

CITY OF CHESTERFIELD, MISSOURI

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2006

Report prepared and submitted by the
Finance and Administration Department

CITY OF CHESTERFIELD, MISSOURI

Comprehensive Annual Financial Report

Table of Contents

December 31, 2006

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 - 6
Certificate of Achievement for Excellence in Financial Reporting	7
City Officials	8
Organizational Chart	9
FINANCIAL SECTION	
Independent Auditors' Report	10 - 11
Management's Discussion and Analysis - Required Supplementary Information	12 - 23
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	24
Statement of Activities	25
Fund Financial Statements:	
Balance Sheet - Governmental Funds	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Fiduciary Net Assets - Fiduciary Funds	30
Notes to Basic Financial Statements	31 - 46
	<u>Schedule</u> <u>Page(s)</u>
Budgetary Comparison Information - Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	1 47 - 49
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Chesterfield Valley Tax Increment Financing Fund - Special Revenue Major Fund - Unaudited	2 50
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Parks Sales Tax Fund - Special Revenue Major Fund - Unaudited	3 51

December 31, 2006

FINANCIAL SECTION (Continued)	<u>Schedule</u>	<u>Page(s)</u>
Budgetary Comparison Information - Required Supplementary Information (continued):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - TIF Bond Revenue Fund - Special Revenue Major Fund - Unaudited	4	52
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - Unaudited		53 - 54
Combining and Individual Fund Financial Statements and Schedules - Other Supplementary Information:		
Combining Balance Sheet - Nonmajor Governmental Funds	5	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	6	57
Combining Balance Sheet - Nonmajor Debt Service Funds	7	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds	8	59
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
Special Revenue Fund - Nonmajor Capital Improvement Sales Tax Trust Fund	9	60
Capital Projects Fund - Nonmajor Capital Project Fund	10	61
Debt Service Funds - Nonmajor:		
Parks 1998	11	62
Public Works Facility 1995 and 2002	12	63
City Hall	13	64
Parks 2005	14	65
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Parks Construction Fund - Capital Projects Major Fund	15	67
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - TIF Bond Debt Service Fund - Debt Service Major Fund	16	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - R & S Debt Service Fund - Debt Service Major Fund	17	69
Combining Statement of Fiduciary Net Assets - Agency Funds	18	70
Combining Statement of Changes in Assets and Liabilities - Agency Funds	19	71

December 31, 2006

STATISTICAL SECTION	<u>Table</u>	<u>Page(s)</u>
Net Assets by Component - Last Five Fiscal Years	1	73
Changes in Net Assets - Last Five Fiscal Years	2	74
Fund Balances, Governmental Funds - Last Five Fiscal Years	3	75
Changes in Fund Balances, Governmental Funds - Last Five Fiscal Years	4	76
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	5	77
Direct and Overlapping Property Tax Rates (Per \$100 of Assessed Value) - Last Ten Fiscal Years	6	78
Principal Property Taxpayers - Current Year and Nine Years Ago	7	79
Property Tax Levies and Collections - Last Ten Fiscal Years	8	80
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	9	81
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	10	82
Net Assets by Component - Direct and Overlapping Governmental Activities Debt	11	83
Legal Debt Margin Information - Last Ten Fiscal Years	12	84
Pledged-Revenue Coverage - Last Five Fiscal Years	13	85
Demographic and Economic Statistics - Last Ten Calendar Years	14	86
Principal Employers - Current Year and Nine Years Ago	15	87
Full-time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	16	88
Operating Indicators by Function/Program - Last Ten Fiscal Years	17	89
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	18	90



690 Chesterfield Pkwy W • Chesterfield MO 63017-0760
Phone: 636-537-4000 • Fax 636-537-4798 • www.chesterfield.mo.us

June 1, 2007

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 U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. 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, 2006. This year's CAFR is the fifth year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The format and purpose of these changes are addressed in the Management Discussion and Analysis (MD&A).

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's financial statements have been audited by Hochschild, Bloom & Company LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the year ended December 31, 2006 are free of material misstatement. The independent audit involved: examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Chesterfield, Missouri's financial statements for the fiscal year ended December 31, 2006 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's MD&A can be found immediately following the Independent Auditors' Report.

Profile of the City

The City is located on the western edge of St. Louis County. The City currently occupies a land area of 32 square miles and serves a population of 46,802 residents. The City enjoys a balance of residential neighborhoods and concentrated retail centers including a regional shopping center and one of the largest retail power centers in the county known as Chesterfield Commons.

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 provides a full range of municipal services. These services include legislative, administrative, police services, judicial, planning, public works, and parks and recreation. In 2005, the City created the Economic and Community Development Division (ECDD) to better position itself as a place to establish a business and raise a family.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City 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 developing 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 47 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 50 and comparisons for the budgeted Capital Project and Debt Service Funds are found in other supplementary information which begins on page 55.

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 operates.

Local Economy. The City 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/Hwy-40 assure the City greater opportunity for growth, enhancing its accessibility to downtown St. Louis, Missouri.

The City also has a strong retail base with Westfield Chesterfield Mall, 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 three anchor stores (Dillard's, Macy's and Sears), over ten franchised restaurants and more than 145 boutiques, shops, stores and services. In 2006, the Chesterfield Mall completed a \$71 million renovation which included a 14-screen AMC Megaplex Theater, new retailers and new restaurants.

Making a dramatic comeback from the flood of 1993, the City's western corridor, referred to as Chesterfield Valley, has expanded significantly over the last several years with retail, light industrial and office/warehouse facilities. 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, Target Greatland, World Market, Lowe's Home Improvement Center, Sam's Club, Linens N' Things, Office Max, Michael's, Petsmart, Radio Shack, Best Buy, Red Robin, LongHorn Steakhouse, Subway, Hometown Buffet, Babies 'R Us, Red Lobster, St. Louis Bread Company, Olive Garden, O'Charley's, Chesterfield Galaxy 14 Cine, The Home Depot and many others are located in Chesterfield Commons. The Monarch-Chesterfield Levee, which protects Chesterfield Valley, has been restored to its original 100-year level of protection. Assisted by the tax increment financing ("TIF") district designation, 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. In addition, the City, using Economic Development Act ("EDA") grant funds, installed pumps in Chesterfield Valley to dramatically improve interior drainage.

Based on current projections, continued development of the entire City is inevitable, with over 1,300 acres still available within the City's core and Chesterfield Valley. The City's assessed valuation of \$1,597,101,688 as of January 1, 2006 represents an increase of 3.2% from \$1,548,311,988 as of January 1, 2005, and an increase of 243.1% from \$465,549,049 as of January 1, 1988, the time of the City's incorporation.

Long-term Financial Planning. The City 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 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 continues to explore options based on a residents' survey concerning park improvements. Some recommendations from the study included exploring opportunities to partner with St. Louis County, Missouri and private providers of recreational services to acquire open space in the City, and provide walking paths and an outdoor amphitheatre and lake in the Central Park. In response to these efforts, voters passed a ½-cent sales tax for parks that took effect in April 2005. During 2006, the City worked on purchasing park land and constructing amenities with the resources from this sales tax.

In November 2005, voters in Chesterfield Valley approved the creation of a Transportation Development District (TDD) which levies an additional ⅜-cent sales tax in that area. The sales tax took effect in March 2006. In November 2006, TDD issued \$22,450,000 bonds with the average rate from 3.75% to 4.125%. The TDD will fund over \$25 million in significant transportation-related improvement projects including: realignment and creation of a single signalized intersection at Wild Horse Creek, Long and Kehrs Mill roads; widening of Long

Road from Chesterfield Airport Road to Wild Horse Creek Roads; and roadway construction on Chesterfield Airport Road at Spirit of St. Louis Boulevard.

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 three years, with an average maturity of 12 months. The average yield on investments was 4.5% 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 (St. Louis Area Insurance Trust – SLAIT) comprised of various municipalities in St. Louis County, Missouri. This pool covers workers' compensation and liability exposures. The purpose of this pool is to share the cost of self-insurance with other similar cities. The Daniel & Henry Company provides claims administration for the trust. Additional information on the City of 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 seven debt issues outstanding. These issues include \$6,435,000 in general obligation bonds for parks, \$1,680,000 in certificates of participation related to the City's capital lease obligation for the construction of a Public Works Facility, \$8,200,000 and \$11,955,000 in general obligation bonds for streets and sidewalks, and \$15,270,000 in certificates of participation related to the City's capital lease obligation for the City Hall. Additionally, in 2005, the City issued crossover refunding bonds for streets and sidewalks for \$17,760,000 and certificates of participation for Parks for \$25,710,000. 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 Tax Increment Financing Refunding and Improvement Revenue Bonds issued in April 2002. In 2006, the City endorsed an additional \$299,688 to these notes. The outstanding amounts of these notes were \$6,131,611 and TIF Bonds totaled \$16,650,000.

Retirement Plan. The City of Chesterfield sponsors a single-employer defined contribution retirement 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 are fully vested (100%) after five years of service. The City's contribution for 2006 was \$701,566 or approximately 8% of covered payroll. Total covered payroll for the year was \$8,778,975 or 86% of the City's total payroll of \$10,160,333.

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 for its comprehensive annual financial report (CAFR) issued for the fiscal year ended December 31, 2005. This was the fifteenth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both 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 received the GFOA's Award for Distinguished Budget Presentation for its annual budget for fiscal year 2006. This was the sixteenth 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 completed without the efficient and dedicated services of the entire administrative staff of the various departments of the City. We would like to especially acknowledge the dedicated services and assistance of the staff members in the Finance and Administration Department. The Finance and Administration staff members were key components of maintaining the City's accounting systems and their contributions were invaluable.

We would also like to thank our auditors, Hochschild, Bloom and Company LLP, for their help in formulating this report. Our sincere gratitude is extended to you for your interest and support in planning and conduction of the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Michael G. Herring
City Administrator



Jeremy T. Craig
Director of Finance & Administration

THIS PAGE IS INTENTIONALLY LEFT BLANK

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, 2005

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



President

Executive Director

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. Brown

Connie Fults

CITY ADMINISTRATOR

Michael G. Herring

**DIRECTOR OF FINANCE AND
ADMINISTRATION**

Jeremy Craig

CITY CLERK

Marty DeMay

POLICE CHIEF

Ray Johnson

DIRECTOR OF PLANNING

Teresa Price

DIRECTOR OF PUBLIC WORKS

Michael O. Geisel

CITY ATTORNEY

Robert M. Heggie

JUDGE

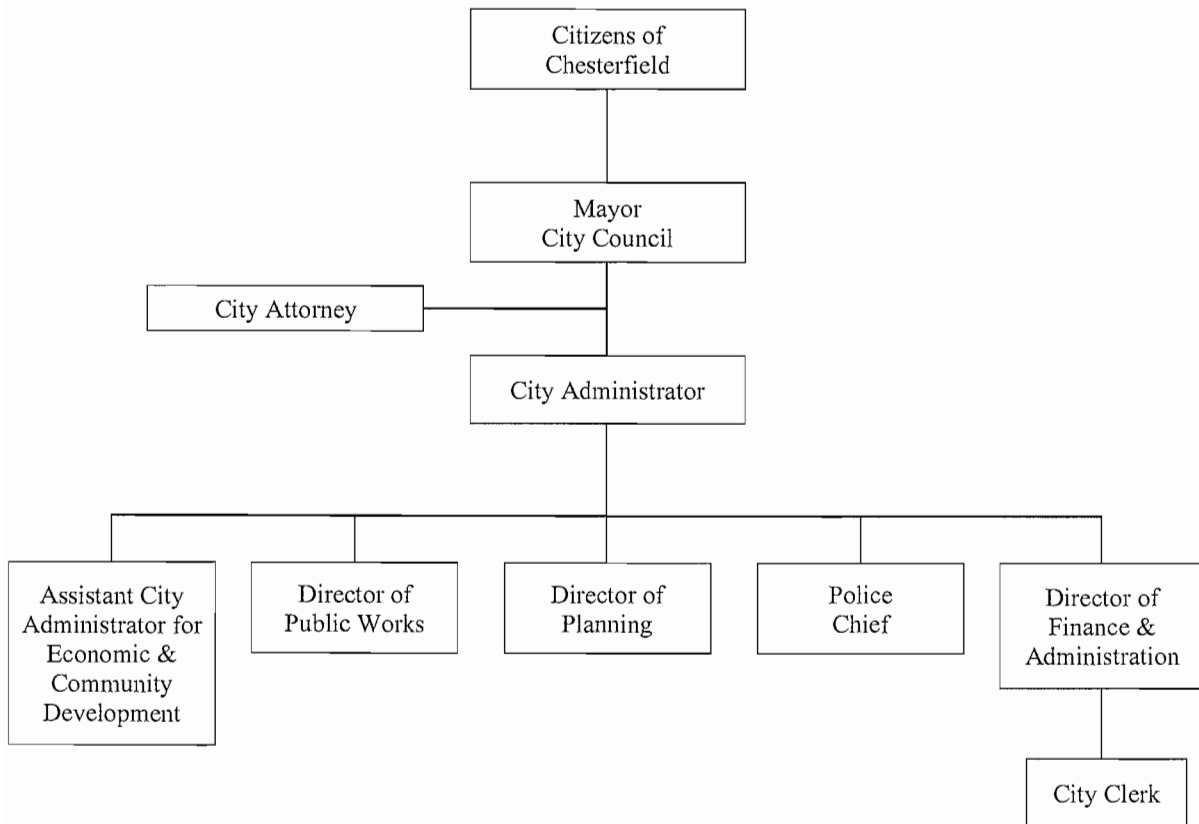
Richard K. Brunk

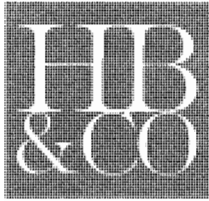
PROSECUTING ATTORNEY

Tim Engelmeyer

CITY OF CHESTERFIELD
MISSOURI

Organizational Chart
2006





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

INDEPENDENT AUDITORS' REPORT

June 1, 2007

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF CHESTERFIELD, MISSOURI** (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of December 31, 2006, and the respective changes in financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 1, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055

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

www.hbclp.com

POLARIS[®]

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

purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

As management of the City of Chesterfield, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report along with the City's financial statements, including the footnotes that follow this Management's Discussion and Analysis.

Financial Highlights

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$133,770,148. The City has a deficit unrestricted net assets totaling (\$9,797,015) due to \$22,781,611 in TIF Refunding and Improvement Revenue Bonds and TIF Notes outstanding at year-end for infrastructure assets not owned by the City.
- General revenues for governmental activities were \$45,899,262 which included \$28,792,879 (62.7%) in sales, gross receipts, and sewer lateral taxes. Property taxes accounted for \$13,665,140 (29.8%) of general revenues.
- Net expense from the various functions of governmental activities was \$27,066,435. General government was \$2,134,256 (7.9%), public works was \$10,716,842 (39.6%), public safety was \$6,627,481 (24.5%), planning was \$611,800 (2.3%), and community development was \$153,130 (0.6%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$82,817,994, an increase of \$2,119,850 in comparison with the prior year. Approximately 14.9% of this total amount or \$12,311,036 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 \$12,458,806 (78.3%) of total General Fund expenditures.
- The City's total debt decreased by \$15,504,701 (12.4%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of 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.

Government-wide Financial Statements

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

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

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

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

The government-wide financial statements can be found on pages 24 and 25 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, 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 can be divided into two categories: governmental funds and fiduciary funds. It should be noted that the City 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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and the government-wide *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Chesterfield Valley Tax Increment Financing Fund, Parks Sales Tax Fund, TIF Bond Revenue Fund, Parks Construction Fund, TIF Bond Debt Service Fund, and the R & S Debt Service 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 nonmajor governmental funds is provided in the form of *combining statements* in the other supplementary information section in this report.

The City adopts an annual appropriated budget for its General Fund, Chesterfield Valley Tax Increment Financing Special Revenue Fund, Capital Improvement Sales Tax Trust Special Revenue Fund, Parks Sales Tax Special Revenue Fund, TIF Bond Revenue Special Revenue Fund, TIF Bond Debt Service Fund, Parks 1998 Debt Service Fund, Public Works Facility 1995

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

and 2002 Debt Service Fund, R & S 1997 and 1999 Debt Service Fund, City Hall Debt Service Fund, Parks 2005 Debt Service Fund, Capital Project Fund, and Parks Construction 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 26 through 29 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'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 30 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 31 through 46 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 47 through 54 of this report.

Other Supplementary Information

The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 55 through 69 of this report.

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

The City presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Therefore, a comparative analysis of government-wide data is also 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, the net assets of \$133,770,148 increased in 2006 by approximately 16.4% as compared to the previous year.

At the end of 2006, the City had positive balances in two of its categories of net assets (invested in capital assets, net of related debt and restricted net assets), however, its unrestricted net assets had a deficit balance of \$9,797,015.

The largest portion of the City's net assets, \$109,037,358 in 2006 (an increase of approximately 2.4% from 2005), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

		Governmental Activities	
		December 31	
		2006	2005
Assets			
Current and other assets	\$	87,786,089	87,826,205
Capital assets, not depreciated		94,499,253	93,079,324
Capital assets, net		66,749,038	64,961,232
Total assets		249,034,380	245,866,761
Liabilities			
Long-term liabilities		111,255,783	126,768,559
Other liabilities		4,008,449	4,160,881
Total liabilities		115,264,232	130,929,440
Net Assets			
Invested in capital assets, net of related debt		109,037,358	106,461,560
Restricted		34,529,805	31,608,907
Unrestricted		(9,797,015)	(23,133,146)
Total net assets	\$	133,770,148	114,937,321

An additional portion of the City's net assets, \$34,529,805 in 2006, represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation.

The remaining category of the City's net assets represents a deficit *unrestricted net assets* balance of (\$9,797,015) in 2006. This deficit is the result of the balance of \$22,781,611 in TIF Refunding and Improvement Revenue Bonds Series 2002 and TIF Notes 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 generated within the TIF district.

Governmental Activities

Governmental activities increased the City's net assets by \$18,832,827. Key elements of this are as follows:

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

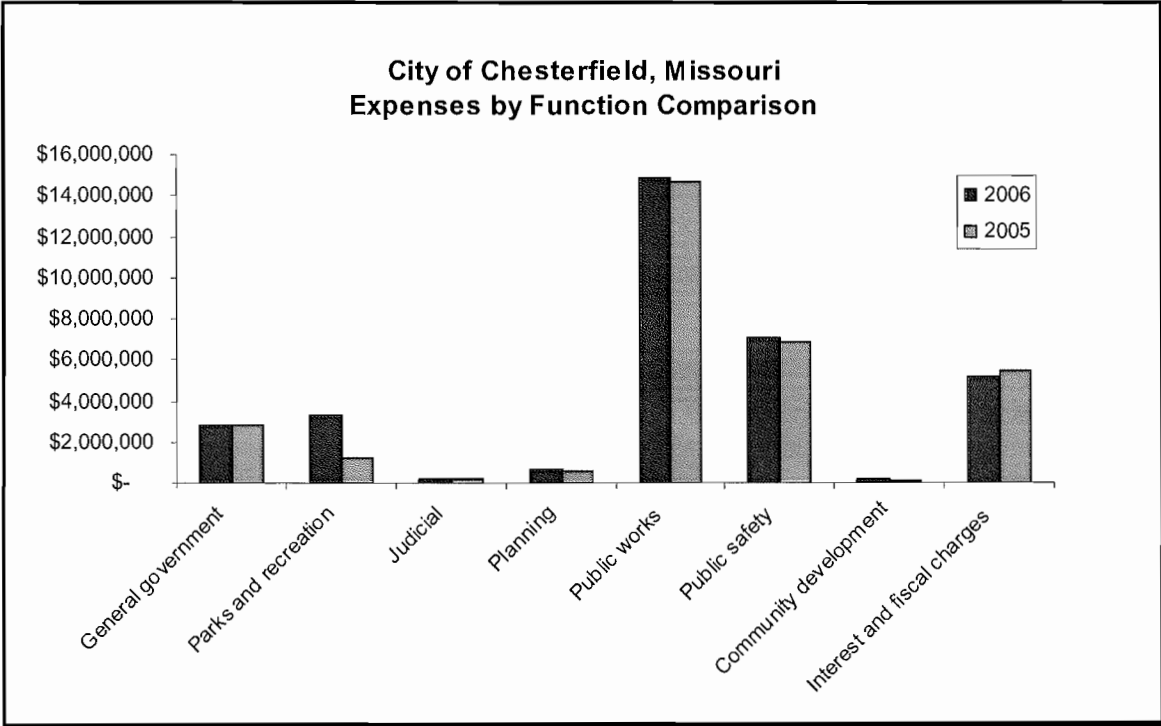
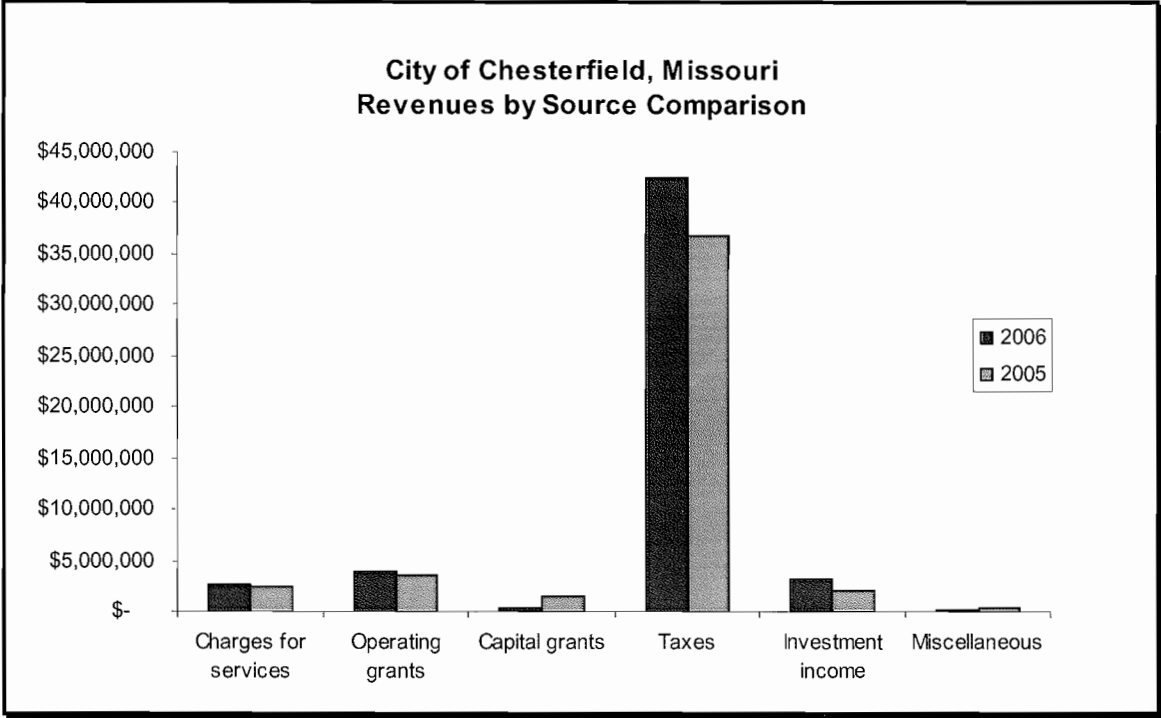
	Governmental Activities	
	For the years	
	ended December 31	
	2006	2005
Revenues		
Program revenues:		
Charges for services	\$ 2,689,749	2,393,896
Operating grants and contributions	4,036,605	3,623,959
Capital grants and contributions	417,894	1,464,064
General revenues:		
Taxes	42,458,019	36,795,332
Investment income	3,211,400	2,020,949
Miscellaneous	229,843	319,537
Total revenues	53,043,510	46,617,737
Expenses		
General government	2,828,371	2,820,464
Parks and recreation	3,279,634	1,200,554
Judicial	182,869	184,064
Planning	646,653	578,915
Public works	14,847,845	14,714,417
Public safety	7,099,546	6,877,264
Community development	153,130	65,848
Interest and fiscal charges	5,172,635	5,485,774
Total expenses	34,210,683	31,927,300
Changes in net assets	18,832,827	14,690,437
Net assets - beginning of year	114,937,321	100,246,884
Net assets - end of year	\$ 133,770,148	114,937,321

Changes in Net Assets

In 2006, the City's total revenue on a government-wide basis was \$53,043,510, an increase of \$6,425,773 as compared to 2005. This increase was primarily attributable to the parks sales tax collected for all of 2006 (\$4,907,397) in comparison to the tax collected for three quarters of 2005 (\$3,422,207). Additionally, an increase of sales tax revenues in the Chesterfield Valley TIF District of \$1,710,741 resulted primarily from the Transportation Development District's (TDD) additional 3/8 cents sales tax to the businesses in the Chesterfield Valley TIF that were also in the TDD's boundary. Interest earned from investment also increased significantly, an increase of \$1,190,451 over 2005.

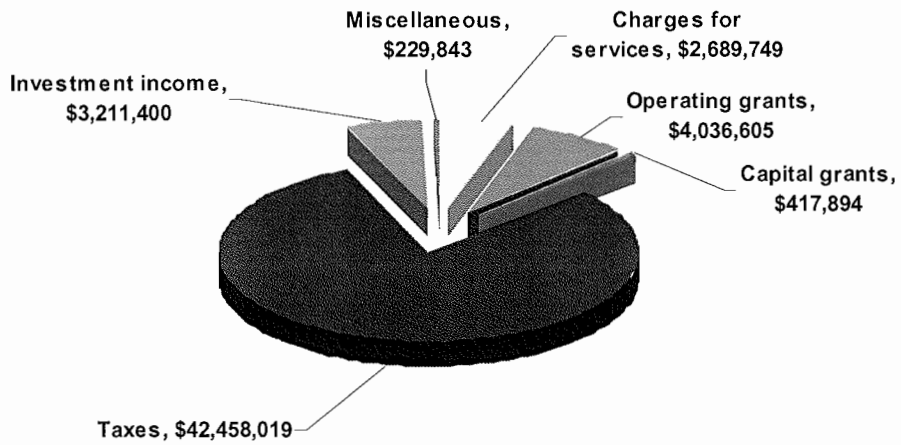
While the total revenues increased \$6,425,773 (13.8%) from last year, total expenses only increased by \$2,283,383 (7.2%) from last year. As a result, the change in net assets had increased significantly, \$4,142,390 (28.2%).

**City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006**

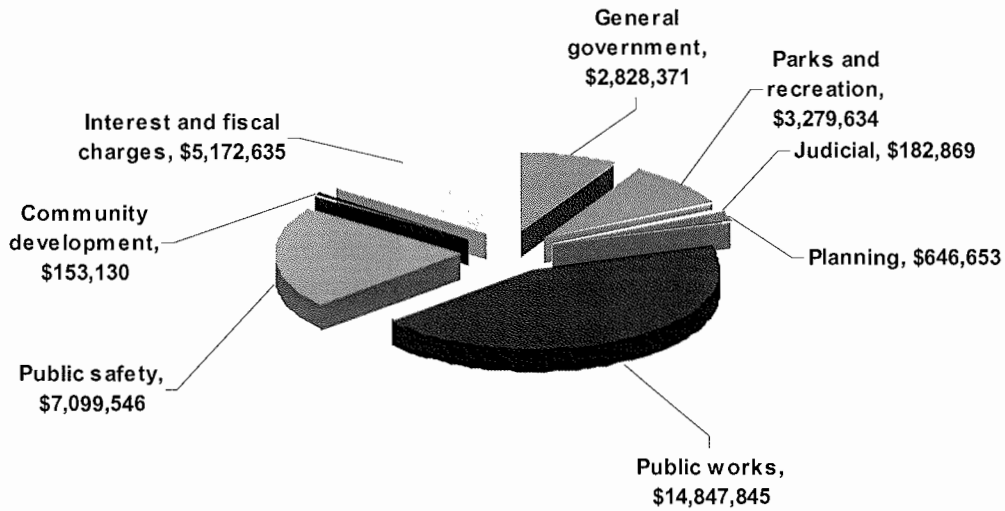


**City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006**

**City of Chesterfield, Missouri
Revenues by Source for Fiscal Year 2006**



**City of Chesterfield, Missouri
Expenses by Function for Fiscal Year 2006**



City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on inflows and balances of available expendable 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.

General Fund

At the end of year 2006, the unreserved fund balance of the General Fund was \$12,458,806, while the total fund balance was \$12,751,554. 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 70.6% of total General Fund expenditures and transfers out of \$17,641,961, while total fund balance represents 72.3% of total General Fund expenditures and transfers out.

The fund balance in the City's General Fund increased by \$479,589 (3.9%) from the prior year fund balance. The change of the current year's fund balances are mainly due to:

- County road and bridge tax increased by \$268,663 due to a 3.2% increase in assessed valuation, from \$1,548,311,988 to \$1,597,101,688.
- Utility gross receipts of gas did not increase as much as anticipated, only \$82,742 over the previous year. Although gas prices have historically increased over the last decade, consumers have lowered their usage due to the unsteady economy of the nation.
- Interest from investment was up by \$195,253 due to an increase in interest rates during the second half of 2006. The City was able to purchase a number of short-term certificates of deposit that yield relatively high interest.

Other Major Governmental Funds

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

- Chesterfield Valley Tax Increment Financing Fund increased by \$1,416,768 (11.2%) from the previous fund balance. This increase reflects the strong economic activity in the TIF. Additionally, the TIF collected an additional \$850,000 in sales tax due to the tax imposed by the Chesterfield Transportation Development District. At the end of December 31, 2006, the total unreserved fund balance was \$14,106,543.
- Parks Sales Tax Fund ended 2006 with unreserved fund balance of \$2,568,909. This ½ cent sales tax generated total revenue of \$4,907,397 in 2006. The parks sales tax was effective on April 1, 2005.
- TIF Bond Revenue Fund ended the year 2006 with unreserved fund balance of \$5,906,951. The decrease of \$1,936,307 in fund balance was the result of the settlement of THF litigation.

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

- Parks Construction Fund decreased by \$3,247,609 (15.9%). This decrease was mainly due to \$1,154,857 spent in renovating the pool at the City Central Park. The remaining balance of expenditures was for improvements at the Chesterfield Valley Athletic Complex. As of December 31, 2006, the unreserved fund balance was \$17,217,974.
- TIF Bond Debt Service Fund ended the year 2006 with an unreserved fund balance of \$9,032,797 or an increase of \$3,791,348 (72.3%) due to increased transfers in of revenues generated in the TIF district.
- R & S Debt Service Fund ended the year 2006 with an unreserved fund balance of \$17,859,893. The decrease of \$56,095 resulted from interest expense in excess of interest revenues.

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

At the end of 2006, cash and cash equivalents had increased \$831,076 (to \$2,335,183) from 2005 due to normal activity.

General Fund Budgetary Highlights

Final results for any given year will generally differ from that year's adopted budget. The final revised budget of the City's General Fund for 2006 was \$16,849,344, which differs from the original adopted budget of \$16,066,040 by \$783,304. These supplemental appropriations are summarized as follows:

- \$475,000 increase to fund the purchase and implementation of new software for finance, licenses, and community development
- \$95,000 increase to support administration activities
- \$213,000 increase to support public works activities

After transfers, the General Fund ended the year with an operating surplus of \$2,058,042. This surplus was \$698,677 (51.4%) more than the estimated amount of \$1,359,365 from the final revised budget as a result of management of budgetary expenditures. Although the only negative variance for revenues was municipal taxes, it represents almost 60% of total revenue. The remaining revenue categories all had positive variances. As a result, total revenues were \$247,389 (1.4%) less than the estimated amount of \$18,208,709.

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

Capital Assets

The City has invested \$161,248,291 in a broad range of capital assets, including park facilities, roads, buildings, machinery and equipment, and automobiles and trucks. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$3,207,735. In 2006, the City added:

		<u>Capital Assets, Net of Depreciation</u>	
		<u>December 31</u>	
		<u>2006</u>	<u>2005</u>
Land	\$	18,214,751	18,214,751
Right-of-way		73,661,483	73,303,530
Buildings and other improvements		22,077,278	20,080,886
Machinery and equipment		2,168,229	1,809,225
Automobiles and trucks		1,692,734	1,567,695
Infrastructure (including construction-in-progress)		43,433,816	43,064,469
Total	\$	<u>161,248,291</u>	<u>158,040,556</u>

Additional information on the City's capital assets can be found in Note 4 in the notes to the basic financial statements.

Long-Term Debt

At the end of December 2006, the City had outstanding long-term debt obligations for governmental activities in the amount of \$109,351,611 compared to \$124,856,312 in 2005. Of this amount, \$44,350,000 is general obligation bonds and \$22,781,611 is tax increment financing notes payable and bonds. Capital lease obligations outstanding totaled \$42,220,000. The 12.4% or \$15,504,701 decrease in the City's long-term debt obligations is primarily due to the City redeeming \$9,705,000 TIF Refunding and Improvement Bonds Series 2002. Additionally, the City did not issue or refund any debts during 2006. The only addition to the 2006 principal was \$299,688 TIF Notes that were endorsed in May of 2006.

The City's governmental activities debt is detailed below:

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

	Outstanding Long-term Debt Obligations		
	December 31		Percent
	2006	2005	Change
Certificate of Participation Series 2002	\$ 1,680,000	1,845,000	(8.9%)
Certificate of Participation (Government Center) Series 2004	15,270,000	15,580,000	(2.0)
Certificate of Participation (Park) Series 2005	25,270,000	25,710,000	(1.7)
General Obligation Bonds (R & S) Series 1997	8,200,000	8,745,000	(6.2)
General Obligation Bonds (R & S) Series 1999	11,955,000	12,515,000	(4.5)
General Obligation Bonds (R & S) Series 2005	17,760,000	17,760,000	0.0
General Obligation Bonds (Park) Series 1998	6,435,000	6,990,000	(7.9)
Levee District Note (Phase III)	6,131,611	6,376,312	(3.8)
TIF Refunding and Improvement Bonds	16,650,000	29,335,000	(43.2)
Total	\$ 109,351,611	124,856,312	(12.4%)

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The City's authorized debt limit for fiscal year 2006 was \$159,710,000. The City's effective legal debt margin as of December 31, 2006 was \$116,419,000.

Additional information on the City's long-term debt can be found in Note 13 in the notes to the basic financial statements.

Economic Factors and Next Year's Budget

- The fiscal year 2007 annual budget for the General Fund is \$17,427,582, an increase of \$578,238 (3.4%) from the 2006 amended budget.
- The 2007 annual fund for Special Revenue TIF Fund is \$1,192,860, also an increase of \$930,860 from 2006 budget. This increase is budgeted to cover the amount of TIF notes issued by the Levee District for completing the storm water projects.
- Capital Improvement Fund operating transfers out budget for 2007 is \$4,871,872. An increase of \$248,697 from the 2006 budget.
- Park Sales Tax Fund revenues in 2007 exceeded expectations due to positive growth in the local economy. The 2007 sales tax projection of \$4,995,500, an increase of \$145,500 (3%) from the 2006 budget. This increase is based upon the continued growth and the completion of renovations at the Chesterfield Mall.

City of Chesterfield, Missouri
Management's Discussion and Analysis
December 31, 2006

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City'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.

CITY OF CHESTERFIELD, MISSOURI
Statement of Net Assets
December 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 45,924,431
Cash refunding escrow	17,853,605
Investments	6,996,240
Receivables, net	15,208,395
Deferred charges	1,508,340
Other assets	295,078
Capital assets not being depreciated	94,499,253
Capital assets, net of accumulated depreciation	<u>66,749,038</u>
Total assets	<u>249,034,380</u>
LIABILITIES	
Accounts payable and accrued liabilities	1,251,593
Accrued salaries and other benefits	230,736
Accrued interest payable	1,408,391
Unearned revenue	1,090,995
Other liabilities	26,734
Long-term liabilities:	
Due within one year	33,468,837
Due in more than one year	<u>77,786,946</u>
Total liabilities	<u>115,264,232</u>
NET ASSETS	
Invested in capital assets, net of related debt	109,037,358
Restricted:	
Debt service	816,955
Capital project	755,930
Parks improvement project	2,570,819
Tax increment financing projects	29,449,494
Sewer lateral repair project	936,607
Unrestricted deficit	<u>(9,797,015)</u>
Total net assets	<u>\$ 133,770,148</u>

CITY OF CHESTERFIELD, MISSOURI
Statement of Activities
For the year ended December 31, 2006

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses) and Changes in Net Assets Governmental Activities</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government				
Governmental activities:				
General government	\$ 2,828,371	694,115	-	(2,134,256)
Parks and recreation	3,279,634	868,600	1,368	(2,409,666)
Judicial	182,869	942,244	-	759,375
Planning	646,653	34,853	-	(611,800)
Public works	14,847,845	108,644	3,604,465	(10,716,842)
Public safety	7,099,546	41,293	430,772	(6,627,481)
Community development	153,130	-	-	(153,130)
Interest and fiscal charges	5,172,635	-	-	(5,172,635)
Total governmental activities	\$ 34,210,683	2,689,749	4,036,605	(27,066,435)

General revenues:

Taxes:

Property taxes, levied for general purpose	12,799,336
Property taxes, levied for debt service	865,804
Sales and local use taxes	22,574,494
Gross receipts taxes (includes franchise tax)	5,617,717
Miscellaneous taxes (includes sewer lateral)	600,668
Unrestricted interest earnings	3,211,400
Miscellaneous	229,843
Total general revenues	45,899,262
Changes in net assets	18,832,827
Net assets - beginning of year	114,937,321
Net assets - end of year	\$ 133,770,148

CITY OF CHESTERFIELD, MISSOURI
Balance Sheet
Governmental Funds
December 31, 2006

	Major Funds										Nonmajor Funds					
	Chesterfield		Parks		TIF Bond		Parks		TIF Bond		R & S		Other		Total	
	General	Valley Tax Increment Financing	Sales Tax	Revenue	Construction	Debt Service	Construction	Debt Service	Debt Service	Governmental Funds	Governmental Funds	Governmental Funds	Governmental Funds	Governmental Funds	Governmental Funds	
ASSETS																
Cash and cash equivalents - unrestricted	\$ 4,301,827	4,044,953	2,270,643	6,285,129	17,666,336	9,060,258	-	6,288	-	2,288,997	-	-	-	45,924,431	-	-
Cash refunding escrow	-	-	-	-	-	-	-	17,853,605	-	-	-	-	-	17,853,605	-	-
Investments - unrestricted	6,996,240	-	-	-	-	-	-	-	-	-	-	-	-	6,996,240	-	-
Receivables:																
Municipal taxes	1,185,562	10,121,558	855,741	-	-	-	-	-	-	1,211,868	-	-	-	13,374,729	-	-
Intergovernmental	883,936	-	-	-	-	-	-	-	-	-	-	-	-	883,936	-	-
Interest	69,762	-	-	27,676	77,927	19,045	-	-	-	-	-	-	-	195,419	-	-
Other	531,743	209,938	12,630	-	-	-	-	-	-	-	-	-	-	754,311	-	-
Due from other funds	213,040	436,737	39	46,506	-	-	-	-	-	-	-	-	-	696,322	-	-
Prepays	292,748	-	1,910	-	-	-	-	-	-	-	-	-	-	295,078	-	-
Total assets	<u>\$ 14,474,858</u>	<u>14,813,186</u>	<u>3,140,963</u>	<u>6,359,311</u>	<u>17,744,263</u>	<u>9,079,303</u>	<u>-</u>	<u>17,859,893</u>	<u>-</u>	<u>3,502,294</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>86,974,071</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES																
Liabilities																
Accounts payable	\$ 385,555	13,692	146,393	158,381	526,289	-	-	-	-	21,283	-	-	-	1,251,593	-	-
Accrued salaries and other benefits	230,736	-	-	-	-	-	-	-	-	-	-	-	-	230,736	-	-
Due to other funds	145,772	39	155,207	293,979	-	46,506	-	-	-	54,819	-	-	-	696,322	-	-
Deferred revenue	934,507	692,912	268,544	-	-	-	-	-	-	54,729	-	-	-	1,950,692	-	-
Other liabilities	26,734	-	-	-	-	-	-	-	-	-	-	-	-	26,734	-	-
Total liabilities	<u>1,723,304</u>	<u>706,643</u>	<u>570,144</u>	<u>452,360</u>	<u>526,289</u>	<u>46,506</u>	<u>-</u>	<u>17,859,893</u>	<u>-</u>	<u>130,831</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>4,156,077</u>	<u>-</u>	<u>-</u>
Fund balances																
Reserved:																
Prepays	292,748	-	1,910	-	-	-	-	-	-	420	-	-	-	295,078	-	-
Unreserved, reported in:																
General Fund - designated for subsequent year expenditures	147,770	-	-	-	-	-	-	-	-	-	-	-	-	147,770	-	-
General Fund - undesignated	12,311,036	-	-	-	-	-	-	-	-	-	-	-	-	12,311,036	-	-
Special Revenue Funds	-	14,106,543	2,568,909	5,906,951	-	-	-	-	-	1,748,149	-	-	-	24,330,552	-	-
Capital Project Funds	-	-	-	-	17,217,974	-	-	-	-	-	-	-	-	17,217,974	-	-
Debt Service Funds	-	-	-	-	-	9,032,797	-	17,859,893	-	1,622,894	-	-	-	28,515,584	-	-
Total fund balances	<u>12,751,554</u>	<u>14,106,543</u>	<u>2,570,819</u>	<u>5,906,951</u>	<u>17,217,974</u>	<u>9,032,797</u>	<u>-</u>	<u>17,859,893</u>	<u>-</u>	<u>3,371,463</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>82,817,994</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 14,474,858</u>	<u>14,813,186</u>	<u>3,140,963</u>	<u>6,359,311</u>	<u>17,744,263</u>	<u>9,079,303</u>	<u>-</u>	<u>17,859,893</u>	<u>-</u>	<u>3,502,294</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>86,974,071</u>	<u>-</u>	<u>-</u>

CITY OF CHESTERFIELD, MISSOURI
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2006

Total fund balances - governmental funds - balance sheet	\$	82,817,994
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 the amount by which capital assets (\$220,181,978) exceeded accumulated depreciation (\$58,933,687) as of December 31, 2006.		161,248,291
Property taxes are assessed by the City, but are not collected as of December 31, 2006 and deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements.		747,640
Court fines receivable as of December 31, 2006 are deferred within the fund financial statements. This amount is recognized in the government-wide financial statements.		112,057
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, premiums, 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, 2006 are:		
Accrued compensated absences, vacation, and compensatory time-off		(627,352)
Accrued interest on outstanding debts as of year-end 2006		(1,408,391)
Bonds, notes payable, and lease obligations outstanding		(109,351,611)
Unamortized bond premium		(1,389,883)
Unamortized bond discount		113,063
Unamortized bond issuance cost for debts issued in the previous year		<u>1,508,340</u>
Total net assets - governmental activities - statement of net assets	\$	<u><u>133,770,148</u></u>

CITY OF CHESTERFIELD, MISSOURI
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2006

	Major Funds						Nonmajor Funds		Total Governmental Funds
	Chesterfield Valley Tax Increment Financing	Parks Sales Tax	TIF Bond Revenue	Parks Construction	TIF Bond Debt Service	R & S Debt Service	Other Governmental Funds		
REVENUES	General								
Municipal taxes	\$ 10,617,829	4,907,397	-	-	-	-	5,544,794	43,693,416	
Licenses and permits	1,379,243	-	-	-	-	-	-	1,379,243	
Intergovernmental	4,169,206	-	-	-	-	-	30,765	4,199,971	
Charges for services, net	188,708	868,600	-	-	-	-	-	1,057,308	
Court fines and forfeitures	886,948	-	-	-	-	-	-	886,948	
Investment income, net arbitrage	481,053	90,127	465,641	931,482	381,808	619,298	106,827	3,211,400	
Miscellaneous	238,333	6,258	-	-	-	-	-	244,591	
Total revenues	17,961,320	5,872,382	465,641	931,482	381,808	619,298	5,682,386	54,672,877	
EXPENDITURES									
Current:									
Legislative	67,324	-	-	-	-	-	-	67,324	
Administrative	2,393,069	-	-	-	-	-	-	2,393,069	
Police services	6,865,057	-	-	-	-	-	19,074	6,884,131	
Judicial	181,150	-	-	-	-	-	-	181,150	
Planning and zoning	636,259	-	-	-	-	-	-	636,259	
Public works	4,649,423	-	4,030,628	-	-	-	494,956	9,682,059	
Parks and recreation	-	2,526,653	-	241,716	-	-	-	2,768,369	
Capital outlay	1,110,996	354,513	1,437,904	3,937,375	-	-	2,465,533	9,306,321	
Debt service:									
Principal	-	-	-	-	13,229,389	1,105,000	1,470,000	15,804,389	
Interest and fiscal charges	-	-	-	-	1,428,915	1,682,680	2,178,279	5,289,874	
Total expenditures	15,903,278	2,881,166	5,468,532	4,179,091	14,658,304	2,787,680	6,627,842	53,012,945	
Excess (deficiency) of revenues over (under) expenditures	2,058,042	2,991,216	(5,002,891)	(3,247,609)	(14,276,496)	(2,168,382)	(945,456)	1,659,932	
OTHER FINANCING SOURCES (USES)									
Tax increment financing notes issued	-	-	-	-	-	-	-	299,688	
Sale of capital assets	160,230	-	-	-	-	-	-	160,230	
Transfers in	-	-	3,066,584	-	18,067,844	2,112,287	5,411,635	28,658,350	
Transfers out	(1,738,683)	(1,527,883)	-	-	-	-	(4,257,356)	(28,658,350)	
Total other financing sources (uses), net	(1,578,453)	(1,527,883)	3,066,584	-	18,067,844	2,112,287	1,154,279	459,918	
Net change in fund balances	479,589	1,416,768	(1,936,307)	(3,247,609)	3,791,348	(56,095)	208,823	2,119,850	
Fund balances:									
Beginning of year	12,271,965	12,689,775	7,843,258	20,465,583	5,241,449	17,915,988	3,162,640	80,698,144	
End of year	\$ 12,751,554	14,106,543	5,906,951	17,217,974	9,032,797	17,859,893	3,371,463	82,817,994	

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, 2006

Net change in fund balances - governmental funds - statement of revenues, expenditures, and changes in fund balances		\$ 2,119,850
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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 depreciation expense exceeded capital outlays, meeting the capitalization threshold in the current period.</p>		
		3,015,281
The net effect of various miscellaneous transactions involving capital assets:		
Cost of vehicles sold - net of accumulated depreciation	(165,499)	
Contributed capital assets - infrastructure - right of way	<u>357,953</u>	192,454
Adjustments to 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 TIF Fund	(2,038,111)	
Property taxes for Park Debt Service Fund	<u>(64,443)</u>	(2,102,554)
Court fines revenue in the statement of activities that do not provide current financial resources is not reported as revenue in the fund financial statements.		
		55,293
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:		
TIF Notes Phase III	(299,688)	
Repayments during the current year:		
Levee District Note	544,389	
TIF Refunding and Improvement Bond	12,685,000	
Annual principal payments on bonds and certificates of participation	<u>2,575,000</u>	15,504,701
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	(69,437)	
Accrued interest on bonds	151,666	
Amortized bond discount	(10,279)	
Amortized bond issuance cost	(111,939)	
Amortized bond premium	<u>87,791</u>	47,802
Change in net assets - governmental activities - statement of activities		<u>\$ 18,832,827</u>

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

(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 U.S. generally accepted accounting principles 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. Based on this criteria, the City has determined that its financial reporting entity consists of the City (primary government) and no other reporting units.

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

The government-wide financial statements (e.g., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. 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 business-type activities, which rely to a significant extent on fees and charges for support.

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 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, Chesterfield Valley Tax Increment Financing Fund, Park Sales Tax Fund, TIF Bond Revenue Fund, Parks Construction Fund, TIF Bond Debt Service Fund, and R & S Debt Service 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 are 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

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

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 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.

Parks Sales Tax Fund - The Parks Sales Tax Fund is a special revenue fund used to account for the accumulation of resources from the ½ cent parks sales tax passed in November 2004 and effective April 2005. All parks and recreation activity is tracked in this fund.

TIF Bond Revenue Fund - The TIF Bond Revenue Fund is a special revenue fund 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 Allocation Fund and designated for use in the TIF district only. These bonds refunded all prior outstanding TIF notes.

Parks Construction Fund - The Parks Construction Fund is a capital projects fund used to account for financial resources to be used for the acquisition of park land or construction of park and recreation facilities.

TIF Bond Debt Service Fund - The TIF Bond Debt Service Fund is a debt service fund 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.

R & S Debt Service Fund - The Road and Sidewalk Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal and interest payment on the General Obligation Street and Sidewalk Bond issue Series 2005.

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

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

Fiduciary Fund Type

Agency Funds - 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 a proprietary fund type. 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.

(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 funds 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 fund types. All fiduciary funds, including Agency Funds use the accrual basis of accounting.

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 60 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 (e.g., matured).

GASB 33 groups nonexchange transactions into the following four classes based upon 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, whichever occurs

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

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 roads, bridges, and 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 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

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

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 that 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 \$627,352 has been recorded in the government-wide financial statements.

(i) *Capital Contributions*

Capital contributions within public works represent government grants and other aid used to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement. Amounts received from other governments that are not restricted for capital purposes are reflected as intergovernmental revenue.

(j) *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.

(k) *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 revenue is recorded in the government-wide statements as unearned revenue and as deferred revenue in the fund financial statements. Also included in the fund financial statements in deferred revenue are property tax revenues and court fines that are not collected within 60 days following the end of the current period and gross receipt taxes received from wireless telecommunication companies under protest.

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

(l) *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 segregated for a specific future use. Reserved fund balances at December 31, 2006 are comprised of prepaid assets.

(m) *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.

(n) *Amortization*

In government-wide financial statements, bond premium and discounts are recorded as an increase or 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.

(o) *Use of Estimates*

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles 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.

(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 December 31, 2006, the City's deposits were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

The following is a reconciliation of the City's deposit and investment balances at December 31, 2006:

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Fiduciary Net Assets	Total
Cash and cash equivalents	\$ 45,924,431	2,335,183	48,259,614
Cash refunding escrow	17,853,605	-	17,853,605
Investments	6,996,240	-	6,996,240
	<u>\$ 70,774,276</u>	<u>2,335,183</u>	<u>73,109,459</u>

Interest Rate Risk

The City seeks to minimize the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Maintaining a sufficient balance in liquid funds to adequately cover forecasted cash requirements.

The City's goal is to match its investments with its anticipated cash flow requirements. No investments shall mature and become payable more than five years from the date of purchase. The investments of the primary government had the following maturities as of December 31, 2006:

	Fair Market Value	Less than One Year	1 - 5 Years
Primary Government:			
Repurchase Agreements	\$ 19,555,838	19,555,838	-
Money Market	28,305,933	28,305,933	-
Collateralized Certificates of Deposit	3,500,000	3,500,000	-
Federal Farm Credit Bank	501,850	-	501,850
Fannie Mae Notes	2,994,390	2,994,390	-
	<u>\$ 54,858,011</u>	<u>54,356,161</u>	<u>501,850</u>

Credit Risk

The City seeks to minimize credit risk, the risk of loss due to the failure of the security issuer by:

1. Pre-qualifying the financial institutions, securities dealers, intermediaries, and advisors with which the City will do business.
2. Diversifying the portfolio so that potential losses on individual securities will be minimized.
3. Settling all purchase/sale transactions delivery versus payment.

According to the investment policy, any agency security purchased must be senior debt and rated with the highest debt rating by Moody's Investor Services, Inc. and Standard and Poor's Corporation. The

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

following table provides information on the credit ratings associated with the City's investments as of December 31, 2006, excluding obligations of the United States government or obligations explicitly guaranteed by the United States government.

	<u>Fair Market Value</u>	<u>Average Credit Quality (Moody's)</u>
Primary Government:		
Federal Farm Credit Bank	\$ 501,850	AAA
Collateralized Certificates of Deposit*	3,500,000	N/A
Money Market*	28,305,933	Unrated
Repurchase Agreements*	19,555,838	N/A
Fannie Mae Notes	2,944,390	AAA

*Collateralized by United States Treasury Securities

Concentration of Credit Risk

The investment policy states that the City will diversify by security type and institution. Security types shall be diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies are periodically reviewed and have been established as follows:

- United States Treasury Securities - up to 100% of total investments
- United States Agency Securities - no more than 60% of total investments
- Collateralized Certificates of Deposit - no more than 50% of total investments
- Collateralized Repurchase Agreements - no more than 50% of total investments
- United States Agency Callable Securities - no more than 35% of total investments
- Commercial Paper - no more than 10% of total investments
- Bankers Acceptances - no more than 10% of total investments

In addition, investment in any single issuer of United States Agency Securities is limited to 40% of the total amount of all United States Agency Securities in the portfolio. Investment transactions with a single institution will be limited to 35% of the total portfolio.

	<u>Fair Market Value</u>	<u>Percent of Total Cash and Investment</u>
Primary Government:		
Federal Farm Credit Bank	\$ 501,850	0.7%
Collateralized Certificates of Deposit*	3,500,000	4.9%
Money Market*	28,305,933	40.0%
Repurchase Agreements*	19,555,838	27.6%
Fannie Mae Notes	2,994,390	4.2%

*Collateralized by United States Treasury Securities

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

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

(3) Receivables, Net of Allowances

	<u>Municipal Taxes</u>	<u>Intergovern- mental</u>	<u>Interest</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities					
General Fund	\$ 1,185,562	883,936	69,762	531,743	2,671,003
Chesterfield Valley Tax Increment Financing Fund	10,121,558	-	-	209,938	10,331,496
Parks Sales Tax Fund	855,741	-	-	12,630	868,371
TIF Bond Revenue Fund	-	-	27,676	-	27,676
Parks Construction Fund	-	-	77,927	-	77,927
TIF Bond Debt Service Fund	-	-	19,045	-	19,045
Nonmajor other governmental funds	<u>1,211,868</u>	<u>-</u>	<u>1,009</u>	<u>-</u>	<u>1,212,877</u>
Total governmental activities	<u>\$ 13,374,729</u>	<u>883,936</u>	<u>195,419</u>	<u>754,311</u>	<u>15,208,395</u>

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

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

(4) Capital Assets

The following is a summary of changes in capital assets - governmental activities for the year ended December 31, 2006:

	<u>Balance December 31 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance December 31 2006</u>
Governmental activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 18,214,751	-	-	-	18,214,751
Right-of-way	73,303,530	357,953	-	-	73,661,483
Construction in progress	1,561,043	1,970,581	-	(908,605)	2,623,019
Total capital assets not being depreciated	<u>93,079,324</u>	<u>2,328,534</u>	<u>-</u>	<u>(908,605)</u>	<u>94,499,253</u>
<i>Capital assets being depreciated:</i>					
Buildings	15,002,337	-	-	-	15,002,337
Other improvements	10,088,089	1,972,992	-	908,605	12,969,686
Machinery and equipment	3,427,703	787,117	234,472	-	3,980,348
Automobiles and trucks	3,386,585	749,320	658,770	-	3,477,135
Infrastructure	88,911,429	2,390,119	1,048,329	-	90,253,219
Total capital assets being depreciated	<u>120,816,143</u>	<u>5,899,548</u>	<u>1,941,571</u>	<u>908,605</u>	<u>125,682,725</u>
<i>Less - Accumulated depreciation for:</i>					
Buildings	2,012,328	375,308	-	-	2,387,636
Other improvements	2,997,212	509,897	-	-	3,507,109
Machinery and equipment	1,618,478	373,071	179,430	-	1,812,119
Automobiles and trucks	1,818,890	513,824	548,313	-	1,784,401
Infrastructure	47,408,003	3,082,748	1,048,329	-	49,442,422
Total accumulated depreciation	<u>55,854,911</u>	<u>4,854,848</u>	<u>1,776,072</u>	<u>-</u>	<u>58,933,687</u>
Total capital assets being depreciated, net	<u>64,961,232</u>	<u>1,044,700</u>	<u>165,499</u>	<u>908,605</u>	<u>66,749,038</u>
Governmental activities - capital assets, net	<u>\$ 158,040,556</u>	<u>3,373,234</u>	<u>165,499</u>	<u>-</u>	<u>161,248,291</u>

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

Governmental activities:	
General government	\$ 503,324
Parks and recreation	504,885
Planning	4,172
Public works	3,653,656
Public safety	187,449
Community development	<u>1,362</u>
Total depreciation expense, governmental activities	<u>\$ 4,854,848</u>

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

(5) Accounts Payable

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

(6) Net Asset

(a) Unrestricted Net Assets Deficit

The government-wide statement of net assets reflects an unrestricted net asset deficit of (\$9,797,015). This total is comprised of \$12,984,596 in unrestricted net assets from operations and (\$22,781,611) in unrestricted net assets deficit resulting from the issuance of TIF Refunding and Improvement Revenue Bonds Series 2002 (TIF bonds) and TIF Notes, 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 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.

(b) Restricted Net Assets Deficit

The government-wide statement of net assets report \$34,529,805 of restricted net assets, all of which is restricted by enabling legislation.

(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 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 2006 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 2005 levy was due and collectible within the City's fiscal year ended December 31, 2006.

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.

(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

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

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 2006 premium payments to the trust was \$241,235.

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 GASB 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. In 2005, the City switched the administrator to Hartford Investment. 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 are fully vested (100%) after five years of credited service. The City's contribution for 2006 was \$701,566 or 8% of covered payroll less any forfeitures from terminated nonvested employees.

Total covered payroll for the year was \$8,778,975 or 86% of the total City payroll of \$10,160,333.

(11) Interfund Balances

Individual fund interfund receivable and payable balances as of December 31, 2006 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 45,069
General Fund	Parks Sales Tax Fund	155,207
General Fund	TIF Bond Revenue Fund	3,014
General Fund	Nonmajor Governmental Funds	9,750
Park Sales Tax Fund	Chesterfield Valley TIF Fund	39
Chesterfield Valley TIF Fund	General Fund	145,772
Chesterfield Valley TIF Fund	TIF Bond Revenue Fund	290,965
TIF Bond Revenue Fund	TIF Bond Debt Service Fund	46,506
		\$ 696,322

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, 2007.

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

(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, 2006 are as follows:

2007	\$ 27,957
2008	17,415
2009	17,415
2010	10,237
2011	2,545
	\$ 75,569

(13) Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended December 31, 2006:

	Balance December 31 2005	Additions	Reductions	Balance December 31 2006	Amounts Due Within One Year
Compensated absences	\$ 557,915	720,969	(651,532)	627,352	347,226
General obligation bonds	46,010,000	-	(1,660,000)	44,350,000	9,360,000
Plus - Issuance premium	340,144	-	(24,296)	315,848	-
Certificates of participation	43,135,000	-	(915,000)	42,220,000	980,000
Plus - Issuance premium	1,137,530	-	(63,495)	1,074,035	-
Taxes increment financing notes payable	6,376,312	299,688	(544,389)	6,131,611	6,131,611
TIF refunding and improvement bonds	29,335,000	-	(12,685,000)	16,650,000	16,650,000
Less - Issuance discount	(123,342)	-	10,279	(113,063)	-
Total	\$ 126,768,559	1,020,657	(16,533,433)	111,255,783	33,468,837

General Obligation Bonds Payable

In February 2005, the City issued \$17,790,000 in General Obligation Refunding Bonds Series 2005 for a crossover refunding for a portion of General Obligation Bonds Series 1997 and a portion of General Obligation Bonds 1999 that had \$9,265,000 and \$13,055,000 outstanding, respectively. The Series 2005 bonds bear interest ranging from 3% to 5% and are repaid through a Debt Service Fund. The net proceeds of the Series 2005 issue were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the Series 2005 bonds to the "crossover" date of February 15, 2007 for the General Obligation Bonds Series 1997 and February 15, 2009 for the General Obligation Bonds Series 1999 and to provide for the \$17,760,000 called principal of the bonds on those dates. A crossover refunding does not result in the defeasance of debt prior to the crossover date because the asset placed in the irrevocable escrow are not used solely for satisfying scheduled payments on the defeased debt. As a result, the fund's balance and investments in the Debt Service Fund at December 31, 2006 include the proceeds which will be used to defease a portion of the principal balance outstanding on February 15, 2007 and February 15, 2009, respectively, of the bonds.

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

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% 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 Series 1995 bonds. As a result, the Series 1995 bonds are considered defeased and the liability for these bonds has been removed from the basic financial statements.

In February 1997, the City issued \$14,230,000 in General Obligation Bonds Series 1997, the proceeds of which are to be used for 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.

The annual principal and interest requirements to maturity of the General Obligation Bonds as of December 31, 2006 are as follows:

	General Obligation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 9,360,000	1,727,962	11,087,962
2008	1,810,000	1,455,722	3,265,722
2009	12,060,000	1,142,670	13,202,670
2010	2,035,000	829,096	2,864,096
2011	2,135,000	749,072	2,884,072
2012-2016	11,200,000	2,373,528	13,573,528
2017-2019	5,750,000	372,138	6,122,138
	<u>\$ 44,350,000</u>	<u>8,650,188</u>	<u>53,000,188</u>

Certificates of Participation

In January 2005, the City issued \$25,710,000 in Certificates of Participation (Series 2005), which represent proportionate interests in base rentals to be paid by the City pursuant to an annually renewable lease/purchase agreement dated January 1, 2005 between the City and Wells Fargo Bank (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 park land and parks and recreation amenities. The base rentals constitute rent for the land and amenities pursuant to the lease. The certificates of participation bear interest ranging from 3% to 5% and will be repaid through the revenues generated by the ½ cent sales tax for parks passed by voters in November 2004. This sales tax has taken effect on April 1, 2005.

In August 2004, the City had advanced refunding on the Certificates of Participation (Series 2000) which had an outstanding principal amount of \$16,495,000 at that time. The City simultaneously issued the Certificates of Participation (Series 2004) in the amount of \$15,820,000, depositing the proceeds and the funds currently in the reserve fund with the Escrow Agent (UMB Bank, N.A., Kansas City, Missouri). The certificates of participation bear interest from 3% to 5% and are repaid by General Fund operating revenues.

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

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

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) funding a Debt Service Reserve Fund for the certificates; and 3) paying the costs of delivering the certificates. The certificates of participation bear interest from 2% to 4.2% and are repaid through a transfer of General Fund operating revenues to a Debt Service Fund.

The annual principal and interest requirements to maturity of the certificates of participation as of December 31, 2006 are as follows:

	Certificates of Participation		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 980,000	1,828,272	2,808,272
2008	1,080,000	1,798,232	2,878,232
2009	1,190,000	1,763,650	2,953,650
2010	1,610,000	1,719,350	3,329,350
2011	1,740,000	1,661,814	3,401,814
2012-2016	10,805,000	7,084,799	17,889,799
2017-2021	14,685,000	4,492,269	19,177,269
2022-2025	10,130,000	1,148,375	11,278,375
	<u>\$ 42,220,000</u>	<u>21,496,761</u>	<u>63,716,761</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 assumed 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 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.

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

CITY OF CHESTERFIELD, MISSOURI
Notes to Basic Financial Statements
December 31, 2006

	Balance December 31 2005	Additions	Reductions	Balance December 31 2006
Levee District TIF notes payable: Series 2002, tax increment revenue notes, interest rate 6.041%, payable through August 15, 2017	\$ 6,376,312	299,688	(544,389)	6,131,611

The annual repayment amounts for the Levee District TIF Notes will be determined based upon future revenues, however, the City planned to pay off the \$6,131,611 in 2007. A schedule of debt service requirements to maturity cannot be established. The amount due within one year (2007) was the balance of these notes as shown in item (13) on page 43.

(14) Interfund Transfers

Individual fund transfers for the year ended December 31, 2006 are as follows:

		Transfer From				
		General Fund	Chesterfield Valley Tax Increment Financing Fund	Park Sales Tax Fund	Other Governmental Funds	Total
Transfer	TIF Bond Revenue Fund	\$ -	3,066,584	-	-	3,066,584
To	TIF Bond Debt Service Fund	-	18,067,844	-	-	18,067,844
	R & S Debt Service Funds	-	-	-	2,112,287	2,112,287
	Other government- al funds	1,738,683	-	1,527,883	2,145,069	5,411,635
		\$ 1,738,683	21,134,428	1,527,883	4,257,356	28,658,350

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.

(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) Subsequent Events

On April 15, 2007, the City retired all remaining TIF Refunding and Improvement Revenue Bonds (\$16,650,000) pursuant to the Act and Trust Indenture dated April 1, 2002 and seven years earlier than the debt terms. The Chesterfield Valley Tax Increment Financing District (the District) will continue to operate until all remaining obligations are liquidated which include the Levee District TIF Notes shown in note (13). It is anticipated the District will cease operations in the Spring of 2008.

CITY OF CHESTERFIELD, MISSOURI
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the year ended December 31, 2006

Schedule 1

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Municipal taxes:				
Utility gross receipts	\$ 5,099,954	5,099,954	4,679,859	(420,095)
Sales taxes	6,232,523	6,232,523	5,937,970	(294,553)
Total municipal taxes	11,332,477	11,332,477	10,617,829	(714,648)
Licenses and permits	1,250,252	1,250,252	1,379,243	128,991
Intergovernmental:				
Motor fuel and vehicle sales taxes	2,060,844	2,060,844	1,966,534	(94,310)
Cigarette tax	170,000	170,000	164,734	(5,266)
Road and bridge tax	1,586,000	1,586,000	1,637,931	51,931
Grants and other	309,458	309,458	400,007	90,549
Total intergovernmental	4,126,302	4,126,302	4,169,206	42,904
Charges for services:				
Inspection and subdivision fees	72,800	72,800	129,342	56,542
Zoning applications	13,000	13,000	14,155	1,155
Police reports	10,000	10,000	9,493	(507)
False alarms	36,050	36,050	31,800	(4,250)
Other charges	3,090	3,090	3,918	828
Total charges for services	134,940	134,940	188,708	53,768
Court fines and forfeitures	884,100	884,100	886,948	2,848
Investment income	357,838	357,838	481,053	123,215
Miscellaneous	72,800	122,800	238,333	115,533
Total revenues	18,158,709	18,208,709	17,961,320	(247,389)
EXPENDITURES	16,066,040	16,849,344	15,903,278	946,066
Excess of revenues over expenditures	2,092,669	1,359,365	2,058,042	698,677
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	153,000	153,000	160,230	7,230
Transfers out	(1,869,438)	(2,869,438)	(1,738,683)	1,130,755
Total other financing sources (uses), net	(1,716,438)	(2,716,438)	(1,578,453)	1,137,985
Net change in fund balance	\$ 376,231	(1,357,073)	479,589	1,836,662

(Continued)

CITY OF CHESTERFIELD, MISSOURI
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the year ended December 31, 2006

Schedule 1

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual Other Expenditures</u>	<u>Variance with Final Budget Positive (Negative)</u>
General government:				
Legislative - Mayor's Office and City Council:				
Personal services	\$ 64,811	64,811	64,744	67
Contractual services	3,150	3,150	2,415	735
Commodities	800	800	165	635
Total legislative	<u>68,761</u>	<u>68,761</u>	<u>67,324</u>	<u>1,437</u>
Administrative:				
City clerk:				
Personal services	216,792	213,792	211,515	2,277
Contractual services	29,675	29,675	20,333	9,342
Commodities	2,750	2,750	2,494	256
City Administrator:				
Personal services	214,932	211,932	205,324	6,608
Contractual services	5,150	5,150	7,936	(2,786)
Community development				
Personal services	126,900	124,900	128,400	(3,500)
Contractual services	16,705	16,705	23,368	(6,663)
Finance:				
Personal services	392,967	441,967	408,186	33,781
Contractual services	93,400	93,400	68,736	24,664
Commodities	3,000	3,000	2,559	441
Capital outlay	-	430,000	228,656	201,344
Central services:				
Personal services	5,000	117,000	38,633	78,367
Contractual services	822,850	847,850	893,349	(45,499)
Commodities	58,000	58,000	55,127	2,873
Capital outlay	-	-	21,983	(21,983)
Information systems:				
Personal services	211,842	208,842	206,444	2,398
Contractual services	87,500	87,500	65,262	22,238
Commodities	64,600	64,600	55,403	9,197
Capital outlay	16,000	16,000	11,192	4,808
Total administrative	<u>2,368,063</u>	<u>2,973,063</u>	<u>2,654,900</u>	<u>318,163</u>
Police services:				
Personal services	6,484,168	6,484,168	6,310,289	173,879
Contractual services	355,811	355,811	357,627	(1,816)
Commodities	173,735	181,228	197,141	(15,913)
Capital outlay	318,500	318,500	313,546	4,954
Total police services	<u>7,332,214</u>	<u>7,339,707</u>	<u>7,178,603</u>	<u>161,104</u>
Judicial:				
Personal services	149,183	148,183	139,913	8,270
Contractual services	45,860	45,860	41,237	4,623
Commodities	400	400	-	400
Total judicial	<u>195,443</u>	<u>194,443</u>	<u>181,150</u>	<u>13,293</u>

CITY OF CHESTERFIELD, MISSOURI

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the year ended December 31, 2006

	Original Budget	Final Revised Budget	Actual Other Expenditures	Variance with Final Budget Positive (Negative)
Planning and zoning:				
Personal services	676,014	667,014	614,001	53,013
Contractual services	29,322	29,322	20,814	8,508
Commodities	1,500	1,500	1,444	56
Total planning and zoning	<u>706,836</u>	<u>697,836</u>	<u>636,259</u>	<u>61,577</u>
Public works:				
Administration and engineering:				
Personal services	1,052,043	1,050,043	1,063,847	(13,804)
Contractual services	111,805	261,805	90,446	171,359
Commodities	28,270	23,270	17,395	5,875
Capital outlay	106,500	131,622	90,732	40,890
Street and sewer maintenance:				
Personal services	1,389,724	1,354,724	1,348,197	6,527
Contractual services	402,393	402,393	477,907	(75,514)
Commodities	412,000	412,000	333,775	78,225
Capital outlay	535,945	535,945	438,291	97,654
Vehicle maintenance:				
Personal services	285,931	287,931	274,980	12,951
Contractual services	149,865	149,865	143,968	5,897
Commodities	296,000	296,000	335,567	(39,567)
Capital outlay	12,300	59,089	6,596	52,493
Building maintenance:				
Personal services	290,147	286,147	248,154	37,993
Contractual services	259,800	262,700	262,947	(247)
Commodities	41,500	41,500	41,355	145
Street lighting - contractual services:				
Contractual services	18,000	18,000	10,885	7,115
Commodities	2,500	2,500	-	2,500
Total public works	<u>5,394,723</u>	<u>5,575,534</u>	<u>5,185,042</u>	<u>390,492</u>
Total expenditures	<u>\$ 16,066,040</u>	<u>16,849,344</u>	<u>15,903,278</u>	<u>946,066</u>

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
For the year ended December 31, 2006

Schedule 2

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Municipal taxes:				
Property	\$ 11,450,000	11,450,000	14,837,448	3,387,448
Utility gross receipts	260,000	260,000	235,432	(24,568)
Sales	5,600,000	6,185,000	7,550,516	1,365,516
Total municipal taxes	17,310,000	17,895,000	22,623,396	4,728,396
Investment income	55,000	55,000	135,164	80,164
Miscellaneous	180,000	180,000	-	(180,000)
Total revenues	17,545,000	18,130,000	22,758,560	4,628,560
EXPENDITURES				
Public works	62,000	262,000	507,052	(245,052)
Excess of revenues over expenditures	17,483,000	17,868,000	22,251,508	4,383,508
OTHER FINANCING SOURCES (USES)				
Tax increment financing notes issued	-	-	299,688	299,688
Transfers out	(13,750,000)	(21,750,000)	(21,134,428)	615,572
Total other financing sources (uses), net	(13,750,000)	(21,750,000)	(20,834,740)	915,260
Net change in fund balance	\$ 3,733,000	(3,882,000)	1,416,768	5,298,768

CITY OF CHESTERFIELD, MISSOURI
Parks Sales Tax Fund - Special Revenue Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended December 31, 2006

Schedule 3

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Municipal taxes:				
Sales taxes	\$ 4,850,000	4,850,000	4,907,397	57,397
Park charges and fees	808,500	808,500	868,600	60,100
Investment income	50,000	50,000	90,127	40,127
Miscellaneous	10,000	10,000	6,258	(3,742)
Total revenues	<u>5,718,500</u>	<u>5,718,500</u>	<u>5,872,382</u>	<u>153,882</u>
EXPENDITURES				
Parks and recreation	2,584,258	2,586,758	2,526,653	60,105
Capital outlay	471,353	494,533	354,513	140,020
Total expenditures	<u>3,055,611</u>	<u>3,081,291</u>	<u>2,881,166</u>	<u>200,125</u>
Excess of revenues over expenditures	2,662,889	2,637,209	2,991,216	354,007
OTHER FINANCING USES				
Transfers out	-	(1,500,000)	(1,527,883)	(27,883)
Net change in fund balance	<u>\$ 2,662,889</u>	<u>1,137,209</u>	<u>1,463,333</u>	<u>326,124</u>

CITY OF CHESTERFIELD, MISSOURI
TIF Bond Revenue - Special Revenue Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended December 31, 2006

Schedule 4

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest on investments	\$ 70,000	70,000	465,641	395,641
EXPENDITURES				
Public works	1,139,597	4,814,597	4,030,628	783,969
Capital outlay	5,000,000	5,000,000	1,437,904	3,562,096
Total expenditures	6,139,597	9,814,597	5,468,532	4,346,065
Excess (deficiency) of revenues over (under) expenditures	(6,069,597)	(9,744,597)	(5,002,891)	4,741,706
OTHER FINANCING USES				
Transfers in	1,500,000	1,500,000	3,066,584	1,566,584
Net change in fund balances	\$ (4,569,597)	(8,244,597)	(1,936,307)	6,308,290

CITY OF CHESTERFIELD, MISSOURI
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual
For the year ended December 31, 2006

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, Parks Sales Tax Special Revenue Fund, TIF Bond Revenue Special Revenue Fund, all Debt Service Funds, and all Capital Project Funds. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. The Council follows the procedures outlined below in establishing the budgetary data:

1. During or before the last week of November, 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, estimated revenue of the fund for the budget year, and the means of financing them.
2. On December 1, the City Administrator presents proposed budget at a Public Hearing prior to regularly scheduled City Council meeting.

The budget is adopted at regular City Council meeting by resolution.

3. 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.
4. 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.
5. All appropriations lapse at year-end, outstanding encumbrances are reappropriated in the subsequent fiscal year budget to provide for the liquidation of the prior commitments.

The legal level of budgetary control for the General Fund's 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's 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 transfers in an amount over \$5,000.

The legal level of budgetary control for the original adopted annual budget for the Chesterfield Valley Tax Increment Financing Special Revenue Fund, Parks Sales Tax Special Revenue Fund, Capital Improvement Sales Tax Trust Special Revenue Fund, all Debt Service

CITY OF CHESTERFIELD, MISSOURI
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual
For the year ended December 31, 2006

Funds, and all Capital Project Funds is defined as the budgeted appropriation amount at the department level.

The City's budget preparation is based upon the basis of U.S. generally accepted accounting principles (GAAP). The only exception is compensated absences that are expected to be liquidated with expendable available financial resources which are accrued as earned by employees, as opposed to being expended when paid (budget). In addition, gains or losses on investments, depreciation, and amortization are not considered budgetary accounts and are excluded from the budgeting system.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2006, expenditures exceeded appropriations in the Chesterfield Valley Tax Increment Financing Fund, the Parks 2005 Debt Service Fund, the TIF Bond Debt Service Fund, and the R & S Debt Service Fund. These over expenditures were funded by additional revenues or available fund balances.

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:

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.

Capital Improvement Sales Tax Trust Fund - This fund is used to account for special revenues received from the capital improvement sales tax that are specifically earmarked for capital improvements.

Capital Project Funds

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

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 and 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 and 2002.

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.

Parks 2005 - This fund is used to account for the accumulation of resources and payment of principal and interest on the Certificates of Participation 2005.

CITY OF CHESTERFIELD, MISSOURI
 Combining Balance Sheet
 Nonmajor Governmental Funds
 For the year ended December 31, 2006

	Nonmajor Special Revenue Funds							Total Nonmajor Governmental Funds
	Police Forfeiture	Sewer Lateral	Capital Improvement Sales Tax Trust	Total Special Revenue	Nonmajor Capital Project Fund	Nonmajor Debt Service Fund		
ASSETS								
Cash and cash equivalents	\$ 56,032	866,193	72,775	995,000	-	1,293,997	2,288,997	
Receivables:								
Municipal taxes	-	100,766	728,224	828,990	-	382,878	1,211,868	
Interest	-	-	-	-	-	1,009	1,009	
Prepays	-	420	-	420	-	-	420	
Total assets	\$ 56,032	967,379	800,999	1,824,410	-	1,677,884	3,502,294	
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	21,022	-	21,022	-	261	21,283	
Due to other funds	-	9,750	45,069	54,819	-	-	54,819	
Deferred revenue	-	-	-	-	-	54,729	54,729	
Total liabilities	-	30,772	45,069	75,841	-	54,990	130,831	
Fund balances								
Reserved:								
Prepays	-	420	-	420	-	-	420	
Unreserved, reported in:								
Special Revenue Funds	56,032	936,187	755,930	1,748,149	-	-	1,748,149	
Debt Service Funds	-	-	-	-	-	1,622,894	1,622,894	
Total fund balances	56,032	936,607	755,930	1,748,569	-	1,622,894	3,371,463	
Total liabilities and fund balances	\$ 56,032	967,379	800,999	1,824,410	-	1,677,884	3,502,294	

CITY OF CHESTERFIELD, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2006

	Nonmajor Special Revenue Funds						Total Nonmajor Governmental Funds
	Police Forfeiture	Sewer Lateral	Capital Improvement Sales Tax Trust	Total Special Revenue	Nonmajor Capital Projects Fund	Nonmajor Debt Service Funds	
REVENUES							
Municipal taxes	\$ -	435,935	4,178,612	4,614,547	-	930,247	5,544,794
Intergovernmental	30,765	-	-	30,765	-	-	30,765
Investment income	-	28,118	42,263	70,381	-	36,446	106,827
Total revenues	30,765	464,053	4,220,875	4,715,693	-	966,693	5,682,386
EXPENDITURES							
Current:							
Police services	19,074	-	-	19,074	-	-	19,074
Public works	-	307,864	-	307,864	187,092	-	494,956
Capital outlay	7,764	-	-	7,764	2,457,769	-	2,465,533
Debt service:							
Principal	-	-	-	-	-	1,470,000	1,470,000
Interest and fiscal charges	-	-	-	-	-	2,178,279	2,178,279
Total expenditures	26,838	307,864	-	334,702	2,644,861	3,648,279	6,627,842
Excess (deficiency) of revenues over (under) expenditures	3,927	156,189	4,220,875	4,380,991	(2,644,861)	(2,681,586)	(945,456)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	2,644,861	2,766,774	5,411,635
Transfers out	-	-	(4,257,356)	(4,257,356)	-	-	(4,257,356)
Total other financing sources (uses), net	-	-	(4,257,356)	(4,257,356)	2,644,861	2,766,774	1,154,279
Net change in fund balances	3,927	156,189	(36,481)	123,635	-	85,188	208,823
Fund balances:							
Beginning of year	52,105	780,418	792,411	1,624,934	-	1,537,706	3,162,640
End of year	56,032	936,607	755,930	1,748,569	-	1,622,894	3,371,463

CITY OF CHESTERFIELD, MISSOURI
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006

Schedule 7

	Parks 1998	Public Works Facility 1995 and 2002	City Hall	Parks 2005	Total
ASSETS					
Cash and cash equivalents	\$ 1,052,990	240,675	186	146	1,293,997
Receivables:					
Municipal taxes	382,878	-	-	-	382,878
Interest	-	1,009	-	-	1,009
Total assets	\$ 1,435,868	241,684	186	146	1,677,884
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	261	-	-	261
Deferred revenue	54,729	-	-	-	54,729
Total liabilities	54,729	261	-	-	54,990
Fund balances	1,381,139	241,423	186	146	1,622,894
Total liabilities and fund balances	\$ 1,435,868	241,684	186	146	1,677,884

CITY OF CHESTERFIELD, MISSOURI
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the year ended December 31, 2006

	<u>Parks 1998</u>	<u>Public Works Facility 1995 and 2002</u>	<u>City Hall</u>	<u>Parks 2005</u>	<u>Total</u>
REVENUES					
Municipal taxes	\$ 930,247	-	-	-	930,247
Investment income	29,239	11,181	(4,890)	916	36,446
Total revenues	<u>959,486</u>	<u>11,181</u>	<u>(4,890)</u>	<u>916</u>	<u>966,693</u>
EXPENDITURES					
Debt service:					
Principal	555,000	165,000	310,000	440,000	1,470,000
Interest and fiscal charges	323,145	65,605	700,000	1,089,529	2,178,279
Total expenditures	<u>878,145</u>	<u>230,605</u>	<u>1,010,000</u>	<u>1,529,529</u>	<u>3,648,279</u>
Excess (deficiency) of revenues over (under) expenditures	81,341	(219,424)	(1,014,890)	(1,528,613)	(2,681,586)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	223,904	1,014,986	1,527,884	2,766,774
Net change in fund balances	<u>81,341</u>	<u>4,480</u>	<u>96</u>	<u>(729)</u>	<u>85,188</u>
Fund balances:					
Beginning of year	1,299,798	236,943	90	875	1,537,706
End of year	<u>\$ 1,381,139</u>	<u>241,423</u>	<u>186</u>	<u>146</u>	<u>1,622,894</u>

CITY OF CHESTERFIELD, MISSOURI
Capital Improvement Sales Tax Trust Fund - Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the year ended December 31, 2006

Schedule 9

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Municipal taxes:			
Sales taxes	\$ 4,400,000	4,178,612	(221,388)
Investment income	10,000	42,263	32,263
Total revenues	<u>4,410,000</u>	<u>4,220,875</u>	<u>(189,125)</u>
EXPENDITURES			
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
	4,410,000	4,220,875	(189,125)
OTHER FINANCING USES			
Transfers out	<u>(4,623,175)</u>	<u>(4,257,356)</u>	<u>365,819</u>
Net change in fund balance	<u>\$ (213,175)</u>	<u>(36,481)</u>	<u>176,694</u>

CITY OF CHESTERFIELD, MISSOURI
Capital Project Fund - Nonmajor Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the year ended December 31, 2006

Schedule 10

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	216,620	216,620	187,092	29,528
Capital outlay	<u>2,915,000</u>	<u>3,953,540</u>	<u>2,457,769</u>	<u>1,495,771</u>
Total expenditures	<u>3,131,620</u>	<u>4,170,160</u>	<u>2,644,861</u>	<u>1,525,299</u>
Excess (deficiency) of revenues over (under) expenditures	(3,131,620)	(4,170,160)	(2,644,861)	1,525,299
OTHER FINANCING SOURCES				
Transfers in	3,131,620	4,131,620	2,644,861	(1,486,759)
Net change in fund balance	<u>\$ -</u>	<u>(38,540)</u>	<u>-</u>	<u>38,540</u>

CITY OF CHESTERFIELD, MISSOURI

Schedule 11

Parks 1998 - Nonmajor Debt Service Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual**

For the year ended December 31, 2006

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 831,513	930,247	98,734
Investment income	12,500	29,239	16,739
Total revenues	<u>844,013</u>	<u>959,486</u>	<u>115,473</u>
EXPENDITURES			
Debt service:			
Principal	555,000	555,000	-
Interest and other charges	325,645	323,145	2,500
Total expenditures	<u>880,645</u>	<u>878,145</u>	<u>2,500</u>
Net change in fund balance	<u>\$ (36,632)</u>	<u>81,341</u>	<u>117,973</u>

CITY OF CHESTERFIELD, MISSOURI
Public Works Facility 1995 and 2002 - Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the year ended December 31, 2006

Schedule 12

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment income	\$ 100	11,181	11,081
EXPENDITURES			
Debt service:			
Principal	165,000	165,000	-
Interest and other charges	66,001	65,605	396
Total expenditures	<u>231,001</u>	<u>230,605</u>	<u>396</u>
Excess (deficiency) of revenues over (under) expenditures	(230,901)	(219,424)	11,477
OTHER FINANCING SOURCES			
Transfers in	231,001	223,904	(7,097)
Net change in fund balance	<u>\$ 100</u>	<u>4,480</u>	<u>4,380</u>

CITY OF CHESTERFIELD, MISSOURI
City Hall - Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the year ended December 31, 2006

Schedule 13

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment income	\$ -	(4,890)	(4,890)
EXPENDITURES			
Debt service:			
Principal	310,000	310,000	-
Interest and other charges	703,437	700,000	3,437
Total expenditures	<u>1,013,437</u>	<u>1,010,000</u>	<u>3,437</u>
Deficiency of revenues under expenditures	(1,013,437)	(1,014,890)	(1,453)
OTHER FINANCING SOURCES			
Transfers in	1,013,437	1,014,986	1,549
Net change in fund balance	<u>\$ -</u>	<u>96</u>	<u>96</u>

CITY OF CHESTERFIELD, MISSOURI
Parks 2005 - Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the year ended December 31, 2006

Schedule 14

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment income	\$ -	-	916	916
EXPENDITURES				
Debt service:				
Principal	440,000	440,000	440,000	-
Interest and other charges	1,082,925	1,082,925	1,089,529	(6,604)
Total expenditures	<u>1,522,925</u>	<u>1,522,925</u>	<u>1,529,529</u>	<u>(6,604)</u>
Deficiency of revenues under expenditures	(1,522,925)	(1,522,925)	(1,528,613)	(5,688)
OTHER FINANCING SOURCES				
Transfers in	-	1,500,000	1,527,884	27,884
Net change in fund balance	<u>\$ (1,522,925)</u>	<u>(22,925)</u>	<u>(729)</u>	<u>22,196</u>

Capital Projects Major Fund

Capital Projects Funds are used to account for the accumulation of resources for the acquisition and construction of major capital assets.

Debt Service Major Fund

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.

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
Parks Construction Fund - Capital Projects Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended December 31, 2006

Schedule 15

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment income	\$ -	908,000	931,482	23,482
EXPENDITURES				
Parks and recreation	-	-	241,716	(241,716)
Capital outlay	-	12,858,187	3,937,375	8,920,812
Total expenditures	-	12,858,187	4,179,091	8,679,096
Net change in fund balance	\$ -	(11,950,187)	(3,247,609)	8,702,578

CITY OF CHESTERFIELD, MISSOURI
TIF Bond Debt Service Fund - Debt Service Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended December 31, 2006

Schedule 16

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment income	\$ 16,000	26,000	381,808	355,808
EXPENDITURES				
Debt service:				
Principal	3,488,558	9,638,558	13,229,389	(3,590,831)
Interest and fiscal charges	<u>2,085,088</u>	<u>2,085,088</u>	<u>1,428,915</u>	<u>656,173</u>
Total expenditures	<u>5,573,646</u>	<u>11,723,646</u>	<u>14,658,304</u>	<u>(2,934,658)</u>
Deficiency of revenues under expenditures	(5,557,646)	(11,697,646)	(14,276,496)	(2,578,850)
OTHER FINANCING SOURCES				
Transfers in	<u>5,557,646</u>	<u>13,557,646</u>	<u>18,067,844</u>	<u>4,510,198</u>
Net change in fund balance	<u>\$ -</u>	<u>1,860,000</u>	<u>3,791,348</u>	<u>1,931,348</u>

CITY OF CHESTERFIELD, MISSOURI
R & S Debt Service Fund - Debt Service Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended December 31, 2006

Schedule 17

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment income	\$ -	619,298	619,298
EXPENDITURES			
Debt service:			
Principal	1,105,000	1,105,000	-
Interest and fiscal charges	1,011,555	1,682,680	(671,125)
Total expenditures	<u>2,116,555</u>	<u>2,787,680</u>	<u>(671,125)</u>
Deficiency of revenues under expenditures	(2,116,555)	(2,168,382)	(51,827)
OTHER FINANCING SOURCES			
Transfers in	2,116,555	2,112,287	(4,268)
Net change in fund balances	<u>\$ -</u>	<u>(56,095)</u>	<u>(56,095)</u>

CITY OF CHESTERFIELD, MISSOURI
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2006

Schedule 18

	<u>Court Bond Fund</u>	<u>Explorer's Fund</u>	<u>Highway 40 Trust Fund</u>	<u>Miscellaneous Escrow Fund</u>	<u>Total Agency Funds</u>
ASSETS					
Cash and cash equivalents	\$ 88,308	13,634	811,527	1,421,714	2,335,183
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	13,634	811,527	-	825,161
Deposits held in escrow	88,308	-	-	1,421,714	1,510,022
Total liabilities	<u>\$ 88,308</u>	<u>13,634</u>	<u>811,527</u>	<u>1,421,714</u>	<u>2,335,183</u>

CITY OF CHESTERFIELD, MISSOURI
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended December 31, 2006

Schedule 19

	<u>Balance December 31 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31 2006</u>
Court Bond Fund				
Assets - cash and cash equivalents	\$ 75,684	25,822	13,198	88,308
Liabilities - deposits held in escrow	\$ 75,684	25,822	13,198	88,308
Explorer's Fund				
Assets - cash and cash equivalents	\$ 11,224	2,500	90	13,634
Liabilities - accounts payable	\$ 11,224	2,500	90	13,634
Highway 40 Trust Fund				
Assets - cash and cash equivalents	\$ 232,813	578,714	-	811,527
Liabilities - trust fund payable	\$ 232,813	578,714	-	811,527
Miscellaneous Escrow Fund				
Assets - cash and cash equivalents	\$ 1,184,386	541,908	304,580	1,421,714
Liabilities - deposits held in escrow	\$ 1,184,386	541,908	304,580	1,421,714
Total - All Agency Funds				
Assets - cash and cash equivalents	\$ 1,504,107	1,148,944	317,868	2,335,183
Liabilities:				
Accounts payable	\$ 244,037	581,214	90	825,161
Deposits held in escrow	1,260,070	567,730	317,778	1,510,022
Total liabilities	\$ 1,504,107	1,148,944	317,868	2,335,183

CITY OF CHESTERFIELD, MISSOURI
Statistical Section
December 31, 2006

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	73 - 76
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	77 - 80
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	81 - 85
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	86 - 87
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	88 - 90

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

CITY OF CHESTERFIELD, MISSOURI
Net Assets by Component
Last Five Fiscal Years

<u>Functions/Programs</u>	<u>December 31</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:					
Invested in capital assets, net of related debt	\$ 98,156,258	100,479,329	102,724,442	106,461,560	109,037,358
Restricted	32,087,452	30,772,578	30,719,989	31,608,907	34,529,805
Unrestricted	(39,180,430)	(36,474,538)	(33,197,547)	(23,133,146)	(9,797,015)
Total governmental activities net assets	<u>\$ 91,063,280</u>	<u>94,777,369</u>	<u>100,246,884</u>	<u>114,937,321</u>	<u>133,770,148</u>

Source: Basic financial statements

2002 was the year GASB Statement 34 was implemented.

Table 2

CITY OF CHESTERFIELD, MISSOURI

Changes in Net Assets
Last Five Fiscal Years

	For the year ended December 31				
	2002	2003	2004	2005	2006
EXPENSES					
Primary Government					
Governmental activities:					
General government	\$ 2,779,184	2,596,258	2,732,076	2,820,464	2,828,371
Public safety	6,733,157	6,540,437	6,694,462	6,877,264	7,099,546
Public works	16,058,649	14,763,996	12,830,243	14,714,417	14,847,845
Planning	629,707	588,615	592,138	578,915	646,653
Parks and recreation	1,733,646	1,759,887	1,819,602	1,200,554	3,279,634
Community development	177,757	179,090	139,090	65,848	153,130
Judicial	173,865	169,118	177,183	184,064	182,869
Interest on long-term debt	6,604,298	4,594,305	5,598,446	5,485,774	5,172,635
Total primary government expenses	<u>34,890,263</u>	<u>31,191,706</u>	<u>30,583,240</u>	<u>31,927,300</u>	<u>34,210,683</u>
PROGRAM REVENUES					
Primary Government					
Governmental activities:					
Charges for services:					
General government	496,784	541,361	621,344	635,359	694,115
Parks and recreation	419,918	420,887	459,308	778,892	868,600
Judicial	836,305	809,258	833,990	852,979	942,244
Planning	26,129	20,850	27,332	24,219	34,853
Public works	450,323	314,534	391,134	63,105	108,644
Public safety	161,588	63,924	49,255	39,342	41,293
Operating grants and contributions	378,601	4,901,639	4,005,610	3,623,959	4,036,605
Capital grants and contributions	28,119	1,396,652	365,850	1,464,064	417,894
Total primary government program revenues	<u>2,797,767</u>	<u>8,469,105</u>	<u>6,753,823</u>	<u>7,481,919</u>	<u>7,144,248</u>
Net Revenues (Expenses)					
Total primary government net expense	<u>(32,092,496)</u>	<u>(22,722,601)</u>	<u>(23,829,417)</u>	<u>(24,445,381)</u>	<u>(27,066,435)</u>
General Revenues and Other Changes in Net Assets					
Primary Government					
Governmental activities:					
Taxes:					
Property taxes	7,181,111	7,184,039	9,074,627	11,210,863	13,665,140
Gross receipts tax (includes franchise tax)	4,789,699	4,985,577	5,013,234	5,473,216	5,617,717
Sales taxes	12,621,361	12,961,633	13,764,998	19,524,090	22,574,494
Sewer lateral	402,731	549,249	465,261	420,758	600,668
Investment earnings	1,022,026	486,186	524,489	2,020,949	3,211,400
Miscellaneous	4,755,027	270,006	456,323	485,942	229,843
Total primary government	<u>30,771,955</u>	<u>26,436,690</u>	<u>29,298,932</u>	<u>39,135,818</u>	<u>45,899,262</u>
Changes in Net Assets					
Total primary government	<u>\$ (1,320,541)</u>	<u>3,714,089</u>	<u>5,469,515</u>	<u>14,690,437</u>	<u>18,832,827</u>

Source: Basic financial statements

2002 was the year GASB Statement 34 was implemented.

CITY OF CHESTERFIELD, MISSOURI
Fund Balances, Governmental Funds
Last Five Fiscal Years

	December 31				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 (2)(3)</u>	<u>2006</u>
General Fund:					
Reserved	\$ 277,809	314,738	364,560	275,267	292,748
Unreserved	12,072,726	11,244,722	10,817,879	11,996,698	12,458,806
Total General Fund	<u>\$ 12,350,535</u>	<u>11,559,460</u>	<u>11,182,439</u>	<u>12,271,965</u>	<u>12,751,554</u>
All other governmental funds:					
Reserved	\$ -	-	-	225	2,330
Unreserved, reported in:					
Special Revenue Funds	22,317,105	21,811,714	23,147,435	23,265,228	24,330,552
Capital Project Funds	3,452	-	-	20,465,583	17,217,974
Debt Service Funds	<u>9,513,950</u>	<u>9,751,696</u>	<u>8,388,403</u>	<u>24,695,143</u>	<u>28,515,584</u>
Total all other governmental funds	<u>\$ 31,834,507</u>	<u>31,563,410</u>	<u>31,535,838</u>	<u>68,426,179</u>	<u>70,066,440</u>

Source: Basic financial statements.

- (1) The City began to report full accrual information in 2002 when it implemented GASB Statement No. 34. Ten years of data will be reported as it is accumulated.
- (2) In 2005, the City issued certificates of participation for parks. The proceeds were deposited in the Parks Construction Fund and the Capital Project Fund. This presented the substantial increase in unreserved fund balance for Capital Project Funds.
- (3) In 2005, the City crossover refunded the general obligation bonds for streets and sidewalks. The proceeds from bonds Series 2005 was presented as cash refunding escrow.

CITY OF CHESTERFIELD, MISSOURI
Changes in Fund Balances, Governmental Funds
Last Five Fiscal Years

	For the year ended December 31				
	2002	2003	2004	2005	2006
REVENUES					
Municipal taxes	\$ 23,810,751	26,088,776	27,821,141	33,643,318	43,693,416
Licenses and permits	1,052,996	1,115,271	1,223,489	1,276,560	1,379,243
Intergovernmental	3,717,677	5,454,920	4,347,485	4,683,411	4,199,971
Charges for services, net	589,478	557,289	593,756	908,601	1,057,308
Court fines and forfeitures	836,305	751,382	811,406	876,978	886,948
Investment income, net arbitrage	987,111	346,057	524,489	2,020,949	3,211,400
Miscellaneous	398,475	482,723	319,757	874,166	244,591
Total revenues	<u>31,392,793</u>	<u>34,796,418</u>	<u>35,641,523</u>	<u>44,283,983</u>	<u>54,672,877</u>
EXPENDITURES					
Government	2,447,091	2,291,412	2,300,146	2,301,756	2,460,393
Police services	6,393,749	6,411,744	6,494,154	6,693,967	6,884,131
Judicial	172,506	170,479	176,164	183,888	181,150
Planning and zoning	616,432	578,545	587,488	568,524	636,259
Public works	10,738,816	9,158,419	8,967,526	8,375,518	9,682,059
Parks and recreation	1,237,505	1,251,006	1,417,304	3,669,292	2,768,369
Capital outlay	7,243,084	6,161,779	4,312,287	12,071,186	9,306,321
Debt service:					
Principal	7,187,714	8,048,468	8,523,797	12,023,986	15,804,389
Interest and fiscal charges	2,780,020	4,525,739	5,688,028	5,186,436	5,289,874
Cost of issuance	906,064	-	344,757	671,131	-
Total expenditures	<u>39,722,981</u>	<u>38,597,591</u>	<u>38,811,651</u>	<u>51,745,684</u>	<u>53,012,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,330,188)</u>	<u>(3,801,173)</u>	<u>(3,170,128)</u>	<u>(7,461,701)</u>	<u>1,659,932</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from borrowing	6,520,494	2,629,417	18,540,298	44,384,395	299,688
Proceeds from refunding	50,780,542	-	654,262	945,638	-
Sale of capital assets	177,094	109,584	65,975	111,535	160,230
Payments to escrow agent	(39,065,314)	-	(16,495,000)	-	-
Transfers in	13,053,101	29,354,033	28,962,676	36,987,211	28,658,350
Transfers out	(13,053,101)	(29,354,033)	(28,962,676)	(36,987,211)	(28,658,350)
Total other financing source (uses)	<u>18,412,816</u>	<u>2,739,001</u>	<u>2,765,535</u>	<u>45,441,568</u>	<u>459,918</u>
Net change in fund balances	<u>\$ 10,082,628</u>	<u>(1,062,172)</u>	<u>(404,593)</u>	<u>37,979,867</u>	<u>2,119,850</u>
Debt service as a percentage of noncapital expenditures	32.67%	36.86%	41.77%	44.79%	47.10%

Source: Revenues from governmental funds and expenditures from required supplementary information

Table 5

CITY OF CHESTERFIELD, MISSOURI
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Real Property			Personal Property	Railroad and Utilities	Total Taxable Assessed Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Agricultural Property				
1997	\$ 737,720	\$ -	\$ -	\$ 171,773	\$ 14,472	\$ 923,965	0.13
1998	761,919	-	-	181,320	14,492	957,731	0.13
1999	839,087	-	-	193,552	14,431	1,047,070	0.13
2000	896,862	-	-	225,781	15,328	1,137,971	0.10
2001	1,023,122	-	-	235,079	17,702	1,275,903	0.06
2002	1,047,229	-	-	242,743	18,849	1,308,821	0.06
2003	813,951	296,483	1,657	232,851	14,350	1,359,292	0.06
2004	830,445	301,374	1,656	230,121	14,332	1,377,928	0.06
2005	933,248	352,577	1,622	246,081	14,784	1,548,312	0.06
2006	944,720	371,196	1,620	265,587	13,979	1,597,102	0.06

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) The City participates in the county-wide sales tax sharing pool, therefore, sales tax is not the City's own source revenue.

CITY OF CHESTERFIELD, MISSOURI
Direct and Overlapping Property Tax Rates
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Taxes levied on all property in the City:										
City of Chesterfield	0.130	0.130	0.130	0.100	0.060	0.060	0.060	0.060	0.060	0.060
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
St. Louis County	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.558	0.558
Special School District	0.620	0.640	0.620	0.623	0.835	0.849	0.864	0.905	0.840	0.824
St. Louis Community College	0.240	0.240	0.240	0.240	0.230	0.232	0.231	0.237	0.223	0.223
St. Louis County Library	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.150	0.150	0.150
Metropolitan St. Louis Sewer District (Extension)	0.020	0.020	0.020	0.020	0.019	0.019	0.019	0.019	0.019	0.019
Metropolitan Zoological Park and Museum District	0.232	0.232	0.227	0.232	0.222	0.222	0.226	0.276	0.265	0.261
Sheltered Workshop	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.082	0.085
Total	2.077	2.097	2.072	2.050	2.201	2.217	2.235	2.342	2.227	2.210
School districts (2):										
Parkway	3.760	3.640	3.660	3.590	3.603	3.455	3.511	3.692	3.709	3.641
Rockwood	4.540	4.490	4.520	4.480	4.525	4.421	4.439	4.633	4.507	4.418
Fire protection districts (3):										
Metro West	1.040	1.030	1.030	1.030	1.021	0.972	0.997	1.098	1.028	1.091
Monarch	1.000	1.030	1.040	1.020	1.019	0.995	0.979	1.067	1.061	1.060

Notes:

- (1) The City levied property tax in 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 7

CITY OF CHESTERFIELD, MISSOURI
Principal Property Taxpayers
Current Year and Nine Years Ago
(dollars in thousands)

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
THF Chesterfield Development LLC	\$ 40,220	1	2.52%	\$ -	-	-
WEA Chesterfield LLC	19,711	2	1.23%	-	-	-
Pharmacia Corporation	17,635	3	1.10%	26,159	1	2.83%
FSP Timberlake Corp.	17,355	4	1.09%	-	-	-
AmerenUE	12,433	5	0.78%	11,902	3	1.29%
Dierbergs FourSeasons/Chesterfield Village	7,674	6	0.48%	6,229	6	0.67%
St. Lukes Episcopalian Presbyterian Hospital	7,472	7	0.47%	6,976	4	0.76%
Drury Chesterfield, Inc.	7,416	8	0.46%	-	-	-
Baxter Crossing LLC	7,220	9	0.45%	-	-	-
Scott Family Properties	6,520	10	0.41%	-	-	-
JG St. Louis West Limited Liability Co.	-	-	-	15,976	2	1.73%
Caplaco Inc.	-	-	-	6,411	5	0.69%
May Department Stores	-	-	-	6,096	7	0.66%
Wild Horse Joint Venture	-	-	-	5,914	8	0.64%
Dillard Department Stores	-	-	-	5,367	9	0.58%
Corporate Plaza Management	-	-	-	5,141	10	0.56%
Total	\$ 143,656		8.99%	\$ 96,171		10.41%

Source: St. Louis County Department of Collection

CITY OF CHESTERFIELD, MISSOURI
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ended December 31	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 1,891	\$ 1,769	93.5 %	\$ 79	\$ 1,848	97.7 %
1998	2,187	1,937	88.6	141	2,078	95.0
1999	3,302	2,806	85.0	144	2,950	89.3
2000	5,425	4,925	90.8	380	5,305	97.8
2001	7,069	6,451	91.3	152	6,603	93.4
2002	7,257	6,556	90.3	(3)	6,553	90.3
2003	8,169	7,740	94.7	613	8,352	102.2
2004	9,160	8,657	94.5	534	9,190	100.3
2005	12,158	8,786	72.3	164	8,950	73.6
2006	13,365	13,083	98.5	2,685	15,768	118.8

Source: St. Louis County - Collector of Revenue

CITY OF CHESTERFIELD, MISSOURI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities										Percentage of Personal Income (4)	Per Capita
	General Obligation Bonds (2)	Tax Increment Notes	Tax Increment Bonds	Lease Revenue Bonds (3)	Less Reserve for Debt Service	Total Primary Government						
1997	\$ 24,680	\$ 2,473	\$ -	\$ 2,775	(1,490)	\$ 28,438	2.40	%	\$	672		
1998	23,125	3,403	-	2,680	(1,072)	28,136	2.37			665		
1999	36,405	31,179	-	2,575	(1,473)	68,686	3.75			1,623		
2000	35,470	33,758	-	20,035	(1,766)	87,497	4.32			2,067		
2001	34,175	34,710	-	19,920	(1,680)	87,125	4.30			1,862		
2002	32,805	1,100	50,791	19,575	(1,570)	102,701	5.26			2,194		
2003	31,365	3,571	45,020	19,050	(1,416)	97,590	4.81			2,085		
2004	29,840	5,951	38,885	18,440	(1,374)	91,742	4.35			1,960		
2005	46,010	6,376	29,335	43,135	(1,075)	123,781	5.72			2,645		
2006	44,350	6,132	16,650	42,220	(1,059)	108,293	4.84			2,314		

- Notes: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) In 2005, the City issued a crossover refunding bonds of \$17,760,000 for street and sidewalks.
(3) In 2005, the City issued certificates of participation of \$25,710,000 for parks.
(4) See Table 14 for personal income and population data.

CITY OF CHESTERFIELD, MISSOURI
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (2)	Per Capita (3)
	General Obligation Bonds	Redevelopment Bonds	Total		
1997	\$ 24,680	\$ -	\$ 24,680	2.67 %	\$ 583
1998	23,125	-	23,125	2.41	546
1999	36,405	-	36,405	3.48	860
2000	35,470	-	35,470	3.12	838
2001	34,175	-	34,175	2.68	730
2002	32,805	50,791	83,596	6.39	1,786
2003	31,365	45,020	76,385	5.62	1,632
2004	29,840	38,885	68,725	4.99	1,468
2005	46,010	35,995	82,005	5.30	1,752
2006	44,350	16,650	61,000	3.82	1,303

- Notes: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) See Table 5 for property value data.
(3) See Table 14 for population data.

CITY OF CHESTERFIELD, MISSOURI
Net Assets By Component
Direct and Overlapping Governmental Activities Debt
As of December 31, 2006
(dollars in thousands)

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
St. Louis County	\$ 88,615,000	7.05	6,247,358
Parkway School District (1)	123,527,349	24.58	30,363,022
Rockwood School District (1)	170,104,733	17.35	29,513,171
Monarch Fire Protection District (1)	3,400,000	73.47	2,497,980
Metro-West Fire Protection District	7,825,000	72.90	5,704,425
Subtotal, overlapping debt			<u>74,325,956</u>
City direct debt	\$ 44,350	100.00%	44,350
Total direct and overlapping debt			<u><u>\$ 74,370,306</u></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.

CITY OF CHESTERFIELD, MISSOURI
Pledged-Revenue Coverage
Last Five Fiscal Years

Fiscal Year	TIF Refunding and Improvement Bonds (1)						Park Sales Tax Bonds (2)							
	TIF Sales Tax		TIF Property Tax		Net Available Revenue		Less Operating Expense		Park Sales Tax		Net Available Revenue		Debt Service	
	Sales Tax	Property Tax	Operating Expense	Net Available Revenue	Principal	Interest	Coverage	Sales Tax	Operating Expense	Principal	Interest	Coverage		
2002	\$3,068,751	5,813,966	1,030,281	7,852,436	-	939,762	8.36	-	-	-	-	-	-	
2003	3,623,110	7,648,644	1,741,524	9,530,230	5,925,000	1,930,577	1.21	-	-	-	-	-	-	
2004	4,110,227	8,362,410	2,792,932	9,679,705	6,135,000	1,834,414	1.21	-	-	-	-	-	-	
2005	5,839,775	8,099,493	4,154,206	9,785,062	9,550,000	1,814,049	0.86	3,422,207	1,838,647	-	-	920,046	1.72	
2006	7,550,517	14,837,448	5,468,532	16,919,433	2,980,000	1,721,609	3.60	4,907,397	4,179,091	440,000	1,089,528	0.48		

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

- (1) TIF Revenue Bonds are backed by sales and property taxes in the Chesterfield Valley.
- (2) Park sales tax bonds are backed by the sales tax revenue produced by the sales tax rate in effect when the bonds were issued (1/2-cent) applied to the increase in retail sales in the City.

CITY OF CHESTERFIELD, MISSOURI
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	School Enrollment		Unemployment Rate
				Parkway School District	Rockwood School District	
1997	42,325	\$ 1,185,904	\$ 28,019	21,406	21,782	4.2 %
1998	42,325	1,185,904	28,019	20,661	21,553	4.2
1999	42,325	1,832,165	43,288	20,542	21,114	3.5
2000	42,325	2,025,965	47,867	20,193	21,034	3.5
2001	46,802	2,025,965	43,288	19,849	20,924	4.6
2002	46,802	1,951,550	41,698	19,657	20,511	5.4
2003	46,802	2,030,832	43,392	19,304	20,063	5.8
2004	46,802	2,110,817	45,101	18,904	19,725	5.9
2005	46,802	2,165,698	46,274	18,273	19,583	5.5
2006	46,802	2,237,166	47,801	18,787	22,174	4.6

Source: Population and per capita personal income data for the City using the U.S. Census Bureau data for the area and Bureau of Economic Analysis for St. Louis County.

School enrollment information provided by Parkway and Rockwood School Districts.

Unemployment rate using U.S. Department of Labor, Bureau of Labor Statistics.

Note: Per capita personal income for year 2006 using consumer price index for midwest state as a percent change from 2005.

CITY OF CHESTERFIELD, MISSOURI
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
St. Lukes Hospital	3,334	1	8.86 %	*n/a		*n/a %
Rockwood School District	3,053	2	8.11	*n/a		*n/a
Parkway School District	2,200	3	5.84	*n/a		*n/a
Pfizer	1,200	4	3.19	1,700	1	7.86
McBride & Sons management Co.	700	5	1.86	530	2	2.45
Amdocs, Inc.	500	6	1.33	-		-
Reinsurance Group of America Inc.	468	7	1.24	-		-
Rose International	450	8	1.20	450	3	2.08
North American Communications Resource, Inc.	300	9	0.80			-
Mark Andy Inc.	285	10	0.76	298	7	1.38
WoldCom Network Services, Inc.	-		-	445	4	2.06
Macy's	-		-	342	5	1.58
Mallinckrodt, Inc.	-		-	342	6	1.58
West County Family YMCA	-		-	286	8	1.32
Missouri Higher Education Lain Authority	-		-	263	9	1.22
Dillard's	-		-	250	10	1.16
Total	<u>12,490</u>		<u>33.19 %</u>	<u>4,906</u>		<u>22.69 %</u>

Source: Business License database from Finance Division

*Employment information for St. Lukes Hospital, Rockwood School District, and Parkway School District is not available at this time.

CITY OF CHESTERFIELD, MISSOURI
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/ Program	Full-time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government:										
Elected officials	9	9	9	8	9	9	9	9	9	9
City Administrator	2	2	2	2	2	2	2	2	2	2
Community development	-	-	-	-	-	-	-	-	-	-
Customer service	2	4	4	3	4	5	4	4	5	5
Finance	4	4	5	6	6	6	6	6	6	7
Information systems	4	4	3	2	4	4	4	3	3	3
Court	3	2	2	3	3	3	3	3	3	3
Planning	12	11	10	9	11	11	10	11	9	12
Police:										
Officers	73	78	83	86	86	84	86	80	79	83
Civilians	3	8	9	9	9	10	10	10	9	9
Public works:										
Engineering	13	13	13	16	14	16	16	16	15	16
Street maintenance	32	41	31	36	38	35	36	31	27	31
Vehicle maintenance	4	4	5	5	5	5	5	5	5	5
Building maintenance	-	-	-	-	1	6	6	6	6	6
Parks and recreation	3	3	8	10	11	12	12	18	22	24
Total	164	183	184	195	203	208	209	204	202	217

Source: Payroll Report, Finance Department

CITY OF CHESTERFIELD, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Adult arrests	1,258	1,353	1,530	1,430	1,422	1,258	1,268	1,071	1,146	994
Juvenile arrests	308	352	360	341	474	418	378	277	343	262
Parking violations	462	724	1,075	661	477	449	429	475	420	487
Traffic violations	6,886	8,418	9,373	10,451	10,226	9,935	8,409	8,499	9,104	9,491
Non-traffic ordinance violations	947	1,383	1,709	1,624	1,689	1,585	1,636	1,580	1,158	863
Public works:										
Street work orders completed	49	236	194	121	121	49	79	106	526	47
Sidewalk work orders completed	231	244	96	165	1,105	160	471	418	145	224
Tree trimming work orders completed	223	566	309	482	485	428	584	724	647	714
Storm sewer repairs	205	144	103	73	91	91	64	58	34	33
Sewer lateral repairs (1)	-	-	-	-	90	88	84	65	63	73
Handicap accessible sidewalk ramps in-stalled (2)	42	29	10	-	39	10	44	21	15	23
Parks and recreation:										
Athletic field rental hours (3)	-	-	-	3,225	6,228	8,109	9,909	10,195	12,365	14,305
Aquatic Center admissions (4)	-	29,278	35,838	37,268	40,844	40,551	29,275	28,977	38,439	40,834
Planning:										
Zoning approvals for construction	1,035	1,143	1,321	1,428	1,204	1,277	1,609	1,392	1,471	1,223
Building permits for new construction	652	846	836	938	849	867	1,024	985	981	779
Building permits for alterations/additions	2,113	2,799	2,977	3,261	3,010	3,163	4,093	4,176	4,416	4,491
Finance and administration:										
Business licenses issued	1,444	1,425	1,508	1,503	1,608	1,479	1,723	2,189	2,010	1,902
Vending licenses issued	817	864	814	879	943	931	901	978	1,005	953
Liquor licenses issued	153	139	170	178	200	95	212	237	117	125
Solicitor licenses issued	26	32	28	30	30	36	37	32	26	30

Notes: (1) The sewer lateral program was not in effect until January 1, 2001.

(2) In the year 2000, CDBG funds normally used for the installation of handicap accessible sidewalk ramps were used to make the City of Chesterfield Athletic Complex handicap accessible.

(3) The City of Chesterfield Athletic Complex was not open until 2000.

(4) The City of Chesterfield Aquatic Center was not open until 1998.

Sources: City of Chesterfield Annual Reports (1997-2006), City of Chesterfield Annual Budgets (1997-2006), various City departments

CITY OF CHESTERFIELD, MISSOURI
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/ Program	Fiscal Year																																																																																																																																																																														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006																																																																																																																																																																					
Police:											Stations	1	1	1	1	1	1	1	1	1	1	Sectors	6	6	6	6	6	6	6	6	6	6	Marked patrol units	26	26	26	26	26	26	27	30	30	30	Public works:											Streets (miles)	150	150	150	150	150	161	161	161	161	163	Streetlights	10	10	10	10	10	10	10	10	10	10	Parks and recreation:											Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1
Stations	1	1	1	1	1	1	1	1	1	1	Sectors	6	6	6	6	6	6	6	6	6	6	Marked patrol units	26	26	26	26	26	26	27	30	30	30	Public works:											Streets (miles)	150	150	150	150	150	161	161	161	161	163	Streetlights	10	10	10	10	10	10	10	10	10	10	Parks and recreation:											Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1											
Sectors	6	6	6	6	6	6	6	6	6	6	Marked patrol units	26	26	26	26	26	26	27	30	30	30	Public works:											Streets (miles)	150	150	150	150	150	161	161	161	161	163	Streetlights	10	10	10	10	10	10	10	10	10	10	Parks and recreation:											Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																						
Marked patrol units	26	26	26	26	26	26	27	30	30	30	Public works:											Streets (miles)	150	150	150	150	150	161	161	161	161	163	Streetlights	10	10	10	10	10	10	10	10	10	10	Parks and recreation:											Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																	
Public works:											Streets (miles)	150	150	150	150	150	161	161	161	161	163	Streetlights	10	10	10	10	10	10	10	10	10	10	Parks and recreation:											Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																												
Streets (miles)	150	150	150	150	150	161	161	161	161	163	Streetlights	10	10	10	10	10	10	10	10	10	10	Parks and recreation:											Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																							
Streetlights	10	10	10	10	10	10	10	10	10	10	Parks and recreation:											Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																		
Parks and recreation:											Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																													
Acreage	-	200	200	200	200	200	200	200	254	293	Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																																								
Playgrounds	-	-	1	1	2	3	3	3	3	3	Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																																																			
Baseball/softball diamonds	-	-	4	12	12	14	24	24	25	27	Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																																																														
Soccer fields	-	-	7	7	7	7	7	7	9	9	Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																																																																									
Football fields	-	-	-	-	-	-	-	-	2	7	Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																																																																																				
Multi-purpose fields	-	-	-	-	-	-	-	-	-	2	Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																																																																																															
Athletic Complex	-	-	1	1	1	1	1	1	1	1	Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																																																																																																										
Aquatic Center	-	1	1	1	1	1	1	1	1	1																																																																																																																																																																					

Note: No capital asset indicators are available for the Planning or Finance and Administration functions.

Source: City of Chesterfield Annual Reports (1997-2006), City of Chesterfield Annual Budgets (1997-2006), various City departments



**City of
Chesterfield**

*690 Chesterfield Parkway West
Chesterfield, MO 63017
www.chesterfield.mo.us*