

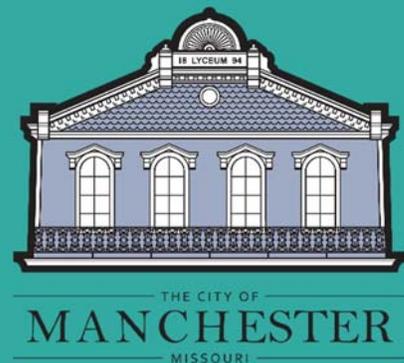


# 2017 CAFR Manchester, MO

## CITY OF MANCHESTER, MISSOURI

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Comprehensive Annual Financial Report  
For the year ending December 31, 2017  
Report prepared and submitted by the  
City of Manchester Finance Department



**City of Manchester, Missouri**  
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**For the year ended December 31, 2017**

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## **Introductory Section**



City of Manchester  
14318 Manchester Road  
Manchester, Missouri 63011  
(636) 227-1385

May 25, 2018

The Honorable Mayor Clement, Board of Aldermen and Citizens of Manchester:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Stopp & VanHoy, CPAs and Business Advisors, LLC, have issued an unmodified (“clean”) opinion on the Manchester financial statement for the year ended December 31, 2017. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Community Profile**

The City of Manchester is located in western St. Louis County approximately 15 miles west of the City of St. Louis. The City is within a Metropolitan Statistical Area (MSA) that, at the time of the 2010 census, was comprised of the City of St. Louis and St. Louis County, and parts of the counties of St. Charles, Franklin, and Jefferson in Missouri and parts of the counties of Jersey, Madison, St. Clair, Clinton, and Monroe in Illinois. The MSA now also includes portions of Lincoln and Warren counties in Missouri.

The community known as Manchester is over 200 years old and was incorporated as a Village in 1950. The City was reincorporated as a fourth class City in 1959. When incorporated, the City encompassed two square miles. As a result of several annexations, the City of Manchester now encompasses approximately five square miles. Major annexations occurred in 1997 and in 1999. The 1997 annexation increased the City’s population by an estimated 3,309 residents and the 1999 annexation by an estimated 8,813 residents. As a result of these annexations and normal growth, the current population as of the 2010 census is 18,094.

The City is divided into three wards, with two aldermen elected to represent each ward. Each alderman serves a two-year term, one half of which expires annually. The Mayor, elected at large to serve a two-year term, is the presiding officer of the Board of Aldermen.

The office of City Administrator/Clerk was established by ordinance in March 1974 in accordance with Section 77.042 of the Statutes of the State of Missouri. The Mayor, with the advice and consent of the Board of Aldermen, appoints the City Administrator. The City Administrator serves as the chief assistant to the Mayor and is responsible for the daily management of the City's activities and staff.

Of particular historic significance in the community is The Lyceum, which was constructed in 1894. During its life, the building has been utilized for many business purposes, including the following: a tin shop, an auditorium used for a variety of community purposes, a hardware store and produce shop, a soda fountain, a postal facility, and a gasoline filling station. In 1977, the Lyceum was restored as office space. The City of Manchester purchased the building in 1979 as the location of its City Hall. Because of the structure's historical significance to the community, the City of Manchester has incorporated The Lyceum into its logo.

The City's progressive outlook coupled with its appreciation of its historical heritage is in keeping with the City's motto, "A Proud Past, A Bright Future."

### **Community Services**

City services and functions are divided into the following departments: Administration, Finance, Police, Aquatic Center, Parks and Recreation, Public Works, Planning & Zoning, and Legal/Municipal Court. These services are provided by 75 full-time, 5 part-time employees, and approximately 60 seasonal employees.

Storm water drainage and sewage collection and disposal within the City are provided by the Metropolitan St. Louis Sewer District, a separate taxing authority. Natural gas is provided by Spire and electricity is provided by AmerenUE. Water is provided by Missouri-American Water Company.

Telecommunication services are provided by Southwestern Bell Telephone Company, a subsidiary of AT&T. The City receives all St. Louis radio stations and television channels. Local newspapers include the St. Louis Post-Dispatch, the Suburban Journal, the West County Newsmagazine, and the St. Louis Countian. The City receives cable television services from Charter Communications.

Two fire protection districts serve the City of Manchester. West County EMS and Fire Protection District serves the majority of the City, with the remainder being served by the Valley Park Fire Protection District. These districts are independent of the City, having their own officials, budgets, and powers of taxation.

### **Education**

Primary and secondary education within the City is provided by the Parkway School District, with a small portion of the City being served by the Valley Park School District. These districts are independent of the City, having their own elected or appointed officials, budgets, and administrators. The districts are empowered to levy taxes, separate and distinct from those levied by the City.

Higher education is provided by the St. Louis Community College District, which is part of the tax supported Missouri junior college system. The College operates four campuses, with the nearest campus to Manchester being in the City of Kirkwood, approximately three miles from the Manchester corporate limits. In addition to the Community College District, there are numerous other institutions of higher education in the St. Louis metropolitan area. These include St.

Louis University, Washington University, the University of Missouri—St. Louis, Maryville University, and Missouri Baptist College.

### **Recreation and Cultural Facilities**

The City owns six parks and two undeveloped parcels encompassing 63 acres. The largest is Paul A. Schroeder Park, with a land area of 44 acres. Facilities at this park include the departmental office for the parks and recreation department, a new meeting space, aquatic center, tennis courts, ball diamonds, nature path, playground, soccer field, disc golf course, and picnic pavilions. The City's other four parks offer pavilions, picnic sites, and playgrounds.

Manchester residents are also within easy commuting distance of the numerous St. Louis City and St. Louis County attractions. These attractions include the St. Louis Zoological Park, the Missouri Botanical Garden, and the St. Louis Symphony.

### **Commerce, Industry, and Employment**

The City of Manchester is a suburban residential community with an economic base represented primarily by commercial and service businesses. Commercial enterprises are concentrated along Manchester Road, which is the City's major thoroughfare. There are approximately 270 businesses in the City.

The majority of businesses in Manchester are commercial enterprises with less than 50 employees. A list of the largest employers located within the City is found in the statistical section.

### **Major Initiatives**

In November, 2002, City residents approved Proposition P, authorizing the City to issue \$6.5 million of general obligation bonds to finance the land acquisition, design, and construction of a new centralized Police facility with public meeting space. These bonds were structured so that retirement of the bonds would be serviced through a dedicated property tax over a period of twenty years. In April 2003, the bonds were issued. The dedicated property tax was levied for the 2003 year, and collected beginning in November 2003, with bond repayments beginning in 2004. Construction of the Police facility was completed in 2009 and the facility was placed in service. In 2012, the outstanding bonds were refinanced with a more favorable interest rate. The final retirement payment is expected to be in 2018, six years ahead of the original schedule.

In 2004 the City determined that it may be in the community's best interest to consider redevelopment of a particular area of the City. A tax increment financing (TIF) district was established. A commercial district now known as the Manchester Highlands was established and constructed at the northeast corner of Manchester Road and Highway 141. It is now the home of a thriving shopping center which includes Walmart, Costco, Best Buy, and several other retail establishments. The terms of the TIF redevelopment agreement call for a portion of the sales tax and property taxes raised within that area be used for the debt service on the bonds issued to finance the development.

Manchester Arts began in 2012 with a grass-roots effort from Manchester residents interested in promoting the Arts in the Manchester Area. A new City Fund was established in 2013 with a transfer from the General Fund of \$10,000 to support the initial activities of the Manchester Arts Council. In 2016, the City transferred \$21,000 from the General Fund to Manchester Arts.

In 2017, City residents approved a \$16 million general obligation bond for the improvement of streets and sidewalks throughout the city. The bonds will be issued in two segments. The first \$9 million bond offering is expected in July 2018.

### **Financial Information**

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of government are protected from loss, theft, or misuse. Management is also responsible for ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, equities, revenues, and expenditures or expenses. The various funds are grouped by type in the general purpose financial statements. Accounting records for the City's general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when measurable and available, and expenditures being recorded when the liability is incurred.

Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Aldermen. Activities of the General Fund and Special Revenue Funds are included in the appropriated budget. The level of budgetary control is at the fund level.

### **Summary Financial Results**

The City's financial activities for fiscal year 2017 were accounted for through seven governmental funds. The General Fund supports the day-to-day activities of the City, such as police protection, street and park maintenance, and general administration of the City; all operational revenues and expenditures are accounted for in the General Fund. The Capital Projects Fund was established to track activity related to the one-half cent capital improvement sales tax. The Park & Storm Water Fund accounts for the one-half cent sales tax levied for the construction on the Aquatic Center and storm water projects. The Tax Increment Financing (TIF) Fund was established in 2004 in order to insure a full accounting of all TIF related activities. The Debt Service Fund recognizes the dedicated property tax levy to retire the general obligation bond debt, along with the respective bond re-payments. The Sewer Lateral Fund accounts for revenues generated from the \$28 annual household assessment and for projects financed through this program. The Manchester Art Fund accounts for revenues and expenditures related to the activities of the Manchester Art Council. In compliance with promulgations by the *Governmental Accounting Standards Board* each of these first five funds are presented discreetly in the financial statements. Due to the non-major impact of the remaining two funds, they have been consolidated in the financial reports, but are hereby itemized for the edification of the reader.

**Changes in Fund Balances**

Fund	Fund Balance 31-Dec-16	Revenues	Expenditures	Operating Transfers In (Out)	Fund Balance 31-Dec-17
General Fund	\$2,506,762	\$9,017,162	\$8,866,328	(\$166,849)	\$2,490,747
Park & Storm	3,620,508	2,160,935	3,816,639		1,964,804
Capital Fund	168,042	1,993,532	1,892,498	(\$231,000)	38,076
Debt Service	846,549	228,743	567,165		508,127
TIF Fund	8,734,285	6,066,239	6,651,578	386,849	8,535,795
Sewer	287,019	210,974	320,009	-	177,984
Manchester Arts	7,439	1,705	21,481	20,000	7,663

The total General Fund balance as of December 31, 2017 was \$2,490,747. This is a decrease of \$(16,015) from the prior year balance. The City recognizes the need for a fund balance that can adequately absorb any economic downturn to avoid changes and reductions in service levels. The Board of Aldermen is committed to maintaining a fund balance of at least 20 percent of expenditures for the General Fund. The December 31, 2017 year end fund balance equals approximately 28.1 percent of actual 2017 expenditures

The Capital Projects Fund ended the year with a fund balance of \$38,076. Revenues are primarily proceeds of the Capital Sales Tax. Expenditures are the purchase or construction of municipal buildings, vehicles, equipment, and infrastructure.

Revenue of the Park and Storm Water Projects Fund are proceeds of the Park and Storm Water Tax. Expenditures are the purchase or construction of Municipal Park buildings, vehicles and equipment and the construction of storm water channels throughout the City. At the end of the year, the fund balance was \$1,964,804.

The Debt Service Fund was established in FY 2003 as a result of the passage of Proposition P on November 5, 2002. The Debt Service Fund is used to account for revenues from the dedicated property tax levied to pay for the \$6.5 million in general obligation bonds issued for the design and construction of a new police facility. Fund expenditures include the principal and interest payments on the bonds. Bonds will be fully retired in 2018.

In August 2002, the residents of the City approved the passage of an annual property assessment to support the Sanitary Sewer Repair Fund. This restricted revenue source required the creation of a fund to track the proceeds from the annual assessment, as well as the cost of projects financed through the sewer lateral repair program. City residents began paying the \$28 annual household assessment in fiscal year 2000. Applications for assistance were accepted as of January 1, 2001. The fund ended the year with a balance of \$177,984.

Since the TIF District was created in 2004, construction of the Manchester Highlands shopping district has been completed and retailers opened between 2008 and 2010. In 2010, Tax Increment Revenue Bonds were issued to refund the construction debt. The function of the TIF Fund is now repayment of the bonds with the tax increment revenue received from the project. In 2017, \$3,585,000 in bonds were retired. The fund balance at the end of 2017 was \$8,535,795 and included a \$5,366,983 reserve for debt service as required by the bond funding agreement.

Manchester Arts activities in 2017 were supported through a \$20,000 transfer from the City’s General Fund. The fund balance at the end of 2017 was \$7,663.

**Revenue by Source – All Governmental Fund Types**

<i>Source</i>	<i>Fiscal Year</i> <i>Amount</i>	<i>Percent</i> <i>of Total</i>	<i>Increase</i> <i>(Decrease)</i> <i>Over Fiscal</i> <i>2016</i>	<i>Percentage</i> <i>Increase</i> <i>(Decrease)</i>
Property taxes	\$ 1,175,419	5.97%	\$ (831,687)	-41.44%
Taxes - other	16,078,681	81.70%	576,236	3.72%
Grants	1,169,869	5.94%	802,123	218.12%
Licenses and Permits	369,190	1.88%	36,229	10.88%
Fines and Court Costs	255,810	1.30%	(73,409)	-22.30%
Charges for Services	449,655	2.28%	34,147	8.22%
Investment Income	103,104	0.53%	65,851	176.77%
Other	77,562	0.40%	18,954	32.34%
<b>Total Revenues</b>	<b>\$ 19,679,290</b>	<b>100.0%</b>	<b>\$ 628,444</b>	<b>3.30%</b>

The City’s largest recurring source of revenue is from taxes. Taxes account for approximately 88 percent of total routine governmental revenues. Revenues from taxes include proceeds from the following: general and local option sales taxes, the one-half cent capital improvement sales tax, the one-half cent park and storm water sales tax, the sewer lateral assessment, utility gross receipts taxes, property taxes, and intergovernmental taxes. The two major tax sources are sales taxes and utility gross receipts taxes.

Proceeds from the City’s various sales taxes provide the majority of City revenues. Combined, the one-cent sales tax, the one-quarter cent local option sales tax, the one-half cent capital improvements sales tax, the one-half cent parks and storm water sales tax, and all sales taxes from the TIF district totaled \$14,402,751 in fiscal year 2017, or 73.2 percent of all routine revenues.

Utility gross receipts taxes constitute the second largest tax source. The City levies a five percent tax on gross receipts for all utilities. Revenues for the year totaled \$1,424,930 or 7.2 percent of total routine revenues.

Intergovernmental revenues are the next largest routine source of tax revenue for the City, accounting for approximately 6.4 percent of total recurring governmental revenues. The State of Missouri collects certain taxes for the purpose of maintaining roads and bridges; these taxes are distributed to the City on a per capita basis based on the most recent census information. The motor fuel, or gasoline tax, is levied on a per gallon basis; the City receives a share of the proceeds on a per capita basis. Also distributed on a per capita basis are motor vehicle registration fees and sales tax on vehicle purchases.

St. Louis County levies and distributes a road and bridge property tax of \$0.105 per \$100 of assessed valuation on real and personal property for the purpose of maintaining City streets. The County also levies a tax on cigarette sales within its boundaries; the City receives a share of the proceeds on a per capita basis based on the most recent census.

Businesses within the corporate boundaries of the City pay a merchant’s license fee based on the amount of their gross receipts. Fees are also collected from service occupational businesses and for the granting of liquor licenses, vending machine permits, and excavating permits. Revenues generated from these licenses and permits totaled \$369,190 in fiscal year 2017.

The Manchester Municipal Court has jurisdiction in all cases related to alleged violations of the Code of Ordinances of the City of Manchester. Revenues from fines and court costs accounted for approximately 1.9 percent of all routine revenues in fiscal year 2017.

Investment earnings are derived from long-term investments of City cash. Investment earnings totaled approximately \$103,104 for the year and account for less than one percent of the City's overall recurring revenue base.

The City's Department of Parks and Recreation operates the Aquatic Center and also sponsors a number of recreational programs. Revenue from the programs and fees totaled \$449,655 which accounted for an additional 2.3 percent of all regular City revenues.

Miscellaneous revenues are derived from several sources. These sources include payments for police reports and zoning application and filing fees.

**Expenditure by Function – All Governmental Fund Types**

<i>Source</i>	<i>Fiscal Year Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease) Over Prior Year</i>	<i>Percentage Fund Change From Prior Year</i>
General Government	\$1,636,239	7.39%	\$60,904	3.87%
Police	3,266,323	14.76%	(113,760)	-3.37%
Public Works	2,753,748	12.44%	(8,351)	-0.30%
Community development	263,909	1.19%	1,491	0.57%
Aquatic center	313,447	1.42%	5,878	1.91%
Recreation	820,841	3.71%	53,861	7.02%
Legal/ Court	200,750	0.91%	(11,423)	-5.38%
Capital Outlay	6,025,460	27.22%	3,783,046	168.70%
Debt Service	6,854,981	30.97%	156,549	2.34%
Total Expenditures	\$22,135,698	100.00%	\$3,928,195	21.57%

The most significant change in expenditure is in capital outlay. During 2017 the city built a new Parks building. Increases in general government functions and recreation is primarily a result of the ongoing increase in the cost of personnel.

**Debt Administration**

In 2002, voters of Manchester authorized the issuance of \$6.5 million in General Obligation Bonds for the design and construction of a new Police Facility and public meeting space. The City closed on the bonds in 2003 and began paying principal in 2005. As of December 31, 2017, the City had \$570,000 of outstanding general obligation bonds. The bonds were structured such that a dedicated property tax assessment will be levied over a twenty year period for their retirement. The outstanding balance was refinanced in 2012 with a more favorable interest rate and earlier retirement. Principal of \$550,000 was paid in 2017. The bonds will be fully retired in 2018.

In 2010, tax increment revenue bonds were issued. The bonds are special limited obligations of the City, with debt payment contingent upon revenues collected from incremental sales and property taxes. In 2017, the TIF District retired bonds in the amount of \$3,585,000.

### **Cash Management**

The City of Manchester's idle funds are invested in accordance with the Investment Policy adopted by the Board of Aldermen on December 7, 1998. The City invests funds based on those that provide the highest rate of return with the least amount of risk while meeting the City's daily cash flow requirements and conforming to all applicable laws governing the investment of public funds.

The City's investments consist primarily of short-term United States Treasury and agency securities and certificates of deposit. The City is authorized to invest funds not immediately needed for their designated purpose in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance, and Commercial Paper.

The City may pool cash balances from all funds for investment purposes.

### **Awards**

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) for its comprehensive annual financial report (CAFR) issued for the fiscal year ended December 31, 2016. This satisfies both generally accepted accounting principles and applicable legal requirements, is easily readable and efficiently organized. The City resumed participation in this prestigious award program with the 2014 report.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR meets the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to evaluate its eligibility for another Certificate of Achievement.

### **Risk Management**

The City is a member of the St. Louis Area Insurance Trust (SLAIT). SLAIT is a not-for-profit corporation that addresses the insurance needs of governmental entities in the St. Louis metropolitan area.

SLAIT was formed in August 1986 to operate as a group self-insurer of worker's compensation. In addition to insurance protection, the pool provides risk management services. SLAIT is fully funded by its member participants and employs an outside service company to process all claims. As of December 31, 2017, 19 municipalities were members of the worker's compensation pool.

The City also receives general and auto liability coverage through SLAIT. The trust employs an outside service company to process these claims as well. As of December 31, 2017, 19 municipalities participated in the general and auto liability pool.

The trusts require an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in assets, liabilities, or fund balances of the insurance trust. However,

the City is contingently liable to fund its pro-rata share of any deficit incurred by the trusts should the trusts cease operation at some future date. The City's 2017 premium payments to the trusts totaled \$179,192.

The City also purchases commercial insurance to cover risks related to building and other City property, crimes, business, public official liability, earthquakes, and employee blanket bonds.

### **Independent Audit**

City policy requires an annual audit to be made of the financial statements of the various funds and account groups. This audit is performed by an independent certified public accounting firm selected by the Board of Aldermen. The City's auditor is Stopp & VanHoy, CPAs and Business Advisors, LLC.

### **Acknowledgements**

This preparation of this report was accomplished through the efforts of the staff of the Finance Department in cooperation with the City's auditors. Special thanks to Accountant Chris Sweeney for her assistance in compiling this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kathleen Langevin".

Kathleen M. Langevin  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Manchester  
Missouri**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

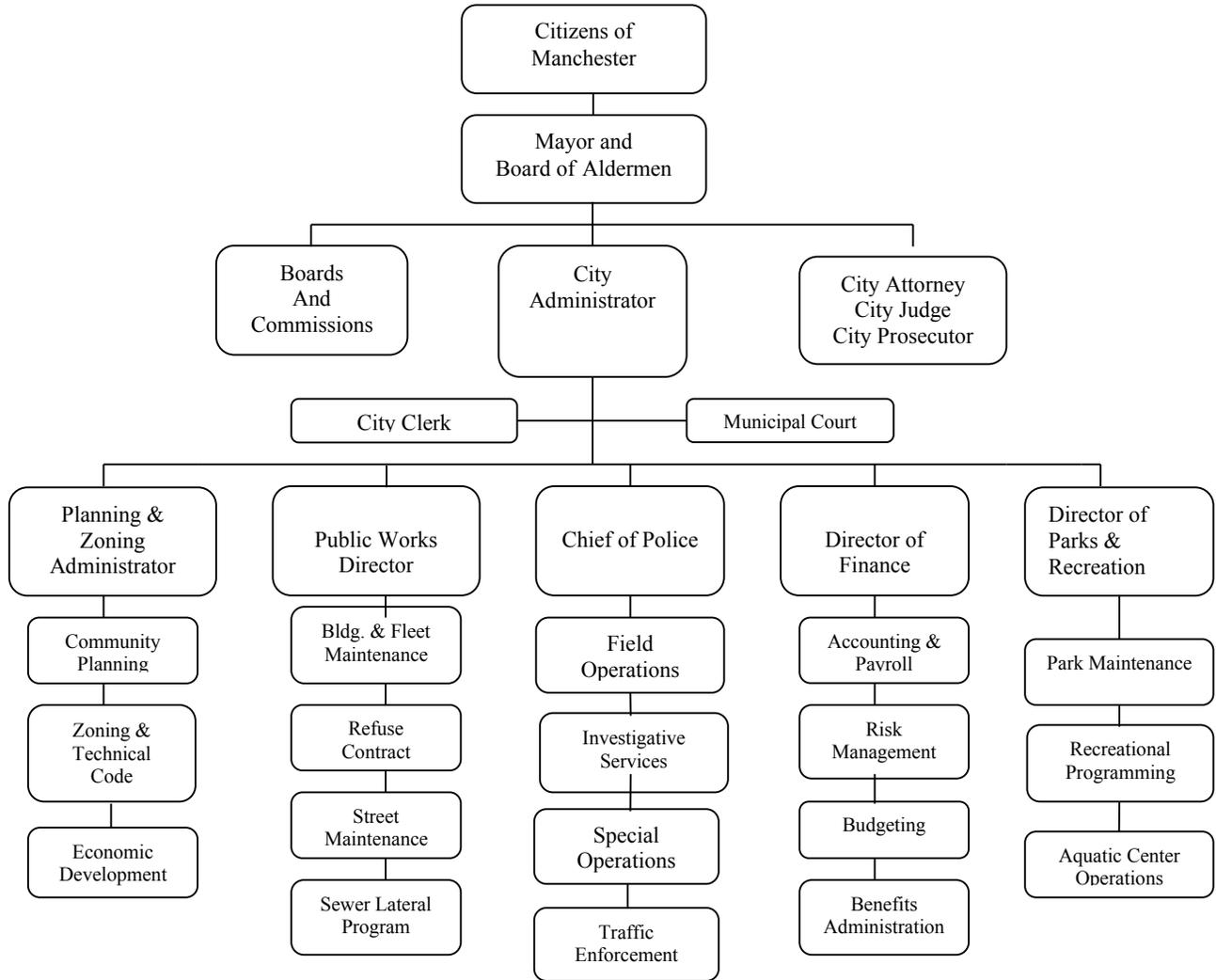
**Elected Officials:**

	<b>Title</b>	<b>First Elected</b>	<b>Current Term Ends</b>
David Willson	Mayor	2008	April 2018
Marilyn Ottenad	Alderman, Ward 2	1998	April 2018
Michael Clement	Alderman, Ward 2	2001	April 2019
John Diehl	Alderman, Ward 3	2006	April 2018
Paul Hamill	Alderman, Ward 1	2011	April 2019
Nelson Nolte	Alderman, Ward 1	Appointed	April 2018
Richard Baumann	Alderman, Ward 3	2015	April 2019

**Appointed Officials:**

	<b>Title</b>	<b>Appointed</b>
Lawrence Perney	City Administrator	2017
Patrick Gunn	City Attorney	1976
Michael Gunn	Municipal Judge	1997
Mark Levitt	Prosecuting Attorney	1997
Bob Ruck	Director of Public Works	2008
Tim Walsh	Chief of Police	2011
Ruth Baker	City Clerk	2005
Eileen Collins	Director of Parks and Recreation	2008
Kathleen Langevin	Director of Finance	2017
Melanie Rippetoe	Director of Planning & Zoning and Economic Development	2017

ORGANIZATIONAL CHART of the CITY of MANCHESTER,  
MISSOURI



## **Financial Section**

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of  
the Board of Aldermen  
City of Manchester, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Manchester, Missouri, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Manchester, Missouri's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Manchester, Missouri, as of December 31, 2017, and the respective

changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-12 and 32-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manchester, Missouri's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2018 on our consideration of the City of Manchester, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* in considering the City of Manchester, Missouri's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Stopp & Vanehey". The signature is written in a cursive, flowing style.

Creve Coeur, Missouri  
May 25, 2018

**Management Discussion & Analysis (Unaudited)**

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

The discussion and analysis of the City of Manchester's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2017. It should be read in conjunction with the accompanying basic financial statement.

- The City's total net position increased by \$6,185,674 in 2017. The current year increase brings the year-end net asset value of the City to \$6,702,168. Of this amount \$31,316,443 is invested in capital assets, \$11,232,449 represents restricted amounts, of the (\$35,846,724) unrestricted net position, (\$37,780,446) is the balance of the TIF bonds, net of premiums or discounts (as presented on the Statement of Net Position), which leaves a positive \$1,933,722 available for use for City operations.
- As of December 31, 2017, the City's governmental funds reported a combined ending fund balance of \$13,723,196 a decrease of \$2,447,408 in comparison with the year ended December 31, 2016.
- At the end of the year, unassigned fund balance for the General Fund was \$508,697 or 5.5% of the General Fund appropriations for the 2017 year.
- The City made total debt service payments of \$6,854,981, of which \$4,135,000 represents principal.
- The general fund reported a net decrease in fund balance of \$(16,015).

## **REPORT LAYOUT**

The report consists of management's discussion and analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements, and required supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, public works, parks and recreation, community development, legal and courts and general government administration. The City currently does not have any business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

## **Basic Financial Statements**

- The Statement of Net Position focuses on resources available for future operation. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. The Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

- Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The City’s major governmental funds are presented in their own column and the remaining funds are combined into a column titled “Nonmajor Governmental Funds”. Budgetary comparisons for the General Fund and major special revenue funds are presented as required supplementary information. A budgetary comparison is presented for the Capital Projects Fund, Debt Service Fund, TIF Fund, and the Parks and Storm Water Projects Fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City’s financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

## **THE CITY AS A WHOLE**

### **Government-wide Financial Analysis**

The City's combined net position was \$6,702,168 as of December 31, 2017. This analysis focuses on the net assets (Table 1), and changes in general revenues and significant expenses (Table 2) of the City's governmental activities.

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

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

**Table 1**

	2017	2016	Increase (Decrease)
<b>Assets:</b>			
Current and other assets	\$14,702,941	\$17,035,052	(\$2,332,111)
Capital Assets	31,905,217	27,825,688	\$4,079,529
Total Assets	<u>46,608,158</u>	<u>44,860,740</u>	<u>\$ 1,747,418</u>
<b>Liabilities:</b>			
Current and other liabilities	1,533,127	1,866,586	(333,459)
Noncurrent liabilities	38,372,863	42,477,660	(4,104,797)
Total liabilities	<u>39,905,990</u>	<u>44,344,246</u>	<u>(4,438,256)</u>
<b>Net position:</b>			
Net Investment in			
Capital Assets	31,316,443	26,670,821	4,645,622
Restricted	11,232,449	13,663,842	(2,431,393)
Unrestricted	(\$35,846,724)	(\$39,818,169)	3,971,445
Total net position	<u>\$6,702,168</u>	<u>\$516,494</u>	<u>\$6,185,674</u>

Net position may serve over time as an indicator of the City's financial position. The City's net position increased \$6,185,674 to \$6,702,168 as of December 31, 2017. This increase is due primarily to a reduction in outstanding debt in 2017. \$3,585,000 of tax increment financing (TIF) bonds were redeemed in 2017 and paid out of TIF revenue. The TIF debt is not a general obligation of the City, and the City does not own the related property. \$550,000 of The General Obligation Bonds were redeemed bringing the total of our long-term obligation to \$570,000.

A portion of the City's net position reflects its net investment in capital assets which totals \$31,316,443 and \$26,670,821 in 2017 and 2016, respectively. The City uses capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Unrestricted amounts apart from the TIF obligation are, as noted above \$1,933,722. Unrestricted amounts may be used to meet the City's ongoing obligations to citizens and creditors.

Restricted amounts totaled \$11,232,449 as of December 31, 2017. Restricted amounts are subject to external restrictions on how they may be used. Of restricted, \$1,964,804 is restricted for parks projects, \$8,535,795 is restricted TIF fund, \$508,127 is restricted for debt service, \$177,984 is restricted for sewer repairs, \$38,076 is restricted for capital projects and \$7,663 is restricted for Manchester Arts.

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

**Table 2**

	2017	2016	Increase (Decrease)
Revenue			
Program revenues			
Charges for services	\$649,368	\$654,527	(\$5,159)
Operating Grants and contributions	\$154,914	189,345	(\$34,431)
Capital grants and contributions	1,027,602	241,413	786,189
General revenues			
Taxes	17,710,588	17,558,299	152,289
Licenses and permits	412,640	361,012	51,628
Investment return	103,104	37,253	65,851
Gain (loss) on sale of assets		-12,104	12,104
Miscellaneous	77,562	58,563	18,999
Total revenues	<u>20,135,778</u>	<u>19,088,308</u>	<u>1,047,470</u>
Expenses:			
General government	1,696,844	1,652,795	44,049
Police department	3,638,358	3,680,947	-42,589
Public works	4,057,851	3,906,863	150,988
Community development	266,197	265,525	672
Aquatic center	518,701	505,548	13,153
Recreation	855,847	968,111	-112,264
Legal and court	202,842	214,385	-11,543
Interest and fiscal charges	2,713,464	2,925,532	-212,068
Total expenses	<u>13,950,104</u>	<u>14,119,706</u>	<u>-169,602</u>
Increase (decrease) in net position	6,185,674	4,968,602	1,217,072
Net position, beginning of year	516,494	-4,452,108	4,968,602
Net position, end of year	<u>\$6,702,168</u>	<u>\$516,494</u>	<u>\$6,185,674</u>

The increase in total revenues of \$1,047,470 represents an increase of 5.5%. The shopping area in the City has maintained the City's sales tax revenue as well as provided for the repayment of the TIF Bonds. The remaining sales tax producers in the City continue to recover from stagnant economy which had produced lower than expected sales tax revenue around the City. Since the City relies heavily on sales tax revenue, Manchester is susceptible to income fluctuations and must continue to closely monitor economic indicators.

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

Intergovernmental revenues are made up of taxes imposed and collected by other taxing jurisdictions, which are shared on a proportional basis with other entities such as the City. These taxes include gasoline, vehicle sales, cigarette, and vehicle fees.

In 2017, sales tax increased \$576,236. Of that increase, about \$303,000 is in the general fund. The implementation of a new sales Tax “Prop P” accounted for about \$200,000 of the increase. The remainder is due primarily to the increase in TIF Fund revenues. Property tax decreased by (\$831,687) from 2016, primarily due to decrease in tax rate as the General Obligation Bonds were almost fully redeemed. Grants increased by \$800,000 as the result of a grant for \$475,000 from the Municipal Park Grant Commission, as well as grants for infrastructure from the State and Missouri Department of Transportation. Investment income increased by \$65,000 in the fair market value of funds invested by the City for future debt service. Police fines and court costs decreased \$(73,409) in 2017 from the amount collected in 2016 as a result of changes in State legislation limiting fines and collections.

The City’s 2017 total expenses decreased \$169,602. This can be compared with the 2016 total expenses under the same basis of \$14,119,706.

**Governmental Funds**

The following table presents the amount of revenues from various sources on the modified accrual basis of accounting in the governmental funds.

**Table 3**

	Fiscal Year Ending 2017	Fiscal Year Ending 2016	Increase (Decrease)	Percentage Change
Property taxes	\$1,175,419	\$2,007,106	(\$831,687)	-41.4%
Taxes-other	16,078,681	15,502,445	\$576,236	3.7%
Grants	1,169,869	367,746	\$802,123	218.1%
Licenses and permits	369,190	332,961	\$36,229	10.9%
Fines and forfeitures	255,810	329,219	(\$73,409)	-22.3%
Charges for services	449,655	416,326	\$33,329	8.0%
Investment income	103,104	37,253	\$65,851	176.8%
Other	77,562	58,608	\$18,954	32.3%
	<u>\$19,679,290</u>	<u>\$19,051,664</u>	<u>\$627,626</u>	

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

Total revenues in 2017 exceed 2016 by \$627,626. This increase in revenue is a combination of several factors. Three major types of taxes are imposed by the City. Those taxes are: sales tax, utility use tax, and property tax. Sales tax increases are a result of the increase in sales in the shopping center in the TIF district as well as other areas throughout the City. Increased sales taxes were directed to the City's general revenues, to the payment of the TIF bonds and to capital project funds. The properties in the TIF district generated property taxes that are also directed toward the payment of the bonds

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year 2017, the City had \$45,131,531 invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, roads, and water and sewer lines. (See Table 4 below.) This amount represents a net increase (including additions and deductions) of \$5,605,746 or 14.2% over the prior year.

**Table 4**

	2017	2016
Land	\$1,580,963	\$1,580,963
Buildings and improvements	18,538,314	18,538,314
Machinery and equipment	2,128,662	2,049,988
Vehicles	2,150,739	1,963,509
Infrastructure	16,385,567	14,808,571
Construction in progress	4,345,269	584,443
	\$45,129,514	\$39,525,788

The most significant addition to capital assets this fiscal year was the addition of infrastructure. In 2017, approximately \$1,300,000 was added for street and sidewalk replacement; approximately \$300,000 was added for channel and bridge improvements. Construction in progress is for the new Park Building opening in January of 2018 as well as street and storm channel improvements to be completed at various times in the future. Additional information on the City's capital assets is presented in the notes to the financial statements.

**DEBT**

At year-end, the City had \$38,645,000 in outstanding debt compared to \$42,780,000 at the end of the prior fiscal year, a decrease of \$4,135,000.

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

**Table 5**

	2017	2016
General Obligation Bonds	\$570,000	\$1,120,000
TIF Bonds	38,075,000	41,660,000
	\$38,645,000	\$42,780,000

During the fiscal year, the City made principal payments totaling \$4,135,000 during the year. More detailed information on the City's long-term liabilities is presented in the notes to the financial statements.

**THE CITY'S FUNDS**

At the close of the City's fiscal year on December 31, 2017, the governmental funds of the City reported a combined fund balance of \$13,723,196. This ending balance includes a decrease in fund balance of (\$2,447,408). The excess (deficiency) of revenues over expenditures in the General Fund of \$150,834 was reduced by transfers to other funds in the amount of \$406,849, but increased by a recovery of funds transferred in prior year of \$240,000.

The fund balance decreased by \$1,655,704 in the Parks and Storm Water Projects Fund. During 2017 the City used assets available in this fund to pay capital outlay expenditures such as the new Park building.

The fund balance in the Capital Projects Fund decreased by \$129,966. During 2017 the City used assets available in this fund to pay capital outlay expenditures such as streets sidewalks and channel improvements.

The fund balance decreased by \$338,422, in the Debt Service fund.

The fund balance in the TIF Fund decreased by \$198,490 and included a transfer of \$386,849 from the General Fund. The primary activity in this fund is the payment of bond obligations, \$3,585,000 in 2017.

**General Fund Budgetary Highlights**

For 2017, actual revenues in the General Fund were \$9,017,162 compared to the final budget amount of \$9,457,200. Sales tax revenue was budgeted with an erroneous increase for 2017. The Fines and Court Costs revenue budget had been established to reflect the consistently flat revenue, which in 2016 declined and continued through 2017. Licenses and permits revenue met expectation. Charges for services, primarily recreation, were less than budgeted due to inclement

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

weather. Property Tax budget did not account for decreased revenue associated with General Obligation Bond repayment.

For 2017, actual expenditures were \$8,866,328 compared to the final budget amount of \$9,305,789. When the 2017 budget was prepared, late in 2016, there was an expectation of stability in the work force. The Police Department has experienced staff turnover with newer recruits at less salary expense. Staffing changes in several departments caused expenditures to be below budget for most of the City's departments.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In 2005 the City established a fund to account for the pre-development costs associated with the consideration of redeveloping a section of the City. In order for the area to be redeveloped, it was recognized that a developer would require Tax Increment Financing. As of 2010, that development is completed, Bonds have been issued to finance the cost of construction and the shopping area is active and generating revenue. The TIF Fund insures that the City captures its costs associated with this development and that TIF revenues are collected and transferred to the Bond Trustee.

In 2001, the citizens of Manchester approved the imposition of a Parks & Storm Water Projects sales tax. Anticipating sales tax revenue to stabilize, the City projected a 0.0% increase in revenues for the 2018 budget over the anticipated 2017 year performance at budget time.

The City's 2018 anticipated revenue is budgeted at \$20,138,750; the appropriated expenditure level is \$20,276,195, which will result in an excess of current year expenditures over revenue of \$(137,445). An excess of expenditure over revenue will occur in Debt Service Fund (\$579,800) as the final General Obligation Bond payment is made, Capital Improvement Fund, as a result of the construction of a new streets. The other area of excess expenditure over revenue is the Sanitary Sewer Repair Fund in the amount of \$(93,146). The budgeted figures are based on prior year results and refunding is not determined by the City.

The City has established a minimum designated fund balance policy for the General Fund in the amount of 20% of the General Fund appropriation. The 2017 budget continues to exceed this minimum.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives.

**CITY OF MANCHESTER, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017**

If you have questions about this report or need additional financial information, contact:

Kathleen Langevin  
Director of Finance  
City of Manchester, Missouri  
14318 Manchester Road  
Manchester Missouri 63011

## **Basic Financial Statements**

**City of Manchester, Missouri**  
**Statement of Net Position**  
**December 31, 2017**

	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 971,321
Investments	1,959,507
Restricted cash and equivalents	1,063,558
Restricted investments	5,366,983
Receivables, net:	
Taxes	4,663,232
Interest	1,460
Other	578,130
Prepaid expenses	98,750
Total Current Assets	14,702,941
Noncurrent Assets:	
Land and construction in progress	5,926,232
Other capital assets, net	25,978,985
Total Noncurrent Assets	31,905,217
Total Assets	46,608,158
<b>Deferred Outflows of Resources</b>	-
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	185,364
Accrued wages	180,356
Accrued compensated absences	125,299
Escrow payable	39,528
Court bonds payable	2,566
Accrued interest payable	430,014
Current portion of General Obligation Bonds payable	570,000
Total Current Liabilities	1,533,127
Noncurrent Liabilities:	
General Obligation Bonds payable, net	588,774
Less: current portion	(570,000)
Tax Increment Revenue Bonds payable, net	37,780,446
Postretirement benefits	573,643
Total Noncurrent Liabilities	38,372,863
Total Liabilities	39,905,990
<b>Deferred Inflows of Resources</b>	-
<b>Net Position</b>	
Net investment in capital assets	31,316,443
Restricted:	
Enabling legislation	11,232,449
Unrestricted	(35,846,724)
Total Net Position	\$ 6,702,168

See Notes to the Financial Statements

**City of Manchester, Missouri**  
**Statement of Activities**  
**For the year ended December 31, 2017**

<b>Functions/Programs</b>	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 1,696,844	\$ -	\$ 328	\$ -	\$ (1,696,516)
Police department	3,638,358	241,683	153,536	-	(3,243,139)
Public works	4,057,851	44,960	-	552,602	(3,460,289)
Community development	266,197	-	-	-	(266,197)
Aquatic center	518,701	277,261	-	-	(241,440)
Recreation	855,847	85,464	1,050	475,000	(294,333)
Legal and court	202,842	-	-	-	(202,842)
Interest and fiscal charges	2,713,464	-	-	-	(2,713,464)
	<u>\$ 13,950,104</u>	<u>\$ 649,368</u>	<u>\$ 154,914</u>	<u>\$ 1,027,602</u>	<u>\$ (12,118,220)</u>
<b>General Revenues:</b>					
Taxes:					
Sales					
				\$ 14,402,751	
Utility					
				1,424,930	
Property					
				1,631,907	
Franchise					
				251,000	
Licenses and permits					
				412,640	
Investment income					
				103,104	
Other miscellaneous revenue					
				77,562	
Total General Revenues					
				<u>\$ 18,303,894</u>	
					Change in Net Position
					\$ 6,185,674
					Net Position - Beginning of Year
					<u>516,494</u>
					Net Position - End of Year
					<u>\$ 6,702,168</u>

See Notes to the Financial Statements

**City of Manchester, Missouri**  
**Balance Sheet - Governmental Funds**  
**December 31, 2017**

	General Fund	Parks and Storm Water Projects Fund	Capital Projects Fund	Debt Service Fund	TIF Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 439,820	\$ -	\$ -	\$ -	\$ 516,006	\$ 15,495	\$ 971,321
Investments	1,959,507	-	-	-	-	-	1,959,507
Restricted cash and cash equivalents	-	-	-	-	1,063,558	-	1,063,558
Restricted investments	-	-	-	-	5,366,983	-	5,366,983
Receivables, net:							
Taxes	1,795,050	323,721	283,044	97,923	2,117,628	45,866	4,663,232
Interest	1,460	-	-	-	-	-	1,460
Other	1,840	475,000	101,290	-	-	-	578,130
Prepaid expenses	98,750	-	-	-	-	-	98,750
Due from other funds	-	1,181,992	-	446,094	-	134,298	1,762,384
Total Assets	<u>4,296,427</u>	<u>1,980,713</u>	<u>384,334</u>	<u>544,017</u>	<u>9,064,175</u>	<u>195,659</u>	<u>16,465,325</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,296,427</u>	<u>\$ 1,980,713</u>	<u>\$ 384,334</u>	<u>\$ 544,017</u>	<u>\$ 9,064,175</u>	<u>\$ 195,659</u>	<u>\$ 16,465,325</u>
<b>Liabilities</b>							
Accounts payable	\$ 54,042	\$ 15,909	\$ 105,401	\$ -	\$ -	\$ 10,012	\$ 185,364
Accrued wages	180,356	-	-	-	-	-	180,356
Escrow payable	39,528	-	-	-	-	-	39,528
Due to other funds	1,521,527	-	240,857	-	-	-	1,762,384
Court bonds payable	2,566	-	-	-	-	-	2,566
Total Liabilities	<u>1,798,019</u>	<u>15,909</u>	<u>346,258</u>	<u>-</u>	<u>-</u>	<u>10,012</u>	<u>2,170,198</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - property taxes	7,661	-	-	35,890	528,380	-	571,931
<b>Fund Balances</b>							
Nonspendable:							
Prepaid expenses	98,750	-	-	-	-	-	98,750
Restricted:							
Special revenue fund	-	1,964,804	38,076	508,127	8,535,795	185,647	11,232,449
Committed:							
Contingency	1,883,300	-	-	-	-	-	1,883,300
Unassigned	508,697	-	-	-	-	-	508,697
Total Fund Balances	<u>2,490,747</u>	<u>1,964,804</u>	<u>38,076</u>	<u>508,127</u>	<u>8,535,795</u>	<u>185,647</u>	<u>13,723,196</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,296,427</u>	<u>\$ 1,980,713</u>	<u>\$ 384,334</u>	<u>\$ 544,017</u>	<u>\$ 9,064,175</u>	<u>\$ 195,659</u>	<u>\$ 16,465,325</u>

See Notes to the Financial Statements

**City of Manchester, Missouri**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2017**

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Total Governmental Fund Balances	\$ 13,723,196
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	31,905,217
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are not reported in the funds	571,931
Interest payable recorded in the Statement of Net Position does not require the use of current financial resources and, therefore, is not reported in the funds	(430,014)
Long-term liabilities, including bonds payable, compensated absences and postretirement benefits, are not due and payable in the current period and, therefore, are not reported in the funds:	
General Obligation Bonds	(588,774)
Tax Increment Revenue Bonds	(37,780,446)
Compensated absences	(125,299)
Postretirement benefits	<u>(573,643)</u>
Total Net Position of Governmental Activities	<u><u>\$ 6,702,168</u></u>

See Notes to the Financial Statements

**City of Manchester, Missouri**  
**Combined Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the year ended December 31, 2017**

	General Fund	Parks and Storm Water Projects Fund	Capital Projects Fund	Debt Service Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>							
Property taxes	\$ 65,041	\$ -	\$ -	\$ 228,743	\$ 881,635	\$ -	\$ 1,175,419
Taxes - other	7,671,264	1,685,935	1,440,930	-	5,114,538	166,014	16,078,681
Grants	141,217	475,000	552,602	-	-	1,050	1,169,869
Licenses and permits	369,190	-	-	-	-	-	369,190
Fines and forfeitures	255,810	-	-	-	-	-	255,810
Charges for services	404,090	-	-	-	-	45,565	449,655
Investment income	33,217	-	-	-	69,887	-	103,104
Other	77,333	-	-	-	179	50	77,562
	<u>\$ 9,017,162</u>	<u>\$ 2,160,935</u>	<u>\$ 1,993,532</u>	<u>\$ 228,743</u>	<u>\$ 6,066,239</u>	<u>\$ 212,679</u>	<u>\$ 19,679,290</u>
<b>Expenditures</b>							
Current:							
General government	\$ 1,278,574	\$ -	\$ -	\$ 265	\$ 357,400	\$ -	\$ 1,636,239
Police department	3,266,323	-	-	-	-	-	3,266,323
Public works	2,675,543	-	-	-	-	78,205	2,753,748
Community development	257,812	-	-	-	6,097	-	263,909
Aquatic center	313,447	-	-	-	-	-	313,447
Recreation	799,360	-	-	-	-	21,481	820,841
Legal/court	200,750	-	-	-	-	-	200,750
Capital outlay	74,519	3,816,639	1,892,498	-	-	241,804	6,025,460
Debt service:							
Principal	-	-	-	550,000	3,585,000	-	4,135,000
Interest and fiscal charges	-	-	-	16,900	2,703,081	-	2,719,981
	<u>\$ 8,866,328</u>	<u>\$ 3,816,639</u>	<u>\$ 1,892,498</u>	<u>\$ 567,165</u>	<u>\$ 6,651,578</u>	<u>\$ 341,490</u>	<u>\$ 22,135,698</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	150,834	(1,655,704)	101,034	(338,422)	(585,339)	(128,811)	(2,456,408)
<b>Other Financing Sources (Uses)</b>							
Proceeds from sale of capital assets	\$ -	\$ -	\$ 9,000	\$ -	\$ -	\$ -	\$ 9,000
Transfers in	240,000	-	-	-	386,849	20,000	646,849
Transfers out	(406,849)	-	(240,000)	-	-	-	(646,849)
	<u>\$ (166,849)</u>	<u>\$ -</u>	<u>\$ (231,000)</u>	<u>\$ -</u>	<u>\$ 386,849</u>	<u>\$ 20,000</u>	<u>\$ 9,000</u>
<b>Net Change in Fund Balance</b>	(16,015)	(1,655,704)	(129,966)	(338,422)	(198,490)	(108,811)	(2,447,408)
<b>Fund Balance (Deficit), January 1</b>	<u>2,506,762</u>	<u>3,620,508</u>	<u>168,042</u>	<u>846,549</u>	<u>8,734,285</u>	<u>294,458</u>	<u>16,170,604</u>
<b>Fund Balance (Deficit), December 31</b>	<u>\$ 2,490,747</u>	<u>\$ 1,964,804</u>	<u>\$ 38,076</u>	<u>\$ 508,127</u>	<u>\$ 8,535,795</u>	<u>\$ 185,647</u>	<u>\$ 13,723,196</u>

See Notes to the Financial Statements

**City of Manchester, Missouri**  
**Reconciliation of the Combined Statement of Revenue, Expenditures,**  
**and Changes in Fund Balances - Governmental Funds to the Statement of Activities**  
**For the year ended December 31, 2017**

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Change in fund balance-total governmental funds	\$ (2,447,408)
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues that do not provide current financial resources are not included in the fund financial statements.	456,488
The acquisition of capital assets requires the use of current financial resources but has no effect on net position	5,852,902
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities	(1,726,958)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources.	(46,415)
The increase in interest payable and the amortization of bond premium/discount do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds	6,517
Repayment of bonds principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	4,135,000
Increase in compensated absences and accumulated post retirement benefits are recorded when earned in the statement of activities	(44,452)
Change in net position of governmental activities	\$ 6,185,674

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies**

The City of Manchester, Missouri (the City) was incorporated as a city within St. Louis County, Missouri on August 17, 1959. The residents voted to approve the Village of Manchester becoming a fourth class city as provided by Missouri state statutes, and established a Mayor/City Administrator/Board of Alderman form of government. The City's major operations include police protection, street maintenance and improvements, parks and recreation, community development and general administrative services. The basic financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental agencies. The significant accounting policies applied by the City in the preparation of the accompanying financial statements are summarized below:

**Reporting Entity**

The City applies the criteria set forth in Statement No. 61 of the Governmental Accounting Standards Board, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34* (GASB 61), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The City presently has no component units included within its reporting entity.

**Basic Financial Statements**

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities, and reports information on all of the activities of the Primary Government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges that would distort direct costs and program revenues reported for the various functions concerned.

The Statement of Activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, the Parks and Storm Water Projects Fund, the Capital Projects Fund, the Debt Service Fund, and the Tax Increment Financing (TIF) Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues available if they are collected within 60 days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

For the governmental fund financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The City reports the following major governmental funds:

**The General Fund** - The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

**The Parks and Storm Water Projects Fund** - The City uses this fund to account for sales tax revenue restricted for parks and storm water projects.

**The Capital Projects Fund** - The City uses this fund to account for sales tax revenue and proceeds from the issuance of debt restricted for capital improvements.

**The Debt Service Fund** - The City uses this fund to account for the resources accumulated and payments made for the principal and interest on long-term general obligation debt of governmental funds.

**The TIF Fund** - The City uses this fund to account for the activity from the Tax Increment Financing Commission for the Manchester Highlands.

The other governmental funds of the City are considered nonmajor. They are special revenue funds which account for specific revenue sources that are legally restricted to expenditures for specific purposes.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights, street lights, sewer lines and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$2,000 or more and an estimated useful life in excess of one year. Infrastructure assets with an initial cost of \$50,000 or more are also capitalized and depreciated. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	5 - 40 years
Machinery and equipment	5 - 20 years
Vehicles	5 years
Infrastructure	10 - 50 years

The government-wide financial statements do not reflect those infrastructure assets completed prior to January 1, 2004. From that point forward, new infrastructure is added to the records, while the retroactive historical value of the City's infrastructure assets has not been added.

**Use of Estimates**

The preparation of financial statements in conformity with 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 vary from the estimates that management uses.

**Restricted Cash and Investments**

Certain cash and investments are restricted for the construction or purchase of assets, the repayment of special revenue bonds, and the activities of special revenue funds.

**Interfund Transactions**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

**Compensated Absences**

The policy for vacation pay allows employees to take time off with pay. The policy allows employees to carry forward up to one-half of the days earned in that particular year. Any days carried forward must be used in the following year. Since all days carried forward must be used in the following year, it is reflected as a current liability. Sick leave is accumulated based upon hours worked and is available only to provide compensation during periods of illness or injury.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**Compensated Absences (continued)**

Also, the City instituted a Catastrophic Leave Policy during the year ended December 31, 2008, which provides employees the opportunity to donate sick leave, vacation and/or compensatory time so that other employees may remain in paid status, and thus partially reduce the financial impact of a serious illness or injury. No portion of sick or catastrophic leave is payable to the employee upon termination of employment. Therefore, no liability for sick or catastrophic leave has been accrued by the City. Liabilities for compensated absences are generally liquidated by the General Fund.

**Long-Term Liabilities**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount, or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are included as an expense. Amortization of bond premiums or discounts and deferred amounts on refunding are included in interest expense.

Also recorded in long-term liabilities is the City's severance package liability. The City pays to each employee with 20 years of service upon retirement an amount equal to three months salary. The City records in long-term liabilities an amount equal to the estimated liability at year end based on the length of service of each employee. The change in this liability is recorded in the government-wide statements to match the expense of providing this benefit to the period it is earned by the employee.

**Net Position and Fund Balance/Equity**

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents amounts restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. All remaining net position is considered unrestricted.

When both restricted and unrestricted sources are available for use, it is the City's policy to use restricted first, then unrestricted resources as they are needed. The government-wide Statement of Net Position reports a restricted portion of \$11,232,449, which is restricted by enabling legislation.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** - Resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

**Restricted** - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**Net Position and Fund Balance/Equity (continued)**

**Committed** - Resources which are subject to limitations the government imposes upon itself by passing a resolution by the Board of Aldermen, and that remain binding unless removed in the same manner. The City currently has a policy which requires commitment of General Fund Balance equal to twenty percent of the future year expenditures.

**Assigned** - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Aldermen or an official to which the Board of Aldermen has delegated the authority to assign amounts for specific purposes.

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

The City would typically use Restricted fund balances first, followed by Committed resources and Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first.

**Investments**

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. The City's investments are carried at fair value. Interest income earned on pooled cash and investments is allocated to the various funds. Interest income on restricted cash and investments is credited directly to the related fund.

The City is authorized to invest funds not immediately needed for the purposes to which the funds are applicable in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper.

**Budgets and Budgetary Accounting**

The Board of Alderman adopts an annual budget on the modified accrual basis of accounting for its general, debt service, capital projects and special revenue funds. The procedures outlined below are followed in establishing the budgetary data reflected in the general purpose financial statements:

1. The Director of Finance, with the assistance of the various department heads, prepares a budget of estimated revenues and expenditures for the forthcoming year and delivers to the City Administrator.
2. The City Administrator reviews the proposed expenditures with the Director of Finance and the department heads, and, after the necessary revisions have been made, submits the budget to the Mayor and the Board of Aldermen in September of each year.
3. The Board of Aldermen will then hold budget work sessions with the City Administrator and staff to make final revisions to the proposed budget.
4. The budget is legally enacted by ordinance prior to January 1 of the year to which it applies.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**Budgets and Budgetary Accounting (continued)**

5. The City Administrator is authorized to transfer within a fund any unexpended balances. The Board of Aldermen must approve all fund transfers.

6. The Board of Aldermen may make supplemental appropriations for revenues in excess of original budget estimates or reduce appropriations should revenues be insufficient to meet the amount appropriated.

7. At the end of each budget period, all appropriated balances lapse and may be reappropriated in the next budget period.

The legal level of budgetary control for the City is at the fund level.

**Note 2 - Deposits and Investments**

Deposits and investments held by at the City at December 31, 2017 consisted of the following:

<u>Type</u>	<u>Maturities</u>	<u>2017 FMV</u>	<u>2017 Bank Balances</u>
Unrestricted Deposits:			
Petty cash	n/a	\$ 750	n/a
Demand deposits	n/a	970,571	2,010,134
Total Unrestricted Deposits		\$ 971,321	\$ 2,010,134
Unrestricted Investments:			
Money market funds	n/a	\$ 1,063,558	
Government sponsored enterprise (GSE) bond	10/03/19	200,643	
Government sponsored enterprise (GSE) bond	03/30/20	292,628	
Government sponsored enterprise (GSE) bond	11/25/20	194,538	
Government sponsored enterprise (GSE) bond	05/07/21	295,234	
Government sponsored enterprise (GSE) bond	05/17/21	488,735	
Government sponsored enterprise (GSE) bond	06/30/21	487,729	
Total Unrestricted Investments		\$ 3,023,065	
Restricted Investments:			
Government and GSE bonds	Various	\$ 3,983,074	
Corporate bonds	Various	496,113	
Money market funds	n/a	887,796	
Total Restricted Investments		\$ 5,366,983	

At December 31, 2017, all deposits were covered by the Federal Deposit Insurance Corporation (FDIC) or pledged securities.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

**Note 2 - Deposits and Investments (continued)**

**Credit Risk**

The City has no formal policy regarding credit risk. In general, the City invests only in instruments with a minimum AA rating.

**Interest Rate Risk**

The City has no formal policy in regards to interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City limits its exposure to investments with maturities greater than one year.

Investment Type	Fair Value	Maturity			Rating
		0-3 Years	3-6 Years	6+ Years	
Government and GSE bonds	\$ 5,942,581	\$ 1,073,820	\$ 1,490,714	\$ 3,378,047	AA
Corporate bonds	496,113	72,728	171,820	251,565	AA
Money market funds	1,951,354	1,951,354	-	-	N/A
Total Investments	<u>\$ 8,390,048</u>	<u>\$ 3,097,902</u>	<u>\$ 1,662,534</u>	<u>\$ 3,629,612</u>	

**Concentration of Credit Risk**

The City places no limit on the amount that the City may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Portfolio
FNMA	GSE agency bonds	\$ 2,162,638	25.78%
FHLMC	GSE agency bonds	1,400,229	16.69%
FFCB	GSE agency bonds	487,728	5.81%
FHLB	GSE agency bonds	488,736	5.83%

**Custodial Credit Risk**

For deposits and investments, the custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments of the City are either insured, collateralized, or invested in securities of the United States or its agencies.

**Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2017:

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

**Note 2 - Cash and Investments (continued)**

**Fair Value Measurements (continued)**

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government and GSE bonds	\$ 5,942,581	\$ -	\$ 5,942,581	\$ -
Corporate bonds	496,113	-	496,113	-
Money market funds	1,951,354	1,951,354	-	-
	<u>\$ 8,390,048</u>	<u>\$ 1,951,354</u>	<u>\$ 6,438,694</u>	<u>\$ -</u>

**Note 3 - Property Taxes**

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2017, upon which the 2017 levy was based for real, personal and public utility property, was \$363,412,650. The City's tax rate was levied at \$.0420 (residential real estate), \$.0450 (commercial real estate), and \$.0500 (personal property) per \$100 of assessed valuation for the General Fund, and \$.0240 per \$100 of assessed valuation of all property types for the Debt Service Fund.

**Note 4 - Interfund Transactions**

Interfund receivables/payables at December 31, 2017 consists of the following:

	Due From:	Due To:
General Fund	\$ -	\$ 1,521,527
Parks and Storm Water Fund	1,181,992	-
Capital Projects Fund	-	240,857
Debt Service Fund	446,094	-
Nonmajor Funds	134,298	-
	<u>\$ 1,762,384</u>	<u>\$ 1,762,384</u>

The following transfers were made during the fiscal year ending December 31, 2017:

	Transfers In	Transfers Out
General Fund	\$ 240,000	\$ 406,849
Capital Projects Fund	-	240,000
TIF Fund	386,849	-
Nonmajor Fund: Manchester Arts Fund	20,000	-
	<u>\$ 646,849</u>	<u>\$ 646,849</u>

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use restricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

**Note 5 - Capital Assets**

Capital asset activity for the primary government for the year ended December 31, 2017 is as follows:

	Balance at 12/31/16	Additions	Deletions	Balance at 12/31/17
<b><u>Governmental activities:</u></b>				
Non-depreciable capital assets				
Land	\$ 1,580,963	\$ -	\$ -	\$ 1,580,963
Construction in process	584,443	3,760,826	-	4,345,269
Total non-depreciable capital assets	<u>\$ 2,165,406</u>	<u>\$ 3,760,826</u>	<u>\$ -</u>	<u>\$ 5,926,232</u>
Depreciable capital assets				
Buildings and improvements	\$ 18,538,314	\$ -	\$ -	\$ 18,538,314
Machinery and equipment	2,049,988	134,098	(55,424)	2,128,662
Infrastructure	14,808,571	1,576,996	-	16,385,567
Vehicles	1,963,509	380,982	(193,752)	2,150,739
Total depreciable capital assets	<u>37,360,382</u>	<u>2,092,076</u>	<u>(249,176)</u>	<u>39,203,282</u>
Less: accumulated depreciation				
Buildings and improvements	\$ (5,590,916)	\$ (575,885)	\$ -	\$ (6,166,801)
Machinery and equipment	(1,348,039)	(162,154)	55,424	(1,454,769)
Infrastructure	(3,317,585)	(781,728)	-	(4,099,313)
Vehicles	(1,443,560)	(207,191)	147,338	(1,503,414)
Total accumulated depreciation	<u>(11,700,100)</u>	<u>(1,726,958)</u>	<u>202,762</u>	<u>(13,224,297)</u>
Total depreciable capital assets, net	<u>\$ 25,660,282</u>	<u>\$ 365,118</u>	<u>\$ (46,414)</u>	<u>\$ 25,978,985</u>

Depreciation expense was charged to functions/programs of the Primary Government for the year ended December 31, 2017 as follows:

General government	\$ 64,561
Police department	306,630
Public works	970,553
Aquatic center	182,142
Recreation	203,072
	<u>\$ 1,726,958</u>

**Note 6 - Long-Term Debt**

**General Obligation Bonds**

The City issued general obligation bonds for the purpose of acquiring land and constructing, furnishing and equipping a new police station, including public meeting space therein. Funds from a dedicated property tax are accumulated in the Debt Service Fund to make future principal and interest payments. The original amount of general obligation bonds issued in prior years was \$6,500,000. During 2012, general obligation bonds of \$3,185,000 were issued to refund the outstanding balance. The refunding bonds bear interest at 2.0% and mature March 2018.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

**Note 6 - Long-Term Debt (continued)**

**Special Revenue Bonds**

The bonds were issued in March 2010 for the Highway 141/Manchester Road Project. The bonds are special, limited obligations of the City, payable solely from the incremental sales and property taxes generated by the development along with the revenues pledged by the Manchester Highlands Transportation Development District. The annual debt service payments are contingent upon the revenues collected. The bonds bear interest at 6.0% on balances due November 1, 2025 and 6.875% on balances due November 1, 2039. The obligations of the City and the District to transfer payments for the repayment of the bonds expires in accordance with State statute whether or not the principal and interest thereon have been paid in full. These bonds are only required to make principal payments when excess funds are available after the payment of interest.

**Post Retirement Benefits**

As a benefit to employees who have served the City for an extended period of time, the City provides certain benefits upon retirement. Upon retirement full time employees who have been employed by the City for 20 years or more are entitled to receive three months of salary. At December 31, 2017, there were 76 employees eligible to receive benefits upon meeting the service requirements. The City has accrued this liability in the government-wide statements as a noncurrent liability.

	Balance at 12/31/16	Additions	Reductions	Balance at 12/31/17	Due Within One Year
General obligation bonds	\$ 1,120,000	\$ -	\$ (550,000)	\$ 570,000	\$ 570,000
Add: Issuance premiums	34,867	-	(16,093)	18,774	-
Tax Increment Revenue Bonds	41,660,000	-	(3,585,000)	38,075,000	-
Less: Issuance discounts	(343,647)	-	49,093	(294,554)	-
Postretirement benefits	556,440	17,203	-	573,643	-
Total Long-Term Debt	<u>\$ 43,027,660</u>	<u>\$ 17,203</u>	<u>\$ (4,102,000)</u>	<u>\$ 38,942,863</u>	<u>\$ 570,000</u>

Annual debt-service payments for long-term debt with scheduled payments are as follows:

Year ended, 2018	Principal	Interest	Total
	<u>\$ 570,000</u>	<u>\$ 5,700</u>	<u>\$ 575,700</u>

**Note 7 - Retirement Plan**

The City of Manchester, Missouri Profit Sharing Plan and Trust (a single-employer defined contribution retirement plan currently administered by ICMA Retirement Corp.) became effective October 1, 1990 upon the passage of an ordinance by the Board of Aldermen. The City pays for the full cost of the Plan by contributing up to 5% of eligible participating employees' annual compensation. All employees are eligible to participate in the Plan when they have been credited with at least 1,000 hours of service during the period of 6 consecutive months measured from the anniversary date of their employment.

Employees vest at a graduated rate over a five year period. The City contributed \$189,977 to the Plan during the year ended December 31, 2016.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 8 - 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. The City makes no contribution to the Plan.

ICMA Retirement Corporation administers the City's Deferred Compensation Plan. The City does not have significant administrative involvement in the Plan. With the adoption of Governmental Accounting Standards Board (GASB) No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City's Deferred Compensation Plan is not included in the general purpose financial statements. The City's Plan does not meet the criteria for reporting the Deferred Compensation Plan in a fiduciary fund.

**Note 9 - Risk Management**

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

The City is a member of the St. Louis Area Insurance Trust (SLAIT), a non-for-profit, self insurance risk pool, formed by various St. Louis County municipalities.

In order to operate as a group self-insurer of workers' compensation, SLAIT was formed in August 1986. In addition to insurance protection, the program provides risk management services with emphasis on loss control, claims administration, and management information services. SLAIT is fully funded by its member participants and employs an outside service company to process all claims.

Coverage is provided by the trust for general and auto liability subject to a \$500 deductible per occurrence for third party property damage and for law enforcement liability subject to a \$2,500 deductible per occurrence. Any damage to city property carries a \$5,000 deductible. This trust also employs an outside service company to process all claims.

The trust requires an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in assets, liabilities, or fund balances of the insurance trust. However, the City is contingently liable to fund its pro rata share of any deficit incurred by the trust should the trust cease operation at some future date. The City's 2017 premium payments to the trust totaled \$179,192.

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

**Note 10 - Commitments and Concentrations**

In 2013, the City signed a contract for single-family residential household trash, recycle and yard waste collection service. The contract is for 5 years and increases for each subsequent year are equal to the consumer price index. During the year ended December 31, 2017, expenditures for waste removal totaled \$1,308,859.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 11 - Claims and Contingencies**

Litigation

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. At this time, a reasonable estimate as to the amount or range of potential loss and/or gain cannot be provided.

Federal and State Assisted Programs

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

**Note 12 - Missouri Legislation**

House Bill 103 amending Section 302.341.2 RSMo became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations. The City was not required to and did not account for the fines and court costs for traffic violations separately from the total fines and court costs prior to August 28, 2013. In 2017, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$229,447. "Annual general operating revenue of the city" is not defined in the amended statute and may or may not include various sources of the City's revenues. However, the City's general revenue fund tax revenue alone totaled \$7,736,305. Using general fund tax revenue and total fines and court costs as the "annual general operating revenue", the City's total fines and court costs revenues are only 2.97% of this total "annual general operating revenue", which is substantially below the 30% threshold requirement of the amended statute. This clearly demonstrates at a minimum that the City in no way exceeded the percentage requirement regardless of how "annual general operating revenue" is calculated.

**Note 13 - Tax Abatements**

During the year ended December 31, 2016, the City adopted GASB Statement No. 77, *Tax Abatement Disclosure* which seeks to assist users of the financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The City has determined that there are no tax abatement agreements which require disclosure for the year ended December 31, 2017.

**Note 14 - Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through May 25, 2018, the date the financial statements were available to be issued.

In 2017, the City's residents approved a \$16,000,000 general obligation bond for the improvement of streets and sidewalks throughout the City. The bonds will be issued in two segments with the first segment of \$9,000,000 anticipated to be issued in July of 2018.

**City of Manchester, Missouri**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

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**Note 15 - New Accounting Pronouncements**

GASB Statement No. 85, Omnibus 2017, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other post employment benefits [OPEB]). This statement will be effective for the year ended December 31, 2018.

GASB Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ended December 31, 2020.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, improves the information that is disclosed in notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement will be effective for the year ended December 31, 2019.

**Required Supplementary Information**

**City of Manchester, Missouri**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the year ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ 177,000	\$ 177,000	\$ 65,041	\$ (111,959)
Taxes - other	8,002,000	8,002,000	7,671,264	(330,736)
Grants	142,000	142,000	141,217	(783)
Licenses and permits	363,200	363,200	369,190	5,990
Fines and forfeitures	300,000	300,000	255,810	(44,190)
Charges for services	395,000	395,000	404,090	9,090
Investment income	26,000	26,000	33,217	7,217
Other	52,000	52,000	77,333	25,333
Total Revenues	<u>\$ 9,457,200</u>	<u>\$ 9,457,200</u>	<u>\$ 9,017,162</u>	<u>\$ (440,038)</u>
<b>Expenditures</b>				
Current:				
General government	\$ 1,357,969	\$ 1,357,969	\$ 1,278,574	\$ (79,395)
Police department	3,550,927	3,550,927	3,266,323	(284,604)
Public works	2,780,275	2,780,275	2,675,543	(104,732)
Community development	267,480	267,480	257,812	(9,668)
Aquatic center	352,980	352,980	313,447	(39,533)
Recreation	791,798	791,798	799,360	7,562
Legal/court	204,360	204,360	200,750	(3,610)
Capital outlay	-	-	74,519	74,519
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 9,305,789</u>	<u>\$ 9,305,789</u>	<u>\$ 8,866,328</u>	<u>\$ (439,461)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	151,411	151,411	150,834	(577)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -
Transfers in	240,000	240,000	240,000	-
Transfers out	(380,000)	(380,000)	(406,849)	26,849
Total Other Financing Sources (Uses)	<u>\$ (140,000)</u>	<u>\$ (140,000)</u>	<u>\$ (166,849)</u>	<u>\$ 26,849</u>
<b>Net Change in Fund Balance</b>	<u>\$ 11,411</u>	<u>\$ 11,411</u>	\$ (16,015)	<u>\$ (27,426)</u>
<b>Fund Balance, January 1</b>			<u>2,506,762</u>	
<b>Fund Balance, December 31</b>			<u>\$ 2,490,747</u>	

**City of Manchester, Missouri**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Parks and Storm Water Projects Fund**  
**For the year ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,600,000	1,600,000	1,685,935	85,935
Grants	475,000	475,000	475,000	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>\$ 2,075,000</u>	<u>\$ 2,075,000</u>	<u>\$ 2,160,935</u>	<u>\$ 85,935</u>
<b>Expenditures</b>				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	2,798,825	4,157,755	3,816,639	(341,116)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 2,798,825</u>	<u>\$ 4,157,755</u>	<u>\$ 3,816,639</u>	<u>\$ (341,116)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(723,825)	(2,082,755)	(1,655,704)	427,051
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Change in Fund Balance</b>	<u>\$ (723,825)</u>	<u>\$ (2,082,755)</u>	\$ (1,655,704)	<u>\$ 427,051</u>
<b>Fund Balance, January 1</b>			<u>3,620,508</u>	
<b>Fund Balance, December 31</b>			<u>\$ 1,964,804</u>	

**City of Manchester, Missouri**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Tax Increment Financing Fund**  
**For the year ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,250,000	\$ 1,250,000	\$ 881,635	\$ (368,365)
Taxes - other	5,100,000	5,100,000	5,114,538	14,538
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	200,000	200,000	69,887	(130,113)
Other	-	-	179	179
Total Revenues	<u>\$ 6,550,000</u>	<u>\$ 6,550,000</u>	<u>\$ 6,066,239</u>	<u>\$ (483,761)</u>
<b>Expenditures</b>				
Current:				
General government	\$ 360,000	\$ 360,000	\$ 357,400	\$ (2,600)
Police department	-	-	-	-
Public works	-	-	-	-
Community development	19,660	19,600	6,097	(13,503)
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	3,500,000	3,500,000	3,585,000	85,000
Interest and fiscal charges	2,800,000	2,800,000	2,703,081	(96,919)
Total Expenditures	<u>\$ 6,679,660</u>	<u>\$ 6,679,600</u>	<u>\$ 6,651,578</u>	<u>\$ (28,022)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(129,660)	(129,600)	(585,339)	(455,739)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -
Transfers in	360,000	360,000	386,849	26,849
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 360,000</u>	<u>\$ 360,000</u>	<u>\$ 386,849</u>	<u>\$ 26,849</u>
<b>Net Change in Fund Balance</b>	<u>\$ 230,340</u>	<u>\$ 230,400</u>	\$ (198,490)	<u>\$ (428,890)</u>
<b>Fund Balance, January 1</b>			<u>8,734,285</u>	
<b>Fund Balance, December 31</b>			<u>\$ 8,535,795</u>	

**City of Manchester, Missouri**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2017**

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**Note 1 - Explanation of Budgetary Process**

The City prepares its budget on a basis consistent with generally accepted accounting principles. The budget process is detailed in Note 1 of the notes to the financial statements.

## **Supplementary Information**

**City of Manchester, Missouri**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**December 31, 2017**

<b>Assets</b>	Sewer Fund	Manchester Arts Fund	Totals
Cash and cash equivalents	\$ 7,790	\$ 7,705	\$ 15,495
Investments	-	-	-
Restricted cash and cash equivalents	-	-	-
Restricted investments	-	-	-
Receivables, net:			
Taxes	45,866	-	45,866
Interest	-	-	-
Other	-	-	-
Due from other funds	134,298	-	134,298
Total Assets	<u>187,954</u>	<u>7,705</u>	<u>195,659</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 187,954</u>	<u>\$ 7,705</u>	<u>\$ 195,659</u>
<b>Liabilities</b>			
Accounts payable	\$ 9,970	\$ 42	\$ 10,012
Accrued wages	-	-	-
Escrow payable	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Court bonds payable	-	-	-
Total liabilities	<u>9,970</u>	<u>42</u>	<u>10,012</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>			
Restricted:			
Special revenue fund	177,984	7,663	185,647
Committed:			
Contingency	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>177,984</u>	<u>7,663</u>	<u>185,647</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 187,954</u>	<u>\$ 7,705</u>	<u>\$ 195,659</u>

**City of Manchester, Missouri**  
**Combining Schedule of Revenue, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended December 31, 2017**

<b>Revenues</b>	Sewer Fund	Manchester Arts Fund	Totals
Property taxes	\$ -	\$ -	\$ -
Taxes - other	166,014	-	166,014
Grants	-	1,050	1,050
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Charges for services	44,960	605	45,565
Investment income	-	-	-
Other	-	50	50
Total Revenues	<u>\$ 210,974</u>	<u>\$ 1,705</u>	<u>\$ 212,679</u>
<b>Expenditures</b>			
Current:			
General government	\$ -	\$ -	\$ -
Police department	-	-	-
Public works	78,205	-	78,205
Community development	-	-	-
Aquatic center	-	-	-
Recreation	-	21,481	21,481
Legal/court	-	-	-
Capital outlay	241,804	-	241,804
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>\$ 320,009</u>	<u>\$ 21,481</u>	<u>\$ 341,490</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(109,035)	(19,776)	(128,811)
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	\$ -	\$ -	\$ -
Transfers in	-	20,000	20,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
<b>Net Change in Fund Balance</b>	(109,035)	224	(108,811)
<b>Fund Balance (Deficit), January 1</b>	<u>287,019</u>	<u>7,439</u>	<u>294,458</u>
<b>Fund Balance (Deficit), December 31</b>	<u>\$ 177,984</u>	<u>\$ 7,663</u>	<u>\$ 185,647</u>

**City of Manchester, Missouri**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the year ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,460,000	1,460,000	1,440,930	(19,070)
Grants	499,300	499,300	552,602	53,302
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>\$ 1,959,300</u>	<u>\$ 1,959,300</u>	<u>\$ 1,993,532</u>	<u>\$ 34,232</u>
<b>Expenditures</b>				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	1,847,000	1,847,000	1,892,498	45,498
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 1,847,000</u>	<u>\$ 1,847,000</u>	<u>\$ 1,892,498</u>	<u>\$ 45,498</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	112,300	112,300	101,034	(11,266)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 9,000	\$ 9,000
Transfers in	-	-	-	-
Transfers out	(240,000)	(240,000)	(240,000)	-
Total Other Financing Sources (Uses)	<u>\$ (240,000)</u>	<u>\$ (240,000)</u>	<u>\$ (231,000)</u>	<u>\$ 9,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ (127,700)</u>	<u>\$ (127,700)</u>	\$ (129,966)	<u>\$ (2,266)</u>
<b>Fund Balance, January 1</b>			<u>168,042</u>	
<b>Fund Balance, December 31</b>			<u>\$ 38,076</u>	

**City of Manchester, Missouri**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Debt Service Fund**  
**For the year ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ 650,000	\$ 650,000	\$ 228,743	\$ (421,257)
Taxes - other	-	-	-	-
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 228,743</u>	<u>\$ (421,257)</u>
<b>Expenditures</b>				
Current:				
General government	\$ 4,100	\$ 4,100	\$ 265	\$ (3,835)
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	550,000	550,000	550,000	-
Interest and fiscal charges	16,900	16,900	16,900	-
Total Expenditures	<u>\$ 571,000</u>	<u>\$ 571,000</u>	<u>\$ 567,165</u>	<u>\$ (3,835)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	79,000	79,000	(338,422)	(417,422)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Change in Fund Balance</b>	<u>\$ 79,000</u>	<u>\$ 79,000</u>	\$ (338,422)	<u>\$ (417,422)</u>
<b>Fund Balance, January 1</b>			<u>846,549</u>	
<b>Fund Balance, December 31</b>			<u>\$ 508,127</u>	

**City of Manchester, Missouri**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Sewer Fund**  
**For the year ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	170,000	170,000	166,014	(3,986)
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	20,000	20,000	44,960	24,960
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 210,974</u>	<u>\$ 20,974</u>
<b>Expenditures</b>				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Police department	-	-	-	-
Public works	76,530	76,530	78,205	1,675
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	200,000	250,000	241,804	(8,196)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 276,530</u>	<u>\$ 326,530</u>	<u>\$ 320,009</u>	<u>\$ (6,521)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(86,530)	(136,530)	(109,035)	27,495
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Change in Fund Balance</b>	<u>\$ (86,530)</u>	<u>\$ (136,530)</u>	\$ (109,035)	<u>\$ 27,495</u>
<b>Fund Balance, January 1</b>			<u>287,019</u>	
<b>Fund Balance, December 31</b>			<u>\$ 177,984</u>	

**City of Manchester, Missouri**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Manchester Arts Fund**  
**For the year ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Grants	-	-	1,050	1,050
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	605	605
Investment income	-	-	-	-
Other	-	-	50	50
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,705</u>	<u>\$ 1,705</u>
<b>Expenditures</b>				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	26,006	26,006	21,481	(4,525)
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 26,006</u>	<u>\$ 26,006</u>	<u>\$ 21,481</u>	<u>\$ (4,525)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(26,006)	(26,006)	(19,776)	6,230
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -
Transfers in	20,000	20,000	20,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
<b>Net Change in Fund Balance</b>	<u><u>\$ (6,006)</u></u>	<u><u>\$ (6,006)</u></u>	\$ 224	<u><u>\$ 6,230</u></u>
<b>Fund Balance, January 1</b>			<u>7,439</u>	
<b>Fund Balance, December 31</b>			<u><u>\$ 7,663</u></u>	

## **Other Information**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

To the Honorable Mayor and Members of  
the Board of Aldermen  
City of Manchester, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Manchester, Missouri as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Manchester, Missouri's basic financial statements, and have issued our report thereon dated May 25, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Manchester, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Manchester, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Manchester, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2017-002 and 2017-003.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Manchester, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 2017-001.

### **City of Manchester, Missouri's Response to Findings**

The City of Manchester, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Manchester, Missouri's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Creve Coeur, Missouri  
May 25, 2018

**City of Manchester, Missouri**  
**Schedule of Findings and Responses**  
**For the year ended December 31, 2017**

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**Financial Statement Findings**

2017-001 **Condition:** During the year, the actual expenditures of the Capital Projects Fund exceeded the budgeted expenditures.

**Criteria:** Missouri Statutes requires political subdivisions to prepare an annual budget in which expenditures are not to exceed the budget.

**Cause:** Oversight

**Effect:** The City is in violation of Missouri Revised Statutes.

**Recommendation:** The City should periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

**Management's Response:** The City plans to conduct quarterly budget to actual reviews of all funds to ensure that any anticipated overages are brought to the attention of the Board of Aldermen and budget adjustments are prepared and approved to comply with all statutes. The member of management responsible for implementation of the corrective action is Kathleen Langevin, Finance Director.

2017-002 **Condition:** During the audit, we noticed numerous account balances across several funds that were not reconciled as part of the year-end closing process. Consequently, we were required to make material adjusting entries to the financial statements to correct errors that would have been detected by management during a normal monthly and annual closing process.

**Criteria:** Strong internal control over financial statements require a closing process to ensure all accounts are reconciled and the financial statements are free from material misstatement.

**Cause:** Management did not follow a formal monthly and annual closing process.

**Effect:** Without a monthly and annual closing process errors in the financial statements may go undetected by management.

**Recommendation:** We recommend management develop a monthly and annual closing process. This process should include procedures to review and reconcile all accounts in every fund the City maintains. By implementing a closing process management will have more reliable financial information to make decisions.

**Management's Response:** The City plans to formalize the closing process including a reconciliation of all funds for accurate and timely financial reporting. The member of management responsible for implementation of the corrective action is Kathleen Langevin, Finance Director. Anticipated completion date is September 30, 2018

2017-003 **Condition:** Documentation of the City's internal controls has not been prepared.

**Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

**City of Manchester, Missouri**  
**Schedule of Findings and Responses**  
**For the year ended December 31, 2017**

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**Financial Statement Findings**

2017-003 **Cause:** Management has not prepared documentation of internal controls.  
(cont.)

**Effect:** Without documented internal controls, the City may not be able to ensure that controls are in place, communicated, and operating effectively.

**Recommendation:** We recommend that the City develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is completed, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively by providing management oversight.

**Management's Response:** The City will develop a document of internal controls utilizing guidance provided in COSO. After developing this document, the City will train management staff and governing officials to ensure proper oversight. The member of management responsible for implementation of the corrective action is Kathleen Langevin, Finance Director. Anticipated completion date is September 30, 2018

**City of Manchester, Missouri**  
**Follow-Up on Prior Audit Findings For An Audit of Financial**  
**Statements Performed in Accordance with Government Auditing Standards**

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In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by the City of Manchester, Missouri, on the applicable findings in the prior audit report issued for the year end December 31, 2016.

**Prior Year Financial Statement Findings**

2016-001 **Condition:** During the year, the actual expenditures of the Sewer Fund exceeded the budgeted expenditures.

**Criteria:** Missouri Statutes requires political subdivisions to prepare an annual budget in which expenditures are not to exceed the budget.

**Cause:** Oversight

**Effect:** The City is in violation of Missouri Revised Statutes.

**Recommendation:** The City should periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

**Management's Response:** The City had planned for and adopted a Budget Adjustment for this Fund in 2016. However, unanticipated activity occurred at the end of the year, after the final Board of Aldermen meeting in 2016. This is an unusual occurrence and will be considered in planning for the 2017 adjustments. The contact person for this finding is David Tuberty, Director of Finance (636) 227-1385 ext. 103.

**Status:** Management has not corrected this issue, therefore, this finding will be repeated as 2017-001.

## **Statistical Section**

**City of Manchester, Missouri**  
**Statistical Section Overview**

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

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	48-51
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	52-58
<b>Debt Capacity</b> 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.	59-61
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	62-64
<b>Operating Information</b> 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.	65-67

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

**City of Manchester, Missouri**  
**Net Position by Component - Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 31,316,443	\$ 26,670,821	\$ 25,815,291	\$ 24,791,682	\$ 23,852,195	\$ 22,418,334	\$ 21,368,355	\$ 18,815,760	\$ 14,194,002	\$ 10,942,628
Restricted for:										
Capital projects	38,076	168,042	111,603	93,342	199,360	509,802	166,788	162,587	(144,994)	42,924
Parks and Storm Water projects	1,964,804	3,620,508	2,771,661	1,987,081	1,236,705	1,245,142	523,490	103,228	1,230,990	991,044
Debt service	508,127	846,549	785,879	705,820	658,107	698,503	1,004,185	921,967	638,506	435,775
TIF	8,535,795	8,734,285	8,634,284	8,763,166	10,086,559	9,988,792	9,540,958	8,384,284	12,280	60,123
Non-Major	185,647	294,458	406,860	493,752	592,509	576,819	590,429	511,977	511,430	455,394
Unrestricted	<u>(35,846,724)</u>	<u>(39,818,169)</u>	<u>(42,977,686)</u>	<u>(46,447,278)</u>	<u>(51,073,852)</u>	<u>(52,973,416)</u>	<u>(52,405,969)</u>	<u>(50,888,264)</u>	<u>5,882,216</u>	<u>8,084,093</u>
Total Governmental Activities	<u>6,702,168</u>	<u>516,494</u>	<u>(4,452,108)</u>	<u>(9,612,435)</u>	<u>(14,448,417)</u>	<u>(17,536,024)</u>	<u>(19,211,764)</u>	<u>(21,988,461)</u>	<u>22,324,430</u>	<u>21,011,981</u>
<b>Primary Government</b>										
Net investment in capital assets	31,316,443	26,670,821	25,815,291	24,791,682	23,852,195	22,418,334	21,368,355	18,815,760	14,194,002	10,942,628
Restricted	11,232,449	13,663,842	12,710,287	12,043,161	12,773,240	13,019,058	11,825,850	10,084,043	2,248,212	1,985,260
Unrestricted	<u>(35,846,724)</u>	<u>(39,818,169)</u>	<u>(42,977,686)</u>	<u>(46,447,278)</u>	<u>(51,073,852)</u>	<u>(52,973,416)</u>	<u>(52,405,969)</u>	<u>(50,888,264)</u>	<u>5,882,216</u>	<u>8,084,093</u>
Total Primary Government	<u>\$ 6,702,168</u>	<u>\$ 516,494</u>	<u>\$ (4,452,108)</u>	<u>\$ (9,612,435)</u>	<u>\$ (14,448,417)</u>	<u>\$ (17,536,024)</u>	<u>\$ (19,211,764)</u>	<u>\$ (21,988,461)</u>	<u>\$ 22,324,430</u>	<u>\$ 21,011,981</u>

Source: Basic financial statements

2012 amount was restated for implementation of GASB 63 and 65.

**City of Manchester, Missouri**  
**Changes in Net Position - Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 1,696,844	\$ 1,652,795	\$ 1,560,101	\$ 1,560,324	\$ 1,852,779	\$ 1,410,695	\$ 1,258,874	\$ 1,146,060	\$ 908,945	\$ 841,229
Police department	3,638,358	3,680,947	3,540,967	3,443,086	3,492,549	3,460,970	3,464,808	3,399,197	3,153,266	3,165,510
Public works	4,057,851	3,906,863	3,699,603	3,649,983	3,511,676	3,535,613	3,572,618	3,477,863	3,461,055	3,949,129
Community development	266,197	265,525	223,100	258,237	266,928	253,670	250,119	249,572	301,840	272,623
Aquatic center	518,701	505,548	530,027	523,882	518,331	500,993	476,923	473,981	395,020	449,556
Recreation	855,847	968,111	880,688	833,511	809,965	837,289	811,009	823,704	913,646	701,897
Legal and Court	202,842	214,385	207,195	190,737	333,794	348,497	274,050	271,069	278,635	252,229
Interest on long-term debt	2,713,464	2,925,532	3,146,848	3,343,531	3,563,794	3,750,063	2,709,322	2,728,925	192,019	322,412
Special item - transfer to escrow agent of proceeds from TIF bonds	-	-	-	-	-	-	-	47,688,390	-	-
Total Governmental Activities Expenses	<u>13,950,104</u>	<u>14,119,706</u>	<u>13,788,529</u>	<u>13,803,291</u>	<u>14,349,816</u>	<u>14,097,790</u>	<u>12,817,723</u>	<u>60,258,761</u>	<u>9,604,426</u>	<u>9,954,585</u>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for service:										
General government	-	-	-	39,315	237,455	232,459	212,056	210,790	148,391	160,546
Police department	241,683	269,610	407,913	472,167	479,550	460,612	312,510	335,036	394,749	480,481
Public works	44,960	30,287	23,750	18,495	18,913	21,039	22,529	20,747	32,295	38,923
Aquatic center	277,261	281,183	277,528	289,788	252,269	334,530	331,143	328,003	288,159	304,241
Recreation	85,464	73,447	70,447	64,344	103,466	62,987	53,741	60,509	53,662	60,215
Operation grants and contributions	154,914	189,345	219,352	165,622	89,855	-	-	-	106,607	75,942
Capital grants and contributions	1,027,602	241,413	-	-	241,900	208,479	842,440	345,001	-	32,992
Total Governmental Activities Program Revenue	<u>1,831,884</u>	<u>1,085,285</u>	<u>998,990</u>	<u>1,049,731</u>	<u>1,423,408</u>	<u>1,320,106</u>	<u>1,774,419</u>	<u>1,300,086</u>	<u>1,023,863</u>	<u>1,153,340</u>
<b>Net Revenue (Expenses)</b>										
Governmental Activities	<u>(12,118,220)</u>	<u>(13,034,421)</u>	<u>(12,789,539)</u>	<u>(12,753,560)</u>	<u>(12,926,408)</u>	<u>(12,777,684)</u>	<u>(11,043,304)</u>	<u>(58,958,675)</u>	<u>(8,580,563)</u>	<u>(8,801,245)</u>
Total Primary Government, Net Expenses	<u>\$ (12,118,220)</u>	<u>\$ (13,034,421)</u>	<u>\$ (12,789,539)</u>	<u>\$ (12,753,560)</u>	<u>\$ (12,926,408)</u>	<u>\$ (12,777,684)</u>	<u>\$ (11,043,304)</u>	<u>\$ (58,958,675)</u>	<u>\$ (8,580,563)</u>	<u>\$ (8,801,245)</u>
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Sales tax	\$ 14,402,751	\$ 13,776,329	\$ 13,482,370	\$ 12,257,239	\$ 11,735,875	\$ 10,804,917	\$ 9,018,222	\$ 8,680,856	\$ 5,703,888	\$ 5,375,461
Utility tax	1,424,930	1,439,416	1,519,002	1,606,432	1,314,029	1,289,144	1,335,811	1,311,578	1,663,049	1,624,896
Property tax	1,631,907	2,055,854	2,010,763	2,019,009	1,894,424	2,092,373	2,301,888	2,449,093	1,371,762	1,440,554
Franchise tax	251,000	286,700	297,190	287,143	259,387	255,673	215,254	223,656	186,739	185,682
Other tax	-	-	-	922,354	706,514	698,261	764,375	789,654	773,536	853,580
Investment income	103,104	37,253	102,282	163,907	36,069	151,523	(50,964)	21,748	116,924	279,374
Miscellaneous	490,202	407,471	538,259	333,458	67,717	234,659	235,415	195,680	77,114	176,098
Total Governmental Activities General Revenues and Other Changes in Net Position	<u>18,303,894</u>	<u>18,003,023</u>	<u>17,949,866</u>	<u>17,589,542</u>	<u>16,014,015</u>	<u>15,526,550</u>	<u>13,820,001</u>	<u>13,672,265</u>	<u>9,893,012</u>	<u>9,935,645</u>
Total Primary Government Activities General Revenues and Other Changes in Net Position	<u>18,303,894</u>	<u>18,003,023</u>	<u>17,949,866</u>	<u>17,589,542</u>	<u>16,014,015</u>	<u>15,526,550</u>	<u>13,820,001</u>	<u>13,672,265</u>	<u>9,893,012</u>	<u>9,935,645</u>
<b>Changes in Net Position</b>										
Governmental activities	<u>6,185,674</u>	<u>4,968,602</u>	<u>5,160,327</u>	<u>4,835,982</u>	<u>3,087,607</u>	<u>2,748,866</u>	<u>2,776,697</u>	<u>(45,286,410)</u>	<u>1,312,449</u>	<u>1,134,400</u>
Total Primary Government	<u>\$ 6,185,674</u>	<u>\$ 4,968,602</u>	<u>\$ 5,160,327</u>	<u>\$ 4,835,982</u>	<u>\$ 3,087,607</u>	<u>\$ 2,748,866</u>	<u>\$ 2,776,697</u>	<u>\$ (45,286,410)</u>	<u>\$ 1,312,449</u>	<u>\$ 1,134,400</u>

Source: Basic financial statements

**City of Manchester, Missouri**  
**Fund Balances of Governmental Funds - Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General Fund</b>										
After GASB 54 Implementation:										
Nonspendable	\$ 98,750	\$ -	\$ -	\$ -	\$ 74,715	\$ 178,232	\$ 106,624	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,883,300	1,853,148	1,800,834	1,763,664	1,760,238	1,794,593	1,785,815	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	508,697	653,614	800,522	514,488	(49,117)	(143,273)	615,042	-	-	-
Before GASB 54 Implementation:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	3,806,120	6,367,995	8,576,484
Total General Fund	<u>\$ 2,490,747</u>	<u>\$ 2,506,762</u>	<u>\$ 2,601,356</u>	<u>\$ 2,278,152</u>	<u>\$ 1,785,836</u>	<u>\$ 1,829,552</u>	<u>\$ 2,507,481</u>	<u>\$ 3,806,120</u>	<u>\$ 6,367,995</u>	<u>\$ 8,576,484</u>
<b>All Other Governmental Funds</b>										
After GASB 54 Implementation:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	11,232,449	13,663,842	12,710,287	12,043,161	12,773,240	12,954,177	11,785,123	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(42,017)	-	-	-	-	-
Before GASB 54 Implementation:										
Reserved	-	-	-	-	-	-	-	10,019,885	2,248,288	6,556,915
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 11,232,449</u>	<u>\$ 13,663,842</u>	<u>\$ 12,710,287</u>	<u>\$ 12,043,161</u>	<u>\$ 12,731,223</u>	<u>\$ 12,954,177</u>	<u>\$ 11,785,123</u>	<u>\$ 10,019,885</u>	<u>\$ 2,248,288</u>	<u>\$ 6,556,915</u>

Source: Basic financial statements

Note: The City implemented GASB 54 in fiscal year 2011.

**City of Manchester, Missouri**  
**Change in Fund Balances Governmental Funds - Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>										
Property taxes	\$ 1,175,419	\$ 2,007,106	\$ 2,053,177	\$ 1,975,207	\$ 1,934,222	\$ 2,092,373	\$ 2,301,888	\$ 2,449,093	\$ 1,371,762	\$ 1,440,554
Taxes - other	16,078,681	15,502,445	15,298,562	15,073,168	14,015,805	13,012,241	11,352,309	10,948,801	8,327,468	8,040,037
Grants	1,169,869	367,746	210,435	165,622	331,755	208,479	842,440	345,001	106,607	108,934
Licenses and permits	369,190	332,961	325,410	339,383	237,455	233,848	212,745	212,298	149,696	165,309
Fines and forfeitures	255,810	329,219	413,661	467,784	438,464	460,612	312,510	335,035	394,749	480,481
Changes for services	449,655	416,326	410,968	416,325	415,735	417,167	406,724	407,751	372,811	398,616
Investment income	103,104	37,253	102,282	163,907	36,069	151,523	(50,964)	21,748	116,924	279,374
Other	77,562	58,608	174,235	112,394	120,508	250,804	270,209	219,323	144,453	186,856
Total Revenues	<u>19,679,290</u>	<u>19,051,664</u>	<u>18,988,730</u>	<u>18,713,790</u>	<u>17,530,013</u>	<u>16,827,047</u>	<u>15,647,861</u>	<u>14,939,050</u>	<u>10,984,470</u>	<u>11,100,161</u>
<b>Expenditures</b>										
General government	1,636,239	1,575,335	1,491,612	1,477,496	1,471,161	1,390,365	1,056,486	984,121	843,360	812,818
Police department	3,266,323	3,380,083	3,182,223	3,120,680	3,156,905	3,136,366	3,140,035	3,081,267	2,956,234	3,002,796
Public works	2,753,748	2,762,099	2,735,986	2,725,106	2,897,733	2,784,077	2,930,793	2,788,913	2,607,110	2,086,677
Community development	263,909	262,418	222,630	258,639	260,872	251,639	248,304	247,303	299,655	270,290
Aquatic center	313,447	307,569	337,400	323,732	338,376	343,207	325,649	338,477	315,598	299,700
Recreation	820,841	766,980	688,157	661,918	663,739	674,658	697,973	688,578	615,383	588,124
Legal/court	200,750	212,173	205,528	188,121	330,167	344,378	269,749	266,599	269,528	239,538
Capital outlay	6,025,460	2,242,414	2,238,693	2,213,763	2,733,819	1,962,669	3,447,044	5,148,083	8,451,628	3,770,356
Debt service:										
Principal	4,135,000	3,770,000	3,790,000	4,585,000	2,455,000	1,780,000	405,000	970,000	945,000	1,485,000
Interest	2,719,981	2,928,432	3,135,081	3,355,081	3,562,993	3,149,976	2,660,229	2,126,635	198,090	333,893
Bond issue cost	-	-	-	-	-	64,173	-	1,341,250	-	-
Total Expenditures	<u>22,135,698</u>	<u>18,207,503</u>	<u>18,027,310</u>	<u>18,909,536</u>	<u>17,870,765</u>	<u>15,881,508</u>	<u>15,181,262</u>	<u>17,981,226</u>	<u>17,501,586</u>	<u>12,889,192</u>
<b>Revenues Over (Under) Expenditures</b>	(2,456,408)	844,161	961,420	(195,746)	(340,752)	945,539	466,599	(3,042,176)	(6,517,116)	(1,789,031)
<b>Other Financing Sources (Uses)</b>										
Proceeds from sale of capital assets	9,000	14,800	28,910	-	-	-	-	-	-	-
Transfers in	646,849	627,292	315,049	667,435	694,510	274,328	573,423	1,980,241	2,391,256	385,436
Transfers out	(646,849)	(627,292)	(315,049)	(667,435)	(694,510)	(274,328)	(573,423)	(1,980,241)	(2,391,256)	(385,436)
Issuance of bonds	-	-	-	-	-	3,185,000	-	54,786,795	-	-
Bond premium	-	-	-	-	-	115,331	-	-	-	-
Payment to escrow agent	-	-	-	-	-	(3,735,000)	-	(47,688,390)	-	-
Total Other Financing Sources (Uses)	<u>9,000</u>	<u>14,800</u>	<u>28,910</u>	<u>-</u>	<u>-</u>	<u>(434,669)</u>	<u>-</u>	<u>7,098,405</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balance</b>	<u>\$ (2,447,408)</u>	<u>\$ 858,961</u>	<u>\$ 990,330</u>	<u>\$ (195,746)</u>	<u>\$ (340,752)</u>	<u>\$ 510,870</u>	<u>\$ 466,599</u>	<u>\$ 4,056,229</u>	<u>\$ (6,517,116)</u>	<u>\$ (1,789,031)</u>
Debt service as a percentage of noncapital expenditures	42.55%	41.96%	43.86%	47.56%	39.76%	35.88%	26.12%	34.58%	12.63%	19.95%
Fines and forfeitures as a percentage of general revenues (1)	2.97%	3.31%	4.87%	6.24%	5.35%	5.64%	3.91%	4.30%	4.92%	5.89%

Source: Basic financial statements

(1) Beginning in 2013 Missouri House Bill (HB) 103 requires cities to report the percentage of fines forfeitures for traffic violations to the annual general operating revenue.

**City of Manchester, Missouri**  
**Program Revenues By Functions/Programs - Last Ten Fiscal Years**

<b>Functions/Programs</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Governmental Activities</b>										
General government	\$ 328	\$ 107,658	\$ 195,544	\$ 203,797	\$ 327,310	\$ 232,459	\$ 212,056	\$ 210,790	\$ 148,391	\$ 160,546
Police department	395,219	340,505	427,463	472,167	479,550	460,612	312,510	335,036	501,356	556,423
Public works	597,562	271,700	23,750	18,495	71,007	229,518	518,969	357,930	32,295	71,915
Aquatic center	277,261	281,183	277,528	289,788	252,269	334,530	331,143	328,003	288,159	304,241
Recreation	561,514	84,439	74,705	65,484	293,272	62,987	399,741	68,327	53,662	60,215
Total Governmental Activities	<u>1,831,884</u>	<u>1,085,485</u>	<u>998,990</u>	<u>1,049,731</u>	<u>1,423,408</u>	<u>1,320,106</u>	<u>1,774,419</u>	<u>1,300,086</u>	<u>1,023,863</u>	<u>1,153,340</u>
 Total Primary Government	 <u>\$ 1,831,884</u>	 <u>\$ 1,085,485</u>	 <u>\$ 998,990</u>	 <u>\$ 1,049,731</u>	 <u>\$ 1,423,408</u>	 <u>\$ 1,320,106</u>	 <u>\$ 1,774,419</u>	 <u>\$ 1,300,086</u>	 <u>\$ 1,023,863</u>	 <u>\$ 1,153,340</u>

Source: Basic financial statements

**City of Manchester, Missouri**  
**Tax Revenue by Source, Governmental Funds - Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Sales</b>	<b>Utility</b>	<b>Property</b>	<b>Franchise</b>	<b>Other</b>	<b>Total</b>
2017	\$ 14,402,751	\$ 1,424,930	\$ 1,631,907	\$ 251,000	\$ -	\$ 17,710,588
2016	13,776,329	1,439,416	2,055,854	286,700	-	17,558,299
2015	13,482,370	1,519,002	2,010,763	297,190	-	17,309,325
2014	12,257,239	1,606,432	2,019,009	287,143	922,354	17,092,177
2013	11,735,875	1,314,029	1,894,424	259,387	706,514	15,910,229
2012	10,804,917	1,289,144	2,092,373	255,673	698,261	15,140,368
2011	9,018,222	1,335,811	2,301,888	215,254	764,375	13,635,550
2010	8,680,856	1,311,578	2,449,093	223,656	789,654	13,454,837
2009	5,703,888	1,663,049	1,371,762	186,739	773,536	9,698,974
2008	5,375,461	1,624,896	1,440,554	185,682	853,580	9,480,173

Source: Governmental revenues and supplemental information

**City of Manchester, Missouri**  
**Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years**

<b>Calendar Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate *</b>	<b>Estimated Actual Value</b>	<b>Assessed Value As A Percentage Of Actual Value</b>
2017	\$ 323,448,550	\$ 40,716,000	\$ 364,164,550	\$ 0.0660	\$1,670,495,624	21.8%
2016	315,383,746	42,499,347	357,883,093	0.2400	1,640,310,104	21.8%
2015	314,310,981	41,832,548	356,143,529	0.2370	1,633,825,697	21.8%
2014	301,684,451	42,592,930	344,277,381	0.2380	1,575,513,545	21.9%
2013	300,352,891	41,840,611	342,193,502	0.2380	1,566,069,627	21.9%
2012	309,464,288	42,706,922	352,171,210	0.1190	1,614,189,337	21.8%
2011	309,491,369	40,057,054	349,548,423	0.2060	1,605,882,767	21.8%
2010	316,943,377	39,399,722	356,343,099	0.2380	1,636,491,586	21.8%
2009	306,546,994	41,033,436	347,580,430	0.2430	1,607,606,255	21.6%
2008	324,142,474	43,706,319	367,848,793	0.2430	1,716,008,040	21.4%

Source: St. Louis County Assessor

\* Rate for residential property

**City of Manchester, Missouri**  
**Property Taxes - Direct and All Overlapping Governments - Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
City of Manchester*										
General property tax	\$ 0.0432	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450
Debt service property tax	0.0240	0.1930	0.1920	0.1930	0.1930	0.0740	0.1610	0.1930	0.1980	0.1980
	<u>\$ 0.0672</u>	<u>\$ 0.2380</u>	<u>\$ 0.2370</u>	<u>\$ 0.2380</u>	<u>\$ 0.2380</u>	<u>\$ 0.1190</u>	<u>\$ 0.2060</u>	<u>\$ 0.2380</u>	<u>\$ 0.2430</u>	<u>\$ 0.2430</u>
Overlapping governments:										
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
St. Louis County	0.4890	0.5150	0.5150	0.5230	0.5230	0.5230	0.5230	0.5230	0.5230	0.5580
St. Louis Community College	0.2112	0.2185	0.2176	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013
Special School District	1.1912	1.2409	1.2348	1.2609	1.2400	1.0123	1.0125	0.9950	0.9384	0.9184
Metropolitan Zoological Park and Museum District	0.2694	0.2795	0.2777	0.2797	0.2797	0.2684	0.2671	0.2546	0.2493	0.2344
St. Louis County Library	0.2340	0.2460	0.2460	0.2500	0.2500	0.1730	0.1630	0.1565	0.1400	0.1400
Metropolitan St. Louis Sewer District (Extension) #	0.1159	0.1196	0.0195	0.0197	0.0196	0.0186	0.0185	0.0180	-	-
Sheltered Workshop	0.0840	0.0880	0.0880	0.0900	0.0890	0.0840	0.0840	0.0790	0.0740	0.0690
<b>Total</b>	<u><u>\$ 2.6919</u></u>	<u><u>\$ 2.9755</u></u>	<u><u>\$ 2.8656</u></u>	<u><u>\$ 2.9113</u></u>	<u><u>\$ 2.8893</u></u>	<u><u>\$ 2.4483</u></u>	<u><u>\$ 2.5241</u></u>	<u><u>\$ 2.5120</u></u>	<u><u>\$ 2.4113</u></u>	<u><u>\$ 2.3941</u></u>
School districts (2)										
Parkway School District	\$ 3.9857	\$ 4.2163	\$ 4.4617	\$ 4.0743	\$ 4.0743	\$ 3.9361	\$ 3.6761	\$ 3.5672	\$ 3.4100	\$ 3.2300
Valley Park School District	5.1911	5.6045	5.5210	5.5910	5.6526	5.0587	4.9435	4.7174	4.5653	4.2722
Fire protection districts (3)										
West County EMS Fire District	\$ 1.1900	\$ 1.2710	\$ 1.2740	\$ 0.9620	\$ 0.9610	\$ 0.8960	\$ 0.8980	\$ 0.9130	\$ 0.7190	\$ 0.7260
Valley Park Fire District	1.1330	1.1640	1.1730	1.2780	1.2780	1.1950	1.1530	1.1310	1.0230	1.0130

Source: St. Louis County Assessor (rates stated per \$100 assessed valuation)

\* Rate for residential property

# All Metropolitan St. Louis Sewer District (MSD) district-wide and sub-district taxes were reduced to zero for 2008. This was due to the implementation of a new impervious area storm water rate which was overturned by a court action.

**City of Manchester, Missouri**  
**Principal Taxpayers Current Year and Ten Years Ago**

Taxpayer	2017			2008		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
TKG Manchester Highlands Shopping Center, LLC	\$ 12,807,070	1	3.27%	\$ -		
Kemp Waterford West, LLC	5,475,780	2	1.40%	-		
Caplaco Six, Inc.	4,645,750	3	1.19%	4,072,930	1	1.11%
Park Meadows Apartments LLC	4,110,660	4	1.05%	-		
Big Bend Apartments, LLC	4,088,590	5	1.04%	2,862,400	4	0.78%
Costco Wholesale Corp	3,998,530	6	1.02%	-		
HDX Acquisition, LLC	3,407,230	7	0.87%	-		
Ameren UE	3,392,190	8	0.87%	-		
Meramec Station - Big Bend Investors LLC	2,302,800	9	0.59%	-		
Kir Manchester, LP	1,924,060	10	0.49%	2,080,000	8	0.57%
A&R Manchester, LLC				3,727,200	2	1.01%
South Hampton Apartments, LLC				3,554,380	3	0.97%
Pace Highlands Associates, LLC				2,572,700	6	0.70%
Home Depot USA, Inc.				2,845,930	5	0.77%
Pinetree Westbrook Apartments				1,933,250	10	0.53%
Treetop Associates				2,068,640	9	0.56%
Waterford Associates				2,090,000	7	0.57%
Total	<u>\$ 46,152,660</u>		<u>11.79%</u>	<u>\$ 27,807,430</u>		<u>7.57%</u>

Source: St. Louis County Assessor

**City of Manchester, Missouri**  
**Property Tax Levies And Collections - Last Ten Fiscal Years**

<b>Levy Year</b>	<b>Net Tax Levy (1)</b>	<b>Current Tax Collections</b>	<b>Percent Collected As Current</b>	<b>Delinquent Tax Collections (Settlements)</b>	<b>Total Tax Collections (2)</b>	<b>Total Collections As Percent Of Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Delinquent Taxes As Percent of Levy</b>
2017	\$ 252,897	\$ 209,442	82.8%	\$ 35,072	\$ 244,514	96.7%	\$ 43,551	17.2%
2016	820,269	730,423	89.0%	58,743	789,166	96.2%	115,442	14.1%
2015	811,820	744,793	91.7%	68,069	812,862	100.1%	66,295	8.2%
2014	788,131	719,074	91.2%	69,948	789,022	100.1%	83,566	10.6%
2013	783,474	716,480	91.4%	15,192	731,672	93.4%	76,433	9.8%
2012	404,758	375,541	92.8%	65,741	441,282	109.0%	39,915	9.9%
2011	693,130	640,770	92.4%	81,270	722,040	104.2%	72,033	10.4%
2010	814,217	732,844	90.0%	72,385	805,229	98.9%	94,751	11.6%
2009	828,361	752,787	90.9%	95,828	848,615	102.4%	92,873	11.2%
2008	894,404	804,095	89.9%	97,043	901,138	100.8%	108,277	12.1%

Source: St. Louis County Collector's Office

(1) St. Louis County Board of Equalization after adjustments

**City of Manchester, Missouri**  
**Sales Tax Rates, Direct and Overlapping - Last Ten Fiscal Years**  
(dollars in thousands)

<b>For The Years Ended December 31</b>	<b>City Direct Rate</b>	<b>St. Louis County</b>	<b>State of Missouri</b>	<b>Direct And Overlapping</b>	<b>Taxable Sales (1)</b>
2017	1.000%	3.416%	4.225%	8.641%	n/a
2016	1.000%	3.138%	4.225%	8.363%	425,996
2015	1.000%	3.138%	4.225%	8.363%	408,212
2014	1.000%	3.138%	4.225%	8.363%	405,231
2013	1.000%	2.888%	4.225%	8.113%	395,444
2012	1.000%	2.700%	4.225%	7.925%	383,021
2011	1.000%	2.700%	4.225%	7.925%	365,416
2010	1.000%	2.700%	4.225%	7.925%	366,744
2009	1.000%	2.100%	4.225%	7.325%	241,154
2008	1.000%	1.850%	4.225%	7.075%	185,912

(1) Taxable sales reported by the Missouri Department of Revenue. State law prohibits the disclosure of specific taxpayer information. Due to changes in software, this information is unavailable for 2017.

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

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

- 0.5000% Capital improvements sales tax
- 0.5000% Park and Storm Water sales tax

**City of Manchester, Missouri**  
**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Total Primary Government</b>	<b>Percentage Of Personal Income (1)(2)</b>	<b>Per Capita (1)</b>
	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Certificates of Participation</b>			
2017	\$ 570,000	\$ 38,075,000	\$ -	\$ 38,645,000	5.5%	\$ 2,134
2016	1,120,000	41,660,000	-	42,780,000	6.2%	2,364
2015	1,660,000	44,890,000	-	46,550,000	6.9%	2,573
2014	2,450,000	48,160,000	-	50,610,000	7.5%	2,797
2013	2,690,000	52,235,000	-	54,925,000	8.3%	3,036
2012	3,185,000	54,195,000	-	57,380,000	8.4%	3,171
2011	3,735,000	55,425,000	-	59,160,000	9.1%	3,270
2010	4,025,000	55,425,000	115,000	59,565,000	9.5%	3,292
2009	4,300,000	-	810,000	5,110,000	n/a	267
2008	4,565,000	-	1,490,000	6,055,000	n/a	316

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

(1) See Demographics and Economic Statistics Table

(2) U.S. Bureau of Census Information prior to 2010 is unavailable.

**City of Manchester, Missouri**  
**Direct and Overlapping Governmental Activities Debt**

<b>Name of Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share Of Overlapping Debt</b>
St. Louis County	\$ 96,850,000	1.60%	\$ 1,549,600
Parkway School District	201,620,000	7.50%	15,121,500
Valley Park School District	21,970,000	16.17%	3,552,549
West Count EMS	15,565,000	43.99%	6,847,044
Subtotal:	<u>336,005,000</u>		<u>27,070,693</u>
City of Manchester	<u>38,645,000</u>	100.00%	<u>38,645,000</u>
Total Direct and Overlapping Debt:	<u><u>\$ 374,650,000</u></u>		<u><u>\$ 65,715,693</u></u>

Source: Information was obtained by contacting the taxing jurisdiction and the St. Louis County Collector's office. The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

**City of Manchester, Missouri**  
**Legal Debt Margin Information - Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt limit	\$ 36,416,455	\$ 35,788,309	\$ 35,614,353	\$ 34,427,738	\$ 34,219,350	\$ 35,217,121	\$ 34,954,842	\$ 35,634,310	\$ 34,758,043	\$ 36,784,879
Net debt applicable to limit	570,000	1,120,000	1,660,000	2,180,000	2,690,000	3,185,000	3,735,000	4,140,000	5,110,000	6,055,000
Legal Debt Margin	<u>\$ 35,846,455</u>	<u>\$ 34,668,309</u>	<u>\$ 33,954,353</u>	<u>\$ 32,247,738</u>	<u>\$ 31,529,350</u>	<u>\$ 32,032,121</u>	<u>\$ 31,219,842</u>	<u>\$ 31,494,310</u>	<u>\$ 29,648,043</u>	<u>\$ 30,729,879</u>
Total Net Debt Applicable to The Limit as a Percentage of Debt Limit	1.6%	3.1%	4.7%	6.3%	7.9%	9.0%	10.7%	11.6%	14.7%	16.5%

Note: Bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

**City of Manchester, Missouri**  
**Demographic and Economic Statistics - Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Median Age (1)</b>	<b>Median Household Income (1)</b>	<b>Personal Income</b>	<b>Per Capita Income (1)</b>	<b>Unemployment Rate (2)</b>
2017	18,094	38.4	\$ 77,978	\$ 701,550,208	\$ 38,773	3.4%
2016	18,094	38.1	76,395	693,796,336	38,344	2.7%
2015	18,094	36.3	81,489	675,955,652	37,358	3.3%
2014	18,094	36.3	81,489	675,955,652	37,358	3.3%
2013	18,094	38.2	78,159	664,683,090	36,735	3.6%
2012	18,094	38.8	76,233	684,821,712	37,848	3.3%
2011	18,094	38.8	74,243	647,819,482	35,803	3.5%
2010	18,094	37.7	71,071	628,296,056	34,724	3.1%
2009	19,161	n/a	n/a	n/a	n/a	5.5%
2008	19,161	n/a	n/a	n/a	n/a	3.7%

(1) Source: U.S. Bureau of Census Information prior to 2010 is unavailable.

(2) Source: Missouri Department of Economic Development

**City of Manchester, Missouri**  
**Pledged Revenue Coverage - Last Ten Fiscal Years**

<b>TIF Refunding Revenue Bonds (1)(2)</b>								
Fiscal Year	#	TIF	TIF	Less	Net	Debt Service		Coverage
		Economic Activity Tax	Payments In Lieu of Tax	Operating Expense	Available Revenue	Principal	Interest	
2017	\$	5,114,538	\$ 881,635	\$ 363,497	\$ 5,632,676	\$ 3,585,000	\$ 2,703,081	89.6%
2016		5,014,511	1,222,987	370,865	5,866,633	3,230,000	2,900,632	95.7%
2015		4,953,944	1,248,492	355,070	5,847,366	3,270,000	3,096,681	91.8%
2014		4,748,982	1,221,792	354,896	5,615,878	4,075,000	3,306,381	76.1%
2013		4,354,967	1,208,458	304,892	5,258,533	1,960,000	3,503,877	96.2%
2012		4,089,209	1,104,885	307,044	4,887,050	1,230,000	3,592,765	101.3%
2011		2,404,930	1,084,125	268,708	3,220,347	-	2,511,677	128.2%
2010		2,447,898	1,074,863	75,310	3,447,451	-	1,955,244	0.0%
2009		-	-	-	-	-	-	0.0%
2008		-	-	-	-	-	-	0.0%

**Certificates of Participation (3)(4)**

Fiscal Year	Capital	Park and	Net	Debt Service		Coverage
	Improvement Sales Tax	Storm Water Sales Tax	Available Revenue	Principal	Interest	
2017	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
2016	-	-	-	-	-	0.0%
2015	-	-	-	-	-	0.0%
2014	-	-	-	-	-	0.0%
2013	-	-	-	-	-	0.0%
2012	-	-	-	-	-	0.0%
2011	1,190,863	1,391,875	2,582,738	115,000	1,889	2209.6%
2010	1,094,153	1,278,098	2,372,251	695,000	15,193	334.0%
2009	946,350	1,113,883	2,060,233	680,000	37,777	287.0%
2008	838,407	982,553	1,820,960	655,000	59,705	254.8%

(1) TIF Refunding Revenue Bonds are backed by economic activity (sales) and payments in lieu of taxes generated at the Manchester Highlands Shopping Center.

(2) TIF Refunding Revenue Bonds were issued in 2010.

(3) Certificates of Participation were backed by the .5% Capital Improvement Sales Tax and the 0.5% Park and Storm Water Sales Tax Revenue.

(4) Certificates of Participation were paid off in 2011

**City of Manchester, Missouri**  
**Principal Employers - Current and Ten Years Ago**

<b>Employer</b>	<b>2017</b>			<b>2008</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage Of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage Of Total City Employment</b>
Parkway School District	415	1	3.7%	469	1	5.5%
Walmart	410	2	3.5%	n/a	n/a	n/a
Costco	238	3	2.0%	n/a	n/a	n/a
Veterinary Specialty Services	135	4	1.2%	n/a	n/a	n/a
Joey B's	116	5	1.2%	n/a	n/a	n/a
Dierbergs	104	6	0.9%	127	2	2.1%
Kohl's	87	7	0.9%	n/a	n/a	n/a
Best Buy	86	8	0.8%	n/a	n/a	n/a
City of Manchester	79	9	0.7%	71	6	0.8%
Academy Sports	64	10	0.6%	n/a	n/a	n/a
<b>Total</b>	<b>1734</b>		<b>15.5%</b>	<b>667</b>		<b>8.4%</b>

Source: The City's Planning Department

**City of Manchester, Missouri**  
**Full-Time City Government Employees By Functions/Programs\* - Last Ten Fiscal Years**

<b>Functions/Programs</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
General government:										
Administration	5	4	4	4	3	5	4	4	4	3
Finance	2	2	2	2	2	2	2	2	1	2
Municipal court	3	3	3	2	2	2	2	2	2	2
Police:										
Officers	39	39	36	36	37	38	37	39	39	38
Civilians	4	4	5	3	3	3	5	4	4	2
Parks:										
Administration	4	4	3	3	3	3	3	3	3	3
Park maintenance	5	5	5	5	5	4	5	5	5	4
Public works:										
Administration	1	1	2	1	2	2	2	2	2	2
Street maintenance	14	13	14	14	14	14	14	14	14	12
Facility maintenance	1	1	1	2	2	2	2	2	2	1
Community development	3	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>81</b>	<b>79</b>	<b>78</b>	<b>75</b>	<b>76</b>	<b>78</b>	<b>79</b>	<b>80</b>	<b>79</b>	<b>72</b>

Source: The City's Annual Budget Document

\* Schedule only includes full-time City personnel positions.

**City of Manchester, Missouri**  
**Operating Indicators By Functions/Programs - Last Ten Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Functions/Programs</b>										
<b>Police/Patrol</b>										
Arrests	456	412	490	595	713	736	653	561	447	431
Traffic citations	3,053	3,132	4,501	4,717	4,847	5,569	2,458	2,004	2,309	3,540
Crime reports	1,016	1,116	1,890	1,137	1,305	1,291	1,138	1,159	1,077	1,228
Accident reports	496	510	487	503	523	451	489	514	464	468
Warrants	417	389	440	311	364	363	270	259	264	301
<b>Public Works</b>										
Concrete slabs replaced	573	497	552	530	456	394	1,102	1,128	1,081	1,053
<b>Planning and Building</b>										
Site development/concept plans	22	11	13	7	3	7	6	11	6	17
Rezoning applications	1	2	-	-	-	-	-	1	-	1
Text amendments	5	7	5	2	3	2	2	2	4	1
Building permits issued	463	351	119	357	310	292	307	296	333	313
<b>Finance and Administration</b>										
Merchant licenses issued	292	270	291	315	314	268	283	274	256	266
Payroll checks issued	2,630	2,775	2,666	2,685	2,842	2,779	2,777	2,706	2,559	2,516
Accounts payable processed	2,542	2,686	2,498	2,654	2,535	2,582	2,601	2,838	2,880	2,852
Sunshine Act requests	35	36	26	35	50	59	59	44	67	38

Source: The City's internal department reports

**City of Manchester, Missouri**  
**Capital Assets Statistics By Functions/Programs - Last Ten Fiscal Years**

<b>Functions/Programs</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Police/Patrol</b>										
Stations	1	1	1	1	1	1	1	1	1	2
Marked patrol units	20	20	19	23	24	22	23	23	24	16
Sectors	4	4	4	4	4	4	4	4	4	4
<b>Public Works</b>										
Miles of streets	67	67	67	67	67	67	65	65	65	65
Miles of sidewalks	53	53	53	53	53	53	52	52	52	52
Street lights and signals	939	939	939	939	939	939	937	937	937	937
<b>Parks and Recreation</b>										
Number of parks	6	6	6	6	6	6	6	6	6	6
Acres of parks	63	63	63	63	63	63	63	63	63	63
Pavilions	6	6	6	5	5	5	5	5	5	5
Amphitheater	1	1	1	1	1	1	1	-	-	-
Tennis courts	3	3	3	3	3	3	3	3	3	3
Playgrounds	5	5	5	4	4	4	4	4	4	4

Source: The City's capital assets inventory report