retiree becomes Medicare eligible.

The Plan also provides a disability benefit calculated by the same formula as used to calculate normal retirement, with a minimum benefit of \$450 per month, payable until the earlier of death or recovery. If a vested participant dies, the beneficiary receives a monthly benefit for 120 months, calculated as if the employee had retired on the date of death.

**Contributions Required and Contributions Made** - All contributions to the Plan are made by the City. The City contributes an amount equal to the actuarially determined requirement, designed to meet the full annual current costs of the Plan. The plan has no unfunded prior service cost required to be covered by the annual contribution. Administrative costs are paid with plan assets.

Contributions by the City are based upon annual actuarial determinations, using the Entry Age Normal Actuarial Cost Method, designed to provide the Plan with assets sufficient to meet pension benefit obligations as they become due. The Unfunded Actuarial Accrued Liability is amortized as a level percentage of pay over an open period of 10 years.

Annual valuations are performed using the Entry Age Normal Actuarial Cost Method, assuming 7.5 percent rate of return, 4 percent annual salary increases, 4 percent inflation rate and using the 1983 Group Annuity Mortality Table. Benefits are not increased for inflation.

8. **EMPLOYEE RETIREMENT PLAN - continued**

**Funding Status and Progress**

**Schedule of Employer Contributions**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2003	\$ -	\$ -	-
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007	-	-	-
2008	7,075	7,075	100 %

**Three Year Trend Information**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost</u>	<u>Percentage Contribution</u>	<u>Net Pension Obligation</u>
2006	\$ -	\$ -	\$ -
2007	-	-	-
2008	7,075	7,075	-

Ten year historical trend information designed to provide information about the City's progress made in accumulating sufficient assets to pay benefits when due is presented in the required supplemental information section of the City's CAFR.

9. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The City, along with various other local municipal governments, participates in an insurance trust for workers' compensation and general liability matters, St. Louis Area Insurance Trust – SLAIT (the Trust). The purpose of the Trust is to distribute the cost of self insurance over similar entities. The Trust requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the Trust have no legal interest in the assets, liabilities, or fund balances of the Trust. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the Trust should it cease operations at some future date. The Trust contracts with Daniel and Henry, Inc. to administrate the trust, including processing claims filed. The City's premium payment to the Trust during fiscal 2008 was \$370,722.

9. **RISK MANAGEMENT - continued**

The City purchases commercial insurance for all other risks of loss. A complete listing of insurance coverage in force is presented in the supplemental information of the City's CAFR. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2008, expenditures exceeded appropriations in the following departments (the legal level of budgetary control):

	Budgeted Appropriation	Expenditure	Expenditure In Excess of Budget	Note
General Fund:				
Human resources	\$ 87,868	\$ 101,207	\$ 13,339	A
Fire	2,066,212	2,160,172	93,960	B
Municipal garage	703,713	715,802	12,089	C
Capital outlays	-	87,688	87,688	D
Capital Improvements Sales Tax Capital				
Projects Fund: Debt service	-	406,091	406,091	E
Halls Ferry TIF Bonds Debt Service Fund:				
Community development	-	6,371	6,371	F
Debt service	777,510	953,510	176,000	G
Sewer Lateral Special Revenue Fund:				
Community development	175,000	194,940	19,940	H
Splash At Wabash Pool Project Debt Service Fund: Debt service	265,185	267,862	2,677	F

- A. The City received and honored substantially more tuition requests than had been anticipated.
- B. In 2005, the City began using fire dispatch services of North Central County Fire Alarm. This is the first year billings are based on tax receipts. They were unbudgeted and honored.
- C. The budget variance is entirely the result of unanticipated fuel rate increases.
- D. The expenditure was misclassified. Overall, the fund's expenditures did not exceed budget.
- E. Debt service was misclassified in the budget. Overall, the fund's expenditures did not exceed budget.
- F. Quinquennially, the fund is required to have its tax exempt status reaffirmed by qualified counsel. The expenditure was unbudgeted and honored.
- G. The fund experienced greater than budgeted revenues. In accordance with its trust indenture, the trustee expended the excess revenues by calling and retiring bonds prior to their due date.
- H. For the first time in several years, the fund experienced higher than anticipated expenditure demand. The fund had sufficient available reserves. Accordingly, the demand was honored.

## 11. **CONTINGENT LIABILITIES**

- A. **Grants** - The City receives financial assistance from numerous federal, state, and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund types. However, in the opinion of management, any such disallowed claims would not have a material effect on the financial statements of the City at June 30, 2008.
- B. **Litigation** - Various claims and legal actions involving the City are presently pending which involve claims made by the City for unpaid tax assessments and other miscellaneous cases. In the opinion of management, the outcome of these legal matters will not have a material effect on the financial statements of the City at June 30, 2008.

## 12. **COMMITMENTS**

As of June 30, 2008, the city has entered into an agreement to make improvements to Suburban Avenue. The total remaining on the contract, as of June 30, 2008, was \$492,554.

## 13. **SUBSEQUENT EVENT**

On April 4, 2008, the City entered into a lease purchase agreement to acquire two new fire trucks at a total cost of about \$1,167,000. Neither of the trucks were delivered prior to June 30, 2008.

On September 9, 2008, the City entered into a lease purchase agreement for the acquisition and installation of street lighting equipment at a cost of about \$506,000.

## 14. **PRIOR PERIOD ADJUSTMENT**

During the year the City made adjustments to the prior period. One adjustment related to the recording of taxes receivable. It was determined that vehicle and gasoline sales taxes collected by the merchant in June were not recorded as a receivable as of June 30<sup>th</sup>. As a result, the fund balance in the General Fund and net assets in the Governmental Activities were increased by \$106,532.

The City also reclassified accrued vacation to the General Fund because this liability will be satisfied in the current period. As a result, the fund balance in the General Fund was reduced by \$273,621. This reclassification had no affect on the net assets reported in the Governmental Activities.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	
	POSITIVE (NEGATIVE)			
<b>REVENUES</b>				
Taxes	\$ 8,141,639	\$ 8,141,639	\$ 9,232,672	\$ 1,091,033
Licenses and permits	389,390	389,390	571,162	181,772
Charges for service	400,705	400,705	169,088	(231,617)
Fines and forfeits	1,379,500	1,379,500	1,447,904	68,404
Investment income	85,000	85,000	177,545	92,545
Other income	34,000	34,000	489,453	455,453
<b>TOTAL REVENUES</b>	<b>10,430,234</b>	<b>10,430,234</b>	<b>12,087,824</b>	<b>1,657,590</b>
<b>EXPENDITURES</b>				
Current:				
General government				
City council and clerk	106,591	106,591	89,953	16,638
City manager's office	332,502	332,502	307,890	24,612
Public works administration	215,918	215,918	151,579	64,339
Human resources	87,868	87,868	101,207	(13,339)
Corporate expenses	365,000	365,000	328,601	36,399
Municipal building	119,500	119,500	114,346	5,154
Information technology	157,625	157,625	115,246	42,379
Finance	259,784	259,784	258,222	1,562
Public safety				
Municipal court	297,283	297,283	287,113	10,170
Protective inspections	345,479	345,479	263,311	82,168
Police	4,604,365	4,604,365	4,580,790	23,575
Fire	2,066,212	2,066,212	2,160,172	(93,960)
Highways and streets				
Streets	978,020	978,020	752,222	225,798
Municipal garage	703,713	703,713	715,802	(12,089)
Community development	344,021	344,021	226,463	117,558
Culture and recreation	394,019	394,019	319,157	74,862
Pension	10,000	10,000	-	10,000
Capital outlays	-	-	87,688	(87,688)
<b>TOTAL EXPENDITURES</b>	<b>11,387,900</b>	<b>11,387,900</b>	<b>10,859,762</b>	<b>528,138</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(957,666)</b>	<b>(957,666)</b>	<b>1,228,062</b>	<b>2,185,728</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in	359,019	359,019	1,045,831	686,812
<b>CHANGE IN FUND BALANCE</b>	<b>\$ (598,647)</b>	<b>\$ (598,647)</b>	<b>2,273,893</b>	<b>\$ 2,872,540</b>
<b>FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>				4,979,185
Prior period adjustments				(167,089)
<b>CURRENT YEAR ENCUMBERANCES</b>				39,132
<b>FUND BALANCES - END OF YEAR</b>				<b>\$ 7,125,121</b>

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**PARKS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 1,646,440	\$ 1,646,440	\$ 1,699,464	\$ 53,024
Charges for service	422,500	422,500	368,180	(54,320)
Investment income	10,000	10,000	85,403	75,403
Other income	130,100	130,100	112,065	(18,035)
<b>TOTAL REVENUES</b>	<b>2,209,040</b>	<b>2,209,040</b>	<b>2,265,112</b>	<b>56,072</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	935,053	935,053	839,300	95,753
Capital outlays	237,500	237,500	100,671	136,829
<b>TOTAL EXPENDITURES</b>	<b>1,172,553</b>	<b>1,172,553</b>	<b>939,971</b>	<b>232,582</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
	1,036,487	1,036,487	1,325,141	288,654
<b>OTHER FINANCING USES</b>				
Operating transfer out	(659,204)	(659,204)	(1,299,731)	(640,527)
<b>CHANGE IN FUND BALANCE</b>	<b>\$ 377,283</b>	<b>\$ 377,283</b>	<b>25,410</b>	<b>\$ (351,873)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			1,548,155	
<b>CURRENT YEAR ENCUMBERANCES</b>			5,714	
<b>FUND BALANCES - END OF YEAR</b>			<b>\$ 1,579,279</b>	

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING STATUS AND PROGRESS**  
**PENSION TRUST FUND**  
**LAST TEN FISCAL YEARS**

**SCHEDULE OF FUNDING PROGRESS**

Valuation Year July 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Assets In Excess Of AAL	Funded Ratio	Annual Covered Payroll	Assets In Excess Of AAL As A Percentage Of Covered Payroll
1998	\$ 16,538,931	\$11,969,989	\$ 4,568,942	138.2 %	\$ 4,382,834	104.2 %
1999	17,339,565	12,515,591	4,823,974	138.5	4,603,224	104.8
2000	18,047,113	13,653,910	4,393,203	132.2	4,832,587	90.9
2001	18,629,131	14,431,171	4,197,960	129.1	5,073,329	82.7
2002	18,852,310	15,131,350	3,720,960	124.6	5,250,529	70.9
2003	18,988,459	15,747,735	3,240,724	120.6	5,435,740	59.6
2004	19,341,491	16,149,796	3,191,695	119.8	5,261,248	60.7
2005	19,792,426	16,573,605	3,218,821	119.4	5,388,754	59.7
2006	20,277,743	16,810,351	3,467,392	120.6	5,668,903	61.2
2007	21,097,686	17,605,559	3,492,127	119.8	5,688,280	61.4

The historical trend information about the Plan is presented to help the user assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other Public Employee Retirement systems. This schedule is prepared using the aggregate actuarial cost method.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Valuation Year July 1	Annual Required Contribution	Employer Contribution	Percentage Contributed
1998	\$ -	\$ -	100 %
1999	-	-	100
2000	-	-	100
2001	-	-	100
2002	-	-	100
2003	-	-	100
2004	-	-	100
2005	-	-	100
2006	-	-	100
2007	-	-	100
2008	7,075	3,075	100

**CITY OF FERGUSON, MISSOURI**  
REQUIRED SUPPLEMENTAL INFORMATION  
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Budgets are prepared on a basis consistent with GAAP, except that encumbered amounts are treated as expenditures for budgetary purposes. Annual appropriated budgets are adopted for the General, Park Special Revenue, Special Business District Special Revenue, Sewer Lateral Special Revenue, Local Improvement Capital Projects, Capital Improvements Sales Tax Capital Projects Funds, Downtown TIF Redevelopment Fund and Halls Ferry TIF Bonds Fund. The City does not prepare a budget for the North Park Redevelopment TIF Fund.

Prior to March 1 of each year, all departments of the City submit requests for appropriations to the City Manager. After review of these requests, the proposed annual operating budget is prepared by fund, function, and department.

The proposed budget is submitted by May 1 to the City Council for review. The City Council holds at least one public hearing and may add to, subtract from, or change appropriations. Prior to June 30 of each year, the Council adopts by resolution the budget, as revised, for the fiscal year beginning the following July 1.

Legal budgetary control is at the departmental level. Any transfers of budgeted amounts from one department to another require the approval of the City Council. Funds are appropriated in the General Fund budget for general contingencies in an amount not to exceed 5 percent of the operating budget. Transfers for unplanned expenditures may be made from the contingency account to departmental budgets with City Manager approval. Budgeted amounts are as originally adopted or as amended by the City Council or City Manager, as appropriate. Supplemental appropriations were made to cover large unanticipated items.

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF FERGUSON, MISSOURI**

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

	Special Revenue Funds				Capital Projects Fund				Debt Service Fund			
	Special Business District	Downtown TIF	Sewer Lateral	Halls Ferry TIF Bonds	Local Improvement	Pool Project	North Park Redevelopment TIF	Splash At Wabash	North Park	Redevelopment	TIF	Total Non-major Governmental Funds
<b>ASSETS AND OTHER DEBITS</b>												
Cash and investments	\$ 300	\$ 265,090	\$ 584,573	\$ -	\$ 200,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,050,641
Accounts receivable	-	30,705	-	-	-	-	-	-	-	12	30,717	
Due from other governments	-	-	-	201,316	-	-	-	-	-	-	-	201,316
Due from other funds	7,335	385,779	(84,619)	-	188,794	-	14,796	-	299	512,384		
Restricted cash	-	-	-	982,171	-	284,569	-	-	-	1,266,740		
<b>TOTAL ASSETS</b>	<b>\$ 7,635</b>	<b>\$ 681,574</b>	<b>\$ 499,954</b>	<b>\$ 1,183,487</b>	<b>\$ 389,472</b>	<b>\$ 299,365</b>	<b>\$ 311</b>	<b>\$ 3,061,798</b>				
<b>LIABILITIES</b>												
Accounts payable	\$ 2,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,273
<b>FUND BALANCES:</b>												
Fund balances:												
Reserved:												
Debt service												
Unreserved:												
Special Revenue Funds	5,362	681,574	499,954	-	1,183,487	-	389,472	-	-	-	-	1,186,890
Capital Projects Funds	-	-	-	499,954	1,183,487	-	389,472	-	-	-	-	1,572,959
TOTAL FUND BALANCES	<b>5,362</b>	<b>681,574</b>	<b>499,954</b>	<b>1,183,487</b>	<b>389,472</b>	<b>389,472</b>	<b>299,365</b>	<b>299,365</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>3,059,525</b>
TOTAL LIABILITIES AND FUND BALANCES	<b>\$ 7,635</b>	<b>\$ 681,574</b>	<b>\$ 499,954</b>	<b>\$ 1,183,487</b>	<b>\$ 389,472</b>	<b>\$ 299,365</b>	<b>\$ 299,365</b>	<b>\$ 311</b>	<b>\$ 3,061,798</b>			

**CITY OF FERGUSON, MISSOURI**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2008

Special Business District	Special Revenue Funds			Capital Projects Fund			Debt Service Fund			Total Non-major Governmental Funds
	Downtown TIF	Redevelopment	Sewer Lateral	Halls Ferry TIF Bonds	Local Improvement	Project	Splash At Wabash Pool	North Park Redevelopment TIF	Project	
<b>REVENUES</b>										
Taxes	\$ 23,728		\$ 566,460	\$ 195,290	\$ 1,006,037	\$ -	\$ -	\$ -	\$ 215	\$ 1,768,002
Licenses and permits	-	-	-	-	-	-	-	-	-	23,728
Charges for services	-	-	-	-	-	-	-	-	-	-
Investment income	-	17,840	37,991	87,688	23,940	11,067	-	-	-	178,526
Other income	2,400	1,390	-	-	-	-	-	-	-	3,790
<b>TOTAL REVENUES</b>	<b>26,128</b>	<b>585,690</b>	<b>233,281</b>	<b>1,093,725</b>	<b>23,940</b>	<b>11,067</b>	<b>215</b>	<b>215</b>	<b>1,974,046</b>	
<b>EXPENDITURES</b>										
Current:										
Community development	59,567	349,399	194,940	6,371	-	-	-	-	-	610,277
Debt services:										
Principal, interest and fiscal charges	59,567	349,399	194,940	953,510	-	267,862	-	-	-	1,221,372
TOTAL EXPENDITURES				959,881	-	267,862	-	-	-	1,831,649
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	(33,439)	236,291	38,341	133,844	23,940	(256,795)	215	215	142,397	
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating transfer in (out)	8,900	-	(20,000)	-	-	-	265,000	-	-	253,900
<b>CHANGE IN FUND BALANCE</b>	<b>(24,539)</b>	<b>236,291</b>	<b>18,341</b>	<b>133,844</b>	<b>23,940</b>	<b>8,205</b>	<b>215</b>	<b>215</b>	<b>142,397</b>	
<b>FUND BALANCES - BEGINNING OF YEAR</b>										
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 5,362</b>	<b>\$ 681,574</b>	<b>\$ 499,954</b>	<b>\$ 1,183,487</b>	<b>\$ 389,472</b>	<b>\$ 299,365</b>	<b>\$ 311</b>	<b>\$ 3,059,525</b>		

**CITY OF FERGUSON, MISSOURI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT SALES TAX CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 1,386,540	\$ 1,386,540	\$ 1,283,248	\$ (103,292)
Investment income	191,500	191,500	109,627	(81,873)
Other income	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,832,536</u>	<u>(167,464)</u>
<b>TOTAL REVENUES</b>	<b><u>3,578,040</u></b>	<b><u>3,578,040</u></b>	<b><u>3,225,411</u></b>	<b><u>(352,629)</u></b>
<b>EXPENDITURES</b>				
Current:				
Capital outlays	5,632,175	5,632,175	3,023,624	2,608,551
Debt service:				
Principal, interest and fiscal charges	-	-	406,091	(406,091)
<b>TOTAL EXPENDITURES</b>	<b><u>5,632,175</u></b>	<b><u>5,632,175</u></b>	<b><u>3,429,715</u></b>	<b><u>2,202,460</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
	<u>(2,054,135)</u>	<u>(2,054,135)</u>	<u>(204,304)</u>	<u>1,849,831</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from issuance of debt	-	-	64,942	64,942
<b>CHANGE IN FUND BALANCE</b>	<b><u>\$ (2,054,135)</u></b>	<b><u>\$ (2,054,135)</u></b>	<b><u>(139,362)</u></b>	<b><u>\$ 1,914,773</u></b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			3,169,398	
<b>CURRENT YEAR ENCUMBERANCES</b>			913,724	
<b>FUND BALANCES - END OF YEAR</b>			<b><u>\$ 3,943,760</u></b>	

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 HALLS FERRY TIF BONDS DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 917,803	\$ 917,803	\$ 1,006,037	\$ 88,234
Investment income	45,000	45,000	87,688	42,688
<b>TOTAL REVENUES</b>	<b>962,803</b>	<b>962,803</b>	<b>1,093,725</b>	<b>130,922</b>
<b>EXPENDITURES</b>				
Current:				
Community development	-	-	6,371	(6,371)
Debt service:				
Principal, interest and fiscal charges	777,510	777,510	953,510	(176,000)
<b>TOTAL EXPENDITURES</b>	<b>777,510</b>	<b>777,510</b>	<b>959,881</b>	<b>(182,371)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>\$ 185,293</b>	<b>\$ 185,293</b>	<b>133,844</b>	<b>\$ 313,293</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<b>1,049,643</b>	
<b>FUND BALANCES - END OF YEAR</b>			<b>\$ 1,183,487</b>	

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 SPECIAL BUSINESS DISTRICT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET			VARIANCE WITH FINAL BUDGET	
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)	
<b>REVENUES</b>					
Licenses and permits	\$ 26,000	\$ 26,000	\$ 23,728	\$ (2,272)	
Investment income	800	800	-	(800)	
Other income	-	-	2,400	2,400	
<b>TOTAL REVENUES</b>	<b><u>26,800</u></b>	<b><u>26,800</u></b>	<b><u>26,128</u></b>	<b><u>(672)</u></b>	
<b>EXPENDITURES</b>					
Current:					
Community development	<u>105,800</u>	<u>105,800</u>	<u>69,567</u>	<u>36,233</u>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	(79,000)	(79,000)	(43,439)	35,561	
<b>OTHER FINANCING SOURCES</b>					
Operating transfer in	<u>85,000</u>	<u>85,000</u>	<u>8,900</u>	<u>(76,100)</u>	
<b>CHANGE IN FUND BALANCE</b>	<b><u>\$ 6,000</u></b>	<b><u>\$ 6,000</u></b>	<b><u>(34,539)</u></b>	<b><u>\$ (40,539)</u></b>	
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>39,901</u>		
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 5,362</u>		

**CITY OF FERGUSON, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**SEWER LATERAL SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<b>REVENUES</b>				
Taxes	\$ 190,000	\$ 190,000	\$ 195,290	\$ 5,290
Investment income	18,000	18,000	37,991	19,991
<b>TOTAL REVENUES</b>	<b>208,000</b>	<b>208,000</b>	<b>233,281</b>	<b>25,281</b>
<b>EXPENDITURES</b>				
Current:				
Community development	175,000	175,000	194,940	(19,940)
<b>TOTAL EXPENDITURES</b>	<b>175,000</b>	<b>175,000</b>	<b>194,940</b>	<b>(19,940)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>33,000</b>	<b>33,000</b>	<b>38,341</b>	<b>5,341</b>
<b>OTHER FINANCING USES</b>				
Operating transfer out	(10,000)	(10,000)	(20,000)	(10,000)
<b>CHANGE IN FUND BALANCE</b>	<b>\$ 23,000</b>	<b>\$ 23,000</b>	<b>18,341</b>	<b>\$ (4,659)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<b>481,613</b>	
<b>FUND BALANCES - END OF YEAR</b>			<b>\$ 499,954</b>	

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 DOWNTOWN TIF REDEVELOPMENT CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<b>REVENUES</b>				
Taxes	\$ 345,037	\$ 345,037	\$ 566,460	\$ 221,423
Investment income	15,000	15,000	17,840	2,840
Other income	-	-	1,390	1,390
<b>TOTAL REVENUES</b>	<b>360,037</b>	<b>360,037</b>	<b>585,690</b>	<b>225,653</b>
<b>EXPENDITURES</b>				
Current:				
Community development	345,208	365,208	349,399	15,809
<b>TOTAL EXPENDITURES</b>	<b>345,208</b>	<b>365,208</b>	<b>349,399</b>	<b>15,809</b>
<b>CHANGE IN FUND BALANCE</b>	<b>\$ 14,829</b>	<b>\$ (5,171)</b>	<b>236,291</b>	<b>\$ 209,844</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<b>445,283</b>	
<b>FUND BALANCES - END OF YEAR</b>			<b>\$ 681,574</b>	

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 LOCAL IMPROVEMENT CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET				VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL		POSITIVE (NEGATIVE)
<b>REVENUES</b>					
Investment income	\$ 15,300	\$ 15,300	\$ 23,940	\$ 8,640	
<b>EXPENDITURES</b>					
Capital outlays	-	-	-	-	
<b>CHANGE IN FUND BALANCE</b>					
	<u>\$ 15,300</u>	<u>\$ 15,300</u>	23,940	<u>\$ 8,640</u>	
<b>FUND BALANCES - BEGINNING OF YEAR</b>					
			<u>365,532</u>		
<b>FUND BALANCES - END OF YEAR</b>					
			<u>\$ 389,472</u>		

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 SPLASH AT WABASH POOL PROJECT DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET			VARIANCE WITH FINAL BUDGET	
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)	
<b>REVENUES</b>					
Investment income	\$ 8,500	\$ 8,500	\$ 11,067	\$ 2,567	
<b>EXPENDITURES</b>					
Debt service:					
Principal, interest and fiscal charges	<u>265,185</u>	<u>265,185</u>	<u>267,862</u>	<u>(2,677)</u>	
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>					
	(256,685)	(256,685)	(256,795)	(110)	
<b>OTHER FINANCING SOURCES</b>					
Operating transfer in	<u>265,185</u>	<u>265,185</u>	<u>265,000</u>	<u>(185)</u>	
<b>CHANGE IN FUND BALANCE</b>					
	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>8,205</u>	<u>\$ (295)</u>	
<b>FUND BALANCES - BEGINNING OF YEAR</b>					
			<u>291,160</u>		
<b>FUND BALANCES - END OF YEAR</b>					
			<u>\$ 299,365</u>		

**CITY OF FERGUSON, MISSOURI**  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>BALANCE</u>			<u>BALANCE</u>
	<u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>JUNE 30, 2008</u>
<b>ASSETS</b>				
Cash	<u>\$ 123,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,224</u>
<b>LIABILITIES</b>				
Accounts Payable	<u>\$ 123,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,224</u>

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***STATISTICAL SECTION***

## **STATISTICAL SECTION**

This part of the City of Ferguson, Missouri'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 government's overall financial health.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

### **Demographic and Economic information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF FERGUSON, MISSOURI**  
**NET ASSETS**  
**LAST SIX FISCAL YEARS**

	2008	2007	2006	2005	2004	2003
<b>Governmental activities:</b>						
Invested in capital assets, net of related debt	\$ 10,507,866	\$ 7,246,484	\$ 8,533,891	\$ 8,870,581	\$ 8,491,905	\$ 8,491,905
Restricted	5,138,047	7,826,907	5,761,966	3,732,212	3,249,387	3,249,387
Unrestricted	4,649,996	(252,954)	(1,839,153)	(3,229,912)	(4,635,077)	(5,319,408)
<b>Total governmental activities net assets</b>	<b><u>\$ 20,295,909</u></b>	<b><u>\$ 14,820,437</u></b>	<b><u>\$ 12,456,704</u></b>	<b><u>\$ 9,372,881</u></b>	<b><u>\$ 7,106,215</u></b>	<b><u>\$ 6,421,884</u></b>

Note: Only six years of information available. The City implemented GASB34-New Reporting Model in 2003.

**CITY OF FERGUSON**  
**CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS**  
(Accrual basis of accounting)

	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>						
Administrative	\$ 1,567,009	\$ 1,608,651	\$ 1,376,228	\$ 1,221,280	\$ 1,641,523	\$ 1,601,877
Police department	7,531,021	7,219,261	6,674,109	6,432,507	6,417,994	6,127,322
Highway and streets	2,302,635	3,109,783	2,619,592	1,111,778	1,564,795	1,889,036
Community development	609,187	782,770	302,788	530,793	491,677	519,924
Culture and recreation	1,442,340	1,613,879	1,522,714	1,461,715	1,470,433	1,423,663
Interest and fiscal charges	680,399	724,694	615,573	411,427	717,441	698,228
Total governmental activities expenses	<u>14,132,591</u>	<u>15,059,038</u>	<u>13,111,004</u>	<u>11,169,500</u>	<u>12,303,863</u>	<u>12,260,050</u>
<b>PROGRAM REVENUE</b>						
Charges for services:						
General government	439,153	451,320	420,797	439,753	-	-
Public safety	1,694,023	1,611,704	1,446,387	1,336,666	1,379,688	1,283,851
Highway and streets	208,710	482,952	491,895	-	-	-
Community development	30,611	16,342	22,378	198,654	190,824	-
Culture and recreation	368,180	360,424	582,667	554,324	559,256	505,220
Operating grants	-	-	-	1,211,287	1,413,984	1,362,927
Capital grants	2,199,903	320,056	222,109	286,760	130,571	279,302
Total governmental activities program revenue	<u>4,940,580</u>	<u>3,242,798</u>	<u>3,186,233</u>	<u>4,027,444</u>	<u>3,674,323</u>	<u>3,431,300</u>
<b>NET EXPENSES</b>	<b><u>(9,192,011)</u></b>	<b><u>(11,816,240)</u></b>	<b><u>(9,924,771)</u></b>	<b><u>(7,142,056)</u></b>	<b><u>(8,629,540)</u></b>	<b><u>(8,828,750)</u></b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>						
Governmental activities:						
Taxes:						
Sales	8,687,937	8,894,227	8,870,085	5,820,353	5,350,366	5,364,351
Utility	2,665,470	2,040,890	1,925,685	1,535,947	1,801,120	1,792,672
Property	2,304,983	1,731,106	1,613,335	1,803,756	1,557,673	1,527,580
Other	72,980	75,165	81,919	81,000	84,340	86,166
Investment income	551,101	603,169	396,682	70,120	23,014	56,491
Gain (loss) on disposal of capital assets	(20,893)	660,898	18,810	49,996	-	22,372
Other miscellaneous revenue	299,373	174,519	102,078	47,550	110,758	116,367
Total governmental activities	<u>14,560,951</u>	<u>14,179,974</u>	<u>13,008,594</u>	<u>9,408,722</u>	<u>8,927,271</u>	<u>8,965,999</u>
<b>CHANGES IN NET ASSETS</b>	<b><u>\$ 5,368,940</u></b>	<b><u>\$ 2,363,734</u></b>	<b><u>\$ 3,083,823</u></b>	<b><u>\$ 2,266,666</u></b>	<b><u>\$ 297,731</u></b>	<b><u>\$ 137,249</u></b>

Note: Only six years of information available. The City implemented GASB34-New Reporting Model in 2003.

**CITY OF FERGUSON, MISSOURI**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST SIX FISCAL YEARS**

	2008	2007	2006	2005	2004	2003
General Fund:						
Reserved	\$ 352,891	\$ 78,513	\$ 33,104	\$ 42,136	\$ 24,857	\$ 73,022
Unreserved	<u>6,772,230</u>	<u>4,967,205</u>	<u>3,920,519</u>	<u>2,688,395</u>	<u>1,905,745</u>	<u>1,950,735</u>
Total general fund	<u><u>\$ 7,125,121</u></u>	<u><u>\$ 5,045,718</u></u>	<u><u>\$ 3,953,623</u></u>	<u><u>\$ 2,730,531</u></u>	<u><u>\$ 1,930,602</u></u>	<u><u>\$ 2,023,757</u></u>
All Other Governmental Funds:						
Reserved	\$ 1,219,114	\$ 3,606,368	\$ 1,481,764	\$ 1,471,275	\$ 1,859,374	\$ 1,995,314
Unreserved reported in:						
Special revenue funds	2,760,455	2,047,147	1,400,123	770,405	424,051	199,585
Capital projects funds	4,602,995	4,843,409	4,952,065	1,359,238	647,676	553,024
Debt service funds	-	291,256	-	248,190	470,443	542,052
Total all other governmental funds	<u><u>\$ 8,582,564</u></u>	<u><u>\$ 10,788,180</u></u>	<u><u>\$ 7,833,952</u></u>	<u><u>\$ 3,849,108</u></u>	<u><u>\$ 3,401,544</u></u>	<u><u>\$ 3,289,975</u></u>

Note: Only six years of information available. The City implemented GASB34-New Reporting Model in 2003.

**CITY OF FERGUSON**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Taxes (1)	\$ 13,983,386	\$ 12,577,656	\$ 12,491,024	\$ 9,129,162	\$ 8,645,181	\$ 8,594,509	\$ 8,777,296	\$ 8,743,860	\$ 8,130,308	\$ 7,403,370
Licenses	594,380	679,974	634,304	439,553	388,487	387,549	400,377	383,027	371,397	343,710
Intergovernmental (1)	-	-	244,487	1,521,417	1,434,449	1,330,134	1,796,496	1,526,364	1,359,181	1,386,029
Charges for service	537,268	696,176	918,193	1,095,380	1,122,359	1,028,199	1,064,998	717,467	584,465	583,875
Fines and forfeits	1,447,904	1,477,985	1,398,221	1,085,084	1,056,528	935,760	929,034	812,008	701,597	572,379
Investment income (2)	551,101	603,169	396,582	70,120	-	-	-	-	-	-
Other income	2,437,844	510,917	120,888	99,271	300,790	509,214	186,504	286,874	447,372	501,507
Total Revenues	<u>19,552,393</u>	<u>16,345,877</u>	<u>16,203,799</u>	<u>13,440,187</u>	<u>12,947,794</u>	<u>12,785,365</u>	<u>13,154,705</u>	<u>12,469,600</u>	<u>11,594,320</u>	<u>10,790,870</u>
Expenditures										
General government	1,485,407	1,426,782	1,326,238	1,169,794	1,588,424	1,535,639	1,482,182	1,533,151	1,388,657	1,309,068
Public safety	7,308,373	6,973,743	6,418,677	6,248,535	6,295,717	6,047,387	5,767,799	5,504,729	5,161,000	4,962,387
Highways and streets	1,472,053	1,419,157	1,281,617	816,721	1,025,494	1,033,353	1,100,116	1,187,924	1,119,984	1,003,907
Sanitation	-	-	-	-	-	-	-	-	-	1,392
Community development	827,062	592,481	463,065	400,229	300,555	425,902	511,604	500,019	356,363	462,603
Culture and recreation	1,167,650	1,241,970	1,245,006	1,228,020	1,333,516	1,326,900	1,288,285	1,296,580	1,122,493	1,118,349
Capital outlay	5,688,451	2,738,118	1,623,172	1,171,901	1,406,502	4,968,125	2,398,508	1,307,944	1,841,018	2,994,208
Debt service:										
Interest	916,235	598,320	529,578	544,113	716,990	828,972	995,082	644,919	636,510	637,929
Principal	711,228	908,982	565,000	130,000	340,000	180,000	165,000	120,000	90,000	-
Total Expenditures	<u>19,576,459</u>	<u>15,899,553</u>	<u>13,452,333</u>	<u>11,709,613</u>	<u>13,007,198</u>	<u>16,346,278</u>	<u>13,708,576</u>	<u>12,095,266</u>	<u>11,716,025</u>	<u>12,490,143</u>
Excess of revenues over (under) expenditures	<u>(24,066)</u>	<u>646,324</u>	<u>2,751,446</u>	<u>1,730,574</u>	<u>(59,404)</u>	<u>(3,560,913)</u>	<u>(553,871)</u>	<u>374,334</u>	<u>(121,705)</u>	<u>(1,699,273)</u>
Other Financing Sources (Uses)										
Proceeds from issuance of debt	64,942	2,750,000	2,332,127	7,370,000	-	3,480,000	-	-	-	-
Payment to bond escrow agent	-	-	-	(7,989,575)	-	-	-	-	-	-
Discount on bond issue	-	-	-	(44,195)	-	-	-	-	-	-
Sale of capital assets	-	-	-	130,032	-	-	-	-	-	-
Transfers				-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>64,942</u>	<u>3,400,000</u>	<u>124,362</u>	<u>(533,758)</u>	<u>-</u>	<u>3,480,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 40,876</u>	<u>\$ 4,046,324</u>	<u>\$ 5,207,935</u>	<u>\$ 1,196,836</u>	<u>\$ (59,404)</u>	<u>\$ (80,913)</u>	<u>\$ (553,871)</u>	<u>\$ 374,334</u>	<u>\$ (121,705)</u>	<u>\$ (1,699,273)</u>
Debt service as a percentage of noncapital expenditures	11.6%	10.5%	8.9%	6.1%	8.8%	6.6%	9.2%	6.8%	6.6%	5.4%

(1) Beginning in 2006 the City included motor fuel sales and cigarette receipts as taxes instead of intergovernmental.

(2) Prior to 2005 the City included investment income in other income.

**CITY OF FERGUSON, MISSOURI**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Real Property	Personal Property	Railroads And Utilities	Assessed Value	Total Direct Tax Rate	Estimated Actual Value
1999	\$ 119,548,410	\$ 36,664,596	\$ 6,068,872	\$ 162,281,978	\$ 0.630	\$ 681,539,644
2000	124,703,620	40,131,088	6,251,123	171,085,831	0.640	712,387,019
2001	124,096,110	42,736,989	6,129,955	172,963,054	0.640	717,755,728
2002	133,218,460	42,387,343	6,393,284	181,999,087	0.628	763,957,578
2003	132,933,520	42,824,082	5,875,900	181,633,502	0.628	762,564,485
2004	137,233,000	40,178,304	5,604,113	183,015,417	0.634	773,650,784
2005	136,961,830	37,763,060	5,219,204	179,944,094	0.634	763,982,562
2006	146,001,792	43,042,580	5,501,708	200,047,788	0.600	851,295,790
2007	150,326,961	43,673,690	5,604,467	199,605,118	0.600	859,629,879
2008	192,916,060	44,814,332	4,519,706	242,250,098	0.648	1,019,303,012

Residential real property is assessed at 19 percent of estimated value, commercial at 32 percent, and agricultural at 12 percent; personal property is assessed at 33 1/3 percent.

A complete property assessment is made by the Assessor biannually in odd-numbered years. Tax rates are per \$100 of assessed value.

Source: St. Louis County Assessor

**CITY OF FERGUSON, MISSOURI**  
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN FISCAL YEARS

Fiscal Year	City		School		County		State		Other		Total
			District								
1999	\$	0.630	\$	5.010	\$	0.580	\$	0.030	\$	1.577	\$ 7.827
2000		0.640		5.010		0.580		0.030		1.552	7.812
2001		0.640		5.015		0.580		0.030		1.560	7.825
2002		0.628		5.015		0.580		0.030		1.747	8.000
2003		0.628		5.040		0.580		0.030		1.743	8.021
2004		0.634		5.040		0.580		0.030		1.961	8.245
2005		0.634		5.040		0.580		0.030		1.861	8.145
2006		0.600		4.848		0.558		0.030		1.760	7.796
2007		0.600		4.843		0.558		0.030		1.834	7.865
2008		0.648		4.843		0.558		0.030		1.834	7.913

Rates state per \$100 assessed valuation

Source: St. Louis County Assessor

**CITY OF FERGUSON, MISSOURI**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Property Taxpayer	Type of Business	2008		1999		Percent Of Total Assessment
		Assessed Valuation	Percent Of Total Assessment	Assessed Valuation	Percent Of Total Assessment	
Emerson Electric	Manufacturing	\$ 10,664,740	5.33 %	\$ 16,723,060	4.10 %	
AmerenUE	Utility Company	4,000,952	2.00	-	-	
Sams/Walmart Real Estate	Retail Sales	3,026,210	1.51	3,077,090	1.90	
Crossings at Halls Ferry LLC	Shopping Center	2,870,390	1.43	1,143,140	0.70	
Home Depot USA, Inc.	Retail Sales	2,643,740	1.32	-	-	
Northwinds Apartments LLP	Apartment Rental	1,812,170	0.91	1,571,460	1.00	
Lipton Properties	Apartment Rental	1,769,980	0.88	1,682,830	1.00	
Negwer Materials/Investments	Retail Sales	1,768,070	0.88	-	-	
Gannon Partnership	Apartment Rental	1,659,840	0.83	-	-	
NCF LLC	Real Estate Holding Co.	1,558,210	0.78	-	-	
Acker Buick	Retail sales	-	-	1,221,820	0.80	
St. Louis Investment Property	Real Estate Holding Co.	-	-	3,077,090	1.90	
Park Ridge Apartments	Apartment Rentals	-	-	1,406,920	0.90	
Coats Investments Ltd	Real Estate Holding Co.	-	-	1,111,840	0.70	
Paragon Group LP	Apartment Rentals	-	-	893,020	0.60	
<b>Totals</b>		<b>\$ 31,774,302</b>	<b>15.88 %</b>	<b>\$ 31,908,270</b>	<b>13.60 %</b>	

Source: St. Louis County Assessor

**CITY OF FERGUSON, MISSOURI**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Original Tax Levy	Adjusted Tax Levy (1)	Current Tax Collections		Percent Collected As Current	Delinquent Collections	Total Tax Collections	Total Collections As Percent Of Levy
1999	\$ 1,017,082	\$ 1,032,982	\$ 897,635		86.9 %	\$ 128,739	\$ 1,026,374	99.4 %
2000	1,073,901	1,025,675	897,543		87.5	116,108	1,013,651	98.8
2001	1,106,964	1,036,684	891,052		86.0	117,764	1,008,816	97.3
2002	1,142,954	1,125,931	965,810		85.8	93,207	1,059,017	94.1
2003	1,140,658	1,067,766	902,016		84.5	94,835	996,851	93.4
2004	1,128,168	1,133,568	1,042,668		92.0	94,742	1,137,410	100.3
2005	1,125,240	1,129,347	965,928		85.5	189,564	1,155,492	102.3
2006	1,172,244	1,177,642	1,087,504		92.3	83,248	1,170,752	99.4
2007	1,192,232	1,197,689	1,104,141		92.2	110,835	1,214,976	101.4
2008	1,208,931	1,208,931	1,083,238		89.6	103,773	1,186,971	98.1

(1) Original levy adjusted for strikeoffs and additions by St. Louis County Board of Equalization.

Source: St. Louis County Collector of Revenue

**CITY OF FERGUSON, MISSOURI**  
**SPECIAL ASSESSMENT COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Special</u> <u>Assessments</u>	<u>Collected</u>	<u>Uncollected</u>	<u>Collection</u> <u>Ratio</u>
	<u>Levied</u>	<u>As Of</u> <u>June 30</u>	<u>As Of</u> <u>June 30</u>	
1999	\$ 31,737	\$ 25,241	\$ 5,965	80 %
2000	13,383	10,432	2,063	78
2001	53,966	35,424	14,878	66
2002	31,484	16,708	13,833	53
2003	110,467	43,267	59,411	39
2004	108,745	24,863	69,432	23
2005	70,469	19,377	51,092	50
2006	67,285	31,069	36,216	46
2007	49,581	22,502	27,080	45
2008	59,359	29,810	29,549	50

**CITY OF FERGUSON, MISSOURI**  
 RATIO OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS

Governmental Activities						
Fiscal Year	Tax Increment Revenue Bonds (2)	Certificates of Participation (3)	Variable Rate Capital Improvement Bonds (4)	Capital Leases (5)	Total Primary Government	Percentage of Personal Income
1999	\$ 8,385,000	\$ -	\$ -	\$ -	\$ 8,385,000	0.82 %
2000	8,295,000	-	-	-	8,295,000	0.69
2001	8,175,000	-	-	-	8,175,000	0.76
2002	8,010,000	-	-	-	8,010,000	0.77
2003	7,830,000	3,480,000	-	-	11,310,000	1.05
2004	7,145,000	3,355,000	-	-	10,500,000	0.98
2005	7,370,000	3,225,000	-	-	10,595,000	0.92
2006	6,935,000	3,095,000	2,250,000	77,982	12,357,982	1.07
2007	6,185,000	2,960,000	5,000,000	54,000	14,199,000	1.37
2008	5,510,000	2,820,000	4,850,002	72,714	13,252,714	1.37

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) On September 12, 1997 the City issued tax increment bonds for the Crossings at Halls Ferry Redevelopment Project. These bonds were refunded on March 1, 2005, when the City issued \$7,370,000 in TIF bonds to refund the prior bonds.
- (3) On October 3, 2002, the City issued certificates of participation of \$3,480,000 for the new aquatic facility known as the Splash at Wabash.
- (4) In September 2005, the City issued \$2,250,000 in variable rate capital improvement bonds. The purpose of the bonds is to finance the cost of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects. On September 1, 2006, the city issued an additional \$2,750,000.
- (5) Leases with Key Government Finance for the purchase of laptops and peripheral equipment for the police department.
- (6) See table entitled "Demographic and Economic Statistics" for personal income and population data.

**CITY OF FERGUSON, MISSOURI**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Certificates of Participation	Variable Rate Bonds	Total	Actual Taxable Value of Property (2)	Percentage of Actual Taxable Value of Property (2)	Per Capita (3)
1999	\$ -	\$ -	\$ -	-	-	-
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	3,480,000	-	3,480,000	0.46	155	
2004	3,355,000	-	3,355,000	0.43	150	
2005	3,225,000	-	3,225,000	0.42	144	
2006	3,095,000	2,250,000	5,345,000	0.63	239	
2007	2,960,000	5,000,000	7,960,000	0.93	355	
2008	2,820,000	4,850,000	7,670,000	0.88	336	

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) See table entitled Assessed and Actual Value of Property Tax for more information.
- (3) See table entitled Demographic and Economic Statistics for more information.

**CITY OF FERGUSON, MISSOURI**  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)  
 GENERAL OBLIGATION BONDED DEBT  
 JUNE 30, 2008

Name Of Governmental Unit	Debt Outstanding	Percentage Applicable To City Of Ferguson	Amount Applicable To City Of Ferguson
City of Ferguson	\$ -	100.00%	\$ -
St. Louis County	78,010,000	1.00	780,100
Ferguson-Florissant RII School District	12,005,000	20.10	<u>2,413,005</u>
Total Direct And Overlapping Debt			<u>\$ 3,193,105</u>

Source: Outstanding debt was obtained by contacting the taxing jurisdiction. The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

**CITY OF FERGUSON, MISSOURI**  
**LEGAL DEBT MARGIN INFORMATION**  
**JUNE 30, 2008**

Net Assessed Value	\$ <u>242,250,098</u>
Debt limit - 10% of assessed valuation*	\$ 24,225,010
Amount of debt applicable to debt limit:	
Total bonded debt	\$ -
Less assets in Debt Service Fund	- _____
Total Amount Of Debt Applicable To Debt Limit	- _____
Legal debt margin	\$ <u>24,225,010</u>
Prior fiscal year information:	
	2007
Debt limit	\$ 19,960,512
Total net debt applicable to limit	- _____
Legal debt margin	\$ <u>19,960,512</u>
Total net debt applicable to the limit as a percentage of debt limit	0.0%

\*Under Article VI, Sections 26(b) and 26(c) of the Missouri Constitution, the City by vote of 2/3 of the qualified electors thereof, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed 10% of the assessed valuation.

**CITY OF FERGUSON, MISSOURI**  
**PLEDGED REVENUE COVERAGE**  
**LAST FIVE FISCAL YEARS**

**TIF Refunding and Improvement Bonds (1)**

Fiscal Year	TIF Sales	TIF Property	Less	Net	Debt Service		Coverage
	Tax	Tax	Operating Expense	Available Revenue	Principal	Interest	
2004	\$ 452,887	\$ 259,775	\$ 12,680	\$ 699,982	\$ 215,000	\$ 557,225	0.91 %
2005	463,223	270,318	(18,623)	752,163	-	270,819	2.78
2006	616,483	452,804	34,482	1,034,805	435,000	345,356	1.33
2007	628,300	506,052	46,207	1,088,145	750,000	304,610	1.03
2008	628,300	506,052	46,207	1,088,145	675,000	292,480	1.03

**Note:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
 Operating expenses do not include interest, depreciation, or amortization expenses.

(1) TIF Revenue Bonds are backed by sales and property taxes in the Halls Ferry TIF area.

**CITY OF FERGUSON, MISSOURI**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1999	\$ 21,126	\$ 914,502	\$ 43,288	3.3 %
2000	22,406	1,072,508	47,867	3.0
2001	22,406	969,911	43,288	3.7
2002	22,406	934,285	41,698	4.9
2003	22,406	972,241	43,392	5.0
2004	22,406	1,010,533	45,101	5.1
2005	22,406	1,036,815	46,274	5.5
2006	22,406	1,063,772	47,477	5.1
2007	22,406	1,040,054	48,838	5.3
2008	22,406	1,122,715	50,108	5.1

**Source:**

Population and per capita personal income data for the City using the U.S. Census Bureau data for the area and Bureau of Economic Analysis for St. Louis County. Unemployment rate data was located using the U.S. Department of Labor, Bureau of Labor Statistics website.

**Note:**

Per capita personal income for year 2005 used consumer price index for midwest state as a percent of change from 2004.

**CITY OF FERGUSON, MISSOURI**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	2007/08 Fiscal Year			1997/98 Fiscal Year		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>	<u>Employees</u>	<u>Rank (1)</u>	<u>Percentage of Total City Employment (1)</u>
Emerson Electric	675	1	5.56	413		unknown
Walmart	300	2	2.47	unknown		unknown
Shop N Save - 2 stores	185	3	1.52	not opened		unknown
Sam's Club	170	4	1.40	unknown		unknown
Home Depot	154	5	1.27	150		unknown
Negwar Materials	120	6	0.99	70		unknown
Cracker Barrel	120	7	0.99	unknown		unknown
Walgreens - 3 stores	101	8	0.83	not opened		unknown
McDonalds Restaurant	60	9	0.49	60		unknown
McDonalds Restaurant	55	10	0.45	55		unknown
Circuit City				50		unknown
Shoe Carnival				30		unknown

(1) Information unavailable at this time.

Source: Business License database from Finance Department

**CITY OF FERGUSON, MISSOURI**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government:										
Legislative Department:										
Elected Officials	7	7	7	7	7	7	7	7	7	7
City Clerk	1	1	1	1	1	1	1	1	1	1
Administration Department	2	2	2	2	2	2	2	2	2	4
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	-	-	-	-	-	-	-	-	-	1
Finance Department	3	3	4	4	4	5	3	3	3	3
Public Works Administration	3	3	3	3	3	3	3	3	3	3
Community Development:										
Planning and Development	2	2	3	2	3	2	3	4	4	4
Public Safety:										
Municipal Court	3	3	3	3	4	3	3	3	3	3
Police Department:										
Commissioned officers	51	50	51	51	52	52	52	53	52	54
Civilians	8	10	10	10	10	10	10	13	11	11
Fire Department	25	24	24	24	24	24	24	24	27	27
Code Enforcement	5	5	7	7	7	7	5	5	7	6
Highways and Streets:										
Municipal Services (Streets)	13	13	13	13	13	12	12	12	12	16
Municipal Garage	3	3	3	3	3	3	3	3	3	3
Parks and Recreation	10	10	10	10	10	10	10	10	8	5
Total	<u>137</u>	<u>137</u>	<u>137</u>	<u>142</u>	<u>141</u>	<u>144</u>	<u>142</u>	<u>144</u>	<u>147</u>	<u>149</u>

Source: City of Ferguson, Missouri budget.

**CITY OF FERGUSON, MISSOURI**  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<u>Highways/Streets:</u>											
Miles of streets:	paved	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15
	unpaved	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85
Miles of alleys		0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Miles of sidewalks		41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52
Miles of sewers:	storm	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27
	sanitary	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59
Number of street lights		1,117	1,117	1,117	1,117	1,117	1,117	1,126	1,161	1,161	1,161
<u>Fire protection:</u>											
Number of stations		2	2	2	2	2	2	2	2	2	2
Fire hydrants		598	598	598	598	598	598	598	598	598	598
<u>Vehicles:</u>											
Pumpers		3	3	3	3	3	3	3	3	3	3
Pumper/Telesquirt		1	1	1	1	1	1	1	1	1	1
Rescue trucks		1	1	1	1	1	1	1	1	1	1
Foam truck		1	1	1	1	1	1	1	1	1	1
<u>Police protection:</u>											
Number of stations		1	1	1	1	1	1	1	1	1	1
<u>Parks and recreation:</u>											
Acres of parks		107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7
Number of parks		11	11	11	11	11	11	11	11	11	11

Source: Various departments of the City of Ferguson, Missouri.

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