



***CITY OF FERGUSON, MISSOURI***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***FOR THE YEAR ENDED  
JUNE 30, 2010***

*Prepared by: Finance Department*



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

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## ***INTRODUCTORY SECTION***





## **PRINCIPAL OFFICIALS**

**MAYOR**

Brian P. Fletcher

**COUNCIL MEMBERS**

Mark Byrne

Kynan Crecelius

Fran Grecco

Dwayne T. James

James W. Knowles III

Michael Salant

**CITY MANAGER**

John Shaw

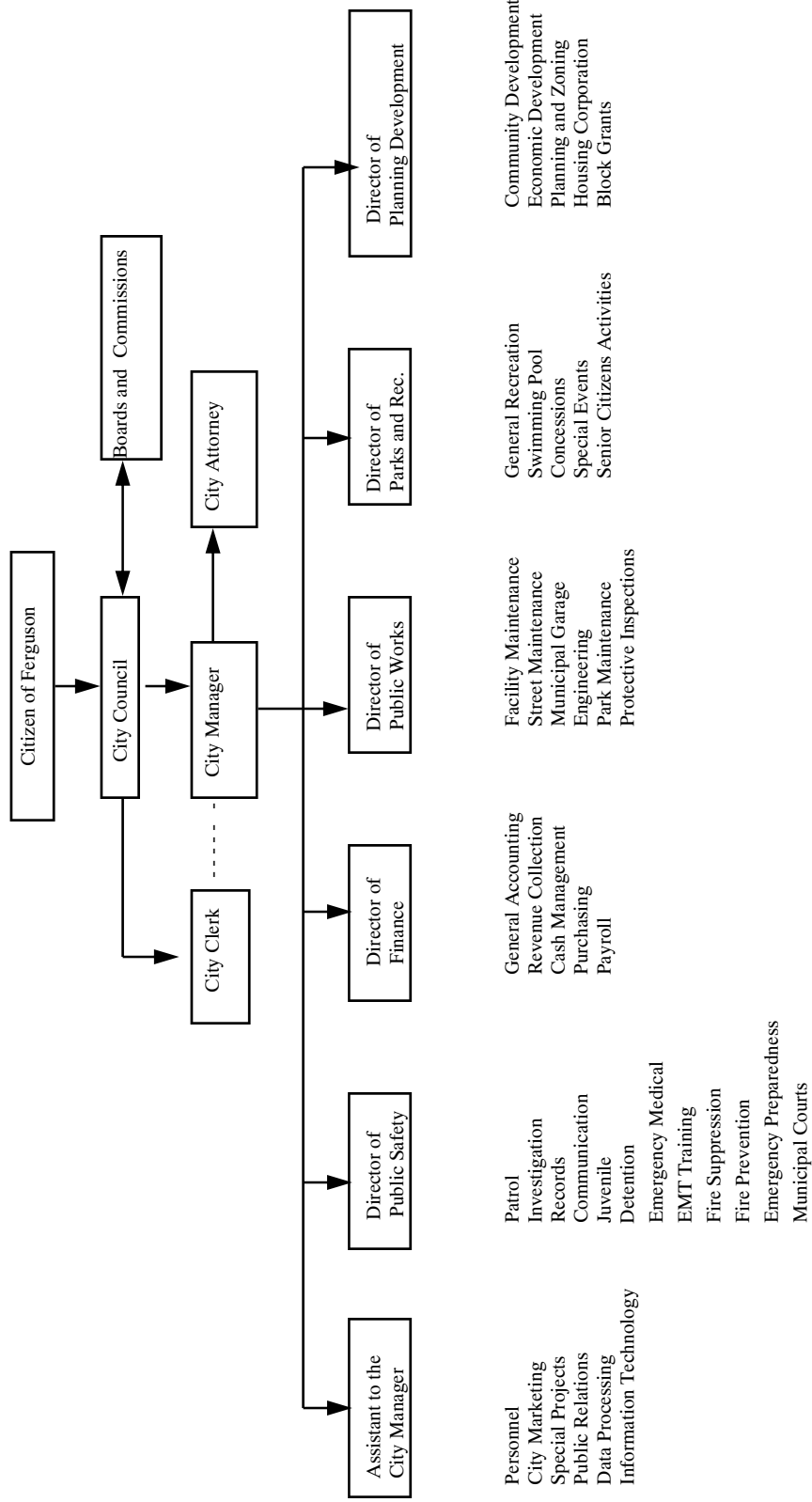
**DIRECTOR OF FINANCE**

Jeffrey Blume

**CITY CLERK**

Debbie Matthies

# Administrative Organizational Chart





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ferguson  
Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



President

Executive Director

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December 7, 2010

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, 2010. This year's comprehensive annual financial report (CAFR) is the eighth year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The format and the purpose of these changes are addressed in Management's Discussion and Analysis (MD&A).

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

The City of Ferguson, Missouri's financial statements have been audited by Botz, Deal and Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Ferguson, Missouri for the year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Ferguson, Missouri's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

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

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

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

## 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, however, the City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six City Council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Clerk, Deputy City Clerk, City Attorney and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Council members serve three-year staggered terms, with two Council members elected each year. The Mayor is elected at large to serve a three-year term.

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. In previous years, it had been presented as a component unit of the City. Upon closer examination and in consultation with our auditors, it has been determined that 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 22,406 [2000 census] residents, who are ideally located to commute to employment in downtown St. Louis or to any of the many nearby commercial areas. The world headquarters of Emerson Electric is located within the City.

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

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

Efforts are well underway to redevelop the City's historic downtown business district. A pay-as-you-go Tax Increment Financing (TIF) district was established in September, 2002 to assist with

redevelopment of the downtown business district. TIF assistance may be useful in attracting major development as well as assisting local business owners with improvements to new or existing businesses.

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

### FINANCIAL CONTROLS

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

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

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

Single Audit - As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. The internal control is subject to periodic evaluation by the City's management and staff. The City is required to undergo an audit in conformity with the provisions of the Single Audit Act as amended in 1996 and the United States Office of Management and Budget Circular A-133. The City did not meet the minimum threshold of the Single Audit Act for the fiscal year ended June 30, 2010. Accordingly; an audit in accordance with these provisions, was not required.

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

#### OTHER INFORMATION

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

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

Debt Administration - At year end, the City had three debt issues outstanding. These issues and original issue amounts include (1) \$2,960,000 in certificates of participation related to the City's capital lease obligation for the construction of the *Splash at Wabash* aquatic facility, (2) \$6,185,000 in TIF revenue bonds related to the *Crossings at Halls Ferry* redevelopment project, and (3) \$5,000,000 in variable rate bonds for infrastructure improvements. In addition, during the fiscal year ended June 30, 2009, the City entered into two capital lease obligations. The first of these was for the lease of two fire trucks with an original issue cost of \$1,172,000. The second was for the lease of certain lighting equipment, with an original issue cost of \$507,000.

Pension - The City of Ferguson sponsors a single-employer defined benefit pension plan (the Plan) for all full-time employees. Plan governance is the responsibility of the independent Pension Board. Each year an independent actuary, engaged by the Pension Board, calculates the amount of the annual contribution the City must make to the pension plan to ensure the plan will

be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. For a number of years, the City had no actuarially required contribution and, accordingly, made no contribution. In each of the last three fiscal years, the City has made its actuarially required payments.

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

### AWARDS AND ACKNOWLEDGEMENTS

The *Government Finance Officers Association of the United States and Canada* (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the City of Ferguson, Missouri for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the twenty-fourth 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.

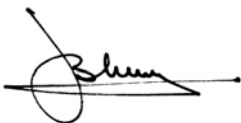
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it for GFOA certification.

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. Their assistance and recommendations, both in the preparation of this report, as well as their consultations and interim reviews, are sincerely appreciated.

Respectfully submitted,



John Shaw  
City Manager



Jeffery B. Blume  
Director of Finance

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***FINANCIAL SECTION***



## INDEPENDENT AUDITORS' REPORT



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

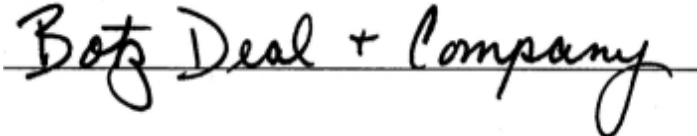
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of June 30, 2010, and the respective changes in the financial position and thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding status and progress on pages 3 through 10 and 38 through 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, 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 on inquires of management about the methods of preparing the information and comparing the information for consistency with movement's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Ferguson, Missouri's basic financial statements. The introductory section, other supplementary information and the statistical section for the year ended June 30, 2010 are presented for purposes of additional analysis and are not a required part of the financial statements of City of Ferguson, Missouri. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing the reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

December 7, 2010

**CITY OF FERGUSON, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found within this report.

**Financial Highlights**

- On a government-wide basis, at the end of the current fiscal year, the City's assets exceeded its liabilities by \$22,674,916. This represents an increase of \$1,448,697. This increase is due primarily to revenues exceeding expenditures.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,935,369. This represents a decrease of \$33,415 in comparison to the prior year.
- The City's debt decreased by \$1,291,377 during the current fiscal year. This decrease is due entirely to principal payments.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplemental information, other supplemental information and statistical information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Note the government-wide financial statements exclude fiduciary fund activities.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. 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  
JUNE 30, 2010

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

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

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

The City adopts an annual appropriated budget for its General Fund, Parks Fund, Capital Improvements Sales Tax Capital Projects Fund, Halls Ferry TIF Bonds Debt Service Fund, Special Business District Special Revenue Fund, Sewer Lateral Special Revenue Fund,

**CITY OF FERGUSON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

Downtown TIF Redevelopment Capital Projects Fund, Splash at Wabash Pool Project Debt Service Fund and Local Improvement Capital Projects Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$22,674,916 for the fiscal year ended June 30, 2010.

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

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**CITY OF FERGUSON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

	Statement of Net Assets Governmental Activities	
	2010	2009
<b>Assets</b>		
Current and other assets	\$ 16,634,127	\$ 16,659,971
Capital assets, net	18,917,791	18,744,121
Total assets	35,551,918	35,404,092
<b>Liabilities</b>		
Other liabilities	986,987	1,106,110
Long-term liabilities	11,890,015	13,132,217
Total liabilities	12,877,002	14,238,327
<b>Net Assets</b>		
Invested in capital assets, net of related debt	10,171,824	9,961,395
Restricted	4,167,465	4,429,985
Unrestricted	8,335,627	6,774,385
Total net assets	\$ 22,674,916	\$ 21,165,765

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

**Governmental activities.** Governmental activities increased the City's net assets by \$1,448,697. Key elements of this increase are as follows:

- In spite of very challenging economic circumstances, overall revenues of fiscal year 2010 lagged those of the prior year by only about \$170,000.
- Revenues from taxes fell by about \$570,000. This figure was favorably impacted by receipt of slightly more than \$300,000 in class action settlement proceeds without which the tax receipts shortfall would have risen to about \$870,000.
- Falling tax receipts were in all categories: Sales, property, utility and other.
- Interest income was about \$135,000 less than the prior year, in part as a result of continued rate erosion and continued market reserve requirements related to the City's interest swap agreement.
- Other revenues increased about \$310,000, largely on the strength of slightly less than \$300,000 of donations received by the Downtown TIF Fund related to construction of the City's newest facility and trailhead, the *Plaza at 501*.
- Overall, expenditures were about \$450,000 below those of the prior year. A number of factors caused this variance. As a whole, they can be characterized as intense spending scrutiny. For example, as a whole, the General Fund's spending decreased from about \$11,265,000 in fiscal year 2009 to about \$11,130,000 in the current year

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**CITY OF FERGUSON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

	Statement of Changes in Net Assets	
	Governmental Activities	
	2010	2009
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,723,215	\$ 2,633,131
Capital grants and contributions	399,529	273,961
General revenues:		
Taxes	12,496,951	13,064,127
Investment income	113,766	248,331
Other revenue	443,902	131,401
Total revenue	16,177,363	16,350,951
<b>Expenses</b>		
General government	1,696,105	1,644,938
Public safety	7,397,481	7,786,030
Highways and streets	2,838,959	3,071,497
Community development	679,624	408,792
Culture and recreation	1,452,228	1,546,383
Interest on long-term debt	664,269	717,508
Total expenses	14,728,666	15,175,148
Change in net assets	1,448,697	1,175,803
Net Assets, beginning of year, as previously stated	21,165,765	20,295,909
Correction for prior period adjustments	60,454	(305,947)
Net Assets, beginning of year, as restated	21,226,219	19,989,962
Net Assets, end of year	\$ 22,674,916	\$ 21,165,765

**Significant Changes in Net Assets**

The majority of the \$1,448,697 increase in net assets is reflected in the purchase of capital assets, net of depreciation and amortization of about \$200,000 and the payment of principal on outstanding debt of about \$1,290,000, neither of which are reflected as expenses in the statement of activities.

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

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

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**CITY OF FERGUSON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

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

The General Fund is the main operating fund of the City. At the end of fiscal year 2010, the unreserved fund balance of the General Fund was \$8,092,009, and the total fund balance was \$8,489,486. The difference of \$397,477 represents reserved fund balance, which is not available for spending because it has already been committed to liquidate contracts and purchase orders of the prior period or expended for services yet to be received. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 73% of total General Fund expenditures of \$11,130,179.

As a result of the City's operations, the total fund balance of the City's General Fund increased by \$661,803 or 8.5%, from 2009 to 2010. This change in the current year's fund balance is mainly attributable to:

- A transfer into the General Fund from the Parks Fund of about \$720,000

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

- Total fund balance of the Parks Fund decreased by about \$440,000, as a result of a one time transfer to the Capital Improvement Fund of about \$480,000. This transfer represents the Parks Fund's accumulated portion of common fleet capital expenditures for which it had not previously been charged.
- Total fund balance of the Downtown TIF Fund decreased about \$440,000 primarily as a result of payments on two significant community development projects exceeding revenues in the current year.
- Total fund balance of the Sewer Lateral Fund increased about \$80,000 primarily as a result of substantially lower demand for sewer lateral replacements by residents.

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

- Assets of the Pension Plan accumulated to provide benefits for all vested participants.
- Bond deposits held to ensure a defendant's appearance in court.

### **Capital Assets**

The City has invested, net of depreciation \$18,917,791 in a broad range of capital assets as of June 30, 2010. This investment in capital assets is summarized as follows.

**CITY OF FERGUSON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

	Capital Assets, Net of Depreciation	
	2010	2009
Land	\$ 1,841,262	\$ 1,814,434
Buildings & other improvements	7,689,109	7,496,248
Machinery and equipment	600,908	544,747
Motor vehicles	2,307,981	2,432,707
Infrastructure	6,478,531	6,058,421
Construction in progress	-	397,564
Total	\$ 18,917,791	\$ 18,744,121

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

**Long-Term Debt**

At June 30, 2010, the City had outstanding long-term debt obligations for governmental activities in the amount of \$12,091,349 compared to \$13,382,726 in 2009. The net decrease in the City's long-term debt obligations is the result of the City making its scheduled debt service payments of \$1,291,377. In accordance with trust provisions, the City's trustee made additional principal payments on its TIF Bonds totaling \$80,000.

The following summarizes the City's governmental activities debt:

	Outstanding Long-Term Debt Obligations	
	2010	2009
Tax Increment Revenue Bonds, series 2005	\$ 4,000,000	\$ 4,600,000
Variable Rate Capital Improvement Bonds 2005	4,224,950	4,545,000
Certificates of Participation, series 2002	2,535,000	2,680,000
Capital leases	1,331,399	1,557,726
Total	\$ 12,091,349	\$ 13,382,726

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

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**CITY OF FERGUSON, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

**Significant Variances between Budgets and Actual Revenues**

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

- General taxes were about \$190,000 under budget, resulting mostly from continued erosion of consumer based tax receipts (e.g., sales, utility and consumption taxes), as a result of the recessionary economy.
- In fiscal year 2010, over 15% of uniformed police officers retired. This resulted in staffing shortages which in turn resulted in less traffic enforcement in deference to maintaining patrol resources. Consequently, fines and forfeitures were about \$220,000 below budget.
- Other income exceeded budget by about \$177,000 mostly because the City received grant revenue and interest income during the year that was not anticipated when the budget was prepared.

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

Reviewing fiscal year 2009-10 while looking ahead to the current 2010-11 fiscal year, the City of Ferguson has continued to strengthen its position with conservative budgeting, a heightened focus on capital improvements to the City's physical infrastructure and efforts to modernize critical City equipment and processes. These efforts have been done, while maintaining a constant focus on economic development and the benefits it brings to the City of Ferguson. The financial condition of the City of Ferguson continues to be strong and, for the time being, stable. This will prove helpful as the country and local economy continue to suffer from an extremely slow and anemic economic recovery.

The theme of the proposed FY 2010-11 budget can best be described as *strategic action*. This strategic action is built upon extensive efforts by the City Council and City administration to fully review the City's operations and to develop departmental action plans that will be implemented throughout this and future fiscal years. Expenditures, efforts and investments are being focused on areas deemed most important to the current and long term operational and fiscal health of the City and its residents. These strategic investments will call upon focused, open and communicative financial management efforts by all City departments and officials.

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

**Requests for Information**

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 12,519,674
Taxes receivable:	
Property	100,091
Accounts receivable	511,636
Due from other governments	1,658,186
Prepaid	317,270
Inventory	169,667
Bond issue costs	106,970
Cash and investments - restricted	1,250,633
Capital assets - net	
Nondepreciable	1,841,262
Depreciable	17,076,529
<b>TOTAL ASSETS</b>	<b>35,551,918</b>
 <b>LIABILITIES</b>	
Accounts payable	471,077
Wages and benefits payable	221,689
Other liabilities	110,796
Accrued interest payable	147,640
Unearned revenue	35,785
Noncurrent liabilities:	
Due in one year	1,236,496
Due in more than one year	10,653,519
<b>TOTAL LIABILITIES</b>	<b>12,877,002</b>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	10,171,824
Restricted for:	
Debt service	295,018
Capital projects	1,519,737
Community development	1,348,146
Culture and recreation	1,004,564
Unrestricted	8,335,627
<b>TOTAL NET ASSETS</b>	<b>\$ 22,674,916</b>

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Functions/Programs</b>	Expenses	Charges for Service	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
<b>Governmental Activities</b>				Governmental Activities
General government	\$ 1,696,105	\$ 531,126	\$ 59,232	\$ (1,105,747)
Public safety	7,397,481	1,601,767	-	(5,795,714)
Highway and streets	2,838,959	265,522	114,539	(2,458,898)
Community development	679,624	-	-	(679,624)
Culture and recreation	1,452,228	324,800	225,758	(901,670)
Interest and fiscal charges	664,269	-	-	(664,269)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 14,728,666</b>	<b>\$ 2,723,215</b>	<b>\$ 399,529</b>	<b>(11,605,922)</b>
Taxes:				
Sales				7,730,561
Utility				2,643,673
Property				2,057,148
Other				65,569
Interest income				113,766
Other revenue				443,902
<b>TOTAL GENERAL REVENUES</b>				<b>13,054,619</b>
<b>CHANGE IN NET ASSETS</b>				<b>1,448,697</b>
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY STATED				21,165,765
Correction - Beginning inventory				60,454
NET ASSETS - BEGINNING OF YEAR, AS RESTATED				21,226,219
NET ASSETS - END OF YEAR				<b>\$ 22,674,916</b>

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

**CITY OF FERGUSON, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	General Fund	Parks Fund	Capital Improvements Sales Tax	Other Nonmajor Funds	Total
<b>ASSETS AND OTHER DEBITS</b>					
Cash and investments	\$ 8,041,045	\$ 2,440,315	\$ 1,360,772	\$ 677,542	\$ 12,519,674
Accounts receivable	325,950	4,649	-	181,037	511,636
Property tax receivable	60,604	39,487	-	-	100,091
Due from other governments	1,092,983	213,478	200,020	151,705	1,658,186
Due from other funds	(275,734)	(1,594,103)	923,707	946,130	-
Prepaid items	227,810	81,703	990	6,767	317,270
Inventory	169,667	-	-	-	169,667
Restricted:					
Cash and investments	-	-	-	1,250,633	1,250,633
<b>TOTAL ASSETS</b>	<u>\$ 9,642,325</u>	<u>\$ 1,185,529</u>	<u>\$ 2,485,489</u>	<u>\$ 3,213,814</u>	<u>\$ 16,527,157</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 239,868	\$ 123,426	\$ 61,099	\$ 46,684	\$ 471,077
Wages and benefits payable	199,935	21,754	-	-	221,689
Other liabilities	110,796	-	-	-	110,796
Deferred revenue	602,240	67,947	-	118,039	788,226
<b>TOTAL LIABILITIES</b>	<u>1,152,839</u>	<u>213,127</u>	<u>61,099</u>	<u>164,723</u>	<u>1,591,788</u>
<b>FUND BALANCES:</b>					
Fund balances:					
Reserved:					
Encumbrances	-	5,714	-	-	5,714
Prepaid items	227,810	81,703	990	6,767	317,270
Inventory	169,667	-	-	-	169,667
Debt service	-	-	-	295,018	295,018
Unreserved:					
General Fund	8,092,009	-	-	-	8,092,009
Special Revenue Funds	-	884,985	-	1,227,569	2,112,554
Capital Projects Funds	-	-	2,423,400	1,519,737	3,943,137
<b>TOTAL FUND BALANCES</b>	<u>8,489,486</u>	<u>972,402</u>	<u>2,424,390</u>	<u>3,049,091</u>	<u>14,935,369</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 9,642,325</u>	<u>\$ 1,185,529</u>	<u>\$ 2,485,489</u>	<u>\$ 3,213,814</u>	<u>\$ 16,527,157</u>

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

***CITY OF FERGUSON, MISSOURI***  
**RECONCILIATION OF THE STATEMENT OF NET ASSETS  
 OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
 AS OF JUNE 30, 2010**

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

Total fund balance per balance sheet	\$ 14,935,369
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	18,917,791
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds	752,441
Costs associated with the issuance of debt are expenditures in the governmental funds, however these costs are recorded as an asset in the statement of net assets and amortized over the life of the debt	106,970
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.	(147,640)
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	(17,691)
Accrued compensated absences	(292,808)
Outstanding debt	<u>(11,579,516)</u>
Net assets of governmental activities	<u><u>\$ 22,674,916</u></u>

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



**CITY OF FERGUSON, MISSOURI**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Parks Fund	Capital Improvements Sales Tax	Other Nonmajor Funds	Total
<b>REVENUES</b>					
Taxes	\$ 8,345,487	\$ 1,512,147	\$ 1,117,001	\$ 1,508,198	\$ 12,482,833
Licenses and permits	622,392	-	-	23,853	646,245
Charges for service	357,441	324,800	-	-	682,241
Fines and forfeits	1,394,729	-	-	-	1,394,729
Investment income	125,077	2,137	(70,894)	57,446	113,766
Other income	227,605	225,008	-	310,518	763,131
<b>TOTAL REVENUES</b>	<u>11,072,731</u>	<u>2,064,092</u>	<u>1,046,107</u>	<u>1,900,015</u>	<u>16,082,945</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,606,737	-	-	-	1,606,737
Public safety	7,172,379	-	-	-	7,172,379
Highways and streets	1,521,058	-	-	-	1,521,058
Community development	306,965	-	-	1,345,963	1,652,928
Culture and recreation	432,599	703,846	-	-	1,136,445
Capital outlays	90,441	357,667	769,368	-	1,217,476
Debt service:					
Principal, interest and fiscal charges	-	-	787,711	1,082,080	1,869,791
<b>TOTAL EXPENDITURES</b>	<u>11,130,179</u>	<u>1,061,513</u>	<u>1,557,079</u>	<u>2,428,043</u>	<u>16,176,814</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(57,448)	1,002,579	(510,972)	(528,028)	(93,869)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in (out)	719,251	(1,444,404)	515,456	209,697	-
<b>CHANGE IN FUND BALANCE</b>	661,803	(441,825)	4,484	(318,331)	(93,869)
<b>FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	7,767,229	1,414,227	2,419,906	3,367,422	14,968,784
Correction - Beginning inventory	60,454	-	-	-	60,454
<b>FUND BALANCES - BEGINNING OF YEAR, AS RESTATED</b>	<u>7,827,683</u>	<u>1,414,227</u>	<u>2,419,906</u>	<u>3,367,422</u>	<u>15,029,238</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 8,489,486</u>	<u>\$ 972,402</u>	<u>\$ 2,424,390</u>	<u>\$ 3,049,091</u>	<u>\$ 14,935,369</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, 2010

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

Change in fund balance-total governmental funds	\$ (93,869)
Revenues that do not provide current financial resources are not included in the fund financial statements	128,657
Acquisition of capital assets requires the use of current financial resources, but has no effect on net assets	1,541,370
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities	(1,345,469)
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds financial resources received are reflected as revenue. As a result, the change in net assets differs from the change in fund balance by the net book value of the disposed capital assets	(22,231)
Governmental funds report cost of debt issuance, premiums and discounts. These amounts are deferred and amortized in the statement of activities	(93,325)
Some expenses reported in the statement of activities do not require use of current financial resources and, are not reported in governmental funds	7,469
Accrued compensated absences will not be satisfied using current financial resources and, therefore, are not recorded as expenditures in the fund statements	34,717
Repayment of bond principal is an expenditure in the governmental funds, and reduces long-term liabilities in the statement of net assets	<u>1,291,378</u>
Change in net assets of governmental activities	<u><u>\$ 1,448,697</u></u>

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2010**

	Pension Trust Fund	Agency Fund
<b>ASSETS AND OTHER DEBITS</b>		
Cash and cash equivalents	\$ -	\$ 102,172
Investments:		
Common stock	6,052,091	-
Equity mutual funds	3,435,944	-
Government securities - U.S. agencies	4,354,523	-
Corporate obligations	2,816,371	-
Money market funds	724,927	-
Interest receivable	83,555	-
<b>TOTAL ASSETS</b>	<b>17,467,411</b>	<b>102,172</b>
 <b>LIABILITIES</b>		
Accounts payable	-	102,172
 <b>NET ASSETS</b>		
Held in trust for pension benefits	\$ 17,467,411	\$ -

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

***CITY OF FERGUSON, MISSOURI***  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Investment income:	
Contribution	\$ 107,526
Interest and dividends	428,471
Net appreciation in fair value of investments	<u>953,631</u>
<b>TOTAL ADDITIONS</b>	<u><b>1,489,628</b></u>
 <b>DEDUCTIONS</b>	
Benefits paid	1,044,934
Administrative fees	<u>51,754</u>
<b>TOTAL DEDUCTIONS</b>	<u><b>1,096,688</b></u>
 <b>CHANGE IN NET ASSETS</b>	 392,940
 <b>NET ASSETS HELD IN TRUST - BEGINNING OF YEAR</b>	  <u>17,074,471</u>
 <b>NET ASSETS HELD IN TRUST - END OF YEAR</b>	  <u><u>\$ 17,467,411</u></u>

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

**CITY OF FERGUSON, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. **REPORTING ENTITY**

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

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

**Related Organization**

The City provides limited finance related services to the Ferguson Municipal Public Library District (the District). In addition, its 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.

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

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, however the City cannot "impose its will" on the organization, nor is there a relationship of financial benefit or burden.

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

A. **REPORTING ENTITY** - continued

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

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

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

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due (i.e. matured).

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

**Parks Fund** - The Parks Fund is used to account for taxes levied on all property within the City for the purpose of providing public park facilities and to account for expenditures for recreational and park purposes and for revenues derived from recreational program fees. The Parks Fund also is used to account for the ½ cent *Park and Stormwater Sales Tax* that was approved by voters in November 2004. In adopting the legislation locally and placing the measure before the voters of the City, the Ferguson City Council chose to use the ½ cent sales tax strictly for parks operations and improvement purposes.

**Capital Improvements Sales Tax Fund** - The Capital Improvements Sales Tax Fund is used to account for the ½ cent capital improvements sales tax approved by voters in 1994. In addition, the City issued Variable Rate Capital Improvement Bonds to fund various capital improvements throughout the City. The funds received from these bonds have and will be expended out of this fund. Expenditures of this fund are restricted by state statute to capital improvements.

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

Investments are recorded at fair value.

D. **CAPITAL ASSETS**

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements where applicable. 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 or estimated historical cost, if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure acquired prior to the implementation of GASB 34 has not been reported in the financial statements.

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



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

E. **CAPITAL ASSETS** - continued

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

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

F. **INVENTORIES AND PREPAIDS**

Inventories of the governmental fund consists 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. **VACATION AND SICK LEAVE**

Under terms of the City's personnel policy, employees are granted vacations based on length of service. Vacations accrue on January 1 of each year and must be taken within the same year as accrued. Upon termination, employees are paid for unused vacation of the current year. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of accrued sick leave is payable to the employee upon termination and, therefore, not reflected as a liability. Under this policy employees had accumulated earned vacation aggregating \$292,808 at June 30, 2010, recorded in the statement of net assets in the fund financial statements and is serviced by the General Fund.

H. **DEFERRED REVENUE**

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Long-term debt is reported net of the applicable debt premium or discount. Debt issuance costs are reported as deferred charges. In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. **FUND EQUITY/NET ASSETS**

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

In government-wide financial statements net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. This amount does not include unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments). All other net assets are considered unrestricted. It is the City's policy to use restricted funds before unrestricted funds. At June 30, 2010, the City had restricted net assets totaling \$4,167,465. All of these assets are restricted by enabling legislation.

K. **ENCUMBRANCES**

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

L. **INTERFUND TRANSACTIONS**

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

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

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

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

N. **USE OF ESTIMATES**

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

O. **RESTRICTED ASSETS**

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

P. **ALLOWANCE FOR UNCOLLECTIBLES**

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

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

A. **Deposits**

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

As of June 30, 2010, the City’s bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City’s name. The City invests in CD’s whose values are subject to market fluctuations which may result in uninsured balances, however, management deems this risk to be insignificant due to the immateriality to the financial statements.

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

**B. Investments**

As of June 30, 2010, the City had the following investments:

Investments	Fair Value	Less Than One Year	1-5 Years	6-10 Years	Credit Risk
<b>Primary government</b>					
Certificates of deposits*	\$ 6,468,278	\$ 2,886,597	\$ 3,581,681	\$ -	N/A
Federal national mortgage Association notes	252,054	-	252,054	-	AAA
<b>Total primary Government</b>	<b>\$ 6,720,332</b>	<b>\$ 2,886,597</b>	<b>\$ 3,833,735</b>	<b>\$ -</b>	
<b>Fiduciary Funds</b>					
Common stock	\$ 6,052,091	\$ 6,052,091	-	-	N/A
Equity mutual funds	3,435,944	3,435,944	-	-	N/A
Federal farm credit bank	1,167,283	-	541,501	625,782	AAA
Federal home loan bank notes	785,261	-	304,599	480,662	AAA
Federal national mortgage association notes	464,157	-	361,157	103,000	AAA
Freddie Mac	251,192	-	251,192	-	AAA
Government national mortgage association pool	901,175	-	-	901,175	N/A
United states treasury notes	785,455	-	362,831	422,624	AAA
Corporate obligations	201,326	-	201,326	-	BBB-
Corporate obligations	183,193	-	183,193	-	BBB+
Corporate obligations	1,493,962	-	785,193	708,769	AA-/A
Corporate obligations	937,890	-	538,545	399,345	A+
Money market funds	724,927	724,927	-	-	N/A
<b>Total Fiduciary Funds</b>	<b>\$ 17,383,856</b>	<b>\$ 10,212,962</b>	<b>\$ 3,529,537</b>	<b>\$ 3,641,357</b>	

\*Note: Certificates of deposits held by the City are traded like debt securities. As a result they are exposed to interest rate risk.

**Investment Policies**

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

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

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

B. **Investments** - continued

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

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

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

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

3. **PROPERTY TAX**

Property taxes are levied in August of each year on the assessed value as of the prior January 1 for all real and personal property located in the City. Property taxes attach as an enforceable lien on property as of January 1, are due upon receipt of billing, and become delinquent after December 31. Assessed values are established by the St. Louis County Assessor, subject to review by the County's Board of Equalization. The assessed value at January 1, 2009 upon which the 2009 levy was based for real, personal, and public utility property was \$225,857,032. The 2009 levy is collected in the City's 2010 fiscal year.

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

	<u>General Fund</u>	<u>Parks Fund</u>
Residential	\$ .3700	\$ .1530
Agricultural	.4270	.1660
Commercial	.3910	.1690
Personal Property	.4500	.1980

4. **INTERFUND BALANCES**

Due to/from other funds as of June 30, 2010 are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 275,734
Parks Fund	-	1,594,103
Capital Improvements Fund	923,707	-
Nonmajor Governmental Funds	946,407	-

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

The following transfers were made during the fiscal year ended June 30, 2010:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 719,251	\$ -
Parks Fund	-	1,444,404
Capital Improvements Sales Tax	515,456	-
Nonmajor Funds	209,697	-

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 services provided by the recipient fund
Parks	Splash at Wabash	Debt service
General	FSBD	Underwrite activities, net of outside revenues

## 5. CAPITAL ASSETS

For the year ended June 30, 2010, capital asset activity was as follows:

	Balance, Beginning Of Year	Additions	Deductions	Balance, End Of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,814,434	\$ 26,828	\$ -	\$ 1,841,262
Construction in process	397,564	-	(397,564)	-
Total capital assets, not being depreciated	<u>2,211,998</u>	<u>26,828</u>	<u>(397,564)</u>	<u>1,841,262</u>
Capital assets, being depreciated:				
Buildings and improvements	12,540,237	713,019	-	13,253,256
Machinery and equipment	1,208,088	175,929	-	1,384,017
Motor vehicles	4,860,094	150,740	( 400,976)	4,609,858
Infrastructure	9,478,706	872,418	-	10,351,124
Total capital assets, being depreciated	<u>28,087,125</u>	<u>1,912,106</u>	<u>( 400,976)</u>	<u>29,598,255</u>
Less accumulated depreciation for:				
Buildings and improvements	( 5,043,989)	( 520,158)	-	( 5,564,147)
Machinery and equipment	( 663,341)	( 119,768)	-	( 783,109)
Motor vehicles	( 2,427,387)	( 253,235)	378,745	( 2,301,877)
Infrastructure	( 3,420,285)	( 452,308)	-	( 3,872,593)
Total accumulated depreciation	<u>(11,555,002)</u>	<u>(1,345,469)</u>	<u>378,745</u>	<u>(12,521,726)</u>
Total capital assets, being depreciated, net	<u>16,532,123</u>	<u>566,637</u>	<u>(22,231)</u>	<u>17,076,529</u>
Total governmental activities	<u>\$ 18,744,121</u>	<u>\$ 593,465</u>	<u>\$ (419,795)</u>	<u>\$ 18,917,791</u>

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

Governmental activities:	
General governments	\$ 90,435
Public safety	252,966
Highways and streets	683,408
Parks and recreation	318,660
Total depreciation expense - governmental activities	<u>\$ 1,345,469</u>

6. **LONG-TERM DEBT**

The City has three outstanding debt issues. They are:

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

On September 1, 2005, the City issued \$2,250,000 in Variable Rate Capital Improvement Bonds, Series 2005 and on September 1, 2006, \$2,750,000 in Variable Rate Capital Improvement Bonds, Series 2006. The purpose of the bonds was to finance the costs of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects. At the same time the bonds were issued, the City executed an interest rate swap agreement, which fixed the City's interest rate at 3.995%. At June 30, 2010 the City had the following variable rate bonds outstanding:

Variable Rate Capital Improvement Bonds - Series 2005 and 2006 \$4,224,950

Maturities required on these bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 330,000	\$ 167,818	\$ 497,818
2012	345,000	154,764	499,764
2013	360,000	140,277	500,277
2014	370,000	125,494	495,494
2015	390,000	110,306	500,306
2016	405,000	94,656	499,656
2017	420,000	77,904	497,904
2018	435,000	60,691	495,691
2019	455,000	42,871	497,871
2020	470,000	24,293	494,293
2021	244,950	5,003	249,953
	<u>\$ 4,224,950</u>	<u>\$ 1,004,077</u>	<u>\$ 5,229,027</u>

**Tax Increment Revenue Bonds - Series 2005**

On September 12, 1997 the City issued \$8,385,000 in Tax Increment Revenue Bonds to finance necessary public improvements for the Crossings at Halls Ferry Redevelopment Project. The bonds were issued pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 of the Revised Statutes of Missouri. Interest and principal on the bonds were originally scheduled to be paid annually on April 1 beginning in the year 2000, with a final maturity date of April 1, 2018. However, on March 1, 2005, the City issued \$7,370,000 in Tax Increment Revenue Bonds to refund the prior bonds issued on September 12, 1997. The proceeds (after underwriting fees and issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1997 Tax Increment Revenue Bonds. As a result, the 1997 Tax Increment Revenue Bonds are considered to be defeased and the liability for this debt has been removed from the City's financial statements. Interest on the bonds is paid semiannually on April 1 and October 1. Principal on the bonds is paid annually on April 1. The bonds and the interest thereon are special, limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and from incremental increases in economic activity taxes in the project area. The bonds do not constitute a general obligation of the City. Interest rates range from 2.8% percent to 5.0%. The trust indenture requires a reserve balance of \$737,000. The actual balance of the reserve fund was \$746,887 at June 30, 2010.



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

Tax Increment Revenue Bonds - Series 2005 \$4,000,000

Maturities required on these bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 540,000	\$ 240,250	\$ 780,250
2012	560,000	218,650	778,650
2013	585,000	194,570	779,570
2014	610,000	166,800	776,800
2015	645,000	133,250	778,250
2016	680,000	101,000	781,000
2017	380,000	43,500	423,500
	<u>\$ 4,000,000</u>	<u>\$ 1,098,020</u>	<u>\$ 5,098,020</u>

**Certificates of Participation - Series 2002**

Certificates of Participation were issued totaling \$3,480,000 dated October 3, 2002 maturing October 1, 2022 with interest rates at 2% to 5% to finance the construction of the new aquatic facility "Splash at Wabash." The indentures require a reserve balance of \$275,570. The actual balance of the reserve fund was \$284,727 at June 30, 2010. At June 30, 2010, the City had the following certificates of participation outstanding:

Certificates of Participation - Series 2002 \$2,535,000

Maturities required on these certificates are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 150,000	\$ 111,294	\$ 261,294
2012	155,000	105,803	260,803
2013	160,000	99,974	259,974
2014	170,000	93,574	263,574
2015	175,000	86,674	261,674
2016	180,000	79,462	259,462
2017	200,000	71,500	271,500
2018	200,000	62,250	262,250
2019	205,000	52,125	257,125
2020	220,000	41,500	261,500
2021	230,000	30,250	260,250
2022	240,000	18,500	258,500
2023	250,000	6,250	256,250
	<u>\$ 2,535,000</u>	<u>\$ 859,156</u>	<u>\$ 3,394,156</u>

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

**Capital Leases**

The City entered into a lease/purchase agreement with Key Government Finance, Inc. (key) to finance the purchase of equipment. The equipment was recorded as a capital asset in the Governmental Activities at a cost of \$82,127 and has accumulated depreciation of \$68,439 as of June 30, 2010. The lease is recorded in the government-wide statement of net assets and is serviced by the Capital Improvement Sales Tax Fund. Payment includes principal and interest.

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 \$87,898 as of June 30, 2010. The lease is recorded in the government-wide statement of net assets and is serviced by the Capital Improvement Sales Tax Fund. Payments are made quarterly and include principal and interest.

The City entered into a lease/purchase agreement with Cafco Leasing (Cafco) to finance the purchase of streetlights. The equipment was recorded as a capital asset in the Governmental Activities at a cost of \$506,500 and has accumulated depreciation of \$50,650 as of June 30, 2010. The lease is recorded in the government-wide statement of net assets and is serviced by the Capital Improvement Sales Tax Fund. Payment includes principal and interest.

On June 30, 2010, the outstanding principal and other information on the City's leases consists of the following:

Lessor	Interest Rate	Maturity	Total Annual Payment	Balance
Key	6.3%	August 2010	\$ 23,352	\$ 3,867
FMLC	3.55%	December 2017	146,624	961,727
Cafco	4.38%	September 2013	113,898	365,805

Future minimum lease payments are as follows:

2011	\$ 264,414
2012	260,522
2013	260,522
2014	203,572
2015	146,624
Thereafter	<u>366,560</u>
Total payments	1,502,214
Portion representing interest	<u>(170,815)</u>
Net present value	<u>\$ 1,331,399</u>

**Remainder of page intentionally left blank.**

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

Changes in the City's long-term debt, for the year ended June 30, 2010, are as follows:

	Balance, Beginning Of Year	Additions	Reductions	Balance, End Of Year	Due in One Year
Governmental activities:					
Tax Increment Revenue Bonds	\$ 4,600,000	\$ -	\$ ( 600,000)	\$ 4,000,000	\$ 540,000
Variable Rate Capital Improvement Bonds	4,545,000	-	( 320,050)	4,224,950	330,000
Certificates of Participation	2,680,000	-	( 145,000)	2,535,000	150,000
Less deferred amount:					
Issuance discounts	( 40,443)	-	3,684	( 36,759)	-
Refunding	( 545,455)	-	70,381	( 475,074)	-
Total bonds and certificates	11,239,102	-	( 990,985)	10,248,117	1,020,000
Capital lease	1,557,726	-	( 226,327)	1,331,399	216,496
Net OPEB obligation	-	17,691	-	17,691	-
Compensated absences payable	335,389	227,077	( 269,658)	292,807	-
Total governmental activities	\$ 13,132,217	\$ 244,768	\$ (1,486,970)	\$ 11,890,014	\$ 1,236,496

7. **DEFERRED COMPENSATION PLAN AND COMPENSATED ABSENCES**

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

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

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

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

8. **EMPLOYEE RETIREMENT PLAN**

**Plan Description and Provisions** - The City of Ferguson Pension Plan (the Plan) is a single-employer, defined benefit retirement and disability plan covering all regular, full-time employees of the City except the City Manager and Assistant to the City Manager. The Plan is administered by UMB Bank NA. Employees become eligible for full benefits under the Plan on the first day of the month or next following the later of a) the participant's 60<sup>th</sup> birthday and completion of eight years of credited service or b) the participant's 55<sup>th</sup> birthday and the sum of the participant's age plus years of credited service total at least 82 ½. Employees fully vest after eight years of service. The Plan does not provide for partial vesting. The Plan does not issue a separate stand-alone financial report. The Plan's financial information is included as a Trust Fund in the City's financial statements and is accounted for on the accrual basis. The fair value of Plan investments is determined by their market value at the date of the statement. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

8. **EMPLOYEE RETIREMENT PLAN** - continued

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

Active participants	131
Retirees and beneficiaries currently receiving benefits	65
Terminated employees entitled to benefits but not yet receiving them	18
Disabled participants	8
Beneficiaries	<u>10</u>
Total Plan Participants	<u>232</u>

The payroll for employees covered by the Plan for the year ended June 30, 2010 was \$5,936,682; the City's total payroll was \$7,065,791.

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

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

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

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

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

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

8. **EMPLOYEE RETIREMENT PLAN - continued**

**Funding Status and Progress**

**Three Year Trend Information - Pension Trust**

Fiscal Year Ended June 30,	Annual Pension Cost	Percentage Contribution	Net Pension Obligation
2008	\$ 7,075	100 %	\$ -
2009	35,495	100	-
2010	107,526	100	-

**Funded Status and Funding Progress** - As of July 1, 2009, the most recent actuarial valuation available, the plan was 107.0 percent funded. The actuarial accrued liability for benefits was \$19,215,789, and the actuarial value of assets was \$20,489,365, resulting in assets in excess of the actuarial accrued liability (AAAL) of \$1,273,576. The covered payroll (annual payroll of active employees covered by the plan) was \$5,936,682, and the ratio of the AAAL to the covered payroll was 21.0 percent.

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

9. **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

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

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

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

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

9. **OTHER POST EMPLOYMENT BENEFITS (OPEB) - continued**

**Net OPEB Obligation**

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

Annual required contribution (actuarially computed)	\$ 24,126
Interest on net benefit plan obligation	393
Adjustment to annual required contribution	<u>(568)</u>
Annual benefit plan cost	23,951
Contributions made	<u>(16,088)</u>
Increase in net benefit plan obligation	7,863
Net OPEB obligation - beginning of year	<u>9,828</u>
Net OPEB obligation - end of year	<u>\$ 17,691</u>

**Trend Information – Other Post Employment Benefits**

Valuation Year July 1,	Annual OPEB Cost	Percentage Contribution	Net OPEB Obligation
2010	\$ 23,951	67 %	\$ 17,691
2009	23,198	58	9,828

Trend information for periods prior to June 30, 2009 is unavailable as the City implemented GASB No. 45 in the fiscal year ending June 30, 2009.

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

The schedule of funding progress, presented as RSI following the notes to the financial statements.

10. **RISK MANAGEMENT**

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

The City, along with various other local municipal governments, participates in an insurance trust for workers' compensation and general liability matters, St. Louis Area Insurance Trust – SLAIT (the Trust). The purpose of the Trust is to distribute the cost of self insurance over similar entities. The Trust requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the Trust have no legal interest in the assets, liabilities, or fund balances of the Trust. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the Trust should it cease operations at some future date. The Trust contracts with Daniel and Henry, Inc. to administrate the trust include processing claims filed. The City's premium payment to the Trust for the fiscal 2010 was \$387,264.

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

11. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2010, expenditures exceeded appropriations in the following departments (the legal level of budgetary control):

	<u>Budgeted Appropriation</u>	<u>Expenditure</u>	<u>Expenditure In Excess of Budget</u>
General Fund:			
City manager's office	\$ 262,000	\$ 262,192	\$ 192
Municipal court	255,000	272,447	17,447
Capital Improvements Sales Tax			
Capital Projects Fund:			
Principal, interest, and fiscal charges	780,500	787,711	7,211
Halls Ferry TIF Bonds Debt			
Service Fund:			
Principal, interest, and fiscal charges	817,800	818,168	368

12. **CONTINGENT LIABILITIES**

- A. **Grants** - The City receives financial assistance from numerous federal, state, and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund types. However, in the opinion of management, any such disallowed claims would not have a material effect on the financial statements of the City at June 30, 2010.
- B. **Litigation** - Various claims and legal actions involving the City are presently pending which involve claims made by the City for unpaid tax assessments and other miscellaneous cases. In the opinion of management, the outcome of these legal matters will not have a material effect on the financial statements of the City at June 30, 2010

13. **PRIOR PERIOD ADJUSTMENT**

In the current year, it was determined that the City's road salt on hand was not recorded in the previous year as inventory. As a result, a prior period adjustment was made to include salt inventory on hand as of July 1, 2009 in the financial statements. This adjustment increased government-wide net assets and the General Fund find balance by \$60,454.

14. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 7, 2010, the date the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 8,231,000	\$ 8,535,500	\$ 8,345,487	\$ (190,013)
Licenses and permits	625,100	598,700	622,392	23,692
Charges for service	285,000	339,500	357,441	17,941
Fines and forfeits	1,691,100	1,616,400	1,394,729	(221,671)
Investment income	50,000	56,000	125,077	69,077
Other income	90,000	50,200	227,605	177,405
<b>TOTAL REVENUES</b>	<u>10,972,200</u>	<u>11,196,300</u>	<u>11,072,731</u>	<u>(123,569)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
City council and clerk	117,300	111,700	107,950	3,750
City manager's office	270,000	262,000	262,192	(192)
Public works administration	202,900	193,500	162,278	31,222
Human resources	192,900	192,900	188,230	4,670
Corporate expenses	377,300	330,000	312,042	17,958
Municipal building	182,100	211,000	200,856	10,144
Information technology	99,800	98,300	88,965	9,335
Finance	294,100	293,800	284,224	9,576
Public safety				
Municipal court	318,100	255,000	272,447	(17,447)
Protective inspections	357,100	327,700	316,330	11,370
Police	4,752,300	4,586,700	4,431,499	155,201
Fire	2,244,800	2,270,200	2,152,103	118,097
Highways and streets				
Streets	874,900	913,300	837,370	75,930
Municipal garage	830,600	684,100	683,688	412
Community development	318,400	310,000	306,965	3,035
Culture and recreation	423,900	444,700	432,599	12,101
Capital outlays	129,500	130,000	90,441	39,559
<b>TOTAL EXPENDITURES</b>	<u>11,986,000</u>	<u>11,614,900</u>	<u>11,130,179</u>	<u>484,721</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,013,800)</u>	<u>(418,600)</u>	<u>(57,448)</u>	<u>361,152</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in	748,900	745,600	719,251	(26,349)
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (264,900)</u>	<u>\$ 327,000</u>	661,803	<u>\$ 334,803</u>
<b>FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>			7,767,229	
Prior period adjustments			60,454	
<b>FUND BALANCES -BEGINNING OF YEAR, AS RESTATED</b>			<u>\$ 7,827,683</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 8,489,486</u>	

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**PARKS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 1,645,000	\$ 1,549,300	\$ 1,512,147	\$ (37,153)
Charges for service	357,000	345,300	324,800	(20,500)
Investment income	15,000	4,000	2,137	(1,863)
Other income	192,000	259,100	225,008	(34,092)
<b>TOTAL REVENUES</b>	<u>2,209,000</u>	<u>2,157,700</u>	<u>2,064,092</u>	<u>(93,608)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	775,000	766,800	703,846	62,954
Capital outlays	341,000	366,600	357,667	8,933
<b>TOTAL EXPENDITURES</b>	<u>1,116,000</u>	<u>1,133,400</u>	<u>1,061,513</u>	<u>71,887</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>1,093,000</u>	<u>1,024,300</u>	<u>1,002,579</u>	<u>(21,721)</u>
<b>OTHER FINANCING USES</b>				
Operating transfer out	<u>(1,019,000)</u>	<u>(1,443,300)</u>	<u>(1,444,404)</u>	<u>(1,104)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 74,000</u>	<u>\$ (419,000)</u>	<u>(441,825)</u>	<u>\$ (22,825)</u>
<b>FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>			<u>1,414,227</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 972,402</u>	

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

**SCHEDULE OF FUNDING PROGRESS**

Valuation Year July 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Assets In Excess Of AAL	Funded Ratio	Annual Covered Payroll	Assets In Excess Of AAL As A Percentage Of Covered Payroll
2000	\$ 18,047,113	\$ 13,653,910	\$ 4,393,203	132.2 %	\$ 4,832,587	90.9 %
2001	18,629,131	14,431,171	4,197,960	129.1	5,073,329	82.7
2002	18,852,310	15,131,350	3,720,960	124.6	5,250,529	70.9
2003	18,988,459	15,747,735	3,240,724	120.6	5,435,740	59.6
2004	19,341,491	16,149,796	3,191,695	119.8	5,261,248	60.7
2005	19,792,426	16,573,605	3,218,821	119.4	5,388,754	59.7
2006	20,277,743	16,810,351	3,467,392	120.6	5,668,903	61.2
2007	21,097,686	17,605,559	3,492,127	119.8	5,688,280	61.4
2008	21,600,485	18,575,389	3,025,096	116.0	6,011,092	50.0
2009	20,489,365	19,215,789	1,273,576	107.0	5,936,682	21.0

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Valuation Year July 1	Annual Required Contribution	Employer Contribution	Percentage Contributed
2000	\$ -	\$ -	100 %
2001	-	-	100
2002	-	-	100
2003	-	-	100
2004	-	-	100
2005	-	-	100
2006	-	-	100
2007	7,075	7,075	100
2008	35,495	35,495	100
2009	107,526	107,526	100

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

**SCHEDULE OF FUNDING PROGRESS**

Valuation Year 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
2008	\$ -	\$ 240,892	\$ 240,892	-	% \$ 6,082,657	4.0 %
2009	-	240,892	240,892	-	5,936,682	4.1

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, and therefore only 2 years are presented.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Valuation Year July 1	Annual OPEB Cost	Employer Contribution	Percentage Contributed
2008	\$ 23,198	\$ 13,370	58 %
2009	24,126	16,088	67

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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**OTHER SUPPLEMENTARY INFORMATION**



**CITY OF FERGUSON, MISSOURI**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	Special Revenue Funds			Capital Projects Fund		Debt Service Fund			Total Non-major Governmental Funds
	Special Business District	Downtown TIF Redevelopment		Sewer Lateral	Local Improvement	Halls Ferry TIF Bonds	Splash At		
							Wabash Pool Project	North Park Redevelopment TIF	
<b>ASSETS AND OTHER DEBITS</b>									
Cash and investments	\$ 301	\$ -	\$ 478,028	\$ 199,213	\$ -	\$ -	\$ -	\$ -	\$ 677,542
Accounts receivable	-	180,947	-	-	-	-	-	90	181,037
Due from other governments	-	-	-	-	151,705	-	-	-	151,705
Due from other funds	699	554,422	177,395	203,413	-	9,780	-	421	946,130
Prepaid	6,750	17	-	-	-	-	-	-	6,767
Cash and investments - restricted	-	-	-	-	965,906	-	284,727	-	1,250,633
<b>TOTAL ASSETS</b>	<b>\$ 7,750</b>	<b>\$ 735,386</b>	<b>\$ 655,423</b>	<b>\$ 402,626</b>	<b>\$ 1,117,611</b>	<b>\$ 294,507</b>	<b>\$ 511</b>	<b>\$ 3,213,814</b>	
<b>LIABILITIES</b>									
Accounts payable	\$ 3,521	\$ 6,057	\$ 36,606	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 46,684
Deferred revenue	3,500	114,539	-	-	-	-	-	-	118,039
<b>TOTAL LIABILITIES</b>	<b>7,021</b>	<b>120,596</b>	<b>36,606</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164,723</b>
<b>FUND BALANCES:</b>									
Fund balances:									
Reserved:									
Prepaid	6,750	17	-	-	-	-	-	-	6,767
Debt service	-	-	-	-	-	294,507	511	-	295,018
Unreserved:									
Special Revenue Funds	(6,021)	614,773	618,817	-	-	-	-	-	1,227,569
Capital Projects Funds	-	-	-	402,626	1,117,111	-	-	-	1,519,737
<b>TOTAL FUND BALANCES</b>	<b>729</b>	<b>614,790</b>	<b>618,817</b>	<b>402,626</b>	<b>1,117,111</b>	<b>294,507</b>	<b>511</b>	<b>3,049,091</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,750</b>	<b>\$ 735,386</b>	<b>\$ 655,423</b>	<b>\$ 402,626</b>	<b>\$ 1,117,611</b>	<b>\$ 294,507</b>	<b>\$ 511</b>	<b>\$ 3,213,814</b>	

**CITY OF FERGUSON, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			Capital Projects Fund	Debt Service Fund			Total Non-major Governmental Funds
	Special Business District	Downtown TIF Redevelopment	Sewer Lateral	Local Improvement	Halls Ferry TIF Bonds	Splash At		
						Wabash Pool Project	North Park Redevelopment TIF	
<b>REVENUES</b>								
Taxes	\$ -	\$ 466,850	\$ 168,342	\$ -	\$ 872,888	\$ -	\$ 118	\$ 1,508,198
Licenses and permits	23,853	-	-	-	-	-	-	23,853
Investment income	-	134	22,517	4,069	25,991	4,735	-	57,446
Other income	13,932	296,586	-	-	-	-	-	310,518
<b>TOTAL REVENUES</b>	<u>37,785</u>	<u>763,570</u>	<u>190,859</u>	<u>4,069</u>	<u>898,879</u>	<u>4,735</u>	<u>118</u>	<u>1,900,015</u>
<b>EXPENDITURES</b>								
Current:								
Community development	68,583	1,175,802	101,578	-	-	-	-	1,345,963
Debt services:								
Principal, interest and fiscal charges	-	-	-	-	818,168	263,912	-	1,082,080
<b>TOTAL EXPENDITURES</b>	<u>68,583</u>	<u>1,175,802</u>	<u>101,578</u>	<u>-</u>	<u>818,168</u>	<u>263,912</u>	<u>-</u>	<u>2,428,043</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(30,798)</u>	<u>(412,232)</u>	<u>89,281</u>	<u>4,069</u>	<u>80,711</u>	<u>(259,177)</u>	<u>118</u>	<u>(528,028)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer in (out)	11,079	(28,000)	(10,000)	-	(24,786)	261,404	-	209,697
<b>CHANGE IN FUND BALANCE</b>	<u>(19,719)</u>	<u>(440,232)</u>	<u>79,281</u>	<u>4,069</u>	<u>55,925</u>	<u>2,227</u>	<u>118</u>	<u>(318,331)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	20,448	1,055,022	539,536	398,557	1,061,186	292,280	393	3,367,422
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 729</u>	<u>\$ 614,790</u>	<u>\$ 618,817</u>	<u>\$ 402,626</u>	<u>\$ 1,117,111</u>	<u>\$ 294,507</u>	<u>\$ 511</u>	<u>\$ 3,049,091</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, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 1,210,000	\$ 1,143,900	\$ 1,117,001	\$ (26,899)
Investment income	80,000	60,000	(70,894)	(130,894)
Other income	150,000	-	-	-
<b>TOTAL REVENUES</b>	<u>1,440,000</u>	<u>1,203,900</u>	<u>1,046,107</u>	<u>(157,793)</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlays	902,500	856,200	769,368	86,832
Debt service:				
Principal, interest and fiscal charges	783,000	780,500	787,711	(7,211)
<b>TOTAL EXPENDITURES</b>	<u>902,500</u>	<u>1,636,700</u>	<u>1,557,079</u>	<u>79,621</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	537,500	(432,800)	(510,972)	(78,172)
<b>OTHER FINANCING SOURCES</b>				
Transfer in (out)	-	483,000	515,456	32,456
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 537,500</u>	<u>\$ 50,200</u>	4,484	<u>\$ (45,716)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>2,419,906</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 2,424,390</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, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Licenses and permits	\$ 23,000	\$ 23,300	\$ 23,853	\$ 553
Other income	8,000	10,100	13,932	3,832
<b>TOTAL REVENUES</b>	<u>31,000</u>	<u>33,400</u>	<u>37,785</u>	<u>4,385</u>
<b>EXPENDITURES</b>				
Current:				
Community development	50,100	88,800	68,583	20,217
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(19,100)	(55,400)	(30,798)	24,602
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in	19,100	47,300	11,079	(36,221)
<b>CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (8,100)</u>	(19,719)	<u>\$ (11,619)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>20,448</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 729</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, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 565,000	\$ 546,700	\$ 466,850	\$ (79,850)
Investment income	-	1,500	134	(1,366)
Other income	-	272,000	296,586	24,586
<b>TOTAL REVENUES</b>	<u>565,000</u>	<u>820,200</u>	<u>763,570</u>	<u>(56,630)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>724,200</u>	<u>1,184,000</u>	<u>1,175,802</u>	<u>8,198</u>
<b>TOTAL EXPENDITURES</b>	<u>724,200</u>	<u>1,184,000</u>	<u>1,175,802</u>	<u>8,198</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(159,200)	(363,800)	(412,232)	(48,432)
<b>OTHER FINANCING USES</b>				
Operating transfer in (out)	<u>-</u>	<u>(57,900)</u>	<u>(28,000)</u>	<u>29,900</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (159,200)</u>	<u>\$ (421,700)</u>	(440,232)	<u>\$ (18,532)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>1,055,022</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 614,790</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, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 190,000	\$ 167,100	\$ 168,342	\$ 1,242
Investment income	10,000	16,300	22,517	6,217
<b>TOTAL REVENUES</b>	<u>200,000</u>	<u>183,400</u>	<u>190,859</u>	<u>7,459</u>
<b>EXPENDITURES</b>				
Current:				
Community development	183,000	115,000	101,578	13,422
<b>TOTAL EXPENDITURES</b>	<u>183,000</u>	<u>115,000</u>	<u>101,578</u>	<u>13,422</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>17,000</u>	<u>68,400</u>	<u>89,281</u>	<u>20,881</u>
<b>OTHER FINANCING USES</b>				
Operating transfer out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 7,000</u>	<u>\$ 58,400</u>	79,281	<u>\$ 20,881</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>539,536</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 618,817</u>	



**CITY OF FERGUSON, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**LOCAL IMPROVEMENT CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Investment income	\$ 10,000	\$ 7,200	\$ 4,069	\$ (3,131)
<b>EXPENDITURES</b>				
Capital outlays	-	-	-	-
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 10,000</u>	<u>\$ 7,200</u>	4,069	<u>\$ (3,131)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>398,557</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 402,626</u>	

**CITY OF FERGUSON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
HALLS FERRY TIF BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 950,000	\$ 780,700	\$ 872,888	\$ 92,188
Investment income	88,000	14,600	25,991	11,391
TOTAL REVENUES	<u>1,038,000</u>	<u>795,300</u>	<u>898,879</u>	<u>103,579</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal, interest and fiscal charges	<u>784,000</u>	<u>817,800</u>	<u>818,168</u>	<u>(368)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	254,000	(22,500)	80,711	103,211
<b>OTHER FINANCING USES</b>				
Operating transfer out	<u>-</u>	<u>(25,000)</u>	<u>(24,786)</u>	<u>214</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 254,000</u>	<u>\$ (47,500)</u>	55,925	<u>\$ 103,425</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>1,061,186</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 1,117,111</u>	

**CITY OF FERGUSON, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**SPLASH AT WABASH POOL PROJECT DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Investment income	\$ 8,500	\$ 3,800	\$ 4,735	\$ 935
<b>EXPENDITURES</b>				
Debt service:				
Principal, interest and fiscal charges	264,000	264,100	263,912	188
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(255,500)	(260,300)	(259,177)	1,123
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in	261,000	260,300	261,404	1,104
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 5,500</u>	<u>\$ -</u>	2,227	<u>\$ 2,227</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>292,280</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 294,507</u>	

***CITY OF FERGUSON, MISSOURI***  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>BALANCE</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2010</u>
<b>ASSETS</b>				
Cash	<u>\$ 104,793</u>	<u>\$ 456,201</u>	<u>\$ 458,822</u>	<u>\$ 102,172</u>
 <b>LIABILITIES</b>				
Accounts Payable	<u>\$ 104,793</u>	<u>\$ 456,201</u>	<u>\$ 458,822</u>	<u>\$ 102,172</u>

***STATISTICAL SECTION***



## **STATISTICAL SECTION**

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic information**

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

### **Operating Information**

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

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

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

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:								
Invested in capital assets, net of related debt	\$ 10,171,824	\$ 9,961,395	\$ 10,507,866	\$ 7,246,484	\$ 8,533,891	\$ 8,870,581	\$ 8,491,905	\$ 8,491,905
Restricted	4,167,465	4,429,985	5,138,047	7,826,907	5,761,966	3,732,212	3,249,387	3,249,387
Unrestricted	8,335,627	6,774,385	4,649,996	(252,954)	(1,839,153)	(3,229,912)	(4,635,077)	(5,319,408)
Total governmental activities net assets	\$ 22,674,916	\$ 21,165,765	\$ 20,295,909	\$ 14,820,437	\$ 12,456,704	\$ 9,372,881	\$ 7,106,215	\$ 6,421,884

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



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

	2010	2009	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>								
Administrative	\$ 1,696,105	\$ 1,644,938	\$ 1,567,009	\$ 1,608,651	\$ 1,376,228	\$ 1,221,280	\$ 1,641,523	\$ 1,601,877
Police department	7,397,481	7,786,030	7,531,021	7,219,261	6,674,109	6,432,507	6,417,994	6,127,322
Highway and streets	2,838,959	3,071,497	2,323,528	3,109,783	2,619,592	1,111,778	1,564,795	1,889,036
Community development	679,624	408,792	609,187	782,770	302,788	530,793	491,677	519,924
Culture and recreation	1,452,228	1,546,383	1,442,340	1,613,879	1,522,714	1,461,715	1,470,433	1,423,663
Interest and fiscal charges	664,269	717,508	680,399	724,694	615,573	411,427	717,441	698,228
Total governmental activities expenses	14,728,666	15,175,148	14,153,484	15,059,038	13,111,004	11,169,500	12,303,863	12,260,050
<b>PROGRAM REVENUE</b>								
Charges for services:								
General government	531,126	488,950	439,153	451,320	420,797	439,753	-	-
Public safety	1,601,767	1,535,853	1,694,023	1,611,704	1,446,387	1,336,666	1,379,688	1,283,851
Highway and streets	265,522	274,229	208,710	482,952	491,895	-	-	-
Community development	-	-	30,611	16,342	22,378	198,654	190,824	-
Culture and recreation	324,800	334,099	368,180	360,424	582,667	554,324	559,256	505,220
Operating grants	-	-	-	-	-	1,211,287	1,413,984	1,362,927
Capital grants	399,529	273,961	2,193,903	320,056	222,109	286,760	130,571	279,302
Total governmental activities program revenue	3,122,744	2,907,092	4,940,580	3,242,798	3,186,233	4,027,444	3,674,323	3,431,300
<b>NET EXPENSES</b>	(11,605,922)	(12,268,056)	(9,212,904)	(11,816,240)	(9,924,771)	(7,142,056)	(8,629,540)	(8,828,750)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>								
Governmental activities:								
Taxes:								
Sales	7,730,561	8,292,648	8,687,937	8,894,227	8,870,085	5,820,353	5,350,366	5,364,351
Utility	2,643,673	2,416,369	2,665,470	2,040,890	1,925,685	1,535,947	1,801,120	1,792,672
Property	2,057,148	2,277,332	2,304,983	1,731,106	1,613,335	1,803,756	1,557,673	1,527,580
Other	65,569	77,778	72,980	75,165	81,919	81,000	84,340	86,166
Investment income	113,766	248,331	551,101	603,169	396,682	70,120	23,014	56,491
Gain on disposal of capital assets	-	-	-	660,898	18,810	49,996	-	22,372
Other miscellaneous revenue	443,902	131,401	299,373	174,519	102,078	47,550	110,758	116,367
Total governmental activities	13,054,619	13,443,859	14,581,844	14,179,974	13,008,594	9,408,722	8,927,271	8,965,999
<b>CHANGES IN NET ASSETS</b>	\$ 1,448,697	\$ 1,175,803	\$ 5,368,940	\$ 2,363,734	\$ 3,083,823	\$ 2,266,666	\$ 297,731	\$ 137,249

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

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

	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Fund:</b>								
Reserved	\$ 397,477	\$ 6,800	\$ 352,891	\$ 78,513	\$ 33,104	\$ 42,136	\$ 24,857	\$ 73,022
Unreserved	8,092,009	7,760,429	6,772,230	4,967,205	3,920,519	2,688,395	1,905,745	1,950,735
Total general fund	<u>\$ 8,489,486</u>	<u>\$ 7,767,229</u>	<u>\$ 7,125,121</u>	<u>\$ 5,045,718</u>	<u>\$ 3,953,623</u>	<u>\$ 2,730,531</u>	<u>\$ 1,930,602</u>	<u>\$ 2,023,757</u>
<b>All Other Governmental Funds:</b>								
Reserved	\$ 390,192	\$ 298,387	\$ 1,219,114	\$ 3,897,624	\$ 1,481,764	\$ 1,471,275	\$ 1,859,374	\$ 1,995,314
Unreserved reported in:								
Special revenue funds	2,112,554	3,023,519	2,760,455	2,047,147	1,400,123	770,405	424,051	199,585
Capital projects funds	3,943,137	3,879,649	4,602,995	4,843,409	4,952,065	1,359,238	647,676	553,024
Debt service funds	-	-	-	-	-	248,190	470,443	542,052
Total all other governmental funds	<u>\$ 6,445,883</u>	<u>\$ 7,201,555</u>	<u>\$ 8,582,564</u>	<u>\$ 10,788,180</u>	<u>\$ 7,833,952</u>	<u>\$ 3,849,108</u>	<u>\$ 3,401,544</u>	<u>\$ 3,289,975</u>

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

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Revenues</b>										
Taxes (1)	\$ 12,482,833	\$ 12,882,051	\$ 13,983,386	\$ 12,577,656	\$ 12,491,024	\$ 9,129,162	\$ 8,645,181	\$ 8,594,509	\$ 8,777,296	\$ 8,743,860
Licenses	646,245	673,892	594,890	679,974	634,304	439,753	388,487	387,549	400,377	383,027
Intergovernmental (1)	-	-	-	-	244,487	1,521,417	1,434,449	1,330,134	1,796,496	1,526,364
Charges for service	682,241	567,693	537,268	696,176	918,193	1,095,380	1,122,359	1,028,199	1,064,998	717,467
Fines and forfeits	1,394,729	1,391,546	1,447,904	1,477,985	1,398,221	1,085,084	1,056,528	935,760	929,034	812,008
Investment income (2)	113,766	248,331	551,101	603,169	396,682	70,120	-	-	-	-
Other income	763,131	405,862	2,437,844	510,917	120,888	99,271	300,790	509,214	186,504	286,874
<b>Total Revenues</b>	<b>16,082,945</b>	<b>16,169,375</b>	<b>19,552,393</b>	<b>16,545,877</b>	<b>16,203,799</b>	<b>13,440,187</b>	<b>12,947,794</b>	<b>12,785,365</b>	<b>13,154,705</b>	<b>12,469,600</b>
<b>Expenditures</b>										
General government	1,606,737	1,571,405	1,485,407	1,426,782	1,326,238	1,169,794	1,588,424	1,535,639	1,482,182	1,533,151
Public safety	7,172,379	7,511,656	7,308,373	6,973,743	6,418,677	6,248,835	6,295,717	6,047,387	5,767,799	5,504,729
Highways and streets	1,521,058	1,496,604	1,472,053	1,419,157	1,281,617	816,721	1,025,494	1,033,353	1,100,116	1,187,924
Community development	1,652,928	759,865	827,062	592,481	463,065	400,229	300,555	425,902	511,604	500,019
Culture and recreation	1,136,445	1,171,905	1,167,650	1,241,970	1,245,006	1,228,020	1,333,516	1,326,900	1,288,285	1,296,580
Capital outlay	1,217,476	4,225,507	5,688,451	2,738,118	1,623,172	1,171,901	1,406,502	4,968,125	2,398,508	1,307,944
Debt service:										
Interest	578,414	612,897	916,235	598,320	529,578	544,113	716,990	828,972	995,082	644,919
Principal	1,291,377	1,539,193	711,228	908,982	565,000	130,000	340,000	180,000	165,000	120,000
<b>Total Expenditures</b>	<b>16,176,814</b>	<b>18,889,032</b>	<b>19,576,459</b>	<b>15,899,553</b>	<b>13,452,353</b>	<b>11,709,613</b>	<b>13,007,198</b>	<b>16,346,278</b>	<b>13,708,576</b>	<b>12,095,266</b>
Excess of revenues over (under) expenditures	(93,869)	(2,719,657)	(24,066)	646,324	2,751,446	1,730,574	(59,404)	(3,560,913)	(553,871)	374,334
<b>Other Financing Sources (Uses)</b>										
Proceeds from issuance of debt	-	1,669,205	64,942	2,750,000	2,332,127	7,370,000	-	3,480,000	-	-
Payment to bond escrow agent	-	-	-	-	-	(7,989,575)	-	-	-	-
Discount on bond issue	-	-	-	-	-	(44,195)	-	-	-	-
Sale of capital assets	-	-	-	650,000	-	130,032	-	-	-	-
Transfers	-	-	-	-	124,362	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,669,205</b>	<b>64,942</b>	<b>3,400,000</b>	<b>2,456,489</b>	<b>(533,738)</b>	<b>-</b>	<b>3,480,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (93,869)</b>	<b>\$ (1,050,452)</b>	<b>\$ 40,876</b>	<b>\$ 4,046,324</b>	<b>\$ 5,207,935</b>	<b>\$ 1,196,836</b>	<b>\$ (59,404)</b>	<b>\$ (80,913)</b>	<b>\$ (553,871)</b>	<b>\$ 374,334</b>
Debt service as a percentage of noncapital expenditures	12.8%	16.5%	11.6%	10.5%	8.9%	6.1%	8.8%	6.6%	9.2%	6.8%

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

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

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

Fiscal Year	Real Property	Personal Property	Assessed Value	Total Direct Tax Rate	Estimated Actual Value
2001	\$ 130,226,065	\$ 42,736,989	\$ 172,963,054	0.640	\$ 717,755,728
2002	139,611,744	42,387,343	181,999,087	0.628	763,957,578
2003	138,809,420	42,824,082	181,633,502	0.628	762,564,485
2004	142,837,113	40,178,304	183,015,417	0.634	773,650,784
2005	142,181,034	37,763,060	179,944,094	0.634	763,982,562
2006	151,503,500	43,042,580	200,047,788	0.600	851,295,790
2007	155,931,428	43,673,690	199,605,118	0.600	859,629,879
2008	197,435,766	44,814,332	242,250,098	0.648	1,019,303,012
2009	198,084,849	44,141,310	242,226,159	0.648	1,053,739,213
2010	169,478,310	42,468,940	211,947,250	0.648	950,614,790

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

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

Source: St. Louis County Assessor

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

Fiscal Year	City			School			Total	County	State	Other	Total
	General	Parks	Total	District	County	State					
2001	\$ *	\$ *	\$ *	\$ 5.015	\$ 0.580	0.030	\$	\$ 1.560	\$	\$ 7.185	
2002	*	*	*	5.015	0.580	0.030		1.747		7.372	
2003	*	*	*	5.040	0.580	0.030		1.743		7.393	
2004	*	*	*	5.040	0.580	0.030		1.961		7.611	
2005	*	*	*	5.040	0.580	0.030		1.861		7.511	
2006	0.423	0.177	0.600	4.848	0.558	0.030		1.760		7.796	
2007	0.423	0.177	0.600	4.843	0.558	0.030		1.834		7.865	
2008	0.450	0.198	0.648	4.843	0.558	0.030		1.834		7.913	
2009	0.450	0.198	0.648	5.030	0.558	0.300		1.394		7.930	
2010	0.450	0.198	0.648	5.020	0.523	0.300		1.441		7.932	

\* Information not available

Rates state per \$100 assessed valuation  
 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	2010		2001	
		Assessed Valuation	Percent Of Total Assessment	Assessed Valuation	Percent Of Total Assessment
Emerson Electric	Manufacturing	\$ 12,851,000	6.3 %	\$ 7,105,000	4.1 %
Sam's/Walmart Real Estate	Retail Sales	4,204,000	2.0	3,185,000	1.9
Crossings at Halls Ferry LLC	Shopping Center	3,724,000	1.8	2,457	1.4
US Bancorp-Allen Technologies	Equipment Leasing	2,740,000	1.3	-	-
Lipton Properties	Apartment Rental	1,773,000	0.9	1,687,000	1.0
Afshari Enterprises Inc.	Real Estate Holding Co.	1,303,000	0.6	-	-
Northwinds Apartments LLP	Apartment Rental	2,471,000	1.2	1,751,000	1.0
NCF LLC	Real Estate Holding Co.	2,535,000	1.2	-	0.0
Home Depot USA, Inc.	Retail Sales	3,146,000	1.5	2,528	1.7
Park Ridge Apprts/Gannon Ptrship	Apartment Rentals	1,616,000	0.8	1,177	0.7
Ackerman Buick	Retail sales	1,671,000	0.8	1,362	0.7
Negwer Materials/Investments	Retail Sales	852,000	0.4	-	0.0
Coats Investment Ltd	Real Estate Holding Co.	1,467,000	0.7	1,119,000	0.7
Permalok (PC Redevelopment)	Manufacturing	1,455,000	0.7	-	0.0
Otis & Clark/St. Louis Invest. Prop	Real Estate Holding Co.	1,354,000	0.7	-	0.0
Missouri American Water	Utility	1,242,000	0.6	-	-
<b>Totals</b>		<b>\$ 44,404,000</b>	<b>21.6 %</b>	<b>\$ 22,371</b>	<b>12.9 %</b>

Source: St. Louis County Assessor

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

Fiscal Year	Original Tax Levy	Adjusted Tax Levy (1)	Current Tax Collections	Percent Collected As Current	Delinquent Collections	Total Tax Collections	Total Collections As Percent Of Levy
2001	\$ 1,106,964	\$ 1,036,684	\$ 891,052	86.0 %	\$ 117,764	\$ 1,008,816	97.3 %
2002	1,142,954	1,125,931	965,810	85.8	93,207	1,059,017	94.1
2003	1,140,658	1,067,766	902,016	84.5	94,835	996,851	93.4
2004	1,128,168	1,133,568	1,042,668	92.0	94,742	1,133,568	100.0
2005	1,125,240	1,129,347	965,928	85.5	189,564	1,129,347	100.0
2006	1,172,244	1,177,642	1,087,504	92.3	83,248	1,170,752	99.4
2007	1,192,232	1,197,689	1,104,141	92.2	110,835	1,197,689	100.0
2008	1,208,931	1,208,931	1,083,238	89.6	103,773	1,186,971	98.1
2009	1,264,932	1,210,069	972,588	80.4	211,332	1,184,921	97.9
2010	1,226,175	1,203,638	970,929	80.7	235,653	1,206,582	100.2

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

Source: St. Louis County Collector of Revenue

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

<u>Fiscal Year</u>	<u>Special Assessments Levied</u>	<u>Collected As Of June 30</u>	<u>Uncollected As Of June 30</u>	<u>Collection Ratio</u>
2001	\$ 53,966	\$ 35,424	\$ 14,878	66 %
2002	31,484	16,708	13,833	53
2003	110,467	43,267	59,411	39
2004	108,745	24,863	69,432	23
2005	70,469	19,377	51,092	50
2006	67,285	31,069	36,216	46
2007	49,581	22,502	27,080	45
2008	59,359	29,810	29,549	50
2009	67,457	45,450	22,007	67
2010	80,963	32,456	48,507	40



**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		Capital Leases (5)	Total Primary Government	Percentage of Personal Income	Per Capita
			Improvement Bonds (4)					
2001	\$ 8,175,000	\$ -	\$ -	\$ -	\$ 8,175,000	0.76 %	\$ 327	
2002	8,010,000	-	-	-	8,010,000	0.77	320	
2003	7,830,000	3,480,000	-	-	11,310,000	1.05	455	
2004	7,145,000	3,355,000	-	-	10,500,000	0.98	440	
2005	7,370,000	3,225,000	-	-	10,595,000	0.92	427	
2006	6,935,000	3,095,000	2,250,000	77,982	12,357,982	1.07	508	
2007	6,185,000	2,960,000	5,000,000	54,000	14,199,000	1.37	634	
2008	5,510,000	2,820,000	4,850,002	72,714	13,252,714	1.37	539	
2009	4,600,000	2,680,000	4,545,000	1,557,726	13,382,726	1.23	597	
2010	4,000,000	2,535,000	4,224,950	1,331,399	12,091,349	1.45	540	

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) On September 12, 1997 the City issued tax increment bonds for the Crossings at Halls Ferry Redevelopment Project. These bonds were refunded on March 1, 2005, when the City issued \$7,370,000 in TIF bonds to refund the prior bonds.
- (3) On October 3, 2002, the City issued certificates of participation of \$3,480,000 for the new aquatic facility known as the Splash at Wabash.
- (4) In September 2005, the City issued \$2,250,000 in variable rate capital improvement bonds. The purpose of the bonds is to finance the cost of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects. On September 1, 2006, the city issued an additional \$2,750,000.
- (5) Leases with Key Government Finance for the purchase of laptops and peripheral equipment for the police department. Additional leases in 2009 for 2 fire trucks and streetlights.
- (6) See table entitled "Demographic and Economic Statistics" for personal income and population data.

***CITY OF FERGUSON, MISSOURI***  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)**  
**GENERAL OBLIGATION BONDED DEBT**  
**JUNE 30, 2010**

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable To City Of Ferguson</u>	<u>Amount Applicable To City Of Ferguson</u>
City of Ferguson	\$ -	100.00%	\$ -
St. Louis County	87,040,000	2.20	1,914,880
Ferguson-Florissant RII School District	4,140,000	25.80	<u>1,068,120</u>
<b>Total Direct And Overlapping Debt</b>			<b><u><u>\$ 2,983,000</u></u></b>

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

***CITY OF FERGUSON, MISSOURI***  
**LEGAL DEBT MARGIN INFORMATION**  
**JUNE 30, 2010**

Net Assessed Value at July 1, 2010		\$ 212,919,419
Debt limit - 10% of assessed valuation*		\$ 21,291,942
Amount of debt applicable to debt limit:		
Total bonded debt	\$ -	
Less assets in Debt Service Fund	-	
Total Amount Of Debt Applicable To Debt Limit		-
Legal debt margin		\$ 21,291,942

Prior fiscal year information:

		2009
Debt limit		\$ 24,222,616
Total net debt applicable to limit		-
Legal debt margin		\$ 24,222,616
Total net debt applicable to the limit as a percentage of debt limit		0.0%

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

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

TIF Refunding and Improvement Bonds (1)

Fiscal Year	TIF Sales Tax	TIF Property Tax	Less Operating Expense	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2005	\$ 463,223	\$ 270,318	\$ (18,623)	\$ 752,163	\$ -	\$ 270,819	2.78 %
2006	616,483	452,804	34,482	1,034,805	435,000	345,356	1.33
2007	628,300	506,052	46,207	1,088,145	750,000	304,610	1.03
2008	628,300	506,052	46,207	1,088,145	675,000	292,480	1.03
2009	540,790	412,512	-	953,302	910,000	254,418	0.82
2010	377,216	495,670	4,053	868,833	600,000	214,115	1.07

Note:

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

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

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

Fiscal Year	Population	Personal Income ( <i>thousands of dollars</i> )	Median Household Income	Unemployment Rate
2001	\$ 22,406	\$ 969,911	\$ 43,288	3.7 %
2002	22,406	934,285	41,698	4.9
2003	22,406	972,241	43,392	5.0
2004	22,406	1,010,533	45,101	5.1
2005	22,406	1,036,815	46,274	5.5
2006	22,406	1,063,772	47,477	5.1
2007	22,406	1,040,054	48,838	5.3
2008	22,406	1,122,715	50,108	5.1
2009	22,406	1,090,836	48,685	10.1
2010	22,406	832,719	37,165	9.2

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>2009/10 Fiscal Year</u>			<u>2000/2001 Fiscal Year</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>	<u>Employees</u>	<u>Rank (1)</u>	<u>Percentage of Total City Employment (1)</u>
Emerson Electric	675	1	5.56	615	1	unknown
Walmart	350	2	2.47	334	2	unknown
Sam's Club	225	3	1.52	160	5	unknown
Shop N Save - 2 stores	190	4	1.4	212	3	unknown
Home Depot	154	5	1.27	150	4	unknown
Negwar Materials	100	6	0.99	70	6	unknown
Cracker Barrel	80	7	0.99	120	6	unknown
McDonalds Restaurant	65	8	0.83	60	9	unknown
McDonalds Restaurant	60	9	0.49	55	10	unknown
Walgreens - 1 store	40	10	0.45	120	6	unknown
Circuit City	-	-	-	50		unknown
Harbor Freight Tools	-	-	-	25		unknown
Shoe Carnival	-	-	-	20		unknown

(1) Information unavailable at this time.

Source: Business License database from Finance Department

Note: Information not accumulated prior to 2005/2006 fiscal year.

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government:										
Legislative Department:										
Elected Officials	7	7	7	7	7	7	7	7	7	7
City Clerk	1	1	1	1	1	1	1	1	1	1
Administration Department	2	2	2	2	2	2	4	4	4	3
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	-	-	-	-	-	-	1	1	1	1
Finance Department	4	4	4	5	3	3	3	3	3	3
Public Works Administration	3	3	3	3	3	3	3	3	2	2
Community Development:										
Planning and Development	3	2	3	2	3	4	4	4	4	4
Public Safety:										
Municipal Court	3	3	4	3	3	3	3	3	3	3
Police Department:										
Commissioned officers	51	51	52	52	52	53	52	54	54	54
Civilians	10	10	10	10	10	13	11	11	11	11
Fire Department	24	24	24	24	24	24	27	27	27	27
Code Enforcement	7	7	7	7	5	5	7	6	6	6
Highways and Streets:										
Municipal Services (Streets)	13	13	13	12	12	12	12	16	16	16
Municipal Garage	3	3	3	3	3	3	3	3	3	3
Parks and Recreation	10	10	10	10	10	10	8	5	4	4
Total	142	141	144	142	139	144	147	149	147	146

Source: City of Ferguson, Missouri budget.

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>Police Department</u>										
Crimes reported	-	1,100	1,396	1,469	1,236	*	*	*	*	*
Traffic accidents	-	339	409	445	463	*	*	*	*	*
Tickets issued	-	14,618	15,510	18,363	14,684	*	*	*	*	*
Dispatched Calls	-	20,291	23,689	24,945	22,506	*	*	*	*	*
<u>Fire Department</u>										
Fires	-	118	131	128	181	*	*	*	*	*
Emergency medical services	-	1,789	1,873	1,801	1,616	*	*	*	*	*
Assists to other departments	-	820	847	944	690	*	*	*	*	*
Non-specific calls	-	556	508	471	682	*	*	*	*	*
Total calls responded to	-	3,283	3,359	3,344	3,169	*	*	*	*	*
Assists from other departments	-	404	361	316	248	*	*	*	*	*
<u>Courts</u>										
Number of cases initiated	-	16,038	15,995	19,015	20,249	*	*	*	*	*
<u>Parks and recreation:</u>										
Program participation	-	3,407	3,531	3,600	3,765	*	*	*	*	*
Shuttle passengers	-	1,406	972	1,444	1,416	*	*	*	*	*
<u>Public Works</u>										
Occupancy permits	-	1,504	1,400	1,341	1,529	*	*	*	*	*
Inspections completed	-	14,665	14,100	12,268	12,268	*	*	*	*	*
Abatements made	-	2,123	2,245	2,781	2,377	*	*	*	*	*

\* Information not available

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

Note: 2010 is first year of preparation of schedule based on accumulated calendar years. Statistics not available prior to 2006.



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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>Highways/Streets:</u>										
Miles of streets:	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15
paved	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85
unpaved	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Miles of alleys	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52
Miles of sidewalks	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27
Miles of sewers:	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59
storm	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,126	1,161
sanitary										
Number of street lights										
<u>Fire protection:</u>										
Number of stations	2	2	2	2	2	2	2	2	2	2
Fire hydrants	597	597	598	598	598	598	598	598	598	598
Vehicles:										
Pumpers	3	3	3	3	3	3	3	3	3	3
Pumper/Telesquirt	1	1	1	1	1	1	1	1	1	1
Rescue trucks	1	1	1	1	1	1	1	1	1	1
Foam truck	1	1	1	1	1	1	1	1	1	1
<u>Police protection:</u>										
Number of stations	1	1	1	1	1	1	1	1	1	1
<u>Parks and recreation:</u>										
Acres of parks	107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7
Number of parks	11	11	11	11	11	11	11	11	11	11

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

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