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



*Report prepared and submitted by the
Department of Finance*

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Introductory Section



PRINCIPAL OFFICIALS

MAYOR

James W. Knowles III

COUNCIL MEMBERS

Wesley Bell

Ella M. Jones

Keith Kallstrom

Linda Lipka

Laverne Mitchom

Heather Robinett

CITY MANAGER

De'Carlon Seewood

**ASSISTANT CITY MANAGER, DIRECTOR OF
PUBLIC WORKS AND PARKS & RECREATION**

Matthew Unrein

CHIEF - FIRE DEPARTMENT

Steven Rosenthal

CHIEF - POLICE DEPARTMENT

Delrish Moss

DIRECTOR OF FINANCE

Jeffrey Blume

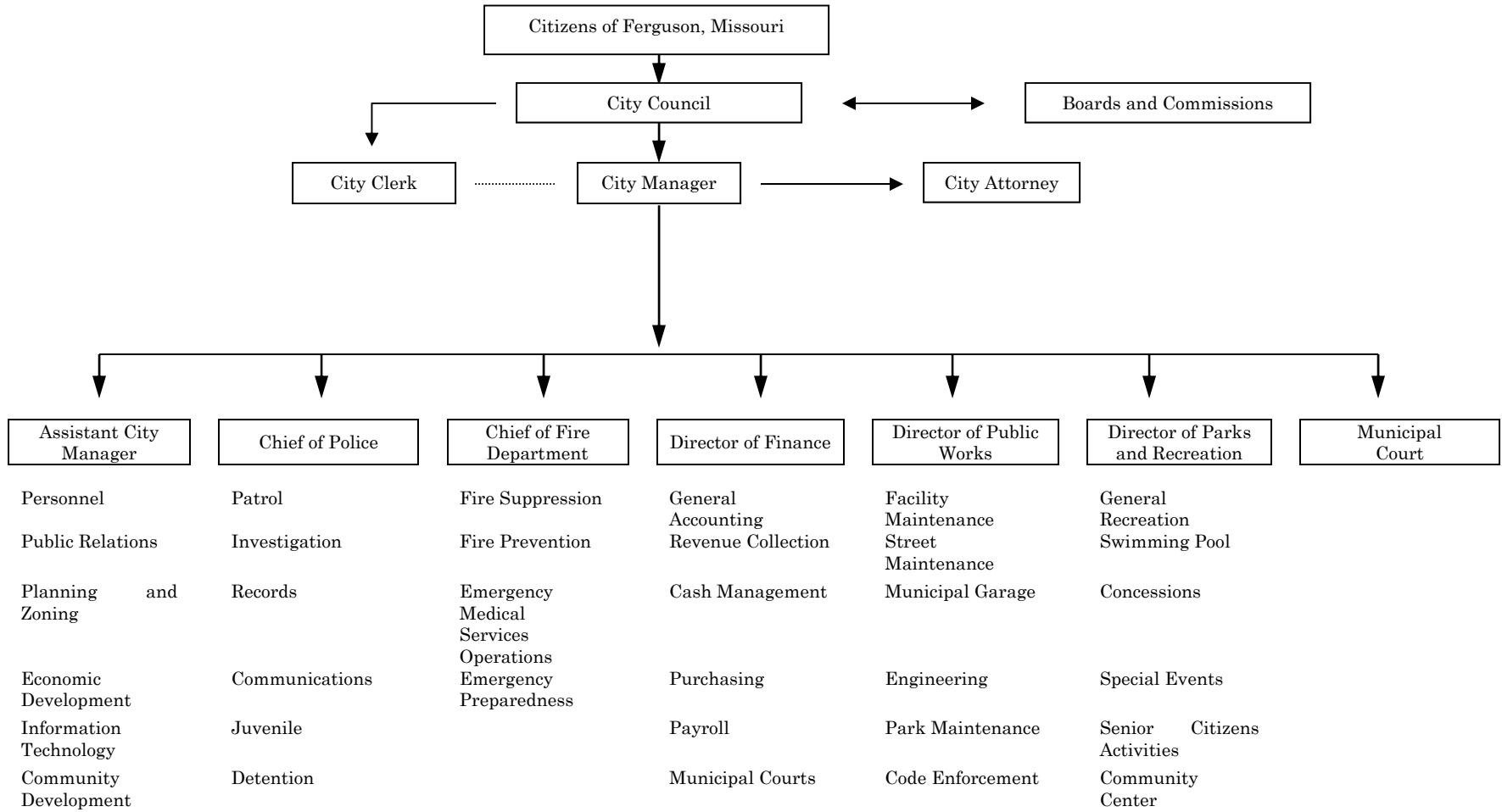
**DIRECTOR OF PLANNING AND
DEVELOPMENT**

Elliot Liebson

CITY CLERK

Octavia Pittman

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, 2016

Christopher P. Morill

Executive Director/CEO



CITY OF FERGUSON

MISSOURI 63135

December 20, 2017

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, 2017. This year's comprehensive annual financial report (CAFR) is the fifteenth 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, 2017, 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 unmodified opinion that the City of Ferguson, Missouri's financial statements for the fiscal year ended June 30, 2017, 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
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(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) 524-5280

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 21,086 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 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, Schnuck Markets, SKF Lincoln, Vatterott College and a Hilton Garden Inn.

FINANCIAL CONTROLS

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

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

The annual operating budget serves as the foundation for the City of Ferguson, Missouri's financial planning and control. All departments of the City of Ferguson are required to submit requests for appropriation to the Director of Finance each year. The Director of Finance uses these requests as the starting point for development of a proposed budget. After review, the City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30th, the close of the City of Ferguson's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the City Council.

All governmental funds are appropriated. The single exception to this statement is the North Park Redevelopment TIF Fund (North Park) which earns less than \$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. In years when Federal grant receipts exceed \$750,000, the City is required to undergo an audit in conformity with the provisions of the Single Audit Act as amended in 1996 and the United States Office of Management and Budget Circular A-133. For the fiscal years ended June 30, 2017, the City did meet 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. The City is provided liability coverage by Missouri Public Entity Risk Management Fund (MOPERM). 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 four 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 has an original issue cost of \$1,086,136 for the acquisition and installation of energy saving equipment (HVAC and street lighting). Under the terms of each lease agreement, it is the City's intent to purchase the leased assets at the end of the lease term.

Pension - The City of Ferguson sponsors a single-employer defined benefit pension plan (the Plan) for substantially all full-time employees. Plan governance is the responsibility of an independent Pension Board. Each year, an independent actuary, engaged by the Pension Board, calculates the amount of the annual contribution the City must make to the pension plan to ensure the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required plan contribution. In each of the last five fiscal years, the City has made its actuarially required payments.

Additional information on the City of Ferguson, Missouri's pension arrangements can be found in the notes to the financial statements and the City's website (www.fergusoncity.com).

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the City of Ferguson, Missouri for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the fourteenth 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.

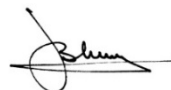
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it for GFOA certification.

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,



De'Carlton E. Seewood
City Manager



Jeffrey B. Blume
Director of Finance

Financial Section

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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, 2017, 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 budgetary comparison information, schedule of changes in net pension liability and investment returns, schedule of employer contributions, schedule of funding status and progress-other post-employment benefits, and on pages 4 through 12 and 51 through 56 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, combining nonmajor fund financial statements, budgetary comparison schedules, statement of changes in assets and liabilities - Agency Fund 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, budgetary comparison schedules and statement of changes in assets and liabilities - Agency Fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, budgetary comparison schedules and statement of changes in assets and liabilities - Agency Fund are 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 20, 2017, 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 solely 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 the effectiveness of the City of Ferguson, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Ferguson, Missouri's internal control over financial reporting and compliance.

Baty Deal + Company

December 20, 2017

CITY OF FERGUSON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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, 2017. 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 and deferred outflows exceeded its liabilities and deferred inflows by \$28,539,526. This represents an increase of \$1,984,953 from operations for the fiscal year ended June 30, 2017.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,538,636. This represents an increase of \$203,466 in comparison to the prior year.
- The City's long-term debt decreased by \$1,577,953 during the current fiscal year to \$17,242,217 at June 30, 2017.

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, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, community development, and culture and recreation. The City does not have any business-type activities.

Fund Financial Statements

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

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Parks Fund and Capital Improvements Sales Tax Fund all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other non-major funds." Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund, Parks [Special Revenue] Fund, Capital Improvements Sales Tax [Capital Projects] Fund, 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)

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 and deferred inflows by \$28,539,526 at June 30, 2017.

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

	Statement of Net Position Governmental Activities	
	2017	2016
Assets		
Current and other assets	\$ 13,067,036	\$ 11,223,238
Capital assets, net	36,390,459	36,027,335
Total Assets	<u>49,457,495</u>	<u>47,250,573</u>
Deferred Outflows	<u>986,322</u>	<u>2,402,507</u>
Liabilities		
Other liabilities	2,534,517	2,569,647
Long-term liabilities	17,955,609	19,577,645
Total Liabilities	<u>20,490,126</u>	<u>22,147,292</u>
Deferred Inflows	<u>1,414,165</u>	<u>951,215</u>
Net Position		
Net investment in capital assets	19,131,652	17,532,442
Restricted	4,627,013	4,487,602
Unrestricted	4,780,861	4,534,529
Total Net Position	<u>\$ 28,539,526</u>	<u>\$ 26,554,573</u>

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

Governmental Activities

On a government - wide basis, governmental activities resulted in the City's net position increasing by \$1,984,953, after taking into account the decrease of \$3,022,157 in Fiscal Year 2016. In Fiscal Year 2017 the City received capital grants totaling \$2,446,058, which comes through the statement of activities as revenue but will show up as depreciation expense in future years.

As disclosed in prior year's financial statements, 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, resulted in significant, continued expenditures and lost revenues.

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

- The erosion of public safety revenues caused the City to make three significant changes with respect to its revenue structure. They are
 - With respect to its general sales tax rate imposed and collected by its General Fund and with respect to its Capital Improvement Sales Imposed and collected by its Capital Improvement Sales Tax Fund, in December 2015, the City changed collection methods from "Point-of-Sale" to "pool." The change became effective July 1, 2016. It resulted in additional collections of about \$525,000 in the General Fund and about \$330,000 in the CIST Fund.
 - In August 2016, the City's voters approved Proposition U which provided authority to increase most of the City's utility gross receipts taxes. This tax rate increase became effective October 1, 2016. It resulted in year-over-year tax collection increase of about \$520,000.
 - In April 2016, the City's voters approved Proposition E which imposed an Economic Development Sales tax on all retail sales in the City. This tax became effective October 1, 2016. It resulted in total tax collections of about \$988,000.
- The City invests idle funds in certificates of deposit, in accordance with its investment policy. Generally accepted accounting principles require these funds be recorded at market value. All of these funds were purchased prior to the Federal Reserve's raising the federal funds borrowing rate. This increase has caused the market value of the City's investments to fall. The year-over-year decrease in investment income of about \$163,000 is substantially the result of the market value adjustment.
- The aforementioned revenue erosion also resulted in expense review and reductions. To a large degree, most supplies and services or out-of-pocket savings had already been harvested. Additionally, about 75% of the City's operational spending is for personnel. The following summarize spending variances.

CITY OF FERGUSON, MISSOURI

Management’s Discussion and Analysis (continued)

- At the beginning of the fiscal year, the City decreased its budgeted headcount by about 23%. Much of this was effected operationally by attrition. However there were also reductions in force.
- In particular, within the functional heading of Public Safety, personnel reductions resulting in significant cost reduction. Head count was diminished by one-third or 33% in Code Enforcement, by 11% in the Fire Department and by about 30% in the Police Department. However, regarding police personnel, budgeted personnel reduction was scheduled for 17%.
- Regarding the functional heading of General Government, personnel reductions were offset by increased legal expenses of just over \$200,000.
- Regarding the functional heading of Highways and streets, most of the cost reduction is the result of diminished capital outlay for street repairs which amounted to over \$470,000 in fiscal year 2016 and only about \$25,000 in fiscal year 2017.
- Regarding the functional heading of Community Development, the City reduced its Farmers Market and Ferguson Special Business District spending by just over \$60,000 in fiscal year 2017. It further reduced its spending on redevelopment agreements by about \$210,000 in fiscal year 2017.

Statement of Net Position						
Governmental Activities						
		2017			2016	Difference
<hr/>						
Revenues						
Program revenues:						
Charges for services	\$	1,799,598	\$	1,743,836	\$	55,762
Operating grants and contributions		40,232		36,362		3,870
Capital grants and contributions		2,446,058		2,018,451		427,607
General revenues:						
Taxes		13,570,488		11,017,842		2,552,646
Investment income		6,962		170,645		(163,683)
Other revenue		54,661		102,427		(47,766)
Total Revenues		17,917,999		15,089,563		2,828,436
<hr/>						
Expenses						
General government		2,584,627		2,499,916		84,711
Public safety		8,030,996		9,338,056		(1,307,060)
Highways and streets		2,398,632		2,965,678		(567,046)
Community development		533,199		833,146		(299,947)
Culture and recreation		1,870,978		1,887,419		(16,441)
Interest and fiscal charges on long-term debt		514,614		587,505		(72,891)
Total Expenses		15,933,046		18,111,720		(2,178,674)
<hr/>						
Change in net position		1,984,953		(3,022,157)		5,007,110
<hr/>						
Net Position						
Beginning of year, as restated		26,554,573		29,576,730		(3,022,157)
Total Net Position	\$	28,539,526	\$	26,554,573	\$	1,984,953
<hr/>						

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

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

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

Governmental Funds

The focus of the City's governmental funds is to provide information on inflows, outflows, and balances of available spendable resources. Such information 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, 2017, the unassigned fund balance of the General Fund was \$3,377,331 and the total fund balance was \$3,782,186. The difference of \$404,855 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 29% of total General Fund expenditures of \$11,730,550 as compared to 25% in Fiscal Year 2016.

The General Fund's fund balance increased by \$188,894 in fiscal year 2017. It bears mentioning that this is the first year of fund balance increase in four years. The Fiscal Year 2014 decrease of \$2.3 million was to offset higher than anticipated construction costs. The fund balance reduction of \$2.3 million in Fiscal Year 2015 was the result of revenue erosion and increased expenses related to civil unrest. The \$2.3 million fund balance reduction in Fiscal Year 2016 was a conscious decision to maintain staffing and services while finding long term solutions for the City's revenue erosion and its impact on operational capacity.

The previous comments regarding revenue changes substantially impact, directly or indirectly, the General Fund. While there was variability in the various elements of the General Fund's revenues, overall, revenues performed as expected.

The previous comments regarding personnel changes are also substantially attributable to the General Fund. Cost savings from the police department's inability to hire personnel at the rate of their voluntary departure resulted in favorable spending variance that was to a moderate degree offset by additional overtime spending. Overall, out of pocket spending exceeded that of the prior year by only about \$35,000.

Significant changes in other fund's fund balances are as follows:

- With respect to the Park Special Revenue Fund, it increased fund balance by about \$98,000. In large part this is the result of moderately increasing sales and property tax revenues. The fund continues to struggle with the cost structure and utilization of its Community Center, added in early Fiscal Year 2015. In addition, it reduced its non-grant supported capital outlay spending from \$200,000 in fiscal year 2016 to about \$56,000 in the current year.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

- With respect to its Capital Improvements Sales Tax Fund, it decreased its fund balance by about \$420,000 in the current fiscal year. This is part of a planned process as the City continues, for the time being, to benefit from federal grant supported surface transportation projects.
- With respect to its Sewer Lateral Special Revenue Fund, it increased its fund balance by only about \$47,000 this year. Over the last several fiscal years, revenues have exceeded expenses by over \$100,000 per year. Because of the age of its homes and sewer laterals being constructed mostly of clay pipe, the City has been reticent to lower its fee rate of \$28 per year per residence – the maximum. While one year does not make a trend, increased program use is always a concern.
- With respect to its Downtown TIF Special Revenue Fund, it increased its fund balance by over \$77,000. There are two principle reasons for this. First, it has not entered into any new and significant redevelopment projects since spring 2015. Second, as a result of collection of its Economic Development Sales Tax (see earlier comment) and because of TIF related statutes, all such taxes collected in the underlying TIF district are remitted to the Fund and must be spent on TIF District related activities. This amounted to about \$110,000 in the current year.

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 \$36,390,459, net of depreciation, in a broad range of capital assets as of June 30, 2017. This investment in capital assets is summarized as follows.

	<u>Capital Assets, Net of Depreciation</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 3,836,842	\$ 3,836,842
Construction in progress	396,952	790,155
Buildings and other improvements	21,833,687	22,601,946
Machinery and equipment	366,604	345,243
Motor vehicles	2,428,722	2,219,649
Infrastructure	7,527,652	6,233,500
Total	<u>\$ 36,390,459</u>	<u>\$ 36,027,335</u>

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

Additional information regarding the City's capital assets may be found in Note 6 of the Notes to Financial Statements.

Long-Term Debt

The City's outstanding long-term debt obligations for governmental activities decreased by about \$1.6M to \$17,242,217 at June 30, 2017 compared to \$18,820,170 at June 30, 2016. 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:

	<u>Outstanding Long-Term Debt Obligations</u>	
	<u>2017</u>	<u>2016</u>
Variable Rate Capital Improvement Bonds 2005	\$ 1,604,950	\$ 2,024,950
Certificates of Participation, Series 2012	1,060,000	1,275,000
Certificates of Participation, Series 2013	7,600,000	7,985,000
General Obligation Bonds, Series 2011	5,970,000	6,325,000
Capital leases	1,007,267	1,210,220
Total	<u>\$ 17,242,217</u>	<u>\$ 18,820,170</u>

Additional information regarding the City's long-term debt may be found in Note 7 of the Notes to Financial Statements.

Significant Variances between Final Budgets and Actual

The following represent the most significant variances between final budget and actual results for the City's General Fund revenues and expenses –

- With a favorable variance of just \$73,600 or 0.7%, total revenues of \$10,990,500 are reasonably close to final budget \$10,916,600. The only significant variance was an unanticipated increase in fines and forfeiture revenues at the end of the fiscal year.
- The final or amended budget, also referred to as forecast, is an iterative process, occurring near the end of the fiscal year. One of the goals of the process, is to estimate as closely as possible year-end values of expenditure accounts, but also to ensure that the amount is high enough so as not to create a situation where spending exceeds appropriation.
 - Most of the favorable spending variances result from the preceding commentary.
 - In addition, much of the favorable spending variance is the result of extremely diligent fiscal restraint on the part of all employees with spending authorization.
 - In particular, with respect to the police department, much of its favorable spending variance is the result of the department's inability, in spite of its best efforts, to add uniformed officers at a rate greater than their attrition. To its credit, the department is committed to adding high quality candidates and not simply filling slots.

CITY OF FERGUSON, MISSOURI

Management's Discussion and Analysis (continued)

Economic Factors and Next Year's Budget

One of the City's greatest challenges has been devising a plan to continue to deliver services and maintain operations with a substantially eroded revenue base while dealing with exogenous issues like consent decree compliance. And to a very large degree, it has succeeded. At this juncture, the City still has many challenges ahead of it. Unlike in the past, today, most of those challenges are known and a plan exists to meet them.

In August 2017, the City completed its first year operating under a consent decree between it and the U.S. Department of Justice – Civil Rights Division. In some areas, it is ahead of its established goals; in others, it lags. In hindsight, the time frame for some of those goals was very aggressive. With regard to its performance under this consent decree, the government has expressed satisfaction and support to the federal judge overseeing this decree, regarding the City's goal accomplishments and efforts.

The City's residents, its voters, have expressed confidence and support in the goals and strategies created and devised by Council and staff. They have done so by authorizing a 33% increase in most utility gross receipts tax rates that will increase tax collections by about \$700,000 annually. They have done so, by authorizing a new sales tax for economic development that will result in collection of about \$1.3 million in new taxes; about a quarter of which will benefit the General Fund.

The City began fiscal year 2017 anticipating a very small increase in General Fund fund balance at the end of the year; basically breakeven. Hard work and good fortune resulted in an increase in fund balance of almost \$190,000.

The City anticipates a slightly better than breakeven year for its General Fund in fiscal year 2018. In other words, it anticipates two consecutive years of balanced budget after three years of deficit.

The City is once again working on significant commercial development, not dependent on giveaways in a time of need.

For the first time in three years, the City is justifiably optimistic. The City believes the corner has been turned. For the first time in three years, the City has a track record growth and success in fiscal accretion.

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.

Basic Financial Statements

CITY OF FERGUSON, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 7,490,486
Taxes receivable:	
Property	528,918
Sales	1,633,554
Other	415,963
Accounts receivable - net	982,903
Prepaid items	301,853
Inventory	143,387
Cash and investments - restricted	96,847
Net pension asset	1,473,125
Capital assets - net	
Nondepreciable	4,233,794
Depreciable	32,156,665
TOTAL ASSETS	49,457,495
DEFERRED OUTFLOWS OF RESOURCES	
Bond refunding	30,715
Accumulated decrease in fair value of hedging derivatives	69,110
Pension related deferred outflows	886,497
TOTAL DEFERRED OUTFLOW OF RESOURCES	986,322
LIABILITIES	
Accounts payable	575,737
Wages and benefits payable	158,412
Other liabilities	1,373,262
Due to other funds	2,794
Accrued interest payable	141,814
Unearned revenue	213,388
Derivative instruments liability - interest rate swap	69,110
Noncurrent liabilities:	
Due in one year	2,042,835
Due in more than one year	15,830,239
Net OPEB obligation	82,535
TOTAL LIABILITIES	20,490,126
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	1,414,165
NET POSITION	
Net investment in capital assets	19,131,652
Restricted for:	
Parks	832,923
Debt service	903,007
Capital projects	1,540,636
Downtown TIF	189,892
Sewer Lateral	1,160,555
Unrestricted	4,780,861
TOTAL NET POSITION	\$ 28,539,526

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

CITY OF FERGUSON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
		Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities					
General government	\$ 2,584,627	\$ 724,452	\$ -	\$ 3,843	\$ (1,856,332)
Public safety	8,030,996	342,372	40,232	5,000	(7,643,392)
Highway and streets	2,398,632	290,717	-	1,990,917	(116,998)
Community development	533,199	-	-	-	(533,199)
Culture and recreation	1,870,978	442,057	-	446,298	(982,623)
Interest and fiscal charges	514,614	-	-	-	(514,614)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 15,933,046	\$ 1,799,598	\$ 40,232	\$ 2,446,058	(11,647,158)
General revenues:					
Taxes:					
					8,399,501
					2,732,867
					2,438,120
					6,962
					54,661
					13,632,111
					1,984,953
					26,554,573
					\$ 28,539,526

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

CITY OF FERGUSON, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Parks Fund	Capital Improvements Sales Tax	Other Nonmajor Funds	Total
ASSETS					
Cash and investments	\$ 3,527,840	\$ 2,025,062	\$ 100,014	\$ 1,837,570	\$ 7,490,486
Taxes receivable:					
Sales	832,930	230,577	263,040	307,007	1,633,554
Property	300,565	76,772	-	151,581	528,918
Other	415,963	-	-	-	415,963
Accounts receivable - net	304,812	443,298	234,793	-	982,903
Due from other funds	2,083,012	438,510	1,533,625	1,493,840	5,548,987
Prepaid items	261,468	26,627	13,758	-	301,853
Inventory	143,387	-	-	-	143,387
Restricted:					
Cash and investments	-	-	96,847	-	96,847
TOTAL ASSETS	<u>\$ 7,869,977</u>	<u>\$ 3,240,846</u>	<u>\$ 2,242,077</u>	<u>\$ 3,789,998</u>	<u>\$ 17,142,898</u>
LIABILITIES					
Accounts payable	\$ 314,852	\$ 48,458	\$ 202,282	\$ 10,145	\$ 575,737
Due to other funds	1,614,081	2,268,748	344,136	1,324,816	5,551,781
Wages and benefits payable	137,804	20,608	-	-	158,412
Other liabilities	1,373,262	-	-	-	1,373,262
Deferred revenue	124,906	43,482	45,000	-	213,388
TOTAL LIABILITIES	<u>3,564,905</u>	<u>2,381,296</u>	<u>591,418</u>	<u>1,334,961</u>	<u>7,872,580</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	277,779	71,632	-	137,164	486,575
Assessments	245,107	-	-	-	245,107
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>522,886</u>	<u>71,632</u>	<u>-</u>	<u>137,164</u>	<u>731,682</u>
FUND BALANCES:					
Nonspendable	404,855	26,627	13,758	-	445,240
Restricted for:					
Parks	-	761,291	-	-	761,291
Debt service	-	-	-	787,520	787,520
Capital projects	-	-	1,636,901	582	1,637,483
Economic development	-	-	-	207,263	207,263
Downtown TIF	-	-	-	168,215	168,215
Sewer Lateral	-	-	-	1,160,555	1,160,555
Unassigned	3,377,331	-	-	(6,262)	3,371,069
TOTAL FUND BALANCES	<u>3,782,186</u>	<u>787,918</u>	<u>1,650,659</u>	<u>2,317,873</u>	<u>8,538,636</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,869,977</u>	<u>\$ 3,240,846</u>	<u>\$ 2,242,077</u>	<u>\$ 3,789,998</u>	<u>\$ 17,142,898</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, 2017**

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

Total fund balance per balance sheet	\$ 8,538,636
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	36,390,459
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	731,682
The difference between the pension liability and the net position of the plan is an asset on the statement of net position. Since this does not provide current financial resources it is not an asset to the funds.	1,473,125
Certain items related to the pension plan are recorded as deferred inflows of resources and deferred outflows of resources in the statement of net position. They do not affect current financial resources and are therefore not reported in the fund statements.	(527,668)
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.	(141,814)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Net other post employment benefit obligation	(82,535)
Accrued compensated absences	(517,420)
Deferred items on refunding	30,715
Outstanding debt, including premiums	<u>(17,355,654)</u>
Net position of governmental activities	<u><u>\$ 28,539,526</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, 2017

	General Fund	Parks Fund	Capital Improvements Sales Tax Fund	Other Nonmajor Funds	Total
REVENUES					
Taxes	\$ 8,504,832	\$ 1,535,198	\$ 1,470,493	\$ 2,048,934	\$ 13,559,457
Intergovernmental	1,138,475	446,298	901,517	-	2,486,290
Licenses and permits	786,465	-	-	25,454	811,919
Charges for service	263,848	442,057	-	-	705,905
Fines and forfeitures	296,026	-	-	-	296,026
Investment income	(4,047)	6,934	594	3,481	6,962
Other income	4,901	279	19	16,430	21,629
TOTAL REVENUES	<u>10,990,500</u>	<u>2,430,766</u>	<u>2,372,623</u>	<u>2,094,299</u>	<u>17,888,188</u>
EXPENDITURES					
Current:					
General government	2,357,530	-	-	-	2,357,530
Public safety	7,186,097	-	-	-	7,186,097
Highways and streets	1,635,416	-	-	-	1,635,416
Community development	73,168	-	-	487,631	560,799
Culture and recreation	416,271	913,461	-	-	1,329,732
Capital outlays	62,068	498,537	1,983,763	-	2,544,368
Debt service:					
Principal, interest and fiscal charges	-	-	733,763	1,370,049	2,103,812
TOTAL EXPENDITURES	<u>11,730,550</u>	<u>1,411,998</u>	<u>2,717,526</u>	<u>1,857,680</u>	<u>17,717,754</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(740,050)</u>	<u>1,018,768</u>	<u>(344,903)</u>	<u>236,619</u>	<u>170,434</u>
OTHER FINANCING SOURCES (USES)					
Transfer in (out)	921,935	(920,750)	(102,985)	101,800	-
Insurance proceeds	7,099	-	600	-	7,699
Proceeds from the disposal of capital assets	-	-	25,333	-	25,333
TOTAL OTHER FINANCING SOURCES (USES)	<u>929,034</u>	<u>(920,750)</u>	<u>(77,052)</u>	<u>101,800</u>	<u>33,032</u>
CHANGE IN FUND BALANCE	188,984	98,018	(421,955)	338,419	203,466
FUND BALANCES - BEGINNING OF YEAR	<u>3,593,202</u>	<u>689,900</u>	<u>2,072,614</u>	<u>1,979,454</u>	<u>8,335,170</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,782,186</u>	<u>\$ 787,918</u>	<u>\$ 1,650,659</u>	<u>\$ 2,317,873</u>	<u>\$ 8,538,636</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, 2017

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

Change in fund balance-total governmental funds	\$ 203,466
Revenues that do not provide current financial resources are not included in the fund financial statements.	(3,221)
Acquisition of capital assets requires the use of current financial resources, but has no effect on net position.	2,388,209
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.	(2,025,085)
Some expenses do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds:	
Compensated absences	41,596
Net other post-employment benefits obligation	(5,296)
Accrued interest	11,140
Amortization of deferred items related to debt	105
Pension expense	(203,914)
Repayment of bond principal is an expenditure in the governmental funds, and reduces long-term liabilities in the statement of net position.	<u>1,577,953</u>
Change in net position of governmental activities	<u><u>\$ 1,984,953</u></u>

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

CITY OF FERGUSON, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	Pension Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ -	\$ 11,321
Investments:		
Common stock	9,041,865	-
Equity mutual funds	8,117,185	-
Municipal bonds	86,743	
Government and agency securities	2,934,209	-
Corporate obligations	3,942,682	-
Fixed income funds	828,437	
Other mutual funds	478,573	
Money market funds	377,443	-
Interest receivable	68,341	-
Due from other funds	2,794	
TOTAL ASSETS	25,878,272	11,321
 LIABILITIES		
Accounts payable	29,626	11,321
TOTAL LIABILITIES	29,626	11,321
 NET POSITION		
Net position restricted for pension	\$ 25,848,646	\$ -

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, 2017

	Pension Trust Fund
ADDITIONS	
Investment income:	
Employer contribution	\$ 398,614
Interest and dividends	521,585
Net appreciation in fair value of investments	2,247,870
TOTAL ADDITIONS	3,168,069
 DEDUCTIONS	
Benefits paid	1,448,214
Administrative fees	72,268
TOTAL DEDUCTIONS	1,520,482
 CHANGE IN NET POSITION	 1,647,587
 NET POSITION - BEGINNING OF YEAR	 24,201,059
 NET POSITION - END OF YEAR	 \$ 25,848,646

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

CITY OF FERGUSON, MISSOURI

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The City defines its financial reporting entity in accordance with provisions established by GASB. GASB requirements for inclusion of component units are primarily based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on that PCU, or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City. Based on these criteria, the City has determined that its financial reporting entity consists of the City (the primary government) and no component units.

Related Organizations

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

The Ferguson Neighborhood Improvement Program (“FNIP”), a not-for-profit corporation established to assist in the rehabilitation and restoration of housing and residential properties in the City, is considered a related party. The FNIP Board of Directors is appointed by the City Council. The City's accountability for this entity does not extend beyond these responsibilities.

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

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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).

The City reports the following major governmental funds:

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

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

Capital Improvements Sales Tax Fund - The Capital Improvements Sales Tax Fund is used to account for the 1/2 cent capital improvements sales tax approved by voters in 1994. In addition, the City issued Variable Rate Capital Improvement Bonds to fund various capital improvements throughout the City. The funds received from these bonds were expended out of this fund.

Additionally, the City reports the following fund types:

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

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

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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.

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.

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. Donated capital assets, works of art and service concession agreements are report at acquisition value.

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.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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.

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 \$517,420 at June 30, 2017, which has been recorded as a liability in the statement of net position.

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.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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. Issuance costs are expensed when paid. 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.

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, 2017 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.

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.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes as authorized by the City Council or an official to which the City Council has delegated the authority to assign amounts for specific purposes.

Unassigned - This consists of the governmental fund balances which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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

K. NET POSITION

In government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation, 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.

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 \$356,149.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

O. PENSION

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of The City of Ferguson Pension Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 consist of the following:

<u>Type</u>	<u>Amount</u>
General government:	
Deposits:	
Cash on hand	\$ 4,263
Demand deposits	4,509,544
	<u>4,513,807</u>
Investments:	
Negotiable certificates of deposit	<u>3,073,526</u>
Pension Trust and Agency Fund:	
Deposits:	
Demand deposits	11,321
Investments:	
Common stock	9,041,865
Equity mutual funds	8,117,185
Money market mutual funds	377,443
Corporate obligations	3,942,682
Municipal bonds	86,743
U.S. government agency securities	399,092
U.S. Treasuries	2,535,117
Fixed income securities	828,437
Other mutual funds	478,573
	<u>25,818,458</u>
Total Deposits and Investments	\$ <u>33,405,791</u>
Reconciliation to the Financial Statements:	
Statement of Net Position:	
Cash and investments	\$ 7,490,486
Cash and investments - restricted	96,847
Statement of Fiduciary Net Position:	
Cash and investments - Pension Trust Fund	25,807,137
Cash and investments - Agency Fund	11,321
Total Deposits and Investments	\$ <u>33,405,791</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized by the City's investment policy. Debt proceeds held by bond trustees are invested in accordance with the provisions of the trust indentures. The City's investment policy does not apply to Pension Trust Fund investments.

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

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, 2017, are provided in the table above.

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, 2017 are as follows:

	Fair Value	Less Than 1 year	1-3 Years	4-7 Years	7+ Years	Credit Rating
Governmental Activities:						
Negotiable certificates of deposit	\$ 3,073,526	\$ 1,544,171	\$ 932,131	\$ 597,224	\$ -	N/A
Money market mutual funds	-	-	-	-	-	-
Total Governmental Activities	\$ 3,073,526	\$ 1,544,171	\$ 932,131	\$ 597,224	\$ -	
Pension Trust Fund:						
Common stock	\$ 9,041,865	\$ 9,041,865	\$ -	\$ -	\$ -	N/A
Equity mutual funds	8,117,185	8,117,185	-	-	-	N/A
Fixed income funds	828,437	828,437	-	-	-	N/A
Other mutual funds	478,573	478,573	-	-	-	N/A
Money market funds	377,443	377,443	-	-	-	N/A
U.S. Treasuries	2,535,117	-	-	667,089	1,868,028	N/A
Mortgage backed securities	399,092	1,373	57,086	40,407	300,226	N/A
Municipal bonds	86,743	-	-	86,743	-	A1
Corporate bonds	640,790	-	398,283	242,507	-	A2
Corporate bonds	1,162,289	-	551,798	498,955	111,536	A3
Corporate bonds	1,022,227	-	317,581	495,808	208,838	Baa2
Corporate bonds	596,584	-	107,347	489,237	-	Baa3
Corporate bonds	520,792	-	206,908	225,997	87,887	Baa1
Total Pension Trust Fund	\$ 25,807,137	\$ 18,844,876	\$ 1,639,003	\$ 2,746,743	\$ 2,576,515	

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.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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, 2017, neither the Pension Trust Fund nor the governmental activities have any investments subject to this disclosure.

3. FAIR VALUE MEASUREMENTS

The City of Ferguson, Missouri categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

U.S. Treasury Securities, U.S. Government Agency Securities, Common Stock and Corporate Bonds are valued at quoted prices (Level 1).

Negotiable certificates of deposit are valued based upon a matrix formula (Level 2).

Equity Mutual Funds, Fixed Income Mutual Funds and Other Mutual Funds are valued using the net asset value at the close of business each day multiplied the number of shares held by the City at the close of business. (Level 1).

Interest Rate Swap Contacts values are derived from mid-market values and represent the value of the trade from the City's perspective. (Level 2).

4. 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, 2016, upon which the 2016 tax levy was based, for real, personal, and public utility property was \$173,139,145. The 2016 tax levy is collected in the City's 2017 fiscal year.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

The City is permitted by Missouri state statutes to levy taxes up to \$1.00 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.

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 2016 tax rates per \$100 of assessed value are as follows:

<u>Property Type</u>	<u>General Fund</u>	<u>Parks Fund</u>	<u>GO Bond Fund</u>
Residential	\$ 0.8000	\$ 0.2000	\$ 0.3240
Agricultural	0.5980	0.2000	0.3240
Commercial	0.8000	0.2000	0.3240
Personal Property	0.8000	0.1980	0.3240

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

5. INTERFUND BALANCES

Due (to) from other funds as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 2,083,012	\$ 1,614,081
Parks	438,510	2,268,748
Capital Improvements Sales Tax	1,533,625	344,136
Nonmajor	1,493,840	1,324,816
Pension Trust	2,794	-

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, 2017

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 921,935	\$ -
Parks	-	920,750
Capital Improvements Sales Tax	-	102,985
Nonmajor	101,800	-

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Transfers were made for the following purposes:

<u>Expending Fund</u>	<u>Recipient Fund</u>	<u>Purpose</u>
Parks and Sewer Lateral	General	Cost of goods and services provided by the recipient
Parks, General, and Downtown TIF	Certificates of Participation Halls Ferry TIF Bonds	Debt Service
Downtown TIF and General	Special Business District	Cost of goods and services provided by the recipient
Economic Development	Capital Improvements Sales Tax	Matching funds for improvements to the City
Economic Development	General	Reimbursements of administrative costs
Parks	Capital Improvements Sales Tax	Cost of common fleet

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

6. CAPITAL ASSETS

For the year ended June 30, 2017, capital asset activity was as follows:

	BALANCE, BEGINNING OF YEAR	ADDI- TIONS	DEDUC- TIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,836,842	\$ -	\$ -	\$ 3,836,842
Construction in process	790,155	1,205,078	1,598,281	396,952
Total capital assets Not Being Depreciated	4,626,997	1,205,078	1,598,281	4,233,794
Capital assets being depreciated:				
Buildings and improvements	33,084,140	461,801	-	33,545,941
Machinery and equipment	2,138,870	163,033	-	2,301,903
Motor Vehicles	5,941,658	558,299	469,696	6,030,261
Infrastructure	11,969,040	1,598,279	-	13,567,319
Total Capital Assets Being Depreciated	53,133,708	2,781,412	469,696	55,445,424
Less accumulated depreciation for:				
Buildings and improvements	10,482,194	1,230,060	-	11,712,254
Machinery and equipment	1,793,627	141,672	-	1,935,299
Motor Vehicles	3,722,009	349,226	469,696	3,601,539
Infrastructure	5,735,540	304,127	-	6,039,667
Total Accumulated Depreciation	21,733,370	2,025,085	469,696	23,288,759
Total Capital Assets Being Depreciated, Net	31,400,338	756,327	-	32,156,665
Total Governmental Activities	\$ 36,027,335	\$ 1,961,405	\$ 1,598,281	\$ 36,390,459

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

Governmental activities:	
General governments	\$ 190,005
Public safety	705,957
Highways and streets	602,785
Culture and recreation	526,338
Total depreciation expense - governmental activities	<u>\$ 2,025,085</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

7. LONG-TERM DEBT

Changes in the City's long-term debt, for the year ended June 30, 2017, are as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Amounts Due Within One Year
Governmental Activities:					
Variable Rate Capital Improvement Bonds	\$ 2,024,950	\$ -	\$ (420,000)	\$ 1,604,950	\$ 435,000
Certificates of Participation, Series 2012	1,275,000	-	(215,000)	1,060,000	205,000
Series 2013	7,985,000	-	(385,000)	7,600,000	390,000
General Obligation Bonds	6,325,000	-	(355,000)	5,970,000	360,000
Issuance premiums, net	121,220	-	(7,783)	113,437	-
Total Bonds and Certificates	17,731,170	-	(1,382,783)	16,348,387	1,390,000
Capital leases payable	1,210,220	-	(202,953)	1,007,267	135,415
Compensated absences payable	559,016	342,605	(384,201)	517,420	517,420
Total Governmental Activities	\$19,500,406	\$ 342,605	\$(1,969,937)	\$17,873,074	\$2,042,835

Debt Issue	Payer Fund
Variable Rate Capital Improvement Bonds and Capital Leases	Capital Improvement Sales Tax Fund
Certificates of Participation	Certificates of Participation Fund Series 2012 by Parks Fund Series 2013 by Downtown TIF and Capital Improvements
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 and Ferguson Special Business District Fund.

Variable Rate Capital Improvement Bonds - Series 2005 and 2006

On September 1, 2005, the City issued \$2,250,000 in Variable Rate Capital Improvement Bonds, Series 2005. On September 1, 2006, the City issued \$2,750,000 in Variable Rate Capital Improvement Bonds, Series 2006. The purpose of the bonds was to finance the costs of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects. At the same time the bonds were issued, the City executed an interest rate swap agreement, which fixed the City's interest rate at 3.995%. See "Derivative Instrument – Interest Rate Swap" for more information.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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

	Principal		Interest		Total
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	\$ 1,604,950	\$	132,858	\$	1,737,808

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:

	Principal		Interest		Total
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	\$ 1,060,000	\$	58,907	\$	1,118,907

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

General Obligation Bonds

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

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

	Principal	Interest	Total
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
Total	<u>\$ 5,970,000</u>	<u>\$ 1,404,076</u>	<u>\$ 7,374,076</u>

Certificates of Participation – Series 2013

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

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

	Principal		Interest		Total
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
	<hr/>				
Total	\$ 7,600,000		\$ 2,020,337		\$ 9,620,337

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 \$498,086 as of June 30, 2017. 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.

In September 2014, the City entered into a lease/purchase agreement with U.S. Bankcorp Government Leasing and Finance, Inc. (U.S. Bankcorp) to finance the purchase of certain energy efficiency improvements to City Hall, Police Station, and Fire Stations, as well as street lighting. The equipment was recorded as a capital asset in the Government Activities at a cost of \$1,086,316 and has accumulated depreciation of \$135,789 as of June 30, 2017

The leases are recorded in the government-wide statement of net position and are 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)

The following is a summary of the City's capital lease agreements as of June 30, 2017:

<u>Lessor</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Annual Payment</u>	<u>Balance</u>
FMLC	3.55%	December 2017	\$ 146,624	\$ 71,991
CTS	2.79%	September 12, 2029	89,229	935,276

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>
2018	\$ 162,541
2019	89,229
2020	89,229
2021	89,229
2022	89,229
Thereafter	669,220
Total minimum lease payments	1,188,677
Portion representing interest	(181,410)
Net present value	<u><u>\$ 1,007,267</u></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, 2017</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		\$ 67,445	Liability	\$ (69,110)

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

- (2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City's hedging derivative instrument outstanding as of June 30, 2017, are as shown below. The notional amount of the swap matches the principal amounts of the associated debt. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category. Under the swap, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR).

Associated Bond Issue	Hedging Instruments – Governmental Activities
Notional Amounts	\$1,604,950
Effective Date	September 1, 2005
Terms	Pay 3.995%; Receive 60.938% of LIBOR plus 1%
Fair Value	(\$69,110)
Termination Date	September 1, 2020
Counter Party Credit Rating	Baa1 (Standard and Poor's short term)

- (3) *Credit Risk.* At June 30, 2017, the City is not exposed to credit risk on the interest rate swap because it is in a negative fair value or liability position. However, if interest rates change and the fair value becomes positive, the government would have exposure to credit risk in the amount of the derivative's positive fair value.
- (4) *Basis Risk.* The City is not exposed to basis risk on the pay-fixed, receivable-variable interest rate swap because the variable-rate interest payments received by the City from the counterparty and the City's variable-rate bonds interest payment are both based on the LIBOR index.
- (5) *Interest Rate Risk.* The City is exposed to interest rate risk on the interest rate swap. In regards to the pay-fixed, receive-variable swap, as the LIBOR swap index decreases, the City's net payment on the swap increases.
- (6) *Termination Risk.* The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If terminated, the variable rate bonds' interest rate risk would no longer be effectively hedged. In addition, if at the time of the termination, the swap has a negative fair value (i.e., in a liability position), the City would be liable to the counterparty for a payment equal to the swap's fair value or liability amount.
- (7) *Rollover risk.* The City is not exposed to rollover risk because the maturity dates for the hedged variable-rate bonds and the interest rate swap agreement are the same.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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

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. UMB Bank NA provides investment advisory, investment safekeeping and transactional support services. 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.

Benefits Provided - Employees become eligible for full benefits under the Plan upon retirement following a) the participant's 60th birthday and completion of eight years of credited service with the City or b) the participant's 55th birthday and the sum of the participant's age and years of credited service with the City total at least 82 ½. The Plan permits early retirement when the employee has reached age 55 and completed eight years of credited service, with a benefit reduction of 0.25% for each month that the early retirement date precedes the normal retirement date, which is considered to be when the employee has reached age 60 and completed eight years of credit service. Unused sick leave is added to credited service. Participants are fully vested after eight years of credited service; the Plan does not provide for partial vesting.

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

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Effective July 1, 2016, the Plan added a provision that would allow participants with thirty or more years of credited service and is greater than age 55, to receive benefits equal to two (2%) percent of Average Monthly Compensation for each year of credited service until the participant reaches age 65.

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, 2016, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	108
Retired participants	76
Terminated vested participants	37
Disabled participants	9
Beneficiaries	<u>12</u>
Total Plan Participants	<u>242</u>

Contributions - All contributions to the Plan are made by the City. The City contributes an amount equal to the actuarially determined rate, which is based on the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Plan has no unfunded prior service cost required to be covered by the annual contribution. Administrative costs are paid with Plan assets. In the past, contributions to the Plan have come from the General Fund.

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 which includes service based merit increases. Benefits are not increased for inflation.

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.

Net Pension Liability - The City's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Rate	RP2000 Mortality Tables, with Blue Collar adjustments, projected to 2020 using scale BB
Investment Rate of Return	7.50%
Projected Salary Increases	3.25% to 6.75% (includes merit component)
Inflation	3.25%

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of actuarial experience analysis during the 2005 to 2012 time period. The next assumption review is scheduled for 2018.

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

Asset Class	Assumed Allocation		Long-Term Expected Real Return	
Domestic Equity	66	%	5.75	%
Fixed Income – U.S.	30		2.75	
Real Estate	2		4.45	
Cash Equivalents	2		0.85	
Total	100	%		

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. Implicit in the projection of cash flows used to determine the discount rate is the assumption that the City's contributions will continue to be made based on the actuarially determined contributions, and that no future gains or losses will occur (i.e., all experience will be as expected). 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 active and inactive employees. 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.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$ 24,328,032	\$ 24,201,059	\$ 126,973
Changes for the year:			
Service cost	445,882	-	445,882
Interest	1,751,269	-	1,751,269
Change in benefit terms	64,214	-	64,214
Differences between expected and actual experience	(776,858)	-	(776,858)
Contributions - employer	-	398,610	(398,610)
Net investment income	-	2,769,457	(2,769,457)
Changes in assumptions	-	-	-
Benefit payments, including refunds	(1,448,216)	(1,448,216)	-
Administrative expense	-	(83,462)	83,462
Net Changes	<u>36,291</u>	<u>1,636,389</u>	<u>(1,600,098)</u>
Balances as of June 30, 2016	\$ <u>24,364,323</u>	\$ <u>25,837,448</u>	\$ <u>(1,473,125)</u>

Plan fiduciary net position as a percentage of the total pension liability is 106.0%.

Sensitivity Of The Net Pension Liability

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 1,149,656	\$ (1,473,125)	\$ (3,735,288)

Pension Expense And Deferred Outflows of Resources and Deferred Inflows Of Resources Related to the Pension

For the year-ended June 30, 2017, the city recognized pension expense of \$601,154. At June 30, 2017, the City reported deferred outflow of resources and deferred inflows of resources related to the Pension Plan from the following:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 1,414,165
Changes in assumptions	413,328	-
Net differences between projected and actual earnings on pension plan investments	473,169	-
Total	\$ <u>886,497</u>	\$ <u>1,414,165</u>

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

The deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	32,974
2019		32,972
2020		(87,670)
2021		(430,077)
2022		(75,867)

Investment Policy - The following asset allocations serve as a guideline for the investment objective in the Plan:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target Allocation</u>
Equities	45%	70%	65%
Fixed income	30	50	30
High Yield	0	5	2.5
Cash	0	5	2
Other	1	5	5

Concentration - The Pension Trust does not have any investments that makes up more any 5% of total assets in the trust.

Rate of Return - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description and Provisions - The City of Ferguson has 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. Since other post-employment benefits are merely an implicit subsidy and not a direct expenditure of the City, funds used to pay for these benefits are paid out of any fund that incurs health insurance benefit costs. The most significant cost is out of the General Fund.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

As of the date of the last actuarial valuation, July 1, 2015, the Plan covered the following number of participants:

Active participants	127
Retirees and beneficiaries currently receiving benefits	<u>8</u>
Total Plan Participants	<u>135</u>

Tri-annual valuations are performed using the Entry Age Normal Actuarial Cost Method, with a 30 year level dollar amortization, closed (24 years remaining as of June 30, 2016), assuming 3.5% rate of return, 2.75% - 6.25% annual salary increases, 3.25% inflation rate, and using the RP2000 Mortality Table (projected to 2015 with Scale BB). The initial health care cost trend rate is 7%, with an ultimate rate of 4.25%. The unfunded actuarial accrued liability is amortized over a closed period of 30 years (24 remaining as of July 1, 2015).

Net OPEB Obligation

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

Annual required contribution	\$ 33,527
Interest on net benefit plan obligation	2,703
Adjustment to annual required contribution	<u>(4,778)</u>
Annual OPEB cost	31,452
Contribution made	<u>(26,156)</u>
Increase in net benefit plan obligation	5,296
Net OPEB obligation - Beginning of year	<u>77,239</u>
Net OPEB obligation - End of year	<u>\$ 82,535</u>

Trend Information - Other Post-Employment Benefits

The City's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB plan, and the net OPEB obligation for the three years ended June 30, 2017 are as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 31,452	83.2 %	\$ 82,535
2016	30,941	67.2	77,239
2015	36,942	70.5	67,092

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation available, the Plan was 100% funded. The actuarial accrued liability for benefits was \$330,693, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$330,693. The covered payroll (annual payroll of active employees covered by the plan) was \$6,354,085 and the ratio of the UAAL to the covered payroll was 5.2%.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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.

The City, along with over 900 public entities, participates in an insurance trust for health, workers' compensation, and general liability matters called Missouri Public Entity Risk Management Fund (MOPERM). The purpose of the MOPERM is to distribute the cost of self-insurance over similar entities. The MOPERM requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the MOPERM have no legal interest in the assets, liabilities or fund balances of MOPERM. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the MOPERM should it cease operations at some future date.

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.

12. COMMITMENTS AND CONTINGENCIES

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, 2017.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

- B. **Commitments** - The City has several surface transportation projects in various stages of completion at June 30, 2016. The incomplete aggregate value of these contracts is approximately \$3,700,000.

- C. **Other Contingencies** - The City has agreed to a consent decree (The Decree) with the Department of Justice. The Decree requires the City over the next three years to implement various changes to the City's policing and court operations that will be subject to review by an oversight entity. The cost of implementing these changes will be substantial and will negatively impact the City's financial position for the foreseeable future.

- D. **Litigation** - 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.

13. CONDUIT DEBT OBLIGATIONS

On June 16, 2015, the City issued Taxable Industrial Revenue Bonds Series 2015 totaling \$19,000,000 to provide financial assistance to a private-sector entity for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying general purpose financial statements. The aggregate principal maturities of outstanding bonds at June 30, 2017 were \$19,000,000.

14. TAX ABATEMENTS

As of June 30, 2017 the City provides tax abatements through two programs - the Chapter 353 Tax Abatement Program, Missouri Revised Statutes and the Industrial Development Financing under Chapter 100, Missouri Revised Statutes.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

Chapter 353 tax abatement is an incentive to encourage the redevelopment of blighted areas by providing real property tax abatement. These abatements are under the authority of Chapter 353 of the Revised Statutes of Missouri (the “Urban Redevelopment Corporation Law”). To be eligible for tax abatement, either the City or a private entity must form an Urban Redevelopment Corporation organized for the purpose of clearance, re-planning, reconstruction, or rehabilitation of blighted areas. Tax abatement is only extended to real property that has been found to be a “blighted area” by the City. Under Chapter 353, the City may grant tax abatements up to 100% of annual property taxes for the first 10 years for the increased assessed value over the base land value and up to 50% of annual property taxes for the next 15 years for a maximum 25 year abatement. The length of time abatements are permitted and the amount of abatement allowed is outlined within the guidelines developed for each area or project designated. For the year ended June 30, 2017, the City abated property taxes of 50 percent totaling \$5,075 under this program.

Industrial Development Financing under Chapter 100 of the Revised Statutes of Missouri authorize municipalities to issue revenue bonds to finance industrial development projects. Under this type of financing, the company passes title in the real or personal property involved to the City pursuant to a lease-purchase agreement. Because title to the property is held in the name of the City during the lease term, the property acquired with the bond proceeds is tax exempt, which effectively results in tax abatement for the company. The City currently has the following Chapter 100 agreements in effect.

- A 75 percent property tax abatement to Centene Corporation amounted to \$39,157. In the event the Company does not meet the guidelines established in the agreement in any given calendar year, a supplemental payment in lieu of taxes equal to the amount abated will be collected.

15. OPERATING LEASE – LEASOR

Effective December 1, 2016, the City initiated a lease to a tenant for the use of the former train station within the City. The lease is for 60 months at a rate of \$750 per month. The tenant will pay additional rent of 1 ½% of all gross sales over \$250,000 per year.

16. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 20, 2017, the date the financial statements were available to be issued.

17. DEFICIT FUND BALANCE

The special revenue Special Business District had a deficit fund balance of \$6,262 as of June 30, 2017. The deficit is the result of expenditures exceeding revenue in the current year.

CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

18. RECENT ACCOUNTING PRONOUNCEMENTS

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and 73*, GASB Statement No. 83, *Certain Asset Retirement Obligations*, and GASB Statement No. 84, *Fiduciary Activities GASB Statement NO. 85, Omnibus 2017*. The City will adopt and implement these statements at the required time.

Required Supplementary Information

CITY OF FERGUSON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 8,639,000	\$ 8,471,700	\$ 8,504,832	\$ 33,132
Intergovernmental	1,044,400	1,066,800	1,138,475	71,675
Licenses and permits	801,100	813,000	786,465	(26,535)
Charges for service	285,400	261,400	263,848	2,448
Fines and forfeitures	589,100	188,100	296,026	107,926
Investment income	30,100	37,900	(4,047)	(41,947)
Other income	69,900	78,000	4,901	(73,099)
TOTAL REVENUES	<u>11,459,000</u>	<u>10,916,900</u>	<u>10,990,500</u>	<u>73,600</u>
EXPENDITURES				
Current:				
General government				
City council and clerk	132,400	137,400	136,381	1,019
City manager's office	182,300	192,300	176,138	16,162
Human resources	107,200	125,100	124,324	776
City-wide expenditures	934,700	1,112,500	1,111,384	1,116
Municipal building	263,600	287,300	279,301	7,999
Information technology	166,200	163,800	154,958	8,842
Finance	375,700	384,900	375,044	9,856
Public safety				
Municipal court	307,200	267,800	257,040	10,760
Code enforcement	272,200	311,800	296,366	15,434
Police	4,633,792	4,449,300	4,209,059	240,241
Fire	2,233,900	2,456,500	2,423,632	32,868
Highways and streets				
Streets	910,100	887,000	833,215	53,785
Municipal garage	709,000	647,600	621,004	26,596
Public works administration	217,900	187,200	181,197	6,003
Community development	118,600	74,300	73,168	1,132
Culture and recreation	451,780	449,400	416,271	33,129
Capital outlays	63,000	63,000	62,068	932
TOTAL EXPENDITURES	<u>12,079,572</u>	<u>12,197,200</u>	<u>11,730,550</u>	<u>466,650</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(620,572)</u>	<u>(1,280,300)</u>	<u>(740,050)</u>	<u>540,250</u>
OTHER FINANCING SOURCES (USES)				
Transfers	632,000	906,200	921,935	15,735
Insurance proceeds	-	-	7,099	7,099
TOTAL OTHER FINANCING SOURCES (USES)	<u>632,000</u>	<u>906,200</u>	<u>929,034</u>	<u>22,834</u>
CHANGE IN FUND BALANCE	<u>\$ 11,428</u>	<u>\$ (374,100)</u>	188,984	<u>\$ 563,084</u>
FUND BALANCES - BEGINNING OF YEAR			3,593,202	
FUND BALANCES - END OF YEAR			<u>\$ 3,782,186</u>	

CITY OF FERGUSON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARKS FUND
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,544,000	\$ 1,420,500	\$ 1,535,198	\$ 114,698
Intergovernmental	280,440	446,000	446,298	298
Charges for service	316,300	340,600	442,057	101,457
Investment income	1,300	3,200	6,934	3,734
Other income	800	3,000	279	(2,721)
TOTAL REVENUES	<u>2,142,840</u>	<u>2,213,300</u>	<u>2,430,766</u>	<u>217,466</u>
EXPENDITURES				
Current:				
Culture and recreation	963,200	983,300	913,461	69,839
Capital outlays	365,200	520,600	498,537	22,063
TOTAL EXPENDITURES	<u>1,328,400</u>	<u>1,503,900</u>	<u>1,411,998</u>	<u>91,902</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>814,440</u>	<u>709,400</u>	<u>1,018,768</u>	<u>309,368</u>
OTHER FINANCING USES				
Transfers	(884,400)	(928,500)	(920,750)	7,750
CHANGE IN FUND BALANCE	<u>\$ (69,960)</u>	<u>\$ (219,100)</u>	98,018	<u>\$ 317,118</u>
FUND BALANCES - BEGINNING OF YEAR			<u>689,900</u>	
FUND BALANCES - END OF YEAR			<u>\$ 787,918</u>	

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>Total Pension Liability</u>				
Service cost	\$ 445,882	\$ 500,687	\$ 525,226	\$ 491,664
Interest	1,751,269	1,744,263	1,688,615	1,648,590
Changes in benefit terms	64,214	-	-	-
Difference between expected and actual experien	(776,858)	(734,177)	(429,228)	-
Changes in assumptions	-	578,658	-	-
Benefit payments, including refunds	(1,448,216)	(1,322,238)	(1,262,471)	(1,161,198)
Net change in total pension liability	36,291	767,193	522,142	979,056
Total pension liability - beginning of year	24,328,032	23,560,839	23,038,697	22,059,641
Total pension liability - end of year	<u>\$ 24,364,323</u>	<u>\$ 24,328,032</u>	<u>\$ 23,560,839</u>	<u>\$ 23,038,697</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ 398,610	\$ 547,500	\$ 535,336	\$ 524,100
Net investment income	2,769,457	148,466	1,220,472	3,797,967
Benefit payments, including refunds	(1,448,216)	(1,322,238)	(1,262,471)	(1,161,198)
Administrative expenses	(83,462)	(84,728)	(83,145)	(71,848)
Net change in plan fiduciary net position	1,636,389	(711,000)	410,192	3,089,021
Plan fiduciary net position - beginning of year	24,201,059	24,912,059	24,501,867	21,412,846
Plan fiduciary net position - end of year	<u>\$ 25,837,448</u>	<u>\$ 24,201,059</u>	<u>\$ 24,912,059</u>	<u>\$ 24,501,867</u>
Net pension liability (asset) - end of year	<u>\$ (1,473,125)</u>	<u>\$ 126,973</u>	<u>\$ (1,351,220)</u>	<u>\$ (1,463,170)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>106.0%</u>	<u>99.5%</u>	<u>105.7%</u>	<u>106.4%</u>
Covered employee payroll	<u>\$ 5,780,648</u>	<u>\$ 6,687,115</u>	<u>\$ 7,111,497</u>	<u>\$ 6,846,641</u>
Net pension liability as a percentage of covered payroll	<u>-25.5%</u>	<u>1.9%</u>	<u>-19.0%</u>	<u>-21.4%</u>
Annual money-weighted rate of return, net of investment expense	11.7%	0.6%	5.0%	17.9%

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

Year Ended June 30,	Actuarially Determined Contribution	Employer Actual Contribution	Percentage Contributed	Covered Employee Payroll	Contributions As A Percentage Of Covered Employee Payroll
2008	\$ 7,075	\$ 7,075	100 %	\$ 6,011,092	0.12 %
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
2015	535,336	535,336	100	7,111,497	7.53
2016	547,500	547,500	100	6,687,115	8.19
2017	398,610	398,610	100	5,780,648	6.90

Notes to Schedule

Valuation Date: July 1, 2016

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	60 years of age and 8 years of credited service
Mortality	Unreduced benefit if age and service are greater than 82 1/2 Retired Pensioners (RP) 2000 Mortality Tables, with Blue Collar adjustments, projected to 2020 using scale BB.

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

SCHEDULE OF FUNDING PROGRESS

Valuation Date July 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfund AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2009	\$ -	\$ 240,892	\$ 240,892	-	% \$ 6,082,657	4.0 %
2012	-	365,083	365,083	-	6,187,888	5.9
2015	-	330,693	330,693	-	6,354,085	5.2

The historical trend information about the Plan is presented to help the user assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other entities.

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage 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
2015	36,942	26,055	70.5
2016	30,941	20,794	67.2
2017	31,452	26,156	83.2

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

CITY OF FERGUSON, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
NOTE TO BUDGETARY COMPARISON INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets are prepared on a basis consistent with GAAP, except that encumbered amounts are treated as expenditures for budgetary purposes. Annual appropriated budgets are adopted for the General, Park, Capital Improvements Sales Tax Capital Projects Funds, Special Business District Special Revenue, Sewer Lateral Special Revenue, Downtown TIF Redevelopment Special Revenue, Halls Ferry TIF Bonds, Certificates of Participation Bonds, and General Obligation Bonds Funds. 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.

Other Supplementary Information

CITY OF FERGUSON, MISSOURI
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds				Capital Project Fund	Debt Service Funds		Total Non-major Governmental Funds
	Special Business District	Sewer Lateral	Economic Development Fund	Downtown TIF Redevelopment	North Park Redevelopment TIF	Certificates of Participation Bonds	General Obligation Bonds	
ASSETS								
Cash and investments	\$ 2,651	\$ 986,089	\$ -	\$ -	\$ -	\$ -	\$ 848,830	\$ 1,837,570
Taxes receivable:								
Sales	-	-	230,079	76,928	-	-	-	307,007
Property	-	4,114	-	21,677	-	-	125,790	151,581
Due from other funds	85,188	174,852	430,199	500,284	582	302,735	-	1,493,840
TOTAL ASSETS	\$ 87,839	\$ 1,165,055	\$ 660,278	\$ 598,889	\$ 582	\$ 302,735	\$ 974,620	\$ 3,789,998
LIABILITIES								
Accounts payable	\$ 3,675	\$ 4,500	\$ -	\$ -	\$ -	\$ 1,970	\$ -	\$ 10,145
Due to other funds	90,426	-	453,015	408,997	-	278,151	94,227	1,324,816
Wages and benefits payable	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	94,101	4,500	453,015	408,997	-	280,121	94,227	1,334,961
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue:								
Property taxes	-	-	-	21,677	-	-	115,487	137,164
FUND BALANCES:								
Restricted for:								
Debt service	-	-	-	-	-	22,614	764,906	787,520
Capital project	-	-	-	-	582	-	-	582
Economic development	-	-	207,263	-	-	-	-	207,263
Downtown TIF	-	-	-	168,215	-	-	-	168,215
Sewer Lateral	-	1,160,555	-	-	-	-	-	1,160,555
Unrestricted:								
Unassigned	(6,262)	-	-	-	-	-	-	(6,262)
TOTAL FUND BALANCES	(6,262)	1,160,555	207,263	168,215	582	22,614	764,906	2,317,873
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 87,839	\$ 1,165,055	\$ 660,278	\$ 598,889	\$ 582	\$ 302,735	\$ 974,620	\$ 3,789,998

CITY OF FERGUSON, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				Capital Project Fund	Debt Service Funds		Total Non-major Governmental Funds
	Special Business District	Sewer Lateral	Economic Development Fund	Downtown TIF Redevelopment	North Park Redevelopment TIF	Certificates of Participation Bonds	General Obligation Bonds	
REVENUES								
Taxes	\$ -	\$ 190,486	\$ 887,278	\$ 431,191	\$ 10	\$ -	\$ 539,969	\$ 2,048,934
Licenses and permits	25,454	-	-	-	-	-	-	25,454
Investment income	-	3,050	-	-	-	-	431	3,481
Other income	16,430	-	-	-	-	-	-	16,430
TOTAL REVENUES	<u>41,884</u>	<u>193,536</u>	<u>887,278</u>	<u>431,191</u>	<u>10</u>	<u>-</u>	<u>540,400</u>	<u>2,094,299</u>
EXPENDITURES								
Current:								
Community development	114,002	132,114	-	241,515	-	-	-	487,631
Capital outlay	-	-	-	-	-	-	-	-
Debt services:								
Principal, interest and fiscal charges	-	-	-	-	-	843,962	526,087	1,370,049
TOTAL EXPENDITURES	<u>114,002</u>	<u>132,114</u>	<u>-</u>	<u>241,515</u>	<u>-</u>	<u>843,962</u>	<u>526,087</u>	<u>1,857,680</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(72,118)	61,422	887,278	189,676	10	(843,962)	14,313	236,619
OTHER FINANCING SOURCES (USES)								
Transfers	65,856	(14,000)	(680,015)	(112,041)	-	842,000	-	101,800
CHANGE IN FUND BALANCE	(6,262)	47,422	207,263	77,635	10	(1,962)	14,313	338,419
FUND BALANCES - BEGINNING OF YEAR	-	1,113,133	-	90,580	572	24,576	750,593	1,979,454
FUND BALANCES - END OF YEAR	<u>\$ (6,262)</u>	<u>\$ 1,160,555</u>	<u>\$ 207,263</u>	<u>\$ 168,215</u>	<u>\$ 582</u>	<u>\$ 22,614</u>	<u>\$ 764,906</u>	<u>\$ 2,317,873</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, 2017

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,736,100	\$ 1,399,800	\$ 1,470,493	\$ 70,693
Intergovernmental	463,800	834,800	901,517	66,717
Investment income	2,600	1,300	594	(706)
Other income	2,500	-	19	19
TOTAL REVENUES	<u>2,205,000</u>	<u>2,235,900</u>	<u>2,372,623</u>	<u>136,723</u>
EXPENDITURES				
Capital outlay	1,674,400	2,032,100	1,983,763	48,337
Debt service:				
Principal, interest and fiscal charges	734,300	734,300	733,763	537
TOTAL EXPENDITURES	<u>2,408,700</u>	<u>2,766,400</u>	<u>2,717,526</u>	<u>48,874</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>(203,700)</u>	<u>(530,500)</u>	<u>(344,903)</u>	<u>185,597</u>
OTHER FINANCING SOURCES				
Transfers	(328,000)	(165,000)	(102,985)	62,015
Insurance proceeds	-	-	600	600
Proceeds from the disposal of capital assets	300	-	25,333	25,333
TOTAL OTHER FINANCING SOURCES	<u>(327,700)</u>	<u>(165,000)</u>	<u>(77,052)</u>	<u>87,948</u>
CHANGE IN FUND BALANCE				
	<u>\$ (531,400)</u>	<u>\$ (695,500)</u>	(421,955)	<u>\$ 273,545</u>
FUND BALANCES - BEGINNING OF YEAR			<u>2,072,614</u>	
FUND BALANCES - END OF YEAR			<u>\$ 1,650,659</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, 2017

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Licenses and permits	\$ 34,700	\$ 20,700	\$ 25,454	\$ 4,754
Other income	20,800	26,500	16,430	(10,070)
TOTAL REVENUES	<u>55,500</u>	<u>47,200</u>	<u>41,884</u>	<u>(5,316)</u>
EXPENDITURES				
Community development	148,200	130,400	114,002	16,398
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(92,700)	(83,200)	(72,118)	11,082
OTHER FINANCING SOURCES				
Transfers	94,500	80,300	65,856	(14,444)
CHANGE IN FUND BALANCE	<u>\$ 1,800</u>	<u>\$ (2,900)</u>	(6,262)	<u>\$ (3,362)</u>
FUND BALANCES - BEGINNING OF YEAR			-	
FUND BALANCES - END OF YEAR			<u>\$ (6,262)</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, 2017

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 274,200	\$ 445,400	\$ 431,191	\$ (14,209)
EXPENDITURES				
Current:				
Community development	35,200	252,200	241,515	10,685
EXCESS OF REVENUES OVER EXPENDITURES	239,000	193,200	189,676	(24,894)
OTHER FINANCING USES				
Transfers	(322,500)	(110,500)	(112,041)	(1,541)
CHANGE IN FUND BALANCE	<u>\$ (83,500)</u>	<u>\$ 82,700</u>	77,635	<u>\$ (26,435)</u>
FUND BALANCES - BEGINNING OF YEAR			<u>90,580</u>	
FUND BALANCES - END OF YEAR			<u>\$ 168,215</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, 2017

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 193,000	\$ 179,900	\$ 190,486	\$ 10,586
Investment income	17,600	16,200	3,050	(13,150)
TOTAL REVENUES	<u>210,600</u>	<u>196,100</u>	<u>193,536</u>	<u>(2,564)</u>
EXPENDITURES				
Community development	140,000	140,000	132,114	7,886
EXCESS OF REVENUES OVER EXPENDITURES	<u>70,600</u>	<u>56,100</u>	<u>61,422</u>	<u>(10,450)</u>
OTHER FINANCING USES				
Transfers	(17,000)	(21,000)	(14,000)	7,000
CHANGE IN FUND BALANCE	<u>\$ 53,600</u>	<u>\$ 35,100</u>	47,422	<u>\$ (3,450)</u>
FUND BALANCES - BEGINNING OF YEAR			<u>1,113,133</u>	
FUND BALANCES - END OF YEAR			<u>\$ 1,160,555</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, 2017

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	828,400	844,300	843,962	338
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(828,400)	(844,300)	(843,962)	338
OTHER FINANCING SOURCES				
Transfers	825,400	839,500	842,000	2,500
CHANGE IN FUND BALANCE	\$ (3,000)	\$ (4,800)	(1,962)	\$ 2,838
FUND BALANCES - BEGINNING OF YEAR			24,576	
FUND BALANCES - END OF YEAR			\$ 22,614	

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, 2017

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 526,600	\$ 529,700	\$ 539,969	\$ 10,269
Investment income	500	300	431	131
TOTAL REVENUES	<u>527,100</u>	<u>530,000</u>	<u>540,400</u>	<u>10,400</u>
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	<u>526,900</u>	<u>526,900</u>	<u>526,087</u>	<u>813</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 200</u>	<u>\$ 3,100</u>	14,313	<u>\$ 9,587</u>
FUND BALANCES - BEGINNING OF YEAR			<u>750,593</u>	
FUND BALANCES - END OF YEAR			<u>\$ 764,906</u>	

CITY OF FERGUSON, MISSOURI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> <u>JULY 1, 2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
ASSETS				
Cash	<u>\$ 17,219</u>	<u>\$ 11,404</u>	<u>\$ 17,302</u>	<u>\$ 11,321</u>
LIABILITIES				
Accounts Payable	<u>\$ 17,219</u>	<u>\$ 11,404</u>	<u>\$ 17,302</u>	<u>\$ 11,321</u>

Statistical Section

CITY OF FERGUSON, MISSOURI

STATISTICAL SECTION

This part of the City of Ferguson, Missouri's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic information

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

Operating Information

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

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

CITY OF FERGUSON, MISSOURI
NET POSITION
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities:										
Net investment in capital										
assets	\$ 19,131,652	\$ 17,532,442	\$ 17,034,039	\$ 12,890,682	\$ 10,525,807	\$ 7,962,476	\$ 9,019,903	\$ 10,171,824	\$ 9,961,395	\$ 10,507,866
Restricted	4,627,013	4,487,602	5,889,626	5,560,201	7,376,914	9,566,443	6,629,112	4,167,465	4,429,985	5,138,047
Unrestricted	<u>4,780,861</u>	<u>4,534,529</u>	<u>6,653,065</u>	<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>
Total governmental activities net position	<u>\$ 28,539,526</u>	<u>\$ 26,554,573</u>	<u>\$ 29,576,730</u>	<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>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EXPENSES										
Administrative	\$ 2,584,627	\$ 2,499,916	\$ 2,464,983	\$ 1,958,240	\$ 1,657,963	\$ 1,490,297	\$ 1,447,325	\$ 1,696,105	\$ 1,644,938	\$ 1,567,009
Police department	8,030,996	9,338,056	9,733,218	9,209,729	8,454,328	8,068,845	7,956,853	7,397,481	7,786,030	7,531,021
Highway and streets	2,398,632	2,965,678	3,109,989	3,057,233	3,472,835	2,783,537	3,238,956	2,838,959	3,071,497	2,323,528
Community development	533,199	833,146	556,838	921,645	1,032,783	539,542	575,041	679,624	408,792	609,187
Culture and recreation	1,870,978	1,887,419	1,848,805	1,663,656	1,669,835	1,604,340	1,436,866	1,452,228	1,546,383	1,442,340
Interest and fiscal charges	514,614	587,505	638,257	946,140	795,834	679,492	587,564	664,269	717,508	680,399
Total governmental activities expenses	15,933,046	18,111,720	18,352,090	17,756,643	17,083,578	15,166,053	15,242,605	14,728,666	15,175,148	14,153,484
PROGRAM REVENUE										
Charges for services:										
General government	724,452	410,456	819,487	905,815	772,859	617,251	667,595	531,126	488,950	439,153
Public safety	342,372	647,273	1,105,232	2,148,944	2,619,331	2,339,013	1,653,964	1,601,767	1,535,853	1,694,023
Highway and streets	290,717	347,849	477,016	336,230	231,883	507,977	288,168	265,522	274,229	208,710
Community development	-	-	-	-	-	-	-	-	-	30,611
Culture and recreation	442,057	338,258	356,342	324,954	310,937	362,054	361,689	324,800	334,099	368,180
Operating grants	40,232	36,362	47,023	152,707	170,831	195,787	-	-	-	-
Capital grants	2,446,058	2,018,451	1,388,140	2,665,152	1,800,834	303,202	860,404	399,529	273,961	2,199,903
Total governmental activities program revenue	4,285,888	3,798,649	4,193,240	6,533,802	5,906,675	4,325,284	3,831,820	3,122,744	2,907,092	4,940,580
NET EXPENSES	<u>(11,647,158)</u>	<u>(14,313,071)</u>	<u>(14,158,850)</u>	<u>(11,222,841)</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>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Sales	8,399,501	6,457,803	6,507,636	6,657,826	7,483,584	6,583,419	6,441,170	7,730,561	8,292,648	8,687,937
Utility	2,732,867	2,213,738	2,406,507	2,459,500	2,453,095	2,349,542	2,783,666	2,643,673	2,416,369	2,665,470
Property	2,438,120	2,346,301	2,912,473	3,327,974	3,421,789	2,837,325	1,983,472	2,057,148	2,277,332	2,304,983
Other	-	-	-	55,024	57,851	1,047,469	1,129,883	65,569	77,778	72,980
Investment income	6,962	170,645	172,514	227,521	(66,290)	245,779	140,273	113,766	248,331	551,101
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Other miscellaneous revenue	54,661	102,427	109,587	197,118	124,487	42,757	121,109	443,902	131,401	299,373
Total governmental activities	13,632,111	11,290,914	12,108,717	12,924,963	13,474,516	13,106,291	12,599,573	13,054,619	13,443,859	14,581,844
CHANGES IN NET POSITION	<u>\$ 1,984,953</u>	<u>\$ (3,022,157)</u>	<u>\$ (2,050,133)</u>	<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>

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

	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008
General Fund:										
Nonspendable	\$ 404,855	\$ 386,491	\$ 113,016	\$ 290,999	\$ 191,348	\$ 232,408	\$ 424,799	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-	105,200	-	-	-	-
Reserved	-	-	-	-	-	-	-	397,477	6,800	352,891
Unreserved	-	-	-	-	-	-	-	8,092,009	7,760,429	6,772,230
Unassigned	3,377,331	3,206,711	5,778,621	7,907,704	10,308,718	9,324,324	8,445,015	-	-	-
Total general fund	<u>\$ 3,782,186</u>	<u>\$ 3,593,202</u>	<u>\$ 5,891,637</u>	<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>
All Other Governmental Funds:										
Nonspendable	\$ 40,385	\$ 13,758	\$ 108,624	\$ 1,148	\$ -	\$ -	\$ 57,009	\$ -	\$ -	\$ -
Restricted	4,722,327	4,728,210	6,674,724	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
Unreserved reported in:										
Special revenue funds	-	-	-	-	-	-	-	2,112,554	3,023,519	2,760,455
Capital projects funds	-	-	-	-	-	-	-	3,943,137	3,879,649	4,602,995
Unassigned	(6,262)	-	(5,963)	(78)	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,756,450</u>	<u>\$ 4,741,968</u>	<u>\$ 6,777,385</u>	<u>\$ 10,975,043</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>

Note: The City implemented the requirements of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in 2011.

(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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes (1)	\$ 13,559,457	\$ 10,984,200	\$ 11,787,058	\$ 13,506,530	\$ 13,349,317	\$ 12,728,871	\$ 12,457,272	\$ 12,482,833	\$ 12,882,051	\$ 13,983,386
Licenses and permits	811,919	827,835	900,632	739,497	679,240	730,581	681,085	646,245	673,892	594,890
Intergovernmental (1)	2,486,290	2,054,813	1,435,163	-	-	-	-	-	-	-
Charges for service	705,905	607,927	746,329	780,373	684,580	774,429	770,213	682,241	567,693	537,268
Fines and forfeitures	296,026	598,038	1,050,276	2,096,617	2,571,190	2,227,648	1,520,118	1,394,729	1,391,546	1,447,904
Investment income	6,962	170,645	172,514	227,521	(66,290)	245,779	140,273	113,766	248,331	551,101
Other income	21,629	37,598	58,273	1,846,096	2,045,489	542,463	1,096,053	763,131	405,862	2,437,844
Total Revenues	<u>17,888,188</u>	<u>15,281,056</u>	<u>16,150,245</u>	<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>
Expenditures										
General government	2,357,530	2,219,034	2,240,144	1,731,979	1,443,858	1,281,211	1,367,131	1,606,737	1,571,405	1,485,407
Public safety	7,186,097	8,275,249	9,028,104	8,561,370	8,066,962	7,756,871	7,640,050	7,172,379	7,511,656	7,308,373
Highways and streets	1,635,416	1,878,212	2,033,071	2,247,913	2,386,624	1,975,865	1,978,700	1,521,058	1,496,604	1,472,053
Community development	560,799	842,876	505,593	662,424	639,587	536,152	559,858	1,652,928	759,865	827,062
Culture and recreation	1,329,732	1,318,853	1,394,516	1,290,963	1,311,007	1,242,896	1,122,730	1,136,445	1,171,905	1,167,650
Capital outlay	2,544,368	2,234,082	6,276,447	8,068,753	7,453,234	4,196,885	2,334,697	1,217,476	4,225,507	5,688,451
Debt service:										
Issuance cost	-	-	-	-	102,473	155,534	-	-	-	-
Interest and fiscal charges	525,859	590,423	636,993	741,444	522,421	926,894	518,757	578,414	612,897	916,235
Principal	1,577,953	2,321,008	1,677,656	2,202,467	1,854,869	1,435,000	1,389,740	1,291,377	1,539,193	711,228
Total Expenditures	<u>17,717,754</u>	<u>19,679,737</u>	<u>23,792,524</u>	<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>
Excess of Revenues Over (Under) Expenditures	<u>170,434</u>	<u>(4,398,681)</u>	<u>(7,642,279)</u>	<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>
Other Financing Sources (Uses)										
Proceeds from issuance of debt	-	-	1,086,316	-	9,055,000	10,065,000	-	-	1,669,205	64,942
Insurance proceeds	7,699	64,829	51,314	132,757	50,663	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	(2,280,400)	-	-	-	-
Premium (discount) on bond issue	-	-	-	-	44,764	110,895	-	-	-	-
Sales of capital assets	25,333	-	-	6,587	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>33,032</u>	<u>64,829</u>	<u>1,137,630</u>	<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>
Net Change in Fund Balances	<u>\$ 203,466</u>	<u>\$ (4,333,852)</u>	<u>\$ (6,504,649)</u>	<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>
Debt service as a percentage of noncapital expenditures	13.7%	16.1%	12.7%	16.3%	13.7%	15.2%	12.7%	12.8%	16.5%	11.6%

(1) Beginning in 2015, the City included motor fuel sales, cigarette receipts, road and bridge taxes and grants as intergovernmental.

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

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>
2008	\$ 197,435,766	\$ 43,673,690	\$ 241,109,456	\$ 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	1.020	817,106,475
2013	152,097,950	33,584,140	185,682,090	1.356	820,046,200
2014	134,734,400	33,379,110	168,113,510	1.414	730,894,435
2015	135,374,200	35,128,880	170,503,080	1.367	765,548,050
2016	127,848,280	33,545,570	161,393,850	1.324	706,674,500
2017	138,570,019	34,569,126	173,139,145	1.324	758,102,113

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

NOTE: State law prohibits the disclosure of specific taxpayer information. As a result property tax information is provided instead.

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

<u>Fiscal Year</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
City										
General	\$ 0.8000	\$ 0.8000	\$ 0.8000	\$ 0.8000	\$ 0.8000	\$ 0.4500	\$ 0.4500	\$ 0.4500	\$ 0.4500	\$ 0.4500
Parks	0.2000	0.2000	0.2000	0.1980	0.1920	0.1900	0.2000	0.2000	0.2000	0.2000
GOB	0.3240	0.3240	0.3670	0.4160	0.3640	0.3800	-	-	-	-
Total	<u>1.3240</u>	<u>1.3240</u>	<u>1.3670</u>	<u>1.4140</u>	<u>1.3560</u>	<u>1.0200</u>	<u>0.6500</u>	<u>0.6500</u>	<u>0.6500</u>	<u>0.6500</u>
School District	5.5400	5.5400	5.5400	5.0400	5.0400	5.0200	5.0200	5.0200	5.0300	4.8400
County	0.5150	0.5150	0.5230	0.5230	0.5230	0.5230	0.5200	0.5200	0.5600	0.5600
State	0.0300	0.0300	0.3000	0.0300	0.0300	0.3000	0.3000	0.3000	0.3000	0.0300
Other	2.1665	2.2297	1.9885	2.2361	1.9682	1.7174	1.6900	1.4400	1.3900	1.8300
Total	<u>\$ 9.5755</u>	<u>\$ 9.6387</u>	<u>\$ 9.7185</u>	<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>

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 NINE YEARS AGO

Property Taxpayer	Type of Business	2017		2008	
		Assessed Value	Percent of Total Assessment	Assessed Value	Percent of Total Assessment
Emerson Electric	Manufacturing	\$ 10,838,390	6.3 %	\$ 10,664,740	5.5 %
Walmart/Sam's Club	Retail Sales	2,926,610	1.7	3,026,210	1.6
Centene	Insurance Services	2,818,240	1.6		
Emerson Property Suppliers	Equipment Leasing	2,812,230	1.6		-
Crossings at Halls Ferry LLC	Shopping Center	2,783,580	1.6	2,870,390	1.5
Home Depot USA, Inc.	Retail Sales	2,189,690	1.3	2,643,740	1.4
A & O Investments	Real Estate Holding Co.	1,437,810	0.8		-
NCF LLC	Real Estate Holding Co.	1,420,730	0.8	1,558,210	0.8
Park Ridge Appts/Gannon Ptrship	Apartment Rental	1,276,790	0.7		-
MIMG XL VI Knolls LLC	Apartment Rental	1,030,800	0.6		
Newger Materials/Investments	Retail Sales			1,768,070	0.9
Northwinds Apartments LLP	Apartment Rental			1,812,170	0.9
Lipton Properties	Apartment Rental			1,769,980	0.9
AmerenUE	Utility			4,000,952	2.1
Gannon Partnership	Apartment Rental			1,659,840	0.9
Totals		<u>29,534,870</u>	<u>17.1 %</u>	<u>\$ 31,774,302</u>	<u>16.5 %</u>

Source: St. Louis County Assessor

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

Fiscal Year	Original Tax Levy	Adjusted Tax Levy (1)	Current Tax Collections	Percent Collected As Current	Total Tax Collections	Total Collections As Percent of Levy
2008	\$ 1,192,232	\$ 1,197,689	\$ 1,104,141	92.2 %	\$ 1,197,689	100.0 %
2009	1,208,931	1,208,931	1,083,238	89.6	1,186,971	98.2
2010	1,264,932	1,210,069	972,588	80.4	1,184,921	97.9
2011	1,226,175	1,203,638	970,929	80.7	1,206,582	100.2
2012	1,193,729	1,193,983	937,925	78.6	1,172,891	98.2
2013	1,190,246	1,193,983	960,575	80.5	1,165,416	97.6
2014	1,858,710	1,849,680	1,482,937	80.2	1,770,863	95.7
2015	1,733,657	1,716,325	1,345,991	78.4	1,693,298	98.7
2016	1,680,467	1,810,493	1,392,551	76.9	1,699,328	93.9
2017	1,613,246	1,612,339	1,285,718	79.7	1,511,504	93.7

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

Source: St. Louis County Collector of Revenue

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

Governmental Activities

Fiscal Year	Tax Increment Revenue Bonds (2)	Certificates of Participation (3)	Variable Rate Capital Improvement Bonds (4)	Capital Leases (5)	General Obligation Bonds (6)	Certificates of Participation 2013 (8)	Total Primary Government	Percentage of Personal Income (7)	Per Capita
2008	\$ 5,510	\$ 2,820	\$ 4,850	\$ 73	\$ -	\$ -	\$ 13,253	1.18 %	\$ 591
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	1.37	505
2012	2,545	2,065	3,550	893	7,670	-	16,723	2.11	789
2013	1,810	1,870	3,190	663	7,345	9,055	23,933	3.08	1,129
2014	1,015	1,675	2,820	480	7,010	8,730	21,730	2.74	1,029
2015	782	1,475	2,430	1,406	6,759	8,400	21,252	2.61	1,008
2016	-	1,275	2,025	1,210	6,446	7,985	18,941	2.21	899
2017	-	1,060	1,605	1,007	5,970	7,713	17,355	1.93	823

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
SCHEDULE OF RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST 10 YEARS

Fiscal Year	General Obligation Bonds	Amounts Available For Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property (1)	Per Capital (2)
2008	\$ -	\$ -	\$ -	- %	\$ -
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	7,670	250	7,420	-	-
2013	7,345	414	6,931	0.85	326.89
2014	7,010	601	6,409	0.78	302.27
2015	6,759	738	6,021	0.82	285.21
2016	6,446	751	5,695	0.74	270.08
2017	5,970	765	5,205	0.74	247.16

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Actual property values can be found on the schedule of assessed and estimated actual value of taxable property - General Fund
- (2) Population values can be found on the Schedule of Demographic And Economic Statistics

CITY OF FERGUSON, MISSOURI
COMPUTATION OF DIRECT AND OVERLAPPING DEBT -
GENERAL OBLIGATION BONDED DEBT
JUNE 30, 2017

Name Of Governmental Unit	Debt Outstanding (1)	Percentage Applicable to City of Ferguson (2)	Amount Applicable to City of Ferguson
Direct:			
Certificates of Participation	\$ 8,660,000	100.00%	\$ 8,660,000
Variable Rate Capital Improvement Bonds	1,604,950	100.00%	1,604,950
General Obligation Bonds	6,083,437	100.00%	6,083,437
Capital Leases	1,007,267	100.00%	1,007,267
Total Direct Debt	<u>\$ 17,355,654</u>		<u>\$ 17,355,654</u>
Overlapping:			
St. Louis County	561,468,717	0.83	4,660,190
Hazelwood School District	227,072,704	1.16	2,634,043
Riverview Gardens School	19,424,921	6.58	1,278,160
Jennings School District	13,795,000	6.74	929,783
Ferguson Reorganized School District	42,040,000	14.88	6,255,552
Total Overlapping Debt	<u>\$ 863,801,342</u>		<u>\$ 15,757,729</u>
Total Direct And Overlapping Debt			<u>\$ 33,113,383</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 FIVE FISCAL YEARS

	<u>June 30, 2017</u>
Net Assessed Value at July 1, 2017	<u>\$ 203,277,315</u>
Debt limit - 10% of assessed valuation*	\$ 20,327,732
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 6,083,437
Less assets in Debt Service Fund	<u>764,906</u>
Total Amount of Debt Applicable to Debt Limit	<u>5,318,531</u>
Legal debt margin	<u>\$ 15,009,201</u>

	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2011</u>
Debt limit	\$ 20,327,732	\$ 16,431,905	\$ 18,259,434	\$ 18,568,209	\$ 18,568,209
Total net debt applicable to limit	<u>5,318,531</u>	<u>5,485,454</u>	<u>5,932,440</u>	<u>6,940,905</u>	<u>6,940,905</u>
Legal debt margin	<u>\$ 15,009,201</u>	<u>\$ 10,946,451</u>	<u>\$ 12,326,994</u>	<u>\$ 11,627,304</u>	<u>\$ 11,627,304</u>
Total net debt applicable to the limit as a percentage of debt limit	26.2%	33.4%	32.5%	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 Year	TIF Sales Tax	TIF Property Tax	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
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
2015 (2)	-	6,673	-	6,673	215,000	45,375	0.03
2016	-	-	-	-	800,000	20,000	-
2017	-	-	-	-	-	-	-

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.
(2) In 2015, the City collected enough tax revenue to pay all outstanding principal and interest.

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

Fiscal Year	Population	Personal Income <i>(thousands of dollars)</i>	Median Household Income	Unemployment Rate
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
2015	21,086	815,712	38,685	5.5
2016	21,059	856,259	40,660	4.6
2017	21,086	901,173	42,738	3.7

Source:

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

Note:

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

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

<u>Employer</u>	<u>2017 Fiscal Year</u>			<u>2008 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	1,632	1	7.7%	*	-	0.0%
Emerson Electric	766	2	3.6%	675	1	5.6%
St. Louis Community College	294	3	1.4%	*	-	0.0%
Walmart	271	4	1.3%	300	2	2.5%
Sam's Club	185	5	0.9%	170	4	1.4%
Home Depot	133	6	0.6%	154	5	1.3%
Negwar Materials	123	7	0.6%	120	6	1.0%
Schnucks	110	8	0.5%			
Cracker Barrel	100	9	0.5%	120	7	1.0%
Shop N Save - 2 stores	96	10	0.5%	185	3	1.5%
Walgreens - 3 stores				101	8	0.8%
McDonalds Restaurant				60	9	0.5%
McDonalds Restaurant				55	10	0.5%

* Information was unavailable

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

Function/Program	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
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	4	4	3	2	2	3	3	2	2	2
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	1	1	1	1	1	2	2	2	2	2
Finance Department	3	3	3	3	3	4	4	4	3	4
Public Works Administration	3	2	2	2	2	2	2	2	2	1
Community Development:										
Planning and Development	4	4	4	4	4	1	1	2	1	1
Public Safety:										
Municipal Court	3	3	3	3	3	3	3	3	2	2
Police Department:										
Commissioned officers	54	54	54	54	54	54	54	55	45	51
Civilians	11	11	11	9	9	11	11	11	7	6
Fire Department	27	27	27	27	27	27	27	27	21	24
Code Enforcement	6	6	6	6	6	6	6	6	4	5
Highways and Streets:										
Municipal Services (Streets)	16	16	16	16	16	11	11	11	9	9
Municipal Garage	3	3	3	3	3	3	3	3	3	3
Parks and Recreation	5	4	4	4	4	5	5	5	9	9
Total	<u>149</u>	<u>147</u>	<u>146</u>	<u>143</u>	<u>143</u>	<u>141</u>	<u>141</u>	<u>142</u>	<u>119</u>	<u>128</u>

Source: City of Ferguson, Missouri budget.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police Department										
Crimes reported	2,336	1,431	1,302	1,467	1,509	1,335	1,235	1,100	1,396	1,469
Traffic accidents	741	676	539	558	555	348	417	339	409	445
Tickets issued	3,360	2,197	8,444	14,590	14,421	13,412	15,000	14,618	15,510	18,363
Camera Enforcement Tickets	-	-	-	11,867	5,318	-	-	-	-	-
Dispatched Calls	21,061	22,819	22,343	22,980	24,520	24,900	20,933	20,291	23,689	24,945
Fire Department										
Fires	250	122	147	105	151	122	122	118	131	128
Emergency medical services	1,817	1,426	1,477	1,715	1,748	1,808	1,923	1,789	1,873	1,801
Assists to other departments	651	734	611	527	480	566	603	820	847	944
Non-specific calls	669	668	568	473	482	457	561	556	508	471
Total calls responded to	3,387	2,950	2,803	2,820	2,861	2,947	3,209	3,283	3,359	3,344
Assists from other departments	487	434	503	295	352	259	274	404	361	316
Courts										
Number of cases initiated	3,329	3,415	18,372	23,925	24,054	21,425	13,225	16,038	15,995	19,015
Parks and recreation:										
Program participation	2,125	1,859	2,518	3,654	3,576	3,180	3,147	3,407	3,531	3,600
Shuttle passengers	4,180	4,338	3,688	3,332	3,171	3,161	3,067	1,406	972	1,444
Splash at Wabash	16,456	15,717	18,928	20,869	22,487	23,289	25,668	23,266	22,647	26,126
Sports Complex at Forestwood	39,500	39,500	35,230	61,805	64,421	67,026	68,433	70,012	68,604	70,662
Public Works										
Occupancy permits	1,430	1,309	1,330	1,467	1,583	1,201	1,313	1,504	1,400	1,341
Inspections completed	15,106	14,611	13,033	12,923	13,867	14,206	13,726	14,665	14,100	12,268
Abatements made	2,567	2,435	2,132	2,114	2,181	1,837	1,931	2,123	2,245	2,781

* 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

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Highways/Streets:											
Miles of streets:	paved	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15
	unpaved	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85
Miles of alleys		0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Miles of sidewalks		41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52
Miles of sewers:	storm	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27
	sanitary	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59
Number of street lights		1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117
Fire protection:											
Number of stations		2	2	2	2	2	2	2	2	2	2
Fire hydrants		598	598	598	598	598	597	597	597	597	597
Vehicles:											
	Pumpers	3	3	3	3	3	2	2	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	2	2	2	-	-	-
Police protection:											
Number of stations		1	1	1	1	1	1	1	1	1	1
Parks and recreation:											
Acres of parks		108	108	108	108	108	108	108	108	108	108
Number of parks		11	11	11	11	11	11	11	11	11	11

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