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***CITY OF FERGUSON, MISSOURI  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018***

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*Report prepared and submitted by the  
Department of Finance*

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## **Introductory Section**

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## PRINCIPAL OFFICIALS

### **MAYOR**

James W. Knowles III

### **COUNCIL MEMBERS**

Wesley Bell  
J. Toni Burrow  
Ella M. Jones  
Keith Kallstrom  
Linda Lipka  
Heather Robinett

### **CITY MANAGER**

De'Carlton Seewood

### **ASSISTANT CITY MANAGER AND DIRECTOR OF PUBLIC WORKS**

Matthew Unrein

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

Doug Wiggs

### **CHIEF - FIRE DEPARTMENT**

John Hampton

### **CHIEF - POLICE DEPARTMENT**

Delrish Moss

### **DIRECTOR OF FINANCE**

Jeffrey Blume

### **DIRECTOR OF PLANNING AND**

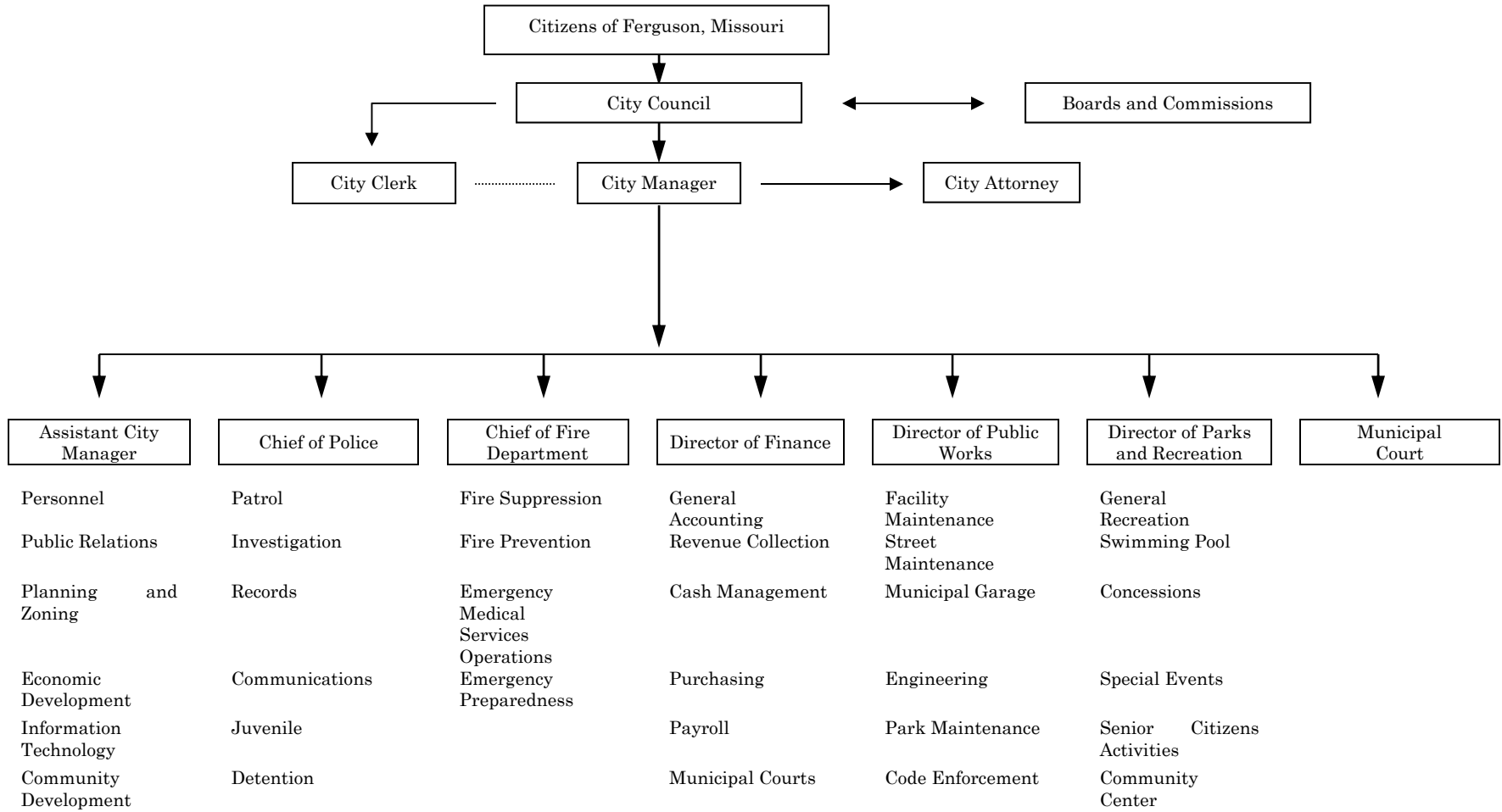
### **DEVELOPMENT**

Elliot Liebson

### **CITY CLERK**

Octavia Pittman

# ADMINISTRATIVE ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Ferguson  
Missouri**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO



December 7, 2018

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, 2018. This year's comprehensive annual financial report (CAFR) is the fifteenth year that the City has presented its financial statements under the reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The format and the purpose of these changes are addressed in Management's Discussion and Analysis (MD&A).

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

The City of Ferguson, Missouri's financial statements have been audited by Botz, Deal & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Ferguson, Missouri, for the year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Ferguson, Missouri's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

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

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



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

### THE FINANCIAL REPORTING ENTITY

The City of Ferguson, Missouri, initially incorporated in 1894, is a suburban community located in North St. Louis County between two major interstate highways. Since 1954, the City has operated under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six City Council Members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Clerk, and appointing the Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Council members serve three-year staggered terms, with three Council members elected in each of two years. The Mayor is elected, at large, to serve a three-year term, in the third year of the three-year cycle.

The City of Ferguson, Missouri provides a full range of municipal services. These services include legislative, administrative, judicial, police and fire protection, street maintenance and improvements, planning and zoning, public improvements, cultural and recreational services.

The Ferguson Special Business District (FSBD) is a board of the City. It was created by ordinance to maintain and improve the City's downtown business district. Its activities are included as a special revenue fund. The Ferguson Neighborhood Improvement Program (FNIP) is a not-for-profit corporation. It was established to assist in rehabilitation and restoration of housing and residential properties in the City utilizing resources unavailable to the City. The FNIP Board of Directors is appointed by the City Council. However, the City cannot "impose its will" on FNIP. It is not a component unit. Complete financial statements of FNIP may be obtained from their administrative offices at 110 Church Street, Ferguson, Missouri 63135.

### ECONOMIC CONDITION AND OUTLOOK

The City of Ferguson, Missouri, occupies a land area of about seven (7) square miles and serves a population of 21,086 residents, who are ideally located to commute to employment in downtown St. Louis or to any of the many nearby commercial areas. The world headquarters of Emerson Electric is located within the City.

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

The City has two main retail bases, North County Festival and the Crossings at Halls Ferry. North County Festival includes Wal-Mart, Sam's Club and a variety of smaller stores, while the Crossings at Halls Ferry is anchored by Home Depot and Shop 'n Save, with many other smaller stores. A number of restaurants are also located in the area. Shop'n Save closed in December 2018.

Efforts are well underway to redevelop the City's historic downtown business district. A pay-as-you-go Tax Increment Financing (TIF) district was established in September, 2002 to assist with redevelopment of the downtown business district. TIF assistance is useful in attracting major development as well as assisting local business owners with improvements to new or existing businesses.

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

## FINANCIAL CONTROLS

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

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

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

All governmental funds are appropriated. The single exception to this statement is the North Park Redevelopment TIF Fund (North Park) which earns less than \$500 per year in revenue and has no expenditures. Budget-to-actual comparisons are provided in this report for each individual governmental fund. For the General Fund and Parks Fund, this comparison is presented as required supplementary information. For all other governmental funds, except North Park, final budget-to-actual comparisons are found in other supplementary information. Budgets are prepared on a basis consistent with GAAP.

Single Audit - As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by the City's management and staff. In years when Federal grant receipts exceed \$750,000, the City is required to undergo an audit in conformity with the provisions of the Single Audit Act as amended in 1996 and the United States Office of Management and the Uniform Guidance. For the fiscal year ended June 30, 2018, the City did meet the minimum threshold of the Single Audit Act. Accordingly, an audit was performed.

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

## OTHER INFORMATION

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

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

Debt Administration - At year end, the City had four debt issues outstanding. These issues and original issue amounts include (1) \$2,960,000 in certificates of participation related to the City's capital lease obligation for the construction of the *Splash at Wabash* aquatic facility, which were defeased in April 2012 and refinanced in the amount of \$2,065,000, (2) \$6,185,000 in TIF revenue bonds related to the Crossings at Halls Ferry redevelopment project, (3) \$5,000,000 in variable rate bonds for infrastructure improvements, (4) \$8,000,000 in general obligation bonds related to land purchase and construction of a replacement of Firehouse 1, and (5) \$9,500,000 in certificates of participation bonds issued to purchase land and remodel existing buildings. At year end, the City had a capital lease obligation outstanding. The original issue cost of the lease is \$1,086,136. Lease funds were expended for the acquisition and installation of energy saving equipment (HVAC and street lighting). Under the terms of the lease agreement, it is the City's intent to purchase the leased assets at the end of the lease term.

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

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

### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the City of Ferguson, Missouri for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the fourteenth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both U.S. generally accepted accounting principles and applicable legal requirements.

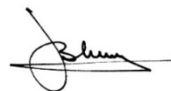
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it for GFOA certification.

The preparation of this report would not have been possible without the dedicated service of the entire staff of the finance department and various other departments of the City. An expression of gratitude is also extended to the Mayor and the City Council for their leadership and on-going concern for the financial well-being of the City. Finally, we would like to acknowledge the assistance of our independent auditors, Botz, Deal & Company, P.C. Their assistance and recommendations, both in the preparation of this report, as well as their consultations and interim reviews, are sincerely appreciated.

Respectfully submitted,



De'Carlton E. Seewood  
City Manager



Jeffrey B. Blume  
Director of Finance

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## **Financial Section**

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## INDEPENDENT AUDITORS' REPORT



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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of June 30, 2018, and the respective changes in the financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis budgetary comparison information, schedule of changes in net pension liability and investment returns, schedule of actuarially determined contributions, schedule of changes to total other post-employment benefits, schedule of actuarially determined contributions – other post-employment benefits and on pages 4 through 14 and 53 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Ferguson, Missouri's basic financial statements. The introductory section, combining nonmajor fund financial statements, budgetary comparison schedules, statement of changes in assets and liabilities - Agency Fund, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, budgetary comparison schedules, and statement of changes in assets and liabilities - Agency Fund included in the supplemental information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, budgetary comparison schedules, and statement of changes in assets and liabilities – Agency Fund are fairly stated in all material respects in relation to the financial statements as a whole.

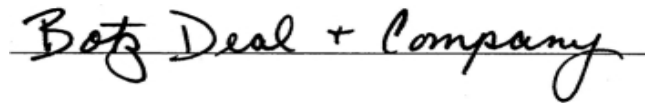
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2018, on our consideration of the City of Ferguson, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ferguson, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Ferguson, Missouri's internal control over financial reporting and compliance.

### **Change in Accounting Principle**

As discussed in Note 10 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

St. Charles, Missouri  
December 7, 2018



# CITY OF FERGUSON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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As management of the City of Ferguson, Missouri (the "City"), we offer readers of the City's financial statements, this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found within this report.

### Financial Highlights

- On a government-wide basis, at the end of the current fiscal year, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$31,246,076. This represents an increase of \$2,862,522 from operations for the fiscal year ending June 30, 2018.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,737,913. This represents an increase of \$1,199,277 in comparison to the prior year.
- The City's long-term debt decreased by \$1,525,415 during the current fiscal year to \$15,716,802 at June 30, 2018.

### Overview of the Financial Statements

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

### Government-Wide Financial Statements

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

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

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

## CITY OF FERGUSON, MISSOURI

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

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

#### Fund Financial Statements

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

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

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

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

The City adopts an annual appropriated budget for its General Fund, Parks [Special Revenue] Fund, Capital Improvements Sales Tax [Capital Projects] Fund, Special Business District [Special Revenue] Fund, Sewer Lateral [Special Revenue] Fund, Economic Development Sales Tax [Special Revenue] Fund, Downtown TIF Redevelopment [Special Revenue] Fund, Certificates of Participation [Debt Service] Fund, and General Obligation Bonds [Debt Service] Fund. Budgetary comparison schedules have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

## CITY OF FERGUSON, MISSOURI

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

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The City does not appropriate funds for the North Park Redevelopment TIF Fund. The fund typically receives *de minimus* amounts of revenue annually and has no expenses and no substantial fund balance.

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

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

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

#### Other Supplemental Information

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

#### Government-Wide Financial Analysis - Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$31,246,076 at June 30, 2018.

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

## CITY OF FERGUSON, MISSOURI

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

	Statement of Net Position Governmental Activities	
	June 30, 2018	June 30, 2017
<b>Assets</b>		
Current and other assets	\$ 15,178,263	\$ 13,067,036
Capital assets, net	36,658,254	36,390,459
<b>Total Assets</b>	<u>51,836,517</u>	<u>49,457,495</u>
<b>Deferred Outflows</b>	<u>381,282</u>	<u>986,322</u>
<b>Liabilities</b>		
Other liabilities	3,318,608	2,534,517
Long-term liabilities	16,609,779	17,955,609
<b>Total Liabilities</b>	<u>19,928,387</u>	<u>20,490,126</u>
<b>Deferred Inflows</b>	<u>1,043,336</u>	<u>1,414,165</u>
<b>Net Position</b>		
Net investment in capital assets	20,933,233	19,131,652
Restricted	5,164,498	4,627,013
Unrestricted	5,148,345	4,780,861
<b>Total Net Position</b>	<u>\$ 31,246,076</u>	<u>\$ 28,539,526</u>

### Governmental Activities

On a government-wide basis, governmental activities resulted in the City's net position increasing by \$2,862,522. A prior period adjustment for the implementation of GASB 75 reduced the net position by \$155,972.

As disclosed in prior year's financial statements, in August 2014, one of the City's police officers was involved in a use of deadly force incident which resulted in the death of an individual. This event precipitated civil unrest. The response to the unrest, as well as other related matters, resulted in significant, continued expenditures and lost revenues.

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

- Regarding revenues as a whole, the City experienced a significant increase in tax collections in the fourth quarter of Fiscal Year 2018. This behavior occurred with respect to property tax, utility tax, and sales tax collections.
- Overall, charges for services decreased about \$46,000. The most significant component of this decrease was excursion revenues which decreased by about \$116,000. This decrease was the result of loss of key staff responsible for this activity. Increases in other Parks and Recreation service revenues were not able to offset this loss.
- Operating grants increased by about \$27,000. In the prior fiscal year, as a result of personnel changes, the City fell behind in billing the grantor for reimbursement of incurred costs. This increase is due entirely to bringing those grant reimbursement requests up-to-date.

## **CITY OF FERGUSON, MISSOURI**

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

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- Capital grants increased about \$574,000. As on-going surface transportation projects entered and completed their construction phases, grant revenues from these projects increased about \$750,000. This increase was offset by a decrease of about \$184,000 in grant revenues related to Parks and Recreation capital projects.
- Tax revenues increased about \$2,101,000 in Fiscal Year 2018. There were three principle causes of this: sales taxes, property taxes and gross receipts taxes.
  - Sales tax revenues increased about \$1,350,000 in Fiscal Year 2018. There are three principle reasons for this.
    - In April 2017, a majority of voters in St. Louis County authorized the levy of a one-cent (\$0.01) sales tax, Proposition P, for public safety activities. It is collected by St. Louis County. A portion of this tax is remitted to all County municipalities. This tax went into effect on October 1, 2017 and generated \$837,000 in revenues in a nine (9) month period.
    - After being authorized in April 2016, economic development sales taxes were imposed for nine months in Fiscal Year 2017. In Fiscal Year 2018, with collection of these taxes for twelve months, total tax receipts increased about \$402,000.
    - Organic growth on the remaining sales tax base was a little less than 2%, representing increased collections of about \$137,000.
  - Property tax collections increased about \$403,000. Of this amount, about \$228,000 or 9.3% represents organic growth over the prior year's collections. Given the basis for property tax collections in Missouri and economic development in the City, this increase is extraordinary. Given the paucity of collection information received from its tax collection agent, it is difficult for the City to determine the basis for this increase in collections. The balance of increased collections is an increase in incremental TIF District property taxes.
  - Regarding gross receipts taxes, in Fiscal Year 2017, a one-third increase was voter authorized to be applied to about 80% of tax collections. In Fiscal Year 2018, a full year's collections added to the overall increase in collections of about \$347,000. That said, fourth quarter collections surged about \$200,000 over those anticipated at the end of the third quarter when current year forecast was made.
- Investment assets have remained substantially the same for the entire fiscal year. There are essentially two causes for increased investment income of about \$69,000.
  - Over time, maturing assets are being replaced with higher yielding issues. Investment income has risen as a result of those higher interest rates. Investment income has also risen for demand deposits. Together, these represented increased earnings of about \$33,000 during the fiscal year.
  - In Fiscal Year 2017, the City wrote down the value of its investment assets in accordance with generally accepted accounting principles to the then current

## CITY OF FERGUSON, MISSOURI

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

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market value. This adjustment was about \$160,000. With the replacement of lower yielding issues with higher yielding ones, about one-third or \$50,000 of this adjustment was reversed in the current fiscal year.

- General government expenses increased largely in three areas: building costs, personnel, and capital outlay.
  - Building maintenance costs increased about \$42,000, largely as a result of much higher than anticipated repair costs.
  - In an effort to provide succession continuity, a finance personnel was hired at the beginning of the current fiscal year. This represented a total cost outlay of about \$85,000.
  - Capital outlay costs increased about \$388,000.
- Public safety costs increased in total about \$654,000. There are three components of public safety: police, fire, and code enforcement.
  - Total police department costs increased about \$370,000. Of this amount, about \$265,000 represented increased personnel costs. About 25% of this amount is represented by an overall 6% wage rate increase. The balance is the addition of personnel. However, in spite of its best efforts to hire more police officers, the department fell short of budgeted personnel costs by about \$200,000.
  - Total fire department costs increased about \$201,000. Of this amount, personnel costs represented about \$172,000.
  - Code enforcement costs increased about \$51,000. This was the result of personnel transfer from community development which experienced an overall decrease of about \$43,000.
- Overall, highways and streets costs increased about \$689,000. Of this amount about \$660,000 is the result of increased capital outlay.
- Culture and recreation costs increased about \$26,000. The overall rate of increase is offset by a \$56,000 decrease in excursion costs.
- Interest and fiscal charges decreased about \$42,000 due to the City's continued reduction in its outstanding debt.

**CITY OF FERGUSON, MISSOURI**

Management's Discussion and Analysis (continued)

	Statement of Net Position Governmental Activities		
	2018	2017	Difference
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 1,752,993	\$ 1,799,598	\$ (46,605)
Operating grants and contributions	68,014	40,232	27,782
Capital grants and contributions	3,020,349	2,446,058	574,291
General revenues:			
Taxes	15,671,810	13,570,488	2,101,322
Investment income	76,796	6,962	69,834
Other revenue	93,122	54,661	38,461
<b>Total Revenues</b>	<b>20,683,084</b>	<b>17,917,999</b>	<b>2,765,085</b>
<b>Expenses</b>			
General government	3,189,143	2,584,627	604,516
Public safety	8,685,010	8,030,996	654,014
Highways and streets	3,087,702	2,398,632	689,070
Community development	489,319	533,199	(43,880)
Culture and recreation	1,897,060	1,870,978	26,082
Interest and fiscal charges on long-term debt	472,328	514,614	(42,286)
<b>Total Expenses</b>	<b>17,820,562</b>	<b>15,933,046</b>	<b>1,887,516</b>
<b>Change in net position</b>	<b>2,862,522</b>	<b>1,984,953</b>	<b>877,569</b>
<b>Net Position - Beginning of Year, As Previously Stated</b>	<b>28,539,526</b>	<b>26,554,573</b>	<b>1,984,953</b>
Prior period adjustment (Note 10)	(155,972)	-	(155,972)
<b>Net Position - Beginning of Year, As Restated</b>	<b>28,383,554</b>	<b>26,554,573</b>	<b>1,828,981</b>
<b>Total Net Position</b>	<b>\$ 31,246,076</b>	<b>\$ 28,539,526</b>	<b>\$ 2,706,550</b>

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

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

Governmental Funds

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

The General Fund is the main operating fund of the City. At June 30, 2018, the unassigned fund balance of the General Fund was \$4,330,348 and the total fund balance was \$4,620,416. The difference of \$290,068 represents non-spendable fund balance (prepaid items and inventory). As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 34% of total General Fund expenditures of \$12,644,354 as compared to 29% in Fiscal Year 2017.

The General Fund's fund balance increased by \$838,230 in Fiscal Year 2018. As previously discussed, the fund saw substantially higher than anticipated end of year revenue growth as well as the addition of new, Proposition P, sales tax revenues. Overall, revenues increased about \$1,527,000. Increased revenues were offset by increased expenditures of about \$914,000. Related to expenditures, public safety represented about two thirds of this total amount, or

## CITY OF FERGUSON, MISSOURI

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

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\$583,000. Over half of this amount, about \$360,000, is the result of a 6% wage increase. The balance of this increase was the result of increased headcount. General government costs increased about \$216,000. There is no single item or group of like items accounting for this increase, except for the aforementioned personnel cost increase of about \$85,000.

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

- With respect to the Parks Special Revenue Fund, the aforementioned \$116,000 decrease in excursion revenue accounted for all of the decrease in charges for service revenues of about \$65,000. Decreased intergovernmental "grant" revenues of about \$184,000 were the result of fewer capital outlay projects being supported by this source of funds, while, overall, capital project costs increased slightly.
- With respect to the Capital Improvements Sales Tax Fund, fund balance decreased by almost \$644,000 in the current fiscal year. This is entirely the result of shifting capital project expenditures to more of those projects not supported by federal grants.
- With respect to the Sewer Lateral Special Revenue Fund, fund balance increased by almost \$29,000 this year which is about \$19,000 less than the previous year. This is the result of slightly less revenues, about \$2,300, about \$8,200 in increased expenses and an increase in transfers to the General Fund of about \$8,000.
- With respect to the Economic Development Sales Tax (EDST) Fund, fund balance increased by almost \$652,000. This is entirely the result of revenues exceeding the sum of expenditures and transfers. Transfers are the result of other funds making expenditures which are supported by EDST revenues.
- With respect to the Downtown TIF Special Revenue Fund, fund balance increased by over \$86,000. This is the result of increased revenues, fewer expenses and increased transfers. The fund's increased EDST tax revenues of about \$37,000 and incremental property tax collections of about \$175,000 were the primary sources of an overall increase in revenues of about \$212,000. There were no grant payments this year, causing a decrease in year-over-year expenditures of about \$220,000. Transfers increased by about \$423,000. This was largely the result of a transfer reversal. In the prior year, the fund did not have sufficient liquidity to make its obligated grant payments. The amount, \$212,000, was transferred to the fund by the EDST Fund and transferred back in the current fiscal year.
- With respect to the General Obligation Bonds Debt Service Fund, fund balance increased by almost \$138,000. This increase is the result of tax collection exceeding required debt payments.



## CITY OF FERGUSON, MISSOURI

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

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#### Fiduciary Funds

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

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

#### Capital Assets

The City has invested \$36,658,254, net of depreciation, in a broad range of capital assets as of June 30, 2018. This investment in capital assets is summarized as follows.

	<u>Capital Assets, Net of Depreciation</u>	
	2018	2017
Land	\$ 3,890,342	\$ 3,836,842
Construction in progress	1,749,286	396,952
Buildings and other improvements	21,066,819	21,833,687
Machinery and equipment	498,762	366,604
Motor vehicles	2,256,151	2,428,722
Infrastructure	7,196,894	7,527,652
<b>Total</b>	<b>\$ 36,658,254</b>	<b>\$ 36,390,459</b>

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

#### Long-Term Debt

The City's outstanding long-term debt obligations for governmental activities decreased by about \$1.5M to \$15,716,802 at June 30, 2018 compared to \$17,242,217 at June 30, 2017. The net decrease in the City's long-term debt obligations is solely the result of debt service payments.

The following summarizes the City's governmental activities debt:

	<u>Outstanding Long-Term Debt Obligations</u>	
	2018	2017
Variable Rate Capital Improvement Bonds 2005	\$ 1,169,950	\$ 1,604,950
Certificates of Participation, Series 2012	855,000	1,060,000
Certificates of Participation, Series 2013	7,210,000	7,600,000
General Obligation Bonds, Series 2011	5,610,000	5,970,000
Capital leases	871,852	1,007,267
<b>Total</b>	<b>\$ 15,716,802</b>	<b>\$ 17,242,217</b>

## CITY OF FERGUSON, MISSOURI

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

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

### Significant Variances between Final Budgets and Actual

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

- As the result of a number of factors, the final budget compilation process occurred quite late this year. With more data, the accuracy of estimating the remaining three months of receipts and disbursements should be increased. Unfortunately, more data analysis and scrutiny did not follow as a result of delays in the budget preparation process.
- Regarding revenues, the final budget of anticipated total revenues was set at about \$12,124,000 which is only slightly less than the original budget of \$12,150,000. This final estimate was based on nine (9) months of collections data. Actual revenues of about \$12,517,000 result in a favorable variance of about \$403,000. As previously remarked, fourth quarter property tax, gross receipts taxes and intergovernmental tax collections were unusually strong.
- At about \$13,126,000, the original General Fund total expenditures budget was thought to be very lean. Then, with nine (9) months of spending experience and in light of the police department's inability to staff to budgeted levels, in spite of substantial effort to do so, a slightly more conservative total final budget was set at \$12,997,000 or about \$129,000 less. In fact, substantially stronger spending controls caused actual expenditure spending to lag the final budget by about \$353,000 in total.

The Economic Development Sales Tax Fund's final budgeted revenues were favorably impacted by strong fourth quarter collections causing favorable annual variance of about \$117,000. This corresponds with the favorable change in fund balance of \$116,000.

For the City's Parks Fund, the most significant final budget to actual variance is that of insurance proceeds of \$45,000. These proceeds were deferred three years earlier, at the time of the loss incident and utilized in the current fiscal year, in conjunction with the replacement of the asset.

### Economic Factors and Next Year's Budget

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

With anticipated revenues of \$12,751,000 for Fiscal Year 2019, the City has substantially rebuilt its revenue base from Fiscal Year 2013 of \$12,762,000. Using this same time frame of reference, expenditures have increased by about \$900,000. This amount is able to be offset by transfers from other funds for expenditures incurred on their behalf; in particular, the Economic Development Sales Tax Fund and the Parks Fund. Consequently, the City anticipates a change in fund balance of about \$28,000 for Fiscal Year 2019.

## **CITY OF FERGUSON, MISSOURI**

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

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#### 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 POSITION

JUNE 30, 2018

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 8,991,942
Taxes receivable:	
Property	579,737
Sales	1,851,355
Other	446,631
Accounts receivable - net	1,307,820
Prepaid items	187,341
Inventory	171,561
Cash and investments - restricted	97,435
Net pension asset	1,544,441
Capital assets - net	
Nondepreciable	5,639,628
Depreciable	31,018,626
<b>TOTAL ASSETS</b>	<u>51,836,517</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Bond refunding	23,037
Accumulated decrease in fair value of hedging derivatives	27,582
Pension related deferred outflows	330,663
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<u>381,282</u>
<b>LIABILITIES</b>	
Accounts payable	1,135,309
Wages and benefits payable	166,304
Other liabilities	1,700,786
Due to other funds	3,794
Accrued interest payable	130,014
Unearned revenue	154,819
Derivative instruments liability - interest rate swap	27,582
Noncurrent liabilities:	
Due in one year	2,049,074
Due in more than one year	14,327,239
Total other post employment benefits liability	233,466
<b>TOTAL LIABILITIES</b>	<u>19,928,387</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related deferred inflows	1,043,336
<b>NET POSITION</b>	
Net investment in capital assets	20,933,233
Restricted for:	
Parks	910,883
Debt service	1,040,808
Capital projects	890,602
Economic development	859,395
Downtown TIF	273,348
Sewer Lateral	1,189,462
Unrestricted	5,148,345
<b>TOTAL NET POSITION</b>	<u>\$ 31,246,076</u>

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>Functions/Programs</b>	Expenses	Program Revenue		Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
		Charges for Service	Operating Grants and Contributions		
<b>Governmental Activities</b>					
General government	\$ 3,189,143	\$ 729,298	\$ -	\$ -	\$ (2,459,845)
Public safety	8,685,010	381,972	68,014	5,000	(8,230,024)
Highway and streets	3,087,702	264,290	-	2,753,347	(70,065)
Community development	489,319	-	-	-	(489,319)
Culture and recreation	1,897,060	377,433	-	262,002	(1,257,625)
Interest and fiscal charges	472,328	-	-	-	(472,328)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 17,820,562</b>	<b>\$ 1,752,993</b>	<b>\$ 68,014</b>	<b>\$ 3,020,349</b>	<b>(12,979,206)</b>
General revenues:					
Taxes:					
Sales					
					9,749,612
Utility					
					3,080,174
Property					
					2,842,024
Interest income					
					76,796
Other revenue					
					93,122
					<u>15,841,728</u>
					<u>2,862,522</u>
CHANGE IN NET POSITION					
					2,862,522
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY STATED					
					28,539,526
Prior period adjustment (Note 10)					
					(155,972)
NET POSITION - BEGINNING OF YEAR, AS RESTATED					
					<u>28,383,554</u>
NET POSITION - END OF YEAR					
					<u>\$ 31,246,076</u>

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

**CITY OF FERGUSON, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General Fund	Parks Fund	Capital Improvements Sales Tax	Other Nonmajor Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 3,383,097	\$ 3,557,792	\$ 100,093	\$ 1,950,960	\$ 8,991,942
Taxes receivable:					
Sales	1,049,548	221,606	268,371	311,830	1,851,355
Property	331,488	84,339	-	163,910	579,737
Other	446,631	-	-	-	446,631
Accounts receivable - net	412,168	422,627	473,025	-	1,307,820
Due from other funds	4,140,278	663,199	1,408,478	3,031,822	9,243,777
Prepaid items	118,507	49,442	19,392	-	187,341
Inventory	171,561	-	-	-	171,561
Restricted:					
Cash and investments	-	-	97,435	-	97,435
<b>TOTAL ASSETS</b>	<u>\$ 10,053,278</u>	<u>\$ 4,999,005</u>	<u>\$ 2,366,794</u>	<u>\$ 5,458,522</u>	<u>\$ 22,877,599</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 420,666	\$ 259,032	\$ 452,081	\$ 3,530	\$ 1,135,309
Due to other funds	2,491,781	3,750,267	907,894	2,097,629	9,247,571
Wages and benefits payable	155,695	10,609	-	-	166,304
Other liabilities	1,700,786	-	-	-	1,700,786
Unearned revenue	136,047	18,772	-	-	154,819
<b>TOTAL LIABILITIES</b>	<u>4,904,975</u>	<u>4,038,680</u>	<u>1,359,975</u>	<u>2,101,159</u>	<u>12,404,789</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue:					
Property taxes	286,580	73,634	-	133,376	493,590
Assessments	241,307	-	-	-	241,307
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>527,887</u>	<u>73,634</u>	<u>-</u>	<u>133,376</u>	<u>734,897</u>
<b>FUND BALANCES:</b>					
Nonspendable	290,068	49,442	19,392	-	358,902
Restricted for:					
Parks	-	837,249	-	-	837,249
Debt service	-	-	-	926,136	926,136
Capital projects	-	-	987,427	610	988,037
Economic development	-	-	-	859,395	859,395
Downtown TIF	-	-	-	254,644	254,644
Sewer Lateral	-	-	-	1,189,462	1,189,462
Unassigned	4,330,348	-	-	(6,260)	4,324,088
<b>TOTAL FUND BALANCES</b>	<u>4,620,416</u>	<u>886,691</u>	<u>1,006,819</u>	<u>3,223,987</u>	<u>9,737,913</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 10,053,278</u>	<u>\$ 4,999,005</u>	<u>\$ 2,366,794</u>	<u>\$ 5,458,522</u>	<u>\$ 22,877,599</u>

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

***CITY OF FERGUSON, MISSOURI***  
**RECONCILIATION OF THE STATEMENT OF NET POSITION  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
AS OF JUNE 30, 2018**

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

Total fund balance per balance sheet	\$ 9,737,913
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	36,658,254
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	734,897
The difference between the pension liability and the net position of the plan is an asset on the statement of net position. Since this does not provide current financial resources it is not an asset to the funds.	1,544,441
Certain items related to the pension plan are recorded as deferred inflows of resources and deferred outflows of resources in the statement of net position. They do not affect current financial resources and are therefore not reported in the fund statements.	(712,673)
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.	(130,014)
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	(233,466)
Accrued compensated absences	(553,857)
Deferred items on refunding	23,037
Outstanding debt, including premiums	<u>(15,822,456)</u>
Net position of governmental activities	<u><u>\$ 31,246,076</u></u>

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Parks Fund	Capital Improvements Sales Tax Fund	Other Nonmajor Funds	Total
<b>REVENUES</b>					
Taxes	\$ 9,878,687	\$ 1,572,842	\$ 1,490,696	\$ 2,722,570	\$ 15,664,795
Intergovernmental	1,214,961	262,002	1,611,400	-	3,088,363
Licenses and permits	763,819	-	-	19,569	783,388
Charges for service	257,818	377,433	-	-	635,251
Fines and forfeitures	338,154	-	-	-	338,154
Investment income	37,907	34,961	2,776	1,152	76,796
Other income	26,387	-	-	21,735	48,122
<b>TOTAL REVENUES</b>	<u>12,517,733</u>	<u>2,247,238</u>	<u>3,104,872</u>	<u>2,765,026</u>	<u>20,634,869</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,573,992	-	-	-	2,573,992
Public safety	7,769,815	-	-	-	7,769,815
Highways and streets	1,671,316	-	-	-	1,671,316
Community development	125,324	-	-	359,560	484,884
Culture and recreation	426,218	909,392	-	-	1,335,610
Capital outlays	77,689	474,483	3,083,155	-	3,635,327
Debt service:					
Principal, interest and fiscal charges	-	-	658,171	1,351,477	2,009,648
<b>TOTAL EXPENDITURES</b>	<u>12,644,354</u>	<u>1,383,875</u>	<u>3,741,326</u>	<u>1,711,037</u>	<u>19,480,592</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(126,621)</u>	<u>863,363</u>	<u>(636,454)</u>	<u>1,053,989</u>	<u>1,154,277</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in (out)	964,851	(809,590)	(7,386)	(147,875)	-
Insurance proceeds	-	45,000	-	-	45,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>964,851</u>	<u>(764,590)</u>	<u>(7,386)</u>	<u>(147,875)</u>	<u>45,000</u>
<b>CHANGE IN FUND BALANCE</b>	838,230	98,773	(643,840)	906,114	1,199,277
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>3,782,186</u>	<u>787,918</u>	<u>1,650,659</u>	<u>2,317,873</u>	<u>8,538,636</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,620,416</u>	<u>\$ 886,691</u>	<u>\$ 1,006,819</u>	<u>\$ 3,223,987</u>	<u>\$ 9,737,913</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, 2018

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

Change in fund balance-total governmental funds	\$ 1,199,277
Revenues that do not provide current financial resources are not included in the fund financial statements.	3,215
Acquisition of capital assets requires the use of current financial resources, but has no effect on net position.	2,398,178
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.	(2,130,383)
Some expenses do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds:	
Compensated absences	(36,437)
Net other post-employment benefits obligation	5,041
Accrued interest	11,800
Amortization of deferred items related to debt	105
Pension expense	(113,689)
Repayment of bond principal is an expenditure in the governmental funds, and reduces long-term liabilities in the statement of net position.	1,525,415
Change in net position of governmental activities	\$ 2,862,522

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

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 21,564
Investments:		
Common stock	8,788,760	-
Equity mutual funds	9,165,716	-
Municipal bonds	84,994	-
Government and agency securities	2,118,216	-
Corporate obligations	2,893,457	-
Fixed income funds	2,315,639	-
Other mutual funds	468,337	-
Money market funds	799,235	-
Interest receivable	77,465	-
Prepaid benefits	127,377	-
Due from other funds	3,794	-
<b>TOTAL ASSETS</b>	<u>26,839,196</u>	<u>21,564</u>
 <b>LIABILITIES</b>		
Accounts payable	<u>27,721</u>	<u>21,564</u>
<b>TOTAL LIABILITIES</b>	<u>27,721</u>	<u>21,564</u>
 <b>NET POSITION</b>		
Net position restricted for pension	<u>\$ 26,815,269</u>	<u>\$ -</u>

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

***CITY OF FERGUSON, MISSOURI***  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Pension Trust Fund
<b>ADDITIONS</b>	
Investment income:	
Employer contribution	\$ 364,484
Interest and dividends	523,775
Net appreciation in fair value of investments	1,658,758
<b>TOTAL ADDITIONS</b>	<b>2,547,017</b>
 <b>DEDUCTIONS</b>	
Benefits paid	1,496,728
Administrative fees	83,666
<b>TOTAL DEDUCTIONS</b>	<b>1,580,394</b>
 <b>CHANGE IN NET POSITION</b>	 966,623
 <b>NET POSITION - BEGINNING OF YEAR</b>	 25,848,646
 <b>NET POSITION - END OF YEAR</b>	 \$ 26,815,269

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

**CITY OF FERGUSON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

**Related Organizations**

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

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

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

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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#### Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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

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

The City reports the following major governmental funds:

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

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

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

Additionally, the City reports the following fiduciary fund types:

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

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

## **CITY OF FERGUSON, MISSOURI**

### Notes to Financial Statements (continued)

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#### C. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

#### D. RESTRICTED CASH AND INVESTMENTS

Cash and investments that are restricted for debt service payment and future capital expenditures are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. In addition, unspent proceeds from the issuance of bonds are reported as restricted assets on the balance sheet.

#### E. CAPITAL ASSETS

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. In general, capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Infrastructure acquired prior to implementation of GASB 34 is not been reported in the financial statements. Donated capital assets, works of art and service concession agreements are report at acquisition value.

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

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

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

F. INVENTORIES AND PREPAID ITEMS

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The City has adopted the consumption method of accounting for prepaid items. That is, the asset is recorded when the payments to vendors are made, and the expenses are amortized in the appropriate accounting period.

G. COMPENSATED ABSENCES

Under terms of the City's personnel policy, employees are granted vacations based on length of service. Vacations accrue on January 1 of each year and must be taken within the same year as accrued. Compensatory time is available to all non-exempt employees at the rate of 1.5 hours for each overtime hour worked. Accrual of compensatory time is limited to a maximum of 240 hours, except that public safety, emergency response and seasonal employees are limited to a maximum of 480 hours. Upon termination, employees are paid for unused vacation and compensatory time. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of accrued sick leave is payable to the employee upon termination and, therefore, is not reflected as a liability. Employees had accumulated earned vacation and compensatory time aggregating to \$553,857 at June 30, 2018, which has been recorded as a liability in the statement of net position.

H. DEFERRED REVENUE

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



## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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#### I. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Issuance costs are expensed when paid. Long-term debt is reported net of the applicable debt premium or discount and deferred amounts on refunding.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### J. GOVERNMENTAL FUND BALANCES

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

Nonspendable - This consists of the governmental fund balances that are not in spendable form or are legally or contractually required to be maintained intact. The City's nonspendable fund balances as of June 30, 2018 consist of prepaid items and inventory.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City Council, the City's highest level of decision-making authority.

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

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

## **CITY OF FERGUSON, MISSOURI**

### Notes to Financial Statements (continued)

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

#### K. NET POSITION

In government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation, outstanding principal on related debt and unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors and laws and regulations of other governments). All other net position is considered unrestricted. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### L. INTERFUND TRANSACTIONS

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

Activities between funds that are representative of short-term lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due (to) from other funds" in the governmental fund financial statements.

#### M. USE OF ESTIMATES

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

#### N. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Based on management's analysis, it believes the City has made sufficient allowances for uncollectable accounts receivable totaling approximately \$279,841.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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O. PENSION

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

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 consist of the following:

<u>Type</u>	<u>Amount</u>
<b>General government:</b>	
Deposits:	
Cash on hand	\$ 3,100
Demand deposits	6,035,354
	<u>6,038,454</u>
Investments:	
Negotiable certificates of deposit	<u>3,050,923</u>
 <b>Pension Trust and Agency Fund:</b>	
Deposits:	
Demand deposits	21,564
Investments:	
Common stock	8,788,760
Equity mutual funds	9,165,716
Money market mutual funds	799,235
Corporate obligations	2,893,457
Municipal bonds	84,994
U.S. government agency securities	266,918
U.S. Treasuries	1,851,298
Fixed income funds	2,315,639
Other mutual funds	468,337
	<u>26,655,918</u>
<b>Total Deposits and Investments</b>	<b>\$ <u>35,745,295</u></b>
 <b>Reconciliation to the Financial Statements:</b>	
Statement of Net Position:	
Cash and investments	\$ 8,991,942
Cash and investments - restricted	97,435
Statement of Fiduciary Net Position:	
Cash and investments - Pension Trust Fund	26,634,354
Cash and investments - Agency Fund	21,564
<b>Total Deposits and Investments</b>	<b>\$ <u>35,745,295</u></b>

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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#### Investments Authorized by the City's Investment Policy

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

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

#### Credit Risk

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

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

The credit quality ratings, as established by nationally recognized statistical rating organizations (Standard and Poor's or Moody's), of the City's investments as of June 30, 2018, are provided in the table above.

#### Interest Rate Risk

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

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

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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Maturities of investments held at June 30, 2018 are as follows:

	Fair Value	Less Than 1 year	1-3 Years	4-7 Years	7+ Years	Credit Rating
<b>Governmental Activities:</b>						
Negotiable certificates of deposit	\$ 3,050,923	\$ 394,340	\$ 2,059,852	\$ 596,731	\$ -	N/A
<b>Pension Trust Fund:</b>						
Common stock	\$ 8,788,760	\$ 8,788,760	\$ -	\$ -	\$ -	N/A
Equity mutual funds	9,165,716	9,165,716	-	-	-	N/A
Fixed income funds	2,315,639	2,315,639	-	-	-	N/A
Other mutual funds	468,337	468,337	-	-	-	N/A
Money market funds	799,235	799,235	-	-	-	N/A
U.S. Treasuries	1,851,298	-	-	-	1,851,298	N/A
Mortgage backed securities	266,918	21,749	14,817	125,038	105,314	N/A
Municipal bonds	84,994	-	84,994	-	-	A1
Corporate bonds	233,073	-	233,073	-	-	A2
Corporate bonds	1,159,551	-	735,577	317,331	106,643	A3
Corporate bonds	994,301	-	347,929	425,741	220,631	Baa2
Corporate bonds	278,765	-	102,973	175,792	-	Baa3
Corporate bonds	227,767	-	-	83,362	144,405	Baa1
Total Pension Trust Fund	<u>\$ 26,634,354</u>	<u>\$ 21,559,436</u>	<u>\$ 1,519,363</u>	<u>\$ 1,127,264</u>	<u>\$ 2,428,291</u>	

**Custodial Credit Risk**

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

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

## **CITY OF FERGUSON, MISSOURI**

### Notes to Financial Statements (continued)

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#### Concentration of Credit Risk

According to the City's investment policy, the City's investments will be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specified class of security. Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments). At June 30, 2018, neither the Pension Trust Fund nor the governmental activities have any investments subject to this disclosure.

### **3. FAIR VALUE MEASUREMENTS**

The City of Ferguson, Missouri categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2018:

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

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

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

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

### **4. PROPERTY TAX**

Property taxes are levied in November of each year based on the assessed value of all real and personal property located within the City's corporate boundaries, as of the previous January 1. Property taxes are due and collectible on December 31 and attach as an enforceable lien on property as of the following January 1. Assessed values are established by the St. Louis County Assessor, subject to review by the County's Board of Equalization and appeal to the State Tax Commission. The total assessed valuation of the City at January 1, 2017, upon which the 2017 tax levy was based, for real, personal, and public utility property was \$183,945,925. The 2017 tax levy is collected in the City's 2018 fiscal year.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

In April 2011, the City's voters approved Proposition S. This proposition authorized the sale of general obligation bonds to provide funds for the construction of a replacement for the City's Firehouse No. 1 and the levy of an ad valorem tax for the retirement of these bonds. The 2017 tax rates per \$100 of assessed value are as follows:

<u>Property Type</u>	<u>General Fund</u>	<u>Parks Fund</u>	<u>GO Bond Fund</u>
Residential	\$ 0.8120	\$ 0.1950	\$ 0.3770
Agricultural	0.7270	0.2000	0.3770
Commercial	0.7900	0.1930	0.3770
Personal Property	0.8240	0.1980	0.3770

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

**5. INTERFUND BALANCES**

Due (to) from other funds as of June 30, 2018 are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 4,140,278	\$ 2,491,781
Parks	663,199	3,750,267
Capital Improvements Sales Tax	1,408,478	907,894
Nonmajor	3,031,822	2,097,629
Pension Trust	3,794	-

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

The following net transfers were made during the fiscal year ending June 30, 2018:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 964,851	\$ -
Parks	-	809,590
Capital Improvements Sales Tax	-	7,386
Nonmajor	147,875	-

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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Transfers were made for the following purposes:

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



**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

**6. CAPITAL ASSETS**

For the year ended June 30, 2018, capital asset activity was as follows:

	<b>BALANCE, BEGINNING OF YEAR</b>	<b>ADDI- TIONS</b>	<b>DEDUC- TIONS</b>	<b>BALANCE, END OF YEAR</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 3,836,842	\$ 53,500	\$ -	\$ 3,890,342
Construction in process	396,952	1,352,334	-	1,749,286
<b>Total capital assets         Not Being Depreciated</b>	<b>4,233,794</b>	<b>1,405,834</b>	<b>-</b>	<b>5,639,628</b>
Capital assets being depreciated:				
Buildings and improvements	33,545,941	489,743	-	34,035,684
Machinery and equipment	2,301,903	306,317	-	2,608,220
Motor Vehicles	6,030,261	196,284	-	6,226,545
Infrastructure	13,567,321	-	-	13,567,321
<b>Total Capital Assets         Being Depreciated</b>	<b>55,445,426</b>	<b>992,344</b>	<b>-</b>	<b>56,437,770</b>
Less accumulated depreciation for:				
Buildings and improvements	11,712,254	1,256,611	-	12,968,865
Machinery and equipment	1,935,299	174,159	-	2,109,458
Motor Vehicles	3,601,541	368,853	-	3,970,394
Infrastructure	6,039,667	330,760	-	6,370,427
<b>Total Accumulated Depreciation</b>	<b>23,288,761</b>	<b>2,130,383</b>	<b>-</b>	<b>25,419,144</b>
<b>Total Capital Assets         Being Depreciated, Net</b>	<b>32,156,668</b>	<b>(1,138,039)</b>	<b>-</b>	<b>31,018,626</b>
<b>Total Governmental Activities</b>	<b>\$ 36,390,462</b>	<b>\$ 267,795</b>	<b>\$ -</b>	<b>\$ 36,658,254</b>

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

Governmental activities:	
General governments	\$ 213,420
Public safety	736,618
Highways and streets	625,813
Culture and recreation	554,532
Total depreciation expense - governmental activities	<u>\$ 2,130,383</u>

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

**7. LONG-TERM DEBT**

Changes in the City's long-term debt, for the year ended June 30, 2018, are as follows:

	<b>Balance, Beginning of Year</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance, End of Year</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Variable Rate Capital Improvement Bonds	\$ 1,604,950	\$ -	\$ (435,000)	\$ 1,169,950	\$ 455,000
Certificates of Participation, Series 2012	1,060,000	-	(205,000)	855,000	205,000
Series 2013	7,600,000	-	(390,000)	7,210,000	400,000
General Obligation Bonds	5,970,000	-	(360,000)	5,610,000	370,000
Issuance premiums, net	113,437	-	(7,783)	105,654	-
<b>Total Bonds and Certificates</b>	<b>16,348,387</b>	<b>-</b>	<b>(1,397,783)</b>	<b>14,950,604</b>	<b>1,430,000</b>
Capital leases payable	1,007,267	-	(135,415)	871,852	65,217
Compensated absences payable	517,420	553,857	(517,420)	553,857	553,857
<b>Total Governmental Activities</b>	<b>\$ 17,873,074</b>	<b>\$ 553,857</b>	<b>\$ (2,050,618)</b>	<b>\$ 16,376,313</b>	<b>\$ 2,049,074</b>

<b>Debt Issue</b>	<b>Payer Fund</b>
Variable Rate Capital Improvement Bonds and Capital Leases	Capital Improvement Sales Tax Fund
Certificates of Participation	Certificates of Participation Fund Series 2012 by Parks Fund Series 2013 by Downtown TIF and Capital Improvements
General Obligations Bonds	General Obligations Bond Fund

Compensated absences are payable from the fund to which the employee is assigned; approximately 80% through the General Fund and 20% through the Parks Fund.

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

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

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

	<b>Principal</b>		<b>Interest</b>		<b>Total</b>
2019	\$ 455,000	\$	42,871	\$	497,871
2020	470,000		24,293		494,293
2021	244,950		5,003		249,953
Total	\$ 1,169,950	\$	72,167	\$	1,242,117

**Certificates of Participation - Series 2012**

On October 1, 2002, the City issued \$3,480,000 in Certificates of Participation - Series 2002, to finance the construction of its new aquatic facility, "Splash at Wabash." On April 4, 2012, the City issued \$2,065,000 in Certificates of Participation Bonds - Series 2012 to refund Series 2002. The proceeds (after underwriting fees and issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2002 bonds. As a result, the 2002 Certificates of Participation Bonds are considered defeased and the liability for this debt has been removed from the City's financial statements. Interest on the bonds is paid semiannually on April 1 and October 1 with principal paid annually on October 1. The bonds and the interest thereon are special, limited obligations of the City, payable solely from appropriated funds. Interest rates range from 0.70% to 2.45%.

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

	<b>Principal</b>		<b>Interest</b>		<b>Total</b>
2019	\$ 205,000	\$	16,321	\$	221,321
2020	215,000		12,378		227,378
2021	215,000		7,809		222,809
2022	220,000		2,695		222,695
Total	\$ 855,000	\$	39,203	\$	894,203

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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**General Obligation Bonds**

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

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 370,000	\$ 156,575	\$ 526,575
2020	375,000	149,175	524,175
2021	385,000	140,738	525,738
2022	395,000	132,075	527,075
2023	405,000	122,200	527,200
2024	415,000	112,075	527,075
2025	425,000	101,700	526,700
2026	440,000	88,950	528,950
2027	450,000	75,750	525,750
2028	465,000	62,250	527,250
2029	480,000	48,300	528,300
2030	495,000	33,300	528,300
2031	510,000	17,213	527,213
Total	<u>\$ 5,610,000</u>	<u>\$ 1,240,301</u>	<u>\$ 6,850,301</u>

**Certificates of Participation – Series 2013**

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

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 400,000	\$ 200,928	\$ 600,928
2020	410,000	192,928	602,928
2021	415,000	184,728	599,728
2022	425,000	175,390	600,390
2023	435,000	164,765	599,765
2024	450,000	153,346	603,346
2025	460,000	140,971	600,971
2026	475,000	127,746	602,746
2027	490,000	113,496	603,496
2028	500,000	98,796	598,796
2029	515,000	83,796	598,796
2030	535,000	68,346	603,346
2031	550,000	52,296	602,296
2032	565,000	35,796	600,796
2033	585,000	18,281	603,281
Total	<u>\$ 7,210,000</u>	<u>\$ 1,811,609</u>	<u>\$ 9,021,609</u>

**Capital Leases**

In April 2008, the City entered into a lease/purchase agreement with First Municipal Leasing Corporation (FMLC) to finance the purchase of two fire trucks. The equipment was recorded as a capital asset in the Governmental Activities at a cost of \$1,171,967 and has accumulated depreciation of \$556,684 as of June 30, 2018. The lease was serviced by the Capital Improvement Sales Tax Fund and ended during the year ending June 30, 2018.

In September 2014, the City entered into a lease/purchase agreement with U.S. Bankcorp Government Leasing and Finance, Inc. (U.S. Bankcorp) to finance the purchase of certain energy efficiency improvements to City Hall, Police Station, and Fire Stations, as well as street lighting. The equipment was recorded as a capital asset in the Government Activities at a cost of \$1,086,316 and has accumulated depreciation of \$190,105 as of June 30, 2018. The lease is recorded in the government-wide statement of net position and is serviced by the Capital Improvement Sales Tax Fund. Payments are made semi-annually and include principal and interest.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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The following is a summary of the City's capital lease agreements as of June 30, 2018:

<u>Lessor</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Annual Payment</u>	<u>Balance</u>
CTS	2.79%	September 12, 2029	89,229	871,852

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 89,229
2020	89,229
2021	89,229
2022	89,229
Thereafter	669,220
Total minimum lease payments	1,026,136
Portion representing interest	(154,284)
Net present value	<u>\$ 871,852</u>

**Derivative Instrument - Interest Rate Swap**

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

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

		<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2018</u>	
		<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>
<b>Governmental Activities</b>					
Cash Flow Hedge				Derivative	
Pay-Fixed Interest	Deferred			Instrument	
Rate Swap	Outflows		\$ 41,528	Liability	\$ (27,582)

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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- (2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City's hedging derivative instrument outstanding as of June 30, 2018, are as shown below. The notional amount of the swap matches the principal amounts of the associated debt. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category. Under the swap, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR).

Associated Bond Issue	Hedging Instruments – Governmental Activities
Notional Amounts	\$1,170,000
Effective Date	September 1, 2005
Terms	Pay 3.995%; Receive 60.938% of LIBOR plus 1%
Fair Value	(\$27,582)
Termination Date	September 1, 2020
Counter Party Credit Rating	Baa1 (Standard and Poor's short term)

- (3) *Credit Risk.* At June 30, 2018, the City is not exposed to credit risk on the interest rate swap because it is in a negative fair value or liability position. However, if interest rates change and the fair value becomes positive, the government would have exposure to credit risk in the amount of the derivative's positive fair value.
- (4) *Basis Risk.* The City is not exposed to basis risk on the pay-fixed, receivable-variable interest rate swap because the variable-rate interest payments received by the City from the counterparty and the City's variable-rate bonds interest payment are both based on the LIBOR index.
- (5) *Interest Rate Risk.* The City is exposed to interest rate risk on the interest rate swap. In regard to the pay-fixed, receive-variable swap, as the LIBOR swap index decreases, the City's net payment on the swap increases.
- (6) *Termination Risk.* The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If terminated, the variable rate bonds' interest rate risk would no longer be effectively hedged. In addition, if at the time of the termination, the swap has a negative fair value (i.e., in a liability position), the City would be liable to the counterparty for a payment equal to the swap's fair value or liability amount.
- (7) *Rollover risk.* The City is not exposed to rollover risk because the maturity dates for the hedged variable-rate bonds and the interest rate swap agreement are the same.

## CITY OF FERGUSON, MISSOURI

Notes to Financial Statements (continued)

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### 8. DEFERRED COMPENSATION PLAN

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

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

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

### 9. EMPLOYEE RETIREMENT PLAN

**Plan Description and Provisions** - The City of Ferguson Pension Plan (the "Plan") is a single-employer, defined benefit retirement and disability plan covering all regular, full-time employees of the City, except the City Manager and Assistant City Manager. UMB Bank NA provides investment advisory, investment safekeeping, and transactional support services. The Plan does not issue a separate stand-alone financial report. The Plan's financial information is included as a Pension Trust Fund in the City's financial statements and is accounted for on the accrual basis of accounting. Investments are reported at fair value. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

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

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



**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

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

At July 1, 2017, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	109
Retired participants	78
Terminated vested participants	40
Disabled participants	9
Beneficiaries	<u>11</u>
Total Plan Participants	<u>247</u>

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

Annual contributions are computed using the entry age normal actuarial cost method, assuming 7.5% rate of return on Plan assets and 3.25% to 6.75% annual salary increases which includes service based merit increases. Benefits are not increased for inflation.

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

**Net Pension Liability (Asset)** - The City's net pension liability (asset) was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability (asset) was determined by the actuarial valuation as of that date.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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**Actuarial Assumptions** - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the July 1, 2017 valuation were based on an experience study conducted in 2011. The mortality assumption was reviewed and updated in 2015.

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

<u>Asset Class</u>	<u>Assumed Allocation</u>	<u>Long-Term Expected Real Return</u>
Domestic Equity	67 %	5.75 %
Fixed Income – U.S.	28	2.60
Real Estate	2	4.45
Cash Equivalents	3	0.60
Total	<u>100 %</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50%. Implicit in the projection of cash flows used to determine the discount rate is the assumption that the City’s contributions will continue to be made based on the actuarially determined contributions, and that no future gains or losses will occur (i.e., all experience will be as expected). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

**Changes in Net Pension Liability (Asset)**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2017	\$ <u>24,364,323</u>	\$ <u>25,837,448</u>	\$ <u>(1,473,125)</u>
Changes for the year:			
Service cost	478,580	-	478,580
Interest	1,816,236	-	1,816,236
Change in benefit terms	-	-	-
Differences between expected and actual experience	108,417	-	108,417
Contributions - employer	-	363,471	(363,471)
Net investment income	-	2,201,221	(2,201,221)
Changes in assumptions	-	-	-
Benefit payments, including refunds	(1,496,728)	(1,496,728)	-
Administrative expense	-	(90,143)	90,143
Net Changes	<u>906,505</u>	<u>977,821</u>	<u>(71,316)</u>
Balances as of June 30, 2018	\$ <u>25,270,828</u>	\$ <u>26,815,269</u>	\$ <u>(1,544,441)</u>

Plan fiduciary net position as a percentage of the total pension liability is 106.1%.

**Sensitivity Of The Net Pension Liability (Asset)**

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability (asset)	\$ <u>1,141,759</u>	\$ <u>(1,544,441)</u>	\$ <u>(3,836,138)</u>

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

For the year-ended June 30, 2018, the City recognized pension expense of \$477,160. At June 30, 2018, the City reported deferred outflow of resources and deferred inflows of resources related to the Plan from the following:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 1,013,523
Changes in assumptions	330,663	-
Net differences between projected and actual earnings on pension plan investments	-	29,813
Total	\$ <u>330,663</u>	\$ <u>1,043,336</u>

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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

Year ended June 30:		
2019	\$	(5,036)
2020		(125,678)
2021		(468,085)
2022		(113,874)

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

Asset Class	Minimum	Maximum	Target Allocation
Equities	45%	70%	65%
Fixed income	30	50	30
Cash	1	5	2
Other	0	5	5

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

**Rate of Return** - For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**Plan Description and Provisions** - The City of Ferguson Retiree Healthcare Plan (the “OPEB Plan”) is a single-employer other post-employment plan that provides its retirees with access to healthcare (medical and dental). The retiree must pay the full premium of such coverage, but the employer is responsible for any implicit subsidy arising from actual claims being higher than premium amounts. Employees become eligible for other post-employment benefits on the first day of the month following their retirement or disability. The OPEB Plan does not issue a separate stand-alone financial report. Benefits under the OPEB Plan are established by ordinance and may be changed by the passage of an ordinance. The City funds these benefits on a pay as you go basis. Since other post-employment benefits are merely an implicit subsidy and not a direct expenditure of the City, funds used to pay for these benefits are paid out of any fund that incurs health insurance benefit costs. The most significant cost is out of the General Fund.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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At June 30, 2018, the date of the last actuarial valuation, the OPEB Plan covered the following number of participants:

Active with coverage	108
Retired	<u>5</u>
Total OPEB Plan Participants	<u>113</u>

Valuations are performed using the Entry Age Normal Actuarial Cost Method with a 30-year amortization. Under the Entry Age Normal Cost method, the projected benefits of each active participant are allocated on a level basis over the earnings of the individual over the participant's period of performance.

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Rate	RP2000 Mortality Tables, with Blue Collar adjustments, projected to 2020 using scale BB
Healthcare Inflation Rate	6% initially, grading down to 4.25% ultimate
Payroll Increases	3%, including inflation at 2.50%

**Discount Rate** - The discount rate used to measure the total OPEB liability was 3.62%. There is no prefunding of benefits in an OPEB trust for this plan, therefore the discount rate is equal to the yield on a 20-year municipal bond Aa index as of June 30, 2018.

**Net OPEB Liability**

The City's net OPEB liability as of June 30, 2018 is reported in accordance with GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires the net liability for postemployment benefits other than pension to be reported in the financial statements. Net position as of July 1, 2017 has been restated for the implementation of GASB Statement No. 75. The City's annual other post-employment benefit costs in accordance with GASB statement No. 75 as of June 30, 2018 is as follows:

	<u>2018</u>
OPEB liability at beginning of year	\$ 238,507
Service cost	10,033
Interest cost	8,573
Benefit payments, including implicit subsidy	<u>(23,647)</u>
Total OPEB liability at end of year	<u>\$ 233,466</u>

As of June 30, 2018, the most recent actuarial valuation available, the City does not fund the plan. The fiduciary net position at June 30, 2018 was \$-0-.

**CITY OF FERGUSON, MISSOURI**

Notes to Financial Statements (continued)

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**Sensitivity of the Net OPEB Liability**

**Discount Rate Sensitivity** – The following presents the net OPEB liability of the City, calculated using the discount rate of 3.62%, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.62%) or 1 percentage-point higher (4.62%) than the current rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
City’s net OPEB liability	\$ 246,811	\$ 233,466	\$ 220,754

**Healthcare Trend Rate Sensitivity** – The following presents the net OPEB liability of the City, calculated using the healthcare trend rate of from 6% to an ultimate rate of 4.25%, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.25%) or 1 percentage-point higher (5.25%) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
City’s net OPEB liability	\$ 215,888	\$ 233,466	\$ 253,834

**Other Post Employment Benefit Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense of \$18,606. At June 30, 2018, the City reported no deferred outflows or deferred inflows of resources related to the OPEB Plan. Therefore, no deferred inflows or outflows of resources will be reflected in the future year’s OPEB expense.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as RSI following the notes to the financial statements.

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

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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#### **11. RISK MANAGEMENT**

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

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

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

#### **12. COMMITMENTS AND CONTINGENCIES**

A. **Grants** - The City receives financial assistance from numerous federal, state, and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund types. However, in the opinion of management, any such disallowed claims would not have a material effect on the financial statements of the City at June 30, 2018.

B. **Litigation** - The City is the defendant in a class-action lawsuit where plaintiffs assert that the City unlawfully collected certain fees from plaintiffs. Plaintiffs have estimated the number of class members at between 8,000 and 10,000. However, to date, no "opt-in/opt-out" notice has been sent to potential class members. Therefore, the accuracy of this estimate is subject to validation and, accordingly, a reliable quantification of potential liability is not possible. The City has and will continue to vigorously defend the matter. Regarding this class-action suit, the insurance carrier has engaged counsel to defend it and the City. However, in a declaratory judgment action against the City, the carrier asserts it has no duty to defend or indemnify the City. The City will continue to vigorously defend this declaratory judgment action against the insurance company and believes it is more likely than not that it will be successful in doing so.

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

## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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- C. **Commitments** - The City has several surface transportation projects in various stages of completion at June 30, 2018. The incomplete aggregate value of these contracts is approximately \$2,553,800.
  
- D. **Other Contingencies** - The City has entered into a consent decree (The Decree) agreement with the Civil Rights Division of the Department of Justice. The Decree requires the City over the next three years to implement various changes to the City's policing and court operations that will be subject to review by an oversight entity. The cost of implementing these changes will most likely be between \$400,000 and \$600,000 annually and will negatively impact the City's financial position for the foreseeable future. In all likelihood, the City will be subject to this agreement and incur the cost for seven to ten years.

### 13. CONDUIT DEBT OBLIGATIONS

On June 16, 2015, the City issued Taxable Industrial Revenue Bonds Series 2015 totaling \$19,000,000 to provide financial assistance to a private-sector entity for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate principal maturities of outstanding bonds at June 30, 2018 were \$19,000,000.

### 14. TAX ABATEMENTS

As of June 30, 2018, the City provides tax abatements through two programs - the Chapter 353 Tax Abatement Program, Missouri Revised Statutes and the Industrial Development Financing under Chapter 100, Missouri Revised Statutes.

Chapter 353 tax abatement is an incentive to encourage the redevelopment of blighted areas by providing real property tax abatement. These abatements are under the authority of Chapter 353 of the Revised Statutes of Missouri (the "Urban Redevelopment Corporation Law"). To be eligible for tax abatement, either the City or a private entity must form an Urban Redevelopment Corporation organized for the purpose of clearance, re-planning, reconstruction, or rehabilitation of blighted areas. Tax abatement is only extended to real property that has been found to be a "blighted area" by the City. Under Chapter 353, the City may grant tax abatements up to 100% of annual property taxes for the first 10 years for the increased assessed value over the base land value and up to 50% of annual property taxes for the next 15 years for a maximum 25-year abatement. The length of time abatements are permitted and the amount of abatement allowed is outlined within the guidelines developed for each area or project designated. For the year ended June 30, 2018, the City abated property taxes of 50 percent totaling \$6,154 under this program.



## CITY OF FERGUSON, MISSOURI

### Notes to Financial Statements (continued)

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Industrial Development Financing under Chapter 100 of the Revised Statutes of Missouri authorize municipalities to issue revenue bonds to finance industrial development projects. Under this type of financing, the company passes title in the real or personal property involved to the City pursuant to a lease-purchase agreement. Because title to the property is held in the name of the City during the lease term, the property acquired with the bond proceeds is tax exempt, which effectively results in tax abatement for the company. For the year ended June 30, 2018, the City abated real estate and personal property taxes totaling \$69,516 under this program.

#### **15. OPERATING LEASE – LEASOR**

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

#### **16. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 7, 2018, the date the financial statements were available to be issued.

#### **17. DEFICIT FUND BALANCE**

The Special Business District Fund had a deficit fund balance of \$6,260 as of June 30, 2018. The deficit is the result of expenditures exceeding revenue in a preceding year.

#### **18. RECENT ACCOUNTING PRONOUNCEMENTS**

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

This report does not incorporate GASB Statement No. 83, *Certain Asset Retirement Obligations*, and GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 87, *Leases*, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 90, *Minority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The City will adopt and implement these statements at the required time.

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**Required Supplementary Information**

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**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 9,474,200	\$ 9,659,000	\$ 9,878,687	\$ 219,687
Intergovernmental	1,068,800	1,079,900	1,214,961	135,061
Licenses and permits	956,300	769,400	763,819	(5,581)
Charges for service	261,400	249,700	257,818	8,118
Fines and forfeitures	251,900	292,200	338,154	45,954
Investment income	30,100	20,100	37,907	17,807
Other income	108,000	53,700	26,387	(27,313)
TOTAL REVENUES	<u>12,150,700</u>	<u>12,124,000</u>	<u>12,517,733</u>	<u>393,733</u>
<b>EXPENDITURES</b>				
Current:				
General government				
City council and clerk	139,100	142,700	137,539	5,161
City manager's office	242,700	234,100	216,686	17,414
Human resources	119,100	139,600	110,815	28,785
City-wide expenditures	1,126,500	1,227,800	1,148,129	79,671
Municipal building	294,100	332,400	321,850	10,550
Information technology	168,700	168,800	166,155	2,645
Finance	486,800	521,700	472,818	48,882
Public safety				
Municipal court	225,000	210,000	208,928	1,072
Code enforcement	416,300	371,200	358,083	13,117
Police	4,866,700	4,578,800	4,577,924	876
Fire	2,636,900	2,648,500	2,624,880	23,620
Highways and streets				
Streets	897,400	874,100	838,644	35,456
Municipal garage	684,400	729,800	680,162	49,638
Public works administration	153,200	161,100	152,510	8,590
Community development	140,100	127,100	125,324	1,776
Culture and recreation	466,300	449,700	426,218	23,482
Capital outlays	63,000	80,500	77,689	2,811
TOTAL EXPENDITURES	<u>13,126,300</u>	<u>12,997,900</u>	<u>12,644,354</u>	<u>353,546</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(975,600)</u>	<u>(873,900)</u>	<u>(126,621)</u>	<u>747,279</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>1,024,000</u>	<u>851,000</u>	<u>964,851</u>	<u>113,851</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 48,400</u>	<u>\$ (22,900)</u>	<u>838,230</u>	<u>\$ 861,130</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>3,782,186</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 4,620,416</u>	

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - PARKS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 1,420,500	\$ 1,615,500	\$ 1,572,842	\$ (42,658)
Intergovernmental	589,000	426,385	262,002	(164,383)
Charges for service	341,200	379,100	377,433	(1,667)
Investment income	3,200	15,100	34,961	19,861
Other income	3,000	100	-	(100)
TOTAL REVENUES	<u>2,356,900</u>	<u>2,436,185</u>	<u>2,247,238</u>	<u>(188,947)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	1,098,300	987,400	909,392	78,008
Capital outlays	786,100	556,300	474,483	81,817
TOTAL EXPENDITURES	<u>1,884,400</u>	<u>1,543,700</u>	<u>1,383,875</u>	<u>159,825</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>472,500</u>	<u>892,485</u>	<u>863,363</u>	<u>(29,122)</u>
<b>OTHER FINANCING USES</b>				
Transfers	(427,000)	(853,400)	(809,590)	43,810
Insurance proceeds	-	-	45,000	45,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(427,000)</u>	<u>(853,400)</u>	<u>(764,590)</u>	<u>88,810</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 45,500</u>	<u>\$ 39,085</u>	98,773	<u>\$ 59,688</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>787,918</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 886,691</u>	

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET),**  
**INVESTMENT RETURNS, AND RELATED RATIOS**  
**JUNE 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Total Pension Liability</u></b>					
Service cost	\$ 478,580	\$ 445,882	\$ 500,687	\$ 525,226	\$ 491,664
Interest	1,816,236	1,751,269	1,744,263	1,688,615	1,648,590
Changes in benefit terms	-	64,214	-	-	-
Difference between expected and actual experience	108,417	(776,858)	(734,177)	(429,228)	-
Changes in assumptions	-	-	578,658	-	-
Benefit payments, including refunds	<u>(1,496,728)</u>	<u>(1,448,216)</u>	<u>(1,322,238)</u>	<u>(1,262,471)</u>	<u>(1,161,198)</u>
Net change in total pension liability	906,505	36,291	767,193	522,142	979,056
Total pension liability - beginning of year	24,364,323	24,328,032	23,560,839	23,038,697	22,059,641
Total pension liability - end of year	<u>\$25,270,828</u>	<u>\$24,364,323</u>	<u>\$24,328,032</u>	<u>\$23,560,839</u>	<u>\$23,038,697</u>
<b><u>Plan Fiduciary Net Position</u></b>					
Contributions - employer	\$ 363,471	\$ 398,610	\$ 547,500	\$ 535,336	\$ 524,100
Net investment income	2,201,221	2,769,457	148,466	1,220,472	3,797,967
Benefit payments, including refunds	(1,496,728)	(1,448,216)	(1,322,238)	(1,262,471)	(1,161,198)
Administrative expenses	<u>(90,143)</u>	<u>(83,462)</u>	<u>(84,728)</u>	<u>(83,145)</u>	<u>(71,848)</u>
Net change in plan fiduciary net position	977,821	1,636,389	(711,000)	410,192	3,089,021
Plan fiduciary net position - beginning of year	25,837,448	24,201,059	24,912,059	24,501,867	21,412,846
Plan fiduciary net position - end of year	<u>\$26,815,269</u>	<u>\$25,837,448</u>	<u>\$24,201,059</u>	<u>\$24,912,059</u>	<u>\$24,501,867</u>
Net pension liability (asset) - end of year	<u>\$ (1,544,441)</u>	<u>\$ (1,473,125)</u>	<u>\$ 126,973</u>	<u>\$ (1,351,220)</u>	<u>\$ (1,463,170)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>106.1%</u>	<u>106.0%</u>	<u>99.5%</u>	<u>105.7%</u>	<u>106.4%</u>
Covered payroll	<u>\$ 5,446,759</u>	<u>\$ 5,780,648</u>	<u>\$ 6,687,115</u>	<u>\$ 7,111,497</u>	<u>\$ 6,846,641</u>
Net pension liability as a percentage of covered payroll	<u>-28.4%</u>	<u>-25.5%</u>	<u>1.9%</u>	<u>-19.0%</u>	<u>-21.4%</u>
Annual money-weighted rate of return, net of investment expense	8.7%	11.7%	0.6%	5.0%	17.9%

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

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

Year Ended June 30,	Actuarially Determined Contribution	Employer Actual Contribution	Percentage Contributed	Covered Payroll	Contribution As A Percentage Of Covered Payroll
2009	\$ 35,496	\$ 35,496	100 %	\$ 5,936,682	0.60 %
2010	107,526	107,526	100	5,978,512	1.80
2011	317,969	317,969	100	5,997,883	5.30
2012	480,448	480,448	100	6,187,888	7.76
2013	489,851	489,851	100	6,517,439	7.52
2014	524,100	524,100	100	6,846,641	7.65
2015	535,336	535,336	100	7,111,497	7.53
2016	547,500	547,500	100	6,687,115	8.19
2017	398,610	398,610	100	5,780,648	6.90
2018	363,471	363,471	100	5,446,759	6.67

**Notes to Schedule**

Valuation Date: July 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	level percentage of payroll, open
Remaining amortization period	10 years
Asset valuation method	5 year smoothed market
Inflation	3.25%
Salary increases	3.25% to 6.75%, based on service
Investment return	7.5%, net of investment expense and including inflation
Retirement age	60 years of age and 8 years of credited service
Mortality	Unreduced benefit if age and service are greater than 82 1/2 Retired Pensioners (RP) 2000 Mortality Tables, with Blue Collar adjustments, projected to 2020 using scale BB.

***CITY OF FERGUSON, MISSOURI***  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY**  
**AND RELATED RATIOS AS OF JUNE 30**

	2018
<u>Total Other Post-Employment Benefit Liability</u>	
Service cost	\$ 10,033
Interest	8,573
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(23,647)
Net change in total Other Post-Employment Benefit Liability	(5,041)
Total Other Post-Employment Benefit Liability - beginning of year	238,507
Total Other Post-Employment Benefit Liability - end of year	\$ 233,466
 <u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ 23,647
Net investment income	-
Estimated benefit payments, including implicit subsidy	(23,647)
Administrative expenses	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning of year	-
Plan fiduciary net position - end of year	\$ -
 Net Other Post-Employment Benefit Liability - end of year	 \$ 233,466
 Plan fiduciary net position as a percentage of total Other Post-Employment Benefit Liability	 0.0%
 Covered payroll	 \$ 5,955,692
 Other Post-Employment Benefit Liability as a percentage of covered payroll	 3.9%

Note: The above information is not available for years prior to the implementation of GASB 75. Also, there are no assets in a trust compliant with GASB codification P22.101 or P52.101.

**CITY OF FERGUSON, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFITS**

<u>Year Ended</u> <u>June 30,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Employer</u> <u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution As</u> <u>A Percentage Of</u> <u>Covered Payroll</u>
2010	\$ 16,088	\$ 16,088	\$ -	\$ 5,978,512	0.3 %
2011	17,484	17,484	-	5,997,883	0.3
2012	19,500	19,500	-	6,187,888	0.3
2013	29,046	29,046	-	6,517,439	0.4
2014	24,578	24,578	-	6,846,641	0.4
2015	26,055	26,055	-	6,354,085	0.4
2016	20,794	20,794	-	6,687,115	0.3
2017	26,156	26,156	-	5,780,648	0.5
2018	23,647	23,647	-	5,955,692	0.4

**Notes to Schedule**

Valuation Date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Inflation	2.50%
Healthcare Trend	6.00% initially, grading down to 4.25% ultimate
Salary increases	3.00%, including inflation
Discount rate	3.62%
Retirement age	60 with 8 years of service
Mortality	Retired Pensioners (RP) 2000 Mortality Tables, with Blue Collar adjustments, projected to 2020 using scale BB.

Other information: There were no benefit changes during the year.



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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**Other Supplementary Information**

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**CITY OF FERGUSON, MISSOURI**  
**COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	Special Revenue Funds				Capital Project Fund	Debt Service Funds		Total Non-major Governmental Funds
	Special Business District	Sewer Lateral	Economic Development Fund	Downtown TIF Redevelopment	North Park Redevelopment TIF	Certificates of Participation Bonds	General Obligation Bonds	
<b>ASSETS</b>								
Cash and investments	\$ 1,500	\$ 970,983	\$ -	\$ -	\$ -	\$ -	\$ 978,477	\$ 1,950,960
Taxes receivable:								
Sales	-	-	221,599	90,231	-	-	-	311,830
Property	-	8,925	-	21,041	-	-	133,944	163,910
Due from other funds	148,712	212,724	1,214,325	894,786	610	560,665	-	3,031,822
<b>TOTAL ASSETS</b>	<b>\$ 150,212</b>	<b>\$ 1,192,632</b>	<b>\$ 1,435,924</b>	<b>\$ 1,006,058</b>	<b>\$ 610</b>	<b>\$ 560,665</b>	<b>\$ 1,112,421</b>	<b>\$ 5,458,522</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 360	\$ 3,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,530
Due to other funds	156,112	-	576,529	732,710	-	538,051	94,227	2,097,629
<b>TOTAL LIABILITIES</b>	<b>156,472</b>	<b>3,170</b>	<b>576,529</b>	<b>732,710</b>	<b>-</b>	<b>538,051</b>	<b>94,227</b>	<b>2,101,159</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue:								
Property taxes	-	-	-	18,704	-	-	114,672	133,376
<b>FUND BALANCES:</b>								
Restricted for:								
Debt service	-	-	-	-	-	22,614	903,522	926,136
Capital project	-	-	-	-	610	-	-	610
Economic development	-	-	859,395	-	-	-	-	859,395
Downtown TIF	-	-	-	254,644	-	-	-	254,644
Sewer Lateral	-	1,189,462	-	-	-	-	-	1,189,462
Unrestricted:								
Unassigned	(6,260)	-	-	-	-	-	-	(6,260)
<b>TOTAL FUND BALANCES</b>	<b>(6,260)</b>	<b>1,189,462</b>	<b>859,395</b>	<b>254,644</b>	<b>610</b>	<b>22,614</b>	<b>903,522</b>	<b>3,223,987</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 150,212</b>	<b>\$ 1,192,632</b>	<b>\$ 1,435,924</b>	<b>\$ 1,006,058</b>	<b>\$ 610</b>	<b>\$ 560,665</b>	<b>\$ 1,112,421</b>	<b>\$ 5,458,522</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, 2018**

	Special Revenue Funds				Capital Project Fund	Debt Service Funds		Total Non-major Governmental Funds
	Special Business District	Sewer Lateral	Economic Development Fund	Downtown TIF Redevelopment	North Park Redevelopment TIF	Certificates of Participation Bonds	General Obligation Bonds	
<b>REVENUES</b>								
Taxes	\$ -	\$ 190,973	\$ 1,225,813	\$ 643,618	\$ 19	\$ -	\$ 662,147	\$ 2,722,570
Licenses and permits	19,569	-	-	-	-	-	-	19,569
Investment income	-	319	330	38	9	-	456	1,152
Other income	21,735	-	-	-	-	-	-	21,735
<b>TOTAL REVENUES</b>	<u>41,304</u>	<u>191,292</u>	<u>1,226,143</u>	<u>643,656</u>	<u>28</u>	<u>-</u>	<u>662,603</u>	<u>2,765,026</u>
<b>EXPENDITURES</b>								
Current:								
Community development	120,150	140,385	77,511	21,514	-	-	-	359,560
Debt services:								
Principal, interest and fiscal charges	-	-	-	-	-	827,490	523,987	1,351,477
<b>TOTAL EXPENDITURES</b>	<u>120,150</u>	<u>140,385</u>	<u>77,511</u>	<u>21,514</u>	<u>-</u>	<u>827,490</u>	<u>523,987</u>	<u>1,711,037</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(78,846)	50,907	1,148,632	622,142	28	(827,490)	138,616	1,053,989
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers	78,848	(22,000)	(496,500)	(535,713)	-	827,490	-	(147,875)
<b>CHANGE IN FUND BALANCE</b>	2	28,907	652,132	86,429	28	-	138,616	906,114
<b>FUND BALANCES - BEGINNING OF YEAR</b>	(6,262)	1,160,555	207,263	168,215	582	22,614	764,906	2,317,873
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (6,260)</u>	<u>\$ 1,189,462</u>	<u>\$ 859,395</u>	<u>\$ 254,644</u>	<u>\$ 610</u>	<u>\$ 22,614</u>	<u>\$ 903,522</u>	<u>\$ 3,223,987</u>

**CITY OF FERGUSON, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENTS SALES TAX CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 1,399,800	\$ 1,563,000	\$ 1,490,696	\$ (72,304)
Intergovernmental	3,138,000	1,466,260	1,611,400	145,140
Investment income	1,300	1,700	2,776	1,076
Other income	-	75,000	-	(75,000)
TOTAL REVENUES	<u>4,539,100</u>	<u>3,105,960</u>	<u>3,104,872</u>	<u>(1,088)</u>
<b>EXPENDITURES</b>				
Capital outlay	5,086,000	3,227,900	3,083,155	144,745
Debt service:				
Principal, interest and fiscal charges	658,500	658,500	658,171	329
TOTAL EXPENDITURES	<u>5,744,500</u>	<u>3,886,400</u>	<u>3,741,326</u>	<u>145,074</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(1,205,400)</u>	<u>(780,440)</u>	<u>(636,454)</u>	<u>143,986</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers	434,000	111,600	(7,386)	(118,986)
Insurance proceeds	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>434,000</u>	<u>111,600</u>	<u>(7,386)</u>	<u>(118,986)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (771,400)</u>	<u>\$ (668,840)</u>	(643,840)	<u>\$ 25,000</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>1,650,659</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 1,006,819</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, 2018

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Licenses and permits	\$ 20,700	\$ 26,000	\$ 19,569	\$ (6,431)
Other income	17,300	19,500	21,735	2,235
<b>TOTAL REVENUES</b>	<u>38,000</u>	<u>45,500</u>	<u>41,304</u>	<u>(4,196)</u>
<b>EXPENDITURES</b>				
Community development	110,100	121,000	120,150	850
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(72,100)	(75,500)	(78,846)	(3,346)
<b>OTHER FINANCING SOURCES</b>				
Transfers	75,000	61,760	78,848	17,088
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 2,900</u>	<u>\$ (13,740)</u>	2	<u>\$ 13,742</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			(6,262)	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ (6,260)</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, 2018

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 179,900	\$ 190,900	\$ 190,973	\$ 73
Investment income	16,200	1,100	319	(781)
<b>TOTAL REVENUES</b>	<u>196,100</u>	<u>192,000</u>	<u>191,292</u>	<u>(708)</u>
<b>EXPENDITURES</b>				
Community development	<u>140,000</u>	<u>141,000</u>	<u>140,385</u>	<u>615</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	56,100	51,000	50,907	(1,323)
<b>OTHER FINANCING USES</b>				
Transfers	<u>(21,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 35,100</u>	<u>\$ 29,000</u>	28,907	<u>\$ (1,323)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>1,160,555</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 1,189,462</u>	

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 ECONOMIC DEVELOPMENT SALES TAX SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 1,094,000	\$ 1,109,100	\$ 1,225,813	\$ 116,713
Investment income	-	-	330	330
<b>TOTAL REVENUES</b>	<u>1,094,000</u>	<u>1,109,100</u>	<u>1,226,143</u>	<u>117,043</u>
<b>EXPENDITURES</b>				
Community development	<u>120,000</u>	<u>78,000</u>	<u>77,511</u>	<u>489</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	974,000	1,031,100	1,148,632	116,554
<b>OTHER FINANCING USES</b>				
Transfers	<u>(893,000)</u>	<u>(497,000)</u>	<u>(496,500)</u>	<u>500</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ 81,000</u>	<u>\$ 534,100</u>	652,132	<u>\$ 117,054</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>207,263</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 859,395</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, 2018

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 481,400	\$ 685,800	\$ 643,618	\$ (42,182)
Investment income	-	-	38	38
<b>TOTAL REVENUES</b>	<u>481,400</u>	<u>685,800</u>	<u>643,656</u>	<u>(42,144)</u>
<b>EXPENDITURES</b>				
Community development	<u>35,200</u>	<u>35,200</u>	<u>21,514</u>	<u>13,686</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	446,200	650,600	622,142	(55,830)
<b>OTHER FINANCING USES</b>				
Transfers	<u>(545,000)</u>	<u>(530,760)</u>	<u>(535,713)</u>	<u>(4,953)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (98,800)</u>	<u>\$ 119,840</u>	86,429	<u>\$ (60,783)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>168,215</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 254,644</u>	

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 CERTIFICATES OF PARTICIPATION DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Debt service:				
Principal, interest and fiscal charges	828,600	831,400	827,490	3,910
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(828,600)	(831,400)	(827,490)	3,910
<b>OTHER FINANCING SOURCES</b>				
Transfers	825,500	826,800	827,490	690
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (3,100)</u>	<u>\$ (4,600)</u>	-	<u>\$ 4,600</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			22,614	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 22,614</u>	

**CITY OF FERGUSON, MISSOURI**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 529,700	\$ 615,000	\$ 662,147	\$ 47,147
Investment income	300	400	456	56
<b>TOTAL REVENUES</b>	<u>530,000</u>	<u>615,400</u>	<u>662,603</u>	<u>47,203</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal, interest and fiscal charges	524,800	524,800	523,987	813
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 5,200</u>	<u>\$ 90,600</u>	138,616	<u>\$ 46,390</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>764,906</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 903,522</u>	

**CITY OF FERGUSON, MISSOURI**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	BALANCE JULY 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
<b>ASSETS</b>				
Cash	\$ 11,321	\$ 20,684	\$ 10,441	\$ 21,564
<b>LIABILITIES</b>				
Accounts Payable	\$ 11,321	\$ 80,563	\$ 70,320	\$ 21,564

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**Statistical Section**

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## 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 sources.

### **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 this section is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF FERGUSON, MISSOURI**  
**NET POSITION**  
**LAST TEN FISCAL YEARS**

	<u>2018 (1)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:										
Net investment in capital										
assets	\$ 20,933,233	\$ 19,131,652	\$ 17,532,442	\$ 17,034,039	\$ 12,890,682	\$ 10,525,807	\$ 7,962,476	\$ 9,019,903	\$ 10,171,824	\$ 9,961,395
Restricted	5,164,498	4,627,013	4,487,602	5,889,626	5,560,201	7,376,914	9,566,443	6,629,112	4,167,465	4,429,985
Unrestricted	<u>5,148,345</u>	<u>4,780,861</u>	<u>4,534,529</u>	<u>6,653,065</u>	<u>11,712,807</u>	<u>10,558,847</u>	<u>8,830,630</u>	<u>8,445,015</u>	<u>8,335,627</u>	<u>6,774,385</u>
Total governmental										
activities net position	<u>\$ 31,246,076</u>	<u>\$ 28,539,526</u>	<u>\$ 26,554,573</u>	<u>\$ 29,576,730</u>	<u>\$ 30,163,690</u>	<u>\$ 28,461,568</u>	<u>\$ 26,359,549</u>	<u>\$ 24,094,030</u>	<u>\$ 22,674,916</u>	<u>\$ 21,165,765</u>

(1) In fiscal year 2018, a prior period adjustment was made which decreased the net position by \$155,972.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>EXPENSES</b>										
Administrative	\$ 3,189,143	\$ 2,584,627	\$ 2,499,916	\$ 2,464,983	\$ 1,958,240	\$ 1,657,963	\$ 1,490,297	\$ 1,447,325	\$ 1,696,105	\$ 1,644,938
Police department	8,685,010	8,030,996	9,338,056	9,733,218	9,209,729	8,454,328	8,068,845	7,956,853	7,397,481	7,786,030
Highway and streets	3,087,702	2,398,632	2,965,678	3,109,989	3,057,233	3,472,835	2,783,537	3,238,956	2,838,959	3,071,497
Community development	489,319	533,199	833,146	556,838	921,645	1,032,783	539,542	575,041	679,624	408,792
Culture and recreation	1,897,060	1,870,978	1,887,419	1,848,805	1,663,656	1,669,835	1,604,340	1,436,866	1,452,228	1,546,383
Interest and fiscal charges	472,328	514,614	587,505	638,257	946,140	795,834	679,492	587,564	664,269	717,508
Total governmental activities expenses	17,820,562	15,933,046	18,111,720	18,352,090	17,756,643	17,083,578	15,166,053	15,242,605	14,728,666	15,175,148
<b>PROGRAM REVENUE</b>										
Charges for services:										
General government	729,298	724,452	410,456	819,487	905,815	772,859	617,251	667,595	531,126	488,950
Public safety	381,972	342,372	647,273	1,105,232	2,148,944	2,619,331	2,339,013	1,653,964	1,601,767	1,535,853
Highway and streets	264,290	290,717	347,849	477,016	336,230	231,883	507,977	288,168	265,522	274,229
Community development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	377,433	442,057	338,258	356,342	324,954	310,937	362,054	361,689	324,800	334,099
Operating grants	68,014	40,232	36,362	47,023	152,707	170,831	195,787	-	-	-
Capital grants	3,020,349	2,446,058	2,018,451	1,388,140	2,665,152	1,800,834	303,202	860,404	399,529	273,961
Total governmental activities program revenue	4,841,356	4,285,888	3,798,649	4,193,240	6,533,802	5,906,675	4,325,284	3,831,820	3,122,744	2,907,092
<b>NET EXPENSES</b>	(12,979,206)	(11,647,158)	(14,313,071)	(14,158,850)	(11,222,841)	(11,176,903)	(10,840,769)	(11,410,785)	(11,605,922)	(12,268,056)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes:										
Sales	9,749,612	8,399,501	6,457,803	6,507,636	6,657,826	7,483,584	6,583,419	6,441,170	7,730,561	8,292,648
Utility	3,080,174	2,732,867	2,213,738	2,406,507	2,459,500	2,453,095	2,349,542	2,783,666	2,643,673	2,416,369
Property	2,842,024	2,438,120	2,346,301	2,912,473	3,327,974	3,421,789	2,837,325	1,983,472	2,057,148	2,277,332
Other	-	-	-	-	55,024	57,851	1,047,469	1,129,883	65,569	77,778
Investment income	76,796	6,962	170,645	172,514	227,521	(66,290)	245,779	140,273	113,766	248,331
Other miscellaneous revenue	93,122	54,661	102,427	109,587	197,118	124,487	42,757	121,109	443,902	131,401
Total governmental activities	15,841,728	13,632,111	11,290,914	12,108,717	12,924,963	13,474,516	13,106,291	12,599,573	13,054,619	13,443,859
<b>CHANGES IN NET POSITION</b>	\$ 2,862,522	\$ 1,984,953	\$ (3,022,157)	\$ (2,050,133)	\$ 1,702,122	\$ 2,297,613	\$ 2,265,522	\$ 1,188,788	\$ 1,448,697	\$ 1,175,803



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

	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009
<b>General Fund:</b>										
Nonspendable	\$ 290,068	\$ 404,855	\$ 386,491	\$ 113,016	\$ 290,999	\$ 191,348	\$ 232,408	\$ 424,799	\$ -	\$ -
Assigned	-	-	-	-	-	-	105,200	-	-	-
Reserved	-	-	-	-	-	-	-	-	397,477	6,800
Unreserved	-	-	-	-	-	-	-	-	8,092,009	7,760,429
Unassigned	4,330,348	3,377,331	3,206,711	5,778,621	7,907,704	10,308,718	9,324,324	8,445,015	-	-
Total general fund	<u>\$ 4,620,416</u>	<u>\$ 3,782,186</u>	<u>\$ 3,593,202</u>	<u>\$ 5,891,637</u>	<u>\$ 8,198,703</u>	<u>\$ 10,500,066</u>	<u>\$ 9,661,932</u>	<u>\$ 8,869,814</u>	<u>\$ 8,489,486</u>	<u>\$ 7,767,229</u>
<b>All Other Governmental Funds:</b>										
Nonspendable	\$ 68,834	\$ 40,385	\$ 13,758	\$ 108,624	\$ 1,148	\$ -	\$ -	\$ 57,009	\$ -	\$ -
Restricted	5,054,923	4,722,327	4,728,210	6,674,724	10,973,895	14,843,865	10,837,846	5,737,366	-	-
Assigned (2)	-	-	-	-	-	1,072	212,305	409,938	-	-
Reserved	-	-	-	-	-	-	-	-	390,192	298,387
Unreserved reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	2,112,554	3,023,519
Capital projects funds	-	-	-	-	-	-	-	-	3,943,137	3,879,649
Unassigned	(6,260)	(6,262)	-	(5,963)	(78)	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,117,497</u>	<u>\$ 4,756,450</u>	<u>\$ 4,741,968</u>	<u>\$ 6,777,385</u>	<u>\$ 10,974,965</u>	<u>\$ 14,844,937</u>	<u>\$ 11,050,151</u>	<u>\$ 6,204,313</u>	<u>\$ 6,445,883</u>	<u>\$ 7,201,555</u>

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

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

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Taxes (1)	\$ 15,664,795	\$ 13,559,457	\$ 10,984,200	\$ 11,787,058	\$ 13,506,530	\$ 13,349,317	\$ 12,728,871	\$ 12,457,272	\$ 12,482,833	\$ 12,882,051
Licenses and permits	783,388	811,919	827,835	900,632	739,497	679,240	730,581	681,085	646,245	673,892
Intergovernmental (1)	3,088,363	2,486,290	2,054,813	1,435,163	-	-	-	-	-	-
Charges for service	635,251	705,905	607,927	746,329	780,373	684,580	774,429	770,213	682,241	567,693
Fines and forfeitures	338,154	296,026	598,038	1,050,276	2,096,617	2,571,190	2,227,648	1,520,118	1,394,729	1,391,546
Investment income	76,796	6,962	170,645	172,514	227,521	(66,290)	245,779	140,273	113,766	248,331
Other income	48,122	21,629	37,598	58,273	1,846,096	2,045,489	542,463	1,096,053	763,131	405,862
<b>Total Revenues</b>	<u>20,634,869</u>	<u>17,888,188</u>	<u>15,281,056</u>	<u>16,150,245</u>	<u>19,196,634</u>	<u>19,263,526</u>	<u>17,249,771</u>	<u>16,665,014</u>	<u>16,082,945</u>	<u>16,169,375</u>
<b>Expenditures</b>										
General government	2,573,992	2,357,530	2,219,034	2,240,144	1,731,979	1,443,858	1,281,211	1,367,131	1,606,737	1,571,405
Public safety	7,769,815	7,186,097	8,275,249	9,028,104	8,561,370	8,066,962	7,756,871	7,640,050	7,172,379	7,511,656
Highways and streets	1,671,316	1,635,416	1,878,212	2,033,071	2,247,913	2,386,624	1,975,865	1,978,700	1,521,058	1,496,604
Community development	484,884	560,799	842,876	505,593	662,424	639,587	536,152	559,858	1,652,928	759,865
Culture and recreation	1,335,610	1,329,732	1,318,853	1,394,516	1,290,963	1,311,007	1,242,896	1,122,730	1,136,445	1,171,905
Capital outlay	3,635,327	2,544,368	2,234,082	6,276,447	8,068,753	7,453,234	4,196,885	2,334,697	1,217,476	4,225,507
Debt service:										
Issuance cost	-	-	-	-	-	102,473	155,534	-	-	-
Interest and fiscal charges	484,741	525,859	590,423	636,993	741,444	522,421	926,894	518,757	578,414	612,897
Principal	1,524,907	1,577,953	2,321,008	1,677,656	2,202,467	1,854,869	1,435,000	1,389,740	1,291,377	1,539,193
<b>Total Expenditures</b>	<u>19,480,592</u>	<u>17,717,754</u>	<u>19,679,737</u>	<u>23,792,524</u>	<u>25,507,313</u>	<u>23,781,035</u>	<u>19,507,308</u>	<u>16,911,663</u>	<u>16,176,814</u>	<u>18,889,032</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>1,154,277</u>	<u>170,434</u>	<u>(4,398,681)</u>	<u>(7,642,279)</u>	<u>(6,310,679)</u>	<u>(4,517,509)</u>	<u>(2,257,537)</u>	<u>(246,649)</u>	<u>(93,869)</u>	<u>(2,719,657)</u>
<b>Other Financing Sources (Uses)</b>										
Proceeds from issuance of debt	-	-	-	1,086,316	-	9,055,000	10,065,000	-	-	1,669,205
Insurance proceeds	45,000	7,699	64,829	51,314	132,757	50,663	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-	(2,280,400)	-	-	-
Premium (discount) on bond issue	-	-	-	-	-	44,764	110,895	-	-	-
Sales of capital assets	-	25,333	-	-	6,587	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>45,000</u>	<u>33,032</u>	<u>64,829</u>	<u>1,137,630</u>	<u>139,344</u>	<u>9,150,427</u>	<u>7,895,495</u>	<u>-</u>	<u>-</u>	<u>1,669,205</u>
<b>Net Change in Fund Balances</b>	<u>\$ 1,199,277</u>	<u>\$ 203,466</u>	<u>\$ (4,333,852)</u>	<u>\$ (6,504,649)</u>	<u>\$ (6,171,335)</u>	<u>\$ 4,632,918</u>	<u>\$ 5,637,958</u>	<u>\$ (246,649)</u>	<u>\$ (93,869)</u>	<u>\$ (1,050,452)</u>
Debt service as a percentage of noncapital expenditures	11.8%	13.7%	16.1%	12.7%	16.3%	13.7%	15.2%	12.7%	12.8%	16.5%

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

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

Fiscal Year	Real Property	Personal Property	Assessed Value	Total Direct Tax Rate	Estimated Actual Value
2009	\$ 198,084,849	\$ 44,814,332	\$ 242,899,181	\$ 0.648	\$ 1,053,739,213
2010	169,478,310	42,468,940	211,947,250	0.648	950,614,790
2011	169,400,220	35,806,960	205,207,180	0.648	911,715,925
2012	151,979,090	32,755,000	184,734,090	1.020	817,106,475
2013	152,097,950	33,584,140	185,682,090	1.356	820,046,200
2014	134,734,400	33,379,110	168,113,510	1.414	730,894,435
2015	135,374,200	35,128,880	170,503,080	1.367	765,548,050
2016	127,848,280	33,545,570	161,393,850	1.324	706,674,500
2017	138,570,019	34,569,126	173,139,145	1.324	758,102,113
2018	151,483,676	32,462,249	183,945,925	1.384	765,341,843

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

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

Source: St. Louis County Assessor

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

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

<u>Fiscal Year</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
City										
General	\$ 0.8120	\$ 0.8000	\$ 0.8000	\$ 0.8000	\$ 0.8000	\$ 0.8000	\$ 0.4500	\$ 0.4500	\$ 0.4500	\$ 0.4500
Parks	0.1950	0.2000	0.2000	0.2000	0.1980	0.1920	0.1900	0.2000	0.2000	0.2000
GOB	0.3770	0.3240	0.3240	0.3670	0.4160	0.3640	0.3800	-	-	-
Total	<u>1.3840</u>	<u>1.3240</u>	<u>1.3240</u>	<u>1.3670</u>	<u>1.4140</u>	<u>1.3560</u>	<u>1.0200</u>	<u>0.6500</u>	<u>0.6500</u>	<u>0.6500</u>
School District	5.4333	5.5400	5.5400	5.5400	5.0400	5.0400	5.0200	5.0200	5.0200	5.0300
County	0.4890	0.5150	0.5150	0.5230	0.5230	0.5230	0.5230	0.5200	0.5200	0.5600
State	0.0300	0.0300	0.0300	0.3000	0.0300	0.0300	0.3000	0.3000	0.3000	0.3000
Other	2.0867	2.1665	2.2297	1.9885	2.2361	1.9682	1.7174	1.6900	1.4400	1.3900
Total	<u>\$ 9.4230</u>	<u>\$ 9.5755</u>	<u>\$ 9.6387</u>	<u>\$ 9.7185</u>	<u>\$ 9.2431</u>	<u>\$ 8.9172</u>	<u>\$ 8.5804</u>	<u>\$ 8.1800</u>	<u>\$ 7.9300</u>	<u>\$ 7.9300</u>

Residential real property tax rates per \$100 assessed value  
Taxing district: 111AK  
Source: St. Louis County Assessor

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

<u>Property Taxpayer</u>	<u>Type of Business</u>	<u>2018</u>		<u>2009</u>	
		<u>Assessed Value</u>	<u>Percent of Total Assessment</u>	<u>Assessed Value</u>	<u>Percent of Total Assessment</u>
Emerson Electric	Manufacturing	\$ 13,019,260	7.1 %	\$ 12,351,000	6.4 %
Crossings at Halls Ferry LLC	Shopping Center	4,410,750	2.4	3,616,000	1.9
Walmart/Sam's Club	Retail Sales	3,675,100	2.0	4,224,000	2.2
A & O Investments	Real Estate Holding Co.	2,694,300	1.5		
Northwinds Apartments LLP	Apartment Rental	2,224,930	1.2	1,895,000	1.0
Walgreens	Retail Sales	1,683,060	0.9		
NCF LLC	Real Estate Holding Co.	1,555,330	0.8	1,851,000	0.8
Park Ridge Appts/Gannon Ptrship	Apartment Rental	1,276,800	0.7	1,691,000	0.9
MIMG XL VI Knolls LLC	Apartment Rental	1,095,260	0.6	-	-
Lipton Properties	Apartment Rental	1,083,000	0.6	19,691,000	10.2
US Bancorp-Allen Technologies	Equipment Leasing			2,130,000	1.1
Afshari Enterprises Inc.	Real Estate Holding Co.			1,935,000	1.0
Home Depot USA, Inc.	Retail Sales			1,824,000	0.9
Totals		<u>32,717,790</u>	<u>17.8 %</u>	<u>\$ 51,208,000</u>	<u>26.4 %</u>

Source: St. Louis County Assessor

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

Fiscal Year	Original Tax Levy	Current Tax Collections	Percent Collected As Current	Total Tax Collections	Total Collections As Percent of Levy
2009	\$ 1,208,931	\$ 1,083,238	89.6 %	\$ 1,186,971	98.2 %
2010	1,264,932	972,588	76.9	1,184,921	93.7
2011	1,226,175	970,929	79.2	1,203,638	98.2
2012	1,193,729	937,925	78.6	1,172,891	98.3
2013	1,190,246	960,575	80.7	1,165,416	97.9
2014	1,858,710	1,482,937	79.8	1,770,863	95.3
2015	1,733,657	1,345,991	77.6	1,693,298	97.7
2016	1,680,467	1,392,551	82.9	1,680,467	100.0
2017	1,613,246	1,285,718	79.7	1,511,504	93.7
2018	2,537,976	1,739,230	68.5	2,529,972	99.7

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

Source: St. Louis County Collector of Revenue

***CITY OF FERGUSON, MISSOURI***  
**SALES TAX RATES AND TAXABLE SALES**  
**LAST SIX FISCAL YEARS**

Fiscal Year	City Direct Rate	St. Louis County	State of Missouri	Direct and Overlapping	Sales Tax Revenues	Taxable Sales
2013	2.57 %	2.88 %	4.225 %	9.675 %	\$ 7,483,584	\$ 291,190,039
2014	2.57	2.88	4.225	9.675	6,657,826	\$ 259,059,377
2015	2.57	2.88	4.225	9.675	6,507,636	\$ 253,215,409
2016	2.57	2.88	4.225	9.675	6,457,803	\$ 251,276,381
2017	3.07	2.88	4.225	10.175	8,399,501	\$ 273,599,381
2018	3.07	2.88	4.225	10.175	9,749,612	\$ 317,576,938

Note: State Law prohibits the disclosure of specific taxpayer information.

Note: The City participates in the county-wide sales tax sharing pool, which is generally distributed based on population.

Note: The City's direct rate is made up of the following:

- General sales tax
- Capital improvements sales tax
- Parks and stormwater sales tax
- 1/4 Fire sales tax
- 1/4 Local sales tax
- Economic development sales tax effective October 2016
- Public Safety tax effective October 2017 (Prop P)

Note: Information prior to 2012 was not currently available.

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

Governmental Activities

Fiscal Year	Tax Increment Revenue Bonds (2)	Certificates of Participation (3)	Variable Rate Capital Improvement Bonds (4)	Capital Leases (5)	General Obligation Bonds (6)	Certificates of Participation 2013 (8)	Total Primary Government	Percentage of Personal Income (7)	Per Capita
2009	\$ 4,600	\$ 2,680	\$ 4,545	\$ 1,558	\$ -	\$ -	\$ 13,383	1.23 %	\$ 597
2010	4,000	2,535	4,225	1,331	-	-	12,091	1.45	540
2011	3,305	2,385	3,895	1,115	-	-	10,700	1.37	505
2012	2,545	2,065	3,550	893	7,670	-	16,723	2.11	789
2013	1,810	1,870	3,190	663	7,345	9,055	23,933	3.08	1,129
2014	1,015	1,675	2,820	480	7,010	8,730	21,730	2.74	1,029
2015	782	1,475	2,430	1,406	6,759	8,400	21,252	2.61	1,008
2016	-	1,275	2,025	1,210	6,446	7,985	18,941	2.21	899
2017	-	1,060	1,605	1,007	5,970	7,713	17,355	1.93	823
2018	-	855	1,170	872	5,610	7,316	15,823	1.84	763

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) On September 12, 1997 the City issued tax increment bonds for the Crossings at Halls Ferry Redevelopment Project. These bonds were refunded on March 1, 2005, when the City issued \$7,370,000 in TIF bonds to refund the prior bonds.
- (3) On October 3, 2002, the City issued certificates of participation of \$3,480,000 for the new aquatic facility known as the Splash at Wabash.
- (4) In September 2005, the City issued \$2,250,000 in variable rate capital improvement bonds. The purpose of the bonds is to finance the cost of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects. On September 1, 2006, the city issued an additional \$2,750,000.
- (5) Leases with various lessors for fire trucks and infrastructure improvements.
- (6) In September 2011, the City issued \$8,000,000 in general obligation bonds. The purpose of the bonds is to finance the cost of acquiring, constructing, and equipping a new firehouse.
- (7) See table entitled "Demographic and Economic Statistics" for personal income and population data.
- (8) On January 30, 2013, the City issued \$9,055,000 of certificates of participation bonds - Series 2013. The bonds were issued for the purpose of acquiring land and buildings for a new community center and the renovation of these buildings and for renovation and additions to the building currently housing the police department.
- (9) All amounts rounded to the nearest \$1,000, except for percent and per capita.



**CITY OF FERGUSON, MISSOURI**  
**SCHEDULE OF RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST 10 YEARS**

Fiscal Year	General Obligation Bonds	Amounts Available For Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property (1)	Per Capital (2)
2009	\$ -	\$ -	\$ -	- %	\$ -
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	7,670	250	7,420	-	-
2013	7,345	414	6,931	0.85	327
2014	7,010	601	6,409	0.88	304
2015	6,759	738	6,021	0.79	286
2016	6,446	751	5,695	0.81	270
2017	5,970	765	5,205	0.69	247
2018	5,610	904	4,706	0.61	227

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

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

***CITY OF FERGUSON, MISSOURI***  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT -**  
**GENERAL OBLIGATION BONDED DEBT**  
**JUNE 30, 2018**

Name Of Governmental Unit	Debt Outstanding (1)	Percentage Applicable to City of Ferguson (2)	Amount Applicable to City of Ferguson
<b>Direct:</b>			
Certificates of Participation	\$ 8,170,654	100.00%	\$ 8,170,654
Variable Rate Capital Improvement Bonds	1,169,950	100.00%	1,169,950
General Obligation Bonds	5,610,000	100.00%	5,610,000
Capital Leases	871,852	100.00%	871,852
<b>Total Direct Debt</b>	<b>\$ 15,822,456</b>		<b>\$ 15,822,456</b>
<b>Overlapping:</b>			
St. Louis County	561,468,717	0.83	4,660,190
Hazelwood School District	214,772,704	1.16	2,491,363
Riverview Gardens School	29,620,000	6.58	1,948,996
Jennings School District	13,230,000	6.74	891,702
Ferguson Reorganized School District	35,945,000	14.88	5,348,616
<b>Total Overlapping Debt</b>	<b>\$ 855,036,421</b>		<b>\$ 15,340,868</b>
<b>Total Direct And Overlapping Debt</b>			<b>\$ 31,163,324</b>

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

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

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

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

Net Assessed Value at July 1, 2018	<u>\$ 177,601,710</u>
Debt limit - 10% of assessed valuation*	\$ 17,760,171
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 5,610,000
Less assets in Debt Service Fund	<u>926,136</u>
Total Amount of Debt Applicable to Debt Limit	<u>4,683,864</u>
Legal debt margin	<u>\$ 13,076,307</u>

	Fiscal Year				
	2018	2017	2016	2015	2011
Debt limit	\$ 17,760,171	\$ 20,327,732	\$ 16,431,905	\$ 18,259,434	\$ 18,568,209
Total net debt applicable to limit	<u>4,683,864</u>	<u>5,318,531</u>	<u>5,485,454</u>	<u>5,932,440</u>	<u>6,940,905</u>
Legal debt margin	<u>\$ 13,076,307</u>	<u>\$ 15,009,201</u>	<u>\$ 10,946,451</u>	<u>\$ 12,326,994</u>	<u>\$ 11,627,304</u>
Total net debt applicable to the limit as a percentage of debt limit	26.4%	26.2%	33.4%	32.5%	37.4%

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

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

TIF Refunding and Improvement Bonds (1)

Fiscal Year	TIF Sales Tax	TIF Property Tax	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2009	\$ 540,790	\$ 412,512	\$ -	\$ 953,302	\$ 910,000	\$ 254,418	0.82 %
2010	377,216	495,670	4,053	868,833	600,000	214,115	1.07
2011	464,446	397,236	-	861,682	695,000	188,500	0.98
2012	487,813	386,350	-	874,163	760,000	159,150	0.95
2013	471,134	397,159	-	868,293	735,000	125,570	1.01
2014	490,268	449,361	-	939,629	795,000	91,383	1.06
2015 (2)	-	6,673	-	6,673	215,000	45,375	0.03
2016	-	-	-	-	800,000	20,000	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-

Note:

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

- (1) TIF Revenue Bonds debt service is paid backed by sales and property taxes collected in the Halls Ferry TIF district.  
(2) In 2015, the City collected enough tax revenue to pay all outstanding principal and interest.

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

Fiscal Year	Population	Personal Income <i>(thousands of dollars)</i>	Median Household Income	Unemployment Rate
2009	\$ 22,406	\$ 1,090,836	\$ 48,685	10.1 %
2010	22,406	832,719	37,165	9.2
2011	21,203	782,984	36,928	8.6
2012	21,203	790,808	37,297	8.2
2013	21,203	776,984	36,645	8.6
2014	21,111	792,021	37,517	6.9
2015	21,086	815,712	38,685	5.5
2016	21,059	856,259	40,660	4.6
2017	21,086	901,173	42,738	3.7
2018	20,728	861,704	41,572	3.1

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>2018 Fiscal Year</u>			<u>2009 Fiscal Year</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Ferguson-Florissant School District	1,780	1	8.4%	*	-	0.0%
St. Louis Community College	780	2	3.7%	*	-	0.0%
Emerson Electric	766	3	3.6%	675	1	5.6%
Walmart	286	4	1.4%	300	2	2.5%
Sam's Club	190	5	0.9%	170	4	1.4%
Home Depot	129	6	0.6%	154	5	1.3%
Negwar Materials	124	7	0.6%	120	6	1.0%
Shop N Save - 2 stores	96	8	0.5%	185	3	1.0%
Cracker Barrel	91	9	0.4%	120	7	1.0%
Schnucks	68	10	0.3%			
Walgreens - 3 stores				101	8	0.8%
McDonalds Restaurant				60	9	0.5%
McDonalds Restaurant				55	10	0.5%

\* Information was unavailable

Source: Business License database from Finance Department

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

<b>Function/Program</b>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government:										
Legislative Department:										
Elected Officials	7	7	7	7	7	7	7	7	7	7
City Clerk	1	1	1	1	1	1	1	1	1	1
Administration Department	4	3	2	2	3	3	2	2	2	2
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	1	1	1	1	2	2	2	2	2	2
Finance Department	3	3	3	3	4	4	4	3	4	4
Public Works Administration	2	2	2	2	2	2	2	2	1	-
Community Development:										
Planning and Development	4	4	4	4	1	1	2	1	1	1
Public Safety:										
Municipal Court	3	3	3	3	3	3	3	2	2	2
Police Department:										
Commissioned officers	54	54	54	54	54	54	55	45	51	51
Civilians	11	11	9	9	11	11	11	7	6	6
Fire Department	27	27	27	27	27	27	27	21	24	24
Code Enforcement	6	6	6	6	6	6	6	4	5	6
Highways and Streets:										
Municipal Services (Streets)	16	16	16	16	11	11	11	9	9	9
Municipal Garage	3	3	3	3	3	3	3	3	3	3
Parks and Recreation	4	4	4	4	5	5	5	9	9	10
Total	<u>147</u>	<u>146</u>	<u>143</u>	<u>143</u>	<u>141</u>	<u>141</u>	<u>142</u>	<u>119</u>	<u>128</u>	<u>129</u>

Source: City of Ferguson, Missouri budget.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Police Department</b>										
Crimes reported	1,358	2,336	1,431	1,302	1,467	1,509	1,335	1,235	1,100	1,396
Traffic accidents	693	741	676	539	558	555	348	417	339	409
Tickets issued	2,668	3,360	2,197	8,444	14,590	14,421	13,412	15,000	14,618	15,510
Camera Enforcement Tickets	-	-	-	-	11,867	5,318	-	-	-	-
Dispatched Calls	20,773	21,061	22,819	22,343	22,980	24,520	24,900	20,933	20,291	23,689
<b>Fire Department</b>										
Fires	317	250	122	147	105	151	122	122	118	131
Emergency medical services	1,736	1,817	1,426	1,477	1,715	1,748	1,808	1,923	1,789	1,873
Assists to other departments	714	651	734	611	527	480	566	603	820	847
Non-specific calls	1,068	669	668	568	473	482	457	561	556	508
Total calls responded to	3,121	3,387	2,950	2,803	2,820	2,861	2,947	3,209	3,283	3,359
Assists from other departments	460	487	434	503	295	352	259	274	404	361
<b>Courts</b>										
Number of cases initiated	4,433	3,329	3,415	18,372	23,925	24,054	21,425	13,225	16,038	15,995
<b>Parks and recreation:</b>										
Program participation	2,375	2,125	1,859	2,518	3,654	3,576	3,180	3,147	3,407	3,531
Shuttle passengers	4,354	4,180	4,338	3,688	3,332	3,171	3,161	3,067	1,406	972
Splash at Wabash	17,527	16,456	15,717	18,928	20,869	22,487	23,289	25,668	23,266	22,647
Sports Complex at Forestwood	36,500	39,500	39,500	35,230	61,805	64,421	67,026	68,433	70,012	68,604
<b>Public Works</b>										
Occupancy permits	1,046	1,430	1,309	1,330	1,467	1,583	1,201	1,313	1,504	1,400
Inspections completed	13,250	15,106	14,611	13,033	12,923	13,867	14,206	13,726	14,665	14,100
Abatements made	2,317	2,567	2,435	2,132	2,114	2,181	1,837	1,931	2,123	2,245

\* Information not available

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



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

		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Highways/Streets:</b>											
Miles of streets:	paved	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15
	unpaved	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85
Miles of alleys		0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Miles of sidewalks		41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52
Miles of sewers:	storm	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27
	sanitary	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59
Number of street lights		1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117	1,117
<b>Fire protection:</b>											
Number of stations		2	2	2	2	2	2	2	2	2	2
Fire hydrants		598	598	598	598	598	598	597	597	597	597
Vehicles:											
	Pumpers	3	3	3	3	3	3	2	2	3	3
	Ladder truck	-	-	-	-	-	-	1	1	-	-
	Pumper/Telesquirt	1	1	1	1	1	1	-	-	1	1
	Rescue trucks	1	1	1	1	1	1	1	1	1	1
	Foam truck	1	1	1	1	1	1	-	-	1	1
	Command vehicles	2	2	2	2	2	2	2	2	-	-
<b>Police protection:</b>											
Number of stations		1	1	1	1	1	1	1	1	1	1
<b>Parks and recreation:</b>											
Acres of parks		108	108	108	108	108	108	108	108	108	108
Number of parks		12	11	11	11	11	11	11	11	11	11

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