
***CITY OF FERGUSON, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013***



*Report prepared and submitted by the
Department of Finance*

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Contents

	Page
Part I - Introductory Section:	
Principal City Officials	i
Organizational Chart	ii
GFOA Certificate of Achievement	iii
Letter of Transmittal	iv - viii
Part II - Financial Section:	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 11
Basic Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Balance Sheet - Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Assets - Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	19
Notes to Financial Statements	20 - 47
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	48
Budgetary Comparison Schedule - Parks Fund	49
Schedule of Funding Status and Progress	
Pension Trust Fund	50
Other Post-Employment Benefits	51
Note to Budgetary Comparison Information	52

Contents

	Page
Other Supplementary Information:	
Combining Balance Sheet - Non Major Governmental Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non Major Governmental Funds	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Capital Improvement Sales Tax Capital Projects Fund	55
Special Business District Special Revenue Fund	56
Downtown TIF Redevelopment Special Revenue Fund	57
Sewer Lateral Special Revenue Fund	58
Local Improvement Capital Projects Fund	59
Halls Ferry TIF Debt Service Fund	60
Certificates of Participation Debt Service Fund	61
General Obligation Bonds Debt Service Fund	62
Statement of Changes in Assets and Liability - Agency Fund	63
 Part III - Statistical Section:	
Net Assets	64
Changes in Net Assets	65
Fund Balances, Governmental Funds	66
Changes in Fund Balances, Governmental Funds	67
Assessed and Estimated Actual Value of Taxable Property	68
Property Tax Rates - Direct and Overlapping Governments	69
Principal Property Taxpayers	70
Property Tax Levies and Collections	71
Special Assessment Collections	72
Ratio of Outstanding Debt by Type	73
Computation of Direct and Overlapping Debt - General Obligation Bonded Debt	74
Legal Debt Margin Information	75
Pledged Revenue Coverage	76
Demographic and Economic Statistics	77
Principal Employers	78
Full-Time Equivalent City Government Employees by Function/Program	79
Operating Indicators by Function	80
Capital Asset Statistics by Function/Program	81

Introductory Section



PRINCIPAL OFFICIALS

MAYOR

James W. Knowles III

COUNCIL MEMBERS

Mark Byrne

Kim Tihen

Dwayne T. James

Timothy A. Larson

David Conway

Keith Kallstrom

CITY MANAGER

John Shaw

ASSISTANT CITY MANAGER

Pamela Hylton

DIRECTOR OF FINANCE

Jeffrey Blume

DIRECTOR OF PARKS & RECREATION

Stan Kreidler

CHIEF OF POLICE

Thomas Jackson

CHIEF OF FIRE DEPARTMENT

Steven Rosenthal

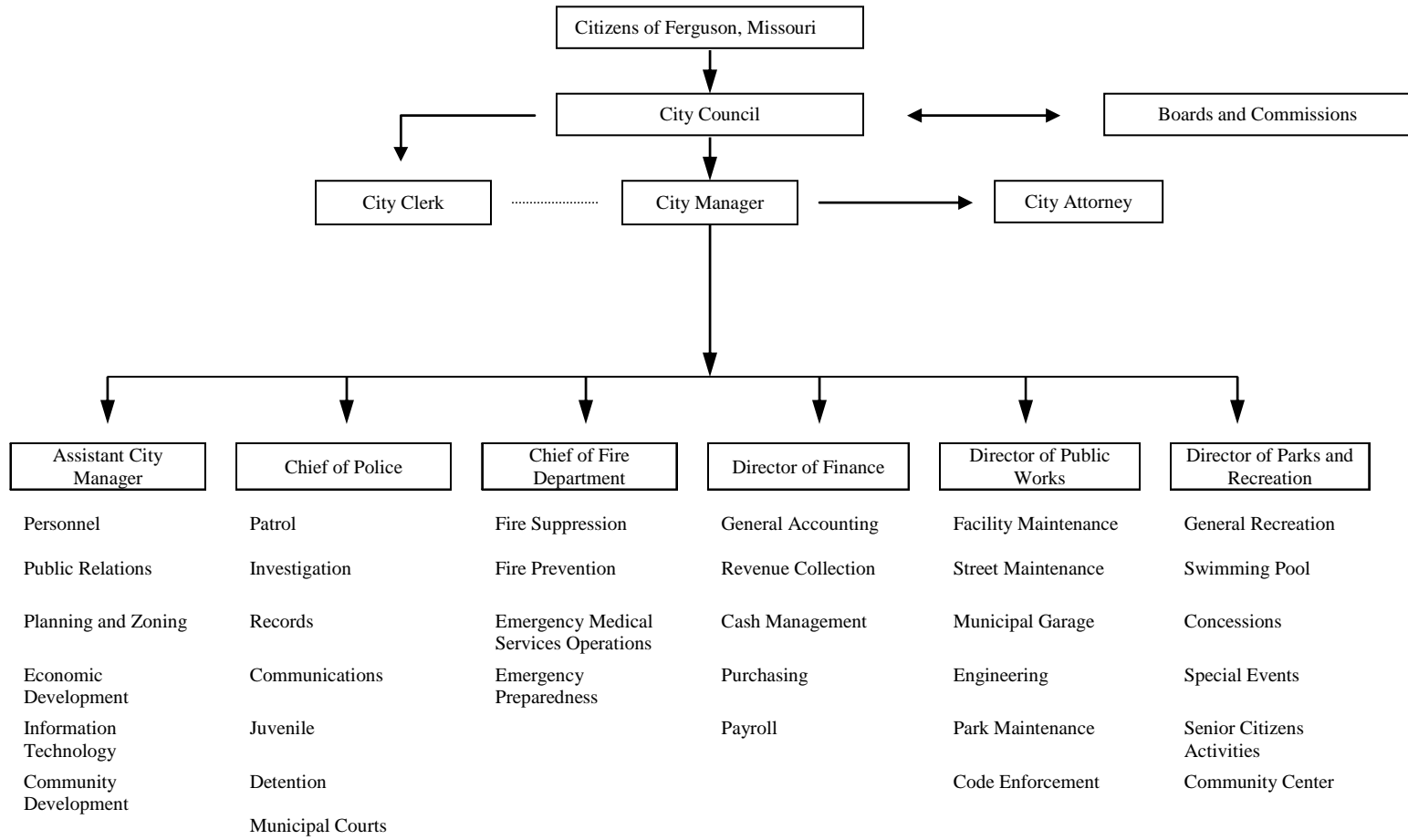
DIRECTOR OF PUBLIC WORKS

Matthew Unrein

CITY CLERK

Megan Asikainen

ADMINISTRATIVE ORGANIZATIONAL CHART





Government Finance Officers Association

**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, 2012

Executive Director/CEO



CITY OF FERGUSON

MISSOURI 63135

December 5, 2013

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, 2013. 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 Botz, Deal & Co., 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, 2013, 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, 2013, 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

CITY HALL
110 Church St.
(314) 521-7721
FAX # (314) 524-5173

CLERK of COURT
222 S. Florissant Rd.
(314) 524-5264
FAX # (314) 524-4127

POLICE
DEPARTMENT
222 S. Florissant Rd.
(314) 522-3100
FAX # (314) 524-5290

FIRE
DEPARTMENT
110 Church St.
(314) 522-1122
FAX # (314) 521-9213

RECREATION
DEPARTMENT
501 N. Florissant Rd.
(314) 521-4661
FAX # (314) 524-5077

MUNICIPAL
GARAGE
901 Ferguson Ave.
(314) 521-8373
FAX # (314) 521-5165

Ferguson, Missouri's MD&A can be found immediately following the Independent Auditors' Report.

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, and appointing the 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 three-year 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 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 the Crossings at Halls Ferry. North County Festival includes Wal-Mart, Sam's Club, Toys 'R Us and a variety of smaller stores, while the Crossings at Halls Ferry is anchored by Home Depot and Shop 'n Save, with many other smaller stores. A number of restaurants are 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 is 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 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 anagement 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 30th, 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, 2013, the City met the minimum threshold of the Single Audit Act. Accordingly, an audit 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 for 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 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 the City's 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 the 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, professionally managed 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 five 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, which were defeased in April 2012 and refinanced in the amount of \$2,065,000, (2) \$6,185,000 in TIF revenue bonds related to the Crossings at Halls Ferry redevelopment project, (3) \$5,000,000 in variable rate bonds for infrastructure improvements, (4) \$8,000,000 in general obligation bonds related to land purchase and construction of a replacement of Firehouse 1, and (5) \$9,500,000 in certificates of participation bonds issued to purchase land and remodel existing buildings. In addition, at year end, the City had two capital lease obligations outstanding. The first of these is for the lease of two fire trucks with an original issue cost of \$1,172,000. The second is 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 substantially all full-time employees. Plan governance is the responsibility of an 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 plan contribution. In each of the last five 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 and the City's website (www.fergusoncity.com).

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, 2012. This was the twenty-seventh 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.

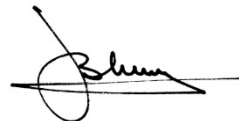
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it for GFOA certification.

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, Botz, Deal & Company, 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



Jeffrey B. Blume
Director of Finance

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Financial Section

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INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and Members of
the City Council of the
CITY OF FERGUSON, MISSOURI

Report on the Financial Statements

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, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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, 2013, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

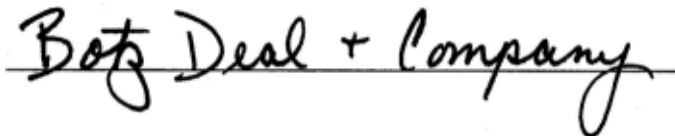
Other-Matter

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 3 through 11 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Ferguson, Missouri's financial statements as a whole. The introductory section, other supplemental information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and the budgetary comparison schedules included in the supplemental information section are the responsibility of management and were derived from and relate 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2013, on our consideration of the City of Ferguson, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Ferguson, Missouri's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bob Deal + Company". The signature is written in a cursive, flowing style and is positioned above a horizontal line.

December 5, 2013

CITY OF FERGUSON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found within this report.

Financial Highlights

- On a government-wide basis, at the end of the current fiscal year, the City's assets exceeded its liabilities by \$28,461,568. This represents an increase of \$2,297,613 compared to the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,345,003. This represents an increase of \$4,632,918 in comparison to the prior year.
- The City's long-term debt increased by \$7,209,763 (net) during the current fiscal year to \$23,933,000. This increase is due to the issue of \$9,055,000 of general obligation debt offset by repayments on existing debt issues.

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

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

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 [Special Revenue] 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, Certificates of Participation [Debt Service] Fund, General Obligation Bonds [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. As of June 30, 2013, Local Improvements [Capital Projects] Fund has been liquidated and its assets transferred to Capital Improvements Sales Tax Fund.

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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities by \$28,461,568 at June 30, 2013.

The largest portion of the City's net position 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 Position	
	Governmental Activities	
	2013	2012
Assets		
Current and other assets	\$ 28,552,966	\$ 23,602,841
Capital assets, net	26,843,375	21,813,253
Total Assets	55,396,341	45,416,094
Deferred Outflows	613,226	-
Liabilities		
Other liabilities	2,969,234	2,258,258
Long-term liabilities	24,578,765	16,798,287
Total Liabilities	27,547,999	19,056,545
Net Position		
Invested in capital assets, net of related debt	10,525,807	7,962,476
Restricted	7,376,914	9,566,443
Unrestricted	10,558,847	8,830,630
Total Net Position	\$ 28,461,568	\$ 26,359,549

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 position increasing by \$2,297,613, difference in end of year net position, minus prior period adjustment. This increase arises principally from the recognition of repayment of debt principal of approximately \$1,845,000.

On the whole, on a government-wide basis, the increase in net position from governmental activities of \$2,297,613 for the fiscal year ended June 30, 2013 exceeded that of the prior fiscal year of \$2,265,522.

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

- The increase in total revenues of \$1,949,616 is due largely to the following:
 - Capital and operating grant revenues increased as a result of –
 - Substantial completion of the Forestwood road project
 - Completing about 50% of the Suburban Avenue flood plain home buyout program underwritten by FEMA and Community Development Block Grants (CDBG)
 - Completion of two years of road repair projects underwritten by CDBG
 - FEMA disaster recovery grants resulting from tornado damage
 - Charges for services increased largely on the strength of greater traffic enforcement collections being offset by fewer fees in other areas such as contract dispatching, permitting and Parks Fund’s cultural excursions
 - Increased property tax receipts in the City’s General Fund authorized by the City’s voters in August 2012 being offset by lower than anticipated sales tax collections
 - Market holding losses of over \$250,000 in June 2013 as a result of informational disclosures made by the Federal Reserve Bank and lower rates of returns on the City’s investment portfolios
 - Collection of insurance proceeds and trust insurance rebates recorded as Other Revenue

- Expenses increased by \$1,917,000 as a result of the following:
 - Personnel costs as a whole rose by over \$400,000 largely as a result of both wage rate and health and workers compensation insurance increases
 - The aforementioned home buyout program contributed over \$450,000 of uncapitalized expenditures

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

- Tornado related disaster recovery expenditures were over \$480,000 which were offset at a rate of 85% by previously mentioned FEMA grant
- Uncapitalized street replacement costs accounted for almost \$490,000 of additional expenditures

**Statement of Net Position
Governmental Activities**

	2013	2012	Difference
Revenues			
Program revenues:			
Charges for services	\$ 3,935,010	\$ 3,826,295	\$ 108,715
Capital and operating grants	1,971,665	498,989	1,472,676
General revenues:			
Taxes	13,416,319	12,817,755	598,564
Investment income	(66,290)	245,779	(312,069)
Other revenue	124,487	42,757	81,730
Total Revenues	19,381,191	17,431,575	1,949,616
Expenses			
General government	1,657,963	1,490,297	167,666
Public safety	8,454,328	8,068,845	385,483
Highways and streets	3,472,835	2,783,537	689,298
Community development	1,032,783	539,542	493,241
Culture and recreation	1,669,835	1,604,340	65,495
Interest on long-term debt	795,834	679,492	116,342
Total Expenses	17,083,578	15,166,053	1,917,525
Change in net position	2,297,613	2,265,522	32,091
Net Position			
Beginning of year, as previously stated	26,359,549	24,094,027	2,265,522
Correction for prior period adjustment	(195,594)	-	(195,594)
Beginning of year, as restated	26,163,955	24,094,027	2,069,928
Total Net Position	\$ 28,461,568	\$ 26,359,549	\$ 2,102,019

Change in Net Position

The moderate Change in Net Position of \$32,091 is the result of revenues increasing at about the same rate as expenditures. In some cases, like the uncapitalized street replacement program, home buyout program and disaster recovery, the expense and related revenue move in tandem. In other cases, increased expenses were offset by commensurate increases in unrelated revenues.

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, unassigned 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, 2013, the unassigned fund balance of the General Fund was \$10,308,718, and the total fund balance was \$10,500,066. The difference of \$191,348 represents non-spendable 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 81% of total General Fund expenditures of \$12,724,930 as compared to 79% in Fiscal Year 2012.

As a result of the City's operations, the total fund balance of the General Fund increased by \$838,132 or 8.6% from Fiscal Year 2012 to 2013, as compared with 8.9% in the previous year. This change in the current year's fund balance is mainly attributable to:

- Moderate revenue growth in charges for services and significantly increased property tax collections made in anticipation of future increased operating costs and debt service costs related to its new Community Center
- Continued, strong expenditure containment. Absent unbudgeted, unanticipated disaster recovery expenditures, expenses would have been below final budget by almost \$100,000.

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

- The total fund balance of the Capital Improvements Sales Tax Fund increased by almost \$3.7 million entirely as a result of unspent bond issue proceeds. This is in addition to the approximately \$4.6 million fund balance increase in the prior fiscal year. This outcome will reverse in the next fiscal year as renovation of the Community Center and Police Department should be substantially completed.
- The fund balance of the Sewer Lateral Fund increased by slightly less than 6%. This represents an approximately 40% reduction in the anticipated rate of increase. This decrease was the result of stronger than anticipated consumer utilization late in the fiscal year and a slight fall off in revenue collections.
- The Downtown TIF Fund's experienced a slightly less than 10% increase in fund balance largely as a result of slightly stronger than anticipated tax collections.
- The fund balance of the General Obligation Bond Fund increased by \$163,000 to \$414,000 as the fund continues to build a debt service reserve

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

- As previously disclosed in its annual budget, the Local Improvements Fund was eliminated and its assets were transferred to the Capital Improvements Sales Tax Fund.

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 \$26,843,375, net of depreciation, in a broad range of capital assets as of June 30, 2013. This investment in capital assets is summarized as follows.

	Capital Assets, Net of Depreciation	
	2013	2012
Land	\$ 3,606,442	\$ 2,668,542
Construction in progress	1,429,621	2,569,374
Buildings and other improvements	13,566,434	8,051,237
Machinery and equipment	611,459	657,380
Motor vehicles	2,219,412	2,233,157
Infrastructure	5,410,008	5,633,563
Total	\$ 26,843,375	\$ 21,813,253

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

Long-Term Debt

The City's outstanding long-term debt obligations for governmental activities increased by slightly more than \$7.2 million to \$23,933,000 at June 30, 2013 compared to \$16,723,237 in 2012. The net increase in the City's long-term debt obligations is the result of the City's issuance of \$9,055,000 of certificates of participation bonds January 2013 which were offset by principal payments of about \$1,845,000.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

The following summarizes the City's governmental activities debt:

	Outstanding Long-Term Debt	
	Obligations	
	2013	2012
Tax Increment Revenue Bonds, Series 2005	\$ 1,810,000	\$ 2,545,000
Variable Rate Capital Improvement Bonds 2005	3,189,950	3,549,950
Certificates of Participation, Series 2012	1,870,000	2,065,000
Certificates of Participation, Series 2013	9,055,000	-
General Obligation Bonds, Series 2011	7,345,000	7,670,000
Capital leases	663,050	893,287
Total	\$ 23,933,000	\$ 16,723,237

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

The following represent the most significant variances between final budget and actual results -

- In the General Fund, the FEMA disaster recovery grant and the underlying expenditures
- In the Parks Fund, a fall-off in (a) excursion revenue and corresponding expenses and (b) certain grant program operating expenses and the corresponding operating grant revenue
- In the Capital Improvements Sales Tax Fund, capital outlay expenditures lagged budget only as a timing difference, as they will be incurred in the following fiscal year. In addition, because fewer dollars were spent, fewer capital grant revenues dollars were included in revenues.
- As previously indicated, unanticipated last half year activities occurred in the following funds -
 - Downtown TIF Fund, revenues were stronger than anticipated
 - Sewer Lateral Fund, service demand was stronger than anticipated
- In the Certificates of Participation Fund, Series 2013 issuance costs were greater than anticipated
- In the General Obligation Bond Fund, additional revenues were collected to build a reserve
- All funds (i.e., General, Capital Improvements Sales Tax, Sewer Lateral and Halls Ferry TIF) holding investment portfolios, experienced significant unanticipated market holding losses in June as a result of Federal Reserve Bank actions.

Economic Factors and Next Year's Budget

Reviewing fiscal year 2012-2013, while looking ahead to fiscal year 2013-2014, 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

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

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 2013-2014 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 economic 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 POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 15,800,432
Taxes receivable:	
Sales taxes	1,050,868
Other taxes	380,232
Property Taxes	451,166
Accounts receivables	2,004,461
Prepaid expenses	58,651
Inventories	132,697
Cash and investments - restricted	8,674,459
Capital assets - net:	
Nondepreciable	5,036,063
Depreciable	21,807,312
TOTAL ASSETS	<u>55,396,341</u>
DEFERRED OUTFLOWS OF RESOURCES	
Bond refunding	325,358
Accumulated decrease in fair value of hedging derivatives	287,868
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>613,226</u>
LIABILITIES	
Accounts payable	1,746,932
Wages and benefits payable	341,139
Other liabilities	198,274
Accrued interest payable	241,741
Unearned revenue	153,280
Derivative instruments liability - interest rate swap	287,868
Noncurrent liabilities:	
Due within one year	2,207,467
Due in more than one year	22,371,298
TOTAL LIABILITIES	<u>27,547,999</u>
NET POSITION	
Net investment in capital assets	10,525,807
Restricted for:	
Parks	1,386,661
Capital Projects	2,382,253
Debt Service	1,552,654
Downtown TIF	1,188,820
Sewer Lateral	866,526
Unrestricted	10,558,847
TOTAL NET POSITION	<u>\$ 28,461,568</u>

CITY OF FERGUSON, MISSOURI

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	Parks Fund	Capital Improve-ments Sales Tax Fund	Other Govern-mental Funds	
ASSETS					
Cash and investments	\$ 7,439,551	\$ 1,918,706	\$ 5,306,314	\$ 1,135,861	\$ 15,800,432
Taxes receivable:					
Sales	558,210	178,030	169,255	145,373	1,050,868
Property	223,538	72,065	-	155,563	451,166
Other	380,232	-	-	-	380,232
Accounts receivable	1,095,688	11,858	896,915	-	2,004,461
Due from (to) other funds	2,419,229	(745,386)	(2,950,305)	1,276,462	-
Prepaid items	58,651	-	-	-	58,651
Inventory	132,697	-	-	-	132,697
Restricted:					
Cash and investments	-	-	7,760,000	914,459	8,674,459
TOTAL ASSETS	<u>\$ 12,307,796</u>	<u>\$ 1,435,273</u>	<u>\$ 11,182,179</u>	<u>\$ 3,627,718</u>	<u>\$ 28,552,966</u>
LIABILITIES					
Accounts payable	\$ 665,500	\$ 23,396	\$ 1,039,926	\$ 18,110	\$ 1,746,932
Wages and benefits payable	315,923	25,216	-	-	341,139
Deferred Revenue	50,077	103,204	-	-	153,281
Other liabilities	198,274	-	-	-	198,274
TOTAL LIABILITIES	<u>1,229,774</u>	<u>151,816</u>	<u>1,039,926</u>	<u>18,110</u>	<u>2,439,626</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	188,931	60,909	-	129,472	379,311
Assessments	389,026	-	-	-	389,026
TOTAL	<u>577,957</u>	<u>60,909</u>	<u>-</u>	<u>129,472</u>	<u>768,337</u>
FUND BALANCES:					
Nonspendable	191,348	-	-	-	191,348
Restricted for:					
Parks	-	1,222,548	-	-	1,222,548
Capital Projects	-	-	10,142,253	536	10,142,789
Debt Service	-	-	-	1,475,907	1,475,907
Downtown TIF	-	-	-	1,136,095	1,136,095
Sewer Lateral	-	-	-	866,526	866,526
Assigned to:					
Special Business District	-	-	-	1,072	1,072
Capital Projects	-	-	-	-	-
Unassigned	10,308,718	-	-	-	10,308,718
TOTAL FUND BALANCES	<u>10,500,066</u>	<u>1,222,548</u>	<u>10,142,253</u>	<u>3,480,136</u>	<u>25,345,003</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 12,307,796</u>	<u>\$ 1,435,273</u>	<u>\$ 11,182,179</u>	<u>\$ 3,627,718</u>	<u>\$ 28,552,966</u>

CITY OF FERGUSON, MISSOURI

**RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Fund Balance - Governmental Funds \$ 25,345,003

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 26,843,375

Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds. 768,338

Deferred amounts from refunding of debt are not reported in governmental funds. 325,358

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. (241,741)

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 consisted of:

Net other post-employment benefit obligation (39,612)

Accrued compensated absences (487,295)

Outstanding debt (24,051,858)

Total Net Position - Governmental Activities \$ 28,461,568

CITY OF FERGUSON, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Major Funds</u>			<u>Nonmajor Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Parks Fund</u>	<u>Capital Improve- ments Sales Tax Fund</u>	<u>Other Govern- mental Funds</u>	
REVENUES					
Taxes	\$ 8,567,883	\$1,497,701	\$ 1,102,654	\$2,181,079	\$13,349,317
Licenses and permits	650,816	-	-	28,424	679,240
Charges for services	373,643	310,937	-	-	684,580
Fines and forfeitures	2,571,190	-	-	-	2,571,190
Investment income	(24,523)	2,431	(50,951)	6,753	(66,290)
Other income	607,885	137,478	1,293,226	6,900	2,045,489
TOTAL REVENUES	<u>12,746,894</u>	<u>1,948,547</u>	<u>2,344,929</u>	<u>2,223,156</u>	<u>19,263,526</u>
EXPENDITURES					
Current:					
General government	1,443,858	-	-	-	1,443,858
Public safety	8,066,962	-	-	-	8,066,962
Highways and street	2,386,624	-	-	-	2,386,624
Community development	301,970	-	-	337,617	639,587
Culture and recreation	477,176	833,831	-	-	1,311,007
Capital outlay	48,340	70,821	7,306,733	27,340	7,453,234
Debt service:					
Issuance cost	-	-	-	102,473	102,473
Principal, interest and fiscal charges	-	-	761,119	1,616,171	2,377,290
TOTAL EXPENDITURES	<u>12,724,930</u>	<u>904,652</u>	<u>8,067,852</u>	<u>2,083,601</u>	<u>23,781,035</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>21,964</u>	<u>1,043,895</u>	<u>(5,722,923)</u>	<u>139,555</u>	<u>(4,517,509)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	801,448	(1,048,500)	399,434	(152,382)	-
Issuance of debt	-	-	8,952,068	102,932	9,055,000
Insurance proceeds	14,720	-	35,943	-	50,663
Bond Premium	-	-	44,764	-	44,764
TOTAL OTHER FINANCING SOURCES (USES)	<u>816,168</u>	<u>(1,048,500)</u>	<u>9,432,209</u>	<u>(49,450)</u>	<u>9,150,427</u>
CHANGE IN FUND BALANCES	838,132	(4,605)	3,709,286	90,105	4,632,918
FUND BALANCES					
BEGINNING OF YEAR	<u>9,661,934</u>	<u>1,227,153</u>	<u>6,432,967</u>	<u>3,390,031</u>	<u>20,712,085</u>
END OF YEAR	<u>\$10,500,066</u>	<u>\$1,222,548</u>	<u>\$ 10,142,253</u>	<u>\$3,480,136</u>	<u>\$25,345,003</u>

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, 2013**

Net Change in Fund Balances - Governmental Funds \$ 4,632,918

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. 67,002

Acquisition of capital assets requires the use of current financial resources but has no effect on net position. 6,400,962

The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation in the statement of activities. (1,370,835)

Governmental funds report cost of debt issuance, premiums and discounts. These amounts are deferred and amortized in the statement of activities. (44,763)

Some expenses will not be satisfied using current financial resources and, therefore, are not recorded as expenditures in the fund statements.

Net other post-employment benefits obligations (6,110)

Accrued interest (85,116)

Accrued compensated absences (10,485)

Deferred amounts from bond refundings are reported in the statement of net position and amortized over the lives of the bonds (78,059)

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.

Principal paid on debt and capitalized leases 1,845,237

Amortization of refunding

Amortization of premium 1,862

Government funds report, proceeds from issuance of debt as other financing source. However, in the statement of net position, these amounts are included as long-term liabilities. (9,055,000)

Change in Net Position - Governmental Activities \$ 2,297,613

CITY OF FERGUSON, MISSOURI

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2013**

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 153,305
Accrued Interest	45,846	
Investments:		
Common Stock	10,153,643	-
Equity mutual funds	4,822,935	-
Money market mutual funds	289,834	-
Corporate obligations	2,755,548	-
U. S. Agency securities	2,439,923	-
U. S. Treasury notes	777,112	-
Municipal bonds	142,308	-
TOTAL ASSETS	<u>21,427,149</u>	<u>153,305</u>
LIABILITIES		
Accounts payable	<u>14,313</u>	<u>153,305</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 21,412,846</u>	<u>\$ -</u>

CITY OF FERGUSON, MISSOURI

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Pension Trust Fund
ADDITIONS	
Contributions	\$ 496,313
Interest and dividends	594,733
Net Appreciation in fair value of investments	1,739,211
TOTAL ADDITIONS	<u>2,830,257</u>
DEDUCTIONS	
Benefits paid	1,181,669
Administrative fees	64,886
TOTAL DEDUCTIONS	<u>1,246,555</u>
CHANGE IN NET POSITION	1,583,702
NET POSITION HELD IN TRUST FOR BENEFITS - BEGINNING OF YEAR	<u>19,829,144</u>
END OF YEAR	<u>\$ 21,412,846</u>

CITY OF FERGUSON, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 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 position and the statement of activities) report information on all of the non-fiduciary 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 were 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.

Court Bond 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 debt service payment and future capital expenditures 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 implementation of GASB 34 is 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 or group of assets 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 PREPAID ITEMS

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 \$487,295 at June 30, 2013, which has been recorded as a liability in the statement of net position. Based on City policies, it is assumed this balance will be liquidated within 12 months and any un-liquidated balance beyond that date will not misstate long-term liabilities.

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 position. Debt premiums and discounts 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.

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. 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, 2013 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, 2013, the City’s restricted fund balances include amounts restricted for parks operations and capital expenditures, 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, 2013.

Assigned – This consists of the governmental fund balances that are intended to be used for specific purposes as authorized by the City Council. At June 30, 2013, the City’s assigned fund balances include amounts assigned to the Special Business District Fund.

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.

K. NET POSITION

In government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation, less outstanding principal on related debt and unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors and laws and regulations of other governments). All other net position is 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.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

L. INTERFUND TRANSACTIONS

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, or 2) 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.

M. 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.

N. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Based on management's analysis, it believes the City has made sufficient allowances for uncollectable accounts receivable totaling approximately \$109,000.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 consist of the following:

<u>Type</u>	<u>Amount</u>
Deposits:	
Cash on hand	\$ 1,060
Demand deposits	14,348,546
	<u>14,349,606</u>
Investments:	
Negotiable certificates of deposit	9,210,825
Money market mutual funds	366,441
U.S. Agency securities	548,019
	<u>10,125,285</u>
Pension Trust and Agency Fund:	
Deposits:	
Demand deposits	153,305
Investments:	
Common stock	10,153,643
Equity mutual funds	4,822,935
Money market mutual funds	289,834
Corporate notes and bonds	2,801,394
Municipal bonds	142,308
U.S. Agency securities	2,439,923
U.S. Treasury notes	777,112
	<u>21,580,454</u>
Total Deposits and Investments	<u><u>\$ 46,055,345</u></u>
Reconciliation to the Financial Statements:	
Statement of Net Assets:	
Cash and investments	\$ 15,800,432
Cash and investments - restricted	8,674,459
Statement of Fiduciary Net Assets:	
Cash and investments - held by trustees	21,427,149
Cash and investments - restricted	153,305
	<u><u>\$ 46,055,345</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, 2013 are as follows:

	Fair Value	Less Than One Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years	Credit Risk
Governmental Activities						
Negotiable certificates of deposit	\$ 9,210,825	\$ 21,421	\$ 6,437,883	\$ 2,751,521	\$ -	N/A
Money market mutual funds	366,441	366,441	-	-	-	AAA
Federal National Mortgage Association securities	548,019	-	548,019	-	-	
Total Governmental Activities	\$ 10,125,285	\$ 387,862	\$ 6,985,902	\$ 2,751,521	\$ -	
Pension Trust Fund						
Common stock	\$ 10,153,643	\$ 10,153,643	\$ -	\$ -	\$ -	N/A
Equity mutual funds	4,822,935	4,822,935	-	-	-	N/A
Money market mutual funds	289,834	289,834	-	-	-	AAA
Corporate notes and bonds	347,377	-	153,483	193,895	-	A
Corporate notes and bonds	139,478	-	139,478	-	-	AA+
Corporate notes and bonds	1,020,229	-	655,353	364,876	-	A-
Corporate notes and bonds	190,162	-	190,162	-	-	BBB
Corporate notes and bonds	280,797	-	280,797	-	-	BBB-
Corporate notes and bonds	102,059	-	102,059	-	-	BBB+
Corporate notes and bonds	169,769	-	169,769	-	-	BB+
Fixed Income Funds	505,677	505,677	-	-	-	
Municipal bonds Fannie Mae	142,308	142,308	-	-	-	
Federal Home Loan Bank securities	239,727	-	19,007	-	220,720	
Federal Farm Credit Bank securities	109,393	-	109,393	-	-	
Federal National Mortgage Association securities	689,278	-	167,150	208,724	313,403	
Government National Mortgage Association pool	1,401,526	-	8,540	265,269	1,127,717	
United States Treasury notes	777,112	-	693,447	83,666	-	
Total Pension Trust Fund	\$ 21,381,303	\$ 15,914,397	\$ 2,688,636	\$ 1,116,430	\$ 1,661,840	

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, 2013, 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, 2013, 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:

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Negotiable certificates of deposit	\$9,210,825	91.0%
Federal National Mortgage Association securities	548,019	5.4

3. PROPERTY TAX

Property taxes are levied in November of each year based on the assessed value of all real and personal property located within the City's corporate boundaries, as of the previous January 1. Property taxes are due and collectible on December 31 and attach as an

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

enforceable lien on property as of the following 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 September 15, 2012, upon which the 2012 tax levy was based, for real, personal, and public utility property was \$198,062,436. The 2012 tax levy is collected in the City's 2013 fiscal year.

The City is permitted by Missouri state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. As authorized by the voters in passage of Proposition C in August 2012, City ordinances limit the tax levy for general governmental services other than the payment of principal and interest on long-term debt to \$0.80 per \$100 of assessed valuation.

In April 2011, the City's voters approved Proposition S. This proposition authorized the sale of general obligation bonds to provide funds for the construction of a replacement for the City's Firehouse No. 1 and the levy of an ad valorem tax for the retirement of these bonds. The 2012 tax rates per \$100 of assessed value are as follows:

<u>Property Type</u>	<u>General Fund</u>	<u>Parks Fund</u>	<u>GO Bond Fund</u>
Residential	\$ 0.8000	\$ 0.1960	\$ 0.3640
Agricultural	0.8000	0.1950	0.3640
Commercial	0.8000	0.1950	0.3640
Personal Property	0.8000	0.1980	0.3640

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

4. INTERFUND BALANCES

Due (to) from other funds as of June 30, 2013 are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Net Due (To) From</u>
General	\$ 6,556,829	\$ 4,137,598	\$ 2,419,231
Parks	4,000	749,386	(745,386)
Capital Improvements Sales Tax	2,890,140	5,840,446	(2,950,306)
Nonmajor Governmental	7,983,836	6,707,375	1,276,461
Total	<u>\$ 17,434,805</u>	<u>\$ 17,434,805</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, 2013

Fund	Transfers		
	Out	In	Net, In(Out)
General	\$ 3,296	\$ 804,744	\$ 801,448
Parks	1,052,500	4,000	(1,048,500)
Capital Improvements Sales Tax	-	399,434	399,434
Nonmajor Governmental	502,166	349,784	(152,382)
Total	\$ 1,557,962	\$ 1,557,962	\$ -

Transfers were made for the following purposes:

Expending Fund	Recipient Fund	Purpose
Parks, Sewer Lateral and Halls Ferry TIF	General	Cost of goods and services provided by the recipient
Parks, General and Downtown TIF	Certificates of Participation	Debt Service
Downtown TIF and General	Special Business District	Cost of goods and services provided by the recipient
Parks and Downtown TIF	Capital Improvements Sales Tax Fund	Cost of common fleet or other capital expenditures
Local Improvements	Capital Improvements Sales Tax Fund	Reallocation of assets for common purpose

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

5. CAPITAL ASSETS

For the year ended June 30, 2013, capital asset activity was as follows:

	BALANCE, BEGINNING OF YEAR	ADDI- TIONS	DEDUC- TIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,668,542	\$ 937,900	\$ -	\$ 3,606,442
Construction in process	2,569,374	1,392,474	2,532,227	1,429,621
Total capital assets Not Being Depreciated	5,237,916	2,330,374	2,532,227	5,036,063
Capital assets being depreciated:				
Buildings and improvements	14,756,268	6,160,165	-	20,916,433
Machinery and equipment	1,745,077	124,075	-	1,869,152
Motor Vehicles	5,054,076	318,575	45,168	5,327,482
Infrastructure	10,351,124	-	-	10,351,124
Total Capital Assets, Being Depreciated	31,906,545	6,602,815	45,168	38,464,191
Less accumulated depreciation for:				
Buildings and improvements	6,705,035	644,963	-	7,349,998
Machinery and equipment	1,087,697	169,996	-	1,257,693
Motor Vehicles	2,820,920	332,320	45,168	3,108,072
Infrastructure	4,717,561	223,556	-	4,941,117
Total Accumulated Depreciation	15,331,213	1,370,835	45,168	16,656,880
Total Capital Assets, Being Depreciated, Net	16,575,332	5,231,980	-	21,807,311
Total Governmental Activities	\$ 21,813,248	\$ 7,562,354	\$ 2,532,227	\$ 26,843,375

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

Governmental activities:	
General governments	\$ 182,098
Public safety	351,256
Highways and streets	476,666
Culture and recreation	360,815
Total depreciation expense - governmental activities	<u>\$ 1,370,835</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, 2013, are as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Amounts Due Within One Year
Governmental Activities:					
Tax Increment Revenue Bonds	\$ 2,545,000	\$ -	\$ (735,000)	\$ 1,810,000	\$ 800,000
Variable Rate Capital Improvement Bonds	3,549,950	-	(360,000)	3,189,950	370,000
Certificates of Participation, Series 2012	2,065,000	-	(195,000)	1,870,000	195,000
Series 2013		9,055,000	-	9,055,000	325,000
General Obligation Bonds	7,670,000	-	(325,000)	7,345,000	335,000
Issuance premiums, net	75,957	44,763	(1,862)	118,858	-
Total Bonds and Certificates	15,905,907	9,099,763	(1,616,862)	23,388,808	2,025,000
Capital leases payable	893,287	-	(230,237)	663,050	182,467
Net OPEB obligation	33,502	6,110	-	39,612	-
Compensated absences payable	476,810	508,165	(497,680)	487,295	-
Total Governmental Activities	\$ 17,309,506	\$ 9,614,038	\$ (2,344,780)	\$ 24,578,765	\$ 2,207,467

Debt Issue	Payer Fund
Tax Increment Revenue Bonds	Halls Ferry TIF Fund
Variable Rate Capital Improvement Bonds and Capital Leases	Capital Improvement Sales Tax Fund
Certificates of Participation	Certificates of Participation Fund Series 2012 by Parks Fund Series 2013 by Downtown TIF and General
General Obligations Bonds	General Obligations Bond Fund

Compensated absences are payable from the fund to which the employee is assigned; approximately 80% through the General Fund with balance from the Parks Fund.

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, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$3,189,950</u>	<u>\$ 541,218</u>	<u>\$ 3,731,168</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 beginning April 1, 2000, with a final maturity date of April 1, 2018. 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 2002 bonds. As a result, the 1997 Tax Increment Revenue Bonds are considered 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 with principal paid annually on October 1. The bonds and the interest thereon are special, limited obligations of the City, payable solely from appropriated funds. The bonds do not constitute a general obligation of the City. Currently, interest rates range from 5.0% to 5.5%. The trust indenture requires a reserve balance of \$737,000. The actual balance of the reserve fund was \$730,591 at June 30, 2013.

Maturities required on these bonds as of June 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 800,000	\$ 166,800	\$ 966,800
2015	645,000	133,250	778,250
2016	365,000	101,000	466,000
Total	<u>\$1,810,000</u>	<u>\$ 401,050</u>	<u>\$ 2,211,050</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Certificates of Participation - Series 2012

On October 1, 2002, the City issued \$3,480,000 in Certificates of Participation - Series 2002, to finance the construction of its new aquatic facility, "Splash at Wabash." On April 4, 2012, the City issued \$2,065,000 in Certificates of Participation Bonds - Series 2012 to refund Series 2002. 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 2002 bonds. As a result, the 2002 Certificates of Participation Bonds are considered 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 with principal paid annually on October 1. The bonds and the interest thereon are special, limited obligations of the City, payable solely from appropriated funds. The bonds do not constitute a general obligation of the City. Interest rates range from 0.70% to 2.45%.

Maturities required on outstanding certificates as of June 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 195,000	\$ 29,075	\$ 224,075
2015	200,000	27,395	227,395
2016	200,000	25,345	225,345
2017	215,000	22,744	237,744
2018	205,000	19,704	224,704
2019	205,000	16,321	221,321
2020	215,000	12,378	227,378
2021	215,000	7,809	222,809
2022	220,000	2,695	222,695
Total	<u>\$ 1,870,000</u>	<u>\$ 163,465</u>	<u>\$ 2,033,465</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

General Obligation Bonds

On September 15, 2011, the City issued \$8,000,000 of general obligation bonds, Series 2011. The bonds were issued for the purpose of acquiring land and for constructing, furnishing, and equipping a new fire station which will serve as a replacement for its existing Firehouse No. 1. Interest rates range from 2.000% to 3.375%. Interest is paid semi-annually on March 1 and September 1 with principal paid annually on March 1. Debt service on the bonds is paid from an *ad valorem* tax levy and supported by the full faith and credit of the City.

Maturities required on these bonds as of June 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 335,000	\$ 191,275	\$ 526,275
2015	340,000	184,575	524,575
2016	345,000	177,775	522,775
2017	355,000	170,875	525,875
2018	360,000	163,775	523,775
2019	370,000	156,575	526,575
2020	375,000	149,175	524,175
2021	385,000	140,738	525,738
2022	395,000	132,075	527,075
2023	405,000	122,200	527,200
2024	415,000	112,075	527,075
2025	425,000	101,700	526,700
2026	440,000	88,950	528,950
2027	450,000	75,750	525,750
2028	465,000	62,250	527,250
2029	480,000	48,300	528,300
2030	495,000	33,300	528,300
2031	510,000	17,213	527,213
	<u>510,000</u>	<u>17,213</u>	<u>527,213</u>
Total	<u>\$7,345,000</u>	<u>\$2,128,575</u>	<u>\$ 9,473,575</u>

Certificates of Participation – Series 2013

On January 30, 2013, the City issued \$9,055,000 of certificates of participation bonds - Series 2013. The bonds were issued for the purpose of acquiring land and buildings for a new community center and the renovation of these buildings and for renovation and additions to the building currently housing the police department. Interest rates range from 2.000% to 3.125%. Interest is paid semi-annually on March 1 and September 1 with principal paid annually on March 1. Debt service on the bonds is paid from “earmarked” revenues of both the General and Downtown TIF Funds. The bonds and the

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

interest thereon are special, limited obligations of the City, payable solely from appropriated funds. The bonds do not constitute a general obligation of the City.

Maturities required on these bonds as of June 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 325,000	\$ 278,126	\$ 603,126
2015	370,000	231,328	601,328
2016	375,000	223,928	598,928
2017	385,000	216,428	601,428
2018	390,000	208,728	598,728
2019	400,000	200,928	600,928
2020	410,000	192,928	602,928
2021	415,000	184,728	599,728
2022	425,000	175,390	600,390
2023	435,000	164,765	599,765
2024	450,000	153,346	603,346
2025	460,000	140,971	600,971
2026	475,000	127,746	602,746
2027	490,000	113,496	603,496
2028	500,000	98,796	598,796
2029	515,000	83,796	598,796
2030	535,000	68,346	603,346
2031	550,000	52,296	602,296
2032	565,000	35,796	600,796
2033	585,000	18,281	603,281
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 9,055,000</u>	<u>\$ 2,970,147</u>	<u>\$ 12,025,147</u>

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 \$263,692 as of June 30, 2013. 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

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

depreciation of \$151,950 as of June 30, 2013. 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 semi-annually and include principal and interest.

The following is a summary of the City's capital lease agreements as of June 30, 2013:

Lessor	Interest Rate	Maturity	Annual Payment	Balance
FMLC	3.55%	December 2017	\$ 146,624	\$ 607,322
Cafo	4.38%	September 2013	\$ 113,898	\$ 55,728

As of June 30, 2013, future minimum lease payments under the capital leases described above are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 203,573
2015	146,624
2016	146,624
2017	146,624
2018	73,312
Total minimum lease payments	\$ 716,757
Portion representing interest	(53,707)
Net present value	<u>\$ 663,049</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 fix 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.

		<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2013</u>	
		<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>
Governmental Activities					
Cash Flow Hedge				Derivative	
Pay-Fixed Interest	Deferred			Instrument	
Rate Swap	Outflows		\$ 114,642	Liability	\$ (287,868)

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

- (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, 2013, 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	Hedging Instruments - Governmental Activities
Notional Amounts	\$3,189,950
Effective Date	September 1, 2005
Terms	Pay 3.995%; Receive 60.938% of LIBOR plus 1%
Fair Value	(\$287,868)
Termination Date	September 1, 2020
Counter Party Credit Rating	A2

- (3) *Credit Risk.* At June 30, 2013, 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.
- (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.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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 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 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.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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 projected payroll for employees covered by the Plan for the year ended June 30, 2013 was \$6,389,000; the City's total payroll was \$7,371,000. At July 1, 2012, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	131
Retired participants	67
Terminated vested participants	21
Disabled participants	10
Beneficiaries	<u>15</u>
Total Plan Participants	<u>244</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 3.25% annual salary increases plus longevity/merit increases due to inflation, and using the Retired Pensioners 2000 Mortality Tables. 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.

For the year ended June 30, 2013, the annual pension cost of \$489,851 was equal to the required and actual contributions. Trend information for the three years ended June 30, 2013 was as follows:

Fiscal Year Ended June 30,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2013	\$ 489,851	100%	\$ -
2012	480,448	100%	-
2011	317,969	100%	-
2010	107,526	100%	-

Funded Status - As of July 1, 2012, the most recent actuarial valuation available, the Plan was 100% funded. The actuarial accrued liability (AAL) for benefits was \$21,296,785, and the actuarial value of assets was \$ 21,267,743, resulting in assets in deficiency of the AAL of \$ 29,042. The covered payroll (annual payroll of active employees covered by the plan) was \$ 6,187,888 and the unfunded liability as a percent of payroll was 0.5%.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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 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.

As of the date of the last actuarial valuation, July 1, 2012, the Plan covered the following number of participants:

Active participants	131
Retirees and beneficiaries currently receiving benefits	<u>11</u>
Total Plan Participants	<u>142</u>

Tri-annual valuations are performed using the Entry Age Normal Actuarial Cost Method, with a 30 year level dollar amortization (27 years remaining as of June 30, 2012), assuming 4% rate of return, 3.25% - 6.86% 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%. The unfunded actuarial accrued liability is amortized over a closed period of 30 years (27 remaining as of July 1, 2012).

Net OPEB Obligation

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

Annual required contribution	\$ 35,789
Interest on net benefit plan obligation	1,340
Adjustment to annual required contribution	<u>(1,973)</u>
Annual benefit plan cost	35,156
Contributions made	<u>(29,046)</u>
Increase in net benefit plan obligation	6,110
Net OPEB obligation	
Beginning of year	<u>33,502</u>
End of year	<u>\$ 39,612</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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 three years ended June 30, 2013 are as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contribution</u>	<u>Net OPEB Obligation</u>
2013	\$ 35,156	88%	\$ 39,612
2012	25,610	76	33,502
2011	27,185	64	27,392

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation available, the Plan was 0% funded. The actuarial accrued liability for benefits was \$365,083, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$365,083. The covered payroll (annual payroll of active employees covered by the plan) was \$6,187,888 and the ratio of the UAAL to the covered payroll was 5.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress 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 health, workers' compensation and general liability matters called St. Louis Area Insurance Trust or SLAIT (the "Trust"). The purpose of the Trust is to

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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.

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2013, expenditures exceeded appropriations in the following funds (the legal level of budgetary control). However, final budget amounts do not include appropriations individually authorized by Council, as in the case of the City's General Fund where individually the Council authorized approximately \$480,000 of additional storm recovery expenditures.

<u>Fund</u>	<u>Budgeted Appropriation</u>		<u>Expend- itures</u>	<u>Expenditures In Excess of Budget</u>
	<u>Original</u>	<u>Final</u>		
General	\$ 12,563,800	\$ 12,319,200	\$ 12,724,930	\$ (405,730)
Downtown TIF	43,500	74,600	74,605	(5)
Sewer Lateral	110,000	110,000	128,105	(18,105)
Halls Ferry TIF	532,800	860,300	865,299	(4,999)
Certificates of Participation	489,000	290,500	329,652	(39,152)

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 are 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, 2013.

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

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

legal matters will not have a material effect on the financial statements of the City at June 30, 2013.

13. CHANGE IN ACCOUNTING STANDARD

Recently, with the issuance of pronouncement number 65, Items Previously Reported as Assets and Liabilities, the Governmental Accounting Standards Board eliminated the requirement to capitalize debt issue costs. At June 30, 2012, the City had unamortized debt issue costs of \$195,594. This amount was eliminated and recorded as a change in accounting standard.

Governmental Activities:

Net Assets, Beginning of Year, as previously reported	\$ 26,359,549
Record Change in Accounting Standard, write-off unamortized debt issue costs	<u>(195,594)</u>
Net Assets, Beginning of Year, restated	<u><u>\$26,163,955</u></u>

During the fiscal year ending June 30, 2013, the City adopted GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement required changes in accounting captions in the statements of net position and the government fund balance sheet.

14. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 5, 2013, the date the financial statements were available to be issued.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

15. CONTINGENCIES

From time to time, the City is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the City.

16. RECENT ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In March, 2012, the GASB issues Statement No. 66, “Technical Correction – 2012 – an amendment of GASB Statements No. 10 and No. 62.” The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 and No. 62. The requirements in this Statement are effective for periods beginning after December 15, 2012.

In June 2012, the GASB issued Statement No. 67 “Financial Reporting for Pension Plans” and Statement No. 68 “Accounting and Reporting for Pensions.” The objective of these statements is to revise existing accounting and financial reporting requirements for most pension plans, and to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The requirements in Statement No. 67 are effective for periods beginning after June 15, 2013, and the requirements in Statement No. 68 are effective for periods beginning after June 15, 2014.

The effects on the City’s financial statements as a result of the adoption of these new pronouncements are unknown.

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Required Supplementary Information

CITY OF FERGUSON, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 8,280,800	\$ 8,478,600	\$ 8,567,883	\$ 89,283
Licenses and permits	643,400	628,200	650,816	22,616
Charges for services	440,800	384,600	373,643	(10,957)
Fines and forfeitures	2,214,900	2,635,400	2,571,190	(64,210)
Investment income	60,100	60,900	(24,523)	(85,423)
Other income	34,000	104,900	607,885	502,985
TOTAL REVENUES	<u>11,674,000</u>	<u>12,292,600</u>	<u>12,746,894</u>	<u>454,294</u>
EXPENDITURES				
Current:				
General government:				
City council and clerk	130,600	121,100	126,772	(5,672)
City manager's office	266,800	267,900	269,263	(1,363)
Human resources	92,400	93,600	92,330	1,270
City-wide expenses	320,300	317,100	306,904	10,196
Municipal buildings	158,800	194,100	195,435	(1,335)
Information technology	117,200	113,600	108,621	4,979
Finance	357,100	356,800	344,533	12,267
Public safety:				
Municipal court	290,700	318,300	313,192	5,108
Code enforcement	381,200	363,900	375,926	(12,026)
Police	4,999,700	5,025,700	4,993,256	32,444
Fire	2,525,500	2,410,700	2,384,588	26,112
Highways and streets:				
Streets	923,300	852,900	1,358,843	(505,943)
Municipal garage	961,900	840,100	864,911	(24,811)
Public works administration	193,800	182,600	162,870	19,730
Community development	301,500	295,100	301,970	(6,870)
Culture and recreation	462,000	486,400	477,176	9,224
Capital outlay	81,000	79,300	48,340	30,960
TOTAL EXPENDITURES	<u>12,563,800</u>	<u>12,319,200</u>	<u>12,724,930</u>	<u>(405,730)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(889,800)	(26,600)	21,964	48,564
OTHER FINANCING SOURCES				
Insurance Proceeds	-	7,000	14,720	7,720
Transfers in	784,600	778,750	801,448	22,698
CHANGE IN FUND BALANCE	<u>\$ (105,200)</u>	<u>\$ 759,150</u>	<u>838,132</u>	<u>\$ 78,982</u>
FUND BALANCE - BEGINNING OF YEAR			9,661,934	
FUND BALANCES - END OF YEAR			<u>\$ 10,500,066</u>	

CITY OF FERGUSON, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARKS FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 1,536,800	\$ 1,481,600	\$ 1,497,701	\$ 16,101
Charges for services	377,900	373,900	310,937	(62,963)
Investment income	8,900	8,900	2,431	(6,469)
Other income	264,600	306,600	137,478	(169,122)
TOTAL REVENUES	<u>2,188,200</u>	<u>2,171,000</u>	<u>1,948,547</u>	<u>(222,453)</u>
EXPENDITURES				
Current:				
Culture and recreation	933,400	928,500	833,831	94,669
Capital outlay	320,000	128,000	70,821	57,179
TOTAL EXPENDITURES	<u>1,253,400</u>	<u>1,056,500</u>	<u>904,652</u>	<u>151,848</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	934,800	1,114,500	1,043,895	(70,605)
OTHER FINANCING (USES)				
Transfers (out)	<u>(1,040,500)</u>	<u>(1,063,500)</u>	<u>(1,048,500)</u>	<u>15,000</u>
CHANGE IN FUND BALANCE	<u>\$ (105,700)</u>	<u>\$ 51,000</u>	<u>(4,605)</u>	<u>\$ (55,605)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>1,227,153</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,222,548</u>	

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)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage Of Covered Payroll
2003	\$ 18,988,459	\$ 15,747,735	\$ 3,240,724	120.6 %	\$ 5,435,740	(60.0) %
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	5,668,280	(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	5,978,512	(0.7)
2011	20,798,081	20,677,719	(120,362)	100.6	5,997,833	(2.0)
2012	21,267,743	21,296,786	29,042	99.9	6,187,888	0.5

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
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%
2012	480,448	480,448	100%
2013	489,851	489,851	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)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage Of Covered Payroll
2009	\$ -	\$ 240,892	\$ 240,892	0.0 %	\$ 6,082,657	4.0 %
2012	-	365,083	365,083	0.0	6,207,000	5.9

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 Contribution
2009	\$ 23,198	\$ 13,370	57.6 %
2010	24,126	16,088	66.7
2011	27,185	17,484	66.0
2012	25,610	19,500	74.7
2013	35,156	29,046	81.2

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 transfer of budgeted amounts from one department to another requires 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 are made to cover unanticipated items.

Other Supplementary Information

CITY OF FERGUSON, MISSOURI

**COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds		Capital Projects Funds			Debt Service Funds			Total Non-major Governmental Funds
	Special Business District	Sewer Lateral	Downtown TIF Redevelopment	Local Improvement	North Park Redevelopment TIF	Halls Ferry TIF Bonds	Certificates of Participation Bonds	General Obligation Bonds	
ASSETS									
Cash and investments	\$ -	\$ 731,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,095	\$ 1,135,861
Taxes receivable:									
Sales	-	-	31,640	-	-	113,733	-	-	145,373
Property	-	4,292	60,466	-	-	-	-	90,805	155,563
Accounts receivable	-	-	-	-	-	-	-	-	-
Due (to) from other funds	13,182	134,468	1,096,714	-	536	-	35,707	(4,145)	1,276,462
Cash and investments - restricted	-	-	-	-	-	914,459	-	-	914,459
TOTAL ASSETS	<u>\$ 13,182</u>	<u>\$ 870,526</u>	<u>\$ 1,188,820</u>	<u>\$ -</u>	<u>\$ 536</u>	<u>\$ 1,028,192</u>	<u>\$ 35,707</u>	<u>\$ 490,755</u>	<u>\$ 3,627,718</u>
LIABILITIES									
Accounts payable	\$ 12,110	\$ 4,000	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 18,110
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue:									
Property taxes	-	-	52,725	-	-	-	-	76,747	129,472
FUND BALANCES									
Restricted for:									
Debt Service	-	-	-	-	536	1,026,192	35,707	414,008	1,476,443
Downtown TIF	-	-	1,136,095	-	-	-	-	-	1,136,095
Sewer Lateral	-	866,526	-	-	-	-	-	-	866,526
Assigned to:									
Special Business District	1,072	-	-	-	-	-	-	-	1,072
TOTAL FUND BALANCES	<u>1,072</u>	<u>866,526</u>	<u>1,136,095</u>	<u>-</u>	<u>536</u>	<u>1,026,192</u>	<u>35,707</u>	<u>414,008</u>	<u>3,480,136</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES									
FUND BALANCES	<u>\$ 13,182</u>	<u>\$ 870,526</u>	<u>\$ 1,188,820</u>	<u>\$ -</u>	<u>\$ 536</u>	<u>\$ 1,028,192</u>	<u>\$ 35,707</u>	<u>\$ 490,755</u>	<u>\$ 3,627,718</u>

CITY OF FERGUSON, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds		Capital Projects Funds			Debt Service Funds			Total Non-major Governmental Funds
	Special Business District	Sewer Lateral	Downtown TIF Redevelopment	Local Improvement	North Park Redevelopment TIF	Halls Ferry TIF Bonds	Certificates of Participation Bonds	General Obligation Bonds	
REVENUES									
Taxes	\$ -	\$186,528	\$ 446,228	\$ -	\$ -	\$ 868,293	\$ -	\$ 680,030	\$2,181,079
Licenses and permits	28,424	-	-	-	-	-	-	-	28,424
Investment income	-	2,261	73	-	-	(5,148)	\$ 1,996	7,571	6,753
Other income	6,900	-	-	-	-	-	-	-	6,900
TOTAL REVENUES	35,324	188,789	446,301	-	-	863,145	1,996	687,601	2,223,156
EXPENDITURES									
Current:									
Community development	162,247	128,105	47,265	-	-	-	-	-	337,617
Capital Outlay	-	-	27,340	-	-	-	-	-	27,340
Debt Services:									
Issuance costs	-	-	-	-	-	-	102,473	-	102,473
Principal, interest and fiscal charges	-	-	-	-	-	865,299	227,179	523,693	1,616,171
TOTAL EXPENDITURES	162,247	128,105	74,605	-	-	865,299	329,652	523,693	2,083,601
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(126,923)	60,684	371,696	-	-	(2,154)	(327,656)	163,908	139,555
OTHER FINANCING SOURCES (USES)									
Issuance of debt	-	-	-	-	-	-	102,932	-	102,932
Transfers in (out)	118,124	(13,000)	(270,988)	(202,434)	-	(11,744)	227,660	-	(152,382)
TOTAL OTHER	118,124	(13,000)	(270,988)	(202,434)	-	(11,744)	330,592	-	(49,450)
CHANGE IN FUND BALANCE	(8,799)	47,684	100,708	(202,434)	-	(13,898)	2,936	163,908	90,105
FUND BALANCES -									
BEGINNING OF YEAR	9,871	818,842	1,035,387	202,434	536	1,040,090	32,771	250,100	3,390,031
END OF YEAR	\$ 1,072	\$866,526	\$1,136,095	\$ -	\$ 536	\$ 1,026,192	\$ 35,707	\$ 414,008	\$3,480,136

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, 2013**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,112,700	\$ 1,067,700	\$ 1,102,654	\$ 34,954
Investment income	43,600	49,000	(50,951)	(99,951)
Other income	1,390,000	2,453,900	1,293,226	(1,160,674)
TOTAL REVENUES	<u>2,546,300</u>	<u>3,570,600</u>	<u>2,344,929</u>	<u>(1,225,671)</u>
EXPENDITURES				
Capital outlay	9,800,000	9,711,500	7,306,733	2,404,767
Debt service:				
Principal, interest and fiscal charges	761,000	761,000	761,119	(119)
TOTAL EXPENDITURES	<u>10,561,000</u>	<u>10,472,500</u>	<u>8,067,852</u>	<u>2,404,648</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,014,700)	(6,901,900)	(5,722,923)	1,178,977
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	-	27,000	35,943	8,943
Issuance of debt	-	9,052,000	8,952,068	(99,932)
Premium on debt issuance	-	-	44,764	44,764
Transfers in (out)	7,648,000	349,400	399,434	50,034
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,648,000</u>	<u>9,428,400</u>	<u>9,432,209</u>	<u>3,809</u>
CHANGE IN FUND BALANCE	<u>\$ (366,700)</u>	<u>\$ 2,526,500</u>	3,709,286	<u>\$ 1,182,786</u>
FUND BALANCES - BEGINNING OF YEAR			6,432,967	
FUND BALANCES - END OF YEAR			<u>\$ 10,142,253</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, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Licenses and permits	\$ 24,900	\$ 23,300	\$ 28,424	\$ 5,124
Other income	3,500	2,000	6,900	4,900
TOTAL REVENUES	<u>28,400</u>	<u>25,300</u>	<u>35,324</u>	<u>10,024</u>
EXPENDITURES				
Current:				
Community development	<u>181,500</u>	<u>176,850</u>	\$ 162,247	<u>14,603</u>
TOTAL EXPENDITURES	<u>181,500</u>	<u>176,850</u>	<u>162,247</u>	<u>14,603</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(153,100)	(151,550)	(126,923)	24,627
OTHER FINANCING SOURCES				
Transfers in	<u>149,100</u>	<u>142,550</u>	<u>118,124</u>	<u>(24,426)</u>
CHANGE IN FUND BALANCE	<u>\$ (4,000)</u>	<u>\$ (9,000)</u>	(8,799)	<u>\$ 201</u>
FUND BALANCES - BEGINNING OF YEAR			<u>9,871</u>	
FUND BALANCES - END OF YEAR			<u>\$ 1,072</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, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 490,600	\$ 417,100	\$ 446,228	\$ 29,128
Investment income	-	-	73	73
TOTAL REVENUES	<u>490,600</u>	<u>417,100</u>	<u>446,301</u>	<u>29,201</u>
EXPENDITURES				
Current:				
Community development	43,500	39,100	47,265	(8,165)
Capital outlay	-	35,500	27,340	8,160
TOTAL EXPENDITURES	<u>43,500</u>	<u>74,600</u>	<u>74,605</u>	<u>(5)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	447,100	342,500	371,696	29,196
OTHER FINANCING (USES)				
Transfers (out)	(446,200)	(267,700)	(270,988)	(3,288)
CHANGE IN FUND BALANCE	<u>\$ 900</u>	<u>\$ 74,800</u>	100,708	<u>\$ 25,908</u>
FUND BALANCES - BEGINNING OF YEAR			<u>1,035,387</u>	
FUND BALANCES - END OF YEAR			<u>\$ 1,136,095</u>	

CITY OF FERGUSON, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SEWER LATERAL SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 179,700	\$ 193,700	\$ 186,528	\$ (7,172)
Investment income	14,800	14,800	2,261	(12,539)
TOTAL REVENUES	<u>194,500</u>	<u>208,500</u>	<u>188,789</u>	<u>(19,711)</u>
EXPENDITURES				
Current:				
Community development	110,000	110,000	128,105	(18,105)
TOTAL EXPENDITURES	<u>110,000</u>	<u>110,000</u>	<u>128,105</u>	<u>(18,105)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	84,500	98,500	60,684	(37,816)
OTHER FINANCING (USES)				
Transfers (out)	(10,000)	(12,000)	(13,000)	(1,000)
CHANGE IN FUND BALANCE	<u>\$ 74,500</u>	<u>\$ 86,500</u>	47,684	<u>\$ (38,816)</u>
FUND BALANCES - BEGINNING OF YEAR			818,842	
FUND BALANCES - END OF YEAR			<u>\$ 866,526</u>	

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, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING (USES)				
Transfers (out)	(211,000)	(202,400)	(202,434)	(34)
CHANGE IN FUND BALANCE	<u>\$ (211,000)</u>	<u>\$ (202,400)</u>	(202,434)	<u>\$ (34)</u>
FUND BALANCES - BEGINNING OF YEAR			<u>202,434</u>	
FUND BALANCES - END OF YEAR			<u>\$ -</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, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 967,100	\$ 883,400	\$ 868,293	\$ (15,107)
Investment income	12,800	12,800	(5,148)	(17,948)
TOTAL REVENUES	<u>979,900</u>	<u>896,200</u>	<u>863,145</u>	<u>(33,055)</u>
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	532,800	860,300	865,299	(4,999)
TOTAL EXPENDITURES	<u>532,800</u>	<u>860,300</u>	<u>865,299</u>	<u>(4,999)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	447,100	35,900	(2,154)	(38,054)
OTHER FINANCING (USES)				
Transfers (out)	(13,000)	(15,600)	(11,744)	3,856
CHANGE IN FUND BALANCE	<u>\$ 434,100</u>	<u>\$ 20,300</u>	(13,898)	<u>\$ (34,198)</u>
FUND BALANCES - BEGINNING OF YEAR			1,040,090	
FUND BALANCES - END OF YEAR			<u>\$ 1,026,192</u>	

CITY OF FERGUSON, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CERTIFICATES OF PARTICIPATION DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,996	\$ 1,996
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	429,000	226,500	227,179	(679)
Issuance costs	60,000	64,000	102,473	(38,473)
TOTAL EXPENDITURES	<u>489,000</u>	<u>290,500</u>	<u>329,652</u>	<u>(39,152)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(489,000)	(290,500)	(327,656)	(37,156)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(3,361,000)	290,500	227,660	(62,840)
Issuance of debt	3,850,000	-	102,932	102,932
TOTAL OTHER FINANCING SOURCES (USES)	<u>489,000</u>	<u>290,500</u>	<u>330,592</u>	<u>40,092</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	2,936	<u>\$ 2,936</u>
FUND BALANCES - BEGINNING OF YEAR			<u>32,771</u>	
FUND BALANCES - END OF YEAR			<u>\$ 35,707</u>	

CITY OF FERGUSON, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OBLIGATION BOND DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes	\$ 700,000	\$ 500,000	\$ 680,030	\$ 180,030
Investment income	600	36,200	7,571	(28,629)
TOTAL REVENUES	<u>700,600</u>	<u>536,200</u>	<u>687,601</u>	<u>151,401</u>
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	526,000	524,000	523,693	307
TOTAL EXPENDITURES	<u>526,000</u>	<u>524,000</u>	<u>523,693</u>	<u>307</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	174,600	12,200	163,908	151,708
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(3,500,000)	-	-	-
CHANGE IN FUND BALANCE	<u>\$ (3,325,400)</u>	<u>\$ 12,200</u>	163,908	<u>\$ 151,708</u>
FUND BALANCES - BEGINNING OF YEAR			<u>250,100</u>	
FUND BALANCES - END OF YEAR			<u>\$ 414,008</u>	

CITY OF FERGUSON, MISSOURI

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	BALANCE			BALANCE
	July 1, 2012	ADDITIONS	DEDUCTIONS	June 30, 2013
ASSETS				
Cash	\$ 129,392	\$ 481,172	\$ 484,331	153,305
LIABILITIES				
Accounts payable	\$ 129,392	\$ 481,172	\$ 484,331	153,305

Statistical Section

CITY OF FERGUSON, MISSOURI

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 City's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic information

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

Operating Information

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

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 TEN FISCAL YEARS**

Governmental Activities:

Invested in capital assets,

net of related debt

\$ 10,525,807 \$ 7,962,476 \$ 9,019,903 \$ 10,171,824 \$ 9,961,395 \$ 10,507,866 \$ 7,246,484 \$ 8,533,891 \$ 8,870,581 \$ 8,491,905

Restricted

7,376,914 9,566,443 6,629,112 4,167,465 4,429,985 5,138,047 7,826,907 5,761,966 3,732,212 3,249,387

Unrestricted

10,558,847 8,830,630 8,445,015 8,335,627 6,774,385 4,649,996 (252,954) (1,839,153) (3,229,912) (4,635,077)

Total Governmental

Activities Net Assets

\$ 28,461,568 \$ 26,359,549 \$ 24,094,030 \$ 22,674,916 \$ 21,165,765 \$ 20,295,909 \$ 14,820,437 \$ 12,456,704 \$ 9,372,881 \$ 7,106,215

CITY OF FERGUSON, MISSOURI

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
EXPENSES										
Administrative	\$ 1,657,963	\$ 1,490,297	\$ 1,447,325	\$ 1,696,105	\$ 1,644,938	\$ 1,567,009	\$ 1,608,651	\$ 1,376,228	\$ 1,221,280	\$ 1,641,523
Police department	8,454,328	8,068,845	7,956,853	7,397,481	7,786,030	7,531,021	7,219,261	6,674,109	6,432,507	6,417,994
Highway and streets	3,472,835	2,783,537	3,238,956	2,838,959	3,071,497	2,323,528	3,109,783	2,619,592	1,111,778	1,564,795
Community development	1,032,783	539,542	575,041	679,624	408,792	609,187	782,770	302,788	530,793	491,677
Culture and recreation	1,669,835	1,604,340	1,436,866	1,452,228	1,546,383	1,442,340	1,613,879	1,522,714	1,461,715	1,470,433
Interest and fiscal charges	795,834	679,492	587,564	664,269	717,508	680,399	724,694	615,573	411,427	717,441
Total Governmental Activities Expenses	17,083,578	15,166,053	15,242,605	14,728,666	15,175,148	14,153,484	15,059,038	13,111,004	11,169,500	12,303,863
PROGRAM REVENUE										
Charges for services:										
General government	772,859	617,251	667,595	531,126	488,950	439,153	451,320	420,797	439,753	-
Public safety	2,619,331	2,339,013	1,653,964	1,601,767	1,535,853	1,694,023	1,611,704	1,446,387	1,336,666	1,379,688
Highways and streets	231,883	507,977	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	310,937	362,054	361,689	324,800	334,099	368,180	360,424	582,667	554,324	559,256
Operating grants	170,831	195,787	-	-	-	-	-	-	1,211,287	1,413,984
Capital grants	1,800,834	303,202	860,404	399,529	273,961	2,199,903	320,056	222,109	286,760	130,571
Total Governmental Activities Program Revenue	5,906,675	4,325,284	3,831,820	3,122,744	2,907,092	4,940,580	3,242,798	3,186,233	4,027,444	3,674,323
NET EXPENSES	(11,176,903)	(10,840,769)	(11,410,785)	(11,605,922)	(12,268,056)	(9,212,904)	(11,816,240)	(9,924,771)	(7,142,056)	(8,629,540)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Taxes:										
Sales	7,483,584	6,583,419	6,441,170	7,730,561	8,292,648	8,687,937	8,894,227	8,870,085	5,820,353	5,350,366
Utility	2,453,095	2,349,542	2,783,666	2,643,673	2,416,369	2,665,470	2,040,890	1,925,685	1,535,947	1,801,120
Property	3,421,789	2,837,325	1,983,472	2,057,148	2,277,332	2,304,983	1,731,106	1,613,335	1,803,756	1,557,673
Other	57,851	1,047,469	1,129,883	65,569	77,778	72,980	75,165	81,919	81,000	84,340
Investment income	(66,290)	245,779	140,273	113,766	248,331	551,101	603,169	396,682	70,120	23,014
Gain on disposal of capital assets		-	-	-	-	-	660,898	18,810	49,996	-
Other miscellaneous revenue	124,487	42,757	121,109	443,902	131,401	299,373	174,519	102,078	47,550	110,758
Total Government Activities	13,474,516	13,106,291	12,599,573	13,054,619	13,443,859	14,581,844	14,179,974	13,008,594	9,408,722	8,927,271
CHANGES IN NET ASSETS	\$ 2,297,613	\$ 2,265,522	\$ 1,188,788	\$ 1,448,697	\$ 1,175,803	\$ 5,368,940	\$ 2,363,734	\$ 3,083,823	\$ 2,266,666	\$ 297,731

CITY OF FERGUSON, MISSOURI

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

	2013	2012	2011	2010 (1)	2009	2008	2007	2006	2005	2004
General Fund:										
Nonspendable	\$ 191,348	\$ 232,408	\$ 424,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	-	105,200	-	-	-	-	-	-	-	-
Reserved	-	-	-	397,477	6,800	352,891	78,513	33,104	42,136	24,857
Unreserved	-	-	-	8,092,009	7,760,429	6,772,230	4,967,205	3,920,519	2,688,395	1,905,745
Unassigned	10,308,718	9,324,324	8,445,015	-	-	-	-	-	-	-
Total general fund	\$ 10,500,066	\$ 9,661,932	\$ 8,869,814	\$ 8,489,486	\$ 7,767,229	\$ 7,125,121	\$ 5,045,718	\$ 3,953,623	\$ 2,730,531	\$ 1,930,602
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ 57,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	14,843,865	10,837,846	5,737,366	-	-	-	-	-	-	-
Assigned (2)	1,072	212,305	409,938	-	-	-	-	-	-	-
Reserved	-	-	-	390,192	298,387	1,219,114	3,897,624	1,481,764	1,471,275	1,859,374
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
Capital projects funds	-	-	-	4,328,542	3,879,649	4,602,995	4,843,409	4,952,065	1,359,238	647,676
Debt service funds	-	-	-	-	-	-	-	-	248,190	470,443
Total all other governmental funds	\$ 14,844,937	\$ 11,050,151	\$ 6,204,313	\$ 6,831,288	\$ 7,201,555	\$ 8,582,564	\$ 10,788,180	\$ 7,833,952	\$ 3,849,108	\$ 3,401,544

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

(2) In fiscal year 2013, the City reached the conclusion that its Parks Fund's fund balance is not assigned, but instead, is restricted by statute and, accordingly, was previously incorrectly classified. Restatement of restricted fund balances of for the two fiscal years ended June 30, 2012 has been made. Those amount are \$1,227,163/2012 and \$1,110,458/2011, respectively.

CITY OF FERGUSON, MISSOURI

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes (1)	\$ 13,349,317	\$12,728,871	\$12,457,272	\$12,482,833	\$ 12,882,051	\$13,983,386	\$12,577,656	\$ 12,491,024	\$9,129,162	\$8,645,181
Licenses and permits	679,240	730,581	681,085	646,245	673,892	594,890	679,974	634,304	439,753	388,487
Intergovernmental (1)	-	-	-	-	-	-	-	244,487	1,521,417	1,434,449
Charges for service	684,580	774,429	770,213	682,241	567,693	537,268	696,176	918,193	1,095,380	1,122,359
Fines and forfeitures	2,571,190	2,227,648	1,520,118	1,394,729	1,391,546	1,447,904	1,477,985	1,398,221	1,085,084	1,056,528
Investment income (2)	(66,290)	245,779	140,273	113,766	248,331	551,101	603,169	396,682	70,120	-
Other income	2,045,489	542,463	1,096,053	763,131	405,862	2,437,844	510,917	120,888	99,271	300,790
Total Revenues	19,263,526	17,249,771	16,665,014	16,082,945	16,169,375	19,552,393	16,545,877	16,203,799	13,440,187	12,947,794
Expenditures										
General government	1,443,858	1,281,211	1,367,131	1,606,737	1,571,405	1,485,407	1,426,782	1,326,238	1,169,794	1,588,424
Public safety	8,066,962	7,756,871	7,640,050	7,172,379	7,511,656	7,308,373	6,973,743	6,418,677	6,248,835	6,295,717
Highways and streets	2,386,624	1,975,865	1,978,700	1,521,058	1,496,604	1,472,053	1,419,157	1,281,617	816,721	1,025,494
Community development	639,587	536,152	559,858	1,652,928	759,865	827,062	592,481	463,065	400,229	300,555
Culture and recreation	1,311,007	1,242,896	1,122,730	1,136,445	1,171,905	1,167,650	1,241,970	1,245,006	1,228,020	1,333,516
Capital outlay	7,453,234	4,196,885	2,334,697	1,217,476	4,225,507	5,688,451	2,738,118	1,623,172	1,171,901	1,406,502
Debt service:										
Issuance cost	102,473	155,534	-	-	-	-	-	-	-	-
Interest and fiscal charges	522,421	926,894	518,757	578,414	612,897	916,235	598,320	529,578	544,113	716,990
Principal	1,854,869	1,435,000	1,389,740	1,291,377	1,539,193	711,228	908,982	565,000	130,000	340,000
Total Expenditures	23,781,035	19,507,308	16,911,663	16,176,814	18,889,032	19,576,459	15,899,553	13,452,353	11,709,613	13,007,198
Excess of Revenues Over (Under) Expenditures	(4,517,509)	(2,257,537)	(246,649)	(93,869)	(2,719,657)	(24,066)	646,324	2,751,446	1,730,574	(59,404)
Other Financing Sources (Uses)										
Proceeds from issuance of debt	9,055,000	10,065,000	-	-	1,669,205	64,942	2,750,000	2,332,127	7,370,000	-
Insurance Proceeds	50,663	-	-	-	-	-	-	-	-	-
Payments to escrow agent	-	(2,280,400)	-	-	-	-	-	-	(7,989,575)	-
Premium (discount) on bond issue	44,764	110,895	-	-	-	-	-	-	(44,195)	-
Sales of capital assets	-	-	-	-	-	-	650,000	-	130,032	-
Transfers	-	-	-	-	-	-	-	124,362	-	-
Total Other Financing Sources (Uses)	9,150,427	7,895,495	-	-	1,669,205	64,942	3,400,000	2,456,489	(533,738)	-
Net Change In Fund Balances	\$ 4,632,918	\$ 5,637,958	\$ (246,649)	\$ (93,869)	\$ (1,050,452)	\$ 40,876	\$ 4,046,324	\$ 5,207,935	\$ 1,196,836	\$ (59,404)
Debt service as a percentage of noncapital expenditures	13.7%	15.2%	12.7%	12.8%	16.5%	11.6%	10.5%	8.9%	6.1%	8.8%

(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 – GENERAL FUND
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property	Personal Property	Assessed Value	Total Direct Tax Rate	Estimated Actual Value
2004	142,837,113	42,824,082	183,015,417	0.634	773,650,784
2005	142,181,034	40,178,304	179,944,094	0.634	763,982,562
2006	151,503,500	37,763,060	200,047,788	0.600	851,195,790
2007	155,931,428	43,042,580	199,605,118	0.600	859,629,879
2008	197,435,766	43,673,690	242,250,098	0.648	1,019,303,012
2009	198,084,849	44,814,332	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
2012	163,979,466	34,082,970	198,062,436	0.080	820,097,810
2013	134,734,400	33,379,110	168,113,510	0.080	100,137,330

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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
City										
General	\$ 0.8000	\$ 0.4500	\$ 0.4500	\$ 0.4500	\$ 0.4500	\$ 0.4500	\$ 0.4200	\$ 0.4200	*	*
Parks	0.1920	0.1900	0.2000	0.2000	0.2000	0.2000	0.1800	0.1800	*	*
GOB	0.3640	0.3800	-	-	-	-	-	-	*	*
Total	1.3560	1.0200	0.6500	0.6500	0.6500	0.6500	0.6000	0.6000	*	*
School District	5.0400	5.0200	5.0200	5.0200	5.0300	4.8400	4.8400	4.8500	5.0400	5.0400
County	0.5230	0.5230	0.5200	0.5200	0.5600	0.5600	0.5600	0.5600	0.5800	0.5800
State	0.0300	0.3000	0.3000	0.3000	0.3000	0.0300	0.0300	0.0300	0.0300	0.0300
Other	1.9682	1.7174	1.6900	1.4400	1.3900	1.8300	1.8300	1.7600	1.8600	1.9600
Total	\$ 8.9172	\$ 8.5804	\$ 8.1800	\$ 7.9300	\$ 7.9300	\$ 7.9100	\$ 7.8700	\$ 7.8000	\$ 7.5100	\$ 7.6100

* Information not available

CITY OF FERGUSON, MISSOURI

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

Property Taxpayer	Type of Business	2013		2003	
		Assessed Value	Percent of Total Assessment	Assessed Value	Percent of Total Assessment
Emerson Electric	Manufacturing	\$ 8,668,560	4.22%	\$ 5,069,440	2.79%
Sam's/Walmart Real Estate	Retail Sales	3,955,330	1.93%	3,288,900	1.81%
Crossings at Halls Ferry LLC	Shopping Center	3,250,370	1.58%	2,660,960	1.46%
US Bancorp-Allen Technologies	Equipment Leasing	2,003,210	0.98%	-	
Home Depot USA, Inc.	Retail Sales	2,001,420	0.98%	2,488,000	1.37%
NCF LLC	Real Estate Holding Co.	1,824,000	0.89%	-	0.00%
Lipton Properties	Apartment Rental	1,730,520	0.84%	1,623,160	0.89%
Park Ridge Appts/Cannon Ptrship	Apartment Rental	1,691,760	0.82%	1,356,490	
Ackerman Buick	Retail Sales	1,285,410	0.63%	1,489,090	0.82%
Coats Investment Ltd.	Real Estate Holding Co.	1,231,360	0.60%	-	0.00%
Northwinds Apartments LLP	Apartment Rental	917,700	0.45%	1,794,020	0.99%
Newger Materials/Investments	Retail Sales	1,151,280	0.56%	-	0.00%
Gelco Corporation	Equipment Leasing	1,071,100	0.52%	-	0.00%
Totals		\$ 30,782,020	15.00%	\$ 19,770,060	10.13%

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
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	100.0
2008	1,208,931	1,208,931	1,083,238	89.6	1,186,971	98.2
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
2012	1,190,246	1,193,983	960,575	80.5	1,165,416	97.6
2013	1,858,710	1,849,680	1,482,937	80.2	1,770,863	95.7

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
2004	\$ 108,745	\$ 24,863	\$ 69,432	23 %
2005	70,469	19,377	51,092	27
2006	67,285	31,069	36,216	46
2007	49,581	22,502	27,080	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
2012	116,954	21,943	95,011	19
2013	94,210	20,902	73,308	22

CITY OF FERGUSON, MISSOURI

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

Governmental Activities									
Fiscal Year	Tax Increment Revenue Bond (2)	Certificates of Participation (3)	Variable Rate Capital Improvements Bonds (4)	Capital Leases (5)	General Obligation Bonds (6)	Certificates of Participation 2013	Total Primary Government	Percent of Personal Income	Per Capita
2004	\$ 7,145	\$ 3,355	\$ -	\$ -	\$ -	\$ -	\$ 10,500	0.98 %	\$ 440
2005	7,370	3,225	-	-	-	-	10,595	0.92	427
2006	6,935	3,095	2,250	78	-	-	12,358	1.07	508
2007	6,185	2,960	500	54	-	-	9,699	1.37	634
2008	5,510	2,820	4,850	73	-	-	13,253	1.37	539
2009	4,600	2,680	4,545	1,558	-	-	13,383	1.23	597
2010	4,000	2,535	4,225	1,331	-	-	12,091	1.45	540
2011	3,305	2,385	3,895	1,115	-	-	10,700	1.28	478
2012	2,545	2,065	3,550	893	7,670	-	16,723	2.00	789
2013	1,810	1,870	3,190	663	7,345	9,055	23,933	0.03	1,129

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 various lessors for fire trucks and infrastructure improvements.
- (6) In September 2011, the City issued \$8,000,000 in general obligation bonds. The purpose of the bonds is to finance the cost of acquiring, constructing, and equipping a new firehouse.
- (7) See table entitled "Demographic and Economic Statistics" for personal income and population data.
- (8) On January 30, 2013, the City issued \$9,055,000 of certificates of participation bonds - Series 2013. The bonds were issued for the purpose of acquiring land and buildings for a new community center and the renovation of these buildings and for renovation and additions to the building currently housing the police department.
- (9) All amounts rounded to the nearest \$1000, except for percent and per capita.

CITY OF FERGUSON, MISSOURI

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT -
GENERAL OBLIGATION BONDED DEBT
JUNE 30, 2013**

Name of Governmental Unit	Debt Outstanding	Percentage Applicable to City of Ferguson	Amount Applicable to City of Ferguson
Direct:			
City of Ferguson	\$ 23,933,000	100.00%	<u>\$ 23,933,000</u>
Overlapping:			
St. Louis County	\$ 499,400,000	2.13%	10,637,220
Ferguson-Florissant RII School District	\$ 23,000,000	25.80%	<u>5,934,000</u>
Total Overlapping Debt:			<u>16,571,220</u>
Total Direct And Overlapping Debt			<u><u>\$ 40,504,220</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, 2013**

	<u>2013</u>
Net Assessed Value at July 1, 2013	<u>\$ 185,682,090</u>
Debt limit - 10% of assessed valuation*	\$ 18,568,209
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 7,345,000
Less assets in Debt Service Fund	<u>404,095</u>
Total Amount of Debt Applicable to Debt Limit	<u>6,940,905</u>
Legal debt margin	<u>\$ 11,627,304</u>

Prior fiscal year information:

	<u>2012</u>
Net Assessed Value at July 1, 2012	<u>\$ 198,062,436</u>
Debt limit - 10% of assessed valuation*	\$ 19,806,244
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 7,670,000
Less assets in Debt Service Fund	<u>250,100</u>
Total Amount of Debt Applicable to Debt Limit	<u>7,419,900</u>
Legal debt margin	<u>\$ 12,386,344</u>

Total net debt applicable to the limit
as a percentage of debt limit

* 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 EIGHT FISCAL YEARS**

TIF Refunding and Improvement Bonds (1)

Fiscal Year	TIF Sales Tax	TIF Property Tax	Less Available Revenue	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
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
2012	487,813	386,350	-	874,163	760,000	159,150	0.95
2013	471,134	397,159	-	868,293	735,000	125,570	1.01

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 debt service is paid by sales and property taxes collected in the Halls Ferry TIF district.

CITY OF FERGUSON, MISSOURI

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Fiscal Year	Population	Personal Income (thousands of dollars)	Median Household Income	Unemployment Rate
2004	\$ 22,406	\$ 1,010,533	\$ 45,101	5.1 %
2005	22,406	1,036,815	46,274	5.5
2006	22,406	1,063,772	47,477	5.1
2007	22,406	1,040,054	48,838	5.3
2008	22,406	1,122,715	50,108	5.1
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
2012	21,203	790,808	37,297	8.2
2013	21,203	776,984	36,645	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 SEVEN YEARS AGO**

Employer	2012/13 Fiscal Year			2005/2006 Fiscal Year		
	Em- ploy- ees	Rank	Percentage of Total City Employment	Em- ploy- ees	Rank	Percentage of Total City Employment (1)
Ferguson-Florissant School District	1,883	1	18%	(1)	-	0%
St. Louis Community College	762	2	8%	(1)	-	0%
Emerson Electric	804	3	3%	615	1	3%
Walmart	327	4	2%	334	2	2%
Sam's Club	172	5	2%	160	5	1%
Shop N Save - 2 stores	179	6	1%	212	3	1%
Home Depot	131	7	1%	150	4	1%
Negwar Materials	100	8	1%	70	6	0%
Cracker Barrel	95	9	1%	120	5	1%
McDonalds Restaurant	65	10	1%	60	9	0%
McDonalds Restaurant	65	11	0%	55	10	0%
Walgreens - 1 store	36	12	0%	120	5	1%

Source: Business License database from Finance Department

Note: 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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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	3	2	2	3	4	4	4	2	2	2
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	2	1	1	1	1	1	1	-	-	-
Finance Department	4	3	3	3	3	3	3	3	3	5
Public Works Administration	2	2	2	2	2	3	3	3	3	3
Community Development:										
Planning and Development	1	4	4	4	4	4	4	4	3	2
Public Safety:										
Municipal Court	3	3	3	3	3	3	3	3	3	3
Police Department:										
Commissioned officers	54	54	54	54	54	54	52	53	52	52
Civilians	11	9	9	11	11	11	11	13	10	10
Fire Department	27	27	27	27	27	27	27	24	24	24
Code Enforcement	6	6	6	6	6	6	7	5	5	7
Highways and Streets:										
Municipal Services (Streets)	11	16	16	16	16	16	12	12	12	12
Municipal Garage	3	3	3	3	3	3	3	3	3	3
Parks and Recreation	5	4	4	4	4	5	8	10	10	10
Total	141	143	143	146	147	149	147	144	139	142

CITY OF FERGUSON, MISSOURI

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police Department										
Crimes reported	1,509	1,335	1,235	1,100	1,396	1,469	1,236	*	*	*
Traffic accidents	555	348	417	339	409	445	463	*	*	*
Tickets issued	14,421	13,412	15,000	14,618	15,510	18,363	14,684	*	*	*
Camera Enforcement Tickets	5,318	-	-	-	-	-	-	-	-	-
Dispatched calls	24,520	24,900	20,933	20,291	23,689	24,945	22,506	*	*	*
Fire Department										
Fires	151	122	122	118	131	128	181	*	*	*
Emergency medical services	1,748	1,808	1,923	1,789	1,873	1,801	1,616	*	*	*
Assists to other departments	480	566	603	820	847	944	690	*	*	*
Non-specific calls	482	457	561	556	508	471	682	*	*	*
Total calls responded to	2,861	2,947	3,209	3,283	3,359	3,344	3,169	*	*	*
Assists to other departments	352	259	274	404	361	316	248	*	*	*
Courts										
Number of cases initiated	24,054	21,425	13,225	16,038	15,995	19,015	20,249	*	*	*
Parks and Recreation										
Program participation	3,576	3,180	3,147	3,407	3,531	3,600	3,765	*	*	*
Shuttle passengers	3,171	3,161	3,067	1,406	972	1,444	1,416	*	*	*
Splash at Wabash	22,487	23,289	25,668	23,266	22,647	26,126	24,945	*	*	*
Sports Complex at Forestwooc	64,421	67,026	68,433	70,012	68,604	70,662	70,616	*	*	*
Public Works										
Occupancy permits	1,583	1,201	1,313	1,504	1,400	1,341	1,529	*	*	*
Inspections completed	13,867	14,206	13,726	14,665	14,100	12,268	12,268	*	*	*
Abatements made	2,181	1,837	1,931	2,123	2,245	2,781	2,377	*	*	*

* Information not available

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

Note: FY2009 is the first year of preparation of this schedule. It is based on accumulated data of the prior calendar year. Statistics are not available prior to FY2006.

CITY OF FERGUSON, MISSOURI

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

		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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
		1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117
Fire Protection											
Number of stations		2	2	2	2	2	2	2	2	2	2
Fire hydrants		598	597	597	597	597	597	597	597	597	597
Vehicles:											
Pumpers		3	2	2	3	3	3	3	3	3	3
Ladder Truck		-	1	1	-	-	-	-	-	-	-
Pumper/Telesquirt		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
Command Vehicles		2	2	2	-	-	-	-	-	-	-
Police Protection:											
Number of stations		1	1	1	1	1	1	1	1	1	1
Parks and Recreation:											
Acres of parks		108	108	108	108	108	108	108	108	108	108
Number of parks		11	11	11	11	11	11	11	11	11	11

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