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Comprehensive Annual Financial Report, 2004

City of Ferguson

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CITY of FERGUSON
MISSOURI

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

for the year ended
June 30, 2004

CITY OF FERGUSON, MISSOURI
FINANCIAL REPORT

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City of Ferguson, Missouri

SECTION I

**INTRODUCTORY
SECTION**



CITY OF FERGUSON, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR JULY 1, 2003 – JUNE 30, 2004

Prepared by: Department of Finance

PRINCIPAL OFFICIALS

MAYOR

Steven C. Wegert

COUNCIL MEMBERS

John Corson
Keith Kallstrom
Mark Crinnion
James Hines
Peggy Faul
Bill Duncan

CITY MANAGER

Arthur J. Krieger

DIRECTOR OF FINANCE

Joan Jadali

INDEPENDENT AUDITORS

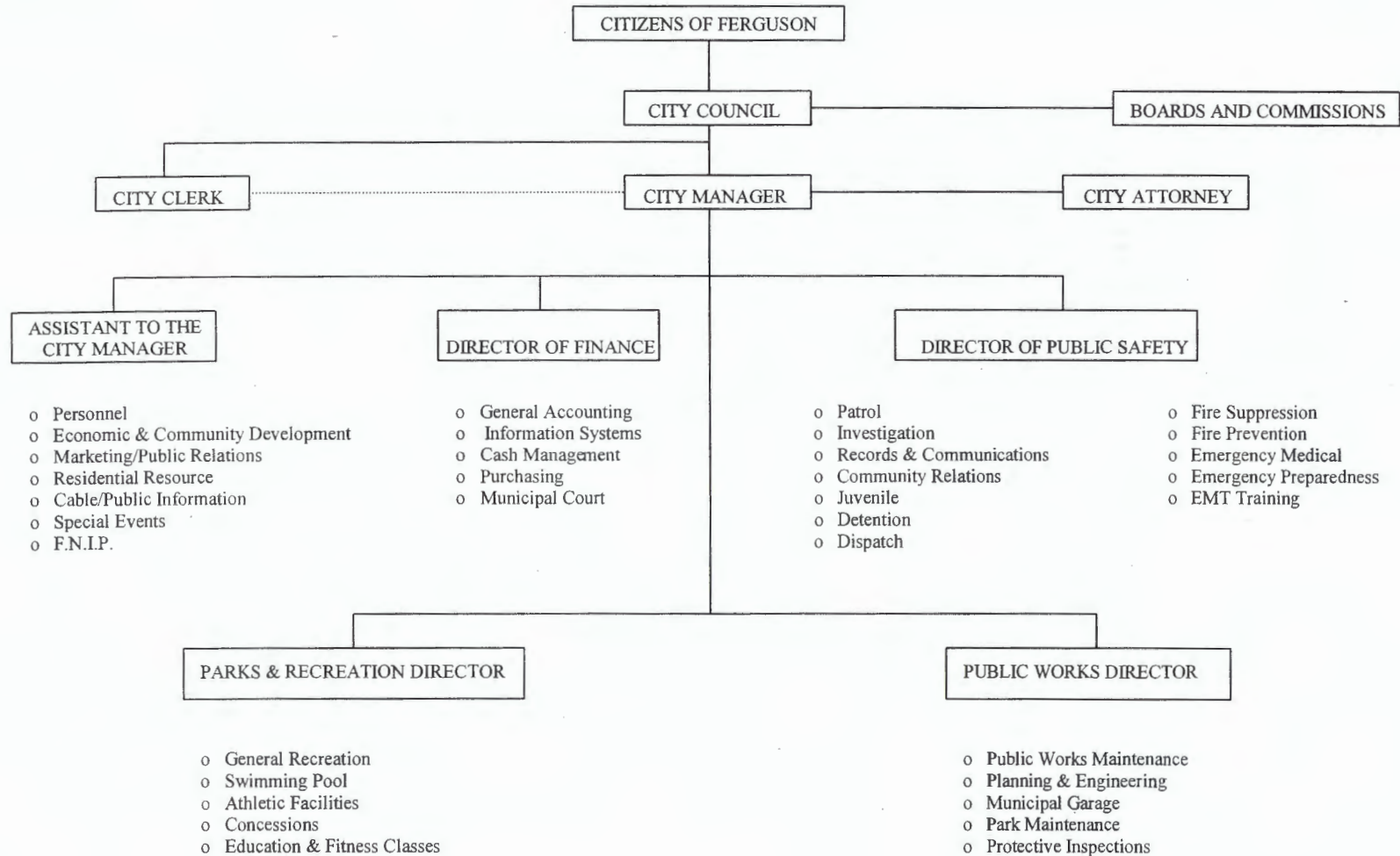
Hochschild, Bloom
and Company, LLP



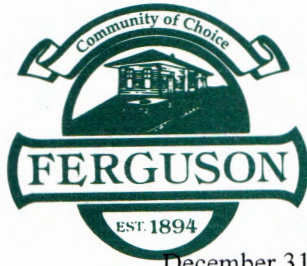
CITY OF FERGUSON

ADMINISTRATIVE ORGANIZATION OF MUNICIPAL GOVERNMENT

June 30, 2004



11:



December 31, 2004

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, 2004. This year's CAFR is the second year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The format and the purpose of these changes are addressed in Management's Discussion and Analysis (MD&A).

In accordance with the above-mentioned guidelines, the accompanying report consists of three parts:

1. The *Introductory Section* includes a list of City Officials, the City's organizational chart, this transmittal letter, and the Certificate of Achievement for Excellence in Financial Reporting.
2. The *Financial Section* includes the Independent Auditors' Report, MD&A, basic financial statements of the City of Ferguson, required supplementary information, as well as additional supplementary information.
3. The *Statistical Section* includes a number of tables of unaudited data depicting the financial history of the City for the past ten years, information on overlapping governments, demographic information, and other miscellaneous information.

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 provide a reasonable basis for making these representations, management of the City of Ferguson, Missouri has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Ferguson, Missouri's financial statements in conformance with GAAP. 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Ferguson, Missouri's financial statements have been audited by Hochschild, Bloom and Company LLP, 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, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Ferguson, Missouri's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Ferguson, Missouri

The City of Ferguson, Missouri, incorporated in 1894, is located in North St. Louis County between two major interstate highways. The City occupies a land area of 6.93 square miles and serves a population of 22,406 residents, who are ideally located to commute to employment in downtown St. Louis or to any of the several major industrial facilities located in the County. The world headquarters of Emerson Electric is located within the City.

The City has operated under the Council-Manager form of government since 1954. 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, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Clerk, Deputy City Clerk, City Attorney, and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Council members serve two-year staggered terms, with three Council members elected each year. The Mayor is elected at large to serve a three-year term.

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

The Ferguson Special Business District (FSBD) is a legally separate entity created by ordinance to maintain and improve the City's downtown business district and is included as a special revenue fund. The Ferguson Neighborhood Improvement Program (FNIP), a



not-for-profit corporation established to assist in the rehabilitation and restoration of housing and residential properties in the City, is included as a discretely presented component unit. The FNIP Board of Directors is appointed by the City Council, and although the City cannot "impose its will" on FNIP, the City of Ferguson provides a material subsidy to FNIP, primarily to finance staffing and office space for day-to-day operations. Complete financial statements of FNIP can be obtained from their administrative offices at 110 Church Street, Ferguson, Missouri 63135.

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

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Ferguson, Missouri operates.

Local economy. The St. Louis County area and the entire State of Missouri have suffered from a weak economy over the past year.

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

Efforts are underway to redevelop the historic downtown business district. The City anticipates receiving federal grant funds for road and streetscape improvements to Florissant Road, the "Main Street" of old Ferguson, and a Tax Increment Financing (TIF) district was established in September, 2002 to assist with redevelopment of the business area. TIF assistance may be useful in attracting a major development as well as assisting local business owners with improvements to new or existing businesses.

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

CLERK of COURT
222 S. Florissant Rd.
(314) 524-5264
FAX # (314) 524-5290

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

A joint redevelopment effort by St. Louis County and the Cities of Ferguson, Berkeley, and Kinloch will transform 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 economic impact of at least \$7 billion on the region. 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.

Long-term financial planning. The City of Ferguson, Missouri confines long-term borrowing to capital improvements or projects that cannot be financed from current revenues. When issuance of long-term debt is required, it pays back the bonds within a period not to exceed the expected useful life of the project.

Cash management policies and practices. Temporarily idle cash in the governmental funds during the year was invested in certificates of deposit and obligations of the U.S. Treasury. The maturities of the investments range from overnight to six months, with an average maturity of three months. The average yield on investments was .76 percent. The pension trust fund invests in obligations of the U.S. Treasury, commercial paper, corporate bonds and stocks, and realized an average yield of 3.1 percent. The higher rate of return for the pension trust fund is attributable to the long-term character of most of its investment holdings. Investment income includes appreciation in the fair value of investments. Increases in the fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

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

Debt administration. At year end, the City had two debt issues outstanding. These issues include \$3,355,000 in certificates of participation related to the City's capital lease obligation for the construction of the Splash at Wabash aquatic facility and \$7,145,000 in TIF revenue bonds related to the Crossings at Halls Ferry redevelopment project.

Pension. The City of Ferguson sponsors a single-employer defined benefit pension plan for all full-time employees. Each year an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the City's conservative funding policy, the City has succeeded as of June 30, 2004, in funding 120.6 percent of the present value of the projected benefits earned by employees.



The City has had no actuarially required contribution to the pension plan for the past eight fiscal years.

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

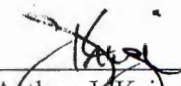
Awards and Acknowledgements

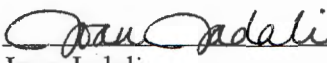
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the City of Ferguson, Missouri for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This was the eighteenth 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 only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department and various other departments of the City. We would also like to express our gratitude 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, Hochschild, Bloom & Company LLP. Their assistance and recommendations, both in the preparation of this report, as well as their consultations and interim reviews, are sincerely appreciated.

Respectfully submitted,


Arthur J. Krieger
City Manager


Joan Jadali
Director of Finance

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, 2003

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



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

City of Ferguson, Missouri

SECTION II

**FINANCIAL
SECTION**





Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

November 4, 2004

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF FERGUSON, MISSOURI** (the City) as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448



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The Management's Discussion and Analysis and Required Supplemental Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and the other supplemental information as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, therefore, express no opinion thereon.

Hochschild Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FERGUSON, MISSOURI
FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

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, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found within this report.

Financial Highlights

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$7,079,647. The City has a deficit in *unrestricted net assets* totaling (\$4,884,317) due to \$7,145,000 in TIF Revenue Bonds Series 1997 outstanding at year end for infrastructure assets not owned by the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,307,289, a decrease of \$224,186 in comparison to the prior year. Approximately 56.1% of this total amount, \$2,977,472 is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,905,745 or 19.3 percent of total general fund expenditures and transfers out.
- The City's total debt decreased by \$340,000 (3.1 percent) during the current fiscal year.

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 supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

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

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

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

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.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Ferguson Neighborhood Improvement Program for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 – 14 of this report.

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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

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, Park Fund, Capital Improvements Sales Tax Fund, and the Halls Ferry TIF Bonds Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental 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 in this report.

The City adopts an annual appropriated budget for its General Fund, Park Special Revenue Fund, Special Business District Special Revenue Fund, Sewer Lateral Special Revenue Fund, Capital Improvements Sales Tax Capital Projects Fund, and Local Improvement Capital Projects Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 15 – 18 of this report.

Proprietary funds. The City of Ferguson, Missouri maintains one *internal service fund*, a type of *proprietary fund* used to account for and allocate costs internally among the City's various functions. The internal service fund is used to account for the City's fleet of vehicles. Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19 – 21 of this report.

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.

The basic fiduciary fund financial statements can be found pages 22 – 23 of this report.

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. The notes to the financial statements can be found on pages 24 – 38 of this report.

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

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

Other supplementary information. The combining and individual fund statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 44 – 55 of this report.

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

This is the second year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Therefore, a comparative analysis of government-wide data will be included in this report.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$7,079,647 at the close of the most recent fiscal year.

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

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

	Schedule of Net Assets	
	Governmental Activities	
	2004	2003
Assets		
Current and other assets	\$ 6,446,226	7,345,672
Capital assets, net	<u>11,978,838</u>	<u>11,498,950</u>
Total assets	<u>18,425,064</u>	<u>18,844,622</u>
Liabilities		
Long-term liabilities	10,735,766	11,067,121
Other liabilities	<u>609,651</u>	<u>1,355,617</u>
Total liabilities	<u>11,345,417</u>	<u>12,422,738</u>
Net Assets		
Invested in capital assets, net of related debt	8,714,577	8,114,661
Restricted	3,249,387	3,080,773
Unrestricted	<u>(4,884,317)</u>	<u>(4,773,550)</u>
Total net assets	<u>\$7,079,647</u>	<u>6,421,884</u>

A portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The negative remaining balance of *unrestricted net assets* (\$4,884,317) is due to \$7,145,000 in TIF Revenue Bonds Series 1997 outstanding at year end for infrastructure assets not owned by the City. The TIF Revenue Bonds Series 1997 are limited obligations of the City and are funded only by incremental revenues generated within the TIF district.

Governmental activities. Governmental activities increased the City's net assets by \$657,763. Key elements of this increase are as follows:

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

	Schedule of Changes in Net Assets	
	Governmental Activities	
	2004	2003
Revenues		
Program revenues:		
Charges for services	\$ 2,129,768	1,949,457
Grants and contributions	1,516,100	1,642,229
General revenues:		
Taxes	8,793,499	8,717,085
Licenses and permits	388,487	387,549
Miscellaneous	133,772	195,230
Total revenues	12,961,626	12,891,550
Expenses		
General government	1,641,523	1,601,877
Public safety	6,417,994	6,127,322
Highways and streets	1,564,795	1,889,036
Community development	491,677	519,924
Culture and recreation	1,470,433	1,423,663
Interest on long-term debt	717,441	698,228
Total expenses	12,303,863	12,260,050
Change in net assets	657,763	631,500
Ending net assets	\$ 7,079,647	6,421,884

Significant Changes in Fund Net Assets

The majority of the \$657,763 increase in net assets was attributable to increases in the balances of funds restricted for debt service and capital projects. In the general fund, declining revenues due to adverse economic conditions led to a reduction in fund balance.

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

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

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

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

The General Fund is the chief operating fund of the City. At the end of fiscal year 2004, the unreserved fund balance of the General Fund was \$1,905,745, and the total fund balance was \$1,930,602. The difference of \$24,857 represents reserved fund balance, which is not available for spending because it has already been committed to liquidate contracts and purchase orders of the prior period. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 19.3 percent of total General Fund expenditures and transfers out of \$9,877,865.

The unreserved fund balance of the City's General Fund decreased by \$315,075 or 14.2 percent from the prior year fund balance. This change in the current year's fund balance is mainly attributable to:

- Decreased sales tax revenues due to slowing economic activity being experienced throughout St. Louis County and the State of Missouri.
- Decreased intergovernmental revenue due to population shifts in St. Louis County. Population ratios are an important factor in the distribution formulas of those revenues.

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

- The unreserved fund balance of the Capital Improvements Sales Tax Fund increased by \$121,874 or 11.4 percent. The increase in this fund balance is attributable in part to a \$100,000 grant received in this fiscal year and due to a decrease of \$207,801 in transfers out of this fund.

Proprietary funds. The City's only proprietary fund is the Internal Service Fund maintained to account for and distribute the cost of maintaining the City's fleet of vehicles.

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:

- Pension Trust Fund moneys to account for the assets of the Pension Plan and providing benefits for all vested full-time employees.
- Bond deposits held to ensure a defendant's appearance in court.
- Fees paid in advance for future recreational programs.
- Proceeds received in connection with the privately funded Victorian Plaza project.

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

At the end of fiscal 2004, cash and investments of the fiduciary funds had increased \$1,332,750 from year 2003, attributable to improving market conditions which caused significant gains in the Pension Trust Fund investments.

Capital Assets

The City has invested \$11,978,838 in a broad range of capital assets as of June 30, 2004. This investment in capital assets includes land, buildings, machinery and equipment, park facilities, highways and streets, and bridges.

	Capital Assets, Net of Depreciation	
	June 30, 2004	June 30, 2003
Land	\$ 1,535,597	1,484,220
Buildings & other improvements	6,546,330	2,790,368
Machinery & equipment	116,047	77,251
Motor vehicles	1,197,518	1,184,245
Infrastructure	2,459,778	2,054,610
Construction in progress	123,568	3,908,256
Total	<u>\$11,978,838</u>	<u>11,498,950</u>

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

Long-Term Debt

At June 30, 2004, the City had outstanding long-term debt obligations for governmental activities in the amount of \$10,500,000 compared to \$10,840,000 in 2003. Of this amount, \$7,145,000 is Tax Increment Revenue Bonds and \$3,355,000 is Certificates of Participation. The decrease in the City's long-term debt obligations reflects principal and interest payments on this debt service.

The City's governmental activities debt is detailed below:

	Outstanding Long-Term Debt Obligations	
	Fiscal Year 2004	Fiscal Year 2003
Tax Increment Revenue Bonds, series 1997	\$7,145,000	7,360,000
Certificates of Participation, series 2002	3,355,000	3,480,000
Total	<u>\$10,500,000</u>	<u>10,840,000</u>

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

City of Ferguson, Missouri
Management's Discussion and Analysis
June 30, 2004

Significant Variances between Budgets and Actual Revenues

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

- General sales tax was \$291,265 under budgeted figures due, in part, to optimistic revenue projections for the 03/04 fiscal year, and to adverse economic conditions.
- Business licenses were \$17,704 under budgeted figures due to decreased gross receipts collected by municipal businesses.
- HCDA block grants (known as Community Development Block Grants) were \$36,498 under budgeted figures due to project completion extending beyond the 03/04 fiscal year (i.e. January Avenue Sidewalk).

Significant Variances between Budgets and Actual Expenditures

There were no significant negative variances between budgeted and actual expenditures for the year ended June 30, 2004.

Economic Factors and Next Year's Budget

The lack of growth in revenue sources caused by adverse economic conditions affecting the entire nation as well as the local region is the major factor affecting the fiscal 2004 budget for the City of Ferguson, Missouri. During the current fiscal year, unreserved fund balance decreased by \$315,075 due to declining sales tax and intergovernmental revenues. Stagnant revenue trends led the 2004/05 budget to include further reductions of unreserved fund balance.

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
FINANCIAL INFORMATION

BASIC FINANCIAL STATEMENTS

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**CITY OF FERGUSON
STATEMENT OF NET ASSETS
JUNE 30, 2004**

	Primary Governmental Activities	Component Unit Ferguson Neighborhood Improvement Program
Assets		
Cash and cash equivalents	\$ 2,310,287	295,024
Investments	1,382,744	167,892
Loans receivable	-	165,443
Accounts receivable, net of allowance for uncollectibles	535,420	-
Property taxes receivable	143,301	-
Due from other governments	853,764	-
Inventory	26,954	-
Property held for resale	-	20,115
Restricted cash	1,116,721	-
Bond issue costs	77,035	-
Capital assets:		
Land and construction in progress	1,659,165	-
Other capital assets, net of depreciation	10,319,673	-
Total Assets	18,425,064	648,474
Liabilities		
Vouchers and accounts payable	115,552	-
Wages and benefits payable	324,212	-
Accrued interest payable	169,887	-
Noncurrent liabilities:		
Due within one year	624,470	-
Due in more than one year	10,111,296	-
Total Liabilities	11,345,417	-
Net Assets		
Invested in capital assets, net of related debt	8,714,577	-
Restricted for:		
Home improvements	-	498,736
Debt service	1,415,060	-
Capital projects	1,357,065	-
Community development	424,051	-
Culture and recreation	53,211	-
Unrestricted	(4,884,317)	149,738
Total Net Assets	\$ 7,079,647	648,474

CITY OF FERGUSON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) And Changes in Net Assets	
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary	Component
					Governmental Activities	Unit
Primary Government						
Governmental Activities						
General government	\$ 1,641,523	-	-	-	(1,641,523)	-
Public safety	6,417,994	1,379,688	135,420	48,811	(4,854,075)	-
Highways and streets	1,564,795	-	1,104,367	-	(460,428)	-
Community development	491,677	190,824	127,502	100,000	(73,351)	-
Culture and recreation	1,470,433	559,256	-	-	(911,177)	-
Interest on long-term debt	717,441	-	-	-	(717,441)	-
Total Governmental Activities - Primary Government	\$ 12,303,863	2,129,768	1,367,289	148,811	(8,657,995)	-
Component Unit						
Ferguson Neighborhood Improvement Program	\$ 93,031	65,159	-	-	-	(27,872)
General Revenues						
Taxes					8,793,499	-
Licenses (taxes)					388,487	-
Investment income					23,014	20,394
Miscellaneous					110,758	-
Total General Revenues					9,315,758	20,394
Change In Net Assets					657,763	(7,478)
Net Assets, July 1					6,421,884	655,952
Net Assets, June 30					\$ 7,079,647	648,474

See notes to financial statements

CITY OF FERGUSON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	<u>Park</u>	<u>Capital Improvements Sales Tax</u>	<u>Halls Ferry TIF Bonds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 660,449	171,446	698,964	358,669	310,807	2,200,335
Investments	932,184	-	150,138	-	300,422	1,382,744
Accounts receivable	199,675	300	-	111,774	14,286	326,035
Property tax receivable	100,714	42,587	-	-	-	143,301
Due from other governments	779,989	-	185,549	-	-	965,538
Due from other funds	538,279	14,863	579,235	-	-	1,132,377
Restricted cash	-	-	-	839,917	276,804	1,116,721
Total Assets	\$ 3,211,290	229,196	1,613,886	1,310,360	902,319	7,267,051
Liabilities And Fund Balances						
Liabilities						
Vouchers and accounts payable	\$ 184,509	13,372	24,847	-	4,002	226,730
Wages and benefits payable	273,488	45,341	-	-	948	319,777
Due to other funds	617,865	18,013	401,570	-	128,394	1,165,842
Deferred revenue	204,826	42,587	-	-	-	247,413
Total Liabilities	1,280,688	119,313	426,417	-	133,344	1,959,762
Fund Balances						
Reserved for encumbrances	24,857	10,624	690,771	-	18,618	744,870
Reserved for debt service	-	-	-	839,917	274,587	1,114,504
Unreserved:						
General Fund	1,905,745	-	-	-	-	1,905,745
Special Revenue Funds	-	99,259	-	-	324,792	424,051
Capital Projects Funds	-	-	496,698	-	150,978	647,676
Debt Service Funds	-	-	-	470,443	-	470,443
Total Fund Balances	1,930,602	109,883	1,187,469	1,310,360	768,975	5,307,289
Total Liabilities And Fund Balances	\$ 3,211,290	229,196	1,613,886	1,310,360	902,319	7,267,051

See notes to financial statements

**CITY OF FERGUSON
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Total Fund Balances - Governmental Funds	\$ 5,307,289
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$15,801,348 and the accumulated depreciation is \$5,037,603.	10,763,745
Receivable that do not provide current financial resources and, therefore, are not reported in the funds.	209,385
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	247,413
The Internal Service Fund is used by the City to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets.	1,376,161
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:	
Accrued compensated absences	(245,198)
Accrued interest	(169,887)
Debt outstanding	<u>(10,409,261)</u>
Net Assets Of Governmental Activities	<u>\$ 7,079,647</u>

CITY OF FERGUSON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General	Park	Capital Improvements Sales Tax	Halls Ferry TIF Bonds	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 6,217,397	330,092	1,278,744	712,661	106,287	8,645,181
Licenses and permits	365,139	-	-	-	23,348	388,487
Intergovernmental	1,316,209	-	118,240	-	-	1,434,449
Charges for services	372,279	559,256	-	-	190,824	1,122,359
Fines and forfeits	1,056,528	-	-	-	-	1,056,528
Other income	187,073	426	1,625	6,631	4,835	200,590
Total Revenues	<u>9,514,625</u>	<u>889,774</u>	<u>1,398,609</u>	<u>719,292</u>	<u>325,294</u>	<u>12,847,594</u>
Expenditures						
Current:						
General government	1,588,836	-	-	-	-	1,588,836
Public safety	6,296,500	-	-	-	-	6,296,500
Highways and streets	1,066,186	-	-	-	-	1,066,186
Community development	209,320	-	-	-	99,844	309,164
Culture and recreation	-	1,329,452	-	-	-	1,329,452
Capital outlay	184,702	-	1,089,985	-	149,965	1,424,652
Debt service:						
Principal retirement	-	-	-	215,000	125,000	340,000
Interest and fiscal charges	-	-	-	576,535	140,455	716,990
Total Expenditures	<u>9,345,544</u>	<u>1,329,452</u>	<u>1,089,985</u>	<u>791,535</u>	<u>515,264</u>	<u>13,071,780</u>
Revenues Over (Under) Expenditures	<u>169,081</u>	<u>(439,678)</u>	<u>308,624</u>	<u>(72,243)</u>	<u>(189,970)</u>	<u>(224,186)</u>
Other Financing Sources (Uses)						
Transfers in	-	522,321	74,000	-	270,750	867,071
Transfers out	(532,321)	-	(260,750)	-	(74,000)	(867,071)
Total Other Financing Sources (Uses)	<u>(532,321)</u>	<u>522,321</u>	<u>(186,750)</u>	<u>-</u>	<u>196,750</u>	<u>-</u>
Net Change In Fund Balances	<u>(363,240)</u>	<u>82,643</u>	<u>121,874</u>	<u>(72,243)</u>	<u>6,780</u>	<u>(224,186)</u>
Fund Balances, Beginning Of Year	2,293,842	27,240	1,065,595	1,382,603	762,195	5,531,475
Fund Balances, End Of Year	<u>\$ 1,930,602</u>	<u>109,883</u>	<u>1,187,469</u>	<u>1,310,360</u>	<u>768,975</u>	<u>5,307,289</u>

See notes to financial statements

**CITY OF FERGUSON
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, 2004**

Net Change In Fund Balances - Total Governmental Funds \$ (224,186)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$991,031) exceeded depreciation (\$515,970) in the current period. 475,061

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 82,667

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayments:		
Bonds payable	340,000	
Amortization	(4,972)	
Net Adjustment		335,028

Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities in the statement of activities. (7,210)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These include accrued interest on bonds of \$4,521 and accrued compensated absences of (\$8,118). (3,597)

Change In Net Assets Of Governmental Activities \$ 657,763

**CITY OF FERGUSON
STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUND
JUNE 30, 2004**

Assets	
Current Assets	
Cash and cash equivalents	\$ 109,952
Inventories	26,954
Due from other funds	48,328
	<hr/>
Total Current Assets	185,234
Capital Assets	
Machinery and equipment	162,534
Buildings and improvements	65,134
Motor vehicles	3,306,548
	<hr/>
Capital assets before accumulated depreciation	3,534,216
Less accumulated depreciation	2,319,123
	<hr/>
Total Capital Assets	1,215,093
	<hr/>
Total Assets	1,400,327
Liabilities	
Current Liabilities	
Accounts payable	596
Wages and benefits payable	4,435
Due to other funds	14,863
Compensated absences payable	4,272
	<hr/>
Total Current Liabilities	24,166
Net Assets	
Invested in capital assets, net of related debt	1,215,093
Unrestricted	161,068
	<hr/>
Total Net Assets	<u>\$ 1,376,161</u>

CITY OF FERGUSON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2004

Operating Revenues	
Charges for services	\$ 677,268
Operating Expenses	
Vehicle parts and repairs	165,593
Gasoline and diesel fuel	117,578
Vehicle insurance	29,045
Wages and fringe benefits	138,358
Depreciation	236,830
Cost of space	11,285
Other	15,867
Total Operating Expenses	<u>714,556</u>
Operating Loss	<u>(37,288)</u>
Nonoperating Revenues (Expenses)	
Interest income	794
Loss on sale of fixed assets	<u>(1,287)</u>
Total Nonoperating Revenues (Expenses)	<u>(493)</u>
Loss Before Capital Contributions	<u>(37,781)</u>
Capital Contributions	<u>30,571</u>
Change In Net Assets	<u>(7,210)</u>
Net Assets, Beginning Of Year	<u>1,383,371</u>
Net Assets, End Of Year	<u><u>\$ 1,376,161</u></u>

CITY OF FERGUSON
STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2004

Increase (Decrease) In Cash And Cash Equivalents	
Cash flows from operating activities:	
Cash received from other City departments	\$ 726,106
Cash payments to suppliers for goods and services	(375,146)
Cash payments to employees for services	<u>(138,588)</u>
Net Cash Provided By Operating Activities	<u>212,372</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(213,286)
Proceeds from sale of capital assets	<u>913</u>
Net Cash Used In Capital And Related Financing Activities	<u>(212,373)</u>
Cash flows provided by investing activities:	
Interest received on investments	<u>794</u>
Net Increase In Cash And Cash Equivalents	793
Cash And Cash Equivalents, Beginning Of Year	<u>109,159</u>
Cash And Cash Equivalents, End Of Year	<u><u>\$ 109,952</u></u>
Reconciliation Of Operating Loss To	
Net Cash Provided By Operating Activities	
Operating loss	<u>\$ (37,288)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	236,830
(Increase) decrease in:	
Inventories	(7,096)
Due from other funds	23,541
Increase (decrease) in:	
Accounts payable	(3,385)
Wages and benefits payable	(7)
Compensated absences payable	<u>(223)</u>
Total Adjustments	<u>249,660</u>
Net Cash Provided By Operating Activities	<u><u>\$ 212,372</u></u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets from grant	\$ 30,571

CITY OF FERGUSON
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2004

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ -	174,245
Investments	19,171,304	-
Interest receivable	59,786	-
Total Assets	<u>19,231,090</u>	<u>174,245</u>
Liabilities		
Vouchers and accounts payable	-	174,245
Net Assets		
Held in trust for pension benefits	<u>\$ 19,231,090</u>	<u>-</u>

**CITY OF FERGUSON
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2004**

Additions

Net investment income \$ 2,249,233

Deductions

Pension benefits 779,682

Administrative expenses 136,801

Total Deductions 916,483

Change In Net Assets 1,332,750

Net Assets Held In Trust For Pension
Benefits, Beginning Of Year 17,898,340

**Net Assets Held In Trust For Pension
Benefits, End Of Year** \$ 19,231,090

CITY OF FERGUSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note A - 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.

1. The Financial Reporting Entity

The City was incorporated November 12, 1894. The City operates under a City Manager/Council, home rule charter form of government. The present Charter of the City was adopted February 3, 1998. Services provided by the City to its 22,404 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), one blended component unit, the Ferguson Special Business District (FSBD); and one discretely presented component unit, the Ferguson Neighborhood Improvement Program (FNIP).

Blended Component Unit (FSBD)

The blended component unit is legally separate from the City, however, its activities are so intertwined with the City that it is, in substance, the same as the primary government. FSBD was created by ordinance, is governed by the City Council, and is administered by a nine member Advisory Board. The sole purpose of the FSBD is to maintain and improve the City's downtown business district and it is included in the accompanying financial statements as a Special Revenue Fund.

Discretely Presented Component Unit (FNIP)

The discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the City. FNIP is a not-for-profit corporation established to assist in the rehabilitation and restoration of housing and properties in the City. The FNIP Board of Directors is appointed by the City Council, however, the Board functions autonomously. The FNIP receives administrative support and financial contributions from the City. Significant footnote disclosures relating to the

Note A - Summary of Significant Accounting Policies (Continued)

1. The Financial Reporting Entity (Continued)

FNIP are included within the respective notes to the financial statements. Complete financial statements of the FNIP can be obtained from their administrative office at 108 Church Street, Ferguson, Missouri 63135.

Related Organization

The City Council appoints a majority of the members to the Board of Directors of the Ferguson Municipal Public Library District, but the City's accountability for that entity does not extend beyond making such appointments. The Library District is not included as a component unit within the City's financial reporting entity.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the component unit for which the City is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary 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.

3. 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, as are the proprietary fund and fiduciary fund financial statements. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Note A - Summary of Significant Accounting Policies (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

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.

Park Fund -- The Park Fund is used to account for the proceeds of the 18.7 cents per \$100 value which is levied on all property within the City for the purpose of providing public park facilities and to account for the expenditure for recreational and park purposes and for the revenues derived from recreational program fees.

Capital Improvements Sales Tax Fund -- The Capital Improvements Sales Tax Fund is used to account for the proceeds for the .5 percent capital improvements sales tax approved by voters in 1994. Expenditures of this fund are restricted by state statute to capital improvements.

Halls Ferry TIF Bonds Fund -- The Halls Ferry TIF Bonds Fund was established as required by state statutes to account for the payments in lieu of taxes and the incremental economic activity taxes received in the Halls Ferry Tax Increment Financing District used to pay principal and interest on \$8,385,000 tax increment financing bonds issued September 12, 1997.

Additionally, the City reports the following fund types:

Internal Service Fund -- Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. Internal Service Fund activities include the purchase, sale, and maintenance of all motor vehicles. Depreciation, repair, and maintenance costs on motor vehicles is charged to the various departments in the governmental funds based upon specific identification.

Trust and Agency Funds -- Trust and Agency Funds include the Pension Trust Fund which is accounted for in essentially the same manner as proprietary funds since capital maintenance is critical; and Agency Funds, which are custodial in nature and do not involve the measurement of results of operations. The City retains no equity interest in the Agency Funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of

Note A - Summary of Significant Accounting Policies (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the municipal garage are charges for services. Operating expenses for the municipal garage include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

4. Cash, Cash Equivalents, and Investments

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

Investments, exclusive of those held in the Pension Trust Fund, are carried at cost which approximates fair value. Pension Trust Fund investments are carried at fair value. No investments are reported at amortized cost.

Except for the Pension Trust Fund, investments consist of certificates of deposit and U.S. Government obligations. Investments of the Pension Trust Fund consist of U.S. Government obligations, corporate bonds, and common stock.

5. Loans Receivable

Loans receivable consists of amounts loaned by FNIP, a discretely presented component unit, to qualified City residents for home improvement projects. Loans are evidenced by a signed promissory note and are subject to interest rates ranging from 0 percent to 6 percent annually.

Note A - Summary of Significant Accounting Policies (Continued)

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements where applicable. 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 five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Building	20 - 40
Improvements other than buildings	10 - 15
Machinery and equipment	5 - 10
Motor vehicles	3 - 25
Infrastructure	15 - 25

7. Inventories

Inventories of the Internal Service Fund are adjusted to periodic physical counts and are valued at cost utilizing the first-in, first-out method of valuation. Inventories consist of expendable supplies and are charged to expense at the time of consumption.

Purchases of materials and supplies in the governmental fund types are charged to expenditures, under the purchases method, as incurred. Amounts of inventories in such funds are immaterial.

8. Vacation and Sick Leave

Under terms of the City's personnel policy, employees are granted vacations based on length of service. Vacations accrue on January 1 of each year and must be taken within the same year as earned. Upon termination the employee is paid for unused vacation of the current year. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of the accrued sick leave is payable to the employee upon termination. Under this policy employees had accumulated earned vacation aggregating \$249,470 at June 30, 2004, recorded in the government-wide financial statements.

9. Deferred Revenue

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

Note A - Summary of Significant Accounting Policies (Continued)

10. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt payable are reported net of the applicable debt premium or discount. Debt issuance costs are reported amortized over the term of the related debt.

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.

11. Fund Equity

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

12. Encumbrances

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

13. Interfund Transactions

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

14. Due To/From Other Funds

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

Note A - Summary of Significant Accounting Policies (Continued)

15. 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.

16. Restricted Assets

Restricted assets for the repayment of tax increment revenue bonds and certificates of participation are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

17. Allowance for Uncollectibles

Accounts receivable are shown net of an allowance for uncollectibles of \$110,567.

18. Reclassifications

Certain reclassifications have been made to the June 30, 2003 amounts in order to conform to the presentation of the June 30, 2004 financial statements.

Note B - Cash, Cash Equivalents, and Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury and agencies and instrumentalities and repurchase agreements.

In addition, the Pension Trust Fund is authorized to invest in commercial paper, corporate bonds, and corporate stocks.

At year-end the carrying amount of the City's demand deposits, excluding the discretely presented component unit, was \$1,358,428 and the value of time deposits was \$1,868,513, for a total of \$3,226,941 in cash deposits and the bank balances totaled \$3,367,091. As of the balance sheet date, \$200,000 of the bank balances was covered by federal depository insurance and the remaining balance was entirely collateralized with securities held by the City's agent in the City's name.

At year-end the carrying amount of the discretely presented component unit's deposits was \$223,097, and the bank balance totaled \$226,921 which were entirely collateralized with securities held by the City's agent in the City's name.

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered, or securities which are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent but not in the City's name.

Note B - Cash, Cash Equivalents, and Investments (Continued)

June 30, 2004				
	Categories			Carrying Amount/ Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
Federal Agency Securities	\$ -	281,667	-	281,667
Federal Agency Securities, discretely presented component unit	-	10,953	-	10,953
U.S. Government obligations	-	-	2,482,016	2,482,016
Repurchase agreement, discretely presented component unit	-	51,000	-	51,000
Corporate bonds	-	-	1,994,613	1,994,613
Corporate stocks	-	-	14,273,538	14,273,538
	<u>\$ -</u>	<u>343,620</u>	<u>18,750,167</u>	<u>19,093,787</u>
Mutual and money market funds, discretely presented component unit				177,866
Money market funds				1,896,526
Cash deposits, primary government				1,358,428
Cash deposits, discretely presented component unit				223,097
Certificates of deposit				<u>1,868,513</u>
Total Cash And Investments				<u>\$24,618,217</u>

Investments in Category 3 amounting to \$18,750,167 are owned by the Pension Trust Fund; all securities of that fund are held in the name of the City's trustee bank.

Note C - Property Tax

Property taxes are levied in October of each year on the assessed value as of the prior January 1 for all real and personal property located in the City. Property taxes attach as an enforceable lien on property as of January 1, are due upon receipt of billing, and become delinquent after December 31. Assessed values are established by the St. Louis County Assessor, subject to review by the County's Board of Equalization. The assessed value at January 1, 2004 upon which the 2004 levy was based for real, personal, and public utility property was \$183,015,417. The 2004 levy is collected in the City's 2004 fiscal year.

The City is permitted by Missouri state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2004 was \$.4435 per \$100, which means that the City has a tax margin an average of \$.5565 per \$100 and could raise up to approximately \$1,018,481 additional revenue per year from the present assessed valuation of \$183,015,417 before the limit is reached.

Property taxes are billed and collected by St. Louis County, and remitted by the County to the City. The collection ratio for current taxes for the year ended June 30, 2004 was 92 percent.

Note D - Interfund Balances

The following is a summary of individual fund interfund receivable and payable balances:

Due From/To Other Funds:

	June 30, 2004				Total
	Due To				
	General Fund	Park Fund	Capital Improvement Sales Tax Fund	Internal Service Fund	
Due From					
General Fund	\$ -	-	579,235	38,630	617,865
Park Fund	8,315	-	-	9,698	18,013
Capital Improvements Sales Tax Fund	401,570	-	-	-	401,570
Nonmajor funds:					
Splash at Wabash Pool Project	125,819	-	-	-	125,819
Splash at Wabash Pool Project Debt Service Fund	2,217	-	-	-	2,217
Downtown TIF Redevelopment Fund	358	-	-	-	358
Internal service	-	14,863	-	-	14,863
Total	<u>\$538,279</u>	<u>14,863</u>	<u>579,235</u>	<u>48,328</u>	<u>1,180,705</u>

Note E - Capital Assets

Capital asset activity was as follows:

	For The Year Ended June 30, 2004			
	Balance June 30 2003	Additions	Retirements And Sales	Balance June 30 2004
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,484,220	51,377	-	1,535,597
Construction in process	<u>3,908,256</u>	<u>123,568</u>	<u>3,908,256</u>	<u>123,568</u>
Total Capital Assets Not Being Depreciated	<u>5,392,476</u>	<u>174,945</u>	<u>3,908,256</u>	<u>1,659,165</u>
Capital assets being depreciated:				
Buildings and other improvements	5,569,624	3,993,978	-	9,563,602
Machinery and equipment	368,971	66,941	-	435,912
Motor vehicles	3,100,409	243,858	37,719	3,306,548
Infrastructure	<u>3,706,914</u>	<u>663,423</u>	-	<u>4,370,337</u>
Total Capital Assets Being Depreciated	<u>12,745,918</u>	<u>4,968,200</u>	<u>37,719</u>	<u>17,676,399</u>
Less accumulated depreciation for:				
Buildings and other improvements	2,779,256	238,016	-	3,017,272
Machinery and equipment	291,720	28,145	-	319,865
Motor vehicles	1,916,164	228,384	35,518	2,109,030
Infrastructure	<u>1,652,304</u>	<u>258,255</u>	-	<u>1,910,559</u>
Total Accumulated Depreciation	<u>6,639,444</u>	<u>752,800</u>	<u>35,518</u>	<u>7,356,726</u>
Total Capital Assets Being Depreciated, Net	<u>6,106,474</u>	<u>4,215,400</u>	<u>2,201</u>	<u>10,319,673</u>
Governmental Activities Capital Assets, Net	<u>\$11,498,950</u>	<u>4,390,345</u>	<u>3,910,457</u>	<u>11,978,838</u>

Note E - Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

	For The Year Ended June 30, 2004
Governmental activities:	
General governments	\$ 54,536
Public safety	68,700
Highways and streets	258,255
Culture and recreation	134,479
Capital assets held by the government's Internal Service Fund are charged to the various functions based on their usage of assets	<u>236,830</u>
	<u>\$752,800</u>

Note F - Long-Term Debt

A summary of changes in long-term liabilities is as follows:

	For The Year Ended June 30, 2004				
	<u>June 30 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30 2004</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Tax Increment Revenue					
Bonds	\$ 7,360,000	-	215,000	7,145,000	245,000
Certificates of Participation	3,480,000	-	125,000	3,355,000	130,000
Less - Discount	(14,455)	-	(751)	(13,704)	-
Compensated absences	<u>241,576</u>	<u>249,470</u>	<u>241,576</u>	<u>249,470</u>	<u>249,470</u>
Total Governmental Activities	<u>\$11,067,121</u>	<u>249,470</u>	<u>580,825</u>	<u>10,735,766</u>	<u>624,470</u>

On September 12, 1997 the City issued \$8,385,000 in Tax Increment Revenue Bonds to finance necessary public improvements for the Crossings at Halls Ferry Redevelopment Project. The bonds were issued pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 of the Revised Statutes of Missouri. Interest and principal on the bonds are to be paid annually on April 1 beginning in the year 2000, with a final maturity date of April 1, 2018. The bonds and the interest thereon are special, limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and from incremental increases in economic activity taxes in the project area. The bonds do not constitute a general obligation of the City. Interest rates range from 7.25 percent to 7.625 percent. The indentures require a reserve balance of \$838,000. The actual balance of the reserve fund was \$839,917 at June 30, 2004.

The Certificates of Participation were issued totaling \$3,480,000 dated October 3, 2002 maturing October 1, 2022 with variable interest at 2 percent to 5 percent to finance the construction of the new aquatic facility "Splash at Wabash". The indentures require a reserve balance of \$275,570. The actual balance of the reserve fund was \$276,221 at June 30, 2004.

Aggregate maturities required on long-term debt are as follows:

Note F - Long-Term Debt (Continued)

For The Years Ended June 30	Certificates Of Participation		
	Principal	Interest	Total
2005	\$ 130,000	134,849	264,849
2006	130,000	132,086	262,086
2007	135,000	128,903	263,903
2008	140,000	125,186	265,186
2009	140,000	121,021	261,021
2010	145,000	116,404	261,404
2011	150,000	111,295	261,295
2012	155,000	105,804	260,804
2013	160,000	99,975	259,975
2014	170,000	93,575	263,575
2015	175,000	86,675	261,675
2016	180,000	79,462	259,462
2017	200,000	71,500	271,500
2018	200,000	62,250	262,250
2019	205,000	52,125	257,125
2020	220,000	41,500	261,500
2021	230,000	30,250	260,250
2022	240,000	18,500	258,500
2023	<u>250,000</u>	<u>6,250</u>	<u>256,250</u>
Totals	<u>\$3,355,000</u>	<u>1,617,610</u>	<u>4,972,610</u>

Note G - Deferred Compensation Plan

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

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

Note H - Employee Retirement Plan

1. Plan Description and Provisions

The City maintains a single-employer defined benefit retirement and disability plan covering all regular, full-time employees of the City except the City Manager and Assistant to the City Manager. Employees become eligible for the Plan on the first day of the month or next following a) the later of participants 60th birthday and completion of ten years of credited service or b) the later of the participant's 55th birthday and the date the participant's age plus years of credited service total at least 82. Employees fully vest after ten years of service; the Plan does not provide for partial vesting. The Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the City's financial statements and is accounted for on an accrual basis. The fair value of Plan investments is determined by the market value at the date of the statement.

Note H - Employee Retirement Plan (Continued)

1. Plan Description and Provisions (Continued)

At July 1, 2003, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants, fully vested	48
Active participants, nonvested	82
Retirees and beneficiaries currently receiving benefits	69
Terminated employees entitled to benefits but not yet receiving them	<u>26</u>
Total Plan Participants	<u>225</u>

The payroll for employees covered by the Plan for the year ended June 30, 2004 was \$5,435,740; the City's total payroll was \$6,469,089.

Benefits under the Plan are established by ordinance. An employee attaining the age of 60 who has completed 10 or more continuous years of service, or whose age is at least 55 and whose combination of age and service totals at least 82.5, is entitled to a monthly benefit of 1.75 percent of his final average salary for each year of continuous service. Continuous service also includes prior years of service for those persons reemployed following termination provided the break in service is not more than five years, and unused sick leave is added to credited service. Final average salary (FAS), for the purpose of computing benefits, means the average of the monthly compensation received during the 60 consecutive months out of the last 120 months preceding the date of calculation which produces the greatest average. The Plan permits early retirement at age 55 with 10 years of continuous service with a benefit reduction of 1/4 percent for each month that the early retirement date precedes the normal retirement date. A health insurance benefit of \$5 per month per year of credited service is provided until the retiree becomes Medicare eligible. Postretirement benefit increases are ad hoc.

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

2. Contributions Required and Contributions Made

All contributions to the Plan are made by the City. The City contributes an amount equal to the actuarially determined requirement, designed to meet the full annual current costs of the Plan. No contribution was required for the fiscal year ended June 30, 2003 and no contribution was made. The plan has no unfunded prior service cost required to be covered by the annual contribution.

Contributions by the City are based upon annual actuarial determinations, using the aggregate method, designed to provide the Plan with assets sufficient to meet pension benefit obligations as they become due. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

Annual valuations are performed using the entry age actuarial cost method, assuming 7 percent interest and 4 percent annual salary increases, and using the 1983 Group Annuity Mortality Table.

Note H - Employee Retirement Plan (Continued)

2. Contributions Required and Contributions Made (Continued)

Funding Status and Progress

<u>For The Actuarial Valuation July 1</u>	<u>Actuarial Value Of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Assets In Excess Of AAL</u>
2001	\$18,629,131	\$14,431,171	\$4,197,960
2002	18,852,310	15,131,350	3,720,960
2003	18,988,459	15,747,735	3,240,724

<u>For The Actuarial Valuation July 1</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Assets In Excess Of AAL As A Percentage Of Covered Payroll</u>
2001	129.1%	\$5,073,329	82.7%
2002	124.6	5,250,529	70.9
2003	120.6	5,435,740	59.6

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
1999	- %	\$ -	- %
2000	-	-	-
2001	-	-	-
2002	-	-	-
2003	-	-	-
2004	-	-	-

There is no current year annual pension cost. There was no annual required contribution, no contribution was made, and there is no net pension obligation for the Plan.

Three Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2002	- %	\$ -	- %
2003	-	-	-
2004	-	-	-

Note H - Employee Retirement Plan (Continued)

2. Contributions Required and Contributions Made (Continued)

Ten year historical trend information designed to provide information about the City's progress made in accumulating sufficient assets to pay benefits when due is presented in the required supplemental information section of the City's CAFR.

Note I - Risk Management

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

The City, along with various other local municipal governments, participates in an insurance trust for workers' compensation and general liability matters (St. Louis Area Insurance Trust - SLAIT). The purpose of the trust is to distribute the cost of self-insurance over similar entities. The trust requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the trust should the trust cease operations at some future date. The trust has contracted with Daniel and Henry, Inc. to handle all administrative matters, including processing of claims filed. The City's premium payment to the trust during fiscal 2004 was \$260,885.

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

Note J - Contingent Liabilities

1. Grants

The City receives financial assistance from numerous federal, state, and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund types. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the City at June 30, 2004.

2. Litigation

Various claims and legal actions involving the City are presently pending which involve claims made by the City for unpaid tax assessments and other miscellaneous cases. In the opinion of management, the outcome of these legal matters will not have a material effect on the financial statements of the City at June 30, 2004.

Note K - Prior Period Adjustment

The previously stated net assets/fund balances have been adjusted as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>Governmental Activities</u>
Net assets/fund balances, June 30, 2003, as previously reported	\$2,023,757	6,560	6,342,226
Restatement for:			
Compensated absences payable	216,401	20,680	-
Taxes receivable	53,684	-	53,684
Court bonds receivable	<u>-</u>	<u>-</u>	<u>25,974</u>
Net Assets/Fund Balances, June 30, 2003, As Restated	<u>\$2,293,842</u>	<u>27,240</u>	<u>6,421,884</u>

**CITY OF FERGUSON, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION**

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF FERGUSON
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS
 FOR THE YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE ACTUAL AMOUNTS
 FOR THE YEAR ENDED JUNE 30, 2003

	2004			Variance With Final Budget Positive (Negative)	2003
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Taxes					
Property taxes, current	\$ 672,000	672,000	713,410	41,410	670,574
Property taxes, delinquent	105,000	105,000	72,100	(32,900)	101,613
Financial institutions tax	-	-	24	24	1,662
Penalties and interest on delinquent taxes	16,500	16,500	12,008	(4,492)	19,750
General sales tax	3,910,000	3,910,000	3,618,735	(291,265)	3,598,168
Utility gross receipts tax	1,785,000	1,785,000	1,801,120	16,120	1,792,672
Total Taxes	6,488,500	6,488,500	6,217,397	(271,103)	6,184,439
Licenses and Permits					
Business licenses and permits	351,600	351,600	333,896	(17,704)	331,293
Nonbusiness licenses and permits	34,800	34,800	31,243	(3,557)	30,759
Total Licenses And Permits	386,400	386,400	365,139	(21,261)	362,052
Intergovernmental					
HCDA block grants	164,000	164,000	127,502	(36,498)	170,856
State gasoline tax	650,000	650,000	647,378	(2,622)	624,985
State motor vehicle sales tax	170,000	170,000	161,007	(8,993)	162,729
State motor vehicle fees	110,000	110,000	120,657	10,657	108,625
County road and bridge tax	165,000	165,000	175,325	10,325	176,773
County cigarette tax	95,000	95,000	84,340	(10,660)	86,166
Total Intergovernmental	1,354,000	1,354,000	1,316,209	(37,791)	1,330,134
Charges For Services					
Inspection fees	171,500	171,500	194,089	22,589	174,291
Trash collection and management fees	17,000	17,000	16,312	(688)	11,101
Police dispatching fees	49,500	49,500	50,944	1,444	50,061
Rental income	55,000	55,000	51,498	(3,502)	49,637
Weed cutting fees	60,000	60,000	59,436	(564)	51,529
Total Charges For Services	353,000	353,000	372,279	19,279	336,619
Fines And Forfeits	949,500	949,500	1,056,528	107,028	935,760
Other Income					
Interest income	35,000	35,000	8,709	(26,291)	12,429
Miscellaneous	165,000	165,000	178,364	13,364	174,226
Total Other Income	200,000	200,000	187,073	(12,927)	186,655
Total Revenues	9,731,400	9,731,400	9,514,625	(216,775)	9,335,659

CITY OF FEGUSON
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004</u>			Variance With Final Budget Positive (Negative)	<u>2003</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>			
Expenditures					
General Government					
City Council and Clerk Administration	71,639	76,254	71,676	4,578	54,148
Department of law	193,882	168,242	155,311	12,931	98,915
Public works administration	483,200	483,200	455,657	27,543	472,204
Personnel	206,937	206,937	166,051	40,886	170,755
Boards and commissions	76,944	108,244	106,716	1,528	109,982
Corporate expenses	7,150	7,150	1,812	5,338	-
Municipal building	182,075	207,715	191,209	16,506	177,714
Finance	70,000	75,200	75,978	(778)	76,205
	<u>393,214</u>	<u>415,314</u>	<u>364,014</u>	<u>51,300</u>	<u>375,716</u>
Total General Government	<u>1,685,041</u>	<u>1,748,256</u>	<u>1,588,424</u>	<u>159,832</u>	<u>1,535,639</u>
Public Safety					
Protective inspections	374,879	374,879	305,469	69,410	390,296
Police department	3,899,347	4,328,637	4,271,278	57,359	4,017,691
Fire department	1,596,188	1,741,708	1,718,970	22,738	1,639,400
Total Public Safety	<u>5,870,414</u>	<u>6,445,224</u>	<u>6,295,717</u>	<u>149,507</u>	<u>6,047,387</u>
Highways And Streets					
Street department	1,021,699	1,062,249	1,025,494	36,755	1,033,353
Community Development	296,804	313,704	200,711	112,993	338,843
Capital Outlay	134,800	198,950	187,033	11,917	91,913
Contingency	570,961	56,381	-	56,381	-
Total Expenditures	<u>9,579,719</u>	<u>9,824,764</u>	<u>9,297,379</u>	<u>527,385</u>	<u>9,047,135</u>
Revenues Over (Under) Expenditures	151,681	(93,364)	217,246	310,610	288,524
Other Financing Uses					
Transfers out	(532,321)	(532,321)	(532,321)	-	(532,995)
Net Change in Fund Balance	(380,640)	(625,685)	(315,075)	310,610	(244,471)
Decrease In Reserve For Encumbrances	-	-	(48,165)	(48,165)	(65,839)
Fund Balance, Beginning Of Year	2,293,842	2,293,842	2,293,842	-	2,604,152
Fund Balance, End Of Year	<u>\$ 1,913,202</u>	<u>1,668,157</u>	<u>1,930,602</u>	<u>262,445</u>	<u>2,293,842</u>

CITY OF FEGUSON
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) -
BUDGET AND ACTUAL - PARK FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2003

	2004			Variance With Final Budget Positive (Negative)	2003
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Taxes:					
Property taxes, current	\$ 284,925	284,925	299,732	14,807	279,413
Property taxes, delinquent	44,510	44,510	30,360	(14,150)	45,321
Total Taxes	<u>329,435</u>	<u>329,435</u>	<u>330,092</u>	<u>657</u>	<u>324,734</u>
Charges For Services					
Pool receipts	77,200	77,200	71,534	(5,666)	63,748
Recreational instruction	386,550	386,550	374,932	(11,618)	358,644
Service and facility fees	105,250	105,250	112,790	7,540	82,827
Total Charges For Services	<u>569,000</u>	<u>569,000</u>	<u>559,256</u>	<u>(9,744)</u>	<u>505,219</u>
Other Income					
Interest income	1,500	1,500	420	(1,080)	1,523
Miscellaneous	500	500	6	(494)	362
Total Other Income	<u>2,000</u>	<u>2,000</u>	<u>426</u>	<u>(1,574)</u>	<u>1,885</u>
Total Revenues	<u>900,435</u>	<u>900,435</u>	<u>889,774</u>	<u>(10,661)</u>	<u>831,838</u>
Expenditures					
Current:					
Culture and recreation:					
Maintenance and construction	452,838	452,838	389,108	63,730	402,811
Recreational programs	750,465	781,070	757,983	23,087	765,813
Pool and bath house	139,178	139,178	117,307	21,871	98,269
Concessions	80,275	80,275	69,118	11,157	60,007
Total Expenditures	<u>1,422,756</u>	<u>1,453,361</u>	<u>1,333,516</u>	<u>119,845</u>	<u>1,326,900</u>
Revenues Over (Under) Expenditures	(522,321)	(552,926)	(443,742)	109,184	(495,062)
Other Financing Sources					
Transfers in	522,321	522,321	522,321	-	532,995
Net Change in Fund Balance (Deficit)	-	(30,605)	78,579	109,184	37,933
Increase (Decrease) In Reserve For Encumbrances	-	-	4,064	4,064	(5,335)
Fund Balance (Deficit), Beginning Of Year	27,240	27,240	27,240	-	(5,358)
Fund Balance (Deficit), End Of Year	<u>\$ 27,240</u>	<u>(3,365)</u>	<u>109,883</u>	<u>113,248</u>	<u>27,240</u>

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

Valuation Year July 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Assets In Excess Of AAL	Funded Ratio	Annual Covered Payroll	Assets In Excess Of AAL As A Percentage Of Covered Payroll
1994	\$ 11,678,870	\$ 8,336,059	\$ 3,342,811	140.1%	\$ 3,739,290	89.4%
1995	14,000,163	9,204,495	4,795,668	152.1%	3,698,260	129.7%
1996	14,667,803	10,683,164	3,984,639	137.3%	3,825,298	104.2%
1997	15,592,294	11,331,636	4,260,658	137.6%	3,978,442	107.1%
1998	16,538,931	11,969,989	4,568,942	138.2%	4,382,834	104.2%
1999	17,339,565	12,515,591	4,823,974	138.5%	4,603,224	104.8%
2000	18,047,113	13,653,910	4,393,203	132.2%	4,832,587	90.9%
2001	18,629,131	14,431,171	4,197,960	129.1%	5,073,329	82.7%
2002	18,852,310	15,131,350	3,720,960	124.6%	5,250,529	70.9%
2003	18,988,459	15,747,735	3,240,724	120.6%	5,435,740	59.6%

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

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

Budgetary Information

Budgets are prepared on a basis consistent with GAAP, except that encumbered amounts are treated as expenditures for budgetary purposes. Annual appropriated budgets are adopted for the General, Park Special Revenue, Special Business District Special Revenue, Sewer Lateral Special Revenue, Local Improvement Capital Projects, and Capital Improvements Sales Tax Capital Projects Funds.

Before the end of February 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.

The proposed budget is submitted by May 1 to the City Council for review. The City Council holds 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.

**CITY OF FERGUSON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION**

OTHER SUPPLEMENTAL INFORMATION SECTION

**CITY OF FERGUSON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION**

GENERAL FUND

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

CITY OF FERGUSON
 OTHER SUPPLEMENTAL INFORMATION
 GENERAL FUND - COMPARATIVE BALANCE SHEETS
 JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash and cash equivalents	\$ 660,449	815,249
Investments	932,184	881,755
Accounts receivable	199,675	203,323
Property taxes receivable	100,714	90,595
Due from other governments	779,989	894,908
Due from other funds	538,279	266,752
Total Assets	<u>\$ 3,211,290</u>	<u>3,152,582</u>
Liabilities And Fund Balance		
Liabilities		
Vouchers and accounts payable	\$ 184,509	265,617
Wages and benefits payable	273,488	229,988
Due to other funds	617,865	217,926
Deferred revenue	204,826	145,209
Total Liabilities	<u>1,280,688</u>	<u>858,740</u>
Fund Balance		
Reserved for encumbrances	24,857	73,022
Unreserved	1,905,745	2,220,820
Total Fund Balance	<u>1,930,602</u>	<u>2,293,842</u>
Total Liabilities and Fund Balance	<u>\$ 3,211,290</u>	<u>3,152,582</u>

**CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND - COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
Revenues		
Taxes	\$ 6,217,397	6,184,439
Licenses and permits	365,139	362,052
Intergovernmental	1,316,209	1,330,134
Charges for services	372,279	336,619
Fines and forfeits	1,056,528	935,760
Other income	187,073	186,655
Total Revenues	<u>9,514,625</u>	<u>9,335,659</u>
Expenditures		
Current:		
General government	1,588,836	1,547,341
Public safety	6,296,500	6,043,172
Highways and streets	1,066,186	1,101,584
Community development	209,320	328,964
Capital outlay	184,702	91,913
Total Expenditures	<u>9,345,544</u>	<u>9,112,974</u>
Revenues Over Expenditures	169,081	222,685
Other Financing Uses		
Transfers out	<u>(532,321)</u>	<u>(532,995)</u>
Net Change In Fund Balance	(363,240)	(310,310)
Fund Balance, Beginning Of Year	<u>2,293,842</u>	<u>2,604,152</u>
Fund Balance, End Of Year	<u>\$ 1,930,602</u>	<u>2,293,842</u>

CITY OF FERGUSON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts of major capital projects) that are legally restricted to expenditures for specific purposes.

Special Business District Fund - This fund is used to account for the proceeds of a special business license tax levied on all businesses within the specified boundaries of the Ferguson Station Special Business District and for expenditures of said proceeds for the purpose of improving, promoting, and attracting new businesses to the District.

Sewer Lateral Fund - This fund is used to account for the proceeds of the \$28 annual fee levied on all residential property of six or less dwelling units for the repair of sewer lateral service lines and for expenditures of said proceeds for repairing such lines.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by proprietary funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment, and other relatively minor or comparatively short-lived capital assets.

Splash at Wabash Pool Project Fund -- This fund is used to account for the construction of a new aquatic facility at January Wabash Park, financed by Certificates of Participation.

Downtown TIF Redevelopment - This fund was established to account for the payments in lieu of taxes and the incremental economic activity taxes received in the Downtown Tax Increment Financing District used to finance downtown redevelopment activities.

Local Improvement Fund - This fund is established and maintained in accordance with the City Charter. The fund consists of the original bond issue which established the fund, subsequent transfers from general revenue, and interest on those funds. The \$200,000 proceeds of the original bond issue may not be withdrawn from this fund and may be used only to finance special assessments for public improvements.

DEBT SERVICE FUND

The Debt Service Fund was established to account for the payment of interest and principal on long-term debt.

Splash At Wabash Pool Project - Certificates of Participation - This fund was established to account for funds appropriated in the Capital Improvements Sales Tax budget to pay principal and interest on \$3,480,000 Certificates of Participation issued on October 3, 2002.

CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	Special Revenue Funds		Capital Projects Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Special Business District	Sewer Lateral	Splash At Wabash Pool Project	Downtown TIF Redevelopment	Local Improvement	Splash at Wabash Pool Project	
Assets							
Cash and cash equivalents	\$ 12,741	15,777	-	40,795	241,494	-	310,807
Investments	-	300,422	-	-	-	-	300,422
Accounts receivable	-	-	-	14,286	-	-	14,286
Restricted cash	-	-	-	-	-	276,804	276,804
Total Assets	\$ 12,741	316,199	-	55,081	241,494	276,804	902,319
Liabilities And Fund Balances							
Liabilities							
Vouchers and accounts payable	\$ -	3,200	802	-	-	-	4,002
Wages and benefits payable	948	-	-	-	-	-	948
Due to other funds	-	-	125,819	358	-	2,217	128,394
Total Liabilities	948	3,200	126,621	358	-	2,217	133,344
Fund Balances (Deficit)							
Reserved for encumbrances	-	-	3,000	15,618	-	-	18,618
Reserved for debt service	-	-	-	-	-	274,587	274,587
Unreserved:							
Special Revenue Funds	11,793	312,999	-	-	-	-	324,792
Capital Projects Funds	-	-	(129,621)	39,105	241,494	-	150,978
Total Fund Balances (Deficit)	11,793	312,999	(126,621)	54,723	241,494	274,587	768,975
Total Liabilities And Fund Balances	\$ 12,741	316,199	-	55,081	241,494	276,804	902,319

CITY OF FERGUSON
 OTHER SUPPLEMENTAL INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) -
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

	Special Revenue Funds		Capital Projects Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Special Business District	Sewer Lateral	Splash At Wabash Pool Project	Downtown TIF Redevelopment	Local Improvement	Splash at Wabash Pool Project	
Revenues							
Taxes	\$ -	-	-	106,287	-	-	106,287
Licenses and permits	23,348	-	-	-	-	-	23,348
Charges for services	-	190,824	-	-	-	-	190,824
Other income	34	845	455	520	1,531	1,450	4,835
Total Revenues	<u>23,382</u>	<u>191,669</u>	<u>455</u>	<u>106,807</u>	<u>1,531</u>	<u>1,450</u>	<u>325,294</u>
Expenditures							
Current:							
Community development	35,694	64,150	-	-	-	-	99,844
Capital outlay:							
Engineering and other	-	-	109,363	40,602	-	-	149,965
Debt service:							
Principal retirement	-	-	-	-	-	125,000	125,000
Interest and fiscal charges	-	-	-	-	-	140,455	140,455
Total Expenditures	<u>35,694</u>	<u>64,150</u>	<u>109,363</u>	<u>40,602</u>	<u>-</u>	<u>265,455</u>	<u>515,264</u>
Revenues Over (Under) Expenditures	<u>(12,312)</u>	<u>127,519</u>	<u>(108,908)</u>	<u>66,205</u>	<u>1,531</u>	<u>(264,005)</u>	<u>(189,970)</u>
Other Financing Sources (Uses)							
Transfers in	10,000	-	-	-	-	260,750	270,750
Transfers out	-	-	(74,000)	-	-	-	(74,000)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>-</u>	<u>(74,000)</u>	<u>-</u>	<u>-</u>	<u>260,750</u>	<u>196,750</u>
Net Change In Fund Balances (Deficit)	<u>(2,312)</u>	<u>127,519</u>	<u>(182,908)</u>	<u>66,205</u>	<u>1,531</u>	<u>(3,255)</u>	<u>6,780</u>
Fund Balances (Deficit), Beginning Of Year	14,105	185,480	56,287	(11,482)	239,963	277,842	762,195
Fund Balances (Deficit), End Of Year	<u>\$ 11,793</u>	<u>312,999</u>	<u>(126,621)</u>	<u>54,723</u>	<u>241,494</u>	<u>274,587</u>	<u>768,975</u>

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CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL BUSINESS DISTRICT SPECIAL REVENUE FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2003

	2004		Variance With Final Budget Positive (Negative)	2003
	Original And Final Budgeted Amounts	Actual		Actual
Revenues				
Licenses and permits:				
Business license fees	\$ 25,500	23,348	(2,152)	25,497
Other income:				
Interest income	700	34	(666)	32
Total Revenues	26,200	23,382	(2,818)	25,529
Expenditures				
Current:				
Community development:				
Business district development	48,100	35,694	12,406	8,917
Revenues Over (Under) Expenditures	(21,900)	(12,312)	9,588	16,612
Other Financing Sources				
Transfers in	10,000	10,000	-	-
Net Change In Fund Balance	(11,900)	(2,312)	9,588	16,612
Decrease In Reserve For Encumbrances	-	-	-	(11,988)
Fund Balance, Beginning Of Year	14,105	14,105	-	9,481
Fund Balance, End Of Year	\$ 2,205	11,793	9,588	14,105

CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER LATERAL SPECIAL REVENUE FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2003

	2004		Variance With Final Budget Positive (Negative)	2003
	Original And Final Budgeted Amounts	Actual		Actual
Revenues				
Charges for services:				
Sewer lateral repair fees	\$ 177,500	190,824	13,324	186,361
Other income:				
Interest income	1,000	845	(155)	729
Total Revenues	<u>178,500</u>	<u>191,669</u>	<u>13,169</u>	<u>187,090</u>
Expenditures				
Current:				
Community development:				
Sewer lateral repair	150,000	64,150	85,850	78,142
Revenues Over Expenditures	28,500	127,519	99,019	108,948
Fund Balance, Beginning Of Year	<u>185,480</u>	<u>185,480</u>	<u>-</u>	<u>76,532</u>
Fund Balance, End Of Year	<u>\$ 213,980</u>	<u>312,999</u>	<u>99,019</u>	<u>185,480</u>

CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LOCAL IMPROVEMENT CAPITAL PROJECTS FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2003

	2004		Variance With Final Budget Positive (Negative)	2003
	Original And Final Budgeted Amounts	Actual		Actual
Revenues				
Other income:				
Interest income	\$ 5,000	1,531	(3,469)	2,199
Fund Balance, Beginning Of Year	239,963	239,963	-	237,764
Fund Balance, End Of Year	<u>\$ 244,963</u>	<u>241,494</u>	<u>(3,469)</u>	<u>239,963</u>

CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS SALES TAX CAPITAL PROJECTS FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2003

	2004			Variance With Final Budget Positive (Negative)	2003
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Taxes:					
Capital improvements sales tax	\$ 1,363,400	1,363,400	1,278,744	(84,656)	1,274,853
Intergovernmental:					
Grant income	-	-	118,240	118,240	-
Other income:					
Interest income	10,000	10,000	1,625	(8,375)	4,765
Total Revenues	<u>1,373,400</u>	<u>1,373,400</u>	<u>1,398,609</u>	<u>25,209</u>	<u>1,279,618</u>
Expenditures					
Capital outlay:					
Buildings and grounds	447,750	182,300	497,698	(315,398)	359,558
Equipment	372,643	372,643	428,464	(55,821)	429,095
Construction	505,141	505,141	143,342	361,799	237,480
Total Expenditures	<u>1,325,534</u>	<u>1,060,084</u>	<u>1,069,504</u>	<u>(9,420)</u>	<u>1,026,133</u>
Revenues Over (Under) Expenditures	<u>47,866</u>	<u>313,316</u>	<u>329,105</u>	<u>15,789</u>	<u>253,485</u>
Other Financing Sources (Uses)					
Transfers in	-	-	74,000	(74,000)	-
Transfers out	-	-	(260,750)	260,750	(468,551)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(186,750)</u>	<u>(186,750)</u>	<u>(468,551)</u>
Net Change In Fund Balance	47,866	313,316	142,355	(170,961)	(215,066)
Increase (Decrease) In Reserve For Encumbrances	-	-	(20,481)	(20,481)	367,372
Fund Balance, Beginning Of Year	1,065,595	1,065,595	1,065,595	-	913,289
Fund Balance, End Of Year	<u>\$ 1,113,461</u>	<u>1,378,911</u>	<u>1,187,469</u>	<u>(191,442)</u>	<u>1,065,595</u>

CITY OF FERGUSON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUND

Internal Service Funds are established to administer, finance, and account for the provision of goods and services by one department of the City to its other departments.

Municipal Garage Fund - This fund is used to account for the costs of acquisition and maintenance of automotive equipment used by other City departments. Such costs are billed to the other departments at actual cost, including depreciation.

CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
INTERNAL SERVICE FUND - COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 109,952	109,159
Inventories	26,954	19,858
Due from other funds	48,328	57,006
Total Current Assets	<u>185,234</u>	<u>186,023</u>
Capital Assets		
Machinery and equipment	162,534	162,534
Buildings and improvements	65,134	65,134
Motor vehicles	3,306,548	3,100,409
Capital assets before accumulated depreciation	3,534,216	3,328,077
Less accumulated depreciation	2,319,123	2,117,811
Total Capital Assets	<u>1,215,093</u>	<u>1,210,266</u>
Total Assets	<u>1,400,327</u>	<u>1,396,289</u>
Liabilities		
Current Liabilities		
Accounts payable	596	3,981
Wages and benefits payable	4,435	4,442
Due to other funds	14,863	-
Compensated absences payable	4,272	4,495
Total Current Liabilities	<u>24,166</u>	<u>12,918</u>
Net Assets		
Invested in capital assets, net of related debt	1,215,093	1,210,266
Unrestricted	161,068	173,105
Total Net Assets	<u>\$ 1,376,161</u>	<u>1,383,371</u>

**CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
INTERNAL SERVICE FUND - COMPARATIVE STATEMENTS OF REVENUES,
EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
Operating Revenues		
Charges for services	\$ 677,268	666,442
Operating Expenses		
Vehicle parts and repairs	165,593	157,157
Gasoline and diesel fuel	117,578	101,426
Vehicle insurance	29,045	29,195
Wages and fringe benefits	138,358	133,350
Depreciation	236,830	229,894
Cost of space	11,285	15,075
Other	15,867	13,726
Total Operating Expenses	<u>714,556</u>	<u>679,823</u>
Operating Income (Loss)	<u>(37,288)</u>	<u>(13,381)</u>
Nonoperating Revenues (Expenses)		
Interest income	794	1,167
Gain (loss) on sale of fixed assets	<u>(1,287)</u>	<u>22,372</u>
Total Nonoperating Revenues (Expenses)	<u>(493)</u>	<u>23,539</u>
Income Before Capital Contributions	(37,781)	10,158
Capital Contributions	<u>30,571</u>	<u>-</u>
Change in Net Assets	(7,210)	10,158
Net Assets, Beginning Of Year	<u>1,383,371</u>	<u>1,373,213</u>
Net Assets, End Of Year	<u>\$ 1,376,161</u>	<u>1,383,371</u>

**CITY OF FERGUSON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION**

AGENCY FUNDS

Agency Funds are established to account for the assets held by the City as trustee, custodian, or agent for individuals, governmental entities, and private organizations. The City has fiduciary responsibilities for the funds' assets, and makes expenditures only in accordance with the purpose for which assets were received.

Bail Bond Fund - This fund is used to account for monies received from private individuals for the cash bonds required by City ordinance.

Recreation Fees Fund - This fund is used to account for fees paid in advance for recreational programs.

Victorian Plaza Fund - This fund is used to account for private donations to be used for aesthetic improvements in the downtown business district.

CITY OF FERGUSON
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
JUNE 30, 2004
WITH COMPARATIVE TOTALS FOR JUNE 30, 2003

	<u>Bail Bond</u>	<u>Recreation Fees</u>	<u>Victorian Plaza</u>	<u>Totals</u>	
				<u>2004</u>	<u>2003</u>
Assets					
Cash and cash equivalents	<u>\$ 90,612</u>	<u>80,350</u>	<u>3,283</u>	<u>174,245</u>	<u>176,688</u>
Liabilities					
Vouchers and accounts payable	<u>\$ 90,612</u>	<u>80,350</u>	<u>3,283</u>	<u>174,245</u>	<u>176,688</u>

CITY OF FERGUSON
 OTHER SUPPLEMENTAL INFORMATION
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Bail Bond Fund				
Assets				
Cash and cash equivalents	\$ 57,647	404,971	372,006	90,612
Liabilities				
Vouchers and accounts payable	\$ 57,647	404,971	372,006	90,612
Recreation Fees Fund				
Assets				
Cash and cash equivalents	\$ 114,198	536,397	570,245	80,350
Liabilities				
Vouchers and accounts payable	\$ 114,198	536,397	570,245	80,350
Victorian Plaza Fund				
Assets				
Cash and cash equivalents	\$ 4,843	2	1,562	3,283
Liabilities				
Vouchers and accounts payable	\$ 4,843	2	1,562	3,283
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 176,688	941,370	943,813	174,245
Liabilities				
Vouchers and accounts payable	\$ 176,688	941,370	943,813	174,245

**CITY OF FERGUSON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION**

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

CITY OF FERGUSON
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE (1)
 JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Governmental Funds Capital Assets:		
Land	\$ 1,535,597	1,484,220
Construction in progress	123,568	3,908,256
Buildings and other improvements	9,498,468	5,504,490
Machinery and equipment	273,378	206,437
Infrastructure	<u>4,370,337</u>	<u>3,706,914</u>
Total Governmental Funds Capital Assets	<u>\$ 15,801,348</u>	<u>14,810,317</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Fund are excluded from the above amounts. Generally, the capital assets of Internal Service Fund are included as governmental activities in the statement of net assets.

CITY OF FERGUSON
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY (1)
 JUNE 30, 2004

Function And Activity	<u>Land</u>	<u>Construction In Progress</u>	<u>Buildings And Other Improvements</u>	<u>Machinery And Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
General Government						
Public works administration	\$ -	-	-	24,150	-	24,150
General government buildings	855,181	-	1,887,113	9,653	-	2,751,947
Finance	-	-	-	7,500	-	7,500
Public Safety						
Police protection	187,585	-	1,329,313	124,858	-	1,641,756
Fire protection	109,432	-	664,459	72,319	-	846,210
Highways And Streets	-	123,568	94,900	-	4,370,337	4,588,805
Culture And Recreation						
Recreation	383,399	-	5,428,132	28,600	-	5,840,131
Park maintenance	-	-	94,551	6,298	-	100,849
Total General Fixed Assets	<u>\$ 1,535,597</u>	<u>123,568</u>	<u>9,498,468</u>	<u>273,378</u>	<u>4,370,337</u>	<u>15,801,348</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Fund are excluded from the above amounts. Generally, the capital assets of Internal Service Fund are included as governmental activities in the statement of net assets.

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CITY OF FERGUSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
FOR THE YEAR ENDED JUNE 30, 2004

Function And Activity	Capital Assets June 30, 2003	Additions	Retirements And Sales	Capital Assets June 30, 2004
General Government				
Public works administration	\$ 24,150	-	-	24,150
General government buildings	2,700,570	51,377	-	2,751,947
Finance	7,500	-	-	7,500
Public Safety				
Police protection	1,641,756	-	-	1,641,756
Fire protection	807,869	38,341	-	846,210
Highways And Streets				
	4,244,374	344,431	-	4,588,805
Culture And Recreation				
Recreation	5,283,249	556,882	-	5,840,131
Park maintenance	100,849	-	-	100,849
Total General Fixed Assets	\$ 14,810,317	991,031	-	15,801,348

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Fund are excluded from the above amounts. Generally, the capital assets of Internal Service Fund are included as governmental activities in the statement of net assets.

CITY OF FERGUSON
COMBINED SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
JUNE 30, 2004

<u>Delinquent Property Taxes By Calendar Year</u>	<u>General Fund</u>	<u>Park Special Revenue Fund</u>	<u>Total</u>
Real estate taxes			
2003	\$ 34,584	14,663	49,247
2002	10,666	4,523	15,189
2001	4,147	1,758	5,905
2000	640	271	911
1999	217	92	309
Total Real Estate Taxes	<u>50,254</u>	<u>21,307</u>	<u>71,561</u>
Personal property taxes			
2003	25,377	10,761	36,138
2002	10,008	4,244	14,252
2001	6,720	2,850	9,570
2000	4,994	2,109	7,103
1999	3,138	1,325	4,463
Total Personal Property Taxes	<u>50,237</u>	<u>21,289</u>	<u>71,526</u>
Total Delinquent Taxes Receivable	<u>\$ 100,491</u>	<u>42,596</u>	<u>143,087</u>

**CITY OF FERGUSON
 COMBINED SCHEDULE OF TIME DEPOSITS AND INVESTMENTS -
 ALL GOVERNMENTAL FUND TYPES
 JUNE 30, 2004**

	<u>Purchase Date</u>	<u>Par Or Market Value</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Fair Value</u>
General Fund					
Certificate of Deposit, UMB Bank	03/12/04	\$ 150,023	7/2/2004	0.70%	\$ 150,023
Certificate of Deposit, UMB Bank	03/26/04	150,051	07/16/04	0.70	150,051
Certificate of Deposit, UMB Bank	04/13/04	150,080	07/30/04	0.70	150,080
Certificate of Deposit, U.S. Bank	06/07/04	101,359	09/07/04	1.29	101,359
Certificate of Deposit, UMB Bank	06/04/04	200,364	09/10/04	0.70	200,364
FHLMC Discount Notes	01/21/04	163,000	07/13/04	0.95	162,252
FNMA Discount Notes	04/07/04	<u>120,000</u>	10/05/04	0.99	<u>119,415</u>
Total General Fund		<u>1,034,877</u>			<u>1,033,544</u>
Capital Projects Funds					
Certificate of Deposit, UMB Bank	05/24/04	150,166	07/16/04	0.50	150,166
Certificate of Deposit, UMB Bank	06/04/04	200,000	08/06/04	0.50	200,000
Certificate of Deposit, UMB Bank	05/11/04	<u>150,138</u>	08/27/04	0.75	<u>150,138</u>
Total Capital Projects Funds		<u>500,304</u>			<u>500,304</u>
Local Improvement Funds					
Certificate of Deposit, UMB Bank	05/11/04	<u>205,957</u>	08/11/04	0.70	<u>205,957</u>
Sewer Lateral Funds					
Certificate of Deposit, UMB Bank	04/23/04	150,109	08/13/04	0.70	150,109
Certificate of Deposit, UMB Bank	06/23/04	<u>150,314</u>	09/24/04	0.70	<u>150,314</u>
Total Sewer Lateral Funds		<u>300,423</u>			<u>300,423</u>
Internal Service Fund					
Certificate of Deposit, UMB Bank	05/11/04	<u>109,953</u>	08/11/04	0.70	<u>109,953</u>
Total All Governmental Funds		<u>\$ 2,151,514</u>			<u>\$ 2,150,181</u>

**CITY OF FERGUSON
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2004**

Type Of Coverage And Name Of Company	Policy Number	Policy Period		Details Of Coverage	Liability Limits	Annual Premium
		From	To			
General Liability St. Louis Area Insurance Trust	GL-007-00	July 1, 2003	July 1, 2004	General Liability	\$2,000,000 per loss \$500 deductible	\$ 51,100
				Police Liability	\$2,000,000 per loss \$2,500 deductible	
	AL-007-00			Auto Liability	\$2,000,000 per loss \$500 deductible	22,744
Property, Boiler, And Earthquake Chubb Group of Ins. Cos.	3531-68-79	July 1, 2003	July 1, 2004	Property - all risk	\$13,567,897 limit \$1,000 deductible	22,910
				Boiler and Machinery	\$13,567,897 limit \$1,000 deductible	
				Earthquake	\$13,567,897 limit 5% deductible	
				Miscellaneous property floater	\$500,000 limit \$1,000 deductible	
Difference in Condition Great American Insurance Co.	IMP16223611	July 1, 2003	July 1, 2004	Additional Earthquake	\$8,567,897 limit	6,920
Worker's Compensation St. Louis Area Insurance Trust	2000-010	July 1, 2003	July 1, 2004	Officers and employees compensation and medical	\$100,000/1,000,000	111,135
Public Officials Liability Columbia Casualty Co	223642514	July 1, 2003	July 1, 2004	Elected Officials and City Manager	\$1,000,000 \$10,000 deductible	11,737
Public Officials Liability Capitol Indemnity	PO00796196	July 1, 2003	July 1, 2004	Director of Finance	\$500,000	843
Public Employees Blanket Bond St. Paul Fire & Marine Ins. Co.	406CG9131	July 1, 2003	July 1, 2004	All City Employees	\$50,000 \$250 deductible	1,027
Group Health and Dental Insurance Blue Cross Blue Shield Delta Dental	00319237-000 1753-1000	Jan 1, 2003	Jan 1, 2004	Employees, Retirees, and Dependents	HMO/POL Plan Dental DMO network 100/80/50 \$25 deductible \$1,000 maximum per year	986,346
Group Term Life Insurance Highmark Life Ins. Co.	910987-0010	July 1, 2003	July 1, 2004	Employees	1 x annual salary, \$50,000 max 2 x annual salary AD&D	17,755
Group Term Life Insurance Phoenix Mutual Ins. Co.	000-3924-00	July 1, 2003	July 1, 2004	Employees	\$2,000 life \$2,000 AD&D	914

City of Ferguson, Missouri

SECTION III

**STATISTICAL
INFORMATION**



**CITY OF FERGUSON
GOVERNMENT-WIDE EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2004**

Function	<u>2004</u>	<u>2003</u>
General government	\$ 1,641,523	1,601,877
Public safety	6,417,994	6,127,322
Highways and streets	1,564,795	1,889,036
Community development	491,677	519,924
Culture and recreation	1,470,433	1,423,663
Interest on long-term debt	717,441	698,228
	<u>\$ 12,303,863</u>	<u>12,260,050</u>

**CITY OF FERGUSON
GOVERNMENT-WIDE REVENUES BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2004**

Source	<u>2004</u>	<u>2003</u>
Program revenues:		
Charges for services	\$ 2,129,768	1,949,457
Operating grants and contributions	1,367,289	1,362,927
Capital grants and contributions	148,811	279,302
General revenues:		
Taxes	8,793,499	8,717,085
Licenses (taxes)	388,487	387,549
Investment income	23,014	56,491
Gain on sale of capital assets	-	22,372
Miscellaneous	110,758	116,367
Total Revenues	<u><u>\$ 12,961,626</u></u>	<u><u>12,891,550</u></u>

**CITY OF FERGUSON
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways And Streets</u>	<u>Sanitation</u>	<u>Community Development</u>	<u>Culture And Recreation</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
1995	\$ 964,019	\$ 4,381,766	\$ 936,391	\$ 701,558	\$ 228,708	\$ 1,071,442	\$ 115,129	\$ 220,054	\$ 8,619,067
1996	1,053,904	4,457,041	892,217	718,749	203,204	1,061,598	23,152	1,914,650	10,324,515
1997	1,166,207	4,524,118	1,032,591	716,237	304,332	949,792	53,010	1,682,491	10,428,778
1998	1,314,257	4,668,469	1,020,148	870,866	251,422	1,027,424	330,723	6,241,317	15,724,626
1999	1,309,068	4,962,387	1,003,907	1,392	462,603	1,118,349	637,929	2,994,508	12,490,143
2000	1,388,657	5,161,000	1,119,984	-	356,363	1,122,493	726,510	1,841,018	11,716,025
2001	1,533,151	5,504,729	1,187,924	-	500,019	1,296,580	764,919	1,307,944	12,095,266
2002	1,482,182	5,767,799	1,100,116	-	511,604	1,288,285	1,160,082	2,398,508	13,708,576
2003	1,535,639	6,047,387	1,033,353	-	425,902	1,326,900	1,008,972	4,968,125	16,346,278
2004	1,588,424	6,295,717	1,025,494	-	300,555	1,333,516	1,056,990	1,406,502	13,007,198

Includes all governmental fund types. Totals reported in this table include total governmental fund expenditures on a GAAP basis plus the change in encumbrances for all governmental funds.

CITY OF FERGUSON
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses And Permits</u>	<u>Inter-governmental</u>	<u>Charges For Services</u>	<u>Fines And Forfeits</u>	<u>Other Income</u>	<u>Total</u>
1995	\$ 6,169,538	\$ 322,064	\$ 1,117,042	\$ 1,210,653	\$ 353,963	\$ 164,241	\$ 9,337,501
1996	7,778,404	319,838	1,132,016	1,194,905	381,512	292,274	11,098,949
1997	6,234,248	300,241	1,219,673	1,153,037	360,286	272,006	9,539,491
1998	6,954,525	337,144	1,314,270	1,304,703	389,025	366,479	10,666,146
1999	7,403,370	343,710	1,386,029	583,875	572,379	501,507	10,790,870
2000	8,130,308	371,397	1,359,181	584,465	701,597	447,372	11,594,320
2001	8,743,860	383,027	1,526,364	717,467	812,008	286,874	12,469,600
2002	8,777,296	400,377	1,796,496	1,064,998	929,034	186,504	13,154,705
2003	8,594,509	387,549	1,330,134	1,028,199	935,760	509,214	12,785,365
2004	8,645,181	388,487	1,434,449	1,122,359	1,056,528	200,790	12,847,794

Includes all governmental fund types

**CITY OF FERGUSON
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>General Sales Taxes</u>	<u>Capital Improvements Sales Taxes</u>	<u>Utility Gross Receipts Taxes</u>	<u>Payments In Lieu Of Taxes (1)</u>	<u>Other Taxes</u>
1995	6,169,538	\$ 965,864 (2)	\$ 2,908,156	\$ -	\$ 1,529,569	\$ 753,544	\$ 12,405
1996	7,778,401	933,699	2,967,704	1,957,691 (3)	1,624,254	283,401	11,655
1997	6,234,248	992,924	2,841,186	995,113	1,634,106	(248,392) (4)	19,311
1998	6,954,525	997,382	2,855,457	1,000,074	1,633,577	(66,843) (4)	534,878 (5)
1999	7,403,370	1,011,485	3,270,688	1,139,511	1,652,828	356,410	(27,552)
2000	8,130,308	1,088,680	3,429,713	1,206,408	1,599,771	780,256	25,480
2001	8,743,860	1,052,061	3,622,967	1,295,227	1,959,084	797,532	16,989
2002	8,777,296	1,112,078	3,726,366	1,327,474	1,732,411	861,952	17,015
2003	8,594,509	1,096,921	3,598,168	1,274,853	1,792,672	810,483	21,412
2004	8,645,181	1,115,602	3,618,735	1,278,744	1,801,120	818,948	12,032

- (1) Tax increment financing payments in lieu of taxes.
- (2) Property tax levy for debt service decreased by \$0.04.
- (3) Includes \$891,615 collected in prior year but held in escrow pending outcome of legal challenge.
- (4) Excess payments in lieu of taxes refunded.
- (5) Includes \$519,322 one-time receipt of local use taxes.

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

Fiscal Year	Original Tax Levy	Adjusted Tax Levy (1)	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As % Of Levy
1995	\$ 977,026	\$ 937,295	\$ 854,857	91.2%	\$ 77,474	\$ 932,331	99.5%	\$ 4,964	0.5%
1996	890,085	855,677	748,454	87.5%	103,508	851,962	99.6%	3,715	0.4%
1997	926,732	883,619	828,705	93.8%	50,514	879,219	99.5%	4,400	0.5%
1998	984,662	992,754	836,137	84.2%	149,125	985,262	99.2%	7,492	0.8%
1999	1,017,082	1,032,982	897,635	86.9%	128,739	1,026,374	99.4%	6,608	0.6%
2000	1,073,901	1,025,675	897,543	87.5%	116,108	1,013,651	98.8%	12,024	1.2%
2001	1,106,964	1,036,684	891,052	86.0%	117,764	1,008,816	97.3%	27,868	2.7%
2002	1,142,954	1,125,931	965,810	85.8%	93,207	1,059,017	94.1%	66,914	5.9%
2003	1,140,658	1,067,766	902,016	84.5%	94,835	996,851	93.4%	70,915	6.6%
2004	1,128,168	1,133,568	1,042,668	92.0%	94,742	1,137,410	100.3%	143,301	12.6%

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

Source: St. Louis County Collector of Revenue

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

Fiscal Year	Real Property	Personal Property	Railroads And Utilities	Total	
				Assessed Value	Estimated Actual Value
1995	\$ 121,512,030	\$ 29,061,880	\$ 6,055,852	\$ 156,629,762	\$ 664,319,207
1996	120,287,210	32,186,188	6,072,834	158,546,232	671,800,793
1997	119,914,630	35,838,251	6,042,211	161,795,092	680,939,669
1998	118,584,540	37,215,870	5,953,120	161,753,530	680,293,543
1999	119,548,410	36,664,596	6,068,972	162,281,978	681,539,644
2000	124,703,620	40,131,088	6,251,123	171,085,831	712,387,019
2001	124,096,110	42,736,989	6,129,955	172,963,054	717,755,728
2002	133,218,460	42,387,343	6,393,284	181,999,087	763,957,578
2003	132,933,520	42,824,082	5,875,900	181,633,502	762,564,485
2004	137,233,000	40,178,304	5,604,113	183,015,417	773,650,784

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.

Source: St. Louis County Assessor

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

Fiscal Year	City	School District	County	State	Other	Total
1995	\$ 0.660	\$ 4.480	\$ 0.580	\$ 0.030	\$ 1.499	\$ 7.249
1996	0.600	4.500	0.580	0.030	1.553	7.263
1997	0.610	4.630	0.580	0.030	1.567	7.417
1998	0.620	5.000	0.580	0.030	1.557	7.787
1999	0.630	5.010	0.580	0.030	1.577	7.827
2000	0.640	5.010	0.580	0.030	1.552	7.812
2001	0.640	5.015	0.580	0.030	1.560	7.825
2002	0.628	5.015	0.580	0.030	1.747	8.000
2003	0.628	5.040	0.580	0.030	1.743	8.021
2004	0.634	5.040	0.580	0.030	1.961	8.245

Rates stated per \$100 assessed valuation.

Source: St. Louis County Assessor

CITY OF FERGUSON
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Special Assessments Levied	Collected As Of June 30, 2004	Uncollected As Of June 30, 2004	Collection Ratio
1995	\$ 28,464	\$ 21,839	\$ 6,625	77 %
1996	-	-	-	-
1997	24,899	19,458	5,441	78
1998	27,002	5,680	21,322	21
1999	31,737	25,241	6,496	80
2000	13,383	10,432	2,951	78
2001	53,966	35,424	18,542	66
2002	31,484	16,708	14,776	53
2003	110,467	43,267	67,200	39
2004	108,745	24,863	83,882	23

CITY OF FERGUSON
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio Of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1995	22,290	\$ 158,022,465	\$ -	\$ -	\$ -	0.00%	\$ -
1996	22,290	158,546,232	-	-	-	-	-
1997	22,290	161,795,092	-	-	-	-	-
1998	22,290	161,753,530	-	-	-	-	-
1999	22,290	162,281,978	-	-	-	-	-
2000	22,290	171,085,831	-	-	-	-	-
2001	22,404	172,963,054	-	-	-	-	-
2002	22,404	181,999,087	-	-	-	-	-
2003	22,404	181,633,502	-	-	-	-	-
2004	22,404	183,015,417	-	-	-	-	-

**CITY OF FERGUSON
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004**

Net Assessed Value		<u>\$ 183,015,417</u>
Debt limit - 10% of assessed value		\$ 18,301,542
Amount of debt applicable to debt limit:		
Total bonded debt	\$ -	
Less assets in Debt Service Fund	<u>-</u>	
Total Amount Of Debt Applicable To Debt Limit		<u>-</u>
Legal Debt Margin		<u>\$ 18,301,542</u>

Under Article VI Section 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 percent of the assessed valuation of taxable tangible property within the City as ascertained by the last completed assessment for State or County purposes. Under Section 26(d) of said Article VI, the City may incur general obligation indebtedness not exceeding in the aggregate an additional 10 percent of the aforesaid assessed valuation for the purpose of acquiring rights-of-way, constructing, extending and improving the streets and avenues and acquiring rights-of-way, constructing, and improving sanitary or storm sewer systems, and under Section 26(e) of said Article VI, additional general obligation indebtedness may be incurred for purchasing or constructing waterworks, electric, or other light plants to be owned exclusively by the City, provided that the general obligation indebtedness of the City shall not exceed 20 percent of the assessed valuation.

**CITY OF FERGUSON
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2004**

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable To City Of Ferguson</u>	<u>Amount Applicable To City Of Ferguson</u>
City of Ferguson	\$ -	100.0 %	\$ -
St. Louis County	107,830,000	1.0	1,078,300
Ferguson-Florissant RII School District	16,920,000	20.1	<u>3,400,920</u>
Total Direct And Overlapping Debt			<u>\$ 4,479,220</u>

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

CITY OF FERGUSON
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
 GENERAL OBLIGATION BONDED DEBT TO TOTAL
 GENERAL GOVERNMENTAL EXPENDITURES AND ENCUMBRANCES
 LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest And Fees	Total Debt Service	Total General Expenditures	Ratio Of Debt Service To General Expenditures (Percent)
1995	\$ 85,000	\$ 6,492	\$ 91,492	\$ 8,619,067	1.06%
1996	-	-	-	10,324,515	-
1997	-	-	-	10,428,778	-
1998	-	-	-	15,724,626	-
1999	-	-	-	12,490,143	-
2000	-	-	-	11,716,025	-
2001	-	-	-	12,095,266	-
2002	-	-	-	13,708,576	-
2003	-	-	-	16,346,278	-
2004	-	-	-	13,007,198	-

Total general expenditures includes all governmental fund types.

**CITY OF FERGUSON
PENSION PLAN AND FUND -
REVENUES BY SOURCE AND EXPENSES BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Revenues By Source			Expenses By Type			Employer Contribution As A Percentage Of Covered Payroll
	Employer Contribution	Investment Income*	Total	Benefits	Administrative Expenses	Total	
1995	\$ 41,278	\$ 2,113,203	\$ 2,154,481	\$ 305,856	\$ 65,706	\$ 371,562	1.1%
1996	55,598	1,832,020	1,887,618	370,702	76,479	447,181	1.1
1997	-	2,458,073	2,458,073	480,459	74,884	555,343	-
1998	-	2,132,995	2,132,995	622,867	78,695	701,562	-
1999	-	1,496,419	1,496,419	736,075	77,867	813,942	-
2000	-	699,439	699,439	697,467	73,642	771,109	-
2001	-	640,660	640,660	724,570	44,158	768,728	-
2002	-	(78,529)	(78,529)	793,882	77,548	871,430	-
2003	-	641,927	641,927	792,362	87,815	880,177	-
2004	-	2,249,233	2,249,233	779,682	136,801	916,483	-

*Investment income is calculated on a market value basis and includes unrealized gain or loss.

CITY OF FERGUSON
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Household Income</u>	<u>Unemployment Rate</u>	
1995	-	\$ 39,444	4.1	%
1996	21,126	-	3.8	
1997	-	-	3.2	
1998	-	-	3.5	
1999	-	-	3.3	
2000	22,404	35,647	3.0	
2001	-	-	3.7	
2002	-	-	4.9	
2003	-	-	5.0	
2004	-	-	5.1	

**CITY OF FERGUSON
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN CALENDAR YEARS**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
New construction:										
Number of permits issued	4	9	18	7	7	5	2	2	3	7
Value of construction	\$1,027,000	\$809,900	\$1,829,650	\$4,846,000	\$1,836,112	\$3,205,000	\$350,000	\$1,612,000	\$26,458,000	\$2,503,000
Alterations and additions:										
Number of permits issued	129	147	78	54	144	97	72	234	128	118
Value of construction	\$1,139,031	\$1,008,955	\$381,939	\$523,360	\$3,784,320	\$1,114,357	\$1,118,477	\$1,626,657	\$7,234,042	\$7,038,672
Building demolitions:										
Number of permits issued	22	11	32	41	27	44	30	20	12	30

Calendar Year	Property Value(1)	New Construction(2)			Bank Deposits(3) (thousands)	
		No. Of Units	Commercial	No. Of Units Residential		
1994	\$ 557,855,766	4	\$ 1,027,000	-	\$ 102.142	
1995	556,435,559	4	496,000	5	313,900	102.434
1996	554,721,377	17	1,775,650	1	54,000	101.491
1997	564,335,419	2	4,320,000	5	526,000	102.707
1998	566,958,850	5	1,522,000	2	314,112	106.513
1999	586,522,670	5	3,205,000	-	-	101.191
2000	584,386,459	-	-	2	350,000	106.586
2001	631,259,304	1	1,522,000	1	90,000	105.817
2002	634,092,239	3	26,458,000	-	-	101.717
2003	unavailable	3	1,978,000	4	525,000	100.294

(1) Real property only; does not include non-taxable property. Source - St. Louis County Assessor.

(2) Includes non-taxable property. Source - City building permits.

(3) Obtained by contacting bank.

**CITY OF FERGUSON
PRINCIPAL TAXPAYERS
JUNE 30, 2004**

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>Assessed Value</u>	<u>Percentage Of Total Assessed Value</u>
Emerson Electric	Manufacturing	\$ 10,390,730	5.7%
Crossings at Halls Ferry, LLC	Shopping center	2,306,060	1.3
Home Depot	Retail sales	2,130,070	1.2
Northwinds Apartments LLC	Apartment rental	1,742,910	1.0
Sams Inc.	Retail sales	1,602,410	0.9
Lipton Properties	Apartment rental	1,558,650	0.9
Wal-Mart Inc.	Retail sales	1,444,900	0.8
Ackerman Buick	Retail sales	1,407,880	0.8
Gannon Partnership	Apartment rental	1,399,710	0.8
Otis & Clark Properties	Shopping center	<u>1,280,000</u>	0.7
Totals		<u>\$ 25,263,320</u>	13.9%

Source: St. Louis County Assessor

CITY OF FERGUSON
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30, 2004

Date of incorporation		November 12, 1894	
Date of last Charter revision		February 3, 1998	
Form of government		Council-Manager	
Area, square miles:	June 30, 2000	5.97	
	June 30, 1990	5.97	
	June 30, 1980	5.97	
	June 30, 1970	5.97	
	June 30, 1960	4.38	
	June 30, 1950	3.11	
Miles of streets:	paved	69.15	
	unpaved	9.85	
Miles of alleys		0.23	
Miles of sidewalks		41.52	
Miles of sewers:	storm	35.27	
	sanitary	40.59	
Number of street lights		1,117	
Fire protection:			
Number of employees		24	
Number of stations		2	
Fire hydrants		598	
Vehicles:			
Pumpers		3	
Pumper/Telesquirt		1	
Rescue trucks		1	
Foam truck		1	
Police protection:			
Number of employees:			
Commissioned officers		52	
Other full-time employees		10	
School crossing guards		1	
Number of stations		1	
Parks and recreation:			
Acres of parks		107.7	
Number of parks		11	
Number of employees - full-time		131	



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

November 4, 2004

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

We have audited the financial statements of the **CITY OF FERGUSON, MISSOURI** (the City) as of and for the year ended June 30, 2004, and have issued our report thereon dated November 4, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of internal control comments.

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448



Member: Polaris IA International with Member Offices in Principal U.S. and International Cities.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

However, we noted other matters involving the internal control over financial reporting which we have reported to the management of the City in a separate letter dated November 4, 2004.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Hochschild Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS