
***CITY OF FERGUSON, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011***



*Report prepared and submitted by the
Department of Finance*

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Introductory Section



PRINCIPAL OFFICIALS

MAYOR

James W. Knowles III

COUNCIL MEMBERS

Mark Byrne

Fran Grecco

Dwayne T. James

Timothy A. Larson

Michael Salant

Kynan Crecelius

CITY MANAGER

John Shaw

ASSISTANT TO THE CITY MANAGER

Pamela Hylton

DIRECTOR OF FINANCE

Jeffrey Blume

DIRECTOR OF PARKS & RECREATION

Stan Kreidler

DIRECTOR OF PLANNING AND DEVELOPMENT

Rosalind Williams

DIRECTOR OF PUBLIC SAFETY

Thomas Jackson

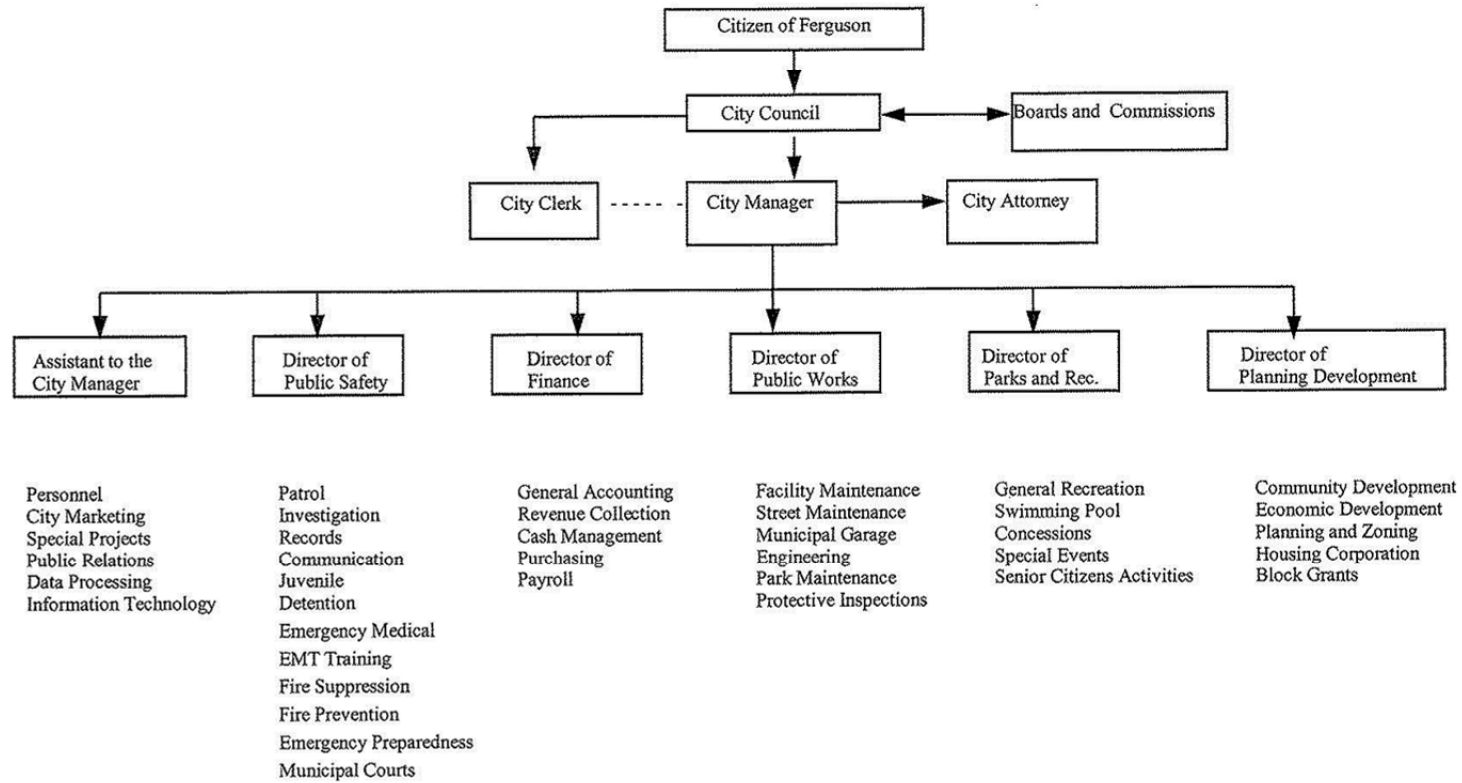
DIRECTOR OF PUBLIC WORKS

Terry O'Neil

CITY CLERK

Megan Asikainen

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, 2010

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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

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December 19, 2011

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, 2011. This year's comprehensive annual financial report (CAFR) is the ninth year that the City has presented its financial statements under the reporting model required by 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 Schowalter & Jabouri, P.C., 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, 2011, 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, 2011, 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.

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THE FINANCIAL REPORTING ENTITY

The City of Ferguson, Missouri, initially incorporated in 1894, is a suburban community located in North St. Louis County between two major interstate highways. Since 1954, the City has operated 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 three-year staggered terms, with three Council members elected in each of two years. The Mayor is elected, at large, to serve a three-year term, in the third year of the cycle.

The City of Ferguson, Missouri 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) is a political subdivision 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) is a not-for-profit corporation. It was established to assist in the rehabilitation and restoration of housing and residential properties in the City. The FNIP Board of Directors is appointed by the City Council. However, the City cannot "impose its will" on FNIP. It is not a component unit. Complete financial statements of FNIP may 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 about 7 square miles and serves a population of 21,203 [2010 census] residents, who are ideally located to commute to employment in downtown St. Louis or to any of the many nearby commercial areas. The world headquarters of Emerson Electric is located within the City.

The City of Ferguson is a mature city that has experienced considerable commercial and residential growth in past years. However, City development has slowed in recent years as the City has limited space 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 Club, 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 City's historic downtown business district. A pay-as-you-go Tax Increment Financing (TIF) district was established in September, 2002 to assist with

redevelopment of the downtown business district. TIF assistance may be useful in attracting 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 is in the process of transforming over 600 acres of vacant property adjacent to Lambert International Airport into a major 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. The development is already home to Express Scripts, Staples, Vatterott College and a Hilton Garden Inn.

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. As such, revenues are recorded when measurable and available and expenditures are recorded when the liability is incurred.

The annual operating budget serves as the foundation for the City of Ferguson, Missouri's 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 of Ferguson'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.

All governmental funds are appropriated. The single exception to this statement is the North Park Redevelopment TIF Fund (North Park) which earns less than \$1,000 per year in revenue and has no expenditures. Budget-to-actual comparisons are provided in this report for each individual governmental fund. For the General Fund and Parks Fund, this comparison is presented as required supplementary information. For all other governmental funds, except North Park, budget-to-actual comparisons are found in other supplementary information. Budgets are prepared on a basis consistent with GAAP.

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. These internal controls are subject to periodic evaluation by the City's management and staff. 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. For the fiscal year ended June 30, 2011, the City met the minimum threshold of the Single Audit Act. Accordingly; an audit in accordance with these provisions was performed.

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 project funds. The primary sources of financing these improvements include capital improvement sales tax, 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 up to ten years. 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 (1) \$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, (2) \$6,185,000 in TIF revenue bonds related to the Crossings at Halls Ferry redevelopment project, and (3) \$5,000,000 in variable rate bonds for infrastructure improvements. In addition, at year end, the City had two capital lease obligations outstanding. The first of these was for the lease of two fire trucks with an original issue cost of \$1,172,000. The second was for the lease of certain lighting equipment, with an original issue cost of \$507,000. Under the terms of each lease agreement, it is the City's intent to purchase the leased assets at the end of the lease.

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. For a number of years, the City had no actuarially required contribution and, accordingly, made no contribution. In each of the last four fiscal years, the City has made its actuarially required payments.

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, 2010. This was the twenty-fifth 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.

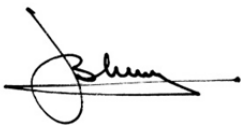
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it for GFOA certification.

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, we would like to acknowledge the assistance of our independent auditors, Schowalter & Jabouri, P.C. 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



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of and for the year ended June 30, 2011, 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 opinions on these financial statements based on our audit.

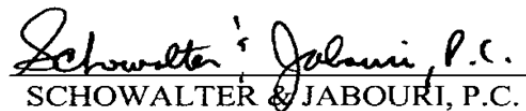
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of June 30, 2011, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding status and progress on pages 3 through 11 and 46 through 50, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ferguson, Missouri's financial statements as a whole. 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 financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 do not express an opinion or provide any assurance on them.


SCHOWALTER & JABOURI, P.C.

CITY OF FERGUSON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

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, 2011. 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 of the end of the current fiscal year, the City's assets exceeded its liabilities by \$24,094,027. This represents an increase of \$1,188,788. This increase is due primarily to revenues exceeding expenditures.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,074,125. This represents a decrease of \$246,649 in comparison to the prior year.
- The City's long-term debt decreased by \$1,295,234 (net) during the current fiscal year to \$10,749,862. This decrease is due substantially 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 that 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*. 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).

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

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.

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 function 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*.

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 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.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

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 supplemental 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 \$24,094,027 at June 30, 2011.

The second 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.

	Statement of Net Assets	
	Governmental Activities	
	2011	2010
Assets		
Current and other assets	\$ 17,253,529	\$ 16,634,127
Capital assets, net	19,288,417	18,917,791
Total Assets	36,541,946	35,551,918
Liabilities		
Other liabilities	1,364,690	986,987
Long-term liabilities	11,083,229	11,890,015
Total Liabilities	12,447,919	12,877,002
Net Assets		
Invested in capital assets, net of related debt	9,026,636	10,171,824
Restricted	4,508,823	4,167,465
Unrestricted	10,558,568	8,335,627
Total Net Assets	\$ 24,094,027	\$ 22,674,916

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

Governmental Activities

As a result of continued challenging economic circumstances, the City strongly attempts to budget and spend at a “break-even” or on a “balanced budget” basis at the governmental fund level, as evidenced by its fund balance statements on page 16 and its published budget. As previously described, on a government-wide basis, the City’s governmental activities include its transactions treated in a manner similar to a private sector business. A listing of these items is included on page 17.

On a government-wide basis, governmental activities resulted in the City’s net assets increasing by \$1,188,788. This increase arises principally from the recognition of repayment of debt principal as a reduction in long term assets.

On the whole, on a government-wide basis, the increase in net assets from governmental activities of \$1,188,788 for the fiscal year ended June 30, 2011 lagged behind that of the prior fiscal year of \$1,448,697 by \$259, 909. This smaller increase occurred because, while revenues increased by \$254,030 from 2010 to 2011, expenses also increased by \$513,939; an amount greater than the revenue increase.

The table on the following page and the following narrative illustrate key elements of this increase in net assets as a result of governmental activities.

- While total revenues increased \$254,030, this increase rests entirely on the inclusion of about \$465,000 of grant revenue from federal and state emergency management agencies for reimbursement of costs related to tornado damage; a unique event which occurred in April 2011. Otherwise, overall, general revenues from recurring sources such as taxes, charges for service, investment income and other services decreased about \$211,000. In particular:
 - Retail sales taxes decreased about \$210,000 and other retail related sales taxes decreased an additional \$20,000.
 - Overall, gross receipts taxes increased about \$140,000. This was entirely based on recognition of deferred revenues of about \$241,000, resulting from class action lawsuit settlement.
 - Donations decreased as a result of a one-time donation raising event in fiscal year 2010 related to the City’s construction of *Plaza at 501*. In this effort, over \$290,000 in donations were raised.
 - Property taxes decreased about \$74,000, due in large part to a single taxpayer’s value assessment appeal resulting in an approximately \$50,000 levy reduction.
- Expenses increased about \$514,000. In particular:
 - Full-time salary costs increased about \$100,000 resulting from an \$800 per employee wage increase.
 - Pension costs increased about \$218,000.
 - One time out-of-pocket costs of about \$160,000 were incurred through June 30, 2011 related to storm damage remediation.
 - Other costs decreased comparatively as the City continued to find cost savings while maintaining service levels.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

	Statement of Net Assets Governmental Activities		
	2011	2010	Difference
Revenues			
Program revenues:			
Charges for services	\$ 2,971,416	\$ 2,723,215	\$ 248,201
Capital grants	860,404	399,529	460,875
General revenues:			
Taxes	12,338,191	12,496,951	(158,760)
Investment income	140,273	113,766	26,507
Other revenue	121,109	443,902	(322,793)
Total Revenues	16,431,393	16,177,363	254,030
Expenses			
General government	1,447,325	1,696,105	(248,780)
Public safety	7,956,853	7,397,481	559,372
Highways and streets	3,238,956	2,838,959	399,997
Community development	575,041	679,624	(104,583)
Culture and recreation	1,436,866	1,452,228	(15,362)
Interest on long-term debt	587,564	664,269	(76,705)
Total Expenses	15,242,605	14,728,666	513,939
Change in net assets	1,188,788	1,448,697	(259,909)
Net assets, beginning of year, as previously stated	22,674,916	21,165,765	1,509,151
Correction for prior period adjustments	230,323	60,454	169,869
Net assets, beginning of year, as restated	22,905,239	21,226,219	1,679,020
Total Net Assets	\$ 24,094,027	\$ 22,674,916	\$ 1,419,111

Significant Changes in Net Assets

The majority of the \$1,188,788 increase in net assets is reflected in the payment of principal on outstanding debt of about \$1,392,000, which is not reflected as expense in the statement of activities.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

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.

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 June 30, 2011, the unassigned fund balance of the General Fund was \$8,445,015, and the total fund balance was \$8,869,814. The difference of \$424,799 represents nonspendable fund balance (prepaid items and inventory). As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 76% of total General Fund expenditures of \$11,739,798.

As a result of the City's operations, the total fund balance of the City's General Fund increased by \$380,328 or 4.5%, from 2010 to 2011. This change in the current year's fund balance is mainly attributable to:

- A transfer into the General Fund from the Parks Fund of about \$661,000
- The City's continued vigorous efforts to operate at break-even

Changes in fund balances for other governmental funds are described as follows:

- Total fund balance of the Parks Fund increased about \$138,000, substantially as a result of slightly lower capital outlay in fiscal year 2011.
- Total fund balance of the Capital Improvement Sales Tax Fund decreased about \$1,028,000 substantially as a result of timing differences. In particular, the fund incurred unreimbursed costs related to replacement of its Firehouse No. 1. These costs will be reimbursed by a transfer from the General Obligation Bond Fund upon sale of bonds.
- Total fund balance of the Downtown TIF Fund and the Sewer Lateral Fund increased about \$185,000 and \$85,000, respectively, substantially, as a result of lower expenditures.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

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.

Capital Assets

The City has invested, net of depreciation \$19,288,417 in a broad range of capital assets as of June 30, 2011. This investment in capital assets is summarized as follows.

	Capital Assets, Net of Depreciation	
	2011	2010
Land	\$ 2,190,954	\$ 1,841,262
Construction in progress	742,193	-
Buildings and other improvements	7,298,482	7,689,109
Machinery and equipment	680,829	600,908
Motor vehicles	2,364,277	2,307,981
Infrastructure	6,011,682	6,478,531
Total	\$ 19,288,417	\$ 18,917,791

Additional information regarding the City's capital assets may be found in Note 5 of the Notes to Financial Statements.

Long-Term Debt

At June 30, 2011, the City had outstanding long-term debt obligations for governmental activities in the amount of \$10,699,550 compared to \$12,091,349 in 2010. The net decrease in the City's long-term debt obligations is the result of the City making its scheduled debt service payments of \$1,241,799. In accordance with trust provisions, the City's trustee made additional principal payments on its TIF Bonds totaling \$150,000.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

The following summarizes the City's governmental activities debt:

	Outstanding Long-Term Debt Obligations	
	2011	2010
Tax Increment Revenue Bonds, Series 2005	\$ 3,305,000	\$ 4,000,000
Variable Rate Capital Improvement Bonds 2005	3,894,950	4,224,950
Certificates of Participation, Series 2002	2,385,000	2,535,000
Capital leases	1,114,600	1,331,399
Total	\$ 10,699,550	\$ 12,091,349

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

Significant Variances between Budgets and Actual Results

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

- Other income increased over budget as a result of recognition of storm related grant and insurance revenues of over \$380,000.
- Fire department expenditures lagged behind budget substantially as a result of two individuals on extended medical leave resulting from on-the-job injuries. In such cases, wages are substantially paid by workers compensation insurance.
- Streets department expenditures increased over budget as a result of over \$160,000 of storm related costs.
- The incurred expenditures of the Police, Fire, Streets, Culture and Recreation and Garage departments, all incurred greater than anticipated expenditures based in large part on additional wages resulting from storm damage and remediation activities.

In the Capital Improvements Sales Tax Fund, capital outlay expenditures exceeded budget as a result of the aforementioned Firehouse No. 1 related expenditures which were anticipated to be incurred in fiscal year 2012.

In the Downtown TIF Fund, unanticipated tax revenues of about \$50,000 caused tax revenues to exceed budget.

In the Halls Ferry TIF Fund, unanticipated additional principal payments made in accordance with the trustee indenture caused actual expenditures to exceed budget.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

Economic Factors and Next Year's Budget

Reviewing fiscal year 2010-2011 while looking ahead to the current 2011-2012 fiscal year, the City of Ferguson has continued to strengthen its position with conservative budgeting, a heightened focus on necessary capital improvements to the City's physical infrastructure and efforts to modernize critical City equipment and processes. These efforts have been and continue to be done, while maintaining a constant focus on economic development and the benefits it brings to the City. The financial condition of the City of Ferguson continues to be extremely strong and presently stable. This will prove helpful as the country and local economy continue to suffer from an extremely slow and anemic economic recovery.

The theme of the proposed fiscal year 2011-2012 budget can best be described as *continued 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.

These efforts will focus on development, while simultaneously maintaining personnel and, accordingly, service levels. In the face of static revenue sources, these efforts will undoubtedly result in some reserve consumption.

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.

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Basic Financial Statements

CITY OF FERGUSON, MISSOURI

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities
ASSETS	
Cash and investments	\$ 12,282,811
Taxes receivable:	
Sales	973,697
Property	288,410
Other	365,286
Accounts receivable	1,158,425
Prepaid items	298,410
Inventory	183,398
Bond issue costs	87,710
Cash and investments - restricted	1,282,015
Deferred outflows - interest rate swap	333,367
Capital assets - net:	
Nondepreciable	2,933,147
Depreciable	16,355,270
TOTAL ASSETS	36,541,946
LIABILITIES	
Accounts payable	548,115
Wages and benefits payable	253,505
Other liabilities	250,673
Accrued interest payable	125,182
Unearned revenue	187,215
Noncurrent liabilities:	
Due within one year	1,742,103
Due in more than one year	9,007,759
Derivative instrument liability - interest rate swap	333,367
TOTAL LIABILITIES	12,447,919
NET ASSETS	
Invested in capital assets, net of related debt	9,026,636
Restricted for:	
Capital projects	1,640,033
Debt service	1,331,710
Downtown TIF	833,648
Sewer lateral	703,432
Unrestricted	10,558,568
TOTAL NET ASSETS	\$ 24,094,027

CITY OF FERGUSON, MISSOURI

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Change in
			Contributions	Contributions	Net Assets
					Governmental
					Activities
Governmental Activities:					
General government	\$ 1,447,325	\$ 667,595	\$ -	\$ 712,044	\$ (67,686)
Public safety	7,956,853	1,653,964	-	-	(6,302,889)
Highways and streets	3,238,956	288,168	-	-	(2,950,788)
Community development	575,041	-	-	-	(575,041)
Culture and recreation	1,436,866	361,689	-	148,360	(926,817)
Interest and fiscal charges	587,564	-	-	-	(587,564)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 15,242,605	\$ 2,971,416	\$ -	\$ 860,404	(11,410,785)
Taxes:					
Sales					6,441,170
Utility					2,783,666
Property					1,983,472
Other					1,129,883
Investment income					140,273
Other revenue					121,109
TOTAL GENERAL REVENUES					12,599,573
CHANGE IN NET ASSETS					1,188,788
NET ASSETS - BEGINNING OF YEAR, RESTATED					22,905,239
NET ASSETS - END OF YEAR					\$ 24,094,027

CITY OF FERGUSON, MISSOURI

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	Parks Fund	Capital Improvements Sales Tax Fund	Other Governmental Funds	
ASSETS					
Cash and investments	\$ 7,840,965	\$ 881,740	\$ 2,522,846	\$ 1,037,260	\$ 12,282,811
Taxes receivable:					
Sales	581,771	186,797	175,545	29,584	973,697
Property	166,163	71,212	-	51,035	288,410
Other	365,286	-	-	-	365,286
Accounts receivable	862,516	1,908	185,367	108,634	1,158,425
Due (to) from other funds	(189,272)	169,617	(866,463)	886,118	-
Prepaid items	297,410	-	1,000	-	298,410
Inventory	127,389	-	56,009	-	183,398
Cash and investments - restricted	-	-	-	1,282,015	1,282,015
TOTAL ASSETS	\$ 10,052,228	\$ 1,311,274	\$ 2,074,304	\$ 3,394,646	\$ 16,832,452
LIABILITIES					
Accounts payable	\$ 216,312	\$ 15,803	\$ 292,963	\$ 23,037	\$ 548,115
Wages and benefits payable	231,505	22,000	-	-	253,505
Other liabilities	220,345	5,328	-	25,000	250,673
Deferred revenue	514,252	157,685	-	34,097	706,034
TOTAL LIABILITIES	1,182,414	200,816	292,963	82,134	1,758,327
FUND BALANCES:					
Nonspendable:					
Prepaid items	297,410	-	1,000	-	298,410
Inventory	127,389	-	56,009	-	183,398
Restricted for:					
Capital projects	-	-	1,724,332	-	1,724,332
Debt service	-	-	-	1,399,593	1,399,593
Downtown TIF	-	-	-	799,551	799,551
Sewer lateral	-	-	-	703,432	703,432
Assigned to:					
Parks	-	1,110,458	-	-	1,110,458
Special Business District	-	-	-	2,782	2,782
Capital projects	-	-	-	407,154	407,154
Unassigned	8,445,015	-	-	-	8,445,015
TOTAL FUND BALANCES	8,869,814	1,110,458	1,781,341	3,312,512	15,074,125
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,052,228	\$ 1,311,274	\$ 2,074,304	\$ 3,394,646	\$ 16,832,452

CITY OF FERGUSON, MISSOURI

**RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total Fund Balance - Governmental Funds	\$ 15,074,125
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	19,288,417
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Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	518,819
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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.	87,710
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Interest on long-term debt is accrued as a liability in the government-wide statement, but is not recognized in the governmental funds until due.	(125,182)
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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:

Net other post employment benefit obligation	(27,392)
Accrued compensated absences	(460,689)
Outstanding debt	<u>(10,261,781)</u>

Total Net Assets - Governmental Activities	<u>\$ 24,094,027</u>
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CITY OF FERGUSON, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Major funds			Nonmajor Funds	
	General Fund	Parks Fund	Capital Improvements Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 8,336,304	\$ 1,482,091	\$ 1,083,153	\$ 1,555,724	\$ 12,457,272
Licenses and permits	659,574	-	-	21,511	681,085
Charges for services	408,524	361,689	-	-	770,213
Fines and forfeitures	1,520,118	-	-	-	1,520,118
Investment income	57,288	6,660	38,039	38,286	140,273
Other income	455,882	179,018	284,964	176,189	1,096,053
TOTAL REVENUES	11,437,690	2,029,458	1,406,156	1,791,710	16,665,014
EXPENDITURES					
Current:					
General government	1,367,131	-	-	-	1,367,131
Public safety	7,640,050	-	-	-	7,640,050
Highways and streets	1,978,700	-	-	-	1,978,700
Community development	297,633	-	-	262,225	559,858
Culture and recreation	383,369	739,361	-	-	1,122,730
Capital outlay	72,915	200,639	1,702,693	358,450	2,334,697
Debt service:					
Principal, interest and fiscal charges	-	-	758,917	1,149,580	1,908,497
TOTAL EXPENDITURES	11,739,798	940,000	2,461,610	1,770,255	16,911,663
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(302,108)	1,089,458	(1,055,454)	21,455	(246,649)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	682,436	(951,402)	27,000	241,966	-
NET CHANGE IN FUND BALANCES	380,328	138,056	(1,028,454)	263,421	(246,649)
FUND BALANCES - BEGINNING OF YEAR, RESTATED	8,489,486	972,402	2,809,795	3,049,091	15,320,774
FUND BALANCES - END OF YEAR	\$ 8,869,814	\$ 1,110,458	\$ 1,781,341	\$ 3,312,512	\$ 15,074,125

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, 2011**

Net Change in Fund Balances - Governmental Funds \$ (246,649)

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

Revenues that do not provide current financial resources are not
included in the fund financial statements. (233,622)

Acquisition of capital assets requires the use of current financial
resources but has no effect on net assets. 1,810,106

The cost of capital assets is allocated over their estimated useful lives
and is reported as depreciation expense in the statement of activities. (1,439,480)

Governmental funds report cost of debt issuance, premiums and discounts.
These amounts are deferred and amortized in the statement of activities. (93,324)

Some expenses reported in the statement of activities do not require
use of current financial resources and, therefore, are not reported in
governmental funds. 12,758

Accrued compensated absences will not be satisfied using current
financial resources and, therefore, are not recorded as expenditures
in the fund statements. (12,800)

Repayment of principal on bonds and capital leases are expenditures in
the governmental funds and reduce long-term liabilities in the
statement of net assets. 1,391,799

Change in Net Assets - Governmental Activities \$ 1,188,788

CITY OF FERGUSON, MISSOURI

**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2011**

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ (99,613)	\$ 132,551
Investments:		
Common stock	8,604,925	-
Equity mutual funds	4,513,854	-
Money market mutual funds	724,745	-
Corporate obligations	2,876,805	-
U.S. Agency securities	2,927,714	-
U.S. Treasury notes	782,534	-
TOTAL ASSETS	<u>20,330,964</u>	<u>132,551</u>
 LIABILITIES		
Accounts payable	<u>-</u>	<u>132,551</u>
 NET ASSETS		
Held in trust for pension benefits	<u>\$ 20,330,964</u>	<u>\$ -</u>

CITY OF FERGUSON, MISSOURI

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Pension Trust Fund
ADDITIONS	
Contribution	\$ 317,969
Interest and dividends	497,191
Net appreciation in fair value of investments	3,249,406
TOTAL ADDITIONS	<u>4,064,566</u>
DEDUCTIONS	
Benefits paid	1,148,787
Administrative fees	52,226
TOTAL DEDUCTIONS	<u>1,201,013</u>
CHANGE IN NET ASSETS	2,863,553
NET ASSETS HELD IN TRUST - BEGINNING OF YEAR	<u>17,467,411</u>
NET ASSETS HELD IN TRUST - END OF YEAR	<u>\$ 20,330,964</u>

CITY OF FERGUSON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 on 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 on 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 requirements 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 no component units.

Related Organizations

The City provides limited finance related services to the Ferguson Municipal Public Library District (the “District”). In addition, the City Council appoints all of the members of the District's Board of Directors. The City's accountability for this entity does not extend beyond these responsibilities.

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 considered a related party. The FNIP Board of Directors is appointed by the City Council. The City's accountability for this entity does not extend beyond these responsibilities.

Neither organization is included as a component unit within the City's financial reporting entity.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements.

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, 2) operating grants and contributions and 3) capital grants and contributions. 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. All other governmental funds are reported in one column.

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 the modified accrual basis of accounting.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures 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).

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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 is also used to account for the 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 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 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.

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.

Agency Fund – The Agency Fund is used to account for monies received from private individuals for cash bonds.

C. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The City is authorized to invest in U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized bank certificates of deposit, bankers' acceptances issued by domestic commercial banks and commercial paper issued by domestic corporations. In addition, the Pension Trust Fund is authorized to invest in corporate bonds and stocks. Investments are recorded at fair value.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

D. RESTRICTED CASH AND INVESTMENTS

Cash and investments that are 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.

E. CAPITAL ASSETS

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. In general, 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 if purchased or constructed. Donated capital assets are recorded at the 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 the life of an asset are not capitalized.

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

<u>Assets</u>	<u>Years</u>
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 consist of expendable supplies held for consumption and are recorded as assets when purchased and expended when consumed. These inventories are stated at cost using the first-in, first out method.

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. The City has adopted the consumption method of accounting for prepaid items. That is, the asset is recorded when the payments to vendors are made, and the expenses are amortized in the appropriate accounting period.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

G. COMPENSATED ABSENCES

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 accrued. Compensatory time is available to all non-exempt employees at the rate of 1.5 hours for each overtime hour worked. Accrual of compensatory time is limited to a maximum of 240 hours, except that public safety, emergency response and seasonal employees are limited to a maximum of 480 hours. Upon termination, employees are paid for unused vacation and compensatory time. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of accrued sick leave is payable to the employee upon termination and, therefore, is not reflected as a liability. Employees had accumulated earned vacation and compensatory time aggregating \$460,689 at June 30, 2011, which has been recorded as a liability in the statement of net assets.

H. DEFERRED REVENUE

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Certain grants received before eligibility criteria have been met and payments received in advance for recreational activities are reported as deferred revenue. In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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 and deferred amounts on refunding. Debt issuance costs are reported as deferred charges.

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.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

J. ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2011, the City adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements for this statement are effective for periods beginning after June 15, 2010.

K. GOVERNMENTAL FUND BALANCES

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable – This consists of the governmental fund balances that are not in spendable form or are legally or contractually required to be maintained intact. The City's nonspendable fund balances as of June 30, 2011 consist of prepaid items and inventory.

Restricted – This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. At June 30, 2011, the City's restricted fund balances include amounts restricted for capital projects, debt service, Downtown TIF and sewer lateral.

Committed – This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City Council, the City's highest level of decision-making authority. The City has no committed fund balances as of June 30, 2011.

Assigned – This consists of the governmental fund balances that are intended to be used for specific purposes by the City Council or the Director of Finance. At June 30, 2011, the City's assigned fund balances include amounts assigned to parks, Special Business District and capital projects.

Unassigned – This consists of the governmental fund balances that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

L. NET ASSETS

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 and laws and regulations of other governments). All other net assets are considered unrestricted. 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.

M. 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 or services.

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 other funds" in the governmental fund financial statements.

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. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Based on management's analysis, no significant uncollectible amounts have been identified; therefore, no allowance for uncollectible accounts has been recorded.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 consist of the following:

Type	Amount
Deposits:	
Cash on hand	\$ 1,360
Demand deposits	688,044
Non-negotiable certificates of deposit	87,481
	<u>776,885</u>
Investments:	
Negotiable certificates of deposit	10,631,173
Money market mutual funds	292,602
U.S. Agency securities	1,996,717
	<u>12,920,492</u>
Pension Trust Fund:	
Deposits:	
Demand deposits	(99,613)
Investments:	
Common stock	8,604,925
Equity mutual funds	4,513,854
Money market mutual funds	724,745
Corporate notes and bonds	2,876,805
U.S. Agency securities	2,927,714
U.S. Treasury notes	782,534
	<u>20,330,964</u>
Total Deposits and Investments	<u><u>\$ 34,028,341</u></u>
 Reconciliation to the Financial Statements:	
Statement of Net Assets:	
Cash and investments	\$ 12,282,811
Cash and investments - restricted	1,282,015
Statement of Fiduciary Net Assets:	
Cash and investments - held by trustees	20,330,964
Cash and investments - restricted	132,551
	<u><u>\$ 34,028,341</u></u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized by the City's investment policy. Debt proceeds held by bond trustees are invested in accordance with the provisions of the trust indentures.

<u>Authorized Investments</u>	<u>City Policy Legal Limit</u>
United States Treasury securities	None
United States Agency securities	60%
United States Agency callable securities	30%
Repurchase agreements	50%
Money market mutual funds	None
Certificates of deposit	None
Commercial paper	30%
Bankers' acceptances	30%

Interest Rate Risk

The City's investment policy states that the City will minimize interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. Structuring the 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. Investing operating funds primarily in shorter-term securities.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Maturities of investments held at June 30, 2011 are as follows:

	Fair Value	Less Than One Year	1 - 5 Years	6 - 10 Years	11-15 Years	Credit Risk
Governmental Activities						
Negotiable certificates of deposit	\$ 10,631,173	\$ 1,148,219	\$ 9,482,954	\$ -	\$ -	N/A
Money market mutual funds	292,602	292,602	-	-	-	AAAm
Federal Home Loan Bank securities	1,147,236	-	1,147,236	-	-	AAA *
Federal National Mortgage Association securities	849,481	252,054	597,427	-	-	AAA *
Total Governmental Activities	\$ 12,920,492	\$ 1,692,875	\$ 11,227,617	\$ -	\$ -	
Pension Trust Fund						
Common stock	\$ 8,604,925	\$ 8,604,925	\$ -	\$ -	\$ -	N/A
Equity mutual funds	4,513,854	4,513,854	-	-	-	N/A
Money market mutual funds	724,745	724,745	-	-	-	AAAm
Corporate notes and bonds	106,787	-	106,787	-	-	AA
Corporate notes and bonds	941,438	-	540,328	401,110	-	A+
Corporate notes and bonds	1,425,993	-	714,580	711,413	-	A
Corporate notes and bonds	191,534	-	191,534	-	-	A-
Corporate notes and bonds	211,053	-	211,053	-	-	BBB
Federal Farm Credit Bank securities	813,212	-	664,566	148,646	-	AAA *
Federal Home Loan Bank securities	636,765	-	-	636,765	-	AAA *
Federal National Mortgage Association securities	251,963	-	251,963	-	-	AAA *
Government National Mortgage Association pool	1,225,774	-	-	429,233	796,541	AAA *
United States Treasury notes	782,534	-	-	782,534	-	AAA *
Total Pension Trust Fund	\$ 20,430,577	\$ 13,843,524	\$ 2,680,811	\$ 3,109,701	\$ 796,541	

* The credit quality ratings of these investments were downgraded by Standard & Poor's subsequent to June 30, 2011.

Credit Risk

The City's investment policy states that the City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

1. Pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business.
2. Diversifying the portfolio so that potential losses on individual securities will be minimized.

The credit quality ratings, as established by nationally recognized statistical rating organizations, of the City's investments as of June 30, 2011, are provided in the table above.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial credit risk by prequalifying institutions with which the City places investments, diversifying the investment portfolio and maintaining a standard of quality for investments.

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution or by a single collateral pool established by the financial institution. The City's policy requires a depository contract with each safekeeping bank that complies with the Financial Institutions Reform, Recovery and Enforcement Act of 1989. This will ensure the City's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed institution.

Concentration of Credit Risk

According to the City's investment policy, the City's investments will be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specified class of security. Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). At June 30, 2011, the Pension Trust Fund did not have any investments subject to this disclosure. Of the investments in governmental activities, the City held investments in the following issuers that were over 5% of total investments at the government-wide level:

Issuer	Amount	% of Total Investments
Federal Home Loan Bank	\$ 1,147,236	8.9%
Federal National Mortgage Association	849,481	6.6%

3. PROPERTY TAX

Property taxes are levied in November of each year based on the assessed value of all real and personal property located in the City as of the Previous January 1. Property taxes are due and collectible on December 31 and attach as an enforceable lien on property as of January 1. Assessed values are established by the St. Louis County Assessor, subject to review by the County's Board of Equalization. The total assessed valuation of the City at January 1, 2010, upon which the 2010 levy was based, for real, personal, and public utility property was \$219,691,831. The 2010 levy is collected in the City's 2011 fiscal year.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

The City is permitted by Missouri state statutes to levy taxes up to \$1 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. City ordinances limit the tax levy for general governmental services other than the payment of principal and interest on long-term debt to \$0.65 per \$100 of assessed valuation. The 2010 tax rates per \$100 of assessed value are as follows:

	<u>General Fund</u>	<u>Parks Fund</u>
Residential	\$.3760	\$.1640
Agricultural	.4270	.1820
Commercial	.3980	.1720
Personal Property	.4500	.1980

Property taxes are billed, collected and remitted to the City by St. Louis County.

4. INTERFUND BALANCES

Due (to) from other funds as of June 30, 2011 are as follows:

	<u>Due From</u>	<u>Due To</u>	<u>Net Due (To) From</u>
General Fund	\$1,139,522	\$1,328,794	\$(189,272)
Parks Fund	259,990	90,373	169,617
Capital Improvements Fund	13,500	879,963	(866,463)
Nonmajor Governmental Funds	<u>1,263,044</u>	<u>376,926</u>	<u>886,118</u>
Totals	<u>\$2,676,056</u>	<u>\$2,676,056</u>	<u>\$ - -</u>

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

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

The following transfers were made during the fiscal year ended June 30, 2011:

Fund	Transfers In	Transfers Out	Net Transfers In (Out)
General Fund	\$ 682,436	\$ -	\$ 682,436
Parks Fund	-	951,402	(951,402)
Capital Improvement Sales Tax	27,000	-	27,000
Nonmajor Governmental Funds	341,802	99,836	241,966
Totals	<u>\$ 1,051,238</u>	<u>\$ 1,051,238</u>	<u>\$ -</u>

Transfers were made for the following purposes:

Expending Fund	Recipient Fund	Purpose
Parks, Sewer Lateral and Halls Ferry TIF	General	Cost of services provided by the recipient fund
Parks	Splash at Wabash	Debt service
Downtown TIF	Special Business District	Underwrite activities
Parks	Capital Improvement Sales Tax	Cost of common fleet purchases

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

5. CAPITAL ASSETS

For the year ended June 30, 2011, capital asset activity was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,841,262	\$ 349,692	\$ -	\$ 2,190,954
Construction in progress	-	742,193	-	742,193
Total Capital Assets, Not Being Depreciated	1,841,262	1,091,885	-	2,933,147
Capital Assets, Being Depreciated:				
Buildings and improvements	13,253,256	165,652	-	13,418,908
Machinery and equipment	1,384,017	223,681	-	1,607,698
Motor vehicles	4,609,858	328,888	50,118	4,888,628
Infrastructure	10,351,124	-	-	10,351,124
Total Capital Assets, Being Depreciated	29,598,255	718,221	50,118	30,266,358
Less - Accumulated Depreciation For:				
Buildings and improvements	5,564,147	556,279	-	6,120,426
Machinery and equipment	783,109	143,760	-	926,869
Motor vehicles	2,301,877	272,592	50,118	2,524,351
Infrastructure	3,872,593	466,849	-	4,339,442
Total Accumulated Depreciation	12,521,726	1,439,480	50,118	13,911,088
Total Capital Assets, Being Depreciated, Net	17,076,529	(721,259)	-	16,355,270
Total Governmental Activities	\$ 18,917,791	\$ 370,626	\$ -	\$ 19,288,417

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

Governmental Activities:	
General government	\$ 79,552
Public safety	293,963
Highways and streets	756,859
Culture and recreation	309,106
Total depreciation expense - governmental activities	<u>\$ 1,439,480</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

6. LONG-TERM DEBT

Changes in the City's long-term debt, for the year ended June 30, 2011, are as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Amounts Due Within One Year
Governmental Activities:					
Tax Increment Revenue Bonds	\$ 4,000,000	\$ -	\$ (695,000)	\$ 3,305,000	\$ 560,000
Variable Rate Capital Improvement Bonds	4,224,950	-	(330,000)	3,894,950	345,000
Certificates of Participation	2,535,000	-	(150,000)	2,385,000	155,000
Less: Deferred amount:					
Issuance discounts	(36,759)	-	3,683	(33,076)	-
Refunding	(475,074)	-	70,381	(404,693)	-
Total Bonds and Certificates	10,248,117	-	(1,100,936)	9,147,181	1,060,000
Capital leases payable	1,331,399	-	(216,799)	1,114,600	221,414
Net OPEB obligation	17,691	9,701	-	27,392	-
Compensated absences payable *	447,889	501,016	(488,216)	460,689	460,689
Total Governmental Activities	\$ 12,045,096	\$ 510,717	\$ (1,805,951)	\$ 10,749,862	\$ 1,742,103

* The balance of compensated absences payable at the beginning of the year was restated as described in Note 13.

The Tax Increment Revenue Bonds are being repaid from the Halls Ferry TIF Fund. The Variable Rate Capital Improvement Bonds are being repaid from the Capital Improvement Sales Tax Fund. The Certificates of Participation are being repaid from the Splash at Wabash Pool Project Fund. Capital leases are payable from the Capital Improvement Sales Tax Fund. Compensated absences are generally payable from the fund to which the employee is assigned.

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. On September 1, 2006, the City issued \$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%. See "Derivative Instrument – Interest Rate Swap" for more information.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Maturities required on these bonds as of June 30, 2011 are as follows:

	Principal	Interest	Total
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	244,950	5,003	249,953
Total	<u>\$ 3,894,950</u>	<u>\$ 836,259</u>	<u>\$ 4,731,209</u>

Tax Increment Revenue Bonds - Series 2005

On September 12, 1997, the City issued \$8,385,000 in Tax Increment Revenue Bonds, Series 1997, 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, Series 2005, to refund the Series 1997 bonds. 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 Series 1997 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 2.8% percent to 5.0%. The trust indenture requires a reserve balance of \$737,000. The actual balance of the reserve fund was \$745,744 at June 30, 2011.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Maturities required on these bonds as of June 30, 2011 are as follows:

	Principal	Interest	Total
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	225,000	43,500	268,500
Total	<u>\$ 3,305,000</u>	<u>\$ 857,770</u>	<u>\$ 4,162,770</u>

Certificates of Participation - Series 2002

On October 1, 2002, the City issued \$3,480,000 in Certificates of Participation, Series 2002, to finance the construction of the new aquatic facility, "Splash at Wabash." Interest rates range from 2.0% to 5.0%. The trust indenture requires a reserve balance of \$275,570. The actual balance of the reserve fund was \$278,631 at June 30, 2011.

Maturities required on these certificates as of June 30, 2011 are as follows:

	Principal	Interest	Total
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
Total	<u>\$ 2,385,000</u>	<u>\$ 747,862</u>	<u>\$ 3,132,862</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Capital Leases

In April 2008, the City entered into a lease/purchase agreement with First Municipal Leasing Corporation (FMLC) to finance the purchase of two fire trucks. The equipment was recorded as a capital asset in the Governmental Activities at a cost of \$1,171,967 and has accumulated depreciation of \$146,496 as of June 30, 2011. The lease is recorded in the government-wide statement of net assets and is serviced by the Capital Improvement Sales Tax Fund. Payments are made quarterly and include principal and interest.

In September 2008, the City entered into a lease/purchase agreement with Cafco Leasing (Cafco) to finance the purchase of streetlights. The equipment was recorded as a capital asset in the Governmental Activities at a cost of \$506,500 and has accumulated depreciation of \$84,417 as of June 30, 2011. The lease is recorded in the government-wide statement of net assets and is serviced by the Capital Improvement Sales Tax Fund.

The following is a summary of the City's capital lease agreements as of June 30, 2011:

Lessor	Interest Rate	Maturity	Annual Payment	Balance
FMLC	3.55%	December 2017	\$ 146,624	\$ 847,749
Cafco	4.38%	September 2013	113,898	266,952

As of June 30, 2011, future minimum lease payments under the capital leases described above are as follows:

Year Ending June 30,	Amount
2012	\$ 260,522
2013	260,522
2014	203,572
2015	146,624
2016	146,624
Thereafter	219,954
Total minimum lease payments	\$ 1,237,818
Portion representing interest	(123,117)
Net present value	<u>\$ 1,114,701</u>

Derivative Instrument – Interest Rate Swap

The City has entered into a pay-fixed, receive-variable interest rate swap.

- (1) *Objective of the swap.* In an effort to lower its borrowing costs, the City entered into an interest rate swap in connection with the \$5,000,000 Series 2005 and Series 2006 variable rate capital improvement bonds. The swap is intended to hedge exposure to interest rate risk.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

			Fair Value at	
			June 30, 2011	
			Classification	Amount
			Classification	Amount
Governmental Activities				
Cash Flow Hedge:				
Pay-Fixed Interest	Deferred		Derivative	
Rate Swap	Outflows	\$ (52,018)	Instrument	
			Liability	\$ (333,387)

- (2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City's hedging derivative instrument outstanding as of June 30, 2011, are as shown below. The notional amount of the swap matches the principal amounts of the associated debt. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category. Under the swap, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR).

Associated Bond Issue	Notional Amounts	Effective Date	Terms	Fair Values	Termi- nation Date	Counter- party Credit Rating
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Hedging Instruments

Governmental Activities	\$3,895,000	09/01/05	Pay 3.995%; Receive 60.938% of LIBOR plus 1%	\$ (333,387)	09/01/20	A2
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- (3) *Credit Risk.* At June 30, 2011, the City is not exposed to credit risk on the interest rate swap because it is in a negative fair value or liability position. However, if interest rates change and the fair value becomes positive, the government would have exposure to credit risk in the amount of the derivative's positive fair value.
- (4) *Basis Risk.* The City is not exposed to basis risk on the pay-fixed, receivable-variable interest rate swap because the variable-rate interest payments received by the City from the counterparty and the City's variable-rate bonds interest payment are both based on the LIBOR index.
- (5) *Interest Rate Risk.* The City is exposed to interest rate risk on the interest rate swap. In regards to the pay-fixed, receive-variable swap, as the LIBOR swap index decreases, the City's net payment on the swap increases.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

- (6) *Termination Risk.* The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If terminated, the variable rate bonds' interest rate risk would no longer be effectively hedged. In addition, if at the time of the termination, the swap has a negative fair value (i.e., in a liability position), the City would be liable to the counterparty for a payment equal to the swap's fair value or liability amount.
- (7) *Rollover risk.* The City is not exposed to rollover risk because the maturity dates for the hedged variable-rate bonds and the interest rate swap agreement are the same.

7. DEFERRED COMPENSATION PLAN

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 options 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.

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 UMB Bank NA. The Plan does not issue a separate stand-alone financial report. The Plan's financial information is included as a Pension Trust Fund in the City's financial statements and is accounted for on the accrual basis of accounting. Investments are reported at fair value. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Employees become eligible for full benefits under the Plan upon retirement following a) the participant's 60th birthday and completion of eight years of credited service with the City or b) the participant's 55th birthday and the sum of the participant's age and years of credited service with the City total at least 82 ½. The Plan permits early retirement when the employee has reached age 55 and completed eight years of credited service, with a benefit reduction of 0.25% for each month that the early retirement date precedes the

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

normal retirement date, which is considered to be when the employee has reached age 60 and completed eight years of credit service. Unused sick leave is added to credited service. Participants are fully vested after eight years of credited service; the Plan does not provide for partial vesting.

Benefits under the Plan are established by ordinance. An employee eligible for full benefits is entitled to a monthly payment of 1.75% of his or her average monthly salary multiplied by the number of years and fractions thereof of credited service. Average monthly salary, for the purpose of computing benefits, is the employee's salary during any 60 out of the last 96 calendar months of employment prior to termination or retirement which yield the highest average. For hourly employees, average monthly salary is computed as the employee's regular hourly rate multiplied by the number of established regular work hours in a year divided by 12.

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 in the same manner as pension benefits, with a minimum benefit of \$450 per month, payable until the earlier of death or recovery.

The payroll for employees covered by the Plan for the year ended June 30, 2011 was \$5,978,521; the City's total payroll was \$7,256,646. At July 1, 2010, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	128
Retired participants	66
Terminated vested participants	17
Disabled participants	9
Beneficiaries	<u>11</u>
Total Plan Participants	<u>231</u>

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 provide the Plan with assets sufficient to pay pension benefit obligations as they become due. The Plan has no unfunded prior service cost required to be covered by the annual contribution. Administrative costs are paid with Plan assets.

Annual contributions are computed using the entry age normal actuarial cost method, assuming 7.5% rate of return on Plan assets and 4% annual salary increases due to inflation, and using the 1983 Group Annuity Mortality Table. Benefits are not increased for inflation. The unfunded actuarial accrued liability is amortized as a level percentage of pay over an open period of 10 years. The actuarial value of Plan assets is based on a five year smoothed market value.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

For the year ended June 30, 2011, the annual pension cost of \$317,969 was equal to the required and actual contributions.

Three Year Trend Information

Fiscal Year Ended June 30,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2011	\$ 317,969	100%	-
2010	107,526	100%	-
2009	35,495	100%	-

Funded Status - As of July 1, 2010, the most recent actuarial valuation available, the Plan was 100% funded. The actuarial accrued liability (AAL) for benefits was \$20,254,008, and the actuarial value of assets was \$20,296,557, resulting in assets in excess of the AAL of \$42,549. The covered payroll (annual payroll of active employees covered by the plan) was \$5,978,521, and the ratio of assets in excess of the AAL to the covered payroll was 1%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description and Provisions - The City of Ferguson is a single-employer other post-employment plan that provides its retirees with access to healthcare (medical and dental). The retiree must pay the full premium of such coverage, but the employer is responsible for any implicit subsidy arising from actual claims being higher than premium amounts. Employees become eligible for other post-employment benefits on the first day of the month or next following their retirement or disability. The Plan does not issue a separate stand-alone financial report. Benefits under the Plan are established by ordinance and may be changed by the passage of an ordinance. The City funds these benefits on a pay as you go basis.

At July 1, 2009, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	133
Retirees and beneficiaries currently receiving benefits	<u>10</u>
Total Plan Participants	<u>143</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Bi-annual valuations are performed using the Entry Age Normal Actuarial Cost Method, with a 30 year level dollar amortization, assuming 4% rate of return, 4% annual salary increases, 4% inflation rate and using the 1983 Group Annuity Mortality Table. The initial health care cost trend rate is 10%, with an ultimate rate of 5%.

Net OPEB Obligation

The City's annual other post employment benefit cost of the current plan year is as follows:

Annual required contribution	\$ 26,477
Interest on net benefit plan obligation	708
Adjustment to annual required contribution	-
Annual benefit plan cost	27,185
Contributions made	(17,484)
Increase in net benefit plan obligation	9,701
Net OPEB obligation - beginning of year	17,691
Net OPEB obligation - end of year	<u>\$ 27,392</u>

Trend Information - Other Post Employment Benefits

The City's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB plan, and the net OPEB obligation for the current and two preceding years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contribution	Net OPEB Obligation
2011	\$ 27,185	64%	\$ 27,392
2010	23,951	67%	17,691
2009	23,198	58%	9,828

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation available, the Plan was 0% funded. The actuarial accrued liability for benefits was \$240,892, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$240,892. The covered payroll (annual payroll of active employees covered by the plan) was \$5,936,682, and the ratio of the UAAL to the covered payroll was 4.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as RSI following the notes to the financial statements.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

10. 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 called St. Louis Area Insurance Trust or 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 administer the trust including processing claims filed.

The City purchases commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2011, expenditures exceeded appropriations in the following departments (the legal level of budgetary control):

	Budgeted		Expenditures
	Appropriation	Expenditures	In Excess of Budget
General Fund:			
General government:			
City Council and clerk	\$ 122,100	\$ 124,515	\$ (2,415)
City Manager's office	244,000	244,696	(696)
Municipal buildings	183,100	186,674	(3,574)
Highways and streets:			
Streets	919,400	1,074,196	(154,796)
Municipal garage	721,600	737,036	(15,436)
Capital Improvements Sales Tax Fund	1,973,200	2,461,610	(488,410)
Downtown TIF Redevelopment	388,400	401,341	(12,941)
Halls Ferry TIF	863,900	885,777	(21,877)
Splash at Wabash Pool Project	263,800	263,803	(3)

12. 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, 2011.
- 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, 2011.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

13. PRIOR PERIOD ADJUSTMENT

Interest Rate Swap – In prior years, the fair value of the City’s interest rate swap was reported as an investment of the Capital Improvement Sales Tax Fund and changes in the fair value of the swap were included in investment income. However, the swap should only be reported in the government-wide statement of net assets and not at the governmental fund level. In addition, the interest rate swap is an effectively hedged derivative instrument, as defined in GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments,” and therefore, the changes in the fair value of the swap are deferred.

Compensated Absences – Management has determined that unused compensatory time, personal leave and bonus leave should be accrued as a liability in the statement of net assets, since these amounts would be paid to employees upon termination. In prior years, earned but unused compensatory, personal leave and bonus leave were not reported in the financial statements.

These changes had the following effects on beginning fund balances and net assets:

Capital Improvement Sales Tax Fund:

Fund Balance - Beginning of Year, as previously reported	\$ 2,424,390
Remove interest rate swap	<u>385,405</u>
Fund Balance - Beginning of Year, restated	<u><u>\$ 2,809,795</u></u>

Governmental Activities:

Net Assets - Beginning of Year, as previously reported	\$22,674,916
Record changes in fair value of interest rate swap as a deferred outflow	385,405
Record unused comp time and bonus/personal leave as a liability	<u>(155,082)</u>
Net Assets - Beginning of Year, restated	<u><u>\$22,905,239</u></u>

14. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 19, 2011, the date the financial statements were available to be issued.

Subsequent to year end, the City issued \$8,000,000 General Obligation Bonds, Series 2011. The bonds were issued for the purpose of constructing, furnishing, and equipping a new fire station and acquiring any land necessary therefore. The bonds are dated September 15, 2011 and are scheduled to mature in varying amounts through March 1, 2031. Interest rates on the bonds range from 2.0% to 3.375%.

Required Supplementary Information

CITY OF FERGUSON, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 8,221,200	\$ 8,356,100	\$ 8,336,304	\$ (19,796)
Licenses and permits	648,700	652,900	659,574	6,674
Charges for service	342,100	410,400	408,524	(1,876)
Fines and forfeitures	1,786,800	1,545,300	1,520,118	(25,182)
Investment income	56,000	57,200	57,288	88
Other income	48,400	95,100	455,882	360,782
TOTAL REVENUES	11,103,200	11,117,000	11,437,690	320,690
EXPENDITURES				
Current:				
General government:				
City Council and clerk	124,000	122,100	124,515	(2,415)
City Manager's office	284,400	244,000	244,696	(696)
Human resources	399,200	88,400	85,898	2,502
City-wide expenses	353,300	324,300	306,992	17,308
Municipal buildings	164,300	183,100	186,674	(3,574)
Information technology	103,300	103,600	99,461	4,139
Finance	321,300	328,500	318,895	9,605
Public safety:				
Municipal court	280,700	254,800	253,570	1,230
Code enforcement	352,000	356,400	345,885	10,515
Police	4,740,400	4,776,800	4,737,744	39,056
Fire	2,405,400	2,432,600	2,302,851	129,749
Highways and streets:				
Streets	938,400	919,400	1,074,196	(154,796)
Municipal garage	772,200	721,600	737,036	(15,436)
Public works administration	200,400	179,000	167,468	11,532
Community development	286,200	317,800	297,633	20,167
Culture and recreation	464,700	448,200	383,369	64,831
Capital outlay	81,000	81,000	72,915	8,085
TOTAL EXPENDITURES	12,271,200	11,881,600	11,739,798	141,802
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,168,000)	(764,600)	(302,108)	462,492
OTHER FINANCING SOURCES				
Transfers in	756,500	743,900	682,436	(61,464)
CHANGE IN FUND BALANCE	\$ (411,500)	\$ (20,700)	380,328	\$ 401,028
FUND BALANCE - BEGINNING OF YEAR			8,489,486	
FUND BALANCE - END OF YEAR			\$ 8,869,814	

CITY OF FERGUSON, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARKS FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,547,800	\$ 1,472,300	\$ 1,482,091	\$ 9,791
Charges for service	350,600	364,900	361,689	(3,211)
Investment income	4,000	8,500	6,660	(1,840)
Other income	173,100	187,600	179,018	(8,582)
TOTAL REVENUES	2,075,500	2,033,300	2,029,458	(3,842)
EXPENDITURES				
Current:				
Culture and recreation	775,000	789,100	739,361	49,739
Capital outlay	227,500	207,600	200,639	6,961
TOTAL EXPENDITURES	1,002,500	996,700	940,000	56,700
EXCESS OF REVENUE OVER EXPENDITURES	1,073,000	1,036,600	1,089,458	52,858
OTHER FINANCING USES				
Transfers out	(1,058,100)	(1,038,300)	(951,402)	86,898
CHANGE IN FUND BALANCE	\$ 14,900	\$ (1,700)	138,056	\$ 139,756
FUND BALANCE - BEGINNING OF YEAR			972,402	
FUND BALANCE - END OF YEAR			\$ 1,110,458	

CITY OF FERGUSON, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING STATUS AND PROGRESS - PENSION TRUST FUND
LAST TEN FISCAL YEARS**

SCHEDULE OF FUNDING PROGRESS

Valuation Date 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
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	61.6
2008	21,600,485	18,575,389	3,025,096	116.3	6,011,092	50.3
2009	20,489,365	19,215,789	1,273,576	106.6	5,936,682	21.5
2010	20,296,557	20,254,008	42,549	100.2	5,978,521	0.7

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.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contributed
2002	\$ -	\$ -	N/A
2003	-	-	N/A
2004	-	-	N/A
2005	-	-	N/A
2006	-	-	N/A
2007	-	-	N/A
2008	7,075	7,075	100%
2009	35,495	35,495	100%
2010	107,526	107,526	100%
2011	317,969	317,969	100%

CITY OF FERGUSON, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING STATUS AND PROGRESS -
OTHER POST EMPLOYMENT BENEFITS**

SCHEDULE OF FUNDING PROGRESS

Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfund AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as of Percentage of Covered Payroll
--------------------------------------	--	--	----------------------------------	-------------------------	---------------------------------------	---

2009 \$ - \$ 240,892 \$ 240,892 - % \$ 6,082,657 4.0 %

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 entities.

Note: Fiscal year ending June 30, 2009 was the first year the City implemented GASB Statement No. 45. Information for prior years is not available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contributed
2009	\$ 23,198	\$ 13,370	58 %
2010	24,126	16,088	67
2011	26,477	17,484	66

Note: Since the City does not accumulate assets to pay other post retirement benefits the Employer contribution is an estimate of the implicit subsidy.

CITY OF FERGUSON, MISSOURI

REQUIRED SUPPLEMENTAL INFORMATION NOTE TO BUDGETARY COMPARISON INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets are prepared on a basis consistent with GAAP. Annual budgets are adopted for all governmental funds except 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.

Before May 1, the proposed budget is submitted to the City Council for review. The City Council holds multiple work sessions and at least one public hearing and may add to, subtract from, or change appropriations. Prior to June 30 of each year, the City Council passes a resolution to adopt 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. 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.

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Other Supplementary Information

CITY OF FERGUSON, MISSOURI

**COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Funds			Capital Projects Fund	Debt Service Funds			Total
	Special Business District	Downtown TIF Redevelopment	Sewer Lateral	Local Improvement	Halls Ferry TIF	Splash At Wabash Pool Project	North Park Redevelopment TIF	Non-major Governmental Funds
ASSETS								
Cash and investments	\$ 300	\$ -	\$ 837,248	\$ 199,712	\$ -	\$ -	\$ -	\$ 1,037,260
Taxes receivable:								
Sales	-	29,584	-	-	-	-	-	29,584
Property	-	51,035	-	-	-	-	-	51,035
Accounts receivable	-	361	-	-	108,273	-	-	108,634
Due (to) from other funds	9,426	752,668	(93,723)	207,442	-	9,780	525	886,118
Cash and investments - restricted	-	-	-	-	991,276	290,739	-	1,282,015
TOTAL ASSETS	\$ 9,726	\$ 833,648	\$ 743,525	\$ 407,154	\$ 1,099,549	\$ 300,519	\$ 525	\$ 3,394,646
LIABILITIES								
Accounts payable	\$ 6,944	\$ -	\$ 15,093	\$ -	\$ 1,000	\$ -	\$ -	\$ 23,037
Other liabilities	-	-	25,000	-	-	-	-	25,000
Deferred revenue	-	34,097	-	-	-	-	-	34,097
TOTAL LIABILITIES	6,944	34,097	40,093	-	1,000	-	-	82,134
FUND BALANCES								
Restricted for:								
Debt service	-	-	-	-	1,098,549	300,519	525	1,399,593
Downtown TIF	-	799,551	-	-	-	-	-	799,551
Sewer lateral	-	-	703,432	-	-	-	-	703,432
Assigned to:								
Special Business District	2,782	-	-	-	-	-	-	2,782
Capital projects	-	-	-	407,154	-	-	-	407,154
TOTAL FUND BALANCES	2,782	799,551	703,432	407,154	1,098,549	300,519	525	3,312,512
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,726	\$ 833,648	\$ 743,525	\$ 407,154	\$ 1,099,549	\$ 300,519	\$ 525	\$ 3,394,646

CITY OF FERGUSON, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			Capital Projects Fund	Debt Service Funds			Total Nonmajor Governmental Funds
	Special Business District	Downtown TIF Redevelopment	Sewer Lateral	Local Improvement	Halls Ferry TIF	Splash At Wabash Pool Project	North Park Redevelopment TIF	
REVENUES								
Taxes	\$ -	\$ 502,799	\$ 191,229	\$ -	\$ 861,682	\$ -	\$ 14	\$ 1,555,724
Licenses and permits	21,511	-	-	-	-	-	-	21,511
Investment income	-	195	10,181	4,528	17,369	6,013	-	38,286
Other income	13,381	161,108	1,700	-	-	-	-	176,189
TOTAL REVENUES	34,892	664,102	203,110	4,528	879,051	6,013	14	1,791,710
EXPENDITURES								
Current:								
Community development	97,270	56,460	108,495	-	-	-	-	262,225
Capital outlay	13,569	344,881	-	-	-	-	-	358,450
Debt service:								
Principal, interest and fiscal charges	-	-	-	-	885,777	263,803	-	1,149,580
TOTAL EXPENDITURES	110,839	401,341	108,495	-	885,777	263,803	-	1,770,255
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(75,947)	262,761	94,615	4,528	(6,726)	(257,790)	14	21,455
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	78,000	(78,000)	(10,000)	-	(11,836)	263,802	-	241,966
CHANGE IN FUND BALANCE	2,053	184,761	84,615	4,528	(18,562)	6,012	14	263,421
FUND BALANCES - BEGINNING OF YEAR	729	614,790	618,817	402,626	1,117,111	294,507	511	3,049,091
FUND BALANCES - END OF YEAR	\$ 2,782	\$ 799,551	\$ 703,432	\$ 407,154	\$ 1,098,549	\$ 300,519	\$ 525	\$ 3,312,512

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, 2011**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,132,500	\$ 1,061,900	\$ 1,083,153	\$ 21,253
Investment income	60,000	61,400	38,039	(23,361)
Other income	250,000	193,700	284,964	91,264
TOTAL REVENUES	<u>1,442,500</u>	<u>1,317,000</u>	<u>1,406,156</u>	<u>89,156</u>
EXPENDITURES				
Capital outlay	1,449,400	1,210,500	1,702,693	(492,193)
Debt service:				
Principal, interest and fiscal charges	762,700	762,700	758,917	3,783
TOTAL EXPENDITURES	<u>2,212,100</u>	<u>1,973,200</u>	<u>2,461,610</u>	<u>(488,410)</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(769,600)	(656,200)	(1,055,454)	(399,254)
OTHER FINANCING SOURCES				
Transfers in	62,000	57,000	27,000	(30,000)
CHANGE IN FUND BALANCE	<u>\$ (707,600)</u>	<u>\$ (599,200)</u>	(1,028,454)	<u>\$ (429,254)</u>
FUND BALANCE - BEGINNING OF YEAR, RESTATED			<u>2,809,795</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,781,341</u>	

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, 2011**

	Budget			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Licenses and permits	\$ 23,300	\$ 23,900	\$ 21,511	\$ (2,389)
Other income	7,300	3,500	13,381	9,881
TOTAL REVENUES	30,600	27,400	34,892	7,492
EXPENDITURES				
Current:				
Community development	125,100	123,200	97,270	25,930
Capital outlay	-	-	13,569	(13,569)
TOTAL EXPENDITURES	125,100	123,200	110,839	12,361
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(94,500)	(95,800)	(75,947)	19,853
OTHER FINANCING SOURCES				
Transfers in	94,500	95,100	78,000	(17,100)
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (700)</u>	2,053	<u>\$ 2,753</u>
FUND BALANCE - BEGINNING OF YEAR			<u>729</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,782</u>	

CITY OF FERGUSON, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN TIF REDEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budget			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 552,300	\$ 452,600	\$ 502,799	\$ 50,199
Investment income	1,500	15,100	195	(14,905)
Other income	-	161,000	161,108	108
TOTAL REVENUES	553,800	628,700	664,102	35,402
EXPENDITURES				
Current:				
Community development	355,000	61,900	56,460	5,440
Capital outlay	50,000	326,500	344,881	(18,381)
TOTAL EXPENDITURES	405,000	388,400	401,341	(12,941)
EXCESS OF REVENUES OVER EXPENDITURES	148,800	240,300	262,761	22,461
OTHER FINANCING USES				
Transfers out	(92,000)	(96,000)	(78,000)	18,000
CHANGE IN FUND BALANCE	\$ 56,800	\$ 144,300	184,761	\$ 40,461
FUND BALANCE - BEGINNING OF YEAR			614,790	
FUND BALANCE - END OF YEAR			\$ 799,551	

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, 2011**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 187,100	\$ 181,500	\$ 191,229	\$ 9,729
Investment income	16,300	18,100	10,181	(7,919)
Other income	-	-	1,700	1,700
TOTAL REVENUES	203,400	199,600	203,110	3,510
EXPENDITURES				
Community development	160,000	110,000	108,495	1,505
TOTAL EXPENDITURES	160,000	110,000	108,495	1,505
EXCESS OF REVENUES OVER EXPENDITURES	43,400	89,600	94,615	5,015
OTHER FINANCING USES				
Transfers out	(10,000)	(10,000)	(10,000)	-
CHANGE IN FUND BALANCE	\$ 33,400	\$ 79,600	84,615	\$ 5,015
FUND BALANCE - BEGINNING OF YEAR			618,817	
FUND BALANCE - END OF YEAR			\$ 703,432	

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, 2011**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 7,200	\$ 4,000	\$ 4,528	\$ 528
CHANGE IN FUND BALANCE	<u>\$ 7,200</u>	<u>\$ 4,000</u>	4,528	<u>\$ 528</u>
FUND BALANCE - BEGINNING OF YEAR			<u>402,626</u>	
FUND BALANCE - END OF YEAR			<u>\$ 407,154</u>	

CITY OF FERGUSON, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HALLS FERRY TIF DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 776,600	\$ 860,700	\$ 861,682	\$ 982
Investment income	16,100	17,000	17,369	369
TOTAL REVENUES	<u>792,700</u>	<u>877,700</u>	<u>879,051</u>	<u>1,351</u>
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	784,800	863,900	885,777	(21,877)
TOTAL EXPENDITURES	<u>784,800</u>	<u>863,900</u>	<u>885,777</u>	<u>(21,877)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,900	13,800	(6,726)	(20,526)
OTHER FINANCING USES				
Transfers out	(13,000)	(13,000)	(11,836)	1,164
CHANGE IN FUND BALANCE	<u>\$ (5,100)</u>	<u>\$ 800</u>	<u>(18,562)</u>	<u>\$ (19,362)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>1,117,111</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 1,098,549</u></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, 2011**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 3,800	\$ 3,800	\$ 6,013	\$ 2,213
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	263,900	263,800	263,803	(3)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(260,100)	(260,000)	(257,790)	2,210
OTHER FINANCING SOURCES				
Transfers in	260,100	261,300	263,802	2,502
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,300</u>	6,012	<u>\$ 4,712</u>
FUND BALANCE - BEGINNING OF YEAR			<u>294,507</u>	
FUND BALANCE - END OF YEAR			<u>\$ 300,519</u>	

CITY OF FERGUSON, MISSOURI

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance			Balance
	July 1, 2010	Additions	Deductions	June 30, 2011
ASSETS				
Cash	\$ 102,172	\$ 94,192	\$ 63,813	\$ 132,551
LIABILITIES				
Accounts payable	\$ 102,172	\$ 94,192	\$ 63,813	\$ 132,551

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 NINE FISCAL YEARS**

	2011	2010 (1)	2009	2008	2007	2006	2005	2004	2003
<hr/>									
Governmental Activities:									
Invested in capital assets, net of related debt	\$ 9,026,636	\$ 10,171,824	\$ 9,961,395	\$ 10,507,866	\$ 7,246,484	\$ 8,533,891	\$ 8,870,581	\$ 8,491,905	\$ 8,491,905
Restricted	4,508,823	4,167,465	4,429,985	5,138,047	7,826,907	5,761,966	3,732,212	3,249,387	3,249,387
Unrestricted	10,558,568	8,565,950	6,774,385	4,649,996	(252,954)	(1,839,153)	(3,229,912)	(4,635,077)	(5,319,408)
<hr/>									
Total Net Assets -									
Governmental Activities	<u>\$ 24,094,027</u>	<u>\$ 22,905,239</u>	<u>\$ 21,165,765</u>	<u>\$ 20,295,909</u>	<u>\$ 14,820,437</u>	<u>\$ 12,456,704</u>	<u>\$ 9,372,881</u>	<u>\$ 7,106,215</u>	<u>\$ 6,421,884</u>

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

(1) In fiscal year 2011, a prior period adjustment was made which increased unrestricted and total net assets by \$230,323.

CITY OF FERGUSON, MISSOURI

CHANGES IN NET ASSETS LAST NINE FISCAL YEARS (Accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES									
General government	\$ 1,447,325	\$ 1,696,105	\$ 1,644,938	\$ 1,567,009	\$ 1,608,651	\$ 1,376,228	\$ 1,221,280	\$ 1,641,523	\$ 1,601,877
Public safety	7,956,853	7,397,481	7,786,030	7,531,021	7,219,261	6,674,109	6,432,507	6,417,994	6,127,322
Highway and streets	3,238,956	2,838,959	3,071,497	2,323,528	3,109,783	2,619,592	1,111,778	1,564,795	1,889,036
Community development	575,041	679,624	408,792	609,187	782,770	302,788	530,793	491,677	519,924
Culture and recreation	1,436,866	1,452,228	1,546,383	1,442,340	1,613,879	1,522,714	1,461,715	1,470,433	1,423,663
Interest and fiscal charges	587,564	664,269	717,508	680,399	724,694	615,573	411,427	717,441	698,228
Total Expenses	15,242,605	14,728,666	15,175,148	14,153,484	15,059,038	13,111,004	11,169,500	12,303,863	12,260,050
PROGRAM REVENUE									
Charges for services:									
General government	667,595	531,126	488,950	439,153	451,320	420,797	439,753	-	-
Public safety	1,653,964	1,601,767	1,535,853	1,694,023	1,611,704	1,446,387	1,336,666	1,379,688	1,283,851
Highways and streets	288,168	265,522	274,229	208,710	482,952	491,895	-	-	-
Community development	-	-	-	30,611	16,342	22,378	198,654	190,824	-
Culture and recreation	361,689	324,800	334,099	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	860,404	399,529	273,961	2,199,903	320,056	222,109	286,760	130,571	279,302
Total Program Revenue	3,831,820	3,122,744	2,907,092	4,940,580	3,242,798	3,186,233	4,027,444	3,674,323	3,431,300
NET EXPENSES	(11,410,785)	(11,605,922)	(12,268,056)	(9,212,904)	(11,816,240)	(9,924,771)	(7,142,056)	(8,629,540)	(8,828,750)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS									
Governmental activities:									
Taxes:									
Sales	6,441,170	7,730,561	8,292,648	8,687,937	8,894,227	8,870,085	5,820,353	5,350,366	5,364,351
Utility	2,783,666	2,643,673	2,416,369	2,665,470	2,040,890	1,925,685	1,535,947	1,801,120	1,792,672
Property	1,983,472	2,057,148	2,277,332	2,304,983	1,731,106	1,613,335	1,803,756	1,557,673	1,527,580
Other	1,129,883	65,569	77,778	72,980	75,165	81,919	81,000	84,340	86,166
Investment income	140,273	113,766	248,331	551,101	603,169	396,682	70,120	23,014	56,491
Gain on disposal of capital assets	-	-	-	-	660,898	18,810	49,996	-	22,372
Other miscellaneous revenue	121,109	443,902	131,401	299,373	174,519	102,078	47,550	110,758	116,367
Total General Revenues and Other Changes in Net Assets	12,599,573	13,054,619	13,443,859	14,581,844	14,179,974	13,008,594	9,408,722	8,927,271	8,965,999
CHANGES IN NET ASSETS	\$ 1,188,788	\$ 1,448,697	\$ 1,175,803	\$ 5,368,940	\$ 2,363,734	\$ 3,083,823	\$ 2,266,666	\$ 297,731	\$ 137,249

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

CITY OF FERGUSON, MISSOURI

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS**

	2011	2010 (1)	2009	2008	2007	2006	2005	2004	2003
General Fund:									
Nonspendable	\$ 424,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	-	397,477	6,800	352,891	78,513	33,104	42,136	24,857	73,022
Unreserved	-	8,092,009	7,760,429	6,772,230	4,967,205	3,920,519	2,688,395	1,905,745	1,950,735
Unassigned	8,445,015	-	-	-	-	-	-	-	-
Total general fund	\$ 8,869,814	\$ 8,489,486	\$ 7,767,229	\$ 7,125,121	\$ 5,045,718	\$ 3,953,623	\$ 2,730,531	\$ 1,930,602	\$ 2,023,757
All Other Governmental Funds:									
Reserved	\$ -	\$ 390,192	\$ 298,387	\$ 1,219,114	\$ 3,897,624	\$ 1,481,764	\$ 1,471,275	\$ 1,859,374	\$ 1,995,314
Nonspendable	57,009	-	-	-	-	-	-	-	-
Restricted	4,599,908	-	-	-	-	-	-	-	-
Assigned	1,547,394	-	-	-	-	-	-	-	-
Unreserved reported in:									
Special revenue funds	-	2,112,554	3,023,519	2,760,455	2,047,147	1,400,123	770,405	424,051	199,585
Capital projects funds	-	4,328,542	3,879,649	4,602,995	4,843,409	4,952,065	1,359,238	647,676	553,024
Debt service funds	-	-	-	-	-	-	248,190	470,443	542,052
Total all other governmental funds	\$ 6,204,311	\$ 6,831,288	\$ 7,201,555	\$ 8,582,564	\$ 10,788,180	\$ 7,833,952	\$ 3,849,108	\$ 3,401,544	\$ 3,289,975

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

(1) In fiscal year 2011, a prior period adjustment was made which increased the fund balance of capital projects funds by \$385,405.

CITY OF FERGUSON, MISSOURI

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes (1)	\$ 12,457,272	\$ 12,482,833	\$12,882,051	\$ 13,983,386	\$ 12,577,656	\$12,491,024	\$ 9,129,162	\$ 8,645,181	\$ 8,594,509	\$ 8,777,296
Licenses and permits	681,085	646,245	673,892	594,890	679,974	634,304	439,753	388,487	387,549	400,377
Intergovernmental (1)	-	-	-	-	-	244,487	1,521,417	1,434,449	1,330,134	1,796,496
Charges for service	770,213	682,241	567,693	537,268	696,176	918,193	1,095,380	1,122,359	1,028,199	1,064,998
Fines and forfeitures	1,520,118	1,394,729	1,391,546	1,447,904	1,477,985	1,398,221	1,085,084	1,056,528	935,760	929,034
Investment income (2)	140,273	113,766	248,331	551,101	603,169	396,682	70,120	-	-	-
Other income	1,096,053	763,131	405,862	2,437,844	510,917	120,888	99,271	300,790	509,214	186,504
Total Revenues	16,665,012	16,082,945	16,169,375	19,552,393	16,545,877	16,203,799	13,440,187	12,947,794	12,785,365	13,154,705
Expenditures										
General government	1,367,131	1,606,737	1,571,405	1,485,407	1,426,782	1,326,238	1,169,794	1,588,424	1,535,639	1,482,182
Public safety	7,640,050	7,172,379	7,511,656	7,308,373	6,973,743	6,418,677	6,248,835	6,295,717	6,047,387	5,767,799
Highways and streets	1,978,700	1,521,058	1,496,604	1,472,053	1,419,157	1,281,617	816,721	1,025,494	1,033,353	1,100,116
Community development	451,363	1,652,928	759,865	827,062	592,481	463,065	400,229	300,555	425,902	511,604
Culture and recreation	1,122,730	1,136,445	1,171,905	1,167,650	1,241,970	1,245,006	1,228,020	1,333,516	1,326,900	1,288,285
Capital outlay	2,443,192	1,217,476	4,225,507	5,688,451	2,738,118	1,623,172	1,171,901	1,406,502	4,968,125	2,398,508
Debt service:										
Interest	518,757	578,414	612,897	916,235	598,320	529,578	544,113	716,990	828,972	995,082
Principal	1,389,740	1,291,377	1,539,193	711,228	908,982	565,000	130,000	340,000	180,000	165,000
Total Expenditures	16,911,663	16,176,814	18,889,032	19,576,459	15,899,553	13,452,353	11,709,613	13,007,198	16,346,278	13,708,576
Excess of Revenues Over (Under) Expenditures	(246,649)	(93,869)	(2,719,657)	(24,066)	646,324	2,751,446	1,730,574	(59,404)	(3,560,913)	(553,871)
Other Financing Sources (Uses)										
Proceeds from issuance of debt	-	-	1,669,205	64,942	2,750,000	2,332,127	7,370,000	-	3,480,000	-
Payments to bond escrow agent	-	-	-	-	-	-	(7,989,575)	-	-	-
Discount on bond issue	-	-	-	-	-	-	(44,195)	-	-	-
Sale of capital assets	-	-	-	-	650,000	-	130,032	-	-	-
Transfers	-	-	-	-	-	124,362	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,669,205	64,942	3,400,000	2,456,489	(533,738)	-	3,480,000	-
Net Change In Fund Balances	\$ (246,649)	\$ (93,869)	\$ (1,050,452)	\$ 40,876	\$ 4,046,324	\$ 5,207,935	\$ 1,196,836	\$ (59,404)	\$ (80,913)	\$ (553,871)
Debt service as a percentage of noncapital expenditures	14.5%	12.8%	16.5%	11.6%	10.5%	8.9%	6.1%	8.8%	6.6%	9.2%

(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	Assessed Value	Total Direct Tax Rate	Estimated Actual Value
2002	\$ 139,611,744	\$ 42,387,343	\$ 181,999,087	\$ 0.628	\$ 763,957,578
2003	138,809,420	42,824,082	181,633,502	0.628	762,564,485
2004	142,837,113	40,178,304	183,015,417	0.634	773,650,784
2005	142,181,034	37,763,060	179,944,094	0.634	763,982,562
2006	151,503,500	43,042,580	200,047,788	0.600	851,195,790
2007	155,931,428	43,673,690	199,605,118	0.600	859,629,879
2008	197,435,766	44,814,332	242,250,098	0.648	1,019,303,012
2009	198,084,849	44,141,310	242,226,159	0.648	1,053,739,213
2010	169,478,310	42,468,940	211,947,250	0.648	950,614,790
2011	169,400,220	35,806,960	205,207,180	0.648	911,715,925

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 bi-annually 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
	General	Parks	Total	District				
2002	*	*	*	\$ 5.015	\$ 0.580	\$ 0.030	\$ 1.747	\$ 7.372
2003	*	*	*	5.040	0.580	0.030	1.743	7.393
2004	*	*	*	5.040	0.580	0.030	1.961	7.611
2005	*	*	*	5.040	0.580	0.030	1.861	7.511
2006	\$ 0.423	\$0.177	\$0.600	4.848	0.558	0.030	1.760	7.796
2007	0.423	0.177	0.600	4.843	0.558	0.030	1.834	7.865
2008	0.450	0.198	0.648	4.843	0.558	0.030	1.834	7.913
2009	0.450	0.198	0.648	5.030	0.558	0.300	1.394	7.930
2010	0.450	0.198	0.648	5.020	0.523	0.300	1.441	7.932
2011	0.450	0.198	0.648	5.020	0.523	0.300	1.687	8.178

* Information not available

Rates stated per \$100 assessed valuation

Taxing district: 111AK

Source: St. Louis County Assessor

CITY OF FERGUSON, MISSOURI

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Property Taxpayer	Type of Business	2011		2002	
		Assessed Valuation	Percent of Total Assessment	Assessed Valuation	Percent of Total Assessment
Emerson Electric	Manufacturing	\$ 10,700,310	5.21 %	\$ 5,043,070	2.77 %
Sam's/Walmart Real Estate	Retail Sales	3,677,280	1.79	3,288,900	1.81
Crossings at Halls Ferry LLC	Shopping Center	3,328,010	1.62	2,660,960	1.46
US Bancorp-Allen Technologies	Equipment Leasing	2,901,200	1.41	-	-
Lipton Properties	Apartment Rental	1,990,840	0.97	1,623,160	0.89
Afshari Enterprises Inc.	Real Estate Holding Co.	691,400	0.34	-	-
Northwinds Apartments LLP	Apartment Rental	1,964,600	0.96	1,794,020	0.99
NCF LLC	Real Estate Holding Co.	2,162,240	1.05	-	-
Home Depot USA, Inc.	Retail Sales	1,920,000	0.94	2,688,000	1.48
Park Ridge Appts/Gannon Ptrship	Apartment Rental	1,691,760	0.82	-	-
Ackerman Buick	Retail Sales	1,493,830	0.73	1,489,090	0.82
Newger Materials/Investments	Retail Sales	1,409,250	0.69	-	-
Coats Investment Ltd.	Real Estate Holding Co.	1,235,230	0.60	1,159,520	0.64
Permalok (PC Redevelopment)	Manufacturing	1,665,170	0.81	-	-
Otis & Clark/St. Louis Invest. Prop	Real Estate Holding Co.	1,190,710	0.58	1,330,080	0.73
Missouri American Water	Utility	1,128,580	0.55	-	-
Totals		\$ 39,150,410	19.07%	\$ 21,076,800	11.59%

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	Total Tax Collections	Total Collections As Percent of Levy
2002	\$ 1,142,954	\$ 1,125,931	\$ 965,810	85.8 %	\$ 1,059,017	94.1 %
2003	1,140,658	1,067,766	902,016	84.5	996,851	93.4
2004	1,128,168	1,133,568	1,042,668	92.0	1,133,568	100.0
2005	1,125,240	1,129,347	965,928	85.5	1,129,347	100.0
2006	1,172,244	1,177,642	1,087,504	92.3	1,170,752	99.4
2007	1,192,232	1,197,689	1,104,141	92.2	1,197,689	100.00
2008	1,208,931	1,208,931	1,083,238	89.6	1,186,971	98.1
2009	1,264,932	1,210,069	972,588	80.4	1,184,921	97.9
2010	1,226,175	1,203,638	970,929	80.7	1,206,582	100.2
2011	1,193,729	1,193,983	937,925	78.6	1,172,891	98.2

(1) Original levy adjusted for strikeouts 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**

Fiscal Year	Special Assessments Levied	Collected as of June 30	Uncollected as of June 30	Collection Ratio
2002	\$ 31,484	\$ 16,708	\$ 14,776	53 %
2003	110,467	43,267	67,200	39
2004	108,745	24,863	83,882	23
2005	70,469	19,377	51,092	27
2006	67,285	31,069	36,216	46
2007	49,581	22,502	27,079	45
2008	59,359	29,810	29,549	50
2009	67,457	45,450	22,007	67
2010	80,963	32,456	48,507	40
2011	75,675	21,760	53,915	29

CITY OF FERGUSON, MISSOURI

**RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities						
	Tax Increment	Certificates of Participation (3)	Variable Rate	Capital Leases (5)	Total	Percentage of	Per Capita
	Revenue Bonds (2)		Capital Improvement Bonds (4)		Outstanding Debt	Personal Income	
2002	\$ 8,010,000	\$ -	\$ -	\$ -	\$ 8,010,000	0.86 %	\$ 357
2003	7,830,000	3,480,000	-	-	11,310,000	1.16	505
2004	7,145,000	3,355,000	-	-	10,500,000	1.04	469
2005	7,370,000	3,225,000	-	-	10,595,000	1.02	473
2006	6,935,000	3,095,000	2,250,000	77,982	12,357,982	1.16	552
2007	6,185,000	2,960,000	5,000,000	54,000	14,199,000	1.37	634
2008	5,510,000	2,820,000	4,850,002	72,714	13,252,716	1.18	591
2009	4,600,000	2,680,000	4,545,000	1,557,726	13,382,726	1.23	597
2010	4,000,000	2,535,000	4,224,950	1,331,399	12,091,349	1.45	540
2011	3,305,000	2,385,000	3,894,950	1,114,600	10,699,550	1.37	505

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. Additional leases in 2009 for 2 fire trucks and streetlights.
- (6) See table entitled "Demographic and Economic Statistics" for personal income and population data.

CITY OF FERGUSON, MISSOURI

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT -
GENERAL OBLIGATION BONDED DEBT
JUNE 30, 2011**

Name of Governmental Unit	Debt Outstanding	Percentage Applicable to City of Ferguson	Amount Applicable to City of Ferguson
City of Ferguson	\$ 10,699,550	100.00 %	\$ 10,699,550
St. Louis County	454,065,000	2.10	9,535,365
Ferguson-Florissant RII School District	12,370,000	25.8	<u>3,191,460</u>
Total Direct And Overlapping Debt			<u><u>\$23,426,375</u></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, 2011**

	<u>2011</u>
Net Assessed Valuation	<u>\$184,734,090</u>
Debt limit - 10% of assessed valuation*	\$ 18,473,409
Amount of debt applicable to debt limit:	
Total bonded debt	\$ -
Less assets in Debt Service Fund	<u>-</u>
Total Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$ 18,473,409</u>

Prior fiscal year information:

	<u>2010</u>
Debt limit*	\$ 21,291,942
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 21,291,942</u>
Total net debt applicable to the limit as a percentage of debt limit	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 SEVEN FISCAL YEARS**

TIF Refunding and Improvement Bonds (1)							
Fiscal Year	TIF Sales Tax	TIF Property Tax	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2005	\$ 463,223	\$ 270,318	\$ (18,623)	\$ 752,164	\$ -	\$ 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
2009	540,790	412,512	-	953,302	910,000	254,418	0.82
2010	377,216	495,670	4,053	868,833	600,000	214,115	1.07
2011	464,446	397,236	-	861,682	695,000	188,500	0.98

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**

Calendar Year	Population	Personal Income (<i>thousands of dollars</i>)	Median Household Income	Unemployment Rate
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	46,419	5.3%
2008	22,406	1,122,715	50,108	5.1%
2009	22,406	1,090,836	48,685	10.1%
2010	22,406	832,719	37,165	9.2%
2011	21,203	782,984	36,928	8.6%

Sources:

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 TEN YEARS AGO

Employer	2011/2010 Fiscal Year			1996/1997 Fiscal Year (1)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Ferguson-Florissant School District	1,974	1	18%	*		
St. Louis Community College	762	2	7%	*		
Emerson Electric	578	3	5%	413		
Walmart	300	4	3%	unknown		
Sam's Club	225	5	2%	150		
Shop N Save - 2 stores	190	6	2%	not opened		
Home Depot	154	7	1%	unknown		
Negwar Materials	100	8	1%	70		
Cracker Barrel	90	9	1%	not opened		
McDonalDs Restaurant	65	10	1%	60		
McDonalds Restaurant	60	11	1%	55		
Walgreens - 1 store	40	12	0%	unknown		

* Information unavailable at this time.

Source: Business License database from Finance Department

(1) Information not accumulated prior to 2005/2006 fiscal year.

CITY OF FERGUSON, MISSOURI

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

Funtion/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	3	4	4	4	2	2	2	2	2
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	1	1	1	1	1	-	-	-	-	-
Finance Department	3	3	3	3	3	3	3	5	4	4
Public Works Administration	2	2	2	3	3	3	3	3	3	3
Community Development:										
Planning and Development	4	4	4	4	4	4	3	2	3	2
Public Safety:										
Municipal Court	3	3	3	3	3	3	3	3	4	3
Police Department:										
Commissioned officers	54	54	54	54	52	53	52	52	52	51
Civilians	9	11	11	11	11	13	10	10	10	10
Fire Department	27	27	27	27	27	24	24	24	24	24
Code Enforcement	6	6	6	6	7	5	5	7	7	7
Highways and Streets:										
Municipal Services (Streets)	16	16	16	16	12	12	12	12	13	13
Municipal Garage	3	3	3	3	3	3	3	3	3	3
Parks and Recreation	4	4	4	5	8	10	10	10	10	10
Total	143	146	147	149	147	144	139	142	144	141

Source: City of Ferguson, Missouri budget.

CITY OF FERGUSON, MISSOURI

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police Department										
Crimes reported	1,235	1,100	1,396	1,469	1,236	*	*	*	*	*
Traffic accidents	417	339	409	445	463	*	*	*	*	*
Tickets issued	15,000	14,618	15,510	18,363	14,684	*	*	*	*	*
Dispatched calls	20,933	20,291	23,689	24,945	22,506	*	*	*	*	*
Fire Department										
Fires	122	118	131	128	181	*	*	*	*	*
Emergency medical services	1,923	1,789	1,873	1,801	1,616	*	*	*	*	*
Assists to other departments	603	820	847	944	690	*	*	*	*	*
Non-specific calls	561	556	508	471	682	*	*	*	*	*
Total calls responded to	3,209	3,283	3,359	3,344	3,169	*	*	*	*	*
Assists to other departments	274	404	361	316	248	*	*	*	*	*
Courts										
Number of cases initiated	13,225	16,038	15,995	19,015	20,249	*	*	*	*	*
Parks and Recreation										
Program participation	3,147	3,407	3,531	3,600	3,765	*	*	*	*	*
Shuttle passengers	3,067	1,406	972	1,444	1,416	*	*	*	*	*
Splash at Wabash	25,668	23,266	22,647	26,126	24,945	*	*	*	*	*
Sports Complex at Forestwood	68,433	70,012	68,604	70,662	70,616	*	*	*	*	*
Public Works										
Occupancy permits	1,313	1,504	1,400	1,341	1,529	*	*	*	*	*
Inspections completed	13,726	14,665	14,100	12,268	12,268	*	*	*	*	*
Abatements made	1,931	2,123	2,245	2,781	2,377	*	*	*	*	*

* Information not available

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

CITY OF FERGUSON, MISSOURI

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Highways/Streets:										
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	1,117	1,117	1,117	1,126
Fire Protection										
Number of stations	2	2	2	2	2	2	2	2	2	2
Fire hydrants	597	597	597	598	598	598	598	598	598	598
Vehicles:										
Pumpers	2	3	3	3	3	3	3	3	3	3
Ladder truck	1									
Pumper/Telesquirt		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
Command vehicles	2									
Police Protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Parks and Recreation:										
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.