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Comprehensive Annual Financial Report, 2006

City of Ferguson

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SUSAN MONTEE, CPA

Missouri State Auditor

January 19, 2007

Joan Jadali, Director of Finance
City of Ferguson
St. Louis County
110 Church Street
Ferguson, MO 63135

Fiscal Period: One Year Ended June 30, 2006 ✓

Dear Ms. Jadali:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

SUSAN MONTEE, CPA
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky
Local Government Analyst

RECEIVED
JAN 12 2007

**CITY OF FERGUSON
MISSOURI**



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2006**

CITY OF FERGUSON, MISSOURI

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2006***

Prepared by: Finance Department

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CITY OF FERGUSON, MISSOURI

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CITY OF FERGUSON, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR JULY 1, 2005 – JUNE 30, 2006



PRINCIPAL OFFICIALS

MAYOR

Brian P. Fletcher

COUNCIL MEMBERS

John Corson
Mike Salant
James Knowles
James Hines
Peggy Faul
Tim Larson

CITY MANAGER

Arthur J. Krieger

DIRECTOR OF FINANCE

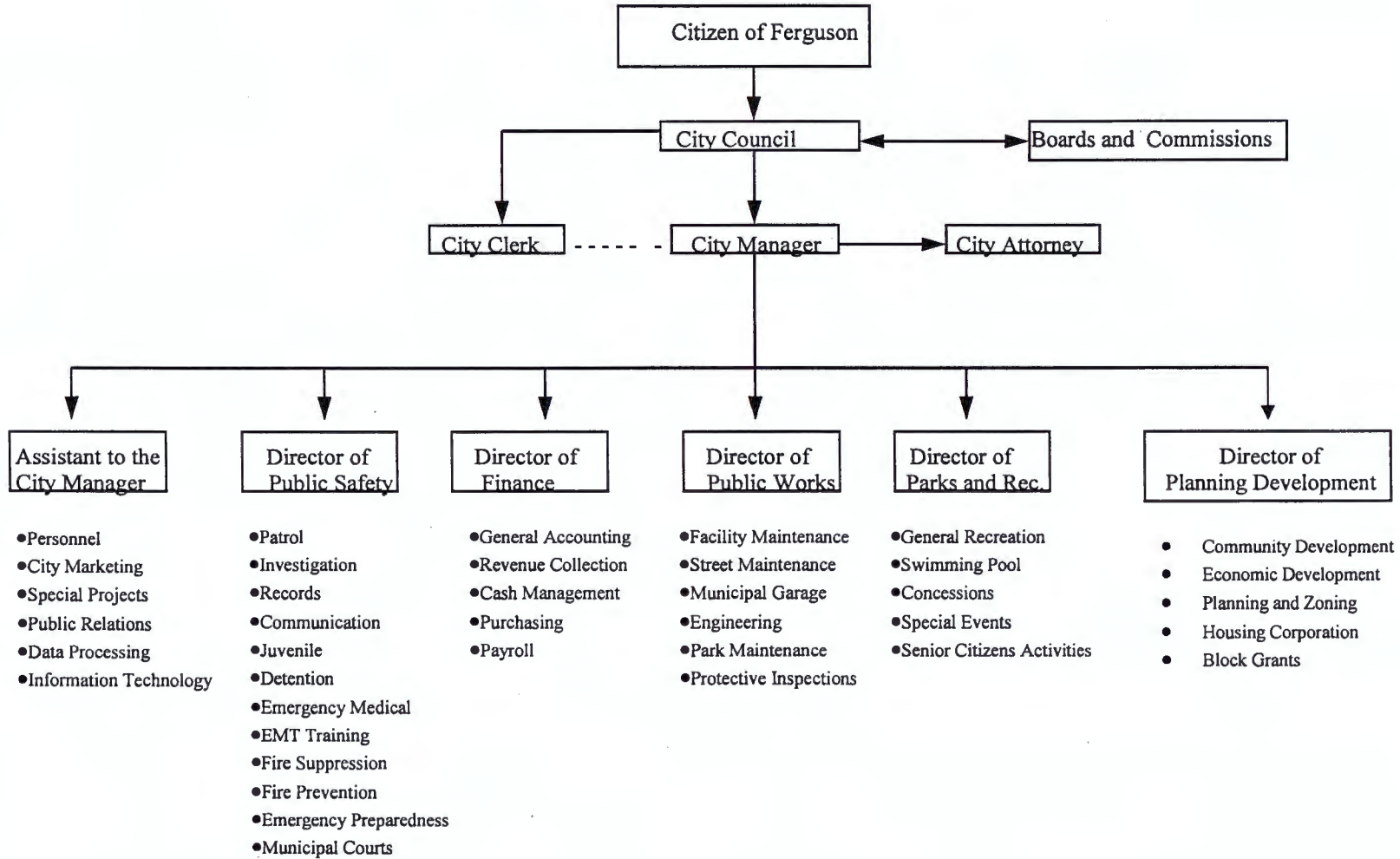
Joan Jadali

INDEPENDENT AUDITORS

Botz, Deal & Co., LLP

City of Ferguson

Administrative Organizational Chart



ii:

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, 2005

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



President

Executive Director

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CITY OF FERGUSON

MISSOURI 63135

December 31, 2006

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, 2006. This year's CAFR is the fourth 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 for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005.
2. The Financial Section includes the Independent Auditors' Report, Management Discussion and Analysis, Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information.
3. The Statistical Section includes a number of tables of unaudited data depicting the financial trends, revenue capacity, debt capacity, demographic and economic indicators, and other 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 the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

CITY HALL 110 Church St. (314) 521-7721 FAX # (314) 524-5173	CLERK of COURT 222 S. Florissant Rd. (314) 524-5264 FAX # (314) 524-4127	POLICE DEPARTMENT 222 S. Florissant Rd. (314) 522-3100 FAX # (314) 524-5290	FIRE DEPARTMENT 110 Church St. (314) 522-1122 FAX # (314) 521-9213	RECREATION DEPARTMENT 501 N. Florissant Rd. (314) 521-4661 FAX # (314) 524-5077	MUNICIPAL GARAGE 901 Ferguson Ave. (314) 521-8373 FAX # (314) 521-5165
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The City of Ferguson, Missouri's financial statements have been audited by Botz, Deal and Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Ferguson, Missouri for the year ended June 30, 2006, 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, 2006, 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.

THE FINANCIAL REPORTING ENTITY

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

ECONOMIC CONDITION AND OUTLOOK

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

The City has two main retail bases 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 is also located 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.

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.

FINANCIAL CONTROLS

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

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

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

The City maintains an encumbrance accounting system as a budgetary control technique. Encumbrances reserve appropriations, which have been obligated through purchase orders or contractual documents. Budgets are prepared on a basis consistent with GAAP, except that encumbered amounts are treated as expenditures for budgetary purposes.

Single Audit - As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. The internal control is subject to periodic evaluation by management and the staff of the City. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended in 1996 and the United States Office of Management and Budget Circular A-133. The City did not meet the threshold of a Single Audit for the fiscal year ended June 30, 2006; therefore, no Single Audit was performed.

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

OTHER INFORMATION

Cash Management Policies and Practices - Temporarily idle cash in the governmental funds during the year was invested in certificates of deposit and obligations of the U.S. Treasury. The maturities of the investments range from overnight to one year, with an average maturity of six months. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, all of City deposits were either insured by federal depository insurance or collateralized, except for \$13,273. This was an oversight by the bank and was corrected after year-end. All collateral on deposits was held either by the City's agent or a financial institution's trust department in the City's name.

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

Debt Administration - At year end, the City had three debt issues outstanding. These issues include \$3,095,000 in certificates of participation related to the City's capital lease obligation for the construction of the Splash at Wabash aquatic facility, \$6,935,000 in TIF revenue bonds related to the Crossings at Halls Ferry redevelopment project, and \$2,250,000 in variable rate bonds for infrastructure improvements. The City refunded the original Halls Ferry TIF revenue bonds in the prior fiscal year and saved approximately \$1 million in interest expenditures that would have had to be paid by the end of the term of the initial bond issue based on the significantly higher bond rates being carried with the previous bonds.

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. The City has had no actuarially required contribution to the pension plan for the past ten years, and therefore has elected not to make any supplemental contributions.

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, 2005. This was the twenty-first 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. An expression of gratitude is also extended to the Mayor and the City Council for their leadership and on-going concern for the financial well-being of the City. Finally, I would like to acknowledge the assistance of our independent auditors, Botz, Deal & Company. Their assistance and recommendations, both in the preparation of this report, as well as their consultations and interim reviews, are sincerely appreciated.

Respectfully submitted,



Joan Jadali
Director of Finance

INDEPENDENT AUDITORS' REPORT



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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ferguson, Missouri, as of June 30, 2006, and the respective changes in the financial position and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 11 and 43 through 46, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 an opinion on the financial statements that collectively comprise the City of Ferguson, Missouri's basic financial statements. The introductory section, supplemental information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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 as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Botz, Deal & Company
September 2006
CPA

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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, 2006. 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 \$12,456,704. The City has a deficit in *unrestricted net assets* totaling \$1,839,153 due to \$6,935,000 in TIF Revenue Bonds Series 2005 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 \$11,787,575, an increase of \$5,207,935 in comparison to the prior year. Approximately 33% of this total amount, \$3,920,519 is available for spending at the City's discretion. The significant increase in the fund balance is due to two main revenue sources. The 2005-06 fiscal year was the City's first full year of sales tax receipts for both the Firefighter Protection Tax (.25%) and the Park Tax (.50%) and was the first year of a two-year receipt of funds in the amount of \$2,250,000 in variable rate bonds to fund infrastructure improvements.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,920,519 or 41% of total general fund expenditures.
- The City's debt increased by \$1,685,000 or 15.9% during the current fiscal year. This increase in debt is due to the additional debt issuance of the variable rate bonds of \$2,250,000 less the principal payments made during fiscal year 2005-06 of \$130,000 on the Splash at Wabash Certificates of Participation and the \$435,000 on the principal payment on the Halls Ferry Tax Increment Financing bonds.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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

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

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 (FNIP) 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. Complete financial statements of the FNIP can be obtained from their administrative office at 110 Church Street, Ferguson, Missouri 63135. 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, Missouri 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

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and the government-wide *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 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 non-major funds". Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the other supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund, 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.

Proprietary funds. The City of Ferguson, Missouri eliminated its one *internal service fund*, as of July 1, 2005, used to account for and allocate costs internally among the City's various functions. The internal service fund was used to account for the City's fleet of vehicles.

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

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

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

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

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

This is the fourth 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*

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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 \$12,456,704 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.

	Statement of Net Assets Governmental Activities	
	2006	2005
Assets		
Current and other assets	\$ 13,098,281	\$ 7,930,997
Capital assets, net	11,886,939	12,009,814
Total assets	24,985,220	19,940,811
Liabilities		
Long-term liabilities	705,006	592,030
Other liabilities	11,823,510	9,975,900
Total liabilities	12,528,516	10,567,930
Net Assets		
Invested in capital assets, net of related debt	8,533,891	8,870,581
Restricted	5,761,966	3,732,212
Unrestricted	(1,839,153)	(3,229,912)
Total net assets	\$ 12,456,704	\$ 9,372,881

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* \$1,839,153 is due to \$6,935,000 in TIF Revenue Bonds Series 2005 outstanding at year end for infrastructure assets not owned by the City. The TIF Revenue Bonds Series 2005 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 \$3,083,823. Key elements of this increase are as follows:

- Gross receipts of \$121,930 have contributed significantly to the increase in fund balance. Electric and gas receipts were the two key utilities pulling in more revenue than budgeted.

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

- Sales tax, specifically the two relatively new taxes approved by voters in November 2004 have added a substantial portion of new money to the City's net assets.
- Policing efforts have contributed \$313,138 in additional revenue over 2005-06 budget figures.
- Interest income has added extra funds to the City's coffers as the rates have provided favorable returns. These rates, coupled with the City's broader use of investment vehicles, have provided additional funds while investing the City's funds in the safest investment opportunities.

		Statement of Changes in Net Assets Governmental Activities	
		2006	2005
Revenues			
Program revenues:			
Charges for services	\$	2,964,124	\$ 2,529,397
Operating grants and contributions		-	1,211,287
Capital grants and contributions		222,109	286,760
General revenues:			
Taxes		12,491,024	9,241,056
Investment income		396,682	167,666
Other revenue		120,888	-
Total revenue		16,194,827	13,436,166
Expenses			
General government		1,376,228	1,221,280
Public safety		6,674,109	6,432,507
Highways and streets		2,619,592	1,111,778
Community development		302,788	530,793
Culture and recreation		1,522,714	1,461,715
Interest on long-term debt		615,573	411,427
Total expenses		13,111,004	11,169,500
Change in net assets		3,083,823	2,266,666
Net Assets, beginning of year		9,372,881	7,106,215
Net Assets, end of year	\$	12,456,704	\$ 9,372,881

Significant Changes in Fund Net Assets

The majority of the \$3,083,823 increase in net assets was attributable to increases in the balances of funds restricted for debt service and capital projects.

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2006, the unreserved fund balance of the General Fund was \$3,920,519, and the total fund balance was \$3,953,623. The difference of \$33,104 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. Unreserved fund balance represents 41% of total General Fund expenditures of \$9,680,043.

The unreserved fund balance of the City's General Fund increased by \$1,223,092 or 45% from the prior year fund balance. This change in the current year's fund balance is mainly attributable to:

- Additional sales tax revenue collected for the first full year from the ¼ % Firefighter Protection tax approved by voters in November 2004.
- Enhanced policing efforts.
- Significant interest earnings due to great interest rates and a recently adopted investment policy that provides for usage of a number of investment vehicles.

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

- The fund balance of the Park Fund increased by \$608,459 which is the first full year that the City is receiving taxes from this source.
- The unreserved fund balance of the Capital Improvements Sales Tax Fund increased by \$2,852,041 or 216%. The increase in this fund balance is attributable to \$2,332,127 in proceeds from the issuance of debt.
- The unreserved fund balance of the Halls Ferry TIF Bond Debt Service Fund increased by \$103,282 due to taxes collected being greater than the debt service.

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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. This fund was dissolved on July 1, 2005.

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.

At the end of fiscal 2006, cash and investments of the fiduciary funds had increased \$657,498 from year 2005, attributable to improving market conditions which caused significant gains in the Pension Trust Fund investments.

Capital Assets

The City has invested \$11,886,939 in a broad range of capital assets as of June 30, 2006. This investment in capital assets includes land, buildings, machinery and equipment, park facilities, highways and streets, and bridges.

	Capital Assets, Net of Depreciation	
	2006	2005
Land	\$ 1,228,324	\$ 1,228,324
Buildings & other improvements	6,717,007	6,784,300
Machinery and equipment	210,430	149,959
Motor vehicles	1,096,584	1,108,801
Infrastructure	2,248,786	2,504,487
Construction in progress	385,808	233,943
Total	\$ 11,886,939	\$ 12,009,814

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

Long-Term Debt

At June 30, 2006, the City had outstanding long-term debt obligations for governmental activities in the amount of \$12,357,982 compared to \$10,595,000 in 2005. Of this amount, \$6,935,000 is Tax Increment Revenue Bonds, \$2,250,000 is Variable Rate Capital Improvement

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

Bonds and \$3,095,000 is Certificates of Participation. The increase in the City's long-term debt obligations is the result of the issuance of \$2,250,000 of Variable Rate Capital Improvement Bonds.

The City's governmental activities debt is detailed below:

	Outstanding Long-Term Debt Obligations	
	2006	2005
Tax Increment Revenue Bonds, series 2005	\$ 6,935,000	\$ 7,370,000
Variable Rate Capital Improvement Bonds 2005	2,250,000	-
Certificates of Participation, series 2002	3,095,000	3,225,000
Capital lease	77,982	-
Total	\$ 12,357,982	\$ 10,595,000

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

Significant Variances between Budgets and Actual Revenues

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

- General taxes were \$97,701 under budgeted figures due, in part, to tax receipts under historical trends for the 2005/06 fiscal year.
- Fines and forfeitures were \$365,221 over budgeted figures due to the increased efforts of the Police Department.
- Business licenses were \$233,179 over budgeted figures due to increased gross receipts collected by municipal businesses.

Significant Variances between Budgets and Actual Expenditures

All departments reflected significant variances (under budgeted figures) between budgeted and actual expenditures for the year ended June 30, 2006 except for the Municipal Garage. This department was faced with significant vehicle costs which forced it 3% over budgeted figures. However, by maintaining expenditures in all other departments and remaining under budget, the City used only 92% of the total budgeted expenditures at year end.

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

Economic Factors and Next Year's Budget

The lack of growth in revenue sources caused by adverse economic conditions within the most recent few years in addition to the lack of new revenue were the major factors affecting the fiscal 2005-06 budget for the City of Ferguson, Missouri. With this in mind, the voters were asked to approve a ¼% Firefighter Protection Sales Tax and a ½% Parks and Stormwater Sales Tax in November 2004. Recognizing the need to repair and improve the City's financial position, the voters approved both measures. The benefit of this foresight in planning for the City's future can already be seen as the City is beginning to post surpluses in funds such as the Park Fund for the second year in a row, which typically ran at a deficit and traditionally was subsidized by the General Fund.

In addition, the City Council approved a measure to issue variable rate capital improvement bonds known as the line of credit in June 2005. The line of credit is to be used to fund long-term deferred maintenance and to finance the costs of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects. The 2005 variable rate bonds were issued September 1, 2005 for \$2,250,000. The second draw of these funds occurred on September 1, 2006 for \$2,270,000. However, because this draw did not occur during the 2005-06 fiscal year, it will be noted as a subsequent event in the Notes to the Financial Statements.

Further, the City Council approved a refunding of the Crossings at Halls Ferry series 1997 bonds in the 04/05 fiscal year. This refinancing of the bonds reflects overall future savings of about \$1 million in interest as the refunding decreased the interest rates on the bonds ranging from 7.25% - 7.525% (series 1997 bonds) to current ranges of 2.8%-5.0% (series 2005 bonds).

The FY 2005-06 budget took significant steps to repair the City's overall financial management system. Specifically, the City has already established an investment policy, documented procedures for journal entry approval including intra-fund transfers, established a series of internal controls/fraud detection policies and procedures, and will collapse the Internal Service Fund. While implementing the necessary internal controls and repairs to the City's financial management system, the FY 2005-06 budget also provides the City an opportunity to plan for the future by replenishing certain critical City Funds. The combined benefits of the City Administration's spending control measures and the influx of Proposition 1 (Parks & Stormwater Tax) and 2 (Firefighter Protection Tax) revenue has significantly improved the City's overall financial strength, assured the ability to continue uninterrupted City programs and services, and provided an opportunity to direct available resources toward city-wide improvement efforts.

The FY 2006-07 Budget document represents the continued development and enhancement of the City's overall financial management capabilities. For the first time, this budget document contains a recitation of the City's fiscal policies that explain to the public the general guiding principles employed by the City's Administration. The City Administration views the budget as not only a documentation of the annual revenues and expenditures, but also an opportunity to assure Ferguson residents that the City Council and Administration make financial decisions based on a solid set of guiding principles. These principles, as outlined in the Fiscal Policies section, explain not only the mechanics of the City's financial management, but also provide evidence of City's commitment to upholding its fiduciary responsibilities.

CITY OF FERGUSON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

A snap-shot review of FY 2005-06 and projection of FY 2006-07 portrays a City government emerging from a period of financial stress, and while anticipating deficit spending within the General Fund, projects an overall financial position of guarded optimism. The financial condition of the City of Ferguson is stable.

The theme of the proposed FY 2006-07 budget can best be described as strategic investment; investments in capital improvements, increasing the capacity of critical City operations, and technology. The ability to make these strategic investments is largely attributable to the City's exceptional financial management during recent difficult financial periods.

An examination of recent fiscal years reveals the benefits of both the City's conservative budget philosophies and its ability to effectively control its overall spending. By combining an all-inclusive method of accounting for necessary expenditures with a conservative projection of available revenues, the City has entered each fiscal year with a clear understanding of its financial position. As such the Council and Administration have been able to work together to institute several updated financial management policies and procedures, prioritize projects, leverage resources, and operate City government with surplus revenues during periods of budgeted deficits. This period of surplus revenues provides the City an opportunity to make strategic investments in both its ability to provide necessary public services as well as expand the City's revenue base.

Requests for Information

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

CITY OF FERGUSON, MISSOURI

STATEMENT OF NET ASSETS

JUNE 30, 2006

	Governmental Activities	Component Unit Ferguson Neighborhood Improvement Program
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 7,582,353	\$ 387,048
Taxes receivable:		
Property	151,349	-
Accounts receivable, net	383,276	-
Due from other governments	1,768,088	-
Inventory	53,472	-
Loans receivable	-	95,330
Bond issue costs	184,010	-
Cash and investments - restricted	2,975,733	-
Capital assets - net		
Nondepreciable	1,614,132	-
Depreciable	10,272,807	-
TOTAL ASSETS	<u>24,985,220</u>	<u>482,378</u>
LIABILITIES		
Accounts payable	311,133	-
Accrued wages	95,411	-
Other liabilities	72,215	-
Accrued interest payable	139,936	-
Unearned revenue	86,311	-
Noncurrent liabilities:		
Due in one year	902,549	-
Due in more than one year	10,920,961	-
TOTAL LIABILITIES	<u>12,528,516</u>	<u>-</u>
NET ASSETS		
Invested in capital assets, net of related debt	8,533,891	-
Restricted for:		
Home improvements	-	378,146
Debt service	1,389,399	-
Capital projects	2,879,214	-
Community development	473,743	-
Culture and recreation	1,019,610	-
Unrestricted	(1,839,153)	104,232
TOTAL NET ASSETS	<u>\$ 12,456,704</u>	<u>\$ 482,378</u>

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

CITY OF FERGUSON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Assets	
		Charges for Service	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Ferguson Neighborhood Improvement Program
Governmental Activities					
General government	\$ 1,376,228	\$ 420,797	\$ 115,365	\$ (840,066)	\$ -
Public safety	6,674,109	1,446,387	-	(5,227,722)	-
Highway and streets	2,619,592	491,895	1,494	(2,126,203)	-
Community development	302,788	22,378	-	(280,410)	-
Culture and recreation	1,522,714	582,667	105,250	(834,797)	-
Interest and fiscal charges	615,573	-	-	(615,573)	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,111,004	2,964,124	222,109	(9,924,771)	-
Component Unit:					
Ferguson Neighborhood Improvement Program	\$ 55,390	\$ 9,910	\$ -	-	(45,480)
Taxes:					
Sales				8,870,085	-
Utility				1,925,685	-
Property				1,613,335	-
Other				81,919	-
Interest income				396,682	10,550
Gain of the disposal of capital assets				18,810	-
Other miscellaneous revenue				102,078	-
TOTAL GENERAL REVENUES				13,008,594	10,550
CHANGE IN NET ASSETS				3,083,823	(34,930)
NET ASSETS BEGINNING OF YEAR				9,372,881	517,308
NET ASSETS END OF YEAR				\$ 12,456,704	\$ 482,378

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

CITY OF FERGUSON, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2006

	General Fund	Park Fund	Capital Improvements Sales Tax	Halls Ferry TIF Bonds	Other Non-major Funds	Total
ASSETS AND OTHER DEBITS						
Cash and cash equivalents	\$ 1,938,283	\$ 192,888	\$ -	\$ -	\$ -	\$ 2,131,171
Investments	1,577,479	434,819	2,266,747	-	1,172,137	5,451,182
Accounts receivable, net	170,621	-	-	-	6,300	176,921
Property tax receivable	106,033	45,316	-	-	-	151,349
Due from other governments	1,099,993	218,828	214,594	195,601	39,072	1,768,088
Due from other funds	(291,871)	194,797	(11,246)	-	108,320	-
Inventory	53,472	-	-	-	-	53,472
Restricted:						
Cash	-	-	23,290	905,799	287,925	1,217,014
Investments	-	-	1,758,719	-	-	1,758,719
TOTAL ASSETS	\$ 4,654,010	\$ 1,086,648	\$ 4,252,104	\$ 1,101,400	\$ 1,613,754	\$ 12,707,916
LIABILITIES						
Accounts payable	\$ 163,853	\$ 62,462	\$ 76,881	\$ -	\$ 7,937	\$ 311,133
Accrued wages	90,835	4,576	-	-	-	95,411
Other liabilities	72,215	-	-	-	-	72,215
Deferred revenue	373,484	68,098	-	-	-	441,582
TOTAL LIABILITIES	700,387	135,136	76,881	-	7,937	920,341
FUND BALANCES:						
Fund balances:						
Reserved:						
Encumbrances	33,104	36,223	56,142	-	-	125,469
Debt Service	-	-	-	1,101,400	287,999	1,389,399
Unreserved:						
General fund	3,920,519	-	-	-	-	3,920,519
Special Revenue Funds	-	915,289	-	-	484,834	1,400,123
Capital Projects Funds	-	-	4,119,081	-	832,984	4,952,065
TOTAL FUND BALANCES	3,953,623	951,512	4,175,223	1,101,400	1,605,817	11,787,575
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,654,010	\$ 1,086,648	\$ 4,252,104	\$ 1,101,400	\$ 1,613,754	\$ 12,707,916

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

CITY OF FERGUSON, MISSOURI
 RECONCILIATION OF THE STATEMENT OF NET ASSETS
 OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
 AS OF JUNE 30, 2006

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

Total fund balance per balance sheet		\$ 11,787,575	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		11,886,939	
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.		561,526	
Costs associated with the issuance of debt are expenditures in the governmental funds, however these costs are recorded as an asset in the statement of net assets and amortized over the live of the debt		184,010	
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		(273,621)	
Accrued interest		(139,936)	
Outstanding debt		<u>(11,549,889)</u>	
Net assets of governmental activities		<u>\$ 12,456,704</u>	

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

CITY OF FERGUSON, MISSOURI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Park Fund	Capital Improvements Sales Tax	Halls Ferry TIF Bonds	Other Non-major Funds	Total
REVENUES						
Taxes	\$ 8,206,559	\$ 1,669,972	\$ 1,301,468	\$ 913,781	\$ 399,244	\$ 12,491,024
Licenses and permits	610,369	-	-	-	23,935	634,304
Intergovernmental	137,743	105,250	1,494	-	-	244,487
Charges for service	143,903	582,667	-	-	191,623	918,193
Fines and forfeits	1,398,221	-	-	-	-	1,398,221
Investment income	74,646	20,415	268,697	(16,544)	49,468	396,682
Other income	88,443	22,690	9,410	-	345	120,888
TOTAL REVENUES	<u>10,659,884</u>	<u>2,400,994</u>	<u>1,581,069</u>	<u>897,237</u>	<u>664,615</u>	<u>16,203,799</u>
EXPENDITURES						
Current:						
General government	1,326,238	-	-	-	-	1,326,238
Public safety	6,418,677	-	-	-	-	6,418,677
Highways and streets	1,281,617	-	-	-	-	1,281,617
Community development	227,905	-	-	13,599	221,561	463,065
Culture and recreation	266,360	978,646	-	-	-	1,245,006
Capital outlays	154,201	282,756	1,124,332	-	61,883	1,623,172
Debt service:						
Principal, interest and fiscal charges	5,045	-	44,691	780,356	264,486	1,094,578
TOTAL EXPENDITURES	<u>9,680,043</u>	<u>1,261,402</u>	<u>1,169,023</u>	<u>793,955</u>	<u>547,930</u>	<u>13,452,353</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>979,841</u>	<u>1,139,592</u>	<u>412,046</u>	<u>103,282</u>	<u>116,685</u>	<u>2,751,446</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	2,332,127	-	-	2,332,127
Transfer in (out)	243,251	(531,133)	107,868	-	304,376	124,362
TOTAL OTHER FINANCING SOURCES (USES)	<u>243,251</u>	<u>(531,133)</u>	<u>2,439,995</u>	<u>-</u>	<u>304,376</u>	<u>2,456,489</u>
CHANGE IN FUND BALANCE	1,223,092	608,459	2,852,041	103,282	421,061	5,207,935
FUND BALANCES - BEGINNING OF YEAR	<u>2,730,531</u>	<u>343,053</u>	<u>1,323,182</u>	<u>998,118</u>	<u>1,184,756</u>	<u>6,579,640</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,953,623</u>	<u>\$ 951,512</u>	<u>\$ 4,175,223</u>	<u>\$ 1,101,400</u>	<u>\$ 1,605,817</u>	<u>\$ 11,787,575</u>

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

CITY OF FERGUSON, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

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

Change in fund balance-total governmental funds	\$	5,207,935
Revenues that do not provide current financial resources are not included in the fund financial statements		(8,972)
The acquisition of capital assets requires the use of current financial resources but has no effect on net assets.		802,867
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.		(925,742)
Governmental funds report the effect of issuance costs, premiums and discounts when the debt is issued, whereas the amounts are deferred and amortized in the statement of activities		(90,140)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.		(14,781)
Long-term debt proceeds are reported as an increase to fund balance in the governmental funds. In the statement of net assets the issuance of debt increases liabilities and has no effect on net assets.		(2,332,127)
At the beginning of the current fiscal year the City closed out the internal service fund. The remaining fund balance was transferred into the governmental funds. This had no effect on the government-wide net assets since the internal service fund was consolidated into the government-wide presentation in the prior year.		(124,362)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		569,145
		<hr style="border: none; border-top: 1px solid black;"/>
Change in net assets of governmental activities	\$	<u><u>3,083,823</u></u>

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

CITY OF FERGUSON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006

OPERATING REVENUES	
Charge for Service	\$ -
OPERATING EXPENSES	
Miscellaneous	<u>-</u>
OPERATING INCOME	-
TRANSFER OUT	(124,362)
REMOVE NET CAPITAL ASSETS	<u>(1,121,433)</u>
CHANGE IN NET ASSETS	(1,245,795)
NET ASSETS - BEGINNING OF YEAR	<u>1,245,795</u>
NET ASSETS - END OF YEAR	<u><u>\$ -</u></u>

CITY OF FERGUSON, MISSOURI
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash paid to suppliers	\$ 25,017
Cash paid to employees	(10,694)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>14,323</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer out	<u>(124,362)</u>
 CASH FLOW FROM INVESTING ACTIVITIES	
Proceeds from the sale of investments	<u>110,039</u>
 NET DECREASE IN CASH	 -
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>-</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u><u>\$ -</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	<u>\$ -</u>
(Increase) decrease in assets:	
Inventory	30,391
Increase (decrease) in liabilities	
Accounts payable	(5,374)
Wages payable	(10,694)
TOTAL ADJUSTMENTS	<u>14,323</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u><u>\$ 14,323</u></u>

CITY OF FERGUSON, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS AND OTHER DEBITS		
Cash and cash equivalents	\$ -	\$ 141,334
Investments:		
Common Stock	15,999,126	-
Government securities - U.S. agencies	2,697,825	-
Corporate obligations	1,183,510	-
Money market funds	570,385	-
Interest Receivable	44,992	-
TOTAL ASSETS	<u><u>20,495,838</u></u>	<u><u>141,334</u></u>
 LIABILITIES		
Accounts payable	<u>-</u>	<u>141,334</u>
 NET ASSETS		
Held in trust for pension benefits	<u><u>\$ 20,495,838</u></u>	<u><u>\$ -</u></u>

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

CITY OF FERGUSON, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Pension</u>	<u>Trust Fund</u>
ADDITIONS		
Investment income:		
Interest and dividends	\$	572,677
Net appreciation in fair value of investments		1,007,214
TOTAL ADDITIONS		<u>1,579,891</u>
 DEDUCTIONS		
Benefits paid		828,572
Administrative fees		93,821
TOTAL DEDUCTIONS		<u>922,393</u>
 CHANGE IN NET ASSETS		657,498
 NET ASSETS HELD IN TRUST - BEGINNING OF YEAR		<u>19,838,340</u>
 NET ASSETS HELD IN TRUST - END OF YEAR		<u>\$ 20,495,838</u>

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

CITY OF FERGUSON, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The City defines its financial reporting entity in accordance with provisions established by GASB. GASB requirement for inclusion of component units are primarily based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on that PCU, or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City.

Based on these criteria, the City has determined that its financial reporting entity consists of the City (the primary government), 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.

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

A. **REPORTING ENTITY** - continued

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 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 110 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.

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 charges for services, 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.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Fiduciary fund financial statements use the accrual basis of accounting, but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 City.

The City reports the following major governmental funds:

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

Park Fund - The Park Fund is used to account for taxes levied on all property within the City for the purpose of providing public park facilities and to account for the expenditure for recreational and park purposes and for the revenues derived from recreational program fees. The Park Fund also is used to account for the .5 percent Park and Storm water Sales Tax that was approved by voters in November 2004. In adopting the legislation locally and placing the measure before the voters of the City, the Ferguson City Council chose to use the .5 percent sales tax strictly for park improvement purposes.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued
- B. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** - continued

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. In addition, the City issued Variable Rate Capital Improvement Bonds to fund various capital improvements throughout the City. The funds received from these bonds will be expended out of this fund. 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 originally pay principal and interest on \$8,385,000 tax increment financing bonds issued September 12, 1997. However, these Halls Ferry TIF Bonds were refinanced on March 1, 2005 by Ordinance number 2005-3230 authorizing issuance of tax increment revenue bonds, Series 2005 in the amount of \$7,370,000.

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. The City discontinued the use of its Internal Service Fund on July 1, 2005.

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

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

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 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 City 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 City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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.

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

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

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

Investments are recorded at fair value.

D. **LOANS RECEIVABLE**

Loans receivable consist 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% to 6% annually.

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

E. **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. Infrastructure acquired prior to the implementation of GASB 34 has been reported.

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:

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

F. **INVENTORIES**

Inventories 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.

G. **VACATION AND SICK LEAVE**

Under terms of the City's personnel policy, employees are granted vacations based on length of service. Vacations accrue on January 1 of each year and must be taken within the same year as 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 \$273,621 at June 30, 2006, recorded in the government-wide financial statements. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

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

H. **DEFERRED REVENUE**

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

I. **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. Long-term debt is reported net of the applicable debt premium or discount. Debt issuance costs are reported as deferred charges and 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.

J. **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.

K. **ENCUMBRANCES**

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

L. **INTERFUND TRANSACTIONS**

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

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

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

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

N. **USE OF ESTIMATES**

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

O. **RESTRICTED ASSETS**

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.

P. **ALLOWANCE FOR UNCOLLECTIBLES**

Accounts receivable are shown net of an allowance for uncollectible amounts of \$68,786.

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

A. **Deposits**

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

As of June 30, 2006, the City's bank balances were entirely insured or collateralized with securities by the City or by its agent in the City's name, with the exception of \$13,273.

As of June 30, 2006, the discretely presented component unit's bank balances were entirely insured or collateralized with securities by the discretely presented component unit or by its agent in the discretely presented component unit's name.

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

B. Investments

As of June 30, 2006, the City had the following investments:

Investments	Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than Ten Years	Credit Risk
Primary Government						
Certificates of deposit	\$ 2,519,669	\$2,519,669	\$ -	\$ -	\$ -	N/A
Federal home loan mortgage corporation notes	2,134,004	2,134,004	-	-	-	AAA
Freddie Mac unsecured global reference notes	496,032	496,032	-	-	-	AAA
Federal national mortgage association notes	171,127	171,127	-	-	-	AAA
Interest rate swap agreement	130,350	130,350	-	-	-	N/A
Restricted:						
Fannie Mae discount note	269,608	269,608	-	-	-	AAA
Freddie Mac discount note	498,097	498,097	-	-	-	AAA
Federal home loan bank discount notes	991,014	991,014	-	-	-	AAA
Total Primary Government	<u>7,209,901</u>	<u>7,209,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fiduciary Funds						
Common stock	15,999,126	15,999,126	-	-	-	N/A
Federal home loan bank notes	877,862	-	586,205	291,657	-	AAA
Federal national mortgage association notes	855,760	421,775	245,235	188,750	-	AAA
Government national mortgage association pool	955,302	-	-	-	955,302	N/A
Small business administration guaranteed loan pool	8,901	-	8,901	-	-	N/A
Corporate obligations	480,417	-	480,417	-	-	A+
Corporate obligations	190,148	-	190,148	-	-	A
Corporate obligations	512,945	-	-	512,945	-	AAA
Money market funds	570,385	570,385	-	-	-	N/A
Total Fiduciary Funds	<u>20,450,846</u>	<u>16,991,286</u>	<u>1,510,906</u>	<u>993,352</u>	<u>955,302</u>	

-continued-

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

B. **Investments - continued**

-continued-

Investments	Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than Ten Years	Credit Risk
Discretely Presented Component Unit						
Federal agency notes	\$ 10,106	\$ 10,106	\$ -	\$ -	\$ -	AAA
Mutual fund - equities	109,881	109,881	-	-	-	N/A
Mutual fund - bonds	74,216	74,216	-	-	-	N/A
Money market funds	7,298	7,298	-	-	-	N/A
Total Discretely Presented Component Unit	201,501	201,501	-	-	-	
Grand Total Investments	<u>\$27,862,248</u>	<u>\$24,402,688</u>	<u>\$1,510,906</u>	<u>\$993,352</u>	<u>\$955,302</u>	

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by:

1. prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business.
2. diversifying the portfolio to reduce potential losses on individual securities.

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

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

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by:

1. diversification.

The component unit does not have investment policies.

3. **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, 2005 upon which the 2005 levy was based for real, personal, and public utility property was \$188,132,913. The 2005 levy is collected in the City's 2006 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 average 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, 2006 was \$.427 per \$100, which means that the City has a tax margin an average of \$.573 per \$100.

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, 2006 was 91 percent.

4. **INTERFUND BALANCES**

Due to/from other funds as of June 30, 2006 are as follows:

	Due To	Due From
General Fund	\$ -	\$ 291,871
Park Fund	194,797	-
Capital Improvements Fund	-	11,246
Special Business District Fund	14,878	-
Sewer Lateral Fund	-	28,370
Downtown TIF Redevelopment Fund	95,811	-
Local Improvement Fund	25,927	-
North Park Redevelopment TIF Fund	74	-
	\$ 331,487	\$ 331,487

Interfund balances are the result of short-term advances between funds.

4. **INTERFUND BALANCES** - continued

The following transfers were made during the fiscal year ending June 30, 2006

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 243,251	\$ -
Park Fund	-	531,133
Capital Improvement Sales Tax Fund	107,868	-
Special Business District Fund	46,950	-
Sewer Lateral Fund	-	10,000
Splash At Wabash Pool Project - Capital Projects Fund	3,000	-
Splash At Wabash Pool Project - Debt Service Fund	264,426	-
Internal Service Fund	-	124,362
	<u>\$ 665,495</u>	<u>\$ 665,495</u>

The Park Fund transfers funds to the General Fund, Capital Improvement Fund and the Splash At Wabash Pool Project - Debt Service Fund to reimburse funds for expenditures made out of these funds for cultural and recreation purposes. The use of the Internal Service Fund was discontinued and the remaining equity was transferred to the General Fund.

5. **CAPITAL ASSETS**

Capital asset activity was as follows:

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>TRANSFERS AND ADDITIONS</u>	<u>TRANSFERS AND DELETIONS</u>	<u>BALANCE, END OF YEAR</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,228,324	\$ -	\$ -	\$ 1,228,324
Construction in process	233,943	151,865	-	385,808
Total capital assets, not being depreciated	<u>1,462,267</u>	<u>151,865</u>	<u>-</u>	<u>1,614,132</u>
Capital assets, being depreciated:				
Buildings and improvements	10,276,747	294,706	-	10,571,453
Machinery and equipment	510,866	115,588	-	626,454
Motor Vehicles	3,345,082	240,708	(121,945)	3,463,845
Infrastructure	4,657,011	-	-	4,657,011
Total capital assets, being depreciated	<u>18,789,706</u>	<u>651,002</u>	<u>(121,945)</u>	<u>19,318,763</u>

5. CAPITAL ASSETS - continued

Capital asset activity was as follows - continued

	BALANCE BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DELETIONS	BALANCE, END OF YEAR
Less accumulated depreciation for:				
Buildings and improvements	\$ (3,492,447)	\$ (361,999)	\$ -	\$ (3,854,446)
Machinery and equipment	(360,907)	(55,117)	-	(416,024)
Motor ehicles	(2,236,281)	(252,925)	121,945	(2,367,261)
Infrastructure	(2,152,524)	(255,701)	-	(2,408,225)
Total accumulated depreciated	<u>(8,242,159)</u>	<u>(925,742)</u>	<u>121,945</u>	<u>(9,045,956)</u>
Total capital assets, being depreciated, net	<u>10,547,547</u>	<u>(274,740)</u>	<u>-</u>	<u>10,272,807</u>
Total governmental activities	<u>\$ 12,009,814</u>	<u>\$ (122,875)</u>	<u>\$ -</u>	<u>\$ 11,886,939</u>

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

Governmental activities:	
General governments	\$ 49,990
Public safety	240,651
Highways and streets	357,393
Parks and recreation	<u>277,708</u>
Total depreciation expense-governmental activities	<u>\$ 925,742</u>

6. **LONG-TERM DEBT**

On September 12, 1997 the City issued \$8,385,000 in Tax Increment Revenue Bonds to finance necessary public improvements for the Crossings at Halls Ferry Redevelopment Project. The bonds were issued pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 of the Revised Statutes of Missouri. Interest and principal on the bonds were originally scheduled to be paid annually on April 1 beginning in the year 2000, with a final maturity date of April 1, 2018. However, on March 1, 2005, the City issued \$7,370,000 in Tax Increment Revenue Bonds to refund the prior bonds issued on September 12, 1997. The proceeds (after underwriting fees and issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1997 Tax Increment Revenue Bonds. As a result, the 1997 Tax Increment Revenue Bonds are considered to be defeased and the liability for this debt has been removed from the City's financial statements. As of June 30, 2005 \$6,048,000 of debt is considered defeased. Interest on the bonds is scheduled to be paid biannually on April and October beginning October 2005. Principal on the bonds is scheduled to be paid annually on April 1 beginning in the year 2006. The bonds and the interest thereon are special, limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and from incremental increases in economic activity taxes in the project area. The bonds do not constitute a general obligation of the City. Interest rates range from 2.80 percent to 5.00 percent. The indentures require a reserve balance of \$737,000. The actual balance of the reserve fund was \$706,767 at June 30, 2006.

At June 30, 2006 the City had the following bonds outstanding:

Tax Increment Revenue Bonds - Series 2005	\$6,935,000
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Maturities required on these bonds are as follows:

	Principal	Interest	Total
2007	\$ 470,000	\$ 306,610	\$ 776,610
2008	485,000	292,480	777,480
2009	500,000	276,990	776,990
2010	520,000	259,490	779,490
2011	540,000	240,250	780,250
2012	560,000	218,650	778,650
2013	585,000	194,570	779,570
2014	610,000	166,800	776,800
2015	645,000	133,250	778,250
2016	680,000	101,000	781,000
2017	1,340,000	67,000	1,407,000
	\$ 6,935,000	\$ 2,257,090	\$ 9,192,090

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

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

Variable Rate Capital Improvement Bonds - Series 2005 \$2,250,000

Maturities required on these bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ -	\$ 91,135	\$ 91,135
2008	67,500	91,385	158,885
2009	137,250	87,045	224,295
2010	144,000	81,395	225,395
2011	148,500	75,518	224,018
2012	155,250	69,644	224,894
2013	162,000	63,124	225,124
2014	166,500	56,472	222,972
2015	175,500	49,637	225,137
2016	182,250	42,595	224,845
2017	189,000	35,056	224,056
2018	195,750	27,310	223,060
2019	204,750	19,291	224,041
2020	211,500	10,931	222,431
2021	110,250	2,251	112,501
	<u>\$ 2,250,000</u>	<u>\$ 802,789</u>	<u>\$ 3,052,789</u>

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

The Certificates of Participation were issued totaling \$3,480,000 dated October 3, 2002 maturing October 1, 2022 with variable interest at two percent to five 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 \$279,500 at June 30, 2006. At June 30, 2006 the City had the following certificates of participation outstanding:

Certificates of Participation - Series 2002 \$3,095,000

Maturities required on these certificates are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 135,000	\$ 128,901	\$ 263,901
2008	140,000	125,185	265,185
2009	140,000	121,021	261,021
2010	145,000	116,403	261,403
2011	150,000	111,294	261,294
2012	155,000	105,803	260,803
2013	160,000	99,974	259,974
2014	170,000	93,574	263,574
2015	175,000	86,674	261,674
2016	180,000	79,462	259,462
2017	200,000	71,500	271,500
2018	200,000	62,250	262,250
2019	205,000	52,125	257,125
2020	220,000	41,500	261,500
2021	230,000	30,250	260,250
2022	240,000	18,500	258,500
2023	250,000	6,250	256,250
	<u>\$ 3,095,000</u>	<u>\$ 1,350,666</u>	<u>\$ 4,445,666</u>

In 2006 the City entered into a lease/purchase agreement to finance the purchase of computer equipment. The equipment was recorded as a capital asset in the Governmental Activities at a cost of \$82,127 and accumulated depreciation of \$2,737 as of June 30, 2006. The lease is recorded in the government-wide statement of net assets and will be serviced by the Capital Improvement Sales Tax Fund. On June 30, 2006 the outstanding principal on this lease consists of the following:

Lease/Purchase Agreement \$ 77,982
 Key Government Finance, Inc.
 Interest rate - 6.3%
 Matures 2009
 Monthly payments of \$2,523 including
 principal and interest

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

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2007	\$ 30,277
2008	30,277
2009	<u>25,231</u>
Total payments	85,785
Portion representing interest	<u>(7,803)</u>
Net present value	\$ <u><u>77,982</u></u>

The following is a summary of the changes in the City's long-term debt for the fiscal year ending June 30, 2006:

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE, END OF YEAR</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental activities:					
Tax Increment Revenue					
Bonds	\$ 7,370,000	\$ -	\$ (435,000)	\$ 6,935,000	\$ 470,000
Variable Rate Capital					
Improvement Bonds	-	2,250,000	-	2,250,000	-
Certificates of					
Participation	3,225,000	-	(130,000)	3,095,000	135,000
Less deferred amount:					
Issuance discounts	(55,929)	-	4,434	(51,495)	-
Refunding	(826,979)	-	70,381	(756,598)	-
Total bonds and					
certificates	<u>9,712,092</u>	<u>2,250,000</u>	<u>(490,185)</u>	<u>11,471,907</u>	<u>605,000</u>
Capital lease	-	82,127	(4,145)	77,982	23,928
Compensated absences					
payable	<u>263,808</u>	<u>273,621</u>	<u>(263,808)</u>	<u>273,621</u>	<u>273,621</u>
Total governmental					
activities	\$ <u><u>9,975,900</u></u>	\$ <u><u>2,605,748</u></u>	\$ <u><u>(758,138)</u></u>	\$ <u><u>11,823,510</u></u>	\$ <u><u>902,549</u></u>

7. **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.

7. **DEFERRED COMPENSATION PLAN - continued**

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.

8. **EMPLOYEE RETIREMENT PLAN**

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.

At July 1, 2005, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants, fully vested	48
Active participants, nonvested	84
Retirees and beneficiaries currently receiving benefits	77
Terminated employees entitled to benefits but not yet receiving them	25
Total Plan Participants	<u>234</u>

The payroll for employees covered by the Plan for the year ended June 30, 2005 was \$5,388,754; the City's total payroll was \$6,621,881.

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, 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 credit 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 ¼ 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, up to \$150 is provided until the retiree becomes Medicare eligible. Postretirement benefit increases are ad hoc.

8. **EMPLOYEE RETIREMENT PLAN - continued**

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

Contributions Required and Contributions Made - All contributions to the Plan are made by the City. The City contributes an amount equal to the actuarially determined requirement, designed to meet the full annual current costs of the Plan. No contribution was required for the fiscal year ended June 30, 2006 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.

Funding Status and Progress

For the Actuarial Valuation July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Assets In Excess Of AAL
2003	\$ 18,988,459	\$ 15,757,735	\$ 3,240,724
2004	19,341,491	16,149,796	3,191,695
2005	19,792,426	16,573,605	3,218,821

For the Actuarial Valuation July 1	Funded Ratio	Covered Payroll	Assets In Excess Of Covered Payroll
2003	120.6 %	\$ 5,435,740	59.6 %
2004	119.8	5,261,248	60.7
2005	119.4	5,388,754	59.7

8. **EMPLOYEE RETIREMENT PLAN** - continued

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2001	\$ -	\$ -	\$ -
2002	-	-	-
2003	-	-	-
2004	-	-	-
2005	-	-	-
2006	-	-	-

Three Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contribution</u>	<u>Net Pension Obligation</u>
2004	-	-	-
2005	-	-	-
2006	-	-	-

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.

9. **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 2006 was \$306,100.

The City also purchases commercial insurance for all other risks of loss. A complete listing of insurance coverage 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

10. **CONTINGENT LIABILITIES**

- A. **Grants** - The City receives financial assistance from numerous federal, state, and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund types. However, in the opinion of management, any such disallowed claims would not have a material effect on the financial statements of the City at June 30, 2006.

- B. **Litigation** - Various claims and legal actions involving the City are presently pending which involve claims made by the City for unpaid tax assessments and other miscellaneous cases. In the opinion of management, the outcome of these legal matters will not have a material effect on the financial statements of the City at June 30, 2006.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FERGUSON, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 8,304,260	\$ 8,304,260	\$ 8,206,559	\$ (97,701)
Licenses and permits	377,190	377,190	610,369	233,179
Intergovernmental	-	-	137,743	137,743
Charges for service	362,732	362,732	143,903	(218,829)
Fines and forfeits	1,033,000	1,033,000	1,398,221	365,221
Investment income	18,070	18,070	74,646	56,576
Other income	80,947	80,947	88,443	7,496
TOTAL REVENUES	<u>10,176,199</u>	<u>10,176,199</u>	<u>10,659,884</u>	<u>483,685</u>
EXPENDITURES				
Current:				
General government	2,142,423	2,142,423	1,320,208	822,215
Public safety	6,706,405	6,706,405	6,406,708	299,697
Highways and streets	1,014,820	1,014,820	1,301,101	(286,281)
Community development	349,081	349,081	210,888	138,193
Culture and recreation	349,054	349,054	268,660	80,394
Capital outlays	-	-	154,201	(154,201)
Debt service:				
Principal, interest and fiscal charges	-	-	5,045	(5,045)
Contingency	100,000	100,000	-	100,000
TOTAL EXPENDITURES	<u>10,661,783</u>	<u>10,661,783</u>	<u>9,666,811</u>	<u>994,972</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(485,584)</u>	<u>(485,584)</u>	<u>993,073</u>	<u>1,478,657</u>
OTHER FINANCING SOURCES				
Operating transfer in	<u>368,604</u>	<u>368,604</u>	<u>243,251</u>	<u>(125,353)</u>
CHANGE IN FUND BALANCE	<u>\$ (116,980)</u>	<u>\$ (116,980)</u>	1,236,324	<u>\$ 1,353,304</u>
NET DECREASE IN ENCUMBRANCES			(13,232)	
FUND BALANCES - BEGINNING OF YEAR			<u>2,730,531</u>	
FUND BALANCES - END OF YEAR			<u>\$ 3,953,623</u>	

CITY OF FERGUSON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PARK FUND
FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,530,760	\$ 1,530,760	\$ 1,669,972	\$ 139,212
Intergovernmental	-	-	105,250	105,250
Charges for service	576,300	576,300	582,667	6,367
Investment income	1,500	1,500	20,415	18,915
Other income	104,600	104,600	22,690	(81,910)
TOTAL REVENUES	<u>2,213,160</u>	<u>2,213,160</u>	<u>2,400,994</u>	<u>187,834</u>
EXPENDITURES				
Current:				
Culture and recreation	1,071,889	1,071,889	991,965	79,924
Capital outlays	291,000	291,000	294,967	(3,967)
TOTAL EXPENDITURES	<u>1,362,889</u>	<u>1,362,889</u>	<u>1,286,932</u>	<u>75,957</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>850,271</u>	<u>850,271</u>	<u>1,114,062</u>	<u>263,791</u>
OTHER FINANCING USES				
Operating transfer out	<u>(620,590)</u>	<u>(620,590)</u>	<u>(531,133)</u>	<u>89,457</u>
CHANGE IN FUND BALANCE	<u>\$ 229,681</u>	<u>\$ 229,681</u>	582,929	<u>\$ 353,248</u>
NET DECREASE IN ENCUMBRANCES			25,530	
FUND BALANCES - BEGINNING OF YEAR			<u>343,053</u>	
FUND BALANCES - END OF YEAR			<u>\$ 951,512</u>	

CITY OF FERGUSON, MISSOURI
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF FUNDING STATUS AND PROGRESS
 PENSION TRUST FUND
 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
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
2004	19,341,491	16,149,796	3,191,695	119.8	5,261,248	60.7
2005	19,792,426	16,573,605	3,218,821	119.4	5,388,754	59.7

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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OTHER SUPPLEMENTAL INFORMATION

CITY OF FERGUSON, MISSOURI
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds		Capital Projects Funds			Debt Service Fund		Total Non-major Governmental Funds
	Special Business District	Sewer Lateral	Splash At Wabash Pool Project	Downtown TIF Re- development	Local Improvement	Splash At Wabash Pool Project	North Park Redevelopment TIF	
ASSETS AND OTHER DEBITS								
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	506,263	-	344,817	321,057	-	-	1,172,137
Accounts receivable, net	-	-	-	6,300	-	-	-	6,300
Due from other governments	-	-	-	39,072	-	-	-	39,072
Due from other funds	14,878	(28,370)	-	95,811	25,927	-	74	108,320
Restricted cash	-	-	-	-	-	287,925	-	287,925
TOTAL ASSETS	\$ 14,878	\$ 477,893	\$ -	\$ 486,000	\$ 346,984	\$ 287,925	\$ 74	\$ 1,613,754
LIABILITIES								
Accounts payable	\$ 3,787	\$ 4,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,937
FUND BALANCES:								
Fund balances:								
Reserved:								
Debt service	-	-	-	-	-	287,925	74	287,999
Unreserved:								
Special Revenue Funds	11,091	473,743	-	-	-	-	-	484,834
Capital Projects Funds	-	-	-	486,000	346,984	-	-	832,984
TOTAL FUND BALANCES	11,091	473,743	-	486,000	346,984	287,925	74	1,605,817
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,878	\$ 477,893	\$ -	\$ 486,000	\$ 346,984	\$ 287,925	\$ 74	\$ 1,613,754

CITY OF FERGUSON, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Special Revenue Funds		Capital Projects Funds			Debt Service Fund		Total Non-major Governmental Funds
	Special Business District	Sewer Lateral	Splash At Wabash Pool Project	Downtown TIF Re- development	Local Improvement	Splash At Wabash Pool Project	North Park Redevelopment TIF	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 399,170	\$ -	\$ -	74	\$ 399,244
Licenses and permits	23,935	-	-	-	-	-	-	23,935
Charges for services	-	191,623	-	-	-	-	-	191,623
Investment income	1,145	14,351	-	11,218	12,547	10,207	-	49,468
Other income	345	-	-	-	-	-	-	345
TOTAL REVENUES	<u>25,425</u>	<u>205,974</u>	<u>-</u>	<u>410,388</u>	<u>12,547</u>	<u>10,207</u>	<u>74</u>	<u>664,615</u>
EXPENDITURES								
Current:								
Community development	61,284	160,277	-	-	-	-	-	221,561
Capital outlays:								
Engineering and other	-	-	-	20,883	41,000	-	-	61,883
Debt service:								
Principal, interest and fiscal charges	-	-	-	-	-	264,486	-	264,486
TOTAL EXPENDITURES	<u>61,284</u>	<u>160,277</u>	<u>-</u>	<u>20,883</u>	<u>41,000</u>	<u>264,486</u>	<u>-</u>	<u>547,930</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,859)	45,697	-	389,505	(28,453)	(254,279)	74	116,685
OTHER FINANCING SOURCES (USES)								
Operating transfer in (out)	46,950	(10,000)	3,000	-	-	264,426	-	304,376
CHANGE IN FUND BALANCE	11,091	35,697	3,000	389,505	(28,453)	10,147	74	421,061
FUND BALANCES - BEGINNING OF YEAR	-	438,046	(3,000)	96,495	375,437	277,778	-	1,184,756
FUND BALANCES - END OF YEAR	<u>\$ 11,091</u>	<u>\$ 473,743</u>	<u>\$ -</u>	<u>\$ 486,000</u>	<u>\$ 346,984</u>	<u>\$ 287,925</u>	<u>\$ 74</u>	<u>\$ 1,605,817</u>

CITY OF FERGUSON, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 CAPITAL IMPROVEMENT SALES TAX CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,372,810	\$ 1,372,810	\$ 1,301,468	\$ (71,342)
Intergovernmental	-	-	1,494	1,494
Investment income	84,410	84,410	268,697	184,287
Other income	-	-	9,410	9,410
TOTAL REVENUES	<u>1,457,220</u>	<u>1,457,220</u>	<u>1,581,069</u>	<u>123,849</u>
EXPENDITURES				
Current:				
Capital outlays	2,358,000	2,358,000	1,084,455	1,273,545
Debt service:				
Principal, interest and fiscal charges	-	-	44,691	(44,691)
TOTAL EXPENDITURES	<u>2,358,000</u>	<u>2,358,000</u>	<u>1,129,146</u>	<u>1,228,854</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(900,780)</u>	<u>(900,780)</u>	<u>451,923</u>	<u>1,352,703</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	2,250,000	2,250,000	2,332,127	82,127
Transfer in	109,749	109,749	107,868	(1,881)
TOTAL OTHER FINANCING SOURCES	<u>2,359,749</u>	<u>2,359,749</u>	<u>2,439,995</u>	<u>80,246</u>
CHANGE IN FUND BALANCE	<u>\$ 1,458,969</u>	<u>\$ 1,458,969</u>	2,891,918	<u>\$ 1,432,949</u>
NET DECREASE IN ENCUMBRANCES			(39,877)	
FUND BALANCES - BEGINNING OF YEAR			<u>1,323,182</u>	
FUND BALANCES - END OF YEAR			<u>\$ 4,175,223</u>	

CITY OF FERGUSON, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 HALLS FERRY TIF BONDS DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 719,470	\$ 719,470	\$ 913,781	\$ 194,311
Investment income	11,060	11,060	(16,544)	(27,604)
TOTAL REVENUES	<u>730,530</u>	<u>730,530</u>	<u>897,237</u>	<u>166,707</u>
EXPENDITURES				
Current:				
Community development	-	-	13,599	(13,599)
Debt service:				
Principal, interest and fiscal charges	780,356	780,356	780,356	-
TOTAL EXPENDITURES	<u>780,356</u>	<u>780,356</u>	<u>793,955</u>	<u>(13,599)</u>
CHANGE IN FUND BALANCE	<u>\$ (49,826)</u>	<u>\$ (49,826)</u>	103,282	<u>\$ 180,306</u>
NET DECREASE IN ENCUMBRANCES			-	
FUND BALANCES - BEGINNING OF YEAR			<u>998,118</u>	
FUND BALANCES - END OF YEAR			<u>\$ 1,101,400</u>	

CITY OF FERGUSON, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 SPECIAL BUSINESS DISTRICT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Licenses and permits	\$ 25,500	\$ 25,500	\$ 23,935	\$ (1,565)
Investment income	500	500	1,145	645
Other income	-	-	345	345
TOTAL REVENUES	<u>26,000</u>	<u>26,000</u>	<u>25,425</u>	<u>(575)</u>
EXPENDITURES				
Current:				
Community development	<u>105,800</u>	<u>105,800</u>	<u>61,284</u>	<u>44,516</u>
EXCESS OF REVENUES OVER EXPENDITURES	(79,800)	(79,800)	(35,859)	43,941
OTHER FINANCING SOURCES				
Operating transfer in	<u>69,900</u>	<u>69,900</u>	<u>46,950</u>	<u>(22,950)</u>
CHANGE IN FUND BALANCE	<u>\$ (9,900)</u>	<u>\$ (9,900)</u>	11,091	<u>\$ 20,991</u>
NET DECREASE IN ENCUMBRANCES			-	
FUND BALANCES - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCES - END OF YEAR			<u>\$ 11,091</u>	

CITY OF FERGUSON, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 SEWER LATERAL SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for service	\$ 194,760	\$ 194,760	\$ 191,623	\$ (3,137)
Investment income	2,000	2,000	14,351	12,351
TOTAL REVENUES	<u>196,760</u>	<u>196,760</u>	<u>205,974</u>	<u>9,214</u>
EXPENDITURES				
Current:				
Community development	85,000	85,000	160,277	(75,277)
TOTAL EXPENDITURES	<u>85,000</u>	<u>85,000</u>	<u>160,277</u>	<u>(75,277)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>111,760</u>	<u>111,760</u>	<u>45,697</u>	<u>(66,063)</u>
OTHER FINANCING USES				
Operating transfer out	(10,000)	(10,000)	(10,000)	-
CHANGE IN FUND BALANCE	<u>\$ 101,760</u>	<u>\$ 101,760</u>	35,697	<u>\$ (66,063)</u>
NET DECREASE IN ENCUMBRANCES			-	
FUND BALANCES - BEGINNING OF YEAR			<u>438,046</u>	
FUND BALANCES - END OF YEAR			<u>\$ 473,743</u>	

CITY OF FERGUSON, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 DOWNTOWN TIF REDEVELOPMENT CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 86,867	\$ 86,867	\$ 399,170	\$ 312,303
Investment income	800	800	11,218	10,418
TOTAL REVENUES	<u>87,667</u>	<u>87,667</u>	<u>410,388</u>	<u>322,721</u>
EXPENDITURES				
Capital outlays	-	-	5,361	(5,361)
CHANGE IN FUND BALANCE	<u>\$ 87,667</u>	<u>\$ 87,667</u>	405,027	<u>\$ 317,360</u>
NET DECREASE IN ENCUMBRANCES			(15,522)	
FUND BALANCES - BEGINNING OF YEAR			<u>96,495</u>	
FUND BALANCES - END OF YEAR			<u>\$ 486,000</u>	

CITY OF FERGUSON, MISSOURI
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 LOCAL IMPROVEMENT CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Investment income	\$ 3,820	\$ 3,820	\$ 12,547	\$ 8,727
EXPENDITURES				
Capital outlays	-	-	41,000	(41,000)
CHANGE IN FUND BALANCE	<u>\$ 3,820</u>	<u>\$ 3,820</u>	(28,453)	<u>\$ (32,273)</u>
NET DECREASE IN ENCUMBRANCES			-	
FUND BALANCES - BEGINNING OF YEAR			<u>375,437</u>	
FUND BALANCES - END OF YEAR			<u>\$ 346,984</u>	

CITY OF FERGUSON, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 SPLASH AT WABASH POOL PROJECT DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Investment income	\$ -	\$ -	\$ 10,207	\$ 10,207
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	262,086	262,086	264,486	(2,400)
EXCESS OF REVENUES OVER EXPENDITURES	(262,086)	(262,086)	(254,279)	7,807
OTHER FINANCING SOURCES				
Operating transfer in	262,086	262,086	264,426	2,340
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	10,147	<u>\$ 10,147</u>
NET DECREASE IN ENCUMBRANCES			-	
FUND BALANCES - BEGINNING OF YEAR			<u>277,778</u>	
FUND BALANCES - END OF YEAR			<u>\$ 287,925</u>	

STATISTICAL SECTION

CITY OF FERGUSON, MISSOURI

NET ASSETS
LAST FOUR FISCAL YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 8,533,891	\$ 8,870,581	\$ 8,491,905	\$ 8,491,905
Restricted	5,761,966	3,732,212	3,249,387	3,249,387
Unrestricted	<u>(1,839,153)</u>	<u>(3,229,912)</u>	<u>(4,635,077)</u>	<u>(5,319,408)</u>
Total governmental activities net assets	<u>\$ 12,456,704</u>	<u>\$ 9,372,881</u>	<u>\$ 7,106,215</u>	<u>\$ 6,421,884</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

	2006	2005	2004	2003
EXPENSES				
Administrative	\$ 1,376,228	\$ 1,221,280	\$ 1,641,523	\$ 1,601,877
Police department	6,674,109	6,432,507	6,417,994	6,127,322
Highway and streets	2,619,592	1,111,778	1,564,795	1,889,036
Community development	302,788	530,793	491,677	519,924
Culture and recreation	1,522,714	1,461,715	1,470,433	1,423,663
Interest and fiscal charges	615,573	411,427	717,441	698,228
Total governmental activities expenses	<u>13,111,004</u>	<u>11,169,500</u>	<u>12,303,863</u>	<u>12,260,050</u>
PROGRAM REVENUE				
Charges for services				
General government	420,797	439,753	-	-
Public safety	1,446,387	1,336,666	1,379,688	1,283,851
Highway and streets	491,895	-	-	-
Community development	22,378	198,654	190,824	-
Culture and recreation	582,667	554,324	559,256	505,220
Operating grants	-	1,211,287	1,413,984	1,362,927
Capital grants	222,109	286,760	130,571	279,302
Total governmental activities program revenue	<u>3,186,233</u>	<u>4,027,444</u>	<u>3,674,323</u>	<u>3,431,300</u>
NET (EXPENSES) REVENUES	<u>(9,924,771)</u>	<u>(7,142,056)</u>	<u>(8,629,540)</u>	<u>(8,828,750)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental activities:				
Taxes:				
Sales	8,870,085	5,820,353	5,350,366	5,364,351
Utility	1,925,685	1,535,947	1,801,120	1,792,672
Property	1,613,335	1,803,756	1,557,673	1,527,580
Other	81,919	81,000	84,340	86,166
Investment income	396,682	70,120	23,014	56,491
Gain on disposal of capital assets	18,810	49,996	-	22,372
Other miscellaneous revenue	102,078	47,550	110,758	116,367
Total governmental activities	<u>13,008,594</u>	<u>9,408,722</u>	<u>8,927,271</u>	<u>8,965,999</u>
CHANGES IN NET ASSETS	<u>\$ 3,083,823</u>	<u>\$ 2,266,666</u>	<u>\$ 297,731</u>	<u>\$ 137,249</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:				
Reserved	\$ 33,104	\$ 42,136	\$ 24,857	\$ 73,022
Unreserved	3,920,519	2,688,395	1,905,745	1,950,735
Total general fund	<u>\$ 3,953,623</u>	<u>\$ 2,730,531</u>	<u>\$ 1,930,602</u>	<u>\$ 2,023,757</u>
All Other Governmental Funds:				
Reserved	\$ 1,481,764	\$ 1,471,275	\$ 1,859,374	\$ 1,995,314
Unreserved reported in:				
Special revenue funds	1,400,123	770,405	424,051	199,585
Capital projects funds	4,952,065	1,359,238	647,676	553,024
Debt service funds	-	248,190	470,443	542,052
Total all other governmental funds	<u>\$ 7,833,952</u>	<u>\$ 3,849,108</u>	<u>\$ 3,401,544</u>	<u>\$ 3,289,975</u>

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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues										
Taxes (1)	\$ 12,491,024	\$ 9,129,162	\$ 8,645,181	\$ 8,594,509	\$ 8,777,296	\$ 8,743,860	\$ 8,130,308	\$ 7,403,370	\$ 6,954,525	\$ 6,234,248
Licenses	634,304	439,753	388,487	387,549	400,377	383,027	371,397	343,710	337,144	300,241
Intergovernmental (1)	244,487	1,521,417	1,434,449	1,330,134	1,796,496	1,526,364	1,359,181	1,386,029	1,314,270	1,219,673
Charges for service	918,193	1,095,380	1,122,359	1,028,199	1,064,998	717,467	584,465	583,875	1,304,703	1,153,037
Fines and forfeits	1,398,221	1,085,084	1,056,528	935,760	929,034	812,008	701,597	572,379	389,025	360,286
Investment income (2)	396,682	70,120	-	-	-	-	-	-	-	-
Other income	120,888	99,271	300,790	509,214	186,504	286,874	447,372	501,507	366,479	272,006
Total Revenues	16,203,799	13,440,187	12,947,794	12,785,365	13,154,705	12,469,600	11,594,320	10,790,870	10,666,146	9,539,491
Expenditures										
General government	1,326,238	1,169,794	1,588,424	1,535,639	1,482,182	1,533,151	1,388,657	1,309,068	1,314,257	1,166,207
Public safety	6,418,677	6,248,835	6,295,717	6,047,387	5,767,799	5,504,729	5,161,000	4,962,387	4,668,469	4,524,118
Highways and streets	1,281,617	816,721	1,025,494	1,033,353	1,100,116	1,187,924	1,119,984	1,003,907	1,020,148	1,032,591
Sanitation								1,392	870,866	716,237
Community development	463,065	400,229	300,555	425,902	511,604	500,019	356,363	462,603	251,422	304,332
Culture and recreation	1,245,006	1,228,020	1,333,516	1,326,900	1,288,285	1,296,580	1,122,493	1,118,349	1,027,424	949,792
Capital outlay	1,623,172	1,171,901	1,406,502	4,968,125	2,398,508	1,307,944	1,841,018	2,994,508	6,241,317	1,682,491
Debt service:										
Interest	529,578	544,113	716,990	828,972	995,082	644,919	636,510	637,929	330,723	53,010
Principal	565,000	130,000	340,000	180,000	165,000	120,000	90,000	-	-	-
Total Expenditures	13,452,353	11,709,613	13,007,198	16,346,278	13,708,576	12,095,266	11,716,025	12,490,143	15,724,626	10,428,778
Excess of revenues over (under) expenditures	2,751,446	1,730,574	(59,404)	(3,560,913)	(553,871)	374,334	(121,705)	(1,699,273)	(5,058,480)	(889,287)
Other Financing Sources (Uses)										
Proceeds from issuance of debt	2,332,127	7,370,000	-	3,480,000	-	-	-	-	8,385,000	-
Payment to bond escrow agent	-	(7,989,575)	-	-	-	-	-	-	-	-
Discount on bond issue	-	(44,195)	-	-	-	-	-	-	-	-
Sale of capital assets	-	130,032	-	-	-	-	-	-	-	-
Transfers	124,362	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	2,456,489	(533,738)	-	3,480,000	-	-	-	-	8,385,000	-
Net change in fund balances	\$ 5,207,935	\$ 1,196,836	\$ (59,404)	\$ (80,913)	\$ (553,871)	\$ 374,334	\$ (121,705)	\$ (1,699,273)	\$ 3,326,520	\$ (889,287)
Debt service as a percentage of noncapital expenditures	8.9%	6.1%	8.8%	6.6%	9.2%	6.8%	6.6%	5.4%	2.3%	0.5%

(1) Beginning in 2006 the City included motor fuel sales and cigarette receipts as taxes instead of intergovernmental.
(2) Prior to 2005 the City included investment income in other income.

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

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Railroads And Utilities</u>	<u>Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>
1997	\$ 119,914,630	\$ 35,838,251	\$ 6,042,211	\$ 161,795,092	\$ 0.610	\$ 680,939,669
1998	118,584,540	37,215,870	5,953,120	161,753,530	0.620	680,293,543
1999	119,548,410	36,664,596	6,068,872	162,281,978	0.630	681,539,644
2000	124,703,620	40,131,088	6,251,123	171,085,831	0.640	712,387,019
2001	124,096,110	42,736,989	6,129,955	172,963,054	0.640	717,755,728
2002	133,218,460	42,387,343	6,393,284	181,999,087	0.628	763,957,578
2003	132,933,520	42,824,082	5,875,900	181,633,502	0.628	762,564,485
2004	137,233,000	40,178,304	5,604,113	183,015,417	0.634	773,650,784
2005	136,961,830	37,763,060	5,219,204	179,944,094	0.634	763,982,562
2006	151,503,500	43,042,580	5,501,708	200,047,788	0.600	851,295,790

Residential real property is assessed at 19 percent of estimated value, commercial at 32 percent, and agricultural at 12 percent; personal property is assessed at 33 1/3 percent. A complete property assessment is made by the Assessor biannually in odd-numbered years. Tax rates are per \$100 of assessed value.

Source: St. Louis County Assessor

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

<u>Fiscal Year</u>	<u>City</u>	<u>School District</u>	<u>County</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
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
2005	0.634	5.040	0.580	0.030	1.861	8.145
2006	0.600	4.848	0.558	0.030	1.760	7.796

Rates state per \$100 assessed valuation

Source: St. Louis County Assessor

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

Property Taxpayer	Type of Business	2006		1999	
		Assessed Valuation	Percent Of Total Assessment	Assessed Valuation	Percent Of Total Assessment
Emerson Electric	Manufacturing	\$ 10,664,740	5.33 %	\$ 16,723,060	4.10 %
AmerenUE	Utility Company	4,000,952	2.00	-	-
Sam's/Walmart Real Estate	Retail Sales	3,026,210	1.51	3,077,090	1.90
Crossings at Halls Ferry LLC	Shopping Center	2,870,390	1.43	1,143,140	0.70
Home Depot USA, Inc.	Retail Sales	2,643,740	1.32	-	-
Northwinds Apartments LLP	Apartment Rental	1,812,170	0.91	1,571,460	1.00
Lipton Properties	Apartment Rental	1,769,980	0.88	1,682,830	1.00
Negwer Materials/Investments	Retail Sales	1,768,070	0.88	-	-
Gannon Partnership	Apartment Rental	1,659,840	0.83	-	-
NCF LLC		1,558,210	0.78	-	-
Acker Buick	Retail sales	-	-	1,221,820	0.80
St. Louis Investment Property	Real Estate Holding Co.	-	-	3,077,090	1.90
Park Ridge Apartments	Apartment Rentals	-	-	1,406,920	0.90
Coats Investments Ltd	Real Estate Holding Co.	-	-	1,111,840	0.70
Paragon Group LP	Apartment Rentals	-	-	893,020	0.60
Totals		<u>\$ 31,774,302</u>	<u>15.87 %</u>	<u>\$ 31,908,270</u>	<u>13.60 %</u>

Source: St. Louis County Assessor

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

Fiscal Year	Original Tax Levy	Adjusted Tax Levy (1)	Current Tax Collections	Percent Collected As Current	Collections In Subsequent Years	Total Tax Collections	Total Collections As Percent Of Levy
1997	\$ 926,732	\$ 883,619	\$ 828,705	93.8 %	\$ 50,514	\$ 879,219	99.5 %
1998	984,662	992,754	836,137	84.2	149,125	985,262	99.2
1999	1,017,082	1,032,982	897,635	86.9	128,739	1,026,374	99.4
2000	1,073,901	1,025,675	897,543	87.5	116,108	1,013,651	98.8
2001	1,106,964	1,036,684	891,052	86.0	117,764	1,008,816	97.3
2002	1,142,954	1,125,931	965,810	85.8	93,207	1,059,017	94.1
2003	1,140,658	1,067,766	902,016	84.5	94,835	996,851	93.4
2004	1,128,168	1,133,568	1,042,668	92.0	94,742	1,137,410	100.3
2005	1,125,240	1,129,347	965,928	85.5	189,564	1,155,492	102.3
2006	1,172,244	1,177,642	1,087,504	92.3	83,248	1,170,752	99.4

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

Source: St. Louis County Collector of Revenue

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

<u>Fiscal Year</u>	<u>Special Assessments Levied</u>	<u>Collected As Of June 30</u>	<u>Uncollected As Of June 30</u>	<u>Collection Ratio</u>
1997	\$ 24,899	\$ 19,458	\$ 4,386	78 %
1998	27,002	5,680	20,697	21
1999	31,737	25,241	5,965	80
2000	13,383	10,432	2,063	78
2001	53,966	35,424	14,878	66
2002	31,484	16,708	13,833	53
2003	110,467	43,267	59,411	39
2004	108,745	24,863	69,432	23
2005	70,469	19,377	51,092	27
2006	67,285	31,069	36,216	46

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

Governmental Activities

<u>Fiscal Year</u>	<u>Tax Increment Revenue Bonds (2)</u>	<u>Certificates of Participation (3)</u>	<u>Variable Rate Capital Improvement Bonds (4)</u>	<u>Capital Leases (5)</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
1997	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
1998	8,385,000	-	-	-	8,385,000	1.26	357
1999	8,385,000	-	-	-	8,385,000	0.82	357
2000	8,295,000	-	-	-	8,295,000	0.69	332
2001	8,175,000	-	-	-	8,175,000	0.76	327
2002	8,010,000	-	-	-	8,010,000	0.77	320
2003	7,830,000	3,480,000	-	-	11,310,000	1.05	455
2004	7,145,000	3,355,000	-	-	10,500,000	0.98	440
2005	7,370,000	3,225,000	-	-	10,595,000	0.92	427
2006	6,935,000	3,095,000	2,250,000	77,982	12,357,982	1.07	508

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) On September 12, 1997 the City issued tax increment bonds for the Crossings at Halls Ferry Redevelopment Project. These bonds were refunded on March 1, 2005, when the City issued \$7,370,000 in TIF bonds to refund the prior bonds.
- (3) On October 3, 2002, the City issued certificates of participation of \$3,480,000 for the new aquatic facility known as the Splash at Wabash.
- (4) In September 2005, the City issued \$2,250,000 in variable rate capital improvement bonds. The purpose of the bonds is to finance the cost of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects.
- (5) On May 1, 2006 the City began its first of 36 payments for an agreement with Key Government Finance for the purchase of laptops and peripheral equipment for the police department.
- (6) See table entitled "Demographic and Economic Statistics" for personal income and population data.

CITY OF FERGUSON, MISSOURI
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (2)	Per Capita (3)
	Lease Revenue Bonds	Variable Revenue Bonds	Total		
1997	\$ -	\$ -	\$ -	-	-
1998	-	-	-	-	-
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	3,480,000	-	3,480,000	0.46%	155
2004	3,355,000	-	3,355,000	0.43%	150
2005	3,225,000	-	3,225,000	0.42%	144
2006	3,095,000	2,250,000	5,345,000	0.63%	239

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statement.
- (2) See table entitled Assessed and Actual Value of Property Tax for more information.
- (3) See table entitled Demographic and Economic Statistics for more information.

CITY OF FERGUSON, MISSOURI
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
GENERAL OBLIGATION BONDED DEBT
JUNE 30, 2006

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable To City Of FERGUSON</u>	<u>Amount Applicable To City Of FERGUSON</u>
City of Ferguson	\$ -	100.00%	\$ -
St. Louis County	88,615,000	1.00	886,150
Ferguson-florissant RII School District	15,900,000	20.10	<u>3,195,900</u>
Total Direct And Overlapping Debt			<u><u>\$ 4,082,050</u></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, MISSOURI
LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2006

Net Assessed Value		<u>\$ 200,047,788</u>
Debt limit - 10% of assessed valuation*		\$ 20,004,779
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>\$ 20,004,779</u>

Prior fiscal year information:

		<u>2005</u>
Debt limit	\$	17,994,409
Total net debt applicable to limit		<u>-</u>
Legal debt margin	\$	<u>17,994,409</u>
Total net debt applicable to the limit as a percentage of debt limit		0.0%

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

CITY OF FERGUSON, MISSOURI
PLEDGED REVENUE COVERAGE
LAST FOUR FISCAL YEARS

TIF Refunding and Improvement Bonds (1)

Fiscal Year	TIF Sales Tax	TIF Property Tax	Less Operating Expense	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2003	\$ 483,364	\$ 319,153	\$ 5,511	\$ 797,007	\$ 260,000	\$ 576,375	0.11%
2004	452,887	259,775	12,680	699,982	215,000	557,225	0.10%
2005	463,223	270,318	(18,623)	752,163	-	270,819	0.04%
2006	720,867	304,383	(8,605)	1,033,855	435,000	345,356	0.09%

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

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

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

Fiscal Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate
1997	\$ 21,126	\$ 591,929	\$ 28,019	3.2%
1998	21,126	591,929	28,019	3.5%
1999	21,126	914,502	43,288	3.3%
2000	22,406	1,072,508	47,867	3.0%
2001	22,406	969,911	43,288	3.7%
2002	22,406	934,285	41,698	4.9%
2003	22,406	972,241	43,392	5.0%
2004	22,406	1,010,533	45,101	5.1%
2005	22,406	1,036,815	46,274	5.5%
2006	22,406	1,063,772	47,477	5.1%

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

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

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

<u>Employer</u>	<u>2005/06 Fiscal Year</u>			<u>1996/1997 Fiscal Year</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>	<u>Employees</u>	<u>Rank (1)</u>	<u>Percentage of Total City Employment (1)</u>
Emerson Electric	615	1		413		
Walmart	334	2		unknown		
Shop N Save - 2 stores	212	3		not opened		
Home Depot	175	4		unknown		
Sam's Club	160	5		150		
Negwar Materials	120	6		70		
Walgreens - 3 stores	120	6		unknown		
Cracker Barrel	120	6		not opened		
McDonalds Restaurant	60	9		60		
McDonalds Restaurant	55	10		55		
Circuit City	50			50		
Harbor Freight Tools	25			not opened		
Shoe Carnival	20			30		

(1) Information unavailable at this time.

Source: Business License database from Finance Department

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

Function/Program	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government:										
Legislative Department:										
Elected Officials	7	7	7	7	7	7	7	7	7	7
City Clerk	1	1	1	1	1	1	1	1	1	1
Administration Department	2	2	2	2	2	2	2	2	2	2
Human Resources	1	1	1	1	1	1	1	1	1	1
Finance Department	3	3	3	3	4	4	4	5	3	3
Public Works Administration	3	3	3	3	3	3	3	3	3	3
Municipal Garage	3	3	3	3	3	3	3	3	3	3
Community Development:										
Planning & Development	2	2	2	2	3	2	3	2	3	4
Public Safety:										
Municipal Court	3	3	3	3	3	3	4	3	3	3
Police Department										
Commissioned officers	51	51	51	50	51	51	52	52	52	53
Civilians	8	8	8	10	10	10	10	10	10	13
Fire Department	25	25	25	24	24	24	24	24	24	24
Code Enforcement	5	5	5	5	7	7	7	7	5	5
Highways & Streets:										
Municipal Services (Streets)	13	13	13	13	13	13	13	12	12	12
Park Maintenance	5	5	5	5	5	5	5	5	5	5
Parks & Recreation	5	5	5	5	5	5	5	5	5	5
Total	<u>137</u>	<u>137</u>	<u>137</u>	<u>137</u>	<u>142</u>	<u>141</u>	<u>144</u>	<u>142</u>	<u>116</u>	<u>121</u>

CITY OF FERGUSON, MISSOURI
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
JUNE 30, 2006

		2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<u>Highways/Streets:</u>											
Miles of streets:	paved	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15	69.15
	unpaved	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85	9.85
Miles of alleys		0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Miles of sidewalks		41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52	41.52
Miles of sewers:	storm	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27	35.27
	sanitary	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59	40.59
Number of street lights		1,117	1,117	1,117	1,117	1,117	1,126	1,161	1,161	1,161	1,161
<u>Fire protection:</u>											
Number of stations		2	2	2	2	2	2	2	2	2	2
Fire hydrants		598	598	598	598	598	598	598	598	598	598
<u>Vehicles:</u>											
Pumpers		3	3	3	3	3	3	3	3	3	3
Pumper/Telesquirt		1	1	1	1	1	1	1	1	1	1
Rescue trucks		1	1	1	1	1	1	1	1	1	1
Foam truck		1	1	1	1	1	1	1	1	1	1
<u>Police protection:</u>											
Number of stations		1	1	1	1	1	1	1	1	1	1
<u>Parks and recreation:</u>											
Acres of parks		107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7	107.7
Number of parks		11	11	11	11	11	11	11	11	11	11

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