

City of Chesterfield Comprehensive Annual Financial Report

For The Year Ended December 31, 2002



CITY OF CHESTERFIELD, MISSOURI

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2002

Report prepared and submitted by the
Finance and Administration Department
Michael G. Herring, City Administrator

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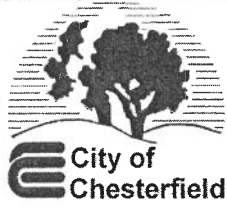
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Introductory Section



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June 27, 2003

To the Honorable Mayor, Members
of the City Council, and Citizens
of the City of Chesterfield, 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 Chesterfield, Missouri, for the fiscal year ended December 31, 2002. This report represents a dramatic change in governmental reporting. The format and the purpose of these changes are addressed in Management's Discussion and Analysis (MD&A).

This report consists of management's representations concerning the finances of the City of Chesterfield, Missouri. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City of Chesterfield, Missouri has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Chesterfield, Missouri's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Chesterfield, Missouri's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statement will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Chesterfield, Missouri's financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Chesterfield, Missouri for the year ended December 31, 2002, 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 Chesterfield, Missouri's financial statements for the fiscal year ended December 31, 2002, are fairly presented in conformity with GAAP. The independent auditors' 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 Chesterfield, Missouri's MD&A can be found immediately following the independent auditors' report.

Profile of the City of Chesterfield, Missouri

The City of Chesterfield, Missouri, is located on the western edge of St. Louis County. The City of Chesterfield, Missouri currently occupies a land area of 32 square miles and serves a population of 46,802 residents. The City of Chesterfield, Missouri is considered by many to be one of the fastest growing cities in the Midwest.

The City was incorporated under Missouri law as a third class City on June 1, 1988 and has operated under a mayor/council/administrator form of government since then. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and eight City Council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Administrator, City Attorney, Judge and Prosecuting Attorney. The City Administrator is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Council members serve two-year staggered terms, with four Council members elected each year. The Mayor is elected at large to serve a four-year term.

The City of Chesterfield, Missouri provides a full range of municipal services. These services include legislative, administrative, police services, judicial, planning, public works, and parks and recreation. The Chesterfield Fire Protection District is a separate legal entity which does not meet the established criteria for inclusion in the reporting entity and, accordingly, is excluded from this report.

The City's financial reporting entity consists of the City and its discretely presented component unit, the Chesterfield Community Development Corporation (CCDC). The members of the governing board of CCDC are appointed by the Mayor. Although the City cannot "impose its will" on CCDC, the City of Chesterfield, Missouri provides a material subsidy to the CCDC primarily to finance the operations of the organization. Together, the City and CCDC form the reporting entity for financial reporting purposes. The accompanying financial data presented for the CCDC reflect the twelve months of activity through June 30, 2002.

Complete financial statements of the CCDC can be obtained from their administrative offices at 135 Chesterfield Industrial Boulevard, Chesterfield, Missouri 63005.

The annual budget serves as the foundation for the City of Chesterfield, Missouri's financial planning and control. All departments of the City of Chesterfield, Missouri are required to submit requests for appropriation to the Director of Finance and Administration each year. The Director of Finance and Administration uses these requests as the starting point for development a proposed budget. The City Administrator 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 December 31, the close of the City of Chesterfield, Missouri's fiscal year. The appropriated budget is prepared by fund and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriate annual budget has been adopted. For the general fund, this comparison is presented on page 50 as required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, comparisons for special revenue funds are found in required supplementary information which begins on page 54 and comparisons for the budgeted capital project and debt service funds are found in other supplementary information which begins on page 60.

Factors Affecting Financial Condition

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

Local economy. The City already has a thriving business community and has established a business district convenient to both the City of St. Louis, Missouri to the east and St. Charles County to the west. Continuing improvements of I-64/Highway 40 assure the City greater opportunity for growth, enhancing its accessibility to downtown St. Louis, Missouri. During 2001, the State of Missouri began construction of an \$8.5 million lane capacity upgrade to I-64/Highway 40 in Chesterfield Valley. National and international headquarters and regional offices of corporations such as McDonald's Corporation and Merrill Lynch are located in the City of Chesterfield, Missouri. In addition, Pfizer has a \$150 million Life Sciences Research Center that occupies approximately 900,000 square feet, or 210 acres within the City.

The City of Chesterfield, Missouri, also has a strong retail base with Chesterfield Mall, which is one of the largest suburban shopping centers in the metropolitan St. Louis area, and a diversity of shops and restaurants in neighboring shopping centers. Chesterfield Mall now has over 1.9 million square feet of enclosed suburban shopping space, including four anchor stores (Dillard's, Famous Barr, Sears, and JC Penney's), 30 restaurants, and more than 145 boutiques, shops, stores, and services.

The City's western corridor, referred to as Chesterfield Valley, has expanded dramatically over the last several years with retail, light industrial and office/warehouse facilities. Chesterfield Valley has made a dramatic comeback from the flood of 1993. The Monarch-Chesterfield levee, which protects Chesterfield Valley, has been restored to its original 100-year level of protection. The City is working with the Monarch-Chesterfield Levee District to complete the construction of a 500-year levee. The City Council has designated Chesterfield Valley as a tax increment financing ("TIF") district. With the assistance of tax increment financing, the Monarch-Chesterfield Levee District and the City are raising the 11 miles of levee surrounding Chesterfield Valley to a 500-year flood event level. The District plans to complete this work by December, 2003. In addition, the City, using Economic Development Act ("EDA") grant funds, installed pumps in Chesterfield Valley to dramatically improve interior drainage. The pumps and 500-year levee will further protect the Chesterfield Valley from flood waters and are expected to promote increased economic growth and development. Two large commercial projects, Chesterfield Commons (2,000,000 square feet of retail) and Chesterfield Groves (186,000 square feet of mixed use) have been completed or are currently being completed in Chesterfield Valley. Wal-Mart, World Market, Shoe Carnival, Lowe's Home Improvement Center, Sam's Club, Linens N' Things, Office Max, Michael's, Petsmart, Payless Shoes, Radio Shack, Best Buy, Red Robin, Longhorn Steakhouse, Subway, Old Country Buffet, Babies 'R Us, Red Lobster, St. Louis Bread Company, Olive Garden, O'Charley's and many others have all located to Chesterfield Commons. Future openings at Chesterfield Commons include Target Greatland, Sonic, Lion's Choice and numerous others.

Based on current projections, continued development of the entire City is inevitable. The growth in assessed valuation of the City bears out this fact. The City's assessed valuation of \$1,308,820,798 as of January 1, 2002 represents an increase of 2.6% from \$1,275,903,642 as of January 1, 2001, and an increase of 181.1% from \$465,549,049 as of January 1, 1988 at the time of the City's incorporation.

Long-term financial planning. The City of Chesterfield, Missouri confines long-term borrowing to capital improvements or projects that cannot be financed from current revenues, and where the issuance of long-term debt is required, it pays back the bonds within a period not to exceed the expected useful life of the project. Highlighted below are the actions of the City regarding the City's long-term needs.

The voters of the City of Chesterfield, Missouri approved a ½ cent capital improvement sales tax for street and sidewalk improvements in 1997. These funds are being used to repay debt on the general obligation bonds approved at the same time for major reconstruction projects. In addition, the sales tax will be used to fund major street and sidewalk improvements in the future. It is anticipated that approximately \$2.5 million dollars will be available from the ½ cent sales tax to fund continued major street and sidewalk improvements well into the future.

The City plans to continue to explore options based on a recent survey of residents in the area of park improvements performed by Leisure Vision. Some of the recommendations coming out of the study include exploring opportunities to partner with St. Louis County, Missouri and private providers of recreation services, pursuing opportunities to acquire open space in the City, and providing walking paths and an outdoor amphitheatre and lake in the Central City Park. The City will explore all of these options, as well as a funding source, over the next several years.

The City also plans to complete the "Pathway Around the Parkway" (Chesterfield Parkway) project and a Highway 340 highway beautification project during 2003. The cost for both of these projects are funded through transfers out of the Capital Improvement Sales Tax Trust Fund and offset by one-time federal grants provided under the Transportation Efficiency Act.

Cash management policies and practices. Cash temporarily idle during the year was invested in obligations of the U.S. treasury and repurchase agreements. The maturities of the investments range from overnight to 3 years, with an average maturity of 12 months. The average yield on investments was 3 percent for the City. Investment income includes appreciation in the fair value of investments. Increases in the fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk Management. The City is a member of a public entity risk pool comprised of various municipalities in St. Louis County, Missouri. This pool covers workers' compensation and liability exposures (St. Louis Area Insurance Trust - SLAIT). 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 Chesterfield, Missouri's risk management activity can be found in Note 8 of the notes to the basic financial statements.

Debt Administration. At year-end, the City had five debt issues outstanding. These issues include \$8,505,000 in general obligation bonds for parks, \$2,325,000 in certificates of participation related to the City's capital lease obligation for the construction of a Public Works Facility, \$10,240,000 in general obligation bonds for streets and sidewalks, \$14,060,000 in general obligation bonds for streets and sidewalks, and \$17,250,000 in certificates of participation related to the City's capital lease obligation for the City's City Hall. The general obligation bonds for parks were issued in 1995, but advance refunded in 1998. The certificates of participation were issued in 1995 and 2000, respectively. The general obligation bonds for streets and sidewalks were issued in two series, part in 1997 and part in 1999. The City has upgraded its rating on the general obligation bond issue to Aa1 from Aa2 and to Aa2 from Aa3 on the certificates of participation from Moody's Investor Service.

The City also had a series of notes to the Monarch-Chesterfield Levee District for levee and storm water improvements in Chesterfield Valley, most of which were refunded with a Tax Increment Financing Refunding and Improvement Revenue Bonds issued in April of 2002. The outstanding amounts of these notes were for \$1,100,110 and TIF Bonds totaled \$50,945,000.

Pension. The City of Chesterfield sponsors a single-employer defined contribution pension plan for its employees. All employees are eligible to participate in the plan after they have

completed one year of service and attained the age of 18. Per City ordinance, the City contributes an amount equal to 8% of compensation of eligible participants. No contribution is required from employees. All employees vest 20% after three years of service and an additional 20% per year thereafter, making the employees fully vested after seven years of credited service. The City's contribution for 2002 was \$595,066 or 8% of covered payroll less any forfeitures from terminated non-vested employees. Total covered payroll for the year was \$7,767,333 or 89% of the City's total payroll of \$8,719,920.

Additional information on the City of Chesterfield, Missouri's pension arrangements can be found in Note 10 in the notes to the basic 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 Chesterfield, Missouri for its comprehensive annual financial report (CAFR) issued for the fiscal year ended December 31, 2001. This was the thirteenth consecutive year the City has received this prestigious award, an impressive accomplishment for the City's thirteenth full year of operation. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both 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.

In addition, the City of Chesterfield, Missouri also received the Government Finance Officers Association's Award for Distinguished Budget Presentation for its annual budget for fiscal year 2002. This was the twelfth consecutive year that the City received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document met the program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administration Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Chesterfield, Missouri's finances.

Respectfully submitted,



Michael G. Herring
City Administrator



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chesterfield,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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.



William Patrick Pate
President

Jeffrey R. Emer
Executive Director

CITY OF CHESTERFIELD, MISSOURI

City Officials

MAYOR

John Nations

COUNCIL MEMBERS

Ward 1:

Barry Flachsbart

Jane Durrell

Ward 2:

Barry Streeter

Bruce Geiger

Ward 3:

Daniel Hurt

Mike Casey

Ward 4:

Mary K. Grown

Connie Fults

CITY ADMINISTRATOR

Michael G. Herring

**DIRECTOR OF FINANCE AND
ADMINISTRATION**

Janet S. Hawn*

CITY CLERK

Marty DeMay

POLICE CHIEF

Ray Johnson

DIRECTOR OF PLANNING

Teresa Price

DIRECTOR OF PUBLIC WORKS

Michael O. Geisel

CITY ATTORNEY

Douglas R. Beach

JUDGE

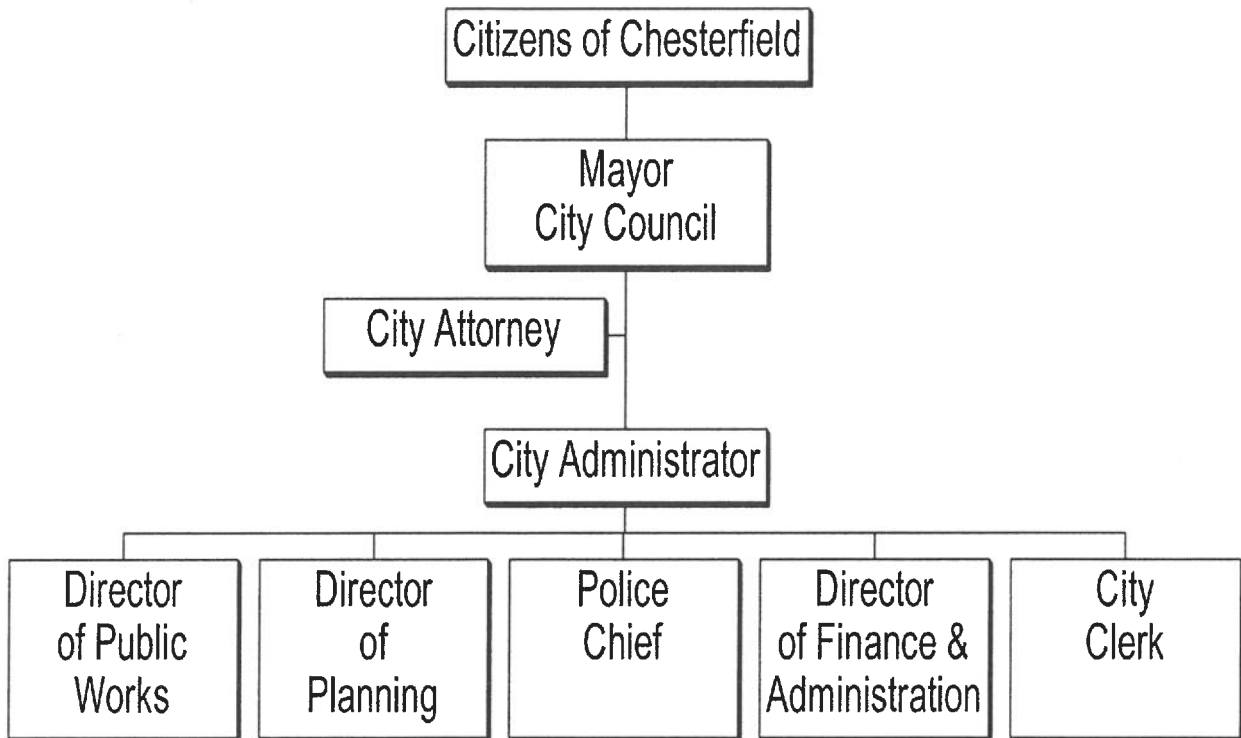
Richard K. Brunk

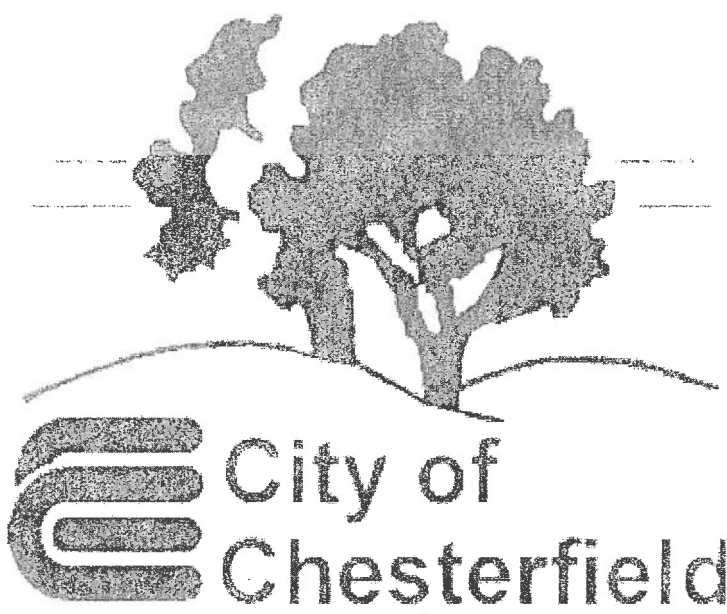
PROSECUTING ATTORNEY

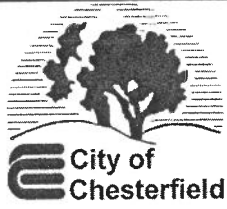
Tim Englemeyer

* Janet S. Hawn resigned as Director of Finance and Administration effective February 28, 2003.

CITY OF CHESTERFIELD,
MISSOURI
Organization Chart
2002







Financial Section



10 South Broadway
Suite 900
St Louis, MO 63102-1761

Independent Auditors' Report

Honorable Mayor and Members of the City Council
City of Chesterfield, Missouri:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Chesterfield, Missouri, as of and for the year ended December 31, 2002, which collectively comprise the City of Chesterfield, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Chesterfield, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Chesterfield Community Development Corporation discretely presented component unit. The financial statements of the Chesterfield Community Development Corporation were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

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, and the report of other auditors, provides a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Chesterfield, Missouri, as of December 31, 2002, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during fiscal year 2002, the City of Chesterfield, Missouri, implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosure*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The Management's Discussion and Analysis on pages 11 through 20 and the Budgetary Comparison Information on pages 50 through 57, 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chesterfield, Missouri's basic financial statements. The combining and individual fund financial statements and schedules – other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied by us, in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chesterfield, Missouri's basic financial statements. The introductory section and statistical section 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.

KPMG LLP

June 27, 2003

Management's Discussion & Analysis

Management's Discussion and Analysis

As management of the City of Chesterfield, Missouri, we offer readers of the City of Chesterfield's financial statements this narrative overview and analysis of the financial activities of the City of Chesterfield, Missouri for the fiscal year ended December 31, 2002. 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 on pages 1-5 of this report.

Financial Highlights

- On a government-wide basis the assets of the City of Chesterfield exceeded its liabilities for the most recent fiscal year by \$91,063,280. The City has a deficit in unrestricted net assets totaling (\$39,180,430) due to \$52,045,110 in TIF Refunding and Improvement Revenue Bonds Series 2002 outstanding at year end for infrastructure assets not owned by the City.
- As of the close of the current fiscal year, the City of Chesterfield's governmental funds reported combined ending fund balances of \$44,185,042, an increase of \$10,082,628 in comparison with the prior year. Approximately 27% of this total amount, \$11,885,356 is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$12,072,726 or 77 percent of total general fund expenditures.
- The City of Chesterfield's total debt increased by \$15,465,980 (17.4 percent) during the current fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *statement of net assets* presents information on all of the City of Chesterfield'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 of Chesterfield, Missouri 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 and accrued vacation leave).

The Government-wide financial statements distinguish functions of the City of Chesterfield, Missouri 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 of Chesterfield, Missouri include general government, parks and recreation, judicial, planning, public works, public safety, and community development. The City of Chesterfield, Missouri does not have any business-type activities.

The government-wide financial statements include not only the City of Chesterfield, Missouri itself (known as the *primary government*), but also a legally separate Chesterfield Community Development Corporation discretely presented for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 21-22 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 Chesterfield, 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 Chesterfield, Missouri can be divided into two categories: governmental funds and fiduciary funds. It should be noted that the City of Chesterfield, Missouri does not have any proprietary 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 *governmental funds* with similar information presented for *governmental activities* in the government-wide

financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and the government-wide *governmental activities*.

The City of Chesterfield, Missouri 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, Chesterfield Valley Tax Increment Financing fund, Capital Improvement Sales Tax Trust fund, TIF Bond fund, TIF Bond Debt Service fund, and Capital Project fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the other supplementary information section in this report.

The City of Chesterfield, Missouri, adopts an annual appropriated budget for its General fund, the Chesterfield Valley Tax Increment Financing special revenue fund, the Capital Improvement Sales Tax Trust special revenue fund, the Parks 1998 Debt Service Fund, the Public Works Facility 1995 and 2002 Debt Service Fund, the R&S 1997 & 1999 Debt Service fund, City Hall Debt Service Fund, and the Capital Project fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 23-26 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Chesterfield, Missouri's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The statement of fiduciary net assets can be found on page 27 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28-49 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 50-57 of this report.

Other Supplementary Information

The combining and individual fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 60-72 of this report.

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

This is the first 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*. Because this reporting model significantly changes both the recording and presentation of financial data, the City has not restated prior fiscal years for the purpose of providing comparative information for Management's Discussion & Analysis. In future years when prior-year information is available, 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 of Chesterfield, Missouri, assets exceeded liabilities by \$91,063,280 at the close of the most recent fiscal year.

The largest portion of the City of Chesterfield, Missouri'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 of Chesterfield, Missouri uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chesterfield, Missouri's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Schedule of Net Assets
December 31, 2002**

		<u>Governmental Activities</u>
Assets		
Current and other assets	\$	48,648,638
Capital assets, net		150,477,275
Total assets		<u>199,125,913</u>
Liabilities		
Long-term liabilities		104,270,931
Other liabilities		3,791,702
Total liabilities		<u>108,062,633</u>
Net Assets		
Invested in capital assets, net of related debt		98,156,258
Restricted		32,087,452
Unrestricted		(39,180,430)
Total net assets	\$	<u><u>91,063,280</u></u>

An additional portion of the City of Chesterfield, Missouri's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$39,180,430) is explained further below.

At the end of the current fiscal year, the City of Chesterfield, Missouri is able to report positive balances in two categories of net assets, for the government as a whole. Unrestricted net assets are negative due to \$52,045,110 in TIF Refunding and Improvement Revenue Bonds Series 2002 outstanding at year end for infrastructure assets not owned by the City. The TIF Refunding and Improvement Revenue Bonds Series 2002 are limited obligations of the City and are funded only by incremental revenues generate within the TIF district.

Governmental activities. Governmental activities decreased the City of Chesterfield, Missouri's net assets by \$1,320,541. Key elements of this are as follows:

Schedule of Changes in Net Assets	
December 31, 2002	
	Governmental Activities
Revenues:	
Program revenues:	
Charges for services	\$ 2,391,047
Federal & state grants	406,720
General revenues:	
Taxes	28,315,965
Investment income	1,022,026
Sale of capital assets	177,094
Miscellaneous	1,256,870
Total revenues	33,569,722
Expenses:	
General government	2,779,184
Parks and recreation	1,733,646
Judicial	173,865
Planning	629,707
Public works	16,058,649
Public safety	6,733,157
Community development	177,757
Interest and fiscal charges	6,604,298
Total expenses	34,890,263
Change in net assets	(1,320,541)
Ending net assets	\$ 91,063,280

Significant Changes in Fund Net Assets

The reduction in net assets of \$1,320,541 was attributable to lower than anticipated sales tax activity due to slowed economic activity throughout St. Louis County, Missouri and reduced gross receipts taxes due to electric rate rebates occurring during the year. In the general fund, sales and gross receipt taxes for the year were \$458,304 and \$865,344, respectively below their anticipated budgets. While the electric rate rebates were one-time in nature, the City anticipates the reduced levels of economic activity to continue in 2003, leading to further sales tax reductions.

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

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

Governmental Funds

The focus of the City of Chesterfield, Missouri's governmental funds is to provide information on inflows 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.

At the end of year 2002 the unreserved fund balance of the general fund was \$12,072,726, while the total fund balance was \$12,350,535. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 69.0 percent of total general fund expenditures and transfers out of \$17,488,036, while total fund balance represents 70.6 percent of total general fund expenditures and transfers out.

The fund balance in the City's general fund decreased by \$712,655 or 5.5 percent from the prior year fund balance. The change of the current year's fund balances are mainly due to:

- Sales tax revenues decreased due to slowing economic activity being experienced throughout the nation.
- Lower interest rates had a direct impact on the investment earnings in the general fund.
- Utilities gross receipts tax decreased due to the rebate in electric utility rates.

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

- Chesterfield Valley Tax Increment Financing Fund increased by \$4,194,808 or 73.0 percent. This increase was a result of issuing of Tax Increment Financing Notes. The proceeds from the notes amounted to \$4,195,494. At the end of December 31, 2002 the unreserved fund balance and total fund balance was \$9,941,234.
- Capital Improvement Sales Tax Trust Fund decreased by \$1,488,958 or 36.7 percent. This decrease was a result of \$3,346,633 transfer out to Capital Project Fund and \$2,114,098 transfer out to other governmental nonmajor funds.
- TIF Bond Fund ended the year 2002 with an unreserved fund balance of \$7,930,528. The entire amount was attributed to the proceeds from an issuance of Tax Increment Financing Bonds in 2002.
- TIF Bond Debt Service Fund ended the year 2002 with an unreserved fund balance of \$5,861,075. The increase of this fund balance was also in connection with an issuance of Tax Increment Financing Refunding Bonds.

Fiduciary Funds

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

- Bond deposits held to ensure a defendant's appearance in court,
- Proceeds received in connection with a joint program sponsored by the City and the local explorer's post,
- Collection and release of the monies for future road way improvements to ensure completion of the projects, and

- Collection and release of monies in connection with various permits issued for construction projects.

At the end of 2002, cash and cash equivalents had increased \$41,196 (to \$1,867,410) from year 2001, due to normal activity.

Capital Assets

The City has invested \$150,477,275 in a broad range of capital assets, including park facilities, roads, buildings, machinery & equipment and automobiles & trucks. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$1,985,523.

**Capital Assets,
Net of Depreciation
December 31, 2002**

		Governmental Activities
Land	\$	12,981,078
Right-of-way		73,013,885
Buildings & other improvements		20,931,967
Machinery & equipment		2,068,565
Automobiles & trucks		1,662,860
Infrastructure (including construction-in progress)		<u>39,818,920</u>
Total	\$	<u><u>150,477,275</u></u>

Long-Term Debt

At the end of December 2002, the City had outstanding long-term debt obligations for governmental activities in the amount of \$104,270,931 compared to \$88,804,951 in 2001. Of this amount, \$32,805,000 is general obligation bonds and \$51,890,931 is tax increment financing notes payable and bonds. Capital lease obligations outstanding totaled \$19,575,000. The 17.4% increase in the City's long-term debt obligations reflects the issuance, of \$50,945,000 of TIF Refunding & Improvement Bonds and \$2,325,000 of refinancing of Certificates of Participation for Public Works Facilities and \$4,195,494 of TIF Notes.

The City's governmental activities debt is detailed below:

Outstanding Long-Term Debt Obligations
December 31, 2002

	Fiscal Year 2002	Fiscal Year 2001	% Change
Capital lease obligation series 1995	\$ -	2,355,000	(100.0)
Certificates of participation series 2002	2,325,000	-	100.0
Certificate of participation (Government Center) series 2000	17,250,000	17,565,000	(1.8)
General obligation bonds (R&S) series 1997	10,240,000	10,690,000	(4.2)
General obligation bonds (R&S) series 1999	14,060,000	14,530,000	(3.2)
General obligation bonds (Park) series 1998	8,505,000	8,955,000	(5.0)
Levee district notes (Phase I&II)	-	34,709,951	(100.0)
Levee district note (Phase III)	1,100,110	-	100.0
TIF Refunding & Improvement Bonds	50,790,821	-	100.0
Total	\$ 104,270,931	88,804,951	17.4

In 2002, the City refunded the Capital Lease Obligation Series 1995 by issuing Certificates of participation series 2002. Through this refunding the City reduced total debt service payments over the next twelve years by \$243,372, realizing savings of \$181,938 and a reduced debt term from thirteen to twelve years.

In 2002, the City also issued TIF Refunding and Improvement Bonds, \$42,007,196 of which was used to retire outstanding TIF Notes. Through this refunding the City reduced total debt service payments over the next five years by \$590,000, realizing savings of \$520,000.

Significant Variances between Budgets and Actual Expenditures

In the general fund, the following significant variances occurred between budget, amended budget, and actual expenditures:

- Street department commodities received a budget amendment of \$139,895 for additional salt purchases which were not procured in the budget year causing a \$349,608 variance between amended budget and actual expenditures.
- Building maintenance capital outlay received a budget amendment of \$327,000 for various city hall projects. Those projects were not completed in the current year, causing a variance of \$83,898 between amended budget and actual expenditures.
- Parks & recreation capital accounts received a budget amendment of \$120,488 for additional equipment which was not purchased during the budget year, resulting in a variance of \$115,525 between amended budget and actual expenditures.

Economic Factors and Next Year's Budget

Decreased sales tax revenues and declining interest rates are the major factors affecting the 2003 budget for the City of Chesterfield, Missouri. During the current fiscal year, unreserved fund balance was reduced by \$712,655. Downward revenue trends led the 2003 budget to include a further reduction of \$998,000 in unreserved fund balance.

Requests for Information

This financial report is designed to provide a general overview of the City of Chesterfield, 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 and Administration, 690 Chesterfield Parkway West, Chesterfield, MO 63017-0760.



Basic Financial Statements

CITY OF CHESTERFIELD, MISSOURI
Statement of Net Assets
December 31, 2002

	Primary Government	Component Unit
	Governmental Activities	Chesterfield Community Development Corporation
ASSETS		
Cash and cash equivalents	\$ 29,278,671	122,165
Investments	7,463,388	-
Receivables, net	10,779,902	45,152
Deferred charges	848,868	-
Other assets	277,809	5,618
Capital assets, net	150,477,275	12,216
Total assets	199,125,913	185,151
LIABILITIES		
Accounts payable	1,078,528	6,231
Accrued salaries and other benefits	871,736	5,176
Accrued interest payable	1,403,173	-
Deferred revenue	291,333	-
Other liabilities	146,932	-
Long-term liabilities:		
Due within one year	4,712,373	-
Due in more than one year	99,558,558	-
Total liabilities	108,062,633	11,407
NET ASSETS		
Invested in capital assets, net of related debt	98,156,258	-
Restricted:		
Debt service	2,268,185	-
Capital projects	4,059,738	-
Tax increment financing projects	25,393,333	-
Sewer lateral repair project	366,196	-
Unrestricted	(39,180,430)	173,744
Total net assets	\$ 91,063,280	173,744

See accompanying notes to basic financial statements.

CITY OF CHESTERFIELD, MISSOURI
Statement of Activities
For the year ended December 31, 2002

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
						<u>CCDC</u>
Primary Government:						
Governmental activities:						
General government	\$ 2,779,184	496,784	2,295	33,333	(2,246,772)	-
Parks and recreation	1,733,646	419,918	500	-	(1,313,228)	-
Judicial	173,865	836,305	-	-	662,440	-
Planning	629,707	26,129	-	-	(603,578)	-
Public works	16,058,649	450,323	-	(5,214)	(15,613,540)	-
Public safety	6,733,157	161,588	375,806	-	(6,195,763)	-
Community development	177,757	-	-	-	(177,757)	-
Interest and fiscal charges	6,604,298	-	-	-	(6,604,298)	-
Total governmental activities - primary government	<u>34,890,263</u>	<u>2,391,047</u>	<u>378,601</u>	<u>28,119</u>	<u>(32,092,496)</u>	<u>-</u>
Component Unit:						
CCDC	264,549	45,700	75,412	-	-	(143,437)
Total component unit	<u>\$ 264,549</u>	<u>45,700</u>	<u>75,412</u>	<u>-</u>	<u>-</u>	<u>(143,437)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose					6,453,679	-
Property taxes, levied for debt service					727,432	-
Sales and local use taxes					12,621,361	-
Gross receipts taxes (includes franchise tax)					4,789,699	-
Miscellaneous taxes (includes sewer lateral)					3,723,794	-
Unrestricted interest earnings					1,022,026	3,808
Sale of capital assets					177,094	-
Miscellaneous					1,256,870	18
Support provided by City of Chesterfield, Missouri					-	177,757
Total general revenues					<u>30,771,955</u>	<u>181,583</u>
Change in net assets					(1,320,541)	38,146
Net assets - beginning of year					92,383,821	135,598
Net assets - end of year					<u>\$ 91,063,280</u>	<u>173,744</u>

See accompanying notes to basic financial statements.

CITY OF CHESTERFIELD, MISSOURI
Balance Sheet
Governmental Funds
December 31, 2002

	Major Funds					Nonmajor Funds	Total Governmental Funds	
	General Fund	Chesterfield Valley Tax Increment Financing Fund	Capital Improvement Sales Tax Trust Fund	TIF Bond Fund	TIF Bond Debt Service Fund	Capital Project Fund		Other Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 4,552,157	4,649,401	6,802,691	5,790,671	5,807,086	-	1,676,665	29,278,671
Investments	3,138,745	-	-	2,567,215	-	-	1,757,428	7,463,388
Receivables, net of allowances:								
Municipal taxes	1,035,875	6,685,195	600,189	-	-	-	773,576	9,094,835
Intergovernmental	1,059,794	-	-	-	-	-	-	1,059,794
Interest	43,664	-	-	40,129	53,989	-	10,013	147,795
Other	388,078	89,400	-	-	-	-	-	477,478
Due from other funds	3,346,856	204,831	262	-	-	-	100	3,552,049
Prepaid assets	277,809	-	-	-	-	-	-	277,809
Total assets	<u>13,842,978</u>	<u>11,628,827</u>	<u>7,403,142</u>	<u>8,398,015</u>	<u>5,861,075</u>	<u>-</u>	<u>4,217,782</u>	<u>51,351,819</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	570,422	27,097	-	467,487	-	-	13,522	1,078,528
Accrued salaries and other benefits	418,956	-	-	-	-	-	-	418,956
Due to other funds	204,931	-	3,346,856	-	-	-	262	3,552,049
Deferred revenue	291,333	1,660,496	-	-	-	-	158,614	2,110,443
Other liabilities	6,801	-	-	-	-	-	-	6,801
Total liabilities	<u>1,492,443</u>	<u>1,687,593</u>	<u>3,346,856</u>	<u>467,487</u>	<u>-</u>	<u>-</u>	<u>172,398</u>	<u>7,166,777</u>
Fund balances:								
Reserved:								
Prepaid assets	277,809	-	-	-	-	-	-	277,809
Unreserved, reported in:								
Designated for subsequent year expenditures	187,370	-	-	-	-	-	-	187,370
General fund	11,885,356	-	-	-	-	-	-	11,885,356
Special revenue funds	-	9,941,234	4,056,286	7,930,528	-	-	389,057	22,317,105
Capital project funds	-	-	-	-	-	-	3,452	3,452
Debt service funds	-	-	-	-	5,861,075	-	3,652,875	9,513,950
Total fund balances	<u>12,350,535</u>	<u>9,941,234</u>	<u>4,056,286</u>	<u>7,930,528</u>	<u>5,861,075</u>	<u>-</u>	<u>4,045,384</u>	<u>44,185,042</u>
Total liabilities and fund balances	<u>\$ 13,842,978</u>	<u>11,628,827</u>	<u>7,403,142</u>	<u>8,398,015</u>	<u>5,861,075</u>	<u>-</u>	<u>4,217,782</u>	<u>51,351,819</u>

See accompanying notes to basic financial statements.

CITY OF CHESTERFIELD, MISSOURI
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
For the year ended December 31, 2002

Total fund balances - governmental funds - balance sheet \$ 44,185,042

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. This is amount by which capital outlays (\$198,629,248) exceed accumulated depreciation (\$48,151,973). 150,477,275

Property taxes assessed by the City, but not collected as of December 31, 2002, are deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements. 1,819,110

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported on the government-wide statement of net assets. Also, during the year the City issued new debt and refunded some of its existing debt. Discounts and bond issuance costs are reported in the governmental fund financial statements when the debt was issued, whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.

Balances as of December 31, 2002 are:

Accrued compensated absences, vacation and compensatory time-off	(452,780)
Accrued interest on outstanding debts as of year end 2002	(1,403,173)
Accrued arbitrage payable	(140,131)
Bonds, notes payable and lease obligations outstanding	(104,425,110)
Unamortized bond discount	154,179
Unamortized bond issuance cost for new debts issued in the current year	848,868
	<u>848,868</u>

Total net assets - governmental activities - statement of net assets \$ 91,063,280

See accompanying notes to basic financial statements.

CITY OF CHESTERFIELD, MISSOURI
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2002
UNAUDITED

	Major Funds					Nonmajor Funds	Total Governmental Funds	
	General Fund	Chesterfield Valley Tax Increment Financing	Capital Improvement Sales Tax Trust	TIF Bond	TIF Bond Debt Service	Capital Project		Other Governmental Funds
REVENUES								
Municipal taxes	\$ 9,721,193	9,087,548	3,860,073	-	-	-	1,141,937	23,810,751
Licenses and permits	1,052,996	-	-	-	-	-	-	1,052,996
Intergovernmental	3,671,602	-	22,348	-	-	-	23,727	3,717,677
Charges for services, net	589,478	-	-	-	-	-	-	589,478
Court fines and forfeitures	836,305	-	-	-	-	-	-	836,305
Investment income	440,259	63,525	89,352	141,119	141,169	-	111,687	987,111
Miscellaneous	286,454	112,021	-	-	-	-	-	398,475
Total revenues	<u>16,598,287</u>	<u>9,263,094</u>	<u>3,971,773</u>	<u>141,119</u>	<u>141,169</u>	<u>-</u>	<u>1,277,351</u>	<u>31,392,793</u>
EXPENDITURES								
Current:								
Legislative	90,361	-	-	-	-	-	-	90,361
Administrative	2,348,105	-	-	-	-	-	8,625	2,356,730
Police Services	6,373,333	-	-	-	-	-	20,416	6,393,749
Judicial	172,506	-	-	-	-	-	-	172,506
Planning and zoning	616,432	-	-	-	-	-	-	616,432
Public Works	3,973,212	5,039,093	-	1,030,281	-	275,518	420,712	10,738,816
Parks and recreation	1,237,505	-	-	-	-	-	-	1,237,505
Capital outlay	939,006	1,011,578	-	-	-	3,411,563	1,880,937	7,243,084
Debt service:								
Principal	-	975,020	-	-	-	-	1,805,000	2,780,020
Interest and fiscal charges	-	260,881	-	-	1,307,499	-	5,619,334	7,187,714
Cost of issuance	-	-	-	-	842,544	-	63,520	906,064
Total expenditures	<u>15,750,460</u>	<u>7,286,572</u>	<u>-</u>	<u>1,030,281</u>	<u>2,150,043</u>	<u>3,687,081</u>	<u>9,818,544</u>	<u>39,722,981</u>
Excess (deficiency) of revenues over expenditures	<u>847,827</u>	<u>1,976,522</u>	<u>3,971,773</u>	<u>(889,162)</u>	<u>(2,008,874)</u>	<u>(3,687,081)</u>	<u>(8,541,193)</u>	<u>(8,330,188)</u>
OTHER FINANCING SOURCES (USES)								
Issuance of refunding bonds	-	-	-	7,950,655	42,994,345	-	-	50,945,000
Discount on refunding bonds	-	-	-	(25,655)	(138,803)	-	-	(164,458)
Proceeds of certificates of participation	-	-	-	-	-	-	2,325,000	2,325,000
Proceeds of tax increment financing notes	-	4,195,494	-	-	-	-	-	4,195,494
Sale of capital assets	177,094	-	-	-	-	-	-	177,094
Payment to refunded bond escrow agent	-	-	-	-	(36,830,314)	-	(2,235,000)	(39,065,314)
Transfers in	-	762,201	-	2,742,170	1,958,380	3,687,081	3,903,269	13,053,101
Transfers out	(1,737,576)	(2,739,409)	(5,460,731)	(1,847,480)	(113,659)	-	(1,154,246)	(13,053,101)
Total other financing sources (uses), net	<u>(1,560,482)</u>	<u>2,218,286</u>	<u>(5,460,731)</u>	<u>8,819,690</u>	<u>7,869,949</u>	<u>3,687,081</u>	<u>2,839,023</u>	<u>18,412,816</u>
Net change in fund balances	<u>(712,655)</u>	<u>4,194,808</u>	<u>(1,488,958)</u>	<u>7,930,528</u>	<u>5,861,075</u>	<u>-</u>	<u>(5,702,170)</u>	<u>10,082,628</u>
Fund balances:								
Beginning of year	13,063,190	5,746,426	5,545,244	-	-	-	9,747,554	34,102,414
End of year	\$ <u>12,350,535</u>	<u>9,941,234</u>	<u>4,056,286</u>	<u>7,930,528</u>	<u>5,861,075</u>	<u>-</u>	<u>4,045,384</u>	<u>44,185,042</u>

CITY OF CHESTERFIELD, 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 December 31, 2002

Net change in fund balances - governmental funds - statement of revenues, expenditures, and changes in fund balances \$ 10,082,628

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets, meeting the capitalization threshold, is allocated over their estimated useful lives and recorded as depreciation expense. This is the amount by which capital outlays, meeting the capitalization threshold, exceeded depreciation expense in the current period. 2,546,187

Loss on retirements of capital assets (590,839)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements

Property taxes for Chesterfield Valley Tax Increment Financing Fund	639,713	
Property taxes for Park Debt Service Fund	<u>(11,774)</u>	627,939

Bond proceeds are reported as financing sources in governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the liability in the statement of net assets.

Debt issued during the current year:

Refunding TIF Bonds	(50,945,000)
Refunding certificates of participation Public Works Facility	(2,325,000)
TIF Bonds Phase III and Wetland	(4,195,494)

Repayments during the current year:

Advance refunding TIF Bonds	36,830,314	
Advance refunding certificates of participation	2,235,000	
Annual principal payments on bonds and notes payable	2,345,020	
Annual principal payments on capital leases	<u>435,000</u>	(15,620,160)

Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

This adjustment combines the net changes of the following:

Accrued compensated absences	(55,149)	
Accrued arbitrage payable	34,915	
Accrued interest on bonds	650,891	
Discounts on debt issuances, net of amortization	154,179	
Deferred bond issuance costs, net of amortization	<u>848,868</u>	<u>1,633,704</u>

Change in net assets - governmental activities - statement of activities \$ (1,320,541)

See accompanying notes to basic financial statements.

CITY OF CHESTERFIELD, MISSOURI
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2002

	<u>Agency Funds</u>
ASSETS - Cash and cash equivalents	\$ <u>1,867,410</u>
LIABILITIES	
Accounts payable	227,965
Deposits held in escrow	1,539,692
Due to other governmental agencies	<u>99,753</u>
Total liabilities	<u>1,867,410</u>
NET ASSETS	\$ <u><u>-</u></u>

See accompanying notes to the basic financial statements.

City of Chesterfield, Missouri

Notes to Basic Financial Statements

December 31, 2002

(1) Summary of Significant Accounting Policies

The City of Chesterfield, Missouri (the City) was incorporated on June 1, 1988 and established a mayor/council/city administrator form of government. The City's major operations include: police protection, street maintenance and improvements, parks and recreation, general administrative services, legislative services, judicial services, and planning.

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America applicable to governmental entities. The following is a summary of the more significant policies:

(a) *The Financial Reporting Entity*

The City defines its financial reporting entity in accordance with the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14). GASB 14 requirements for inclusion of component units are based primarily upon whether the City's governing body has any significant amount of financial accountability for potential component units. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the City.

The City's financial reporting entity consists of the City and its discretely presented component unit, the Chesterfield Community Development Corporation (CCDC). The members of the governing board of CCDC are appointed by the Mayor. Although the City cannot "impose its will" on CCDC, the City of Chesterfield provides a material subsidy to the CCDC primarily to finance the operations of the organization. Together, the City and CCDC form the reporting entity for financial reporting purposes. The accompanying financial data presented for the CCDC reflect twelve months of activity ending June 30, 2002.

Complete financial statements of the CCDC can be obtained from their administrative offices at 135 Chesterfield Industrial Boulevard, Chesterfield, Missouri 63005.

(b) *Government-wide and Fund Financial Statements*

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The City has determined that the General fund, the Chesterfield Valley Tax Increment Financing fund, Capital Improvement Sales Tax Trust fund, TIF Bond fund, TIF Bond Debt Service fund, and the Capital Project fund are major governmental funds. All other governmental funds are reported in one column labeled "Other Governmental Funds". The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

The fund financial statements of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the City's governmental major funds:

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

Chesterfield Valley Tax Increment Financing Fund – The Chesterfield Valley Tax Increment Financing fund is a special revenue fund used to account for special revenues received from the Chesterfield TIF District which are required to be segregated into a special allocation fund and designated for use in the TIF district only.

Capital Improvement Sales Tax Trust Fund – The Capital Improvement Sales Tax Trust fund is a special revenue fund which is used to account for special revenues received from the capital improvement sales tax which are specifically earmarked for capital improvements.

TIF Bond Fund – The TIF Bond fund is a special revenue fund which is used to account for the special revenues received from the City's Refunding and Improvement Bonds, which are required to be segregated into a special

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

allocation fund and designated for use in the TIF district only. These bonds refunded all prior outstanding TIF notes.

TIF Bond Debt Service Fund – The TIF Bond Debt Service fund is a debt service fund which is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs on the TIF Refunding and Improvement Revenue Bonds Series 2002.

Capital Project Fund – The Capital Project fund is used to account for financial resources designated for the acquisition or construction of major capital facilities or improvements.

The other governmental funds of the City are considered nonmajor. They are special revenue funds which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, debt service funds which account for the accumulation of resources for, and repayment of, general obligation long-term debt principal, interest and related costs, and capital project funds which account for financial resources to be used for acquisition or construction of major capital facilities.

Fiduciary Fund Type

Agency – Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of the court bond fund, Explorer's fund, Highway 40 trust fund and miscellaneous escrow fund.

Discretely Presented Component Unit – Chesterfield Community Development Corporation

The CCDC is included as a discretely presented component unit of the City, and is accounted for similar to a proprietary fund type. Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. In reporting its financial activity CCDC applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or after November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

In the government-wide financial statements, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements:

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

(c) *Measurement Focus and Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for governmental funds types and agency funds.

Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term "available" is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the City, available is defined as expected to be received within sixty days of fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due (i.e. matured).

GASB Statement No. 33 groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received,

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include permits and court fines and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

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.

(d) Encumbrances

Within the governmental fund financial statements no fund balances have been reserved for outstanding encumbrances, since appropriations lapse at year-end. Encumbrances are reappropriated in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments.

(e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of the City's cash deposits with banks, petty cash funds, repurchase agreements, and money market mutual funds.

(f) Investments

Investments are recorded at fair value. Fair value of investments is based on quoted market prices.

(g) Capital Assets

Capital assets, which include buildings, other improvements, machinery and equipment, automobiles and trucks, and infrastructure (e.g., streets, side-walks, roads, bridges and similar items), are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an estimated useful life in excess of one year with an initial, individual cost of \$5,000 or more. Infrastructure assets are defined as streets with a cost of at least \$250,000, sidewalks with a cost of at least \$50,000; land improvements with a cost of at least \$5,000 and all buildings, building improvements, and land.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. General infrastructure assets acquired prior to January 1, 2002 consist of the road network assets that were acquired or that received substantial improvements and are reported at estimated historical cost using deflated replacement cost. The costs of normal maintenance

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

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

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets, (with the ½ year convention election applied in the first and last year), except for roads which is computed using the composite method. The estimated useful lives of depreciable capital assets are as follows:

	<u>Years</u>
Buildings	40
Other improvements	10-25
Machinery and equipment	5-10
Automobiles and trucks	5-7
Infrastructure	15-30

(h) *Compensated Absences*

The City grants vacation to all full-time employees based on years of continuous service and compensatory time is granted to all nonexempt employees for hours worked in excess of a normal work week which are not taken within the current biweekly pay period. These benefits are allowed to accumulate and to carry over, with limitation, into the next calendar year and will be paid to employees upon resignation, retirement, or death. Sick leave benefits do not vest and, accordingly, are recorded as expenditures when paid. The entire accrued benefit liability related to the City's compensated absences in the amount of \$452,780 has been recorded in the government-wide financial statements.

(i) *Interfund Transactions*

In the fund financial statements, the City has the following types of transactions among funds:

Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

(j) *Deferred Revenue*

The City has received inspection fees in advance from various developers. These fees are recognized as revenue as the City performs the inspections of the developments. This deferred revenue is recorded in the government-wide and fund financial statements. Also included in the fund financial statements in deferred revenue are property tax revenues which are not collected within 60 days following the end of the current period.

(k) *Reserved Fund Balances*

Within the governmental fund financial statements, reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriation or is legally

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

segregated for a specific future use. Reserved fund balances at December 31, 2002, are comprised of prepaid assets.

(l) Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

(m) Amortization

In government-wide financial statements, bond discounts are recorded as a reduction of the debt obligation and bond issuance costs are recorded as a deferred charge. Such amounts are amortized using the interest method or bonds outstanding method over the term of the related bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

(n) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(o) Accounting Change and Restatement of Fund Balance

During fiscal year 2002, the City adopted GASB Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – For State and Local Governments* (GASB No. 34), GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* (GASB No. 37), GASB Statement No. 38, *Certain Financial Statement Note Disclosures* (GASB No. 38) and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB No. 34 (as amended by GASB No. 37) represents a very significant change in the financial reporting model used by state and local governments.

GASB No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and the activities of its discretely presented component unit on the statement of net assets and statement of activities. Additionally, the City's statement of net assets includes capital assets and long-term liabilities of the City, which were previously recorded in the general fixed assets account group and the general long-term debt account group, respectively. In addition to the fixed assets previously recorded in the general fixed assets account group, the City retroactively capitalized infrastructure assets. In addition, the

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting for the City's General fund, Chesterfield Valley Tax Increment Financing fund, Capital Improvement Sales Tax Trust fund, TIF Bond fund, TIF Bond Debt Service fund, Capital Project fund, other governmental funds, and agency funds, which is similar to that previously presented for these funds in the City's financial statements, although the format of financial statements has been modified by GASB No. 34.

GASB No. 34 also includes, as required supplementary information, Management's Discussion and Analysis, which provides an analytical overview of the City's financial activities. In addition, budgetary comparison schedules are presented which compare the original and final revised budget with actual results for the General fund, Chesterfield Valley Tax Increment Financing special revenue fund, and Capital Improvement Sales Tax Trust special revenue fund.

GASB No. 38 requires certain disclosures to be made in the notes to the basic financial statements concurrent with the implementation of GASB No. 34. While this statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and amended including descriptions of activities of major funds, future debt service and lease obligations in five year increments, and interfund balances and transactions.

These statements had a significant effect on the City's financial reporting model. All statements were retroactively applied to January 1, 2002. Restatement of net assets within the government-wide financial statements is as follows:

General Fund	\$ 12,665,559
Special Revenue Funds	15,343,233
Debt Service Fund	3,817,123
Capital Projects Fund	<u>1,878,868</u>
Total fund equity, December 31, 2001	\$ <u>33,704,783</u>
Required GASB 34 adjustments:	
Capital assets, net accumulated depreciation	\$148,521,928
Long-term and other liabilities	(90,859,015)
Revenue recognition	<u>1,016,125</u>
Total net assets, December 31, 2001	\$ <u>92,383,821</u>

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

(2) Cash and Investments

State statutes authorize Missouri local governments to invest in obligations of the United States Treasury and United States government agencies, obligations of the State of Missouri, time certificates of deposit, and repurchase agreements. Deposits in financial institutions must be collateralized by securities pledged to the City by these same institutions.

At year-end, the carrying amount of the City's deposits was \$(178,511) and the bank balance was \$167,267. Of the bank balance, \$103,291 was insured by the Federal Depository Insurance Corporation (FDIC) and \$63,976 was collateralized with securities held by the Federal Reserve in a joint custody account of the City and the pledging financial institution.

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

	<u>Category</u>			<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
Investments:				
U.S. Treasury and agency securities	\$ 3,138,745	—	4,324,643	7,463,388
Repurchase agreements	—	24,115,607	—	24,115,607
Total investment	\$ <u>3,138,745</u>	<u>24,115,607</u>	<u>4,324,643</u>	31,578,995
Money market mutual funds				7,208,985
Cash deposits				<u>(178,511)</u>
Total – primary government				\$ <u>38,609,469</u>

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

The following is a reconciliation of the City's deposit and investment balances at December 31, 2002:

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Fiduciary Net Assets	Total
Cash and cash equivalents	\$ 29,278,671	1,867,410	31,146,081
Investments	<u>7,463,388</u>	<u>-</u>	<u>7,463,388</u>
	\$ <u>36,742,059</u>	<u>1,867,410</u>	<u>38,609,469</u>

(3) Receivables, net of allowances

	Municipal Taxes	Intergovern- mental	Interest	Other	Total Receivables
Governmental activities:					
General Fund	\$ 1,035,875	1,059,794	43,664	388,078	2,527,411
Chesterfield Valley Tax Increment Financing Fund	6,685,195	---	---	89,400	6,774,595
Capital Improvement Sales Tax Trust Fund	600,189	---	---	---	600,189
TIF Bond Fund	---	---	40,129	---	40,129
TIF Bond Debt Service Fund	---	---	53,989	---	53,989
Nonmajor Other Governmental Funds	<u>773,576</u>	<u>---</u>	<u>10,013</u>	<u>---</u>	<u>786,589</u>
Total governmental activities	\$ <u>9,094,835</u>	<u>1,059,794</u>	<u>147,795</u>	<u>477,478</u>	<u>10,779,902</u>

All amounts are scheduled for collection during the subsequent fiscal year.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

(4) Capital Assets

The following is a summary of changes in capital assets - governmental activities for the year ended December 31, 2002:

	<u>Balance December 31, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance December 31, 2002</u>
Governmental activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 12,978,078	3,000	-	-	12,981,078
Right-of-way	73,069,877	159,655	215,647	-	73,013,885
Construction in progress	205,165	52,662	-	-	257,827
Total capital assets not being Depreciated	<u>86,253,120</u>	<u>215,317</u>	<u>215,647</u>	<u>-</u>	<u>86,252,790</u>
<i>Capital assets being depreciated:</i>					
Buildings	13,510,386	1,393,102	28,928	-	14,874,560
Other improvements	8,272,782	441,654	21,564	-	8,692,872
Machinery & Equipment	3,239,906	458,476	447,490	-	3,250,892
Automobiles & Trucks	3,012,292	521,799	558,070	-	2,976,021
Infrastructure	80,977,375	3,411,606	1,806,868	-	82,582,113
Total capital assets being Depreciated	<u>109,012,741</u>	<u>6,226,637</u>	<u>2,862,920</u>	<u>-</u>	<u>112,376,458</u>
<i>Less accumulated depreciation for:</i>					
Buildings	540,447	372,043	26,086	-	886,404
Other improvements	1,367,375	386,670	4,984	-	1,749,061
Machinery & Equipment	1,126,611	305,763	250,047	-	1,182,327
Automobiles & Trucks	1,254,948	457,956	399,743	-	1,313,161
Infrastructure	42,454,552	2,373,336	1,806,868	-	43,021,020
Total accumulated depreciation	<u>46,743,933</u>	<u>3,895,768</u>	<u>2,487,728</u>	<u>-</u>	<u>48,151,973</u>
Total capital assets being depreciated, net	<u>62,268,808</u>	<u>2,330,869</u>	<u>375,192</u>	<u>-</u>	<u>64,224,485</u>
Governmental activities capital assets, net	\$ <u>148,521,928</u>	<u>2,546,186</u>	<u>590,839</u>	<u>-</u>	<u>150,477,275</u>

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

Within the statement of activities, depreciation expense is charged to functions of the primary government as follows:

Governmental activities:

General government	\$	475,458
Parks and recreation		344,232
Planning		7,137
Public works		2,906,150
Public safety		162,791
Total depreciation expense, governmental activities	\$	<u>3,895,768</u>

(5) Accounts Payable

The City's outstanding accounts payable at year-end was entirely attributable to direct payments to vendors.

(6) Unrestricted Net Asset Deficit

The government-wide statement of net assets reflects an unrestricted net asset deficit of (\$39,180,430). This total is comprised of \$11,920,616 in unrestricted net assets from operations and (\$51,101,046) in unrestricted net assets resulting from the issuance of TIF Refunding and Improvement Revenue Bonds Series 2002 (TIF bonds) which refunded TIF notes previously issued in cooperation with the Monarch-Chesterfield Levee District for the construction of a 500-year levee in the redevelopment area. The Monarch-Chesterfield Levee District is a separate and distinct entity under GASB No. 14 and owns and operates the levee independently from the City.

The City's responsibility to repay the TIF bonds extends only to the incremental revenues generated by the TIF district. The TIF bonds are a special limited obligation of the City and are not used in calculating the City's debt limit.

(7) Property Taxes

The City's property tax is levied each September based on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are billed in November, due and collectible on December 31, and delinquent after December 31. Liens are placed on property for delinquent taxes on the January 1 following the due date. The City's tax rate was levied at \$.06 per \$100 of assessed valuation and is for retirement of general obligation bonds payable.

Taxes levied for 2002 are recorded as receivables, net of estimated uncollectible amounts; however, revenue recognition on all property tax receivables not collected within 60 days after year-end is deferred on the fund financial statements and recognized as revenue in the government-wide financial statements. The 2001 levy was due and collectible within the City's fiscal year ended December 31, 2002.

All property tax assessment, billing, and collection functions are handled by the St. Louis County government. Taxes collected are remitted to the City by the St. Louis County Collector (the County Collector) in the month subsequent to the actual collection date. Taxes held by the County Collector, if any, are included in municipal taxes receivable in the accompanying fund financial statements.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

(8) 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 governments, participates in an insurance trust for workers' compensation and for general liability matters (St. Louis Area Insurance Trust – SLAIT). The purpose of this trust is to distribute the cost of self-insurance over similar entities. The trust requires an annual premium payment from each entity to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust; however, the City is contingently liable 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 an insurance agent to handle all administrative matters, including processing of claims filed. The City's 2002 premium payments to the trust was \$321,193.

The City also purchases commercial insurance to cover risks related to property loss, public official liability, earthquakes, and employees' blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

(9) 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. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the deferred compensation plan are not included in the accompanying basic financial statements.

(10) Retirement Plan

In 1989, the City established a money purchase retirement plan (a defined contribution plan) funded through Manufacturers Life Insurance Company. All employees are eligible to participate in the plan after they have completed one year of service and attained the age of 18. Per City ordinance, the City contributes an amount equal to 8% of compensation of eligible participants. No contribution is required from employees. All employees vest 20% after three years of service and an additional 20% per year thereafter, making the employees fully vested after seven years of credited service. The City's contribution for 2002 was \$595,066 or 8% of covered payroll less any forfeitures from terminated nonvested employees.

Total covered payroll for the year was \$7,767,333 or 89% of the total City payroll of \$8,719,920.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

(11) Interfund Balances

Individual fund interfund receivable and payable balances as of December 31, 2002 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Sales Tax Trust Fund	\$ 3,346,856
Chesterfield Valley Tax Increment Financing Fund	General Fund	204,831
Nonmajor Governmental Funds Capital Improvement Sales Tax Trust Fund	General Fund	100
	Nonmajor Governmental Funds	<u>262</u>
		\$ <u>3,552,049</u>

All of these interfund balances are due to either timing differences or to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending December 31, 2003.

(12) Obligations Under Operating Lease Agreements

The City leases equipment under certain operating lease agreements with terms in excess of one year. Annual aggregate lease payments remaining under the terms of the operating lease agreements as of December 31, 2002 are as follows:

2003	\$ 23,635
2004	23,635
2005	23,635
2006	20,875
2007	<u>10,537</u>
	\$ <u>102,317</u>

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

(13) Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended December 31, 2002:

	<u>General Obligation Bonds Payable</u>	<u>Capital Lease Obligation Payable</u>	<u>Tax Increment Financing Notes Payable</u>	<u>TIF Refunding & Improve- ment Bonds</u>	<u>Total</u>
Balance, December 31, 2001	\$ 34,175,000	19,920,000	34,709,951	—	88,804,951
Additions	—	2,325,000	4,195,494	50,945,000	57,465,494
Reductions:					
Advanced refunding	—	(2,235,000)	(36,830,315)	—	(39,065,315)
Principal payments	(1,370,000)	(435,000)	(975,020)	—	(2,780,020)
Unamortized Premium	—	—	—	(154,179)	(154,179)
Balance, December 31, 2002	\$ <u>32,805,000</u>	<u>19,575,000</u>	<u>1,100,110</u>	<u>50,790,821</u>	<u>104,270,931</u>
Due within one year	\$ <u>1,440,000</u>	<u>525,000</u>	<u>47,373</u>	<u>2,700,000</u>	<u>4,712,373</u>

General Obligation Bonds Payable

In May 1999, the City issued \$15,125,000 in General Obligation Bonds, Series 1999 in order to finance capital expenditures within the City. The Series 1999 bonds bear interest ranging from 4.2% to 6.0% and are repaid through a debt service fund.

In May 1998, the City issued \$10,215,000 in General Obligation Refunding Bonds Series 1998, the proceeds of which were used to advance refund \$10,140,000 of outstanding Series 1995 General Obligation Bonds. The Series 1998 bonds bear interest ranging from 4.3% to 7.3% and are repaid through a debt service fund. The net proceeds of the Series 1998 bonds plus an additional \$801,487 of City monies were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$10,140,000 principal of the 1995 Series bonds. As a result, the 1995 Series bonds are considered to be defeased and the liability for these bonds has been removed from the basic financial statements. At December 31, 2002, \$8,640,000 of these defeased bonds is outstanding.

In February 1997, the City issued \$14,230,000 in General Obligation Bonds, Series 1997, the proceeds of which are to be used for the construction, repair and improvements to streets, curbing and sidewalks. The bonds bear interest ranging from 4.15% to 7.125% and are repaid through a debt service fund.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

The annual principal and interest requirements to maturity of the general obligation bonds as of December 31, 2002 are as follows:

	General Obligation Bonds		
	Principal	Interest	Totals
2003	\$ 1,440,000	1,537,698	2,977,698
2004	1,525,000	1,470,648	2,995,648
2005	1,590,000	1,402,263	2,992,263
2006	1,660,000	1,329,700	2,989,700
2007	1,735,000	1,252,611	2,987,611
2008-2012	10,005,000	4,941,816	14,946,816
2013-2017	10,875,000	2,263,320	13,138,320
2018-2019	3,975,000	196,618	4,171,618
	<u>\$ 32,805,000</u>	<u>14,394,674</u>	<u>47,199,674</u>

Capital Lease Obligation Payable

In November 2002, the City issued \$2,325,000 in Certificates of Participation (Series 2002) which the City and the Trustee-BNY Trust Company of Missouri have entered into a base lease, pursuant to which the City, as lessor, has leased to the Trustee, as lessee, the real estate on which the City's maintenance facility is located, together with all improvements now or to be situated thereon for rent. The Series 2002 Certificates of Participation have been delivered and sold for the purpose of providing funds, together with other funds of the City, to pay the costs of (1) refunding \$2,235,000 outstanding principal amount of Certificates of Participation Series 1995, which were issued to provide funds to acquire and construct a new maintenance facility for the City; (2) fund a debt service reserve fund for the Certificates; and (3) pay the costs of delivering the Certificates. The Certificates of Participation bear interest from 2.0% to 4.2% and are repaid through a transfer of general fund operating revenues to a debt service fund.

In April 2000, the City issued \$17,565,000 in Certificates of Participation (Series 2000) which represent proportionate interests in base rentals to be paid by the City pursuant to an annually renewable lease/purchase agreement dated April 17, 2000 between the City and UMB Bank, N.A. Company of Missouri (the trustee/lessor). The trustee has agreed to execute and deliver certificates pursuant to a declaration and indenture of trust to finance the City's acquisition and construction of City Hall. The base rentals constitute rent for the facility pursuant to the lease. The certificates of participation bear interest ranging from 4.65% to 5.70% and are repaid through a transfer of general fund operating revenues to a debt service fund.

In August 1995, the City issued \$2,950,000 in Certificates of Participation (Series 1995) which represent proportionate interests in base rentals to be paid by the City pursuant to an annually renewable lease/purchase agreement dated August 1, 1995 between the City and BNY Trust Company of Missouri (the trustee/lessor). The trustee has agreed to execute and deliver certificates pursuant to a declaration and indenture of trust to finance the City's acquisition and construction of a public works maintenance facility. The base rentals constitute rent for the facility pursuant to the lease. The Certificates of Participation bear interest ranging from 4.7% to 5.8% and are repaid through a transfer of general fund

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

operating revenues to a debt service fund. At December 31, 2002, \$2,235,000 of these defeased bonds is outstanding.

In 2002, the City refunded the Capital Lease Obligation Series 1995 by issuing Certificates of participation series 2002. Through this refunding the City reduced total debt service payments over the next twelve years by \$243,372, realizing savings of \$181,938 and a reduced debt term from thirteen to twelve years.

The annual principal and interest requirements to maturity of the capital lease obligation as of December 31, 2002 are as follows:

2003	\$ 1,504,113
2004	1,532,400
2005	1,558,788
2006	1,592,215
2007	1,587,896
2008-2012	8,355,239
2013-2017	8,553,084
2018-2020	<u>6,799,826</u>
Total future minimum lease payments	31,483,561
Less amount representing interest	<u>(11,908,561)</u>
Present value of net minimum lease payments	<u>\$ 19,575,000</u>

Tax Increment Financing Notes Payable and TIF Refunding and Improvement Revenue Bonds

In 2002, the City issued Series 2002 Tax Increment Financing (TIF) Notes in cooperation with the Monarch-Chesterfield Levee District (Levee District) for the purpose of paying a portion of the redevelopment project costs in connection with the "Chesterfield Valley Tax Increment Financing District Redevelopment Plan (Redevelopment Plan)." The Levee District assumes ownership of the levee redevelopment project and the City's projects costs are intended to provide for the general health, safety, and welfare of that portion of the City affected by the Monarch-Chesterfield Levee. The TIF Notes are considered a special limited obligation of the City and have been issued to the Levee District. The City will make principal and interest payments on the TIF Notes to the Levee District based on incremental payments in lieu of taxes attributable to the project site.

In 2002, the City also issued \$50,945,000 in TIF Refunding and Improvement Revenue Bonds pursuant to the Act and Trust Indenture dated of April 1, 2002, between the City and UMB Bank, N.A., Kansas City, Missouri as trustee, for the purpose of providing funds to (1) refund prior outstanding TIF notes, (2) reimburse THF (the development company) for certain costs incurred and to be incurred in accordance with the THF redevelopment agreement, (3) finance the City Project, (4) fund a debt service reserve fund for the bonds, and (5) pay costs of issuance of the Series 2002 bonds. The City will make principal and interest payments on the TIF bonds based on incremental payments in lieu of taxes (PILOTs) and economic activity tax (EATs) generated within the redevelopment area.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

In 2002, the City issued TIF Refunding and Improvement Bonds, \$42,007,196 of which were used to retire outstanding TIF Notes. Through this refunding the City reduced total debt service payments over the next five years by \$590,000, realizing savings of \$520,000.

The composition of the City's TIF notes payable is as follows:

	<u>Balance January 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2002</u>
Levee District TIF notes payable:				
Series 2002, tax increment revenue notes, interest rate 6.041%, payable \$ through August 15, 2017	—	4,195,494	3,095,384	1,100,110
Series 2001, tax increment revenue notes, interest rate 5.6793%, payable through August 15, 2017	775,000	—	775,000	—
Series 2000, tax increment revenue notes, interest rate 5.587%, payable through August 15, 2017	2,781,633	—	2,781,633	—
Series 1999, tax increment revenue notes, interest rate 5.68-6%, payable through August 15, 2017	1,750,000	—	1,750,000	—
Series 1998, tax increment revenue notes, interest rate 5.68%, payable through February 15, 2017	905,000	—	905,000	—
Series 1996, tax increment revenue notes, interest rate 5.93%, payable through February 15, 2016	2,173,318	—	2,173,318	—
Chesterfield Commons TIF notes payable:				
Series 1998, tax increment revenue notes, interest rate of prime less 1% adjusted quarterly, payable through October 17, 2017	26,325,000	—	26,325,000	—
	<u>\$ 34,709,951</u>	<u>4,195,494</u>	<u>37,805,335</u>	<u>1,100,110</u>

Since annual repayment amounts for the Levee District TIF notes will be determined based upon future revenues, a schedule of debt service requirements to maturity cannot be established.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

The annual principal and interest requirements to maturity of the TIF Refunding and Improvement Revenue Bonds as of December 31, 2002 are as follows:

TIF Refunding and Improvement Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 2,700,000	2,003,140	4,703,140
2004	2,795,000	1,906,978	4,701,978
2005	2,890,000	1,814,049	4,704,049
2006	2,980,000	1,721,609	4,701,609
2007	3,085,000	1,619,196	4,704,196
2008-2012	17,320,000	6,191,374	23,511,374
2013-2016	19,175,000	1,926,113	21,101,113
	<u>\$ 50,945,000</u>	<u>17,182,459</u>	<u>68,127,459</u>

(14) Interfund Transfers

Individual fund transfers for the year ended December 31, 2002 are as follows:

		Transfer From						
		General Fund	Chesterfield Valley Tax Increment Financing Fund	Capital Improvement Sales Tax Trust Fund	TIF Bond Fund	TIF Bond Debt Service Fund	Other Governmental Funds	Total
Transfer	General Fund	\$ -	-	-	-	-	-	-
	Capital Project Fund	340,448	-	3,346,633	-	-	-	3,687,081
	Chesterfield Valley Tax Increment Financing Fund	-	-	-	-	-	762,201	762,201
	TIF Bond Fund	-	2,739,409	-	-	2,761	-	2,742,170
	TIF Bond Debt Service Fund	-	-	-	1,847,480	110,900	-	1,958,380
To	Other Governmental Funds	1,397,128	-	2,114,098	-	(2)	392,045	3,903,269
		<u>\$ 1,737,576</u>	<u>2,739,409</u>	<u>5,460,731</u>	<u>1,847,480</u>	<u>113,659</u>	<u>1,154,246</u>	<u>13,053,101</u>

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) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

(15) Commitments and Contingencies

Various legal claims have arisen during the normal course of business which, in the opinion of management after discussion with legal counsel, will not result in any material liability to the City.

(16) Discretely Presented Component Unit – Chesterfield Community Development Corporation

The following notes relate only to the Chesterfield Community Development Corporation (CCDC):

(a) Organization

The CCDC was formed May 5, 1992 under the official name "Industrial Development Authority (IDA) of the City of Chesterfield, Missouri". It is, however, registered to conduct business as the "Chesterfield Community Development Corporation." The CCDC is a public corporation organized to promote and solicit industrial and economic projects within Chesterfield. An IDA acts as a conduit for purposes of qualifying industrial development bonds as tax-exempt under provisions of Section 103 of the Internal Revenue Code. In order to finance a project, an IDA issues its bonds, the proceeds of which are loaned to acquire the real property and improvements and/or the equipment comprising the project. Concerning each project, an IDA assigns all rights, title and interest to a trustee for the benefit of the bond purchaser, and it does not acquire any beneficial interest in any project. In the event of default, an IDA is not liable for payment of the bonds. Accordingly, neither the assets of the projects nor the bonds payable are reflected in the accompanying financial statements. The IDA issued \$22,100,000 in senior living facilities revenue bonds on June 10, 2002 to St. Andrew's Resources for seniors for the Willows at Brooking Park expansion project.

The IDA participated with the County of St. Louis, Missouri in supporting an expansion project and received a bond issuance fee of \$18,488 during the year ended June 30, 2002.

(b) Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The CCDC's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

(c) Cash and Cash Equivalents

The bank balance of cash and cash equivalents at June 30, 2002 was covered by Federal Depository Insurance or collateralized with securities held by CCDC or its agent in CCDC's name. The CCDC is allowed to invest in obligations of the United States Treasury, agencies and instrumentalities, obligations of the State of Missouri, certain commercial paper and bank repurchase agreements.

	June 30, 2002
Bank repurchase agreement	\$ 56,047
Certificates of deposit	67,204
Checking account (overdraft)	(1,086)
Total	<u>\$ 122,165</u>

(d) Conduit Debt Obligations

Various forms of tax-exempt and taxable indebtedness issued by CCDC have been loaned to qualified borrowers which are required to make payments to the trustees sufficient to meet principal and interest requirements of the related obligation. The aggregate principal amount of outstanding bonds at June 30, 2002 was \$47,914,977.

(e) Operating Lease Commitment

The CCDC leases office space under an operating lease expiring September 30, 2005. The required payments under this lease are as follows:

For the years ended June 30:	
2003	\$ 33,864
2004	33,864
2005	35,133
2006	8,889
	<u>\$ 111,750</u>

Office lease rent expense for the year ended June 30, 2002 was \$34,694.

In addition to the above base rent, the CCDC must pay a proportionate share of the taxes on the property in excess of the commencement calendar year and operating expenses in excess of the fiscal year ending June 30, 2002.

(f) Deferred Compensation Plan

CCDC established a deferred compensation plan on March 27, 1996 under Internal Revenue Code Section 457. Contributions to the plan are made through employee elected salary deferrals and employer contributions of 5% of eligible wages. The Corporation contributed \$2,125 for the year ended June 30, 2002. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries.

City of Chesterfield, Missouri

Notes to the Basic Financial Statements

December 31, 2002

(g) Capital Assets

CCDC's property and equipment are carried at cost, less accumulated depreciation. Depreciation is computed using principally accelerated methods for equipment and the straight line method for leasehold improvements, using asset lives as follows:

	<u>Years</u>
Computer equipment	5
Furniture and fixtures	5-7
Leasehold improvements	39

Depreciation charged to operations for the year ended June 30, 2002 amounted to \$4,135. The following represents a summary of changes in CCDC's capital assets for the year ended June 30, 2002:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1,</u>	<u>Addi-</u>	<u>Reduc-</u>	<u>June</u>
	<u>2001</u>	<u>tions</u>	<u>tions</u>	<u>30,</u>
				<u>2002</u>
<i>Capital assets being depreciated:</i>				
Computer equipment and furniture and fixtures	\$ 32,105	—	—	32,105
Leasehold improvements	5,171	—	—	5,171
Total capital assets being depreciated	<u>37,276</u>	<u>—</u>	<u>—</u>	<u>37,276</u>
<i>Less accumulated depreciation for:</i>				
Computer equipment and furniture and fixtures	20,817	4,002	—	24,819
Leasehold improvements	108	133	—	241
Total accumulated depreciation	<u>20,925</u>	<u>4,135</u>	<u>—</u>	<u>25,060</u>
Total capital assets being depreciated, net	<u>16,351</u>	<u>4,135</u>	<u>—</u>	<u>12,216</u>
CCDC capital assets, net	\$ <u>16,351</u>	<u>4,135</u>	<u>—</u>	<u>12,216</u>

(17) Subsequent Event

In February of 2003, the City issued \$718,553 of Series 2002 Tax Increment Financing (TIF) Notes in cooperation with the Monarch-Chesterfield Levee District (Levee District) for the purpose of paying a portion of the redevelopment project costs in connection with the "Chesterfield Valley Tax Increment Financing District Redevelopment Plan (Redevelopment Plan)." The Levee District assumes ownership of the levee redevelopment project and the City's projects costs are intended to provide for the general health, safety, and welfare of that portion of the City affected by the Monarch-Chesterfield Levee. The TIF Notes are considered a special limited obligation of the City and have been issued to the Levee District. The City will make principal and interest payments on the TIF Notes to the Levee District based on incremental payments in lieu of taxes attributable to the project site.

Required Supplementary Information



City of
Chesterfield

CITY OF CHESTERFIELD, MISSOURI
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual-General Fund
UNAUDITED
For the year ended December 31, 2002

Schedule 1

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Utility Gross receipts	\$ 4,894,000	4,894,000	4,028,656	(865,344)
Sales taxes	6,081,000	6,081,000	5,622,696	(458,304)
Local uses taxes	-	-	69,841	69,841
Total municipal taxes	10,975,000	10,975,000	9,721,193	(1,253,807)
Intergovernmental:				
Motor fuel and vehicle sale taxes	2,027,000	2,027,000	1,857,436	(169,564)
Cigarette tax	201,000	201,000	177,541	(23,459)
Road and bridge tax	1,334,000	1,334,000	1,286,086	(47,914)
Grants and other	367,913	432,695	350,539	(82,156)
Total intergovernmental	3,929,913	3,994,695	3,671,602	(323,093)
Licenses and permits	1,078,900	1,078,900	1,052,996	(25,904)
Charges for services:				
Inspection and subdivision fees	90,000	90,000	81,968	(8,032)
Zoning applications	15,000	15,000	13,575	(1,425)
Police reports	20,000	20,000	19,010	(990)
False alarms	40,000	40,000	46,200	6,200
Parks and recreation	352,000	352,000	419,917	67,917
Other charges	7,500	7,500	8,808	1,308
Total charges for services	524,500	524,500	589,478	64,978
Court fines and forfeitures	852,000	852,000	836,305	(15,695)
Investment income	360,000	360,000	440,259	80,259
Miscellaneous	127,500	193,990	463,548	269,558
Total revenues	17,847,813	17,979,085	16,775,381	(1,203,704)
EXPENDITURES (See pages 51-53)	16,979,636	17,832,119	15,750,460	2,081,659
Excess of revenues over expenditures	868,177	146,966	1,024,921	877,955
Other financing sources (uses):				
Transfers out	(150,000)	(1,945,279)	(1,737,576)	(207,703)
Total other financing sources (uses)	(150,000)	(1,945,279)	(1,737,576)	(207,703)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 718,177	(1,798,313)	(712,655)	670,252

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual-General Fund
UNAUDITED
For the year ended December 31, 2002

Schedule 1

	Original Budget	Final Revised Budget	Actual Expenditures	Variance with Final Budget Positive (Negative)
General government:				
Legislative - Mayor's Office and City Council:				
Personal services	\$ 64,741	64,741	64,712	29
Contractual services	6,415	21,415	22,994	(1,579)
Commodities	1,100	1,100	2,655	(1,555)
Total legislative	72,256	87,256	90,361	(3,105)
Administrative:				
City Clerk:				
Personal services	193,514	193,514	187,498	6,016
Contractual services	27,072	27,072	20,887	6,185
Commodities	1,600	1,600	1,778	(178)
Legal services:				
Contractual services	301,175	301,175	306,642	(5,467)
City Administrator:				
Personal services	183,188	183,188	182,428	760
Contractual services	6,695	6,695	7,410	(715)
Finance:				
Personal services	377,538	377,538	362,685	14,853
Contractual services	140,820	140,820	85,216	55,604
Commodities	5,000	14,753	19,266	(4,513)
Capital Outlay	200,000	200,000	46,329	153,671
Central services:				
Contractual services	810,017	810,017	729,501	80,516
Commodities	70,600	70,600	69,545	1,055
Capital Outlay	12,000	12,000	-	12,000
Information systems:				
Personal services	249,725	249,725	242,920	6,805
Contractual services	92,970	92,970	83,721	9,249
Commodities	42,700	42,700	48,608	(5,908)
Capital Outlay	43,500	43,500	20,793	22,707
Total administrative	2,758,114	2,767,867	2,415,227	352,640

(Continued)

CITY OF CHESTERFIELD, MISSOURI
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual-General Fund
UNAUDITED
For the year ended December 31, 2002

Schedule 1

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual Expenditures</u>	<u>Variance with Final Budget Positive (Negative)</u>
Police services:				
Personal services	\$ 6,028,050	6,028,050	5,850,957	177,093
Contractual services	354,507	359,007	369,133	(10,126)
Commodities	144,125	148,625	153,243	(4,618)
Capital outlay	260,000	337,376	304,728	32,648
Total police services	<u>6,786,682</u>	<u>6,873,058</u>	<u>6,678,061</u>	<u>194,997</u>
Judicial - Municipal Court:				
Personal services	136,879	136,879	135,085	1,794
Contractual services	46,997	46,997	37,421	9,576
Commodities	2,700	2,700	-	2,700
Total judicial	<u>186,576</u>	<u>186,576</u>	<u>172,506</u>	<u>14,070</u>
Planning and zoning:				
Personal services	579,293	579,293	550,247	29,046
Contractual services	96,468	180,792	63,504	117,288
Commodities	3,210	5,033	2,681	2,352
Total planning and zoning	<u>678,971</u>	<u>765,118</u>	<u>616,432</u>	<u>148,686</u>
Public works:				
Administration and engineering:				
Personal services	959,747	959,747	929,867	29,880
Contractual services	121,785	163,634	128,247	35,387
Commodities	35,000	45,038	35,924	9,114
Capital outlay	130,250	130,250	92,425	37,825
Street and sewer maintenance:				
Personal services	1,462,470	1,462,470	1,249,604	212,866
Contractual services	328,160	342,217	297,650	44,567
Commodities	483,320	623,215	273,607	349,608
Capital outlay	117,090	117,090	58,391	58,699
Vehicle maintenance:				
Personal services	270,873	270,873	255,400	15,473
Contractual services	181,970	181,970	168,736	13,234
Commodities	203,695	203,695	156,819	46,876
Capital outlay	24,000	24,000	23,235	765

(Continued)

CITY OF CHESTERFIELD, MISSOURI
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual-General Fund
UNAUDITED
For the year ended December 31, 2002

Schedule 1

		<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual Expenditures</u>	<u>Variance with Final Budget Positive (Negative)</u>
Building maintenance:					
Personal services	\$	260,386	260,386	215,540	44,846
Contractual services		246,200	246,200	213,367	32,833
Commodities		45,700	45,700	46,283	(583)
Capital outlay		19,500	346,540	262,642	83,898
Street lighting - contractual services		8,500	8,500	2,168	6,332
		<u>4,898,646</u>	<u>5,431,525</u>	<u>4,409,905</u>	<u>1,021,620</u>
Parks and recreation -					
Administration:					
Personal services		658,171	658,171	582,505	75,666
Contractual services		548,525	609,461	529,636	79,825
Commodities		116,195	118,693	125,364	(6,671)
Capital outlay		125,500	245,988	130,463	115,525
		<u>1,448,391</u>	<u>1,632,313</u>	<u>1,367,968</u>	<u>264,345</u>
Contingency		<u>150,000</u>	<u>88,406</u>	<u>-</u>	<u>88,406</u>
Total parks and recreation		<u>1,448,391</u>	<u>1,632,313</u>	<u>1,367,968</u>	<u>264,345</u>
Total expenditures	\$	<u><u>16,979,636</u></u>	<u><u>17,832,119</u></u>	<u><u>15,750,460</u></u>	<u><u>2,081,659</u></u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Chesterfield Valley Tax Increment Financing Fund - Special Revenue Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
UNAUDITED
For the year ended December 31, 2002

Schedule 2

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal taxes:				
Property taxes	\$ 5,032,000	5,032,000	5,813,966	781,966
Utility gross receipts	171,500	171,500	204,831	33,331
Sales taxes	1,570,000	1,570,000	3,068,751	1,498,751
Total municipal taxes	6,773,500	6,773,500	9,087,548	2,314,048
Investment income	150,100	150,100	63,525	(86,575)
Miscellaneous	-	-	112,021	112,021
Total revenues	6,923,600	6,923,600	9,263,094	2,339,494
Expenditures:				
Current:				
Public works	841,036	841,036	5,039,093	(4,198,057)
Capital outlay	-	1,237,731	1,011,578	226,153
Debt service				
Principal	3,733,298	3,733,298	975,020	2,758,278
Interst and other charges	3,246,701	3,246,701	260,881	2,985,820
Total expenditures	7,821,035	9,058,766	7,286,572	1,772,194
Excess (deficiency) of revenues over (under) expenditures	(897,435)	(2,135,166)	1,976,522	4,111,688
Other financing sources (uses):				
Proceeds of tax increment financing notes	-	-	4,195,494	(4,195,494)
Transfers in	-	-	762,201	(762,201)
Transfers out	-	-	(2,739,409)	2,739,409
	-	-	2,218,286	(2,218,286)
Net change in fund balances	\$ (897,435)	(2,135,166)	4,194,808	1,893,402

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Capital Improvement Sales Tax Trust Fund - Special Revenue Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
UNAUDITED
For the year ended December 31, 2002

Schedule 3

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal taxes:				
Sales taxes	\$ 3,950,000	3,950,000	3,860,073	(89,927)
Total municipal taxes	3,950,000	3,950,000	3,860,073	(89,927)
Intergovernmental	2,089,041	2,089,041	22,348	(2,066,693)
Investment income	150,000	150,000	89,352	(60,648)
Total revenues	6,189,041	6,189,041	3,971,773	(2,217,268)
Excess (deficiency) of revenues over (under) expenditures	6,189,041	6,189,041	3,971,773	(2,217,268)
Other financing sources (uses):				
Transfers out	(9,282,892)	(9,964,744)	(5,460,731)	(4,504,013)
	(9,282,892)	(9,964,744)	(5,460,731)	(4,504,013)
Net change in fund balances	\$ (3,093,851)	(3,775,703)	(1,488,958)	(6,721,281)

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual
Unaudited
For the Year Ended December 31, 2002

EXPLANATION OF BUDGETARY PROCESS

The City prepares and legally adopts an annual budget for the General fund, the Chesterfield Valley Tax Increment Financing special revenue fund, the Capital Improvement Sales Tax Trust special revenue fund, all debt service funds, and the Capital Project fund. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The Council follows the procedures outlined below in establishing the budgetary data:

1. On or before November 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Copies of the proposed budget are made available for public inspection in the office of the City Clerk for at least 10 days prior to passage of the budget. At least one public hearing is held on the budget by the City Council. Notice of the hearing is given by publication in a newspaper with general circulation in the City.
3. The budget is adopted by the City Council by the affirmative vote of a majority of the members of the City Council and approval by the Mayor on or before the last day preceding the budget year. If the budget has not been passed and approved by this time, then the budget and appropriations for the current fiscal year shall be deemed to be rebudgeted and reappropriated for the budget year until a new budget is adopted and approved.
4. All appropriations lapse at year-end.

The legal level of budgetary control for the General fund original adopted annual budget is defined as the budgeted appropriation amount at the object level of expenditures (personnel services, contractual services, commodities, and capital outlay) for a program within a department of the General fund.

Subsequent transfers within the General fund budget may be made as follows:

- a) Heads of departments may make transfers between the object levels of expenditures for a program within a department of the general fund in an amount up to \$2,500 with the prior approval of the Director of Finance and Administration.
- b) Heads of departments may make transfers between the object levels of expenditures for a program within a department of the General Fund in an amount from \$2,500 to \$5,000 with the prior approval of the Director of Finance and Administration and the City Administrator.
- c) Approval of a majority of the City Council is required for all other transfer amounts.

The legal level of budgetary control for the original adopted annual budget for the Chesterfield Valley Tax Increment Financing special revenue fund, Capital Improvement Sales Tax Trust special revenue fund, all debt service funds, and the

CITY OF CHESTERFIELD, MISSOURI
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual
Unaudited
For the Year Ended December 31, 2002

Capital Project fund is defined as the budgeted appropriation amount at the department level.

Supplemental appropriations can be made with the majority vote of the City Council. The City Council made several supplemental appropriations during the year, which increased the total budget by \$5,007,756. This total consists of \$852,483 in General Fund, \$1,043,466 in Capital Project Fund, \$1,237,731 in Chesterfield Valley Tax Increment Financing Fund, \$1,348,382 and \$525,694 were the result of expenditures associated with the construction of City Hall and R&S Construction Fund respectively.

See accompanying independent auditors' report.

Other Supplementary Information

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following special revenue funds are maintained by the City:

Chesterfield Common – This fund is used to account for special revenues received from the Chesterfield Commons Project which are required to be segregated into a special allocation fund and designated for use in this project only.

Police Forfeiture – This fund is used to account for special revenues received which are specifically earmarked for future expenditures in the area of public safety.

Sewer Lateral – This fund is used to account for special revenues received which are specifically earmarked for expenditures for repairs to residential sanitary sewer laterals.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, certain general long-term debt principal, interest, and related costs. The following debt service funds are maintained by the City:

Parks 1998 – This fund is used to account for the accumulation of resources and payment of general obligation principal and interest on the parks General Obligation Bond issue, Series 1998 which advance refunded the General Obligation Bond issue, Series 1995.

Public Works Facility 1995 & 2002– This fund is used to account for the accumulation of resources and payment of principal and interest on the Public Works Facility Certificates of Participation, Series 1995 & 2002.

R & S 1997 & 1999 – This fund is used to account for the accumulation of resources and payment of principal and interest on the road and sidewalk General Obligation Bond issues, Series 1997 and Series 1999.

City Hall – This fund is used to account for the accumulation of resources and payment of principal and interest on Government Center Certificates of Participation issued in fiscal year 2000.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for acquisition or construction of major capital facilities. The following capital projects funds are maintained by the City:

R & S Construction – This fund is used to account for financial resources designated for road and sidewalk construction or improvements.

City Hall Construction – This fund is used to account for the financial resources designated for the acquisition of land and construction of the City's new government center.

Fiduciary Fund Types

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds.

Agency Funds

Court Bond Fund – This fund is used to account for monies received and held as bond deposits to ensure defendants' appearances in court.

Explorers' Fund – This fund is used to account for proceeds received in connection with a joint program sponsored by the City and the local explorer's post.

Highway 40 Trust Fund – This fund is used to account for collection and release of monies for future roadway improvements contemplated in a construction development within the City. Collection of monies ensure completion of projects and restoration of the surrounding area. An inspection by the City is necessary to release funds.

Miscellaneous Escrow Fund – This fund is used to account for the collection and release of monies in connection with various permits issued for construction projects in which the contractor must comply with certain requirements. Collection of monies ensure completion of projects and restoration of the surrounding area. An inspection by the City is necessary to release funds.

CITY OF CHESTERFIELD, MISSOURI
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002

Schedule 4

	<u>Nonmajor Special Revenue Funds</u>			<u>Total Special Revenue</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Chesterfield Common</u>	<u>Police Forfeiture</u>	<u>Sewer Lateral</u>				
ASSETS							
Cash and cash equivalents	\$ -	22,861	192,536	215,397	1,457,816	3,452	1,676,665
Investments	-	-	-	-	1,757,428	-	1,757,428
Receivables, net of allowances:							
Municipal taxes	-	-	187,082	187,082	586,494	-	773,576
Interest	-	-	-	-	10,013	-	10,013
Due from other funds	-	-	100	100	-	-	100
Total assets	<u>-</u>	<u>22,861</u>	<u>379,718</u>	<u>402,579</u>	<u>3,811,751</u>	<u>3,452</u>	<u>4,217,782</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	13,522	13,522	-	-	13,522
Due to other funds	-	-	-	-	262	-	262
Deferred revenue	-	-	-	-	158,614	-	158,614
Total liabilities	<u>-</u>	<u>-</u>	<u>13,522</u>	<u>13,522</u>	<u>158,876</u>	<u>-</u>	<u>172,398</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	-	22,861	366,196	389,057	-	-	389,057
Capital project funds	-	-	-	-	-	3,452	3,452
Debt service funds	-	-	-	-	3,652,875	-	3,652,875
Total fund balances	<u>-</u>	<u>22,861</u>	<u>366,196</u>	<u>389,057</u>	<u>3,652,875</u>	<u>3,452</u>	<u>4,045,384</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>22,861</u>	<u>379,718</u>	<u>402,579</u>	<u>3,811,751</u>	<u>3,452</u>	<u>4,217,782</u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2002

Schedule 5

	Nonmajor Special Revenue Funds			Total Special Revenue	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Chesterfield Common	Police Forfeiture	Sewer Lateral				
REVENUES							
Municipal taxes	\$ -	-	402,731	402,731	739,206	-	1,141,937
Intergovernmental	-	23,727	-	23,727	-	-	23,727
Investment income	2,157	-	2,616	4,773	95,069	11,845	111,687
Total revenues	<u>2,157</u>	<u>23,727</u>	<u>405,347</u>	<u>431,231</u>	<u>834,275</u>	<u>11,845</u>	<u>1,277,351</u>
EXPENDITURES							
Administrative	-	-	-	-	-	8,625	8,625
Police services	-	20,416	-	20,416	-	-	20,416
Public works	-	-	416,217	416,217	-	4,495	420,712
Capital outlay	-	6,796	-	6,796	-	1,874,141	1,880,937
19 Debt service:							
Principal	-	-	-	-	1,805,000	-	1,805,000
Interest and fiscal charges	2,888,107	-	-	2,888,107	2,731,227	-	5,619,334
Cost of issuance	-	-	-	-	63,520	-	63,520
Total expenditures	<u>2,888,107</u>	<u>27,212</u>	<u>416,217</u>	<u>3,331,536</u>	<u>4,599,747</u>	<u>1,887,261</u>	<u>9,818,544</u>
Deficiency of revenues over expenditures	<u>(2,885,950)</u>	<u>(3,485)</u>	<u>(10,870)</u>	<u>(2,900,305)</u>	<u>(3,765,472)</u>	<u>(1,875,416)</u>	<u>(8,541,193)</u>
OTHER FINANCING SOURCES(USES)							
Proceeds of certificates of participation	-	-	-	-	2,325,000	-	2,325,000
Payment to refunded bond escrow agent	-	-	-	-	(2,235,000)	-	(2,235,000)
Transfers in	-	-	-	-	3,903,269	-	3,903,269
Transfers out	(762,201)	-	-	(762,201)	(392,045)	-	(1,154,246)
Total other financing sources (uses), net	<u>(762,201)</u>	<u>-</u>	<u>-</u>	<u>(762,201)</u>	<u>3,601,224</u>	<u>-</u>	<u>2,839,023</u>
Net change in fund balances	<u>(3,648,151)</u>	<u>(3,485)</u>	<u>(10,870)</u>	<u>(3,662,506)</u>	<u>(164,248)</u>	<u>(1,875,416)</u>	<u>(5,702,170)</u>
Fund balances:							
Beginning of year	3,648,151	26,346	377,066	4,051,563	3,817,123	1,878,868	9,747,554
End of year	<u>\$ -</u>	<u>22,861</u>	<u>366,196</u>	<u>389,057</u>	<u>3,652,875</u>	<u>3,452</u>	<u>4,045,384</u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Combining Balance Sheet Nonmajor Debt Service Funds

December 31, 2002

Assets	Parks – 1998	Public Works Facility – 1995	R & S – 1997 & 1999	City Hall	Total
Cash and cash equivalents	\$ 1,142,300	5,813	—	309,703	1,457,816
Investments	—	232,588	—	1,524,840	1,757,428
Receivables:					
Municipal taxes	586,494	—	—	—	586,494
Interest	—	805	—	9,208	10,013
Total assets	<u>1,728,794</u>	<u>239,206</u>	<u>—</u>	<u>1,843,751</u>	<u>3,811,751</u>
Liabilities and Fund Balances					
Liabilities:					
Due to other funds	—	262	—	—	262
Deferred revenue	158,614	—	—	—	158,614
Total liabilities	158,614	262	—	—	158,876
Fund balances	<u>1,570,180</u>	<u>238,944</u>	<u>—</u>	<u>1,843,751</u>	<u>3,652,875</u>
Total liabilities and fund balances	<u>\$ 1,728,794</u>	<u>239,206</u>	<u>—</u>	<u>1,843,751</u>	<u>3,811,751</u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances Nonmajor Debt Service Funds
For the year ended December 31, 2002

	Parks – 1998	Public Works Facility – 1995&2002	R & S – 1997&1999	City Hall	Total
Revenues:					
Municipal taxes	\$ 739,206	—	—	—	739,206
Investment income	14,689	7,373	—	73,007	95,069
Total revenues	753,895	7,373	—	73,007	834,275
Expenditures – debt service:					
Principal	450,000	120,000	920,000	315,000	1,805,000
Interest and fiscal charges	414,137	181,835	1,194,094	941,161	2,731,227
Cost of issuance	—	63,520	—	—	63,520
Total expenditures	864,137	365,355	2,114,094	1,256,161	4,599,747
Deficiency of revenues over expenditures	(110,242)	(357,982)	(2,114,094)	(1,183,154)	(3,765,472)
Other financing sources (uses):					
Proceeds of certificates of participation	—	2,325,000	—	—	2,325,000
Payment to refund bond escrow agent	—	(2,235,000)	—	—	(2,235,000)
Transfers in	—	503,183	2,114,094	1,285,992	3,903,269
Transfers out	—	(279,155)	—	(112,890)	(392,045)
Total other financing sources	—	314,028	2,114,094	1,173,102	3,601,224
Net change in fund balances	(110,242)	(43,954)	—	(10,052)	(164,248)
Fund balances:					
Beginning of year	1,680,422	282,898	—	1,853,803	3,817,123
End of year	\$ 1,570,180	238,944	—	1,843,751	3,652,875

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Debt Service - Parks 1998 - Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
UNAUDITED
For the year ended December 31, 2002

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 598,296	739,206	140,910
Interest on Investments	15,000	14,689	(311)
Total revenues	<u>613,296</u>	<u>753,895</u>	<u>140,599</u>
Expenditures:			
Debt service			
Principal	475,000	450,000	25,000
Interest and other charges	394,115	414,137	(20,022)
Total expenditures	<u>869,115</u>	<u>864,137</u>	<u>4,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(255,819)</u>	<u>(110,242)</u>	<u>145,577</u>
Net change in fund balances	<u>\$ (255,819)</u>	<u>(110,242)</u>	<u>145,577</u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Debt Service - Public Works Facility 1995 and 2002 - Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
UNAUDITED
For the year ended December 31, 2002

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues - Interest on investments	\$ 7,200	7,373	173
Expenditures:			
Debt service			
Principal	175,000	120,000	55,000
Interest and other charges	54,368	181,835	(127,467)
Cost of issuance	-	63,520	(63,520)
Total expenditures	<u>229,368</u>	<u>365,355</u>	<u>(135,987)</u>
Deficiency of revenues under expenditures	<u>(222,168)</u>	<u>(357,982)</u>	<u>(135,814)</u>
Other financing sources (uses)			
Issuance of note payable	-	2,325,000	2,325,000
Payment to refund bond escrow agent	-	(2,235,000)	(2,235,000)
Transfers in	222,168	503,183	281,015
Transfers out	<u>-</u>	<u>(279,155)</u>	<u>(279,155)</u>
Total other financing sources	<u>222,168</u>	<u>314,028</u>	<u>91,860</u>
Net change in fund balances	<u>\$ -</u>	<u>(43,954)</u>	<u>(43,954)</u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Debt Service - R&S 1997 and 1999 - Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
UNAUDITED
For the year ended December 31, 2002

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues - Interest on investments	\$ -	-	-
Expenditures:			
Debt service:			
Principal	965,000	920,000	45,000
Interest and other charges	<u>1,151,083</u>	<u>1,194,094</u>	<u>(43,011)</u>
Total expenditures	<u>2,116,083</u>	<u>2,114,094</u>	<u>1,989</u>
Deficiency of revenues under expenditures	<u>(2,116,083)</u>	<u>(2,114,094)</u>	<u>1,989</u>
Other financing sources:			
Transfers in	<u>2,116,083</u>	<u>2,114,094</u>	<u>(1,989)</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Debt Service - City Hall - Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
UNAUDITED
For the year ended December 31, 2002

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues - Interest on investments	\$ 59,370	73,007	13,637
Expenditures:			
Debt service:			
Principal	355,000	315,000	40,000
Interest and other charges	925,816	941,161	(15,345)
Total expenditures	1,280,816	1,256,161	24,655
Excess (deficiency) of revenues over (under) expenditures	(1,221,446)	(1,183,154)	38,292
Other financing sources:			
Transfers in	1,221,446	1,285,992	64,546
Transfers out	-	(112,890)	(112,890)
Total other financing sources	1,221,446	1,398,882	177,436
Net change in fund balances	\$ -	215,728	(215,728)

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Combining Balance Sheet Nonmajor Capital Projects Funds
For the year ended December 31, 2002

Assets	<u>R & S Construction</u>	<u>City Hall Construction</u>	<u>Total</u>
Cash and cash equivalents	\$ —	3,452	3,452
Total assets	<u>—</u>	<u>3,452</u>	<u>3,452</u>
Liabilities and Fund Balances			
Fund balances	—	3,452	3,452
Total liabilities and fund balances	<u>\$ —</u>	<u>3,452</u>	<u>3,452</u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances Nonmajor Capital Project Funds

For the year ended December 31, 2002

	R & S Construction	City Hall Construction	Total
Revenues – investment income	\$ 3,332	8,513	11,845
Total revenues	<u>3,332</u>	<u>8,513</u>	<u>11,845</u>
Expenditures:			
Administrative	—	8,625	8,625
Public works	4,495	—	4,495
Capital outlay	524,531	1,349,610	1,874,141
Total expenditures	<u>529,026</u>	<u>1,358,235</u>	<u>1,887,261</u>
Net change in fund balance	<u>(525,694)</u>	<u>(1,349,722)</u>	<u>(1,875,416)</u>
Fund balances:			
Beginning of year	<u>525,694</u>	<u>1,353,174</u>	<u>1,878,868</u>
End of year	<u>\$ —</u>	<u>3,452</u>	<u>3,452</u>

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Capital Project Fund - Capital Project Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
UNAUDITED
For the year ended December 31, 2002

Schedule 14

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
Current:				
Public works	\$ 237,442	326,738	275,518	51,220
Capital outlay	7,101,400	8,055,570	3,411,563	4,644,007
Total expenditures	7,338,842	8,382,308	3,687,081	4,695,227
Excess (deficiency) of revenues over (under) expenditures	(7,338,842)	(8,382,308)	(3,687,081)	4,695,227
Other financing sources (uses):				
Transfers in	7,338,842	8,382,308	3,687,081	(4,695,227)
Net change in fund balances	\$ -	-	-	-

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2002

Schedule 15

	Court Bond Fund	Explorer's Fund	Highway 40 Trust Fund	Miscellaneous Escrow Fund	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 99,753	6,047	221,918	1,539,692	1,867,410
LIABILITIES					
Accounts payable and accrued liabilities	-	6,047	221,918	-	227,965
Deposits held in Escrow	99,753	-	-	1,539,692	1,639,445
Total liabilities	99,753	6,047	221,918	1,539,692	1,867,410
NET ASSETS	\$ -	-	-	-	-

See accompanying independent auditors' report.

CITY OF CHESTERFIELD, MISSOURI
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended December 31, 2002

	<u>Balance</u> <u>12/31/2001</u>	<u>Addi-</u> <u>tions</u>	<u>Deduc-</u> <u>tions</u>	<u>Balance</u> <u>12/31/2002</u>
<u>Court Bond Fund</u>				
Assets - cash and cash equivalents	\$ 98,963	29,134	28,344	99,753
Liabilities:				
Due to other funds	1,626	869	2,495	-
Deposits held in escrow	97,337	29,134	26,718	99,753
Total liabilities	\$ 98,963	30,003	29,213	99,753
<u>Explorer's Fund</u>				
Assets - cash and cash equivalents	\$ 12,981	3,561	10,495	6,047
Liabilities - Accounts payable	\$ 12,981	3,561	10,495	6,047
<u>Highway 40 Trust Fund</u>				
Assets - cash and cash equivalents	\$ 218,025	6,434	2,541	221,918
Liabilities - Accounts payable	\$ 218,025	6,434	2,541	221,918
<u>Miscellaneous Escrow Fund</u>				
Assets - cash and cash equivalents	\$ 1,496,245	460,937	417,490	1,539,692
Liabilities - deposits held in escrow	1,496,245	460,937	417,490	1,539,692
<u>Total - All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 329,969	39,129	41,380	327,718
Total assets	329,969	39,129	41,380	327,718
Liabilities:				
Accounts payable	231,006	9,995	13,036	227,965
Due to other funds	1,626	869	2,495	-
Deposits held in escrow	1,593,582	490,071	444,208	1,639,445
Total liabilities	\$ 1,826,214	500,935	459,739	1,867,410

See accompanying independent auditors' report.



Statistical Section

Table 1**CITY OF CHESTERFIELD, MISSOURI**

Government-wide Expenses by Function

Fiscal Year 2002

<u>Function</u>	<u>2002</u>
General government	\$ 2,779,184
Parks and recreation	1,733,646
Judicial	173,865
Planning	629,707
Public works	16,058,649
Public safety	6,733,157
Community development	177,757
Interest and fiscal charges	<u>6,604,298</u>
Total	\$ <u><u>34,890,263</u></u>

Source: Basic financial statements.

CITY OF CHESTERFIELD, MISSOURI

Government-wide Revenues by Source

Fiscal Year 2002

<u>Source:</u>	<u>2002</u>
Program Revenues:	
Charges for services	\$ 2,391,047
Operating grants and contributions	378,601
Capital grants and contributions	28,119
General Revenues:	
Taxes	28,315,965
Unrestricted interest earnings	1,022,026
Sale of capital assets	177,094
Miscellaneous	<u>1,256,870</u>
Total Revenues	<u>\$ 33,569,722</u>

Source: Basic financial statements.

Table 3

CITY OF CHESTERFIELD, MISSOURI
 General Governmental Expenditures by Function
 Last Ten Fiscal Years

<u>Function</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996 (1)</u>	<u>1997 (2)</u>	<u>1998 (3)</u>	<u>1999</u>	<u>2000</u>	<u>2001(4)</u>	<u>2002</u>
Legislative	\$ 71,863	63,386	70,078	68,826	70,157	70,507	69,632	67,681	70,100	90,361
Administrative	939,007	1,160,205	1,489,115	1,684,613	1,947,219	1,949,709	2,010,632	2,335,494	2,466,183	2,356,730
Police services	3,265,910	3,262,201	3,760,415	4,155,693	4,326,367	4,800,224	5,183,018	5,646,960	5,990,868	6,393,749
Judicial	97,390	114,222	132,015	166,340	169,848	155,715	169,123	201,486	166,020	172,506
Planning and zoning	289,688	357,242	367,673	327,904	390,307	395,984	511,233	479,816	604,575	616,432
Public works	2,884,227	2,842,277	2,933,474	2,493,202	2,625,200	2,885,030	3,139,371	3,420,515	3,840,639	10,738,816
Parks and recreation	48,336	23,218	62,053	138,283	196,713	534,487	708,644	876,496	1,087,224	1,237,505
Capital outlay	1,605,932	2,905,064	4,170,729	9,241,840	18,363,647	15,757,867	36,150,760	14,822,309	25,871,583	7,243,084
Debt service	134,425	—	499,815	1,262,643	1,875,086	4,124,939	3,559,125	4,448,201	8,669,255	10,873,798
Total	\$ 9,336,778	10,727,815	13,485,367	19,539,344	29,964,544	30,674,462	51,501,538	32,298,958	48,766,447	39,722,981

Notes:

- (1) The City used proceeds from a 1995 general obligation parks bond issue for the acquisition of land and 1995 certificates of participation to construct a Public Works Facility in 1996.
- (2) The City used proceeds from a 1997 general obligation bond issued for the reconstruction of streets and sidewalks.
- (3) The City began paying principal on 1997 general obligation bond issue for the reconstruction of streets and sidewalks in 1998.
- (4) The City constructed its new City Hall and Police Station in 2001.

Source: Basic/general purpose financial statements.

CITY OF CHESTERFIELD, MISSOURI

General Governmental Revenues By Source

Last Ten Fiscal Years

Source:	1993(1)	1994	1995(2)(3)	1996	1997 (4)	1998 (5)	1999	2000(6)	2001	2002
Municipal taxes (2)(3)(4)(6)	\$ 6,565,107	7,060,339	9,314,116	9,994,622	12,472,104	16,074,702	15,787,580	20,635,526	23,048,775	23,810,751
Intergovernmental (1)	3,212,468	2,997,512	2,962,059	3,408,192	3,337,035	3,187,651	3,380,950	3,657,545	3,872,511	3,717,677
Licenses and permits	544,796	547,770	597,177	611,892	663,124	705,325	769,220	914,451	1,021,734	1,052,996
Charges for services, net	95,338	135,003	153,651	142,508	209,030	384,594	389,133	487,716	499,958	589,478
Court fines and forfeitures	287,591	377,377	516,212	521,039	409,817	479,621	690,546	799,467	765,774	836,305
Investment income	134,561	233,697	1,092,832	1,286,497	1,571,740	1,223,161	1,165,676	2,424,203	1,967,686	987,111
Miscellaneous	179,565	48,615	38,231	72,742	55,507	137,673	175,165	631,037	423,090	398,475
Total	\$ <u>11,019,426</u>	<u>11,400,313</u>	<u>14,674,278</u>	<u>16,037,492</u>	<u>18,718,357</u>	<u>22,192,727</u>	<u>22,358,270</u>	<u>29,549,945</u>	<u>31,599,528</u>	<u>31,392,793</u>

Notes:

- (1) The City received a federal emergency management assistance grant in the amount of \$935,287 in 1993.
- (2) Upon the successful outcome of litigation in 1995, the City recognized \$213,182 in deferred sales tax revenues from prior years and began recognizing new sales revenue under a county-wide sales tax redistribution formula.
- (3) The City adopted a property tax in 1995 and also received property tax revenue due to incremental growth in assessed valuation from the Chesterfield Valley TIF District.
- (4) The City passed a 1/2 cent capital improvements sales tax in November 1996 and began receiving the tax in April 1997.
- (5) The City recognized \$1,426,410 in local use tax in 1998 which had been previously held in deferred revenue pending the settlement of litigation.
- (6) The City passed a \$28 fee per household in 2000 for repairs to residential sanitary sewer laterals.

Source: Basic/general purpose financial statements.

CITY OF CHESTERFIELD, MISSOURI

Municipal Tax Revenue by Source

Last Ten Fiscal Years

<u>Source:</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998 (6)</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Property tax (2)	\$ —	—	1,325,557	1,560,636	1,848,504	2,078,155	2,949,830	5,305,275	6,602,637	6,553,172
Sewer lateral (5)	—	—	—	—	—	—	—	396,699	403,293	402,731
Utility gross receipts tax	3,187,143	3,323,852	3,359,052	3,667,368	3,799,169	3,868,894	3,999,872	4,306,962	4,612,239	4,233,487
Sales/use tax (1)(3)(4)	<u>3,377,964</u>	<u>3,736,487</u>	<u>4,629,507</u>	<u>4,766,618</u>	<u>6,824,431</u>	<u>10,127,653</u>	<u>8,837,878</u>	<u>10,626,590</u>	<u>11,430,606</u>	<u>12,621,361</u>
Total	\$ <u>6,565,107</u>	<u>7,060,339</u>	<u>9,314,116</u>	<u>9,994,622</u>	<u>12,472,104</u>	<u>16,074,702</u>	<u>15,787,580</u>	<u>20,635,526</u>	<u>23,048,775</u>	<u>23,810,751</u>

Notes:

- (1) Upon the successful outcome of litigation in 1995, the City recognized \$213,182 in deferred sales tax revenues from prior years and began recognizing new sales revenue under a county-wide sales tax redistribution formula.
- (2) The City adopted a property tax in 1995 and also received property tax revenue due to incremental growth in assessed valuation from the Chesterfield Valley TIF District.
- (3) The City passed a 1/2 cent capital improvements sales tax in November 1996 and began receiving the tax in April 1997.
- (4) The City recognized \$1,426,410 in local use tax in 1998 which had been previously held in deferred revenue pending the settlement of litigation.
- (5) The City passed a \$28 fee per household in 2000 for repairs to residential sanitary sewer laterals.

Source: Basic/general purpose financial statements.

Table 6

CITY OF CHESTERFIELD, MISSOURI

Intergovernmental Revenues by Source

Last Ten Fiscal Years

Source:	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Motor fuel tax	\$ 826,395	952,879	1,004,142	1,107,221	1,176,692	1,188,472	1,211,357	1,238,693	1,213,770	1,280,119
Motor vehicle sales tax	375,450	418,102	429,913	442,558	464,671	491,682	528,059	483,599	571,508	577,317
Cigarette tax	189,967	187,795	196,817	198,837	190,960	190,713	186,783	191,028	178,708	177,541
Road and bridge tax	797,475	793,127	858,907	879,913	922,582	998,344	1,064,557	1,159,953	1,254,710	1,286,086
Police block grant	—	—	—	—	—	—	9,782	13,692	19,462	12,015
Police traffic service grant	15,042	—	3,557	1,771	—	6,956	2,153	58,625	33,891	22,405
Federal emergency management assistance grant	935,287	119,240	53,404	106	—	—	—	—	—	—
COPS grant – Federal	—	—	18,667	72,668	94,166	87,949	156,467	198,472	228,075	197,499
COPS grant – Parkway	—	—	4,763	28,555	41,593	49,838	77,206	85,705	70,609	78,701
Police academy grant	21,370	—	45,118	47,697	46,221	51,027	55,388	60,244	63,808	59,580
Federal aid urban grant	—	87,403	14,618	—	—	—	—	21,391	142,478	—
St. Louis County Bonhomme Creek reimbursement	46,845	140,485	6,038	—	8,503	45,492	33,187	—	—	—
Community Development Block Grant	—	252,049	249,951	—	33,000	—	—	—	—	—
EDA Grant	—	—	—	495,028	186,872	—	—	—	—	—
Solid Waste Grant	—	—	—	66,055	72,838	15,367	4,995	7,561	—	—
NCAP Grant	—	—	—	14,381	36,624	31,712	40,700	20,143	—	—
Branch Out Missouri	—	—	—	—	24,562	—	6,503	13,024	9,336	—
Mall Grant	—	—	—	—	—	—	—	10,000	20,000	5,000
Wetlands Mitigation	—	—	—	—	—	—	—	71,362	—	—
Police Forfeitures	—	—	—	—	—	—	—	23,060	5,319	23,727
Grants, other	—	—	76,164	53,402	37,751	30,099	3,813	993	60,837	(2,313)
Total	\$ 3,207,831	2,951,080	2,962,059	3,408,192	3,337,035	3,187,651	3,380,950	3,657,545	3,872,511	3,717,677

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Source: Basic/general purpose financial statements.

Table 7

CITY OF CHESTERFIELD, MISSOURI

Licenses and Permits

Last Ten Fiscal Years

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Business licenses	\$ 270,312	253,620	292,331	288,446	327,774	309,966	349,336	404,218	408,061	410,358
Liquor licenses	29,277	33,393	30,145	36,592	31,989	40,189	37,994	43,745	44,279	47,606
Vending licenses	14,643	21,409	23,775	19,488	19,075	22,858	19,684	22,306	24,419	25,188
Franchise fees (1)	212,939	219,183	236,429	251,427	273,874	322,038	347,502	425,803	527,579	556,212
Miscellaneous	<u>17,625</u>	<u>20,165</u>	<u>14,497</u>	<u>15,939</u>	<u>10,412</u>	<u>10,274</u>	<u>14,704</u>	<u>18,379</u>	<u>17,396</u>	<u>13,632</u>
Total	\$ <u>544,796</u>	<u>547,770</u>	<u>597,177</u>	<u>611,892</u>	<u>663,124</u>	<u>705,325</u>	<u>769,220</u>	<u>914,451</u>	<u>1,021,734</u>	<u>1,052,996</u>

Notes:

(1) The City increased the license tax on cable television franchises from 3% to 5% on February 20, 1995.

Source: Basic/general purpose financial statements.

Table 8

CITY OF CHESTERFIELD, MISSOURI

Charges for Services

Last Ten Fiscal Years

	1993	1994	1995	1996	1997	1998 (1)	1999	2000 (2)	2001	2002
Engineering inspection fees	\$ 34,951	61,569	57,936	57,452	107,887	83,694	90,078	63,281	67,087	69,414
Subdivision processing fees	11,495	9,078	6,486	6,651	9,608	11,092	30,769	2,693	9,763	12,554
Zoning applications	13,399	15,313	18,882	12,874	11,363	10,842	19,477	15,895	12,680	11,549
Police reports	14,358	15,201	14,985	15,685	17,047	17,755	19,864	18,577	18,468	19,010
False alarms	16,925	28,450	42,528	33,444	38,600	38,000	41,250	42,850	39,700	46,200
Pool passes and concessions	—	—	—	—	—	150,180	160,320	167,235	230,609	244,026
CVAC rentals and concessions	—	—	—	—	—	—	—	99,471	83,405	135,529
Other charges	4,210	5,392	12,834	16,402	24,525	73,031	27,375	77,714	38,246	51,196
Total	\$ 95,338	135,003	153,651	142,508	209,030	384,594	389,133	487,716	499,958	589,478

Notes:

(1) The City opened its Central Park Pool in 1998.

(2) The City opened its Chesterfield Valley Athletic Complex (CVAC) in 2000.

Source: Basic/general purpose financial statements.

CITY OF CHESTERFIELD, MISSOURI

Assessed and Estimated Actual Value of Taxable Property (1)(2)(3)

Last Ten Fiscal Years

	Real property	Personal property	Railroad and utilities	Totals	
				Assessed value	Estimated actual value
1993	\$ 623,355,670	\$ 146,917,716	\$ 14,480,699	\$ 784,754,085	\$ 3,346,767,746
1994 (4)	614,067,940	121,996,684	15,085,563	751,150,187	3,301,191,816
1995	655,300,640	141,510,637	14,635,156	811,446,433	3,619,761,616
1996	676,795,720	160,550,273	16,131,252	853,477,245	3,775,913,753
1997	737,719,530	171,773,003	14,471,771	923,964,304	4,103,912,637
1998	761,919,280	181,319,540	14,492,392	957,731,212	4,247,538,403
1999	839,087,390	193,552,326	14,430,676	1,047,070,392	4,613,115,168
2000	896,862,030	225,781,266	15,328,434	1,137,971,730	4,938,358,639
2001	1,023,122,130	235,079,429	17,702,083	1,275,903,642	5,554,533,322
2002	1,047,229,350	242,742,813	18,848,635	1,308,820,798	5,697,834,859

Notes: (1) Assessments are determined by the Assessor of St. Louis County as of January 1.

(2) Assessments are based on a percentage of estimated actual values. Real property is classified as residential, agricultural, or commercial. Residential property is assessed at 19%, agricultural is assessed at 12%, and commercial is assessed at 32%. All railroad and utility property is assessed at 32%. All personal property is assessed at 33 1/3%. Real property is reassessed biannually in odd-numbered years.

(3) The City was incorporated on June 1, 1988. No property tax was levied by the City until 1995 when the voters approved an \$11 million general obligation bond issue for parks. The entire levy funds debt service.

(4) Value decreased due to 1993 flood in Chesterfield Valley.

Source: St. Louis County Collector.

CITY OF CHESTERFIELD, MISSOURI

Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)

Last Ten Fiscal Years

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Taxes levied on all property in the City in the City of Chesterfield:										
City of Chesterfield (1)	\$ —	—	.130	.130	.130	.130	.130	.100	.060	.060
State of Missouri	.030	.030	.030	.030	.030	.030	.030	.030	.030	.030
St. Louis County	.580	.580	.580	.580	.580	.580	.580	.580	.580	.580
Special School District	.620	.630	.620	.630	.620	.640	.620	.623	.835	.849
St. Louis Community College	.220	.240	.240	.240	.240	.240	.240	.240	.230	.232
St. Louis County Library	.130	.130	.140	.140	.140	.140	.140	.140	.140	.140
Metropolitan St. Louis Sewer District	.020	.020	.020	.020	.020	.020	.020	.020	.019	.019
Metropolitan Zoological Park and Museum District	.220	.224	.228	.232	.232	.232	.227	.232	.222	.222
Sheltered Workshop	.085	.085	.085	.085	.085	.085	.085	.085	.085	.085
Total	\$ <u>1.905</u>	<u>1.939</u>	<u>2.073</u>	<u>2.087</u>	<u>2.077</u>	<u>2.097</u>	<u>2.072</u>	<u>2.050</u>	<u>2.201</u>	<u>2.217</u>
School districts (2):										
Parkway	\$ 3.43	3.44	3.44	3.76	3.64	3.66	3.59	3.603	3.455	3.511
Rockwood	3.94	4.53	4.54	4.54	4.49	4.52	4.48	4.525	4.421	4.439
Fire protection districts (3):										
Metro West	\$.77	.95	1.03	1.04	1.03	1.03	1.03	1.021	.972	.997
Chesterfield	.88	.92	1.06	1.00	1.03	1.04	1.02	1.019	.995	.979

Notes:

- (1) The City was incorporated on June 1, 1988. No property tax was levied by the City until 1995 when the voters approved an \$11 million general obligation bond issue for parks. The entire levy funds debt service.
- (2) All property is located in one of the two school districts whose boundaries include part of the City.
- (3) All property is located in one of the two fire protection districts whose boundaries include part of the City.

Source: St. Louis County Collector.

Table 11

CITY OF CHESTERFIELD, MISSOURI

Property Tax Levies and Collection

Last Eight Fiscal Years

(dollars in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
1995	\$ 1,402	\$ 1,326	94.6 %	\$ —	\$ 1,326	94.6 %	\$ 76	5.4 %
1996	1,585	1,498	94.5 %	63	1,561	98.5 %	100	6.3
1997	1,891	1,769	93.5 %	79	1,848	97.7 %	143	7.6
1998	2,187	1,937	88.6 %	141	2,078	95.0 %	252	11.5
1999	3,302	2,806	85.0 %	144	2,950	89.3 %	604	18.3
2000	5,425	4,925	90.8 %	380	5,305	97.8 %	724	13.3
2001	7,069	6,451	91.2 %	152	6,603	93.4 %	1,190	16.8
2002	7,257	6,556	90.3 %	(3)	6,553	90.3 %	1,894	26.1

Note:

(1) 1995 was the first year that the City of Chesterfield had a property tax levy.

CITY OF CHESTERFIELD, MISSOURI

Legal Debt Margin

December 31, 2002

Assessed value of the City of Chesterfield for 2002	\$ 1,308,820,798
Limit of bonded indebtedness at 10% of assessed value	130,882,080
Total bonded debt	32,805,000
Less amount available in debt service fund for bonded debt	<u>1,570,180</u>
Bonded debt applicable to debt limit	<u>34,375,180</u>
Legal debt margin	\$ <u><u>96,506,900</u></u>

Note: Bonded indebtedness is limited by Sections 95.115 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

CITY OF CHESTERFIELD, MISSOURI

Ratio of Annual Debt Service Expenditures for General Bonded Debt to
Total General Governmental Expenditures

Last Eight Fiscal Years (1)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1995	\$ —	\$ 346,923	\$ 346,923	\$ 13,455,367	2.6 %
1996	265,000	683,037	948,037	19,539,344	4.9
1997 (2)	285,000	1,035,169	1,320,169	29,964,544	4.4
1998 (3)	1,630,000	1,167,451	2,797,451	30,674,462	9.1
1999 (4)	1,845,000	1,117,876	2,962,876	51,501,538	5.8
2000	935,000	1,953,350	2,888,350	32,298,958	8.9
2001	1,295,000	1,680,333	2,975,333	48,766,447	6.1
2002	1,370,000	1,608,231	2,978,231	39,722,981	7.5

Notes:

- (1) 1995 was the first year that the City had general bonded indebtedness.
- (2) The City issued \$14,230,000 in additional general bonded indebtedness in 1997.
- (3) The City did an advance refunding of the general obligation debt for parks in 1998.
- (4) The City issued \$15,125,000 in additional general bonded indebtedness in 1999.

Source: Basic/general purpose financial statements.

CITY OF CHESTERFIELD, MISSOURI

Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita

Last Eight Fiscal Years (1)

Fiscal Year	Population	Assessed Value	Bonded Debt	Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995 (2)	42,325	\$ 811,446,433	\$ 11,000,000	\$ 998,144	\$ 10,001,858	1.2 %	\$ 236
1996	42,325	853,477,245	10,735,000	1,134,895	9,600,105	1.1 %	227
1997 (3)	42,325	923,964,304	24,680,000	1,490,337	23,189,663	2.5 %	548
1998 (4)	42,325	957,731,212	23,125,000	1,071,663	22,053,337	2.3 %	521
1999 (5)	42,325	1,047,070,392	36,405,000	1,472,911	34,932,089	3.3 %	825
2000	42,325	1,137,971,730	35,470,000	1,766,376	33,703,624	3.0 %	796
2001 (6)	46,802	1,275,903,642	34,175,000	1,680,422	32,494,578	2.6 %	694
2002	46,802	1,308,820,798	32,805,000	1,570,180	31,234,820	2.4 %	667

- Notes:
- (1) 1995 was the first year that the City had general bonded indebtedness.
 - (2) Population data is estimated using the 1992 U.S. Census Bureau data for the area.
 - (3) The City issued \$14,230,000 in additional general bonded indebtedness in 1997.
 - (4) The City did an advance refunding of the general obligation debt for parks in 1998.
 - (5) The City issued \$15,125,000 in additional general bonded indebtedness in 1999.
 - (6) The City's population, reported by the Bureau of the Census in 2001, was 46,802.

CITY OF CHESTERFIELD, MISSOURI

Computation of Direct and Overlapping Debt

December 31, 2002

	<u>General Obligation Debt</u>	<u>Percent Applicable to the City of Chesterfield</u>	%	<u>Amount Applicable to the City of Chesterfield</u>
City of Chesterfield	\$ 32,805,000	100.00	%	\$ 32,805,000
St. Louis County	217,760,000	6.64		14,454,936
Parkway School District (1)	78,125,390	2.38		1,860,563
Rockwood School District (1)	131,288,600	4.00		5,254,289
Chesterfield Fire Protection District (1)	2,125,000	0.06		1,377
Metropolitan Sewer District	—	—		—
Total overlapping	429,298,990			21,571,165
Total	<u>\$ 462,103,990</u>			<u>\$ 54,376,165</u>
Total debt per capita (2)				<u>\$ 1,162</u>

Notes: (1) Only portions of the school and fire districts are located within the City boundaries. The applicable amounts refer to that portion of the district that is contained within the City's boundary. Therefore, the applicable amounts refer to portions of the City's taxpayers.

(2) Based upon a population of 46,802.

Source: The above-named jurisdictions, St. Louis County Real Estate Assessment Rolls, and St. Louis County report of Assessed Valuation.

Table 16

CITY OF CHESTERFIELD, MISSOURI

Building Permits and Construction (1)

Last Ten Fiscal Years

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
New construction:										
Number of permits	\$ 635	917	619	712	652	846	836	938	849	867
Value of construction	<u>47,502,993</u>	<u>71,912,425</u>	<u>40,005,131</u>	<u>49,994,194</u>	<u>47,738,060</u>	<u>69,442,017</u>	<u>74,393,000</u>	<u>79,935,275</u>	<u>95,917,550</u>	<u>56,191,759</u>
Alternations/additions:										
Number of permits	\$ 2,245	2,022	2,164	2,051	2,113	2,799	2,977	3,261	3,010	3,163
Value of construction	<u>20,432,811</u>	<u>36,683,188</u>	<u>22,043,850</u>	<u>23,902,052</u>	<u>28,004,804</u>	<u>59,924,899</u>	<u>83,798,766</u>	<u>48,696,005</u>	<u>71,845,736</u>	<u>42,768,958</u>
Building demolitions – number of permits	\$ —	—	—	—	—	—	—	—	—	—

Notes: (1) The City has not established a building commissioner's office within the organization. St. Louis County currently building inspection services. Information regarding 1988 permits is unavailable. The City was incorporated on June 1, 1988.

∞

Source: Planning Department, City of Chesterfield, Missouri.

CITY OF CHESTERFIELD, MISSOURI

Bank Deposits

Last Ten Fiscal Years

	<u>Amount (1)</u>
1993	\$ 625,192,796
1994	608,355,913
1995	610,500,754
1996	638,068,841
1997	646,214,924
1998 (2)	744,181,172
1999 (3)	574,477,723
2000	634,474,529
2001 (4)	638,719,935
2002	641,717,121

- Notes: (1) Represents deposits of the 13 bank facilities located in the City of Chesterfield.
- (2) Roosevelt Bank and Mark Twain Parkway Banks were brought out by Mercantile Bank and the branch banks in Chesterfield were closed in 1998.
- (3) Several banks were taken over by other banks in 2000. NationsBank was bought out by Bank of America, Mercantile Bank by Firststar, and Magna by Union Planters.
- (4) Firststar became US Bank in January of 2002.

Source: Allegiant Bank, Bank of America, N.A. - Chesterfield Center, and Bank of America, N.A. - Baxter Branch, Bremen Bank and Trust, Cass Bank and Trust, Commerce Bank of St. Louis, N.A., First Bank - Clarkson, First Bank - First Missouri Center, First National Bank of St. Louis, N.A. - Hilltown Village, FirstServ, Inc., Founders Bank, and Union Planters.

CITY OF CHESTERFIELD, MISSOURI

Schedule of Insurance in Force

December 31, 2002

Type of Coverage/ Insurance Carrier	Policy Number	Policy Period	Deductible	Liability Limits	Annual Premium
General liability	GL 0021-02	7/1/02-	\$ 500	\$ 2,000,000	\$ 124,634
Police liability	PL0021-02	7/1/03	2,500		
Automobile liability/ St. Louis Area Insurance Trust (SLAIT)	AL 0021-02		500		
Property/Inland Chubb Group/Federal Insurance	0020-01-STL	7/1/02- 7/1/03	1,000	16,903,500	84,915
Excess earthquake liability Great American Ins/Chubb Group	0020-01-STL	7/1/02- 7/1/03	5,000	2,500,000	12,580
Public Officials Northland Casualty	858-10-06	7/1/02- 7/1/03	25,000	1,000,000	39,938
Worker's Compensation/St. Louis Insurance Trust (SLAIT)	2000-04	7/1/02- 7/1/03	N/A	Per Missouri Law	217,862
Public Official Bond/Capitol Indemnity	900-660	9/1/02- 9/1/03	N/A	100,000	203
Public Employees Blanket Bond/American Motorist Insurance	3FM 726 239	1/23/02- 1/23/03	500	100,000	394
Flood Insurance Public Works (Building & Contents)/travelers	6002791736	5/21/02- 5/21/03	500	500,000	3,158
Flood Insurance – Parks (Building & Contents)/travelers	6004232390 6004232408 6004232416	05/30/02- 05/29/03	500	852,000	6,381
Fiduciary Bond/The Travelers/Aetna	051 FF 103003485	11/3/02- 11/3/03	—	1,000,000	1,980
Underground storage Tanks/MO UST	0009914	2/24/02- 2/24/03	10,000	1,000,000	200

Source: City's insurance policies.

Table 19

CITY OF CHESTERFIELD, MISSOURI

Salaries and Surety Bonds of Principal Officials

December 31, 2002

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount Surety Bond</u>
Michael G. Herring, City Administrator	\$ 109,500	(1)
Jan Hawn, Director of Finance and Administration	90,668	\$ 100,000
Marty DeMay, City Clerk	56,188	(1)
Ray Johnson, Police Chief	95,611	(1)
Teresa Price, Director of Planning	81,356	(1)
Mike Geisel, Director of Public Works/City Engineer	<u>94,084</u>	<u>(1)</u>

Note: (1) Blanket surety coverage of \$100,000.

CITY OF CHESTERFIELD, MISSOURI

Miscellaneous Statistical Data

December 31, 2002

Date of incorporation as a third class city	June 1, 1988
Form of government	Mayor/Council/City Administrator
Area	32 square miles
Miles of streets (City maintained)	150
Miles of sidewalks (City maintained)	100
Number of street lights (City provided) (1)	10
Police protection:	
Number of full-time employees	93
Commissioned officers	83
Other full-time employees	10
Police station	1
Total employees, full-time	188

Fire protection:

The City's coverage is provided by two districts:

- Metro West Protection District
- Chesterfield Fire Protection District

The City is served by the Parkway and Rockwood School Districts.

The City's electric is supplied by Union Electric; natural gas is supplied by Laclede Gas; water is supplied by St. Louis County Water Company; sewer service is provided by Metropolitan St. Louis Sewer District. All four of these companies are publicly held utilities.

The library serving the City of Chesterfield is the Daniel Boone and the Thornhill branches of the St. Louis County Library System.

Population (2):	1988		34,486
	1990		37,990
	1991		42,325
	2000		46,802
Number of households (2)	1988	Single family	9,105
		Multi-family	3,049
	1990	Single family	10,541
		Multi-family	3,246
	2000	Single family	13,960
		Multi-family	4,836
Per capita income:			
	Median family income	1986	\$ 61,800
		2000	102,987
Per capita family income		1979	\$ 12,686
		1987	21,912
		2000	43,288
	Number of registered voters	2002	31,755

(continued)

CITY OF CHESTERFIELD, MISSOURI

Miscellaneous Statistical Data, Continued

December 31, 2002

Principal taxpayers

Taxpayer	Type of Business	Assessed	Percentage of Total Assessed Valuation
Monsanto Company	Research/development	\$ 31,247,130	2.4%
THF Chesterfield	Developer	22,298,480	1.7
JG St. Louis West Limited Liability Co. Gal.	Chesterfield Mall	16,959,080	1.3
FSP Timberlake Corp.	Real estate venture	12,756,220	1.0
Ameren UE	Private utility company	11,273,848	0.9
Realty Associates	Real estate venture	8,896,000	0.7
St. Lukes Episcopal Presbyterian Hospital	Hospital	7,479,450	0.6
Wild Horse Joint Venture	Apartment project	6,646,620	0.5
Missouri American Water	Private utility company	5,741,760	0.4
Chesterfield Ridge Center	Real estate venture	5,582,660	0.4
		<u>\$ 128,881,248</u>	<u>7.5%</u>

Major employers within the City of Chesterfield:

Company	Type of Business
1. Pfizer	Research Company
2. Premium Retail Services, Inc.	Retails Merchandising
3. McBride & Son Managements Co.	Homebuilder/Developer/Contractor
4. Taylor-Morley, Inc.	Homebuilder/Developer/Contractor
5. Famous- Barr	Department Store
6. Doubletree Hotel & Conference Ctr.	Hotel
7. Rose International	Research and Software Development
8. Mark Andy Inc.	Printing Press Manufacturer
9. Dillard's	Department Store
10. West County YMCA	Non-profit Organization

Utility Customers:

Year	Electric Meters(A)	Gas Meters (B)	Water Meters (C)	Telephones (D)
1993	18,356	13,554	11,937	18,711
1994	19,048	14,328	12,672	19,855
1995	19,076	14,450	12,789	21,263
1996	19,274	14,608	13,031	23,277
1997	19,789	15,231	13,330	23,564
1998	19,860	15,502	13,317	35,500
1999	20,602	15,770	13,981	38,559
2000	21,144	16,130	14,075	35,638
2001	21,024	16,412	14,318	34,289
2002	<u>21,414</u>	<u>16,617</u>	<u>14,425</u>	<u>33,955</u>

Source: (A) Union Electric Company
 (B) Laclede Gas Company
 (C) St. Louis County Water Company
 (D) Southwestern Bell Telephone Company

Notes: (1) The City currently provides street lights at selected intersections within the City of Chesterfield. Streetlights are primarily provided and maintained by private subdivisions.

(2) Population data is estimated for the area using the U.S. Census Bureau data for the area.

Source: The City's Public Works Department, Planning and Zoning Department, Finance and Administration Department, Police Department, U.S. Census Bureau, St. Louis County Department of Revenue, Board of Election Commissioners of St. Louis County, St. Louis County Fact Book and Development Strategies, St. Luke's Hospital, Rockwood and Parkway School Districts.



City of
Chesterfield