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***CITY OF FERGUSON, MISSOURI  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014***

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*Report prepared and submitted by the  
Department of Finance*

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## **Introductory Section**

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## **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

#### **CHIEF - FIRE DEPARTMENT**

Steven Rosenthal

#### **CHIEF - POLICE DEPARTMENT**

Thomas Jackson

#### **DIRECTOR OF FINANCE**

Jeffrey Blume

#### **DIRECTOR OF PARKS & RECREATION**

Stan Kreitler

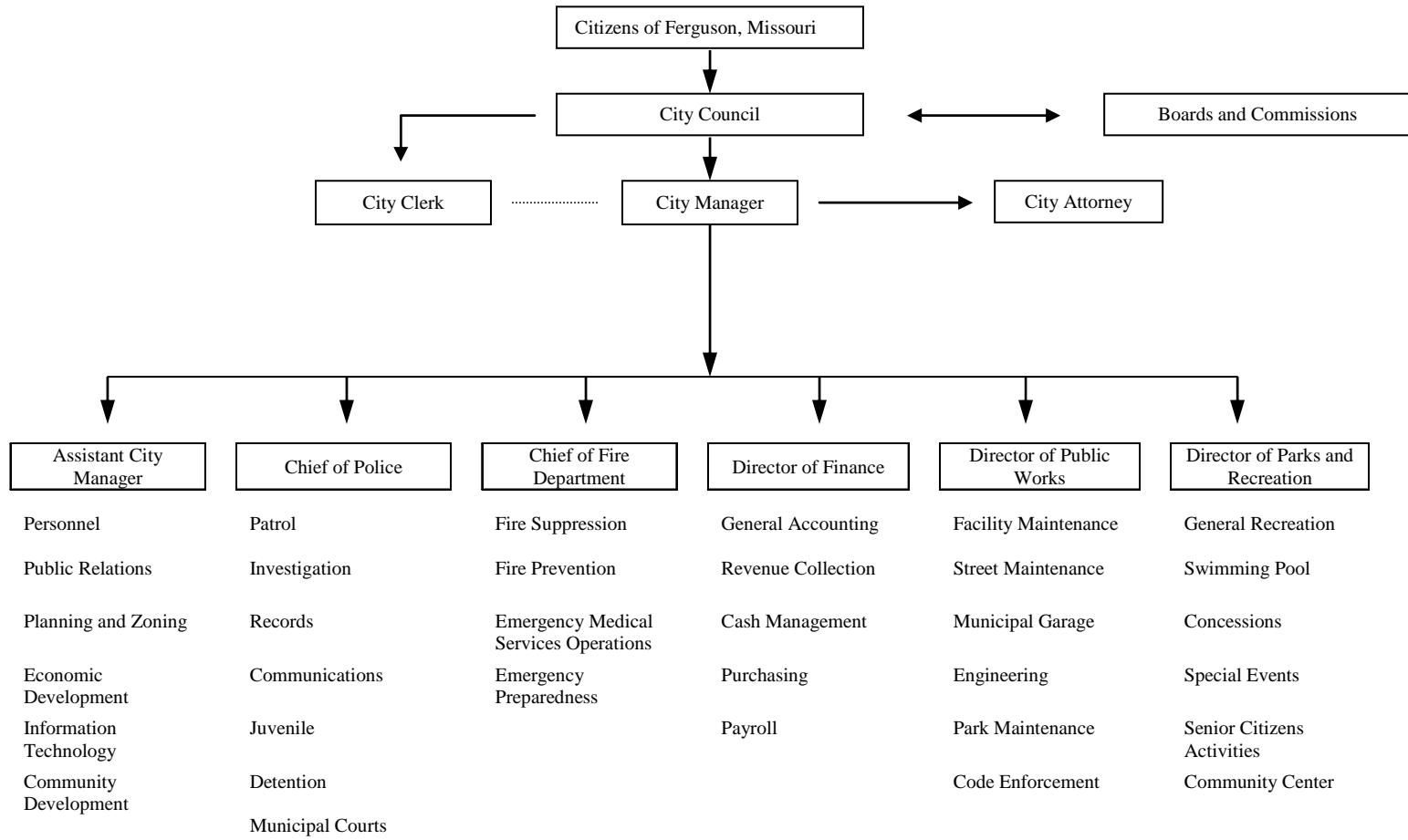
#### **DIRECTOR OF PUBLIC WORKS**

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, 2013**

Executive Director/CEO



# CITY OF FERGUSON

MISSOURI 63135

December 5, 2014

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, 2014. This year's comprehensive annual financial report (CAFR) is the tenth 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, 2014, 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 their 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, 2014, 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.

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



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

### THE FINANCIAL REPORTING ENTITY

The City of Ferguson, Missouri, 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 21,111 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 30<sup>th</sup>, 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 \$500 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, final 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 two fiscal years ended June 30, 2014, 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](http://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, 2013. This was the twenty-eighth 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.

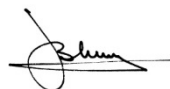
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it for GFOA certification.

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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, 2014, and the respective changes in the financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 3 through 11 and 49 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

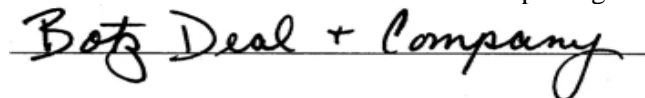
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Ferguson, Missouri's basic financial statements. The introductory section, other supplemental information and the statistical section are presented for purposes of additional 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 23, 2014, 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.



December 23, 2014

# CITY OF FERGUSON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

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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, 2014. 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 \$30,163,690. This represents an increase of \$1,702,122 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 \$19,173,668. This represents a decrease of \$6,171,335 in comparison to the prior year.
- The City's long-term debt decreased by \$2,202,467 during the current fiscal year to \$21,730,533. No debt was issued during the fiscal year ended June 30, 2014.

### 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 difference between the two 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)

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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 [Special Revenue] Fund, Certificates of Participation [Debt Service] Fund, and General Obligation Bonds [Debt Service] Fund. Budgetary comparison schedules have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

## CITY OF FERGUSON, MISSOURI

### Management's Discussion and Analysis (continued)

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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 \$30,163,690 at June 30, 2014.

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<br>Governmental Activities |                      |
|----------------------------------|--|----------------------|
|                                  | 2014   | 2013                 |
| <b>Assets</b>                    |  |                      |
| Current and other assets         | \$ 23,145,785  | \$ 28,552,966        |
| Capital assets, net              | 32,657,882   | 26,843,375           |
| <b>Total Assets</b>              | <u>55,803,667</u>                                    | <u>55,396,341</u>    |
| <b>Deferred Outflows</b>         | <u>282,252</u>                                       | <u>613,226</u>       |
| <b>Liabilities</b>               |  |                      |
| Other liabilities                | 3,488,421  | 2,969,234            |
| Long-term liabilities            | 22,433,808   | 24,578,765           |
| <b>Total Liabilities</b>         | <u>25,922,229</u>                                    | <u>27,547,999</u>    |
| <b>Net Position</b>              |  |                      |
| Net investment in capital assets | 12,890,682   | 10,525,807           |
| Restricted                       | 5,560,201  | 7,376,914            |
| Unrestricted                     | 11,712,807   | 10,558,847           |
| <b>Total Net Position</b>        | <u>\$ 30,163,690</u>                                 | <u>\$ 28,461,568</u> |

## CITY OF FERGUSON, MISSOURI

### Management's Discussion and Analysis (continued)

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#### 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 15 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 16.

On a government-wide basis, governmental activities resulted in the City’s net position increasing by \$1,702,122. This increase arises principally from the recognition of repayment of debt principal which was offset by increases in other liabilities especially accounts payable.

On the whole, on a government-wide basis, the increase in net position from governmental activities of \$1,702,122 for the fiscal year ended June 30, 2014 was less than that of the prior fiscal year of \$2,297,613.

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.

- Charges for services decreased primarily as a result of two opposite circumstances—
  - A decrease in automated traffic enforcement fine revenues of just over \$320,000. This is the result of unresolved state-wide litigation over the constitutionality of these fines.
  - An increase in nuisance abatement revenues of slightly less than \$100,000.
- Capital and operating grant revenues increased as a result of approximately \$450,000 of FEMA disaster recovery grants in fiscal year 2013 not recurring in fiscal year 2014. This decrease was offset in part by an increase in recognition of surface transportation and flood plain buyout program grants revenues.
- Tax revenues increased largely as a result of two opposite circumstances –
  - A decrease in property tax revenues of approximately \$94,000 and
  - An increase in sales tax revenues of about \$240,000.
- Investment income increased as a result of market reversal in fiscal year 2014 compared with fiscal year 2013. In June, 2013, largely on the basis of a preliminary planning announcement by the Federal Reserve regarding its quantitative easing program, the value of fixed rate securities fell. This action resulted in market write downs of about \$250,000. These were more than reversed in fiscal year 2014.
- Other revenues increased largely as a result of collection of insurance proceed related claims settlements in fiscal year 2014 for tornado damage occurring late in fiscal year 2013 and more aggressive pursuit of claims related to damage to city property by third parties.

**CITY OF FERGUSON, MISSOURI**

Management’s Discussion and Analysis (continued)

- Overall, personnel related costs increased about \$690,000 in fiscal year 2014. This amount was budgeted to be about \$653,000. This increase reflects a general wage rate increase of about 6% that resulted in over \$450,000. The City added 2.5 full time employees which was not completely offset by the elimination of 2 positions. Health care costs accounted for an additional \$130,000; about \$53,000 of this amount results from rate increases with the balance coming from increased coverage.
- General government expenses increased mainly from –
  - Increased salaries, wages and benefits of about \$207,000.
  - Increased utility costs of over \$38,000 coming from abnormally cold winter and hot summer and higher telecommunication costs.
- Public safety expenses increased from –
  - Higher salaries, wages and benefits of about \$530,000.
  - Higher depreciation of about \$260,000.
- Highways and streets expense decreased largely as a result of tornado related costs of about \$410,000 incurred in fiscal year 2013 not recurring in fiscal year 2014.
- Community development expenses decreased as a result of transfer of one full time employee to General Government and the elimination of 2 positions.
- Interest on long term debt increased as a result of incurring one full year of debt service on Certificates of Participation Series 2013 in fiscal year 2014 versus about a half year in fiscal year 2013.

|   | <b>Statement of Net Position<br/>Governmental Activities</b> |                      |                     |
|---|--|----------------------|---------------------|
|   | <b>2014</b>  | <b>2013</b>          | <b>Difference</b>   |
| <b>Revenues</b>                               |  |                      |                     |
| Program revenues:                             |  |                      |                     |
| Charges for services                          | \$ 3,715,943   | \$ 3,935,010         | \$ (219,067)        |
| Capital and operating grants                  | 1,788,322  | 1,971,665            | (183,343)           |
| General revenues:                             |  |                      |                     |
| Taxes   | 13,529,861   | 13,416,319           | 113,542             |
| Investment income                             | 227,521  | (66,290)             | 293,811             |
| Other revenue                                 | 197,118  | 124,487              | 72,631              |
| <b>Total Revenues</b>                         | <b>19,458,765</b>  | <b>19,381,191</b>    | <b>77,574</b>       |
| <b>Expenses</b>                               |  |                      |                     |
| General government                            | 1,961,240  | 1,657,963            | 303,277             |
| Public safety                                 | 9,209,729  | 8,454,328            | 755,401             |
| Highways and streets                          | 3,057,233  | 3,472,835            | (415,602)           |
| Community development                         | 918,645  | 1,032,783            | (114,138)           |
| Culture and recreation                        | 1,663,656  | 1,669,835            | (6,179)             |
| Interest and fiscal charges on long-term debt | 946,140  | 795,834              | 150,306             |
| <b>Total Expenses</b>                         | <b>17,756,643</b>  | <b>17,083,578</b>    | <b>673,065</b>      |
| Change in net position                        | 1,702,122  | 2,297,613            | (595,491)           |
| <b>Net Position</b>                           |  |                      |                     |
| Beginning of year, as previously stated       | 28,461,568   | 26,359,549           | 2,102,019           |
| Correction for prior period adjustment        | -  | (195,594)            | (195,594)           |
| Beginning of year, as restated                | 28,461,568   | 26,163,955           | 2,297,613           |
| <b>Total Net Position</b>                     | <b>\$ 30,163,690</b>   | <b>\$ 28,461,568</b> | <b>\$ 1,702,122</b> |

## CITY OF FERGUSON, MISSOURI

### Management's Discussion and Analysis (continued)

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#### Change in Net Position

The decrease in the Change in Net Position of \$595,491 is the result of revenues decreasing and expenditures increasing.

#### 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 may be 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, 2014, the unassigned fund balance of the General Fund was \$7,907,704, and the total fund balance was \$8,198,703. The difference of \$290,999 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 60% of total General Fund expenditures of \$13,159,948 as compared to 81% in Fiscal Year 2013.

As a result of the City's operations, the total fund balance of the General Fund decreased by \$2,301,363 or 22% from Fiscal Year 2013 to 2014, as compared with a 9% increase in the previous year. This change in the current year's fund balance is mainly attributable to:

- Expenditures exceeding revenues by about \$820,000.
- Changes in transfers as follows:
  - In fiscal year 2014, the General Fund began making an annual transfer of about \$340,000 to the Certificates of Participation Debt Service Fund. This transfer is funded by an increase in property taxes which began in fiscal year 2013.
  - As a result of an unanticipated cost increase in both of its renovation projects, after considerable study and council presentation a one-time transfer of \$2,051,000 was authorized and made to the CIST Fund to fund the additional construction cost.

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

- The fund balance of the Parks Fund decreased by about \$194,000 largely as a result of planned capital expenditures.
- The total fund balance of the Capital Improvements Sales Tax Fund decreased by over \$3.5 million entirely as a result of spending previously unspent bond issue proceeds. This comes on the heels of an approximately \$3.7 and \$4.6 million fund balance increase in the two prior fiscal years. This decrease is due to the renovation of the Community Center and Police Department.

## CITY OF FERGUSON, MISSOURI

### Management's Discussion and Analysis (continued)

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- The Downtown TIF Fund experienced a 41% decrease in fund balance largely as a result of:
  - Weaker tax collections.
  - An additional transfer of about \$260,000 to the Certificates of Participation (COPs) Debt Service Fund to support debt service on COPs Series 2013 which it shares with the General Fund.
- The fund balance of the Sewer Lateral Fund increased by slightly more than 7% strictly as a result of revenues continuing to exceed expenses.
- The fund balance of Halls Ferry TIF Bonds Fund increased as a result of experiencing higher revenue collections at the end of the fiscal year. In accordance with its *Trust Agreement*, these receipts will be used to prepay principle at its next semi-annual debt service date.
- The fund balance of the General Obligation Bond Fund increased by \$187,353 to \$601,361 as the fund continues to build a debt service reserve.

### 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 \$32,657,882, net of depreciation, in a broad range of capital assets as of June 30, 2014. This investment in capital assets is summarized as follows.

|                                  | <b>Capital Assets, Net of<br/>Depreciation</b> |               |
|----------------------------------|--|---------------|
|                                  | 2014   | 2013          |
| Land                             | \$ 3,819,342                                   | \$ 3,606,442  |
| Construction in progress         | 6,530,747                                      | 1,429,621     |
| Buildings and other improvements | 12,860,564                                     | 13,566,434    |
| Machinery and equipment          | 648,273  | 611,459       |
| Motor vehicles                   | 2,152,532                                      | 2,219,412     |
| Infrastructure                   | 6,646,424                                      | 5,410,008     |
| Total                            | \$ 32,657,882                                  | \$ 26,843,375 |

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

## CITY OF FERGUSON, MISSOURI

### Management's Discussion and Analysis (continued)

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#### Long-Term Debt

The City's outstanding long-term debt obligations for governmental activities decreased by slightly more than \$2.2 million to \$21,730,533 at June 30, 2014 compared to \$23,933,000 in 2013. The net decrease in the City's long-term debt obligations is solely the result of debt service payments.

The following summarizes the City's governmental activities debt:

|  | <b>Outstanding Long-Term Debt Obligations</b> |                      |
|--|---|----------------------|
|  | 2014  | 2013                 |
| Tax Increment Revenue Bonds, Series 2005     | \$ 1,015,000                                  | \$ 1,810,000         |
| Variable Rate Capital Improvement Bonds 2005 | 2,819,950                                     | 3,189,950            |
| Certificates of Participation, Series 2012   | 1,675,000                                     | 1,870,000            |
| Certificates of Participation, Series 2013   | 8,730,000                                     | 9,055,000            |
| General Obligation Bonds, Series 2011        | 7,010,000                                     | 7,345,000            |
| Capital leases                               | 480,583                                       | 663,050              |
| <b>Total</b>                                 | <b>\$ 21,730,533</b>                          | <b>\$ 23,933,000</b> |

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

#### Significant Variances between Final Budgets and Actual Results

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

- In the General Fund, slightly higher than anticipated end-of-year sales and property tax revenues were offset by continued erosion of traffic enforcement revenues. Overall, continued, vigorous cost containment resulted in actual expenses less than those budgeted by about \$205,000. In the Parks Fund, Other Income and Capital Outlay exceeded Final Budget by \$286,523 and \$252,889, respectively. Both variances are the result of extraordinary and successful efforts to complete one part of the Community Center renovation project ahead of schedule thus shifting about \$280,000 of grant reimbursement revenues and about \$295,000 of capital outlay from fiscal year 2015 to fiscal year 2014.
- In the Capital Improvements Sales Tax Fund, the anticipated completion date of the Community Center renovation project was moved back approximately 80 days and the estimated stage of completion of the Police Department building renovation project was anticipated to be higher at June 30, 2014. Both of these circumstances caused actual spending to lag that budgeted.
- In the Sewer Lateral Fund, end-of-year expenses surged higher than expected, mostly as a result of colder than normal winter temperatures.
- In the Halls Ferry TIF Debt Service Fund, stronger than anticipated end-of-year sales tax collections resulted in a higher than anticipated favorable variance to Final Budget.
- In the General Obligation Bond Debt Service Fund, higher than anticipated year end property tax collections resulted in a favorable variance to Final Budget.

## CITY OF FERGUSON, MISSOURI

### Management's Discussion and Analysis (continued)

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

Reviewing fiscal year 2013-2014, while looking ahead to fiscal year 2014-2015, the City of Ferguson has continued to strengthen its position with conservative budgeting, a heightened focus on necessary capital improvements to the City's physical infrastructure and efforts to modernize critical City equipment and processes. These efforts have been and continue to be done, while maintaining a constant focus on economic development and the benefits it brings to the City. The financial condition of the City of Ferguson continues to be extremely strong and presently stable. This will prove helpful as the St. Louis regional economy continues to suffer from an extremely slow economic recovery.

The theme of the proposed fiscal year 2014-2015 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.

As indicated in the notes to financial statements, subsequent events footnote, in August 2014, one of the City's police officers was involved in a use of deadly force incident which resulted in the death of an individual. This event precipitated civil unrest. The response to the unrest, as well as other related matters, has resulted in significant, unanticipated expenditures. The civil unrest also resulted in some lost revenues. The City anticipates additional costs to be incurred as well as continued lost revenues. At this time, the total impact of this event on the City's revenues and expenses is not able to be estimated. However, the City believes it has sufficient reserves to address the additional costs and continue to provide that level of services required despite the lost revenue.

#### 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**

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**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>   |                            |
| Cash and investments                                      | \$ 12,759,136              |
| Taxes receivable:   |                            |
| Property  | 450,272                    |
| Sales   | 1,298,198                  |
| Other   | 364,705                    |
| Accounts receivable - net                                 | 1,456,610                  |
| Prepaid   | 207,672                    |
| Inventory   | 84,475                     |
| Due (to) from other funds                                 | (4,452)                    |
| Cash and investments - restricted                         | 6,529,169                  |
| Capital assets - net                                      |                            |
| Nondepreciable  | 10,350,089                 |
| Depreciable   | 22,307,793                 |
| <b>TOTAL ASSETS</b>                                       | <b>55,803,667</b>          |
| <br><b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                            |
| Bond refunding  | 53,749                     |
| Accumulated decrease in fair value of hedging derivatives | 228,503                    |
| <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>                | <b>282,252</b>             |
| <br><b>LIABILITIES</b>                                    |                            |
| Accounts payable  | 2,424,030                  |
| Wages and benefits payable                                | 375,323                    |
| Other liabilities   | 161,984                    |
| Accrued interest payable                                  | 178,927                    |
| Unearned revenue  | 119,654                    |
| Derivative instruments liability - interest rate swap     | 228,503                    |
| Noncurrent liabilities:                                   |                            |
| Due in one year   | 2,091,624                  |
| Due in more than one year                                 | 20,342,184                 |
| <b>TOTAL LIABILITIES</b>                                  | <b>25,922,229</b>          |
| <br><b>NET POSITION</b>                                   |                            |
| Net investment in capital assets                          | 12,890,682                 |
| Restricted for:   |                            |
| Parks   | 1,087,201                  |
| Debt service  | 1,821,558                  |
| Capital projects  | 1,011,203                  |
| Downtown TIF  | 709,861                    |
| Sewer Lateral   | 930,378                    |
| Unrestricted  | 11,712,807                 |
| <b>TOTAL NET POSITION</b>                                 | <b>\$ 30,163,690</b>       |

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

| <b>Functions/Programs</b>               | Expenses             | Program Revenue     |                                    |                                  | Net (Expense)                      |
|---|----------------------|---------------------|------------------------------------|----------------------------------|------------------------------------|
|   |                      | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Change in Net Position |
|   |                      |                     |                                    |                                  | Governmental Activities            |
| <b>Governmental Activities</b>          |                      |                     |                                    |                                  |                                    |
| General government                      | \$ 1,958,240         | \$ 905,815          | \$ -                               | \$ 14,392                        | \$ (1,038,033)                     |
| Public safety                           | 9,209,729            | 2,148,944           | 71,023                             | 1,871                            | (6,987,891)                        |
| Highway and streets                     | 3,057,233            | 336,230             | -                                  | 911,199                          | (1,809,804)                        |
| Community development                   | 921,645              | -                   | 23,521                             | 427,393                          | (470,731)                          |
| Culture and recreation                  | 1,663,656            | 324,954             | 58,163                             | 280,760                          | (999,779)                          |
| Interest and fiscal charges             | 946,140              | -                   | -                                  | -                                | (946,140)                          |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>    | <u>\$ 17,756,643</u> | <u>\$ 3,715,943</u> | <u>\$ 152,707</u>                  | <u>\$ 1,635,615</u>              | <u>(12,252,378)</u>                |
| Taxes:                                  |                      |                     |                                    |                                  |                                    |
| Sales                                   |                      |                     |                                    |                                  | 7,687,363                          |
| Utility                                 |                      |                     |                                    |                                  | 2,459,500                          |
| Property                                |                      |                     |                                    |                                  | 3,327,974                          |
| Other                                   |                      |                     |                                    |                                  | 55,024                             |
| Interest income                         |                      |                     |                                    |                                  | 227,521                            |
| Other revenue                           |                      |                     |                                    |                                  | 197,118                            |
| <b>TOTAL GENERAL REVENUES</b>           |                      |                     |                                    |                                  | <u>13,954,500</u>                  |
| <b>CHANGE IN NET POSITION</b>           |                      |                     |                                    |                                  | <u>1,702,122</u>                   |
| <b>NET POSITION - BEGINNING OF YEAR</b> |                      |                     |                                    |                                  | <u>28,461,568</u>                  |
| <b>NET POSITION - END OF YEAR</b>       |                      |                     |                                    |                                  | <u>\$ 30,163,690</u>               |

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

**CITY OF FERGUSON, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

|   | General<br>Fund     | Parks<br>Fund       | Capital<br>Improvements<br>Sales Tax | Other<br>Nonmajor<br>Funds | Total                |
|---|---------------------|---------------------|--------------------------------------|----------------------------|----------------------|
| <b>ASSETS</b>   |                     |                     |                                      |                            |                      |
| Cash and investments  | \$ 9,330,775        | \$ 847,906          | \$ 993,778                           | \$ 1,586,677               | \$ 12,759,136        |
| Taxes receivable:   |                     |                     |                                      |                            |                      |
| Sales   | 672,183             | 215,865             | 204,034                              | 206,116                    | 1,298,198            |
| Property  | 230,750             | 64,566              | -                                    | 154,956                    | 450,272              |
| Other   | 364,705             | -                   | -                                    | -                          | 364,705              |
| Accounts receivable - net   | 1,078,491           | 291,674             | 86,445                               | -                          | 1,456,610            |
| Due from other funds  | (2,353,464)         | (56,821)            | 1,783,599                            | 622,234                    | (4,452)              |
| Prepaid items   | 206,524             | -                   | -                                    | 1,148                      | 207,672              |
| Inventory   | 84,475              | -                   | -                                    | -                          | 84,475               |
| Restricted:   |                     |                     |                                      |                            |                      |
| Cash and investments  | -                   | -                   | 5,608,091                            | 921,078                    | 6,529,169            |
| <b>TOTAL ASSETS</b>   | <u>\$ 9,614,439</u> | <u>\$ 1,363,190</u> | <u>\$ 8,675,947</u>                  | <u>\$ 3,492,209</u>        | <u>\$ 23,145,785</u> |
| <b>LIABILITIES</b>  |                     |                     |                                      |                            |                      |
| Accounts payable  | \$ 150,058          | \$ 190,927          | \$ 2,057,189                         | \$ 25,856                  | \$ 2,424,030         |
| Wages and benefits payable  | 343,831             | 29,542              | -                                    | 1,950                      | 375,323              |
| Other liabilities   | 161,984             | -                   | -                                    | -                          | 161,984              |
| Deferred revenue  | 64,134              | 55,520              | -                                    | -                          | 119,654              |
| <b>TOTAL LIABILITIES</b>  | <u>720,007</u>      | <u>275,989</u>      | <u>2,057,189</u>                     | <u>27,806</u>              | <u>3,080,991</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                     |                     |                                      |                            |                      |
| Unavailable revenue:  |                     |                     |                                      |                            |                      |
| Property taxes  | 208,246             | 58,271              | -                                    | 136,126                    | 402,643              |
| Assessments   | 488,483             | -                   | -                                    | -                          | 488,483              |
| <b>TOTAL DEFERRED INFLOWS<br/>    OF RESOURCES</b>                                | <u>696,729</u>      | <u>58,271</u>       | <u>-</u>                             | <u>136,126</u>             | <u>891,126</u>       |
| <b>FUND BALANCES:</b>   |                     |                     |                                      |                            |                      |
| Nonspendable  | 290,999             | -                   | -                                    | 1,148                      | 292,147              |
| Restricted for:   |                     |                     |                                      |                            |                      |
| Parks   | -                   | 1,028,930           | -                                    | -                          | 1,028,930            |
| Debt service  | -                   | -                   | -                                    | 1,721,728                  | 1,721,728            |
| Capital projects  | -                   | -                   | 6,618,758                            | 536                        | 6,619,294            |
| Downtown TIF  | -                   | -                   | -                                    | 673,565                    | 673,565              |
| Sewer Lateral   | -                   | -                   | -                                    | 930,378                    | 930,378              |
| Unassigned  | 7,906,704           | -                   | -                                    | 922                        | 7,907,626            |
| <b>TOTAL FUND BALANCES</b>  | <u>8,197,703</u>    | <u>1,028,930</u>    | <u>6,618,758</u>                     | <u>3,328,277</u>           | <u>19,173,668</u>    |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES<br/>AND FUND BALANCES</b> | <u>\$ 9,614,439</u> | <u>\$ 1,363,190</u> | <u>\$ 8,675,947</u>                  | <u>\$ 3,492,209</u>        | <u>\$ 23,145,785</u> |

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

***CITY OF FERGUSON, MISSOURI***  
**RECONCILIATION OF THE STATEMENT OF NET POSITION  
 OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
 AS OF JUNE 30, 2014**

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

|   |                             |
|---|-----------------------------|
| Total fund balance per balance sheet  | \$ 19,173,668               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 32,657,882                  |
| Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.  | 891,126                     |
| Costs associated with the issuance of debt are expenditures in the governmental funds, however these costs are recorded as an asset in the statement of net position and amortized over the life of the debt. | 53,749                      |
| Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the government funds until due.  | (178,927)                   |
| Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.<br>Long-term liabilities at year-end consist of:       |                             |
| Net other post employment benefit obligation  | (56,205)                    |
| Accrued compensated absences  | (532,310)                   |
| Outstanding debt  | <u>(21,845,293)</u>         |
| Net position of governmental activities   | <u><u>\$ 30,163,690</u></u> |

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | General<br>Fund     | Parks<br>Fund       | Capital<br>Improvements<br>Sales Tax Fund | Other<br>Nonmajor<br>Funds | Total                |
|---|---------------------|---------------------|---|----------------------------|----------------------|
| <b>REVENUES</b>   |                     |                     |   |                            |                      |
| Taxes   | \$ 8,615,189        | \$ 1,511,495        | \$ 1,133,744                              | \$ 2,246,102               | \$ 13,506,530        |
| Licenses and permits                                    | 705,594             | -                   | -   | 33,903                     | 739,497              |
| Charges for service                                     | 455,419             | 324,954             | -   | -                          | 780,373              |
| Fines and forfeitures                                   | 2,096,617           | -                   | -   | -                          | 2,096,617            |
| Investment income                                       | 87,100              | 951                 | 110,595                                   | 28,875                     | 227,521              |
| Other income  | 380,234             | 338,923             | 1,119,744                                 | 7,195                      | 1,846,096            |
| <b>TOTAL REVENUES</b>                                   | <u>12,340,153</u>   | <u>2,176,323</u>    | <u>2,364,083</u>                          | <u>2,316,075</u>           | <u>19,196,634</u>    |
| <b>EXPENDITURES</b>                                     |                     |                     |   |                            |                      |
| Current:  |                     |                     |   |                            |                      |
| General government                                      | 1,731,979           | -                   | -   | -                          | 1,731,979            |
| Public safety   | 8,561,370           | -                   | -   | -                          | 8,561,370            |
| Highways and streets                                    | 2,247,913           | -                   | -   | -                          | 2,247,913            |
| Community development                                   | 94,382              | -                   | -   | 568,042                    | 662,424              |
| Culture and recreation                                  | 469,877             | 821,086             | -   | -                          | 1,290,963            |
| Capital outlays   | 54,427              | 490,889             | 7,523,437                                 | -                          | 8,068,753            |
| Debt service:   |                     |                     |   |                            |                      |
| Principal, interest and fiscal charges                  | -                   | -                   | 699,943                                   | 2,243,968                  | 2,943,911            |
| <b>TOTAL EXPENDITURES</b>                               | <u>13,159,948</u>   | <u>1,311,975</u>    | <u>8,223,380</u>                          | <u>2,812,010</u>           | <u>25,507,313</u>    |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (819,795)           | 864,348             | (5,859,297)                               | (495,935)                  | (6,310,679)          |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                     |                     |   |                            |                      |
| Transfer in (out)                                       | (1,609,196)         | (1,057,966)         | 2,323,086                                 | 344,076                    | -                    |
| Issuance proceeds                                       | 126,628             | -                   | 6,129                                     | -                          | 132,757              |
| Proceeds from the sale of capital assets                | -                   | -                   | 6,587                                     | -                          | 6,587                |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <u>(1,482,568)</u>  | <u>(1,057,966)</u>  | <u>2,335,802</u>                          | <u>344,076</u>             | <u>139,344</u>       |
| <b>CHANGE IN FUND BALANCE</b>                           | (2,302,363)         | (193,618)           | (3,523,495)                               | (151,859)                  | (6,171,335)          |
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR</b>            | <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>    |
| <b>FUND BALANCES -<br/>END OF YEAR</b>                  | <u>\$ 8,197,703</u> | <u>\$ 1,028,930</u> | <u>\$ 6,618,758</u>                       | <u>\$ 3,328,277</u>        | <u>\$ 19,173,668</u> |

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

***CITY OF FERGUSON, MISSOURI***  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

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

|   |                |
|---|----------------|
| Change in fund balance-total governmental funds   | \$ (6,171,335) |
| Revenues that do not provide current financial resources are not included in the fund financial statements.                                       | 122,787        |
| Acquisition of capital assets requires the use of current financial resources, but has no effect on net position.                                 | 7,441,898      |
| The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities. | (1,627,391)    |
| Some expenses do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds:     |                |
| Compensated absences  | (45,015)       |
| Net other post-employment benefits obligation   | (16,593)       |
| Accrued interest  | 62,813         |
| Amortization of debt issuance discount  | (267,509)      |
| Repayment of bond principal is an expenditure in the governmental funds, and reduces long-term liabilities in the statement of net position.      | 2,202,467      |
| Change in net position of governmental activities   | \$ 1,702,122   |

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2014**

|   | Pension<br>Trust Fund | Agency<br>Fund |
|---|-----------------------|----------------|
| <b>ASSETS</b>                             |                       |                |
| Cash and cash equivalents                 | \$ -                  | \$ 135,490     |
| Due (to) from other funds                 |                       | 4,452          |
| Investments:                              |                       |                |
| Common stock                              | 10,822,201            | -              |
| Equity mutual funds                       | 4,633,191             | -              |
| Municipal bonds                           | 83,351                |                |
| Government and agency securities          | 3,934,197             | -              |
| Corporate obligations                     | 3,124,743             | -              |
| Fixed income funds                        | 835,922               |                |
| Other mutual funds                        | 430,330               |                |
| Money market funds                        | 598,820               | -              |
| Interest receivable                       | 55,163                | -              |
| <b>TOTAL ASSETS</b>                       | <b>24,517,918</b>     | <b>139,942</b> |
| <br><b>LIABILITIES</b>                    |                       |                |
| Accounts payable                          | 16,051                | 139,942        |
| <br><b>NET POSITION</b>                   |                       |                |
| Assets held in trust for pension benefits | \$24,501,867          | \$ -           |

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



**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | Pension<br>Trust Fund |
|---|-----------------------|
| <b>ADDITIONS</b>  |                       |
| Investment income:  |                       |
| Employer contribution   | \$ 524,100            |
| Interest and dividends  | 618,772               |
| Net appreciation in fair value of investments                 | 3,179,720             |
| TOTAL ADDITIONS   | 4,322,592             |
| <br><b>DEDUCTIONS</b>   |                       |
| Benefits paid   | 1,161,197             |
| Administrative fees   | 72,374                |
| TOTAL DEDUCTIONS  | 1,233,571             |
| <br><b>CHANGE IN NET POSITION</b>                             | <br>3,089,021         |
| <br><b>NET POSITION HELD IN TRUST -<br/>BEGINNING OF YEAR</b> | <br>21,412,846        |
| <br><b>END OF YEAR</b>  | <br>\$ 24,501,867     |

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

**CITY OF FERGUSON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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**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)

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#### 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)

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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 ½ 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 ½ 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)

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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)

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#### 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 \$532,310 at June 30, 2014, 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)

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#### 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, 2014 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, 2014, 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, 2014.

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, 2014, 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. Funds are assigned by the Council, as they are developed or created.

#### 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, 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)

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L. INTERFUND TRANSACTIONS

Interfund transfers were used to 1) move revenues from the fund in which 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 \$31,710.



**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2014 consist of the following:

| <u>Type</u>  | <u>Amount</u>               |
|--|-----------------------------|
| <b>Deposits:</b>                                   |                             |
| Cash on hand                                       | \$ 1,058                    |
| Demand deposits                                    | 9,083,799                   |
|  | <u>9,084,857</u>            |
| <b>Investments:</b>                                |                             |
| Negotiable certificates of deposit                 | 9,282,370                   |
| Money market mutual funds                          | 921,078                     |
|  | <u>10,203,448</u>           |
| <b>Pension Trust and Agency Fund:</b>              |                             |
| Deposits:  |                             |
| Demand deposits                                    | 135,490                     |
| Investments:                                       |                             |
| Common stock                                       | 10,822,201                  |
| Equity mutual funds                                | 4,633,191                   |
| Money market mutual funds                          | 598,820                     |
| Corporate obligations                              | 3,124,743                   |
| Municipal bonds                                    | 83,351                      |
| Government and agency securities                   | 3,934,197                   |
| Fixed income securities                            | 835,922                     |
| Other mutual funds                                 | 430,330                     |
|  | <u>24,598,245</u>           |
| <b>Total Deposits and Investments</b>              | <b>\$ <u>43,886,550</u></b> |
| <b>Reconciliation to the Financial Statements:</b> |                             |
| Statement of Net Position:                         |                             |
| Cash and investments                               | \$ 12,759,136               |
| Cash and investments – restricted                  | 6,529,169                   |
| Statement of Fiduciary Net Assets:                 |                             |
| Cash and investments                               | 24,462,755                  |
| Cash and investments – restricted                  | 135,490                     |
|  | <u>\$ 43,886,550</u>        |

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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#### 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. The City's investment policy does not apply to Pension Trust Fund investments.

| <u>Authorized Investments</u>            | <u>City Policy<br/>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, 2014 are as follows:

|                                      | Fair Value           | Less Than<br>1 year  | 1-3<br>Years        | 3-7<br>Years        | 7+<br>Years         | Credit<br>Rating |
|--------------------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|------------------|
| <b>Governmental Activities:</b>      |                      |                      |                     |                     |                     |                  |
| Negotiable certificates of deposit   | \$ 9,282,370         | \$ 739,652           | \$ 5,680,028        | \$ 604,049          | \$ 2,258,641        | N/A              |
| Money market mutual funds            | 921,078              | 921,078              | -                   | -                   | -                   | AAA              |
| <b>Total Governmental Activities</b> | <b>\$ 10,203,448</b> | <b>\$ 1,660,730</b>  | <b>\$ 5,680,028</b> | <b>\$ 604,049</b>   | <b>\$ 2,258,641</b> |                  |
| <b>Pension Trust Fund:</b>           |                      |                      |                     |                     |                     |                  |
| Common stock                         | \$ 10,822,201        | \$ 10,822,201        | \$ -                | \$ -                | \$ -                | N/A              |
| Equity mutual funds                  | 4,633,191            | 4,633,191            | -                   | -                   | -                   | N/A              |
| Fixed income funds                   | 835,922              | 835,922              | -                   | -                   | -                   | N/A              |
| Other mutual funds                   | 430,330              | 430,330              | -                   | -                   | -                   | N/A              |
| Money market funds                   | 598,821              | 598,821              | -                   | -                   | -                   | N/A              |
| <b>U.S. Government and</b>           |                      |                      |                     |                     |                     |                  |
| Agency Bonds                         | 3,934,197            | -                    | 929,978             | 1,534,486           | 1,469,733           | N/A              |
| Municipal bonds                      | 83,350               | -                    | -                   | -                   | 83,350              | AA               |
| Corporate bonds                      | 206,724              | -                    | 155,876             | 50,848              | -                   | A                |
| Corporate bonds                      | 1,357,757            | -                    | 567,740             | 790,017             | -                   | A-               |
| Corporate bonds                      | 735,861              | -                    | 383,529             | 352,332             | -                   | BBB              |
| Corporate bonds                      | 512,112              | -                    | 512,112             | -                   | -                   | BBB-             |
| Corporate bonds                      | 312,289              | 100,995              | 130,169             | 81,125              | -                   | BBB+             |
| <b>Total Pension Trust Fund</b>      | <b>\$ 24,462,755</b> | <b>\$ 17,421,460</b> | <b>\$ 2,679,404</b> | <b>\$ 2,808,808</b> | <b>\$ 1,553,083</b> |                  |

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 (Standard and Poor's or Moody's), of the City's investments as of June 30, 2014, are provided in the table above.

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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#### 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, 2014, neither the Pension Trust Fund nor the governmental activities have any investments subject to this disclosure.

### **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 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 and appeal to the State Tax Commission. The total assessed valuation of the City at January 1, 2013, upon which the 2013 tax levy was based, for real, personal, and public utility property was \$181,305,194. The 2013 tax levy is collected in the City's 2014 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.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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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 2013 tax rates per \$100 of assessed value are as follows:

| <b><u>Property Type</u></b> | <b><u>General Fund</u></b> | <b><u>Parks Fund</u></b> | <b><u>GO Bond Fund</u></b> |
|-----------------------------|----------------------------|--------------------------|----------------------------|
| Residential                 | \$ 0.8310                  | \$ 0.2000                | \$ 0.4160                  |
| Agricultural                | 0.8270                     | 0.2000                   | 0.4160                     |
| Commercial                  | 0.8240                     | 0.2000                   | 0.4160                     |
| Personal Property           | 0.8240                     | 0.1980                   | 0.4160                     |

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

**4. INTERFUND BALANCES**

Net amounts due (to) from other funds as of June 30, 2014 are as follows:

| <u>Fund</u>                    | <u>Due From</u> | <u>Due To</u> |
|--------------------------------|-----------------|---------------|
| General                        | \$ -            | \$ 2,352,464  |
| Parks                          | -               | 56,821        |
| Capital Improvements Sales Tax | 1,783,599       | -             |
| Nonmajor Governmental          | 621,234         | -             |
| Agency                         | 4,452           | -             |

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

The following net transfers were made during the fiscal year ended June 30, 2014

| <u>Fund</u>                    | <u>Transfer In</u> | <u>Transfer Out</u> |
|--------------------------------|--------------------|---------------------|
| General                        | \$ -               | \$ 1,608,196        |
| Parks                          | -                  | 1,057,966           |
| Capital Improvements Sales Tax | 2,323,086          | -                   |
| Nonmajor                       | 343,076            | -                   |

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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Transfers were made for the following purposes:

| <b><u>Expending Fund</u></b>             | <b><u>Recipient Fund</u></b>        | <b><u>Purpose</u></b>                                |
|--|-------------------------------------|--|
| 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, 2014, capital asset activity was as follows:

|  | <b>BALANCE,<br/>BEGINNING<br/>OF YEAR</b> | <b>ADDI-<br/>TIONS</b> | <b>DEDUC-<br/>TIONS</b> | <b>BALANCE,<br/>END<br/>OF YEAR</b> |
|--|---|------------------------|-------------------------|-------------------------------------|
| <b>Governmental activities:</b>  |   |                        |                         |                                     |
| Capital assets, not being depreciated  |   |                        |                         |                                     |
| Land   | \$ 3,606,442                              | \$ 212,900             |                         | \$ 3,819,342                        |
| Construction in process  | 1,429,621                                 | 5,931,704              | 830,578                 | 6,530,747                           |
| <b>Total capital assets<br/>        Not Being Depreciated</b>                                | <b>5,036,063</b>                          | <b>6,144,604</b>       | <b>830,578</b>          | <b>10,350,089</b>                   |
| Capital assets being depreciated:  |   |                        |                         |                                     |
| Buildings and improvements   | 20,916,435                                | 185,950                |                         | 21,102,385                          |
| Machinery and equipment  | 1,869,152                                 | 216,332                |                         | 2,085,484                           |
| Motor Vehicles   | 5,327,482                                 | 245,145                | 81,240                  | 5,491,387                           |
| Infrastructure   | 10,351,124                                | 1,480,444              | -                       | 11,831,568                          |
| <b>Total Capital Assets<br/>        Being Depreciated</b>                                    | <b>38,464,193</b>                         | <b>2,127,871</b>       | <b>81,240</b>           | <b>40,510,824</b>                   |
| Less accumulated depreciation for:   |   |                        |                         |                                     |
| Buildings and improvements   | 7,349,998                                 | 891,817                | -                       | 8,241,815                           |
| Machinery and equipment  | 1,257,693                                 | 179,518                | -                       | 1,437,211                           |
| Motor Vehicles   | 3,108,072                                 | 312,023                | 81,240                  | 3,338,855                           |
| Infrastructure   | 4,941,117                                 | 244,033                | -                       | 5,185,150                           |
| <b>Total Accumulated Depreciation</b>  | <b>16,656,880</b>                         | <b>1,627,391</b>       | <b>81,240</b>           | <b>18,203,031</b>                   |
| <b>Total Capital Assets<br/>        Being Depreciated, Net</b>                               | <b>21,807,313</b>                         | <b>500,480</b>         | <b>-</b>                | <b>22,307,793</b>                   |
| <b>Total Governmental Activities</b>   | <b>\$ 26,843,376</b>                      | <b>\$ 6,645,084</b>    | <b>\$ 830,578</b>       | <b>\$ 32,657,882</b>                |
| Depreciation expense was charged to functions/programs of the Primary Government as follows: |   |                        |                         |                                     |
| Governmental activities:   |   |                        |                         |                                     |
| General governments  |   |                        |                         | \$ 168,270                          |
| Public safety  |   |                        |                         | 594,487                             |
| Highways and streets   |   |                        |                         | 498,588                             |
| Culture and recreation   |   |                        |                         | 366,046                             |
| Total depreciation expense - governmental activities   |   |                        |                         | <u>\$ 1,627,391</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, 2014, are as follows:

|   | <b>Balance,<br/>Beginning<br/>of Year</b> | <b>Additions</b> | <b>Reductions</b>    | <b>Balance,<br/>End<br/>of Year</b> | <b>Amounts<br/>Due Within<br/>One Year</b> |
|---|---|------------------|----------------------|-------------------------------------|--|
| <b>Governmental Activities:</b>               |   |                  |                      |                                     |  |
| Tax Increment Revenue Bonds                   | \$ 1,810,000                              | \$ -             | \$ (795,000)         | \$ 1,015,000                        | \$ 645,000                                 |
| Variable Rate Capital<br>Improvement Bonds    | 3,189,950                                 | -                | (370,000)            | 2,819,950                           | 390,000                                    |
| Certificates of Participation,<br>Series 2012 | 1,870,000                                 | -                | (195,000)            | 1,675,000                           | 200,000                                    |
| Series 2013                                   | 9,055,000                                 | -                | (325,000)            | 8,730,000                           | 370,000                                    |
| General Obligation Bonds                      | 7,345,000                                 | -                | (335,000)            | 7,010,000                           | 340,000                                    |
| Issuance premiums, net                        | 118,858                                   | -                | (4,098)              | 114,760                             | -  |
| <b>Total Bonds and Certificates</b>           | <b>23,388,808</b>                         | <b>-</b>         | <b>(2,024,098)</b>   | <b>21,364,710</b>                   | <b>1,945,000</b>                           |
| Capital leases payable                        | 663,050                                   | -                | (182,467)            | 480,583                             | 146,624                                    |
| Net OPEB obligation                           | 39,612                                    | 16,593           | -                    | 56,205                              | -  |
| Compensated absences payable                  | 487,295                                   | 45,015           | -                    | 532,310                             | -  |
| <b>Total Governmental Activities</b>          | <b>\$24,578,765</b>                       | <b>\$ 61,608</b> | <b>\$(2,206,565)</b> | <b>\$22,433,808</b>                 | <b>\$2,091,624</b>                         |

| <b>Debt Issue</b>   | <b>Payer Fund</b>  |
|---|--|
| Tax Increment Revenue Bonds                                   | Halls Ferry TIF Fund   |
| Variable Rate Capital Improvement<br>Bonds and Capital Leases | Capital Improvement Sales Tax Fund   |
| Certificates of Participation                                 | Certificates of Participation Fund<br>Series 2012 by Parks Fund<br>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)

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

|       | <b>Principal</b>    |    | <b>Interest</b> |    | <b>Total</b>     |
|-------|---------------------|----|-----------------|----|------------------|
| 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>\$ 2,819,950</u> | \$ | <u>415,724</u>  | \$ | <u>3,235,674</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 \$737,013 at June 30, 2014.

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

|       | <b>Principal</b>    |    | <b>Interest</b> |    | <b>Total</b>     |
|-------|---------------------|----|-----------------|----|------------------|
| 2015  | \$ 645,000          | \$ | 32,250          | \$ | 677,250          |
| 2016  | 370,000             |    | 18,500          |    | 388,500          |
| Total | <u>\$ 1,015,000</u> | \$ | <u>50,750</u>   | \$ | <u>1,065,750</u> |

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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**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, are as follows:

|       | <b>Principal</b>    |  | <b>Interest</b>   |  | <b>Total</b>        |
|-------|---------------------|--|-------------------|--|---------------------|
| 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>\$ 1,675,000</u> |  | <u>\$ 134,390</u> |  | <u>\$ 1,809,390</u> |

**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.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

|       | <b>Principal</b> |  | <b>Interest</b> |  | <b>Total</b> |
|-------|------------------|--|-----------------|--|--------------|
| 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      |
|       | <hr/>            |  |                 |  |              |
| Total | \$ 7,010,000     |  | \$ 1,937,300    |  | \$ 8,947,300 |

**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 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.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

|       | <b>Principal</b>    | <b>Interest</b>     | <b>Total</b>         |
|-------|---------------------|---------------------|----------------------|
| 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              |
| Total | <u>\$ 8,730,000</u> | <u>\$ 2,692,020</u> | <u>\$ 11,422,020</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 \$322,291 as of June 30, 2014. The lease is recorded in the government-wide statement of net position and is serviced by the Capital Improvement Sales Tax Fund. Payments are made quarterly and include principal and interest.

The lease is recorded in the government-wide statement of net position and is serviced by the Capital Improvement Sales Tax Fund. Payments are made semi-annually and include principal and interest.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

| <u>Lessor</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Annual Payment</u> | <u>Balance</u> |
|---------------|----------------------|-----------------|-----------------------|----------------|
| FMLC          | 3.55%                | December 2017   | \$ 146,624            | \$ 607,322     |

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

| <u>Year Ending June 30,</u>   | <u>Amount</u>     |
|-------------------------------|-------------------|
| 2015                          | 146,624           |
| 2016                          | 146,624           |
| 2017                          | 146,624           |
| Thereafter                    | 73,312            |
| Total minimum lease payments  | \$ 513,184        |
| Portion representing interest | (32,601)          |
| Net present value             | <u>\$ 480,583</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, 2014</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 | \$ 59,365 | Liability  | \$ (228,503) |

- (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, 2014, 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).

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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| Associated Bond Issue       | Hedging Instruments – Governmental Activities |
|-----------------------------|---|
| Notional Amounts            | \$2,819,950                                   |
| Effective Date              | September 1, 2005                             |
| Terms                       | Pay 3.995%; Receive 60.938% of LIBOR plus 1%  |
| Fair Value                  | (\$228,503)                                   |
| Termination Date            | September 1, 2020                             |
| Counter Party Credit Rating | A2 (Standard and Poor’s short term)           |

- (3) *Credit Risk.* At June 30, 2014, 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.

**7. COMMITMENTS**

As of June 30, 2014, the City was in the process of constructing a new community center and police station. There was \$3,162,000 remaining on the contract for work not completed as of June 30, 2014.

## CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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### 8. 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.

### 9. EMPLOYEE RETIREMENT PLAN

#### **Summary of Significant Accounting Policies**

**Method Used to Value Investments** – Investments are reported at fair value. The market value for exchange traded securities is the price at which the security is traded. For non-exchange traded securities, the market value is the estimated value of the assets. Prices are obtained from various pricing vendors are generally based on current market quotes, but when such quotes are not available the pricing vendors use a variety of techniques to estimate value.

**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.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

A health insurance benefit of \$5 per month per year of credited service, up to \$150 is provided, until the retiree becomes Medicare eligible. The Plan also provides a disability benefit calculated in the same manner as pension benefits, with a minimum benefit of \$450 per month, payable until the earlier of death or recovery.

At July 1, 2013, the date of the last actuarial valuation, the Plan covered the following number of participants:

|                                |            |
|--------------------------------|------------|
| Active participants            | 132        |
| Retired participants           | 70         |
| Terminated vested participants | 23         |
| Disabled participants          | 10         |
| Beneficiaries                  | <u>12</u>  |
| Total Plan Participants        | <u>247</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% to 6.75% 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.

**Investment Policy** – The primary objective of the portfolio is for capital appreciation, with a secondary objective of generating a modest level of income. The investment manager has full discretion to manage the assets of the Plan in accordance with this policy.



**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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The following asset allocation ranges shall serve as a guideline for the investment objective:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|--------------------------|
| Equities           | 65 %                     |
| Fixed income       | 30                       |
| High yield         | 2.5                      |
| Cash               | 2                        |
| Other              | 5                        |

**Concentration** – The Pension Trust has one investment that makes up more any 5% of total assets in the trust. The Scout Mid Cap Fund makes up 5% of total assets.

**Rate of Return** – For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability of the City at June 30, 2014, were as follows:

|                                   |                       |
|-----------------------------------|-----------------------|
| Total pension liability           | \$ 23,038,697         |
| Less: plan fiduciary net position | 24,519,716            |
| Net pension liability (asset)     | \$ <u>(1,481,019)</u> |

|   |        |
|---|--------|
| Plan fiduciary net pension as a percentage of total pension liability | 106.4% |
|---|--------|

The total pension liability is based on the actuarial valuation as of July 1, 2013, with adjustments made to roll the balance to June 30, 2014. Adjustments were made to service costs, interest on total pension liability, and expected benefit payments during the year.

**Assumed Rate of Return** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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| Asset Class                          | Long-Term Expected<br>Real Rate of Return |   |
|--------------------------------------|---|---|
| Domestic Equity                      | 5.80                                      | % |
| International Equity – Developed     | 5.90                                      |   |
| International Equity – Emerging      | 7.10                                      |   |
| Fixed Income – U.S. Investment Grade | 1.80                                      |   |
| Fixed Income – U.S. High Yield       | 3.90                                      |   |
| Fixed Income – International         | 2.30                                      |   |
| Commodities                          | 3.30                                      |   |
| Real Estate                          | 4.20                                      |   |
| Private Equity                       | 7.90                                      |   |
| Cash                                 | 0.50                                      |   |
| Total Weighted Average Real Return   | 4.53                                      |   |
| Plus Inflation                       | 3.25                                      |   |
| Total Return w/o Adjustment          | 7.78                                      |   |
| Risk Adjustment                      | (0.28)                                    |   |
| Total Expected Return                | 7.50                                      | % |

**Discount Rate** – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

|                         | 1% Decrease   | Current<br>Rate | 1% Increase   |
|-------------------------|---------------|-----------------|---------------|
| Total pension liability | \$ 25,671,664 | \$ 23,038,697   | \$ 20,792,477 |

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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**10. 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               | \$ 42,073        |
| Interest on net benefit plan obligation    | 1,789            |
| Adjustment to annual required contribution | <u>(2,691)</u>   |
| Annual OPEB cost                           | 41,171           |
| Contribution made                          | <u>(24,578)</u>  |
| Increase in net benefit plan obligation    | 16,593           |
| Net OPEB obligation – Beginning of year    | <u>39,612</u>    |
| Net OPEB obligation – End of year          | <u>\$ 56,205</u> |

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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#### 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, 2014 are as follows:

| <u>Year Ended June 30</u> | <u>Annual OPEB<br/>Cost</u> | <u>Percentage<br/>Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|---------------------------|-----------------------------|-----------------------------------|--------------------------------|
| 2014                      | \$ 42,073                   | 58 %                              | \$ 56,205                      |
| 2013                      | 35,156                      | 88                                | 39,612                         |
| 2012                      | 25,610                      | 76                                | 33,502                         |

**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.

#### **11. 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.

#### **12. FINES AND COURT FEES**

The City collected \$2,075,352 of fines and court costs which represents 16.1% of general operating revenues for the year ended June 30, 2014.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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The City, along with over 25 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 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.

**13. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2014, expenditures exceeded appropriations in the following funds (the legal level of budgetary control).

| <b>Fund</b>                   | <b>Budgeted Appropriation</b> |              | <b>Expenditures</b> | <b>Expenditures</b>        |
|-------------------------------|-------------------------------|--------------|---------------------|----------------------------|
|                               | <b>Original</b>               | <b>Final</b> |                     | <b>In Excess of Budget</b> |
| Sewer Lateral                 | \$ 110,000                    | \$ 118,000   | \$ 131,990          | \$ (13,990)                |
| Certificates of Participation | 834,000                       | 829,800      | 831,098             | (1,298)                    |

Regarding the City's Sewer Lateral Special Revenue Fund, expenditures are not from general revenue, but rather from dedicated, voter authorized fee collections, acting in large part like an insurance reserve fund. Subsequent to setting the final budget, as a result of a particularly harsh winter, late spring sewer lateral repairs requests from single residence owners surged.

**14. 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, 2014.

B. **Litigation** - Various claims and legal actions involving the City are presently pending which involve claims made by the City for unpaid tax assessments and other miscellaneous cases. In the opinion of management, the outcome of these legal matters will not have a material effect on the financial statements of the City at June 30, 2014.

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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#### **15. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 23, 2014, the date the financial statements were available to be issued.

On September 12, 2014, the City entered into a *Master Tax-exempt Lease/Purchase Agreement* with U.S. Bancorp Government Leasing and Finance, Inc. for the purpose of financing the purchase and installation of approximately \$1,100,000 of energy improvement related capital expenditures. Terms of the agreement require thirty semi-annual payments in the amount of \$44,615 beginning on March 12, 2015 and ending on September 12, 2029. The effective interest rate is 2.79%. The debt will be serviced by the Capital Improvement Sales Tax Fund.

In August, 2014, one of the City's police officers was involved in a use of deadly force incident which resulted in the death of an individual. This event precipitated civil unrest. The response to the unrest, as well as other related matters, has resulted in significant, unanticipated expenditures. The civil unrest also resulted in some lost revenues. The City anticipates additional costs to be incurred as well as continued lost revenues. At this time, the total impact of this event on the City's revenues and expenses is not able to be estimated. However, the City believes it has sufficient reserves to address the additional costs and continue to provide to provide the level of services required despite the lost revenues.

#### **16. 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.

#### **17. 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 June 2012, the GASB issued Statement No. 68 "Accounting and Reporting for Pensions." The objective of these statements is to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The requirements in Statement No. 68 are effective for periods beginning after June 15, 2015. The effects on the City's financial statements, as a result of the adoption of this new pronouncement, are unknown. The city has considered all other pronouncements. The city does not believe they are applicable to its financial statements.

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**Required Supplementary Information**

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**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | BUDGET            |                       | ACTUAL              | VARIANCE WITH          |
|---|-------------------|-----------------------|---------------------|------------------------|
|   | ORIGINAL          | FINAL                 |                     | FINAL BUDGET           |
|   |                   |                       |                     | POSITIVE<br>(NEGATIVE) |
| <b>REVENUES</b>   |                   |                       |                     |                        |
| Taxes   | \$ 8,631,100      | \$ 8,490,800          | \$ 8,615,189        | \$ 124,389             |
| Licenses and permits                                    | 634,400           | 689,500               | 705,594             | 16,094                 |
| Charges for service                                     | 384,600           | 439,700               | 455,419             | 15,719                 |
| Fines and forfeitures                                   | 2,732,000         | 2,196,700             | 2,096,617           | (100,083)              |
| Investment income                                       | 60,900            | 92,200                | 87,100              | (5,100)                |
| Other income  | 104,900           | 417,550               | 380,234             | (37,316)               |
| TOTAL REVENUES  | <u>12,547,900</u> | <u>12,326,450</u>     | <u>12,340,153</u>   | <u>13,703</u>          |
| <b>EXPENDITURES</b>                                     |                   |                       |                     |                        |
| Current:  |                   |                       |                     |                        |
| General government                                      |                   |                       |                     |                        |
| City council and clerk                                  | 136,900           | 138,500               | 137,041             | 1,459                  |
| City manager's office                                   | 361,700           | 348,900               | 348,617             | 283                    |
| Human resources   | 98,900            | 106,300               | 103,140             | 3,160                  |
| City-wide expenditures                                  | 317,900           | 338,000               | 330,232             | 7,768                  |
| Municipal building                                      | 206,600           | 250,400               | 241,020             | 9,380                  |
| Information technology                                  | 158,900           | 157,400               | 152,955             | 4,445                  |
| Finance   | 428,700           | 419,100               | 418,974             | 126                    |
| Public safety   |                   |                       |                     |                        |
| Municipal court   | 353,000           | 330,400               | 313,983             | 16,417                 |
| Code enforcement  | 369,900           | 422,300               | 412,014             | 10,286                 |
| Police  | 5,282,900         | 5,347,000             | 5,339,339           | 7,661                  |
| Fire  | 2,563,900         | 2,541,700             | 2,496,034           | 45,666                 |
| Highways and streets                                    |                   |                       |                     |                        |
| Streets   | 931,700           | 1,175,300             | 1,167,979           | 7,321                  |
| Municipal garage  | 839,500           | 938,400               | 890,974             | 47,426                 |
| Public works administration                             | 205,500           | 192,400               | 188,960             | 3,440                  |
| Community development                                   | 109,700           | 100,900               | 94,382              | 6,518                  |
| Culture and recreation                                  | 476,600           | 500,200               | 469,877             | 30,323                 |
| Capital outlays   | 58,000            | 58,000                | 54,427              | 3,573                  |
| TOTAL EXPENDITURES                                      | <u>12,900,300</u> | <u>13,365,200</u>     | <u>13,159,948</u>   | <u>205,252</u>         |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(352,400)</u>  | <u>(1,038,750)</u>    | <u>(819,795)</u>    | <u>218,955</u>         |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                   |                       |                     |                        |
| Transfers   | 363,200           | (1,601,100)           | (1,609,196)         | (8,096)                |
| Insurance proceeds                                      | -                 | 73,500                | 126,628             | 53,128                 |
| TOTAL OTHER FINANCING SOURCES (USES)                    | <u>363,200</u>    | <u>(1,527,600)</u>    | <u>(1,482,568)</u>  | <u>45,032</u>          |
| <b>CHANGE IN FUND BALANCE</b>                           | <u>\$ 10,800</u>  | <u>\$ (2,566,350)</u> | <u>(2,302,363)</u>  | <u>\$ 263,987</u>      |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>                |                   |                       | <u>10,500,066</u>   |                        |
| <b>FUND BALANCES - END OF YEAR</b>                      |                   |                       | <u>\$ 8,197,703</u> |                        |



**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - PARKS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | BUDGET              |                     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|---------------------|---------------------|---------------------|---|
|   | ORIGINAL            | FINAL               |                     | (NEGATIVE)  |
| <b>REVENUES</b>                                 |                     |                     |                     |   |
| Taxes   | \$ 1,513,300        | \$ 1,482,900        | \$ 1,511,495        | \$ 28,595   |
| Charges for service                             | 373,900             | 361,200             | 324,954             | (36,246)  |
| Investment income                               | 8,900               | 1,200               | 951                 | (249)   |
| Other income                                    | 586,900             | 332,400             | 338,923             | 6,523   |
| <b>TOTAL REVENUES</b>                           | <u>2,483,000</u>    | <u>2,177,700</u>    | <u>2,176,323</u>    | <u>(1,377)</u>  |
| <b>EXPENDITURES</b>                             |                     |                     |                     |   |
| Current:  |                     |                     |                     |   |
| Culture and recreation                          | 981,900             | 883,700             | 821,086             | 62,614  |
| Capital outlays                                 | 931,300             | 533,000             | 490,889             | 42,111  |
| <b>TOTAL EXPENDITURES</b>                       | <u>1,913,200</u>    | <u>1,416,700</u>    | <u>1,311,975</u>    | <u>104,725</u>  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | <u>569,800</u>      | <u>761,000</u>      | <u>864,348</u>      | <u>103,348</u>  |
| <b>OTHER FINANCING USES</b>                     |                     |                     |                     |   |
| Transfers                                       | <u>(986,000)</u>    | <u>(1,063,000)</u>  | <u>(1,057,966)</u>  | <u>5,034</u>  |
| <b>CHANGE IN FUND BALANCE</b>                   | <u>\$ (416,200)</u> | <u>\$ (302,000)</u> | <u>(193,618)</u>    | <u>\$ 108,382</u>                                       |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>        |                     |                     | <u>1,222,548</u>    |   |
| <b>FUND BALANCES - END OF YEAR</b>              |                     |                     | <u>\$ 1,028,930</u> |   |

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**

June 30, 2014

Total Pension Liability

|   |                             |
|---|-----------------------------|
| Service cost                                      | \$ 491,664                  |
| Interest  | 1,648,590                   |
| Changes in benefit terms                          | -                           |
| Difference between expected and actual experience | -                           |
| Changes in assumptions                            | -                           |
| Benefit payments, including refunds               | (1,161,198)                 |
| Net change in total pension liability             | <u>979,056</u>              |
| Total pension liability - beginning of year       | <u>22,059,641</u>           |
| Total pension liability - end of year             | <u><u>\$ 23,038,697</u></u> |

Plan Fiduciary Net Position

|   |                             |
|---|-----------------------------|
| Contributions - employer                        | \$ 524,100                  |
| Net investment income                           | 3,800,290                   |
| Benefit payments, including refunds             | (1,170,603)                 |
| Administrative expenses                         | (46,917)                    |
| Net change in plan fiduciary net position       | <u>3,106,870</u>            |
| Plan fiduciary net position - beginning of year | <u>21,412,846</u>           |
| Plan fiduciary net position - end of year       | <u><u>\$ 24,501,867</u></u> |

|                                     |                              |
|-------------------------------------|------------------------------|
| Net pension liability - end of year | <u><u>\$ (1,463,170)</u></u> |
|-------------------------------------|------------------------------|

|  |                      |
|--|----------------------|
| Plan fiduciary net position as a percentage of total pension liability | <u><u>106.4%</u></u> |
|--|----------------------|

|                          |                            |
|--------------------------|----------------------------|
| Covered employee payroll | <u><u>\$ 6,846,641</u></u> |
|--------------------------|----------------------------|

|  |                      |
|--|----------------------|
| Net pension liability as a percentage of covered payroll | <u><u>-21.4%</u></u> |
|--|----------------------|

Note: The above information is not available for years prior to the implementation of GASB 67.

***CITY OF FERGUSON, MISSOURI***  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Year Ended<br>June 30, | Actuarially<br>Determined<br>Contribution | Employer<br>Actual<br>Contribution | Percentage<br>Contributed | Covered<br>Employee<br>Payroll | Contributions As<br>A Percentage<br>Of Covered<br>Employee Payroll |
|------------------------|---|------------------------------------|---------------------------|--------------------------------|--|
| 2005                   | \$ -                                      | \$ -                               | 100 %                     | \$ 5,388,754                   | - %  |
| 2006                   | -   | -                                  | 100                       | 5,668,903                      | -  |
| 2007                   | -   | -                                  | 100                       | 5,688,280                      | -  |
| 2008                   | 7,075                                     | 7,075                              | 100                       | 6,011,092                      | -  |
| 2009                   | 35,496                                    | 35,496                             | 100                       | 5,936,682                      | 0.60   |
| 2010                   | 107,526                                   | 107,526                            | 100                       | 5,978,512                      | 1.80   |
| 2011                   | 317,969                                   | 317,969                            | 100                       | 5,997,883                      | 5.30   |
| 2012                   | 480,448                                   | 480,448                            | 100                       | 6,187,888                      | 7.76   |
| 2013                   | 489,851                                   | 489,851                            | 100                       | 6,517,439                      | 7.52   |
| 2014                   | 524,100                                   | 524,100                            | 100                       | 6,846,641                      | 7.65   |

**Notes to Schedule**

Valuation Date: July 1, 2014

Methods and assumptions used to determine contribution rates:

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age  |
| Amortization method           | level percentage of payroll, open  |
| Remaining amortization period | 10 years   |
| Asset valuation method        | 5 year smoothed market   |
| Inflation                     | 3.25%  |
| Salary increases              | 3.25% to 6.75%, based on service   |
| Investment return             | 7.5%, net of investment expense and including inflation  |
| Retirement age                | 55 years of age and 8 years of credited service  |
| Mortality                     | Retired Pensioners (RP) 2000 Mortality Tables for males and females published by the Society of Actuaries. |

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING STATUS AND PROGRESS**  
**OTHER POST EMPLOYMENT BENEFIT**

**SCHEDULE OF FUNDING PROGRESS**

| Valuation<br>Date<br>July 1 | Actuarial<br>Value Of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfund<br>AAL<br>(UAAL) | Funded<br>Ratio | Annual<br>Covered<br>Payroll | UAAL as a<br>Percentage of<br>Covered Payroll |
|-----------------------------|---------------------------------|--|-------------------------|-----------------|------------------------------|---|
| 2009                        | \$ -                            | \$ 240,892                                 | \$ 240,892              | -               | \$ 6,082,657                 | 4.0 %   |
| 2012                        | -                               | 365,083                                    | 365,083                 | -               | 6,187,888                    | 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<br>June 30, | Annual<br>OPEB<br>Cost | Employer<br>Contribution | Percentage<br>Contributed |
|------------------------|------------------------|--------------------------|---------------------------|
| 2010                   | \$ 24,126              | \$ 16,088                | 66.7 %                    |
| 2011                   | 27,185                 | 17,484                   | 64.3                      |
| 2012                   | 25,610                 | 19,500                   | 76.1                      |
| 2013                   | 35,156                 | 29,046                   | 82.6                      |
| 2014                   | 41,171                 | 24,578                   | 59.7                      |

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

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

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

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

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**Other Supplementary Information**

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**CITY OF FERGUSON, MISSOURI**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

|   | Special Revenue Funds           |                   |                                  | Capital Project<br>Fund            | Debt Service Funds       |  |                                | Total<br>Non-major<br>Governmental<br>Funds |
|---|---------------------------------|-------------------|----------------------------------|------------------------------------|--------------------------|--|--------------------------------|---|
|   | Special<br>Business<br>District | Sewer<br>Lateral  | Downtown<br>TIF<br>Redevelopment | North Park<br>Redevelopment<br>TIF | Halls Ferry<br>TIF Bonds | Certificates<br>of<br>Participation<br>Bonds | General<br>Obligation<br>Bonds |   |
| <b>ASSETS</b>   |                                 |                   |                                  |                                    |                          |  |                                |   |
| Cash and investments  | \$ -                            | \$ 991,958        | \$ -                             | \$ -                               | \$ -                     | \$ -   | \$ 594,719                     | \$ 1,586,677                                |
| Taxes receivable:   |                                 |                   |                                  |                                    |                          |  |                                |   |
| Sales   | -                               | -                 | 36,262                           | -                                  | 169,854                  | -  | -                              | 206,116                                     |
| Property  | -                               | 3,682             | 40,657                           | -                                  | -                        | -  | 110,617                        | 154,956                                     |
| Due from other funds  | 25,336                          | (65,262)          | 633,334                          | 536                                | 1                        | 32,434                                       | (4,145)                        | 622,234                                     |
| Prepaid   | 1,148                           | -                 | -                                | -                                  | -                        | -  | -                              | 1,148                                       |
| Cash and investments - restricted   | -                               | -                 | -                                | -                                  | 921,078                  | -  | -                              | 921,078                                     |
| <b>TOTAL ASSETS</b>   | <b>\$ 26,484</b>                | <b>\$ 930,378</b> | <b>\$ 710,253</b>                | <b>\$ 536</b>                      | <b>\$ 1,090,933</b>      | <b>\$ 32,434</b>                             | <b>\$ 701,191</b>              | <b>\$ 3,492,209</b>                         |
| <b>LIABILITIES</b>  |                                 |                   |                                  |                                    |                          |  |                                |   |
| Accounts payable  | \$ 22,464                       | \$ -              | \$ 392                           | \$ -                               | \$ 3,000                 | \$ -   | \$ -                           | \$ 25,856                                   |
| Wages and benefits payable  | 1,950                           | -                 | -                                | -                                  | -                        | -  | -                              | 1,950                                       |
| <b>TOTAL LIABILITIES</b>  | <b>24,414</b>                   | <b>-</b>          | <b>392</b>                       | <b>-</b>                           | <b>3,000</b>             | <b>-</b>                                     | <b>-</b>                       | <b>27,806</b>                               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                 |                   |                                  |                                    |                          |  |                                |   |
| Unavailable revenue:  |                                 |                   |                                  |                                    |                          |  |                                |   |
| Property taxes  | -                               | -                 | 36,296                           | -                                  | -                        | -  | 99,830                         | 136,126                                     |
| <b>FUND BALANCES:</b>   |                                 |                   |                                  |                                    |                          |  |                                |   |
| Nonspendable  | 1,148                           | -                 | -                                | -                                  | -                        | -  | -                              | 1,148                                       |
| Restricted for:   |                                 |                   |                                  |                                    |                          |  |                                |   |
| Debt service  | -                               | -                 | -                                | -                                  | 1,087,933                | 32,434                                       | 601,361                        | 1,721,728                                   |
| Capital project   | -                               | -                 | -                                | 536                                | -                        | -  | -                              | 536   |
| Downtown TIF  | -                               | -                 | 673,565                          | -                                  | -                        | -  | -                              | 673,565                                     |
| Sewer Lateral   | -                               | 930,378           | -                                | -                                  | -                        | -  | -                              | 930,378                                     |
| Unassigned  | 922                             | -                 | -                                | -                                  | -                        | -  | -                              | 922   |
| <b>TOTAL FUND BALANCES</b>  | <b>2,070</b>                    | <b>930,378</b>    | <b>673,565</b>                   | <b>536</b>                         | <b>1,087,933</b>         | <b>32,434</b>                                | <b>601,361</b>                 | <b>3,328,277</b>                            |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES AND<br/>FUND BALANCES</b> | <b>\$ 26,484</b>                | <b>\$ 930,378</b> | <b>\$ 710,253</b>                | <b>\$ 536</b>                      | <b>\$ 1,090,933</b>      | <b>\$ 32,434</b>                             | <b>\$ 701,191</b>              | <b>\$ 3,492,209</b>                         |

**CITY OF FERGUSON, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | Special Revenue Funds     |                   |                            | Capital Project Fund         | Debt Service Funds    |                                     |                          | Total Non-major Governmental Funds |
|---|---------------------------|-------------------|----------------------------|------------------------------|-----------------------|-------------------------------------|--------------------------|------------------------------------|
|   | Special Business District | Sewer Lateral     | Downtown TIF Redevelopment | North Park Redevelopment TIF | Halls Ferry TIF Bonds | Certificates of Participation Bonds | General Obligation Bonds |                                    |
| <b>REVENUES</b>                                     |                           |                   |                            |                              |                       |                                     |                          |                                    |
| Taxes   | \$ -                      | \$ 190,720        | \$ 402,999                 | \$ -                         | \$ 939,629            | \$ -                                | \$ 712,754               | \$ 2,246,102                       |
| Licenses and permits                                | 33,903                    | -                 | -                          | -                            | -                     | -                                   | -                        | 33,903                             |
| Investment income                                   | -                         | 19,294            | -                          | -                            | 8,495                 | -                                   | 1,086                    | 28,875                             |
| Other income  | 7,195                     | -                 | -                          | -                            | -                     | -                                   | -                        | 7,195                              |
| <b>TOTAL REVENUES</b>                               | <u>41,098</u>             | <u>210,014</u>    | <u>402,999</u>             | <u>-</u>                     | <u>948,124</u>        | <u>-</u>                            | <u>713,840</u>           | <u>2,316,075</u>                   |
| <b>EXPENDITURES</b>                                 |                           |                   |                            |                              |                       |                                     |                          |                                    |
| Current:  |                           |                   |                            |                              |                       |                                     |                          |                                    |
| Community development                               | 171,885                   | 131,990           | 264,167                    | -                            | -                     | -                                   | -                        | 568,042                            |
| Debt services:                                      |                           |                   |                            |                              |                       |                                     |                          |                                    |
| Principal, interest and fiscal charges              | -                         | -                 | -                          | -                            | 886,383               | 831,098                             | 526,487                  | 2,243,968                          |
| <b>TOTAL EXPENDITURES</b>                           | <u>171,885</u>            | <u>131,990</u>    | <u>264,167</u>             | <u>-</u>                     | <u>886,383</u>        | <u>831,098</u>                      | <u>526,487</u>           | <u>2,812,010</u>                   |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b> | (130,787)                 | 78,024            | 138,832                    | -                            | 61,741                | (831,098)                           | 187,353                  | (495,935)                          |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                           |                   |                            |                              |                       |                                     |                          |                                    |
| Transfers   | 131,785                   | (14,172)          | (601,362)                  | -                            | -                     | 827,825                             | -                        | 344,076                            |
| <b>CHANGE IN FUND BALANCE</b>                       | 998                       | 63,852            | (462,530)                  | -                            | 61,741                | (3,273)                             | 187,353                  | (151,859)                          |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>            | <u>1,072</u>              | <u>866,526</u>    | <u>1,136,095</u>           | <u>536</u>                   | <u>1,026,192</u>      | <u>35,707</u>                       | <u>414,008</u>           | <u>3,480,136</u>                   |
| <b>FUND BALANCES - END OF YEAR</b>                  | <u>\$ 2,070</u>           | <u>\$ 930,378</u> | <u>\$ 673,565</u>          | <u>\$ 536</u>                | <u>\$ 1,087,933</u>   | <u>\$ 32,434</u>                    | <u>\$ 601,361</u>        | <u>\$ 3,328,277</u>                |



**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, 2014**

|   | BUDGET                |                       | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|-----------------------|-----------------------|---------------------|---|
|   | ORIGINAL              | FINAL                 |                     |   |
| <b>REVENUES</b>                                 |                       |                       |                     |   |
| Taxes   | \$ 1,116,400          | \$ 1,094,500          | \$ 1,133,744        | \$ 39,244   |
| Investment income                               | 53,900                | 20,600                | 110,595             | 89,995  |
| Other income                                    | 779,300               | 1,102,000             | 1,119,744           | 17,744  |
| TOTAL REVENUES                                  | <u>1,949,600</u>      | <u>2,217,100</u>      | <u>2,364,083</u>    | <u>146,983</u>  |
| <b>EXPENDITURES</b>                             |                       |                       |                     |   |
| Capital outlay                                  | 8,323,800             | 10,421,300            | 7,523,437           | 2,897,863   |
| Debt service:                                   |                       |                       |                     |   |
| Principal, interest and fiscal charges          | 701,000               | 701,000               | 699,943             | 1,057   |
| TOTAL EXPENDITURES                              | <u>9,024,800</u>      | <u>11,122,300</u>     | <u>8,223,380</u>    | <u>2,898,920</u>  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | (7,075,200)           | (8,905,200)           | (5,859,297)         | 3,045,903   |
| <b>OTHER FINANCING SOURCES</b>                  |                       |                       |                     |   |
| Transfers                                       | 52,000                | 2,308,000             | 2,323,086           | 15,086  |
| Insurance proceeds                              | -                     | -                     | 6,129               | 6,129   |
| Proceeds from disposal of capital assets        | -                     | -                     | 6,587               | 6,587   |
| TOTAL OTHER FINANCING SOURCES<br>(USES)         | <u>52,000</u>         | <u>2,308,000</u>      | <u>2,335,802</u>    | <u>27,802</u>   |
| <b>CHANGE IN FUND BALANCE</b>                   | <u>\$ (7,023,200)</u> | <u>\$ (6,597,200)</u> | (3,523,495)         | <u>\$ 3,073,705</u>                                     |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>        |                       |                       | <u>10,142,253</u>   |   |
| <b>FUND BALANCES - END OF YEAR</b>              |                       |                       | <u>\$ 6,618,758</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, 2014**

|  | <u>BUDGET</u>   |                 | <u>ACTUAL</u>   | VARIANCE WITH   |
|--|-----------------|-----------------|-----------------|-----------------|
|  | <u>ORIGINAL</u> | <u>FINAL</u>    |                 | FINAL BUDGET    |
|  |                 |                 |                 | POSITIVE        |
|  |                 |                 |                 | (NEGATIVE)      |
| <b>REVENUES</b>                          |                 |                 |                 |                 |
| Licenses and permits                     | \$ 23,300       | \$ 23,300       | \$ 33,903       | \$ 10,603       |
| Other income                             | 2,000           | 3,900           | 7,195           | 3,295           |
| <b>TOTAL REVENUES</b>                    | <u>25,300</u>   | <u>27,200</u>   | <u>41,098</u>   | <u>13,898</u>   |
| <b>EXPENDITURES</b>                      |                 |                 |                 |                 |
| Community development                    | <u>212,700</u>  | <u>177,000</u>  | <u>171,885</u>  | <u>5,115</u>    |
| <b>EXCESS OF REVENUES OVER (UNDER)</b>   |                 |                 |                 |                 |
| <b>EXPENDITURES</b>                      | (187,400)       | (149,800)       | (130,787)       | 19,013          |
| <b>OTHER FINANCING SOURCES</b>           |                 |                 |                 |                 |
| Transfers                                | <u>187,400</u>  | <u>149,700</u>  | <u>131,785</u>  | <u>(17,915)</u> |
| <b>CHANGE IN FUND BALANCE</b>            | <u>\$ -</u>     | <u>\$ (100)</u> | 998             | <u>\$ 1,098</u> |
| <b>FUND BALANCES - BEGINNING OF YEAR</b> |                 |                 | <u>1,072</u>    |                 |
| <b>FUND BALANCES - END OF YEAR</b>       |                 |                 | <u>\$ 2,070</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, 2014

|   | BUDGET             |                     | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|--------------------|---------------------|-------------------|---|
|   | ORIGINAL           | FINAL               |                   |   |
| <b>REVENUES</b>                                 |                    |                     |                   |   |
| Taxes   | \$ 436,100         | \$ 398,500          | \$ 402,999        | \$ 4,499  |
| <b>EXPENDITURES</b>                             |                    |                     |                   |   |
| Community development                           | 43,500             | 271,300             | 264,167           | 7,133   |
| <b>TOTAL EXPENDITURES</b>                       | <u>43,500</u>      | <u>271,300</u>      | <u>264,167</u>    | <u>7,133</u>  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | 392,600            | 127,200             | 138,832           | 11,632  |
| <b>OTHER FINANCING USES</b>                     |                    |                     |                   |   |
| Transfers                                       | (417,700)          | (606,700)           | (601,362)         | 5,338   |
| <b>CHANGE IN FUND BALANCE</b>                   | <u>\$ (25,100)</u> | <u>\$ (479,500)</u> | (462,530)         | <u>\$ 16,970</u>  |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>        |                    |                     | <u>1,136,095</u>  |   |
| <b>FUND BALANCES - END OF YEAR</b>              |                    |                     | <u>\$ 673,565</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, 2014**

|  | <u>BUDGET</u>    |                  | <u>ACTUAL</u>     | VARIANCE WITH     |
|--|------------------|------------------|-------------------|-------------------|
|  | <u>ORIGINAL</u>  | <u>FINAL</u>     |                   | FINAL BUDGET      |
|  |                  |                  |                   | POSITIVE          |
|  |                  |                  |                   | (NEGATIVE)        |
| <b>REVENUES</b>                          |                  |                  |                   |                   |
| Taxes                                    | \$ 193,700       | \$ 188,700       | \$ 190,720        | \$ 2,020          |
| Investment income                        | 16,300           | 16,300           | 19,294            | 2,994             |
| <b>TOTAL REVENUES</b>                    | <u>210,000</u>   | <u>205,000</u>   | <u>210,014</u>    | <u>5,014</u>      |
| <b>EXPENDITURES</b>                      |                  |                  |                   |                   |
| Community development                    | 110,000          | 118,000          | 131,990           | (13,990)          |
| <b>TOTAL EXPENDITURES</b>                | <u>110,000</u>   | <u>118,000</u>   | <u>131,990</u>    | <u>(13,990)</u>   |
| <b>EXCESS OF REVENUES OVER</b>           |                  |                  |                   |                   |
| <b>EXPENDITURES</b>                      | <u>100,000</u>   | <u>87,000</u>    | <u>78,024</u>     | <u>(8,976)</u>    |
| <b>OTHER FINANCING USES</b>              |                  |                  |                   |                   |
| Transfers                                | (14,000)         | (15,000)         | (14,172)          | 828               |
| <b>CHANGE IN FUND BALANCE</b>            | <u>\$ 86,000</u> | <u>\$ 72,000</u> | 63,852            | <u>\$ (8,148)</u> |
| <b>FUND BALANCES - BEGINNING OF YEAR</b> |                  |                  | <u>866,526</u>    |                   |
| <b>FUND BALANCES - END OF YEAR</b>       |                  |                  | <u>\$ 930,378</u> |                   |

**CITY OF FERGUSON, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**HALLS FERRY TIF BONDS DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | BUDGET           |                  | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|------------------|------------------|---------------------|---|
|   | ORIGINAL         | FINAL            |                     |   |
| <b>REVENUES</b>                                 |                  |                  |                     |   |
| Taxes   | \$ 883,400       | \$ 924,400       | \$ 939,629          | \$ 15,229   |
| Investment income                               | 12,800           | 5,800            | 8,495               | 2,695   |
| <b>TOTAL REVENUES</b>                           | <u>896,200</u>   | <u>930,200</u>   | <u>948,124</u>      | <u>17,924</u>   |
| <b>EXPENDITURES</b>                             |                  |                  |                     |   |
| Debt service:                                   |                  |                  |                     |   |
| Principal, interest and fiscal charges          | <u>819,000</u>   | <u>887,000</u>   | <u>886,383</u>      | <u>617</u>  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | 77,200           | 43,200           | 61,741              | 18,541  |
| <b>OTHER FINANCING USES</b>                     |                  |                  |                     |   |
| Transfers                                       | <u>(16,400)</u>  | <u>-</u>         | <u>-</u>            | <u>-</u>  |
| <b>CHANGE IN FUND BALANCE</b>                   | <u>\$ 60,800</u> | <u>\$ 43,200</u> | 61,741              | <u>\$ 18,541</u>  |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>        |                  |                  | <u>1,026,192</u>    |   |
| <b>FUND BALANCES - END OF YEAR</b>              |                  |                  | <u>\$ 1,087,933</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, 2014

|   | BUDGET            |                   | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|-------------------|-------------------|------------------|---|
|   | <u>ORIGINAL</u>   | <u>FINAL</u>      |                  |   |
| <b>REVENUES</b>                                 |                   |                   |                  |   |
| Investment income                               | \$ -              | \$ -              | \$ -             | \$ -  |
| <b>EXPENDITURES</b>                             |                   |                   |                  |   |
| Debt service:                                   |                   |                   |                  |   |
| Principal, interest and fiscal charges          | <u>834,000</u>    | <u>829,800</u>    | <u>831,098</u>   | <u>(1,298)</u>  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | (834,000)         | (829,800)         | (831,098)        | (1,298)   |
| <b>OTHER FINANCING SOURCES</b>                  |                   |                   |                  |   |
| Transfers                                       | <u>831,500</u>    | <u>828,100</u>    | <u>827,825</u>   | <u>(275)</u>  |
| <b>CHANGE IN FUND BALANCE</b>                   | <u>\$ (2,500)</u> | <u>\$ (1,700)</u> | (3,273)          | <u>\$ (1,573)</u>                                       |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>        |                   |                   | <u>35,707</u>    |   |
| <b>FUND BALANCES - END OF YEAR</b>              |                   |                   | <u>\$ 32,434</u> |   |

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

|   | BUDGET             |                  | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|--------------------|------------------|-------------------|---|
|   | ORIGINAL           | FINAL            |                   |   |
| <b>REVENUES</b>                                 |                    |                  |                   |   |
| Taxes   | \$ 500,000         | \$ 610,700       | \$ 712,754        | \$ 102,054  |
| Investment income                               | 16,000             | 1,000            | 1,086             | 86  |
| <b>TOTAL REVENUES</b>                           | <u>516,000</u>     | <u>611,700</u>   | <u>713,840</u>    | <u>102,140</u>  |
| <b>EXPENDITURES</b>                             |                    |                  |                   |   |
| Debt service:                                   |                    |                  |                   |   |
| Principal, interest and fiscal charges          | <u>528,000</u>     | <u>528,000</u>   | <u>526,487</u>    | <u>1,513</u>  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> |                    |                  |                   |   |
|   | <u>\$ (12,000)</u> | <u>\$ 83,700</u> | 187,353           | <u>\$ 100,627</u>                                       |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>        |                    |                  | <u>414,008</u>    |   |
| <b>FUND BALANCES - END OF YEAR</b>              |                    |                  | <u>\$ 601,361</u> |   |

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|                           | <u>BALANCE</u><br><u>JULY 1, 2013</u> | <u>ADDITIONS</u>  | <u>DEDUCTIONS</u> | <u>BALANCE</u><br><u>JUNE 30, 2014</u> |
|---------------------------|---------------------------------------|-------------------|-------------------|--|
| <b>ASSETS</b>             |                                       |                   |                   |  |
| Cash                      | \$ 153,305                            | \$ 58,315         | \$ 76,130         | \$ 135,490                             |
| Due (to) from other funds | -                                     | 4,452             | -                 | 4,452                                  |
| <b>TOTAL ASSETS</b>       | <u>\$ 153,305</u>                     | <u>\$ 62,767</u>  | <u>\$ 76,130</u>  | <u>\$ 139,942</u>                      |
| <b>LIABILITIES</b>        |                                       |                   |                   |  |
| Accounts Payable          | <u>\$ 153,305</u>                     | <u>\$ 561,886</u> | <u>\$ 579,701</u> | <u>\$ 139,942</u>                      |



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**Statistical Section**

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# **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 POSITION**  
**LAST TEN FISCAL YEARS**

|  | <u>2014</u>          | <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>          | <u>2009</u>          | <u>2008</u>          | <u>2007</u>          | <u>2006</u>          | <u>2005</u>         |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Governmental activities:                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                     |
| Net investment in capital assets           | \$ 12,890,682        | \$ 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        |
| Restricted                                 | 5,560,201            | 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           |
| Unrestricted                               | <u>11,712,807</u>    | <u>10,558,847</u>    | <u>8,830,630</u>     | <u>8,445,015</u>     | <u>8,335,627</u>     | <u>6,774,385</u>     | <u>4,649,996</u>     | <u>(252,954)</u>     | <u>(1,839,153)</u>   | <u>(3,229,912)</u>  |
| Total governmental activities net position | <u>\$ 30,163,690</u> | <u>\$ 28,461,568</u> | <u>\$ 26,359,549</u> | <u>\$ 24,094,030</u> | <u>\$ 22,674,916</u> | <u>\$ 21,165,765</u> | <u>\$ 20,295,909</u> | <u>\$ 14,820,437</u> | <u>\$ 12,456,704</u> | <u>\$ 9,372,881</u> |

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

|   | 2014                | 2013                | 2012                | 2011                | 2010                | 2009                | 2008                | 2007                | 2006                | 2005                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>EXPENSES</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Administrative  | \$ 1,958,240        | \$ 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        |
| Police department   | 9,209,729           | 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           |
| Highway and streets                                       | 3,057,233           | 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           |
| Community development                                     | 921,645             | 1,032,783           | 539,542             | 575,041             | 679,624             | 408,792             | 609,187             | 782,770             | 302,788             | 530,793             |
| Culture and recreation                                    | 1,663,656           | 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           |
| Interest and fiscal charges                               | 946,140             | 795,834             | 679,492             | 587,564             | 664,269             | 717,508             | 680,399             | 724,694             | 615,573             | 411,427             |
| Total governmental activities expenses                    | <u>17,756,643</u>   | <u>17,083,578</u>   | <u>15,166,053</u>   | <u>15,242,605</u>   | <u>14,728,666</u>   | <u>15,175,148</u>   | <u>14,153,484</u>   | <u>15,059,038</u>   | <u>13,111,004</u>   | <u>11,169,500</u>   |
| <b>PROGRAM REVENUE</b>                                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Charges for services:                                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General government  | 905,815             | 772,859             | 617,251             | 667,595             | 531,126             | 488,950             | 439,153             | 451,320             | 420,797             | 439,753             |
| Public safety   | 2,148,944           | 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           |
| Highway and streets                                       | 336,230             | 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             |
| Culture and recreation                                    | 324,954             | 310,937             | 362,054             | 361,689             | 324,800             | 334,099             | 368,180             | 360,424             | 582,667             | 554,324             |
| Operating grants  | 152,707             | 170,831             | 195,787             | -                   | -                   | -                   | -                   | -                   | -                   | 1,211,287           |
| Capital grants  | 1,635,615           | 1,800,834           | 303,202             | 860,404             | 399,529             | 273,961             | 2,199,903           | 320,056             | 222,109             | 286,760             |
| Total governmental activities program revenue             | <u>5,504,265</u>    | <u>5,906,675</u>    | <u>4,325,284</u>    | <u>3,831,820</u>    | <u>3,122,744</u>    | <u>2,907,092</u>    | <u>4,940,580</u>    | <u>3,242,798</u>    | <u>3,186,223</u>    | <u>4,027,444</u>    |
| <b>NET EXPENSES</b>                                       | <u>(12,252,378)</u> | <u>(11,176,903)</u> | <u>(10,840,769)</u> | <u>(11,410,785)</u> | <u>(11,605,922)</u> | <u>(12,268,056)</u> | <u>(9,212,904)</u>  | <u>(11,816,240)</u> | <u>(9,924,771)</u>  | <u>(7,142,056)</u>  |
| <b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental activities:                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Taxes:  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sales   | 7,687,363           | 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           |
| Utility   | 2,459,500           | 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           |
| Property  | 3,327,974           | 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           |
| Other   | 55,024              | 57,851              | 1,047,469           | 1,129,883           | 65,569              | 77,778              | 72,980              | 75,165              | 81,919              | 81,000              |
| Investment income   | 227,521             | (66,290)            | 245,779             | 140,273             | 113,766             | 248,331             | 551,101             | 603,169             | 396,682             | 70,120              |
| Gain on disposal of capital assets                        | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 660,898             | 18,810              | 49,996              |
| Other miscellaneous revenue                               | 197,118             | 124,487             | 42,757              | 121,109             | 443,902             | 131,401             | 299,373             | 174,519             | 102,078             | 47,550              |
| Total governmental activities                             | <u>13,954,500</u>   | <u>13,474,516</u>   | <u>13,106,291</u>   | <u>12,599,573</u>   | <u>13,054,619</u>   | <u>13,443,859</u>   | <u>14,581,844</u>   | <u>14,179,974</u>   | <u>13,008,594</u>   | <u>9,408,722</u>    |
| <b>CHANGES IN NET POSITION</b>                            | <u>\$ 1,702,122</u> | <u>\$ 2,297,613</u> | <u>\$ 2,265,522</u> | <u>\$ 1,188,788</u> | <u>\$ 1,448,697</u> | <u>\$ 1,175,803</u> | <u>\$ 5,368,940</u> | <u>\$ 2,363,734</u> | <u>\$ 3,083,823</u> | <u>\$ 2,266,666</u> |

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

|                                      | 2014                 | 2013                 | 2012                 | 2011                | 2010 (1)            | 2009                | 2008                | 2007                 | 2006                | 2005                |
|--------------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| <b>General Fund:</b>                 |                      |                      |                      |                     |                     |                     |                     |                      |                     |                     |
| Nonspendable                         | \$ 290,999           | \$ 191,348           | \$ 232,408           | \$ 424,799          | \$ -                | \$ -                | \$ -                | \$ -                 | \$ -                | \$ -                |
| Assigned                             | -                    | -                    | 105,200              | -                   | -                   | -                   | -                   | -                    | -                   | -                   |
| Reserved                             | -                    | -                    | -                    | -                   | 397,477             | 6,800               | 352,891             | 78,513               | 33,104              | 42,136              |
| Unreserved                           | -                    | -                    | -                    | -                   | 8,092,009           | 7,760,429           | 6,772,230           | 4,967,205            | 3,920,519           | 2,688,395           |
| Unassigned                           | 7,907,704            | 10,308,718           | 9,324,324            | 8,445,015           | -                   | -                   | -                   | -                    | -                   | -                   |
| Total general fund                   | <u>\$ 8,198,703</u>  | <u>\$ 10,500,066</u> | <u>\$ 9,661,932</u>  | <u>\$ 8,869,814</u> | <u>\$ 8,489,486</u> | <u>\$ 7,767,229</u> | <u>\$ 7,125,121</u> | <u>\$ 5,045,718</u>  | <u>\$ 3,953,623</u> | <u>\$ 2,730,531</u> |
| <b>All Other Governmental Funds:</b> |                      |                      |                      |                     |                     |                     |                     |                      |                     |                     |
| Nonspendable                         | \$ 1,148             | \$ -                 | \$ -                 | \$ 57,009           | \$ -                | \$ -                | \$ -                | \$ -                 | \$ -                | \$ -                |
| Restricted                           | 10,973,895           | 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           |
| Unreserved reported in:              |                      |                      |                      |                     |                     |                     |                     |                      |                     |                     |
| Special revenue funds                | -                    | -                    | -                    | -                   | 2,112,554           | 3,023,519           | 2,760,455           | 2,047,147            | 1,400,123           | 770,405             |
| Capital projects funds               | -                    | -                    | -                    | -                   | 3,943,137           | 3,879,649           | 4,602,995           | 4,843,409            | 4,952,065           | 1,359,238           |
| Debt service funds                   | -                    | -                    | -                    | -                   | -                   | -                   | -                   | -                    | -                   | 248,190             |
| Unassigned                           | (78)                 | -                    | -                    | -                   | -                   | -                   | -                   | -                    | -                   | -                   |
| Total all other governmental funds   | <u>\$ 10,974,965</u> | <u>\$ 14,844,937</u> | <u>\$ 11,050,151</u> | <u>\$ 6,204,313</u> | <u>\$ 6,445,883</u> | <u>\$ 7,201,555</u> | <u>\$ 8,582,564</u> | <u>\$ 10,788,180</u> | <u>\$ 7,833,952</u> | <u>\$ 3,849,108</u> |

(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 for the two fiscal years ended June 30, 2012 and 2011 has been made. Those amount are \$1,227,163 (2012) and \$1,110,458 (2011), respectively.

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

|  | 2014                  | 2013                | 2012                | 2011                | 2010               | 2009                  | 2008              | 2007                | 2006                | 2005                |
|--|-----------------------|---------------------|---------------------|---------------------|--------------------|-----------------------|-------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>  |                       |                     |                     |                     |                    |                       |                   |                     |                     |                     |
| Taxes (1)  | \$ 13,506,530         | \$ 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        |
| Licenses and permits                                       | 739,497               | 679,240             | 730,581             | 681,085             | 646,245            | 673,892               | 594,890           | 679,974             | 634,304             | 439,753             |
| Intergovernmental (1)                                      | -                     | -                   | -                   | -                   | -                  | -                     | -                 | -                   | 244,487             | 1,521,417           |
| Charges for service  | 780,373               | 684,580             | 774,429             | 770,213             | 682,241            | 567,693               | 537,268           | 696,176             | 918,193             | 1,095,380           |
| Fines and forfeitures                                      | 2,096,617             | 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           |
| Investment income (2)                                      | 227,521               | (66,290)            | 245,779             | 140,273             | 113,766            | 248,331               | 551,101           | 603,169             | 396,682             | 70,120              |
| Other income   | 1,846,096             | 2,045,489           | 542,463             | 1,096,053           | 763,131            | 405,862               | 2,437,844         | 510,917             | 120,888             | 99,271              |
| <b>Total Revenues</b>                                      | <u>19,196,634</u>     | <u>19,263,526</u>   | <u>17,249,771</u>   | <u>16,665,014</u>   | <u>16,082,945</u>  | <u>16,169,375</u>     | <u>19,552,393</u> | <u>16,545,877</u>   | <u>16,203,799</u>   | <u>13,440,187</u>   |
| <b>Expenditures</b>  |                       |                     |                     |                     |                    |                       |                   |                     |                     |                     |
| General government   | 1,731,979             | 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           |
| Public safety  | 8,561,370             | 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           |
| Highways and streets                                       | 2,247,913             | 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             |
| Community development                                      | 662,424               | 639,587             | 536,152             | 559,858             | 1,652,928          | 759,865               | 827,062           | 592,481             | 463,065             | 400,229             |
| Culture and recreation                                     | 1,290,963             | 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           |
| Capital outlay   | 8,068,753             | 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           |
| Debt service:  |                       |                     |                     |                     |                    |                       |                   |                     |                     |                     |
| Issuance cost  |                       | 102,473             | 155,534             | -                   | -                  | -                     | -                 | -                   | -                   | -                   |
| Interest and fiscal charges                                | 741,444               | 522,421             | 926,894             | 518,757             | 578,414            | 612,897               | 916,235           | 598,320             | 529,578             | 544,113             |
| Principal  | 2,202,467             | 1,854,869           | 1,435,000           | 1,389,740           | 1,291,377          | 1,539,193             | 711,228           | 908,982             | 565,000             | 130,000             |
| <b>Total Expenditures</b>                                  | <u>25,507,313</u>     | <u>23,781,035</u>   | <u>19,507,308</u>   | <u>16,911,663</u>   | <u>16,176,814</u>  | <u>18,889,032</u>     | <u>19,576,459</u> | <u>15,899,553</u>   | <u>13,452,353</u>   | <u>11,709,613</u>   |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b>    | <u>(6,310,679)</u>    | <u>(4,517,509)</u>  | <u>(2,257,537)</u>  | <u>(246,649)</u>    | <u>(93,869)</u>    | <u>(2,719,657)</u>    | <u>(24,066)</u>   | <u>646,324</u>      | <u>2,751,446</u>    | <u>1,730,574</u>    |
| <b>Other Financing Sources (Uses)</b>                      |                       |                     |                     |                     |                    |                       |                   |                     |                     |                     |
| 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   | 132,757               | 50,663              | -                   | -                   | -                  | -                     | -                 | -                   | -                   | -                   |
| Payment to bond escrow agent                               | -                     | -                   | (2,280,400)         | -                   | -                  | -                     | -                 | -                   | -                   | (7,989,575)         |
| Premium (discount) on bond issue                           | -                     | 44,764              | 110,895             | -                   | -                  | -                     | -                 | -                   | -                   | (44,195)            |
| Sales of capital assets                                    | 6,587                 | -                   | -                   | -                   | -                  | -                     | -                 | 650,000             | -                   | 130,032             |
| Transfers  | -                     | -                   | -                   | -                   | -                  | -                     | -                 | -                   | 124,362             | -                   |
| <b>Total Other Financing Sources (Uses)</b>                | <u>139,344</u>        | <u>9,150,427</u>    | <u>7,895,495</u>    | <u>-</u>            | <u>-</u>           | <u>1,669,205</u>      | <u>64,942</u>     | <u>3,400,000</u>    | <u>2,456,489</u>    | <u>(533,738)</u>    |
| <b>Net Change in Fund Balances</b>                         | <u>\$ (6,171,335)</u> | <u>\$ 4,632,918</u> | <u>\$ 5,637,958</u> | <u>\$ (246,649)</u> | <u>\$ (93,869)</u> | <u>\$ (1,050,452)</u> | <u>\$ 40,876</u>  | <u>\$ 4,046,324</u> | <u>\$ 5,207,935</u> | <u>\$ 1,196,836</u> |
| Debt service as a percentage<br>of noncapital expenditures | 16.3%                 | 13.7%               | 15.2%               | 12.7%               | 12.8%              | 16.5%                 | 11.6%             | 10.5%               | 8.9%                | 6.1%                |

(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<br>Property | Personal<br>Property | Assessed<br>Value | Total Direct<br>Tax Rate | Estimated<br>Actual<br>Value |
|-------------|------------------|----------------------|-------------------|--------------------------|------------------------------|
| 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                    | 851,295,790                  |
| 2007        | 155,931,428      | 43,042,580           | 198,974,008       | 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           | 242,899,181       | 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        | 151,979,090      | 32,755,000           | 184,734,090       | 0.800                    | 817,106,475                  |
| 2013        | 152,097,950      | 33,584,140           | 185,682,090       | 0.800                    | 820,046,200                  |
| 2014        | 134,734,400      | 33,379,110           | 168,113,510       | 0.800                    | 730,894,435                  |

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

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

Source: St. Louis County Assessor

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

| Fiscal Year     | 2014             | 2013             | 2012             | 2011             | 2010             | 2009             | 2008             | 2007             | 2006             | 2005             |
|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City            |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General         | 0.8000           | 0.8000           | 0.4500           | 0.4500           | 0.4500           | 0.4500           | 0.4500           | 0.4200           | 0.4200           | *                |
| Parks           | 0.1980           | 0.1920           | 0.1900           | 0.2000           | 0.2000           | 0.2000           | 0.2000           | 0.1800           | 0.1800           | *                |
| GOB             | 0.4160           | 0.3640           | 0.3800           | -                | -                | -                | -                | -                | -                | *                |
| Total           | 1.4140           | 1.3560           | 1.0200           | 0.6500           | 0.6500           | 0.6500           | 0.6500           | 0.6000           | 0.6000           | *                |
| School District | 5.0400           | 5.0400           | 5.0200           | 5.0200           | 5.0200           | 5.0300           | 4.8400           | 4.8400           | 4.8500           | 5.0400           |
| County          | 0.5230           | 0.5230           | 0.5230           | 0.5200           | 0.5200           | 0.5600           | 0.5600           | 0.5600           | 0.5600           | 0.5800           |
| State           | 0.0300           | 0.0300           | 0.3000           | 0.3000           | 0.3000           | 0.3000           | 0.0300           | 0.0300           | 0.0300           | 0.0300           |
| Other           | 2.2361           | 1.9682           | 1.7174           | 1.6900           | 1.4400           | 1.3900           | 1.8300           | 1.8300           | 1.7600           | 1.8600           |
| Total           | <u>\$ 9.2431</u> | <u>\$ 8.9172</u> | <u>\$ 8.5804</u> | <u>\$ 8.1800</u> | <u>\$ 7.9300</u> | <u>\$ 7.9300</u> | <u>\$ 7.9100</u> | <u>\$ 7.8600</u> | <u>\$ 7.8000</u> | <u>\$ 7.5100</u> |

\* Information not available

Residential real property tax rates per \$100 assessed value

Taxing district: 111AK

Source: St. Louis County Assessor



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

| <u>Property Taxpayer</u>        | <u>Type of Business</u> | <u>2014</u>           |                                    | <u>2004</u>           |                                    |
|---------------------------------|-------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|
|                                 |                         | <u>Assessed Value</u> | <u>Percent of Total Assessment</u> | <u>Assessed Value</u> | <u>Percent of Total Assessment</u> |
| Emerson Electric                | Manufacturing           | \$ 10,043,610         | 6.0 %                              | \$ 10,390,730         | 5.7 %                              |
| Sam's/Walmart Real Estate       | Retail Sales            | 4,160,580             | 2.5                                | 3,047,310             | 1.7                                |
| Crossings at Halls Ferry LLC    | Shopping Center         | 3,258,060             | 1.9                                | 2,306,060             | 1.3                                |
| Home Depot USA, Inc.            | Retail Sales            | 2,264,520             | 1.3                                | 2,130,070             | 1.2                                |
| Park Ridge Appts/Gannon Ptrship | Apartment Rental        | 2,000,530             | 1.2                                | 1,399,710             | 0.8                                |
| NCF LLC                         | Real Estate Holding Co. | 1,775,910             | 1.1                                | -                     | 0.0                                |
| Cisco Capital Corporation       | Real Estate Holding Co. | 1,200,560             | 0.7                                | -                     | 0.0                                |
| Newger Materials/Investments    | Retail Sales            | 1,190,770             | 0.7                                | -                     | 0.0                                |
| Coats Investment Ltd.           | Real Estate Holding Co. | 1,187,870             | 0.7                                | -                     | 0.0                                |
| Northwinds Apartments LLP       | Apartment Rental        | 1,187,510             | 0.7                                | 1,742,910             | 1.0                                |
| Gelco Corporation               | Equipment Leasing       | 1,079,060             | 0.6                                | -                     | 0.0                                |
| A & O Investments               | Real Estate Holding Co. | 1,010,550             | 0.6                                | 1,280,000             | 0.7                                |
| Lipton Properties               | Apartment Rental        | 991,930               | 0.6                                | 1,558,650             | 0.9                                |
| Ackerman Buick                  | Retail Sales            | 907,840               | 0.5                                | 1,407,880             | 0.8                                |
| US Bancorp-Allen Technologies   | Equipment Leasing       | 861,420               | 0.5                                | -                     | 0.0                                |
| Totals                          |                         | <u>\$ 33,120,720</u>  | <u>19.7 %</u>                      | <u>\$ 25,263,320</u>  | <u>13.8 %</u>                      |

Source: St. Louis County Assessor

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

| Fiscal<br>Year | Original<br>Tax<br>Levy | Adjusted<br>Tax<br>Levy (1) | Current<br>Tax<br>Collections | Percent<br>Collected<br>As Current | Total<br>Tax<br>Collections | Total<br>Collections<br>As Percent<br>of Levy |
|----------------|-------------------------|-----------------------------|-------------------------------|------------------------------------|-----------------------------|---|
| 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  |
| 2014           | 1,733,657               | 1,716,325                   | 1,345,991                     | 78.4                               | 1,693,298                   | 98.7  |

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

Source: St. Louis County Collector of Revenue

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

| <u>Fiscal Year</u> | <u>Special<br/>Assessments<br/>Levied</u> | <u>Collected<br/>as of<br/>June 30</u> | <u>Uncollected<br/>as of<br/>June 30</u> | <u>Collection<br/>Ratio</u> |
|--------------------|---|--|--|-----------------------------|
| 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                          |
| 2014               | 70,089                                    | 45,370                                 | 24,719                                   | 65                          |

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

Governmental Activities

| Fiscal<br>Year | Tax Increment<br>Revenue<br>Bonds (2) | Certificates of<br>Participation (3) | Variable Rate<br>Capital<br>Improvement<br>Bonds (4) | Capital<br>Leases (5) | General<br>Obligation<br>Bonds (6) | Certificates of<br>Participation<br>2013 (8) | Total<br>Primary<br>Government | Percentage of<br>Personal<br>Income (7) | Per<br>Capita |
|----------------|---------------------------------------|--------------------------------------|--|-----------------------|------------------------------------|--|--------------------------------|---|---------------|
| 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                                | 5,000  | 54                    | -                                  | -  | 14,199                         | 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                         | 3.10                                    | 1,129         |
| 2014           | 1,015                                 | 1,675                                | 2,820  | 480                   | 7,010                              | 8,730  | 21,730                         | 2.74                                    | 1,029         |

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 \$1,000, except for percent and per capita.

***CITY OF FERGUSON, MISSOURI***  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**GENERAL OBLIGATION BONDED DEBT**  
**JUNE 30, 2014**

| Name Of Governmental Unit                | Debt<br>Outstanding (1) | Percentage<br>Applicable<br>to City of<br>Ferguson (2) | Amount<br>Applicable<br>to City of<br>Ferguson |
|--|-------------------------|--|--|
| <b>Direct:</b>                           |                         |  |  |
| City of Ferguson                         | \$ 7,010,000            | 100.00%  | \$ 7,010,000                                   |
| <b>Overlapping:</b>                      |                         |  |  |
| St. Louis County                         | 109,755,000             | 0.83   | 910,967  |
| Hazelwood School District                | 259,764,221             | 1.16   | 3,013,265                                      |
| Riverview Gardens School                 | 25,339,921              | 6.58   | 1,667,367                                      |
| Jennings School District                 | 12,505,000              | 6.74   | 842,837  |
| Ferguson Reorganized<br>School District  | 21,250,000              | 14.88  | 3,162,000                                      |
| Total Overlapping Debt:                  |                         |  | <u>9,596,435</u>                               |
| <b>Total Direct And Overlapping Debt</b> |                         |  | <u><u>\$ 16,606,435</u></u>                    |

(1) Excludes lease obligations of overlapping taxing districts and St. Louis County's Neighborhood Improvement District Bonds that are a general obligation of St. Louis County but are expected to be paid from special assessments and for which St. Louis County may not levy a general property tax.

(2) Estimate based on 2013 real and personal property assessed valuation.

Source: Bond amounts were provided by the respective taxing districts and other sources believed to be reliable. Assessments were provided by the Office of the County Assessor.

**CITY OF FERGUSON, MISSOURI**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST THREE FISCAL YEARS**

|   | June 30, 2014  |
|---|----------------|
| Net Assessed Value at July 1, 2014            | \$ 181,305,194 |
| Debt limit - 10% of assessed valuation*       | \$ 18,130,519  |
| Amount of debt applicable to debt limit:      |                |
| Total bonded debt                             | \$ 7,010,000   |
| Less assets in Debt Service Fund              | 594,719        |
| Total Amount of Debt Applicable to Debt Limit | 6,415,281      |
| Legal debt margin                             | \$ 11,715,238  |

|   | Fiscal Year   |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | 2011          | 2012          | 2013          | 2014          |
| Debt limit  | \$ 18,473,409 | \$ 19,806,244 | \$ 18,568,209 | \$ 18,568,209 |
| Total net debt applicable to limit                                      | -             | 7,419,900     | 6,940,905     | 6,940,905     |
| Legal debt margin   | \$ 18,473,409 | \$ 12,386,344 | \$ 11,627,304 | \$ 11,627,304 |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 0.0%          | 37.5%         | 37.4%         | 37.4%         |

\*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 TEN FISCAL YEARS**

TIF Refunding and Improvement Bonds (1)

| Fiscal<br>Year | TIF<br>Sales<br>Tax | TIF<br>Property<br>Tax | Less<br>Available<br>Revenue | Net<br>Available<br>Revenue | Debt Service |            | Coverage |
|----------------|---------------------|------------------------|------------------------------|-----------------------------|--------------|------------|----------|
|                |                     |                        |                              |                             | Principal    | Interest   |          |
| 2005           | \$ 463,223          | \$ 270,318             | \$ (18,623)                  | \$ 752,163                  | \$ -         | \$ 270,819 | 2.78 %   |
| 2006           | 616,483             | 452,804                | 34,482                       | 1,034,805                   | 435,000      | 345,356    | 1.33     |
| 2007           | 628,300             | 506,052                | 46,207                       | 1,088,145                   | 750,000      | 304,610    | 1.03     |
| 2008           | 628,300             | 506,052                | 46,207                       | 1,088,145                   | 675,000      | 292,480    | 1.12     |
| 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     |
| 2014           | 490,268             | 449,361                | -                            | 939,629                     | 795,000      | 91,383     | 1.06     |

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 backed 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<br>Year | Population | Personal<br>Income<br><i>(thousands<br/>of dollars)</i> | Median<br>Household<br>Income | Unemployment<br>Rate |
|----------------|------------|---|-------------------------------|----------------------|
| 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                  |
| 2014           | 21,111     | 792,021   | 37,517                        | 6.9                  |

**Source:**

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

**Note:**

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



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

| <u>Employer</u>                     | <u>2013/14 Fiscal Year</u> |             |  | <u>2005/06 Fiscal Year</u> |             |  |
|-------------------------------------|----------------------------|-------------|--|----------------------------|-------------|--|
|                                     | <u>Employees</u>           | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u>           | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Ferguson-Florissant School District | 1,990                      | 1           | 9.4%                                       | *                          | -           | 0.0%                                       |
| St. Louis Community College         | 762                        | 3           | 3.6%                                       | *                          | -           | 0.0%                                       |
| Emerson Electric                    | 804                        | 2           | 3.8%                                       | 615                        | 1           | 2.9%                                       |
| Walmart                             | 255                        | 4           | 1.2%                                       | 334                        | 2           | 1.6%                                       |
| Sam's Club                          | 195                        | 5           | 0.9%                                       | 160                        | 4           | 0.8%                                       |
| Shop N Save - 2 stores              | 176                        | 6           | 0.8%                                       | 212                        | 3           | 1.0%                                       |
| Home Depot                          | 131                        | 7           | 0.6%                                       | 150                        | 5           | 0.7%                                       |
| Negwar Materials                    | 110                        | 8           | 0.5%                                       | 70                         | 7           | 0.3%                                       |
| Cracker Barrel                      | 101                        | 9           | 0.5%                                       | 120                        | 6           | 0.6%                                       |
| McDonalds Restaurant                | 63                         | 10          | 0.3%                                       | 60                         | 8           | 0.3%                                       |
| McDonalds Restaurant**              | -                          | -           | 0.0%                                       | 55                         | 9           | 0.3%                                       |
| Walgreens - 1 store                 | 36                         | 11          | 0.2%                                       | 120                        | 6           | 0.6%                                       |

\* Information was unavailable

\*\* Store was closed for remodeling at June 30, 2014

Source: Business License database from Finance Department

Note: Information not accumulated prior to 2005/2006

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

| <b>Function/Program</b>      | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government:          |             |             |             |             |             |             |             |             |             |             |
| Legislative Department:      |             |             |             |             |             |             |             |             |             |             |
| Elected Officials            | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           |
| City Clerk                   | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Administration Department    | 2           | 2           | 4           | 4           | 4           | 3           | 2           | 2           | 3           | 3           |
| Human Resources              | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Information Technology       | -           | -           | 1           | 1           | 1           | 1           | 1           | 1           | 2           | 2           |
| Finance Department           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 4           | 4           |
| Public Works Administration  | 3           | 3           | 3           | 3           | 2           | 2           | 2           | 2           | 2           | 2           |
| Community Development:       |             |             |             |             |             |             |             |             |             |             |
| Planning and Development     | 3           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 1           | 1           |
| Public Safety:               |             |             |             |             |             |             |             |             |             |             |
| Municipal Court              | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Police Department:           |             |             |             |             |             |             |             |             |             |             |
| Commissioned officers        | 52          | 53          | 52          | 54          | 54          | 54          | 54          | 54          | 54          | 54          |
| Civilians                    | 10          | 13          | 11          | 11          | 11          | 11          | 9           | 9           | 11          | 11          |
| Fire Department              | 24          | 24          | 27          | 27          | 27          | 27          | 27          | 27          | 27          | 27          |
| Code Enforcement             | 5           | 5           | 7           | 6           | 6           | 6           | 6           | 6           | 6           | 6           |
| Highways and Streets:        |             |             |             |             |             |             |             |             |             |             |
| Municipal Services (Streets) | 12          | 12          | 12          | 16          | 16          | 16          | 16          | 16          | 11          | 11          |
| Municipal Garage             | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Parks and Recreation         | 10          | 10          | 8           | 5           | 4           | 4           | 4           | 4           | 5           | 5           |
| Total                        | <u>139</u>  | <u>144</u>  | <u>147</u>  | <u>149</u>  | <u>147</u>  | <u>146</u>  | <u>143</u>  | <u>143</u>  | <u>141</u>  | <u>141</u>  |

Source: City of Ferguson, Missouri budget.

**CITY OF FERGUSON, MISSOURI**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

|                                | 2014   | 2013   | 2012   | 2011   | 2010   | 2009   | 2008   | 2007   | 2006 | 2005 |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|------|------|
| <b>Police Department</b>       |        |        |        |        |        |        |        |        |      |      |
| Crimes reported                | 1,467  | 1,509  | 1,335  | 1,235  | 1,100  | 1,396  | 1,469  | 1,236  | *    | *    |
| Traffic accidents              | 558    | 555    | 348    | 417    | 339    | 409    | 445    | 463    | *    | *    |
| Tickets issued                 | 14,590 | 14,421 | 13,412 | 15,000 | 14,618 | 15,510 | 18,363 | 14,684 | *    | *    |
| Camera Enforcement Tickets     | 11,867 | 5,318  | -      | -      | -      | -      | -      | -      | *    | *    |
| Dispatched Calls               | 22,980 | 24,520 | 24,900 | 20,933 | 20,291 | 23,689 | 24,945 | 22,506 | *    | *    |
| <b>Fire Department</b>         |        |        |        |        |        |        |        |        |      |      |
| Fires                          | 105    | 151    | 122    | 122    | 118    | 131    | 128    | 181    | *    | *    |
| Emergency medical services     | 1,715  | 1,748  | 1,808  | 1,923  | 1,789  | 1,873  | 1,801  | 1,616  | *    | *    |
| Assists to other departments   | 527    | 480    | 566    | 603    | 820    | 847    | 944    | 690    | *    | *    |
| Non-specific calls             | 473    | 482    | 457    | 561    | 556    | 508    | 471    | 682    | *    | *    |
| Total calls responded to       | 2,820  | 2,861  | 2,947  | 3,209  | 3,283  | 3,359  | 3,344  | 3,169  | *    | *    |
| Assists from other departments | 295    | 352    | 259    | 274    | 404    | 361    | 316    | 248    | *    | *    |
| <b>Courts</b>                  |        |        |        |        |        |        |        |        |      |      |
| Number of cases initiated      | 23,925 | 24,054 | 21,425 | 13,225 | 16,038 | 15,995 | 19,015 | 20,249 | *    | *    |
| <b>Parks and recreation:</b>   |        |        |        |        |        |        |        |        |      |      |
| Program participation          | 3,654  | 3,576  | 3,180  | 3,147  | 3,407  | 3,531  | 3,600  | 3,765  | *    | *    |
| Shuttle passengers             | 3,332  | 3,171  | 3,161  | 3,067  | 1,406  | 972    | 1,444  | 1,416  | *    | *    |
| Splash at Wabash               | 20,869 | 22,487 | 23,289 | 25,668 | 23,266 | 22,647 | 26,126 | 24,945 | *    | *    |
| Sports Complex at Forestwood   | 61,805 | 64,421 | 67,026 | 68,433 | 70,012 | 68,604 | 70,662 | 70,616 | *    | *    |
| <b>Public Works</b>            |        |        |        |        |        |        |        |        |      |      |
| Occupancy permits              | 1,467  | 1,583  | 1,201  | 1,313  | 1,504  | 1,400  | 1,341  | 1,529  | *    | *    |
| Inspections completed          | 12,923 | 13,867 | 14,206 | 13,726 | 14,665 | 14,100 | 12,268 | 12,268 | *    | *    |
| Abatements made                | 2,114  | 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: 2009 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 2006.

**CITY OF FERGUSON, MISSOURI**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

|                              |                   | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  | 2005  |
|------------------------------|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Highways/Streets:</b>     |                   |       |       |       |       |       |       |       |       |       |       |
| Miles of streets:            | paved             | 69.15 | 69.15 | 69.15 | 69.15 | 69.15 | 69.15 | 69.15 | 69.15 | 69.15 | 69.15 |
|                              | unpaved           | 9.85  | 9.85  | 9.85  | 9.85  | 9.85  | 9.85  | 9.85  | 9.85  | 9.85  | 9.85  |
| Miles of alleys              |                   | 0.23  | 0.23  | 0.23  | 0.23  | 0.23  | 0.23  | 0.23  | 0.23  | 0.23  | 0.23  |
| Miles of sidewalks           |                   | 41.52 | 41.52 | 41.52 | 41.52 | 41.52 | 41.52 | 41.52 | 41.52 | 41.52 | 41.52 |
| Miles of sewers:             | storm             | 35.27 | 35.27 | 35.27 | 35.27 | 35.27 | 35.27 | 35.27 | 35.27 | 35.27 | 35.27 |
|                              | sanitary          | 40.59 | 40.59 | 40.59 | 40.59 | 40.59 | 40.59 | 40.59 | 40.59 | 40.59 | 40.59 |
| Number of street lights      |                   | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 | 1,117 |
| <b>Fire protection:</b>      |                   |       |       |       |       |       |       |       |       |       |       |
| Number of stations           |                   | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Fire hydrants                |                   | 598   | 598   | 597   | 597   | 597   | 597   | 597   | 597   | 597   | 597   |
| Vehicles:                    |                   |       |       |       |       |       |       |       |       |       |       |
|                              | Pumpers           | 3     | 3     | 2     | 2     | 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     | 2     | -     | -     | -     | -     | -     | -     |
| <b>Police protection:</b>    |                   |       |       |       |       |       |       |       |       |       |       |
| Number of stations           |                   | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| <b>Parks and recreation:</b> |                   |       |       |       |       |       |       |       |       |       |       |
| 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.