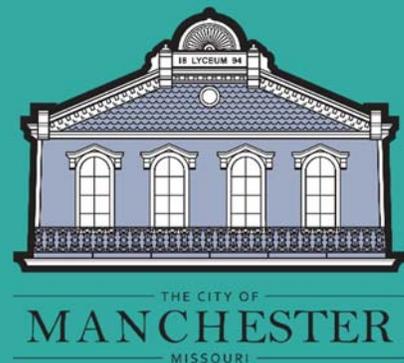




2018 CAFR Manchester, MO

CITY OF MANCHESTER, MISSOURI

Comprehensive Annual Financial Report
For the year ending December 31, 2018
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, 2018

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Introductory Section



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

April 29, 2019

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

State law requires that every 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, 2018.

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, 2018. 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 provided 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.

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 81 full-time, 24 part-time employees, and approximately 46 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, electricity is provided by Ameren UE, and water is provided by Missouri-American Water Company.

Telecommunication services are provided by Southwestern Bell Telephone Company, a subsidiary of AT&T and a variety of cell phone providers. 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 Fontbonne's new West St. Louis County campus in Manchester and carries on the proud tradition of excellence in Catholic education. Also, 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 University.

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 five 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 286 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 in 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 was 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 and 2017, the City transferred \$21,000 and \$20,000 respectively from the General Fund to Manchester Arts. In 2018, the City combined Manchester Arts into the General Fund as a separate division within Parks.

In 2018, 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 was issued July 16, 2018, with a term of 20 years to be repaid from a debt service property tax levy that started with the 2018 property tax levy. In 2018, the City spent approximately \$855,000 of the bond proceeds on concrete street replacement and issuance costs.

In 2018, the City segregated the Asset Forfeiture activity into a separate fund that was previously included in the General Fund.

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 compromise 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, Special Revenue Funds, and Capital Projects Fund 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 2018 were accounted for through eight 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 Park & Storm Water Fund accounts for the one-half cent sales tax levied for Parks operating and capital expenses and storm water projects. The Capital Projects Fund was established to track activity related to the one-half cent capital improvement sales tax. The Prop S Fund was established to account for the general obligation bond proceeds and related expenses for concrete streets and issuance costs. 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 accounts for any property tax levy revenue to retire general obligation bond debt. The Asset Forfeiture was established in 2018 to better account for asset seizure revenue received from the federal government and related expenses. The Sewer Lateral Fund accounts for revenues generated from the \$28 annual household assessment and for projects financed through this program. 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 three 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			Other	Operating	Fund Balance
	31-Dec-17	Revenues	Expenditures	Financing Sources (Uses)	Transfers In (Out)	
General Fund	\$2,498,410	\$9,972,053	\$9,249,369	-	(\$181,865)	\$3,039,229
Park & Storm	1,964,804	1,698,993	743,578	-	-	2,920,219
Capital Fund	38,076	1,724,460	1,596,388	51,455	(240,000)	(22,397)
Prop S Capital	-	63,661	855,527	9,234,894	-	8,443,028
TIF Fund	8,535,795	6,430,085	6,921,474	-	352,156	8,396,562
Debt Service	508,127	931,896	576,510	-	-	863,513
Asset Forfeiture	-	3,755	56,766	-	69,709	16,698
Sewer Lateral	177,984	194,537	182,325	-	-	190,196

The total General Fund balance as of December 31, 2018 was \$3,039,229. This is an increase of \$540,819 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% of future year budgeted expenditures (2019 Expenditure Budget) or \$1,981,235 for the General Fund. The December 31, 2018 year end fund balance equals approximately 30.7% of future year budgeted expenditures.

Park and Storm Water Projects Fund account for the sales tax proceeds and allowable expenditures. Expenditures include 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 \$2,920,219.

The Capital Projects Fund ended the year with a negative fund balance of \$22,397. The primary revenues are from the ½ cent Capital Sales Tax and grants. Expenditures include the purchase or construction of municipal buildings, vehicles, equipment, and infrastructure.

In April 2018 the residents voted, approved, and authorized up to \$16 million of general obligation debt to be used to construct concrete streets and sidewalks and a new Prop S Capital Improvement Fund was established in 2018 to account for the \$9 million July 2018 general obligation bond proceeds. In 2018 approximately \$855,000 of expenditures occurred for concrete street reconstruction and issuance costs. The fund balance at December 31, 2018 was \$8,443,028.

The TIF District was created in 2004 and construction of the Manchester Highlands shopping district has been completed with retailers opening between 2008 and 2010. In 2010, TIF 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 2018, \$4,010,000 in bonds were retired. The fund balance at December 31, 2018 was \$8,396,562 and includes \$5,478,059 reserve for debt service as required by the bond funding agreement.

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. This bond issue was fully retired in 2018. In April 2018 the residents voted, approved, and authorized up to \$16 million of general obligation debt to be used to construct concrete streets and sidewalk. \$9 million of general obligation bonds were issued in July 2018 and the Debt Service Fund accounts for the related principal and interest debt payments.

In 2018, the City segregated the Asset Forfeiture activity into a separate fund that was previously included in the General Fund. This fund accounts for federal asset forfeiture activity that the Manchester Police Department participates in and including allowable expenditures. \$69,709 was transferred from General Fund to the Asset Forfeiture Fund in 2018 and the fund balance at December 31, 2018 was \$16,698.

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 balance at December 31, 2018 was \$190,196.

Revenue by Source – All Governmental Fund Types

Source	Fiscal Year Amount 2018	Percent of Total	Increase (Decrease) Over Fiscal 2017	Percentage Increase (Decrease)
Property taxes	\$2,753,652	13.10%	1,247,352	82.81%
Taxes - other	16,449,654	78.26%	701,854	4.46%
Grants	432,042	2.06%	(762,990)	-63.85%
Licenses and Permits	378,596	1.80%	9,406	2.55%
Fines and forfeitures	231,684	1.10%	1,037	0.45%
Charges for Services	517,850	2.46%	68,195	15.17%
Investment Income	204,060	0.97%	100,956	97.92%
Other	51,902	0.25%	(25,660)	-33.08%
Total Revenues	\$21,019,440	100.00%	1,340,150	6.81%

The City’s largest recurring source of revenue is from property taxes and taxes-other. 2018 property taxes and taxes-other account for approximately 91.36% of total governmental type revenues. The two major taxes-other sources of revenue are sales taxes and utility gross receipts taxes. Sales tax revenue include the following: one and a quarter cent general and local option sales taxes - a one-half cent capital improvement sales tax, a one-half cent park and storm water sales tax, and a one-half cent Prop P sales tax. Gross receipts are from a tax on utility and cable services. The balance of the revenue is from a sewer lateral assessment fee and intergovernmental taxes.

2018 property taxes totaled \$2,753,652 or 13.10% of revenue and increased by \$1,247,352 over 2017 due to the new debt service levy for the 2018 general obligation bond issue and release of 2017 protested TIF property taxes in 2018.

Proceeds from the City’s various sales taxes totaled \$13,747,665 in fiscal year 2018, or 65.40% of revenues and \$616,793 more than 2017. The increase in 2018 is mainly due to the new Prop P half-cent sales tax which is levied and collected by St. Louis County and distributed to the City based on its population to the total population in the County. The County Prop P sales tax started in late 2017 and in 2018 is now a full year of collections.

Utility gross receipts is from a five percent tax on gross receipts for all utilities. Gross receipts revenue in 2018 totaled \$1,766,030 or 8.40% of revenue and approximately \$90,000 more than 2017.

Intergovernmental revenues in 2018 totaled \$769,473 or 3.66% of revenue and approximately \$5,511 less than 2017. The State of Missouri collects certain taxes from a motor fuel, or gasoline tax, that 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, sales tax on vehicle purchases, and a county cigarette sales tax.

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. 2018 revenues generated from these licenses and permits totaled \$378,596 or 1.80% of total revenue and approximately \$9,400 more than 2017.

The Manchester Municipal Court has jurisdiction in all cases related to alleged violations of the Code of Ordinances of the City of Manchester. 2018 revenues from fines and court costs totaled \$231,684 or approximately 1.10% of total revenue.

Investment earnings are derived from long-term investments of City cash. Investment earnings totaled approximately \$204,060 for the year and account for less than one percent of the City’s overall recurring revenues.

The City’s Department of Parks and Recreation operates the Aquatic Center and also sponsors a number of recreational programs. 2018 revenue from the programs and fees totaled \$517,850 or 2.46% of total revenue and approximately \$68,000 more than 2017.

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

Expenditure by Function – All Governmental Fund Types

Source	Fiscal Year Amount	Percent of Total	Increase (Decrease) Over Prior Year	Percentage Change From Prior Year
General Government	\$ 1,979,971	9.81%	\$ 343,997	21.03%
Police	3,490,019	17.29%	223,696	6.85%
Public Works	2,489,491	12.34%	(264,257)	-9.60%
Community development	310,428	1.54%	46,519	17.63%
Aquatic center	328,817	1.63%	15,370	4.90%
Recreation	919,307	4.56%	98,466	12.00%
Legal/ Court	228,985	1.13%	28,235	14.06%
Capital Outlay	3,231,755	16.01%	(2,793,705)	-46.37%
Debt Service	<u>7,203,164</u>	<u>35.69%</u>	<u>348,183</u>	<u>5.08%</u>
Total Expenditures	\$ 20,181,937	100.00%	\$ (1,953,761)	-8.83%

The most significant change in expenditure is in capital outlay. During 2017 the city built and completed a new Parks building.

The increase in general government is due to a full year in 2018 vs. 2017 of the City Administrator, two new part-time positions in Finance, and increases in insurance.

The increase in Police is directly related to an increase of \$11,000 in police starting salaries, and Community Development, Aquatic Center, Recreation, and Legal/Court is primarily a result of the ongoing increase in the cost of personnel.

The decrease in Public Works is two-fold, a change in 2018 whereby the residents pay for a portion of the trash bill and the ongoing increase in the cost of personnel.

The increase in Debt Service is from an increase in principal and interest related to the TIF Bonds.

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. The outstanding balance was refinanced in 2012 with a more favorable interest rate and earlier retirement. 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. Principal of \$570,000 was paid in 2018. The bonds were 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 from the TIF District. In 2018, the TIF District retired bonds in the amount of \$4,010,000.

In 2018, 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 was issued July 16, 2018 with a term of 20 years to be repaid from a debt service property tax levy that started with the 2018 property tax levy. The first debt payments will start in March 2019.

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, 2017. This satisfies both generally accepted accounting principles and applicable legal requirements and 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, 2018, 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, 2018, 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 also purchases commercial insurance to cover risks related to building and other City property, crimes, business, public official liability, earthquakes, and employee blanket bonds.

The total for all premiums and claims in 2018 totaled \$324,386 compared to \$262,415 in 2017.

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, CPA's 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.

Respectfully submitted,



Donald J. Yucuis

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, 2017

Christopher P. Morill

Executive Director/CEO

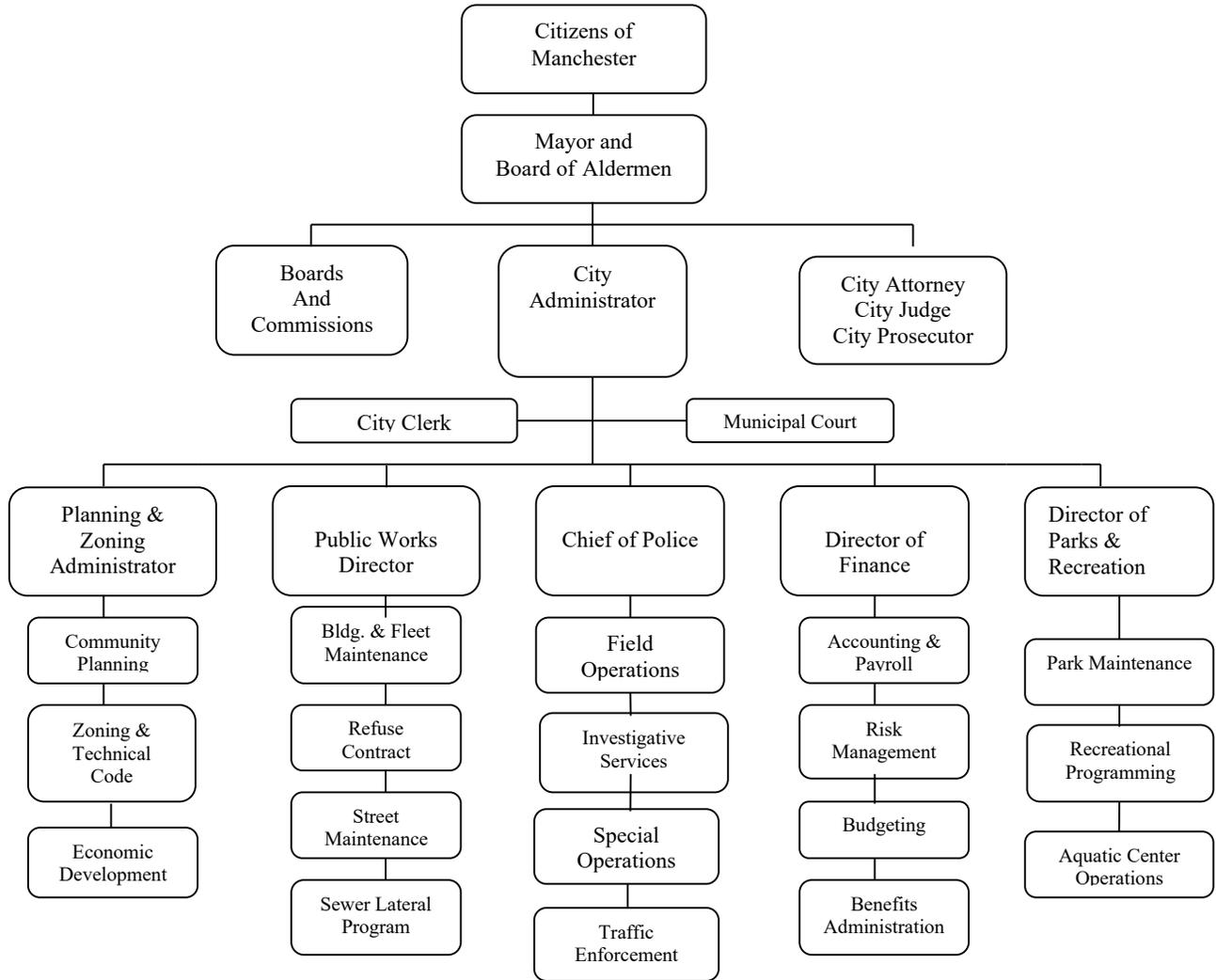
Elected Officials:

	Title	First Elected	Current Term Ends
Michael Clement	Mayor	2018	April, 2020
Marilyn Ottenad	Alderman, Ward 2	1998	April, 2020
Megan Huether	Alderman, Ward 2	2019	April, 2021
Benjamin Toben	Alderman, Ward 3	2018	April, 2020
Paul Hamill	Alderman, Ward 1	2011	April, 2021
Nelson Nolte	Alderman, Ward 1	2018	April, 2020
Richard Baumann	Alderman, Ward 3	2015	April, 2021

Appointed Officials:

	Title	Appointed
Lawrence Perney	City Administrator	2017
Cunningham, Vogel, & Rost, P.C.	City Attorney	2018
Michael Gunn	Municipal Judge	1997
Mark Levitt	Prosecuting Attorney	1997
Bob Ruck	Director of Public Works	2008
Will Scott	Chief of Police	2019
Ruth Baker	City Clerk	2005
Eileen Collins	Director of Parks and Recreation	2008
Donald Yucuis	Director of Finance	2018
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, 2018, 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, 2018, 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 4-11 and 32-36 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 April 29, 2019 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.

Stopp & Varelay

Creve Coeur, Missouri
April 29, 2019

Management Discussion & Analysis (Unaudited)

**CITY OF MANCHESTER, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2018**

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, 2018. It should be read in conjunction with the accompanying basic financial statement.

- The City's total net position increased by \$6,926,465 in 2018. The current year increase brings the year-end net asset value of the City to \$13,569,872. Of this amount \$32,151,101 is invested in capital assets, \$12,364,791 represents restricted amounts based on enabling legislation, \$8,379,367 restricted for capital projects, and of the (\$39,325,387) unrestricted net position, (\$43,049,539) is the balance of the General Obligation and TIF bonds, net of premiums or discounts (as presented on the Statement of Net Position), which leaves a positive \$3,724,152 available for use for City operations.
- As of December 31, 2018, the City's governmental funds reported a combined ending fund balance of \$23,847,048 an increase of \$10,123,852 in comparison with the year ended December 31, 2017.
- At the end of the year, unassigned fund balance for the General Fund was \$923,475 or 9.7% of the General Fund 2018 budgeted expenditures.
- The City made total debt service payments of \$7,079,441, of which \$4,580,000 represents principal.
- The general fund reported a net increase in fund balance of \$540,819.

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, 2018

- 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 “Other Non-major Funds”. Budgetary comparisons for the General Fund and major special revenue funds: Parks and Storm Water Projects Fund, Capital Projects Fund, Prop S Capital Improvement Fund, and TIF Fund are presented as required supplementary information.
- 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 \$13,569,872 as of December 31, 2018. 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 consists 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, 2018**

Table 1

	2018	2017	Increase (Decrease)
Assets:			
Current and other assets	\$ 25,573,661	\$ 14,702,941	\$10,870,720
Capital Assets	33,001,734	31,846,456	1,155,278
Total Assets	58,575,395	46,549,397	12,025,998
Liabilities:			
Current and other liabilities	1,996,642	1,533,127	463,515
Noncurrent liabilities	43,008,881	38,372,863	4,636,018
Total liabilities	\$ 45,005,523	\$ 39,905,990	\$ 5,099,533
Net position:			
Net Invested in Capital Assets	\$ 32,151,101	\$ 31,257,682	\$ 893,419
Restricted			
Enabling legislation	12,364,791	11,232,449	1,132,342
Capital Projects	8,379,367	-	8,379,367
Unrestricted	(39,325,387)	(35,846,724)	(3,478,663)
Total net position	\$ 13,569,872	\$ 6,643,407	\$ 6,926,465

Net position may serve over time as an indicator of the City's financial position. The City's net position increased \$6,926,465 to \$13,569,872 as of December 31, 2018. This increase is due primarily to an increase in outstanding debt in 2018 for Capital Projects. \$4,010,000 of tax increment financing (TIF) bonds were redeemed in 2018 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. The balance of \$570,000 of the existing General Obligation Bonds was redeemed in 2018.

A portion of the City's net position reflects its investment in capital assets, net of related debt and unrestricted balances, which total \$32,151,101 and \$31,257,682 in 2018 and 2017, 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 \$3,724,152 as noted above. Unrestricted amounts may be used to meet the City's ongoing obligations to citizens and creditors.

Restricted amounts totaled \$20,744,158 as of December 31, 2018. Restricted amounts are subject to external restrictions on how they may be used. Of restricted, \$2,920,219 is restricted for park and storm water projects, \$8,356,970 is restricted for capital projects, \$8,396,562 is restricted for TIF fund, \$863,513 is restricted for debt service, \$16,698 is restricted for asset forfeiture, and \$190,196 is restricted for sewer lateral capital projects.

**CITY OF MANCHESTER, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2018**

Table 2

	2018	2017	Increase (Decrease)
Revenue:			
Program revenues			
Charges for services	\$ 771,761	\$ 649,368	\$ 122,393
Operating Grants and contributions	151,321	154,914	(3,593)
Capital grants/ contributions	617,300	1,027,602	(410,302)
General revenues			
Taxes	19,271,556	17,710,588	1,560,968
Licenses and permits	364,546	412,640	(48,094)
Investment return	204,060	103,104	100,956
Gain (loss) on sale of assets	16,000		16,000
Miscellaneous	51,902	77,562	(25,660)
Total revenues	21,448,446	20,135,778	1,312,668
Expenses:			
General government	2,066,946	1,696,844	370,102
Police department	3,811,174	3,638,358	172,816
Public works	3,577,146	4,057,851	(480,705)
Community development	311,376	266,197	45,179
Aquatic center	714,558	518,701	195,857
Recreation	1,176,623	855,847	320,776
Legal and court	230,739	202,842	27,897
Interest and fiscal charges	2,633,419	2,713,464	(80,045)
Total expenses	14,521,981	13,950,104	571,877
Increase (decrease) in net position	6,926,465	6,185,674	740,791
Prior period adjustment	-	(58,761)	58,761
Net position, beginning of year	6,643,407	516,494	6,126,913
Net position, end of year	\$ 13,569,872	\$ 6,643,407	\$ 6,926,465

The increase in total revenues of \$1,312,668 represents an increase of 6.5%. 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, 2018**

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 2018, taxes increased \$1,560,968. The implementation of a new sales Tax “Prop P” accounted for approximately \$767,500 of the increase. Property taxes increased by \$703,000 from 2017, primarily due to the tax for the new \$9,000,000 General Obligation Bonds. Grant revenue decreased by \$410,000. Investment income increased by \$100,900 due to fair market value change of funds invested by the City for future debt service. Charges for services increased \$122,393 and mainly due to new parks and aquatics program revenue.

The City’s 2018 total expenses increased \$571,877. The increase in general government is due to a full year in 2018 vs. 2017 of the City Administrator, two new part-time positions in Finance and increases in insurance.

The increase in Police, Community Development, Aquatic center, Recreation and Legal/Court is primarily a result of the ongoing increase in the cost of personnel.

The decrease in Public Works is two-fold, a change in 2018 whereby the residents pay for a portion of the trash bill thus decreasing costs and the ongoing increase in the cost of personnel.

Governmental Funds

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

Total revenues in 2018 increased by \$1,340,150 compared to 2017. This increase in revenue is a combination of several factors. Property taxes increased by \$1,247,352 due to the new General Obligation bond issue and release of appealed property taxes to TIF. The Prop P sales tax had a full year of revenue and was approximately \$767,500 more than 2017. These were offset by less grant revenue.

Table 3

Source	Fiscal Year Ending 2018	Fiscal Year Ending 2017	Increase (Decrease)	Percentage Change
Property taxes	\$2,753,652	\$1,506,300	1,247,352	82.8%
Taxes - other	16,449,654	15,747,800	701,854	4.5%
Grants	432,042	1,195,032	(762,990)	-63.9%
Licenses and Permits	378,596	369,190	9,406	2.5%
Fines and forfeitures	231,684	230,647	1,037	-0.5%
Charges for Services	517,850	449,655	68,195	15.2%
Investment Income	204,060	103,104	100,956	97.9%
Other	51,902	77,562	(25,660)	-33.1%
Total Revenues	<u>\$21,019,440</u>	<u>\$19,679,290</u>	<u>\$1,340,150</u>	

**CITY OF MANCHESTER, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2018**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the City had \$48,017,454 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 of \$2,889,105 or 6.4% over the prior year.

Table 4

	2018	2017
Land	\$ 1,595,773	\$ 1,580,963
Buildings and improvements	22,262,619	18,538,314
Machinery and equipment	2,168,743	2,128,662
Infrastructure	18,592,174	16,385,567
Vehicles	2,117,119	2,149,574
Construction in progress	1,281,026	4,345,269
	<u>\$ 48,017,454</u>	<u>\$ 45,128,349</u>

The most significant additions to capital assets this fiscal year were the addition of building and improvements related to the new parks building being put in service - \$3,476,000, infrastructure related to concrete streets, sidewalks and overlay - \$1,442,000, and channel improvements - \$678,000. Construction in progress decreased as the new Park Building was put in service and offset by opening additions for bridge work in-progress. Additional information on the City's capital assets is presented in the notes to the financial statements on pages 26 and 27.

DEBT

At year-end, the City had \$43,065,000 in outstanding debt compared to \$38,645,000 at the end of the prior fiscal year, an increase of \$4,420,000. During the fiscal year, the City made principal payments totaling \$4,580,000 during the year. The City also issued new voter approved General Obligation debt of \$9,000,000.

Table 5

	2018	2017
General Obligation Bonds	\$9,000,000	\$570,000
TIF Bonds	34,065,000	38,075,000
	<u>\$43,065,000</u>	<u>\$38,645,000</u>

More detailed information on the City's long-term liabilities is presented in the notes to the financial statements on page 29.

**CITY OF MANCHESTER, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2018**

THE CITY'S FUNDS

At the close of the City's fiscal year on December 31, 2018, the governmental funds of the City reported a combined fund balance of \$23,847,048, an increase of \$10,123,852. The main reason for the increase is related to the new \$9,000,000 General Obligation bond proceeds.

The excess (deficiency) of revenues over expenditures totaled \$837,503.

General Fund increased \$722,684 and mainly due to a full year of Prop P Sales Tax revenue and offset by transfers to TIF and Asset Forfeiture of \$421,865 and offset by a transfer in from Capital Projects of \$240,000 as part of a recovery of funds transferred out in prior years.

Parks and Storm Water Projects Fund increased by \$955,415. As the fund title implies, expenditures are for parks and storm water projects.

Capital Projects Fund decreased by \$60,473 as revenues exceeded expenses by \$128,072 and was offset by proceeds from sale of capital assets and transfer to General Fund. During 2018 the City used assets available in this fund to pay capital outlay expenditures such as streets, bridge repairs, sidewalks and channel improvements.

Prop S Capital Improvement Fund is new and increased by \$8,443,028 due to a resident approved general obligation bond issue of \$9,000,000 and expenditures mainly related to concrete streets.

TIF Fund decreased by \$139,233 and includes a transfer of \$352,156 from the General Fund. The primary activity in this fund is the payment of debt service obligations of \$6,502,931 in 2018.

General Fund Budgetary Highlights

2018 revenues exceeded expenditures by \$722,684. Actual 2018 revenues in the General Fund were \$9,972,053 compared to the final budget amount of \$9,595,500. Taxes related to the first full year of Prop P Sales tax accounted for the increase in actual revenue.

2018 actual expenditures were \$9,249,369 compared to the final budget amount of \$9,488,105.

The Police Department has experienced less than 100% staffing throughout the year and accounts for the majority of the actual less than budget.

General government actual was more than budget due to increased insurance costs and legal fees.

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. To allow 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.

**CITY OF MANCHESTER, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2018**

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 minimal increase in revenues for the 2018 budget over the anticipated 2017 year performance at budget time.

The City's 2018 amended budget for revenue and expenditures is \$30,337,950 and \$22,586,195 respectively and results in an excess of current year budgeted revenue over expenditures of \$7,751,755. The Prop S Capital Fund accounts for most of the excess or \$7,200,000 due to the resident approved general obligation bond issue proceeds for concrete streets. Actual expenditures for each individual fund will be less than the amended budget.

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 2018 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.

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

Donald J. Yucuis
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City of Manchester, Missouri
14318 Manchester Road
Manchester MO 63011
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(636) 227-1385 x 103

Basic Financial Statements

City of Manchester, Missouri
Statement of Net Position
December 31, 2018

	Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	\$ 3,305,375
Investments	1,956,272
Restricted cash and equivalents	1,750,931
Restricted investments	13,186,672
Receivables, net:	
Taxes	4,637,909
Interest	46,693
Other	550,290
Prepaid expenses	139,519
Total Current Assets	25,573,661
Noncurrent Assets:	
Land and construction in progress	2,876,799
Other capital assets, net	30,124,935
Total Noncurrent Assets	33,001,734
Total Assets	58,575,395
Deferred Outflows of Resources	-
Liabilities	
Current Liabilities:	
Accounts payable	487,613
Accrued wages	215,738
Accrued compensated absences	102,187
Escrow payable	35,909
Court bonds payable	2,416
Accrued interest payable	539,378
Current portion of General Obligation Bonds payable	585,000
Current portion of postretirement benefits payable	28,401
Total Current Liabilities	1,996,642
Noncurrent Liabilities:	
General Obligation Bonds payable, net - long-term portion	8,645,000
Tax Increment Revenue Bonds payable, net	33,819,539
Postretirement benefits - long-term portion	544,342
Total Noncurrent Liabilities	43,008,881
Total Liabilities	45,005,523
Deferred Inflows of Resources	-
Net Position	
Net investment in capital assets	32,151,101
Restricted:	
Enabling legislation	12,364,791
Capital projects	8,379,367
Unrestricted	(39,325,387)
Total Net Position	\$ 13,569,872

See Notes to the Financial Statements

City of Manchester, Missouri
Statement of Activities
For the year ended December 31, 2018

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Governmental Activities
Governmental Activities:					
General government	\$ 2,066,946	\$ 95,155	\$ -	\$ -	\$ (1,971,791)
Police department	3,811,174	242,579	150,321	-	(3,418,274)
Public works	3,577,146	28,051	-	617,300	(2,931,795)
Community development	311,376	14,050	-	-	(297,326)
Aquatic center	714,558	265,366	-	-	(449,192)
Recreation	1,176,623	126,560	1,000	-	(1,049,063)
Legal and court	230,739	-	-	-	(230,739)
Interest and fiscal charges	2,633,419	-	-	-	(2,633,419)
	<u>14,521,981</u>	<u>771,761</u>	<u>151,321</u>	<u>617,300</u>	<u>(12,981,599)</u>
General Revenues:					
Taxes:					
					\$ 14,517,138
					1,532,927
					2,821,902
					399,589
					364,546
					204,060
					16,000
					51,902
					<u>\$ 19,908,064</u>
					Change in Net Position \$ 6,926,465
					Net Position - Beginning of Year (restated) <u>6,643,407</u>
					Net Position - End of Year <u><u>\$ 13,569,872</u></u>

See Notes to the Financial Statements

City of Manchester, Missouri
Balance Sheet - Governmental Funds
December 31, 2018

	General Fund	Parks and Storm Water Projects Fund	Capital Projects Fund	Prop S Capital Improvement Fund	TIF Fund	Nonmajor Governmental Funds	Total
Assets							
Cash and cash equivalents	\$ 447,198	\$ 1,777,589	\$ -	\$ -	\$ 408,616	\$ 671,972	\$ 3,305,375
Investments	1,956,272	-	-	-	-	-	1,956,272
Restricted cash and cash equivalents	-	-	-	707,742	1,026,491	16,698	1,750,931
Restricted investments	-	-	-	7,708,613	5,478,059	-	13,186,672
Receivables, net:							
Taxes	1,608,208	286,652	251,425	-	1,983,834	507,790	4,637,909
Interest	3,477	-	-	43,216	-	-	46,693
Other	71,309	-	478,981	-	-	-	550,290
Prepaid items	134,519	-	5,000	-	-	-	139,519
Due from other funds	-	912,419	-	-	-	-	912,419
Total Assets	<u>4,220,983</u>	<u>2,976,660</u>	<u>735,406</u>	<u>8,459,571</u>	<u>8,897,000</u>	<u>1,196,460</u>	<u>26,486,080</u>
Deferred Outflows of Resources							
	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 4,220,983</u>	<u>\$ 2,976,660</u>	<u>\$ 735,406</u>	<u>\$ 8,459,571</u>	<u>\$ 8,897,000</u>	<u>\$ 1,196,460</u>	<u>\$ 26,486,080</u>
Liabilities							
Accounts payable	\$ 183,242	\$ 56,441	\$ 226,489	\$ 16,543	\$ -	\$ 4,898	\$ 487,613
Accrued wages	215,738	-	-	-	-	-	215,738
Escrow payable	35,909	-	-	-	-	-	35,909
Due to other funds	725,861	-	186,558	-	-	-	912,419
Court bonds payable	2,416	-	-	-	-	-	2,416
Total Liabilities	<u>1,163,166</u>	<u>56,441</u>	<u>413,047</u>	<u>16,543</u>	<u>-</u>	<u>4,898</u>	<u>1,654,095</u>
Deferred Inflows of Resources							
Unavailable revenue - property taxes	18,588	-	-	-	500,438	121,155	640,181
Unavailable revenue - grants	-	-	344,756	-	-	-	344,756
	<u>18,588</u>	<u>-</u>	<u>344,756</u>	<u>-</u>	<u>500,438</u>	<u>121,155</u>	<u>984,937</u>
Fund Balances							
Nonspendable:							
Prepaid items	134,519	-	5,000	-	-	-	139,519
Restricted:							
Special revenue fund	-	2,920,219	-	-	8,396,562	1,070,407	12,387,188
Capital projects fund	-	-	-	8,443,028	-	-	8,443,028
Committed:							
Contingency	1,981,235	-	-	-	-	-	1,981,235
Unassigned	923,475	-	(27,397)	-	-	-	896,078
Total Fund Balances	<u>3,039,229</u>	<u>2,920,219</u>	<u>(22,397)</u>	<u>8,443,028</u>	<u>8,396,562</u>	<u>1,070,407</u>	<u>23,847,048</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,220,983</u>	<u>\$ 2,976,660</u>	<u>\$ 735,406</u>	<u>\$ 8,459,571</u>	<u>\$ 8,897,000</u>	<u>\$ 1,196,460</u>	<u>\$ 26,486,080</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, 2018

Total Governmental Fund Balances	\$ 23,847,048
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	33,001,734
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are not reported in the funds	984,937
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	(539,378)
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	(9,230,000)
Tax Increment Revenue Bonds	(33,819,539)
Compensated absences	(102,187)
Postretirement benefits	(572,743)
	(34,724,469)
Total Net Position of Governmental Activities	\$ 13,569,872

See Notes to the Financial Statements

City of Manchester, Missouri
Combined Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2018

	General Fund	Parks and Storm Water Projects Fund	Capital Projects Fund	Prop S Capital Improvement Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	Total
Revenues							
Property taxes	\$ 542,157	\$ -	\$ -	\$ -	\$ 1,279,599	\$ 931,896	\$ 2,753,652
Taxes - other	8,087,188	1,698,993	1,451,916	-	5,045,071	166,486	16,449,654
Grants	155,743	-	272,544	-	-	3,755	432,042
Licenses and permits	378,596	-	-	-	-	-	378,596
Fines and forfeitures	231,684	-	-	-	-	-	231,684
Charges for services	489,799	-	-	-	-	28,051	517,850
Investment income	36,003	-	-	63,661	104,396	-	204,060
Other	50,883	-	-	-	1,019	-	51,902
	<u>9,972,053</u>	<u>1,698,993</u>	<u>1,724,460</u>	<u>63,661</u>	<u>6,430,085</u>	<u>1,130,188</u>	<u>21,019,440</u>
Expenditures							
Current:							
General government	1,578,589	-	-	-	401,382	-	1,979,971
Police department	3,490,019	-	-	-	-	-	3,490,019
Public works	2,410,385	-	-	-	-	79,106	2,489,491
Community development	293,267	-	-	-	17,161	-	310,428
Aquatic center	328,817	-	-	-	-	-	328,817
Recreation	919,307	-	-	-	-	-	919,307
Legal/court	228,985	-	-	-	-	-	228,985
Capital outlay	-	743,578	1,596,388	731,804	-	159,985	3,231,755
Debt service:							
Principal	-	-	-	-	4,010,000	570,000	4,580,000
Interest and fiscal charges	-	-	-	-	2,492,931	6,510	2,499,441
Bond issuance costs	-	-	-	123,723	-	-	123,723
	<u>9,249,369</u>	<u>743,578</u>	<u>1,596,388</u>	<u>855,527</u>	<u>6,921,474</u>	<u>815,601</u>	<u>20,181,937</u>
Excess (Deficiency) of Revenues over Expenditures	722,684	955,415	128,072	(791,866)	(491,389)	314,587	837,503
Other Financing Sources (Uses)							
Proceeds from sale of capital assets	-	-	51,455	-	-	-	51,455
Proceeds from general obligation bonds	-	-	-	9,000,000	-	-	9,000,000
Proceeds from general obligation bonds - premium	-	-	-	234,894	-	-	234,894
Transfers in	240,000	-	-	-	352,156	69,709	661,865
Transfers out	(421,865)	-	(240,000)	-	-	-	(661,865)
	<u>(181,865)</u>	<u>-</u>	<u>(188,545)</u>	<u>9,234,894</u>	<u>352,156</u>	<u>69,709</u>	<u>9,286,349</u>
Net Change in Fund Balance	\$ 540,819	\$ 955,415	\$ (60,473)	\$ 8,443,028	\$ (139,233)	\$ 384,296	\$ 10,123,852
Fund Balance (Deficit), January 1	<u>2,498,410</u>	<u>1,964,804</u>	<u>38,076</u>	<u>-</u>	<u>8,535,795</u>	<u>686,111</u>	<u>13,723,196</u>
Fund Balance (Deficit), December 31	<u>\$ 3,039,229</u>	<u>\$ 2,920,219</u>	<u>\$ (22,397)</u>	<u>\$ 8,443,028</u>	<u>\$ 8,396,562</u>	<u>\$ 1,070,407</u>	<u>\$ 23,847,048</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, 2018

Change in fund balance-total governmental funds	\$	10,123,852
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.		413,006
The acquisition of capital assets requires the use of current financial resources but has no effect on net position		3,029,824
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities		(1,836,176)
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.		(38,370)
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		(134,788)
Repayment of bonds principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		4,580,000
Issuances of bonds, principal and premiums, are revenues in the governmental funds, but the issuance increases long-term liabilities in the statement of net position		(9,234,894)
Increase in compensated absences and accumulated post retirement benefits are recorded when earned in the statement of activities		<u>24,011</u>
Change in net position of governmental activities	\$	<u><u>6,926,465</u></u>

See Notes to the Financial Statements

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

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. 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, 2018

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 fund 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 Prop S Capital Improvement Fund - The City uses this fund to account for the proceeds from the issuance of debt and capital project activity related to Proposition S.

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, 2018

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, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

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 \$20,744,158, of which \$12,364,791 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.

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance/Equity (continued)

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.

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 budgeted 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 or cost, as applicable per investment type. 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.

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

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.
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, 2018 consisted of the following:

<u>Type</u>	<u>Maturities</u>	<u>Balance</u>
Unrestricted Deposits:		
Petty cash	n/a	\$ 800
Demand deposits	n/a	3,304,575
Total Unrestricted Deposits		3,305,375
Restricted Deposits:		
Demand deposits	n/a	724,440
Total Restricted Deposits		724,440
Unrestricted Investments:		
Government sponsored enterprise (GSE) bond	10/03/19	198,202
Government sponsored enterprise (GSE) bond	03/30/20	294,977
Government sponsored enterprise (GSE) bond	11/25/20	194,538
Government sponsored enterprise (GSE) bond	05/07/21	292,846
Government sponsored enterprise (GSE) bond	05/17/21	488,736
Government sponsored enterprise (GSE) bond	06/30/21	486,973
Total Unrestricted Investments		1,956,272

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

Note 2 - Deposits and Investments (continued)

Restricted Investments:		
Money market funds	n/a	1,347,644
U.S. Treasury bills	Various	3,538,090
U.S. Treasury notes	Various	4,349,721
Corporate bonds	Various	318,908
Government and GSE bonds	Various	4,658,800
Total Restricted Investments		<u>\$ 14,213,163</u>

At December 31, 2018, all deposits were covered by the Federal Deposit Insurance Corporation (FDIC) or pledged securities.

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	Balance	Maturity			Rating
		0-3 Years	3-6 Years	6+ Years	
Money market funds	\$ 1,347,644	\$ 1,347,644	\$ -	\$ -	n/a
U.S. Treasury bills	3,538,090	3,538,090	-	-	AAA
U.S. Treasury notes	4,349,721	4,349,721	-	-	AAA
Corporate bonds	318,908	-	169,100	149,808	AA
Government and GSE bonds	6,615,072	4,255,410	92,373	2,267,289	AAA
Total Investments	<u>\$ 16,169,435</u>	<u>\$ 13,490,865</u>	<u>\$ 261,473</u>	<u>\$ 2,417,097</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
FHLB	GSE agency bonds	\$ 2,453,853	15.18%
FNMA	GSE agency bonds	1,813,076	11.21%

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

Note 2 - Cash and Investments (continued)

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, 2018:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 1,347,644	\$ 1,347,644	\$ -	\$ -
U.S. Treasury bills	273,627	-	273,627	-
U.S. Treasury notes	4,349,721	-	4,349,721	-
Corporate bonds	318,908	-	318,908	-
Government and GSE bonds	6,615,072	-	6,615,072	-
	<u>\$ 12,904,972</u>	<u>\$ 1,347,644</u>	<u>\$ 11,557,328</u>	<u>\$ -</u>

The City values level 2 inputs based on quoted prices in active markets for similar assets. All other investments are reported using a cost-based measure in accordance with the requirements of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

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, 2018, upon which the 2018 levy was based for real, personal and public utility property, was \$375,777,609. The City's tax rate was levied at \$.0410 (residential real estate), \$.0410 (commercial real estate), and \$.0500 (personal property) per \$100 of assessed valuation for the General Fund, and \$.0280 per \$100 of assessed valuation of all property types for the Debt Service Fund.

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

Note 4 - Interfund Transactions

Interfund receivables/payables at December 31, 2018 consists of the following:

	Due From:	Due To:
General Fund	\$ -	\$ 725,861
Parks and Storm Water Fund	912,419	-
Capital Projects Fund	-	186,558
	\$ 912,419	\$ 912,419

The following transfers were made during the fiscal year ending December 31, 2018:

	Transfers In	Transfers Out
General Fund	\$ 240,000	\$ 421,865
Capital Projects Fund	-	240,000
TIF Fund	352,156	-
Nonmajor Funds	69,709	-
	\$ 661,865	\$ 661,865

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.

Note 5 - Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2018 is as follows:

	Balance at 12/31/17	Additions	Deletions	Balance at 12/31/18
<u>Governmental activities:</u>				
Non-depreciable capital assets				
Land	\$ 1,580,963	\$ 14,810	\$ -	\$ 1,595,773
Construction in process	4,345,269	1,193,761	(4,258,004)	1,281,026
Total non-depreciable capital assets	5,926,232	1,208,571	(4,258,004)	2,876,799
Depreciable capital assets				
Buildings and improvements	18,538,314	3,724,305	-	22,262,619
Machinery and equipment	2,128,662	40,081	-	2,168,743
Infrastructure	16,385,567	2,206,607	-	18,592,174
Vehicles	2,149,574	108,265	(140,720)	2,117,119
Total depreciable capital assets	39,202,117	6,079,258	(140,720)	45,140,655

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

Note 5 - Capital Assets (continued)

Less: accumulated depreciation				
Buildings and improvements	(6,166,801)	(664,155)	-	(6,830,956)
Machinery and equipment	(1,454,769)	(147,672)	-	(1,602,441)
Infrastructure	(4,099,315)	(835,010)	-	(4,934,325)
Vehicles	(1,561,008)	(189,339)	102,350	(1,647,998)
Total accumulated depreciation	<u>(13,281,893)</u>	<u>(1,836,176)</u>	<u>102,350</u>	<u>(15,015,720)</u>
 Total depreciable capital assets, net	 <u>\$ 25,920,224</u>	 <u>\$ 4,243,082</u>	 <u>\$ (38,370)</u>	 <u>\$ 30,124,935</u>

Depreciation expense was charged to functions/programs of the Primary Government for the year ended December 31, 2018 as follows:

General government	\$ 51,397
Police department	332,095
Public works	979,036
Aquatic center	274,569
Recreation	199,079
	<u>\$ 1,836,176</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 had interest payable at 2.0% and matured in March 2018.

In 2018, the City issued \$9,000,000 in general obligation bonds for the purpose of repairing and replacing streets within City limits. Funds from a dedicated property tax are accumulated in the Debt Service Fund to make future principal and interest payments. The general obligation bonds bear interest at 3.25% - 4.00% and mature March 2038.

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.

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

Note 6 - Long-Term Debt (continued)

Postretirement 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, 2018, there were 77 employees eligible to receive benefits upon meeting the service requirements. The City has accrued this liability in the government-wide statements.

	Balance at 12/31/17	Additions	Reductions	Balance at 12/31/18	Due Within One Year
General obligation bonds	\$ 570,000	\$ 9,000,000	\$ (570,000)	\$ 9,000,000	\$ 585,000
Add: Issuance premiums	18,774	234,894	(23,668)	230,000	-
Tax Increment Revenue Bonds	38,075,000	-	(4,010,000)	34,065,000	-
Less: Issuance discounts	(294,554)	-	49,093	(245,461)	-
Postretirement benefits	573,643	-	(900)	572,743	28,401
Total Long-Term Debt	\$ 38,942,863	\$ 9,234,894	\$ (4,555,475)	\$ 43,622,282	\$ 613,401

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

Year ended,	Principal	Interest	Total
2019	\$ 585,000	\$ 324,736	\$ 909,736
2020	625,000	273,862	898,862
2021	640,000	248,563	888,563
2022	550,000	224,762	774,762
2023	335,000	207,063	542,063
2024-2028	1,800,000	833,263	2,633,263
2029-2033	2,055,000	528,488	2,583,488
2034-2038	2,410,000	193,681	2,603,681
	\$ 9,000,000	\$ 2,834,418	\$ 11,834,418

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 \$220,671 to the Plan during the year ended December 31, 2018.

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

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 2018 premium payments to the trust totaled \$217,394.

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 2018, 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, 2018, expenditures for waste removal totaled \$928,191.

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

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 2018, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$230,744. "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 \$8,629,435. 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 2.60% 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, 2018.

Note 14 - Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 29, 2019, the date the financial statements were available to be issued.

City of Manchester, Missouri
Notes to Financial Statements
For the year ended December 31, 2018

Note 15 - New Accounting Pronouncements

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.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ended December 31, 2020.

Note 16 - Prior Period Adjustment

In order to correct previous errors in capital assets, the previously stated net position has been restated. These corrections will have no material effect on operations of the City.

	Governmental Activities
Net position, as previously stated on December 31, 2017	\$ 6,702,168
Prior Period Adjustment - correction 1	(97,131)
Prior Period Adjustment - correction 2	38,370
Net position, as restated on December 31, 2017	\$ 6,643,407

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property taxes	\$ 495,500	\$ 495,500	\$ 542,157	\$ 46,657
Taxes - other	7,736,000	7,736,000	8,087,188	351,188
Grants	144,500	144,500	155,743	11,243
Licenses and permits	362,650	362,650	378,596	15,946
Fines and forfeitures	220,000	220,000	231,684	11,684
Charges for services	532,550	532,550	489,799	(42,751)
Investment income	41,800	41,800	36,003	(5,797)
Other	62,500	62,500	50,883	(11,617)
Total Revenues	<u>9,595,500</u>	<u>9,595,500</u>	<u>9,972,053</u>	<u>376,553</u>
Expenditures				
Current:				
General government	1,386,714	1,386,714	1,578,589	191,875
Police department	3,846,793	3,846,793	3,490,019	(356,774)
Public works	2,423,279	2,423,279	2,410,385	(12,894)
Community development	308,885	308,885	293,267	(15,618)
Aquatic center	343,130	343,130	328,817	(14,313)
Recreation	935,749	935,749	919,307	(16,442)
Legal/court	243,555	243,555	228,985	(14,570)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>9,488,105</u>	<u>9,488,105</u>	<u>9,249,369</u>	<u>(238,736)</u>
Excess (Deficiency) of Revenues over Expenditures	107,395	107,395	722,684	615,289
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	265,000	265,000	240,000	(25,000)
Transfers out	(385,000)	(385,000)	(421,865)	36,865
Total Other Financing Sources (Uses)	<u>(120,000)</u>	<u>(120,000)</u>	<u>(181,865)</u>	<u>11,865</u>
Net Change in Fund Balance	<u>\$ (12,605)</u>	<u>\$ (12,605)</u>	\$ 540,819	<u>\$ 553,424</u>
Fund Balance, January 1			<u>2,498,410</u>	
Fund Balance, December 31			<u>\$ 3,039,229</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,600,000	1,600,000	1,698,993	98,993
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,698,993</u>	<u>98,993</u>
Expenditures				
Current:				
General government	-	-	-	-
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	1,091,575	1,091,575	743,578	(347,997)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>1,091,575</u>	<u>1,091,575</u>	<u>743,578</u>	<u>(347,997)</u>
Excess (Deficiency) of Revenues over Expenditures	508,425	508,425	955,415	446,990
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 508,425</u>	<u>\$ 508,425</u>	\$ 955,415	<u>\$ 446,990</u>
Fund Balance, January 1			<u>1,964,804</u>	
Fund Balance, December 31			<u>\$ 2,920,219</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,550,000	1,550,000	1,451,916	(98,084)
Grants	640,000	640,000	272,544	(367,456)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>2,190,000</u>	<u>2,190,000</u>	<u>1,724,460</u>	<u>(465,540)</u>
Expenditures				
Current:				
General government	-	-	-	-
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	2,020,659	2,020,659	1,596,388	(424,271)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>2,020,659</u>	<u>2,020,659</u>	<u>1,596,388</u>	<u>(424,271)</u>
Excess (Deficiency) of Revenues over Expenditures	169,341	169,341	128,072	(41,269)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	25,000	25,000	51,455	26,455
Transfers in	-	-	-	-
Transfers out	(240,000)	(240,000)	(240,000)	-
Total Other Financing Sources (Uses)	<u>(215,000)</u>	<u>(215,000)</u>	<u>(188,545)</u>	<u>26,455</u>
Net Change in Fund Balance	<u>\$ (45,659)</u>	<u>\$ (45,659)</u>	\$ (60,473)	<u>\$ (14,814)</u>
Fund Balance, January 1			<u>38,076</u>	
Fund Balance, December 31			<u>\$ (22,397)</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,279,599	\$ 29,599
Taxes - other	5,100,000	5,100,000	5,045,071	(54,929)
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	150,000	150,000	104,396	(45,604)
Other	-	-	1,019	1,019
Total Revenues	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,430,085</u>	<u>(69,915)</u>
Expenditures				
Current:				
General government	360,000	360,000	401,382	41,382
Police department	-	-	-	-
Public works	-	-	-	-
Community development	19,660	19,660	17,161	(2,499)
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	3,700,000	3,950,000	4,010,000	60,000
Interest and fiscal charges	2,700,000	2,700,000	2,492,931	(207,069)
Total Expenditures	<u>6,779,660</u>	<u>7,029,660</u>	<u>6,921,474</u>	<u>(108,186)</u>
Excess (Deficiency) of Revenues over Expenditures	(279,660)	(529,660)	(491,389)	38,271
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	360,000	360,000	352,156	(7,844)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>360,000</u>	<u>360,000</u>	<u>352,156</u>	<u>(7,844)</u>
Net Change in Fund Balance	<u>\$ 80,340</u>	<u>\$ (169,660)</u>	\$ (139,233)	<u>\$ 30,427</u>
Fund Balance, January 1			<u>8,535,795</u>	
Fund Balance, December 31			<u>\$ 8,396,562</u>	

City of Manchester, Missouri
Notes to the Required Supplementary Information
For the year ended December 31, 2018

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, 2018

	Debt Service Fund	Asset Forfeiture Fund	Sewer Lateral Fund	Totals
Assets				
Cash and cash equivalents	\$ 522,400	\$ -	\$ 149,572	\$ 671,972
Investments	-	-	-	-
Restricted cash and cash equivalents	-	16,698	-	16,698
Restricted investments	-	-	-	-
Receivables, net:				
Taxes	462,268	-	45,522	507,790
Interest	-	-	-	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	<u>984,668</u>	<u>16,698</u>	<u>195,094</u>	<u>1,196,460</u>
Deferred Outflows of Resources				
	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 984,668</u>	<u>\$ 16,698</u>	<u>\$ 195,094</u>	<u>\$ 1,196,460</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 4,898	\$ 4,898
Accrued wages	-	-	-	-
Escrow payable	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Court bonds payable	-	-	-	-
Total liabilities	-	-	4,898	4,898
Deferred Inflows of Resources				
	121,155	-	-	121,155
Fund Balance				
Restricted:				
Special revenue fund	863,513	16,698	190,196	1,070,407
Committed:				
Contingency	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>863,513</u>	<u>16,698</u>	<u>190,196</u>	<u>1,070,407</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 984,668</u>	<u>\$ 16,698</u>	<u>\$ 195,094</u>	<u>\$ 1,196,460</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, 2018

	Debt Service Fund	Asset Forfeiture Fund	Sewer Lateral Fund	Totals
Revenues				
Property taxes	\$ 931,896	\$ -	\$ -	\$ 931,896
Taxes - other	-	-	166,486	166,486
Grants	-	3,755	-	3,755
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	28,051	28,051
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>931,896</u>	<u>3,755</u>	<u>194,537</u>	<u>1,130,188</u>
Expenditures				
Current:				
General government	-	-	-	-
Police department	-	-	-	-
Public works	-	-	79,106	79,106
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	56,766	103,219	159,985
Debt service:				
Principal	570,000	-	-	570,000
Interest and fiscal charges	6,510	-	-	6,510
Total Expenditures	<u>576,510</u>	<u>56,766</u>	<u>182,325</u>	<u>815,601</u>
Excess (Deficiency) of Revenues over Expenditures	355,386	(53,011)	12,212	314,587
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	69,709	-	69,709
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>69,709</u>	<u>-</u>	<u>69,709</u>
Net Change in Fund Balance	\$ 355,386	\$ 16,698	\$ 12,212	\$ 384,296
Fund Balance (Deficit), January 1	<u>508,127</u>	<u>-</u>	<u>177,984</u>	<u>686,111</u>
Fund Balance (Deficit), December 31	<u>\$ 863,513</u>	<u>\$ 16,698</u>	<u>\$ 190,196</u>	<u>\$ 1,070,407</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property taxes	\$ -	\$ 1,000,000	\$ 931,896	\$ (68,104)
Taxes - other	-	-	-	-
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>1,000,000</u>	<u>931,896</u>	<u>(68,104)</u>
Expenditures				
Current:				
General government	-	-	-	-
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	570,000	570,000	570,000	-
Interest and fiscal charges	9,800	9,800	6,510	(3,290)
Total Expenditures	<u>579,800</u>	<u>579,800</u>	<u>576,510</u>	<u>(3,290)</u>
Excess (Deficiency) of Revenues over Expenditures	(579,800)	420,200	355,386	(64,814)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (579,800)</u>	<u>\$ 420,200</u>	\$ 355,386	<u>\$ (64,814)</u>
Fund Balance, January 1			<u>508,127</u>	
Fund Balance, December 31			<u>\$ 863,513</u>	

City of Manchester, Missouri
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Asset Forfeiture Fund
For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Grants	-	4,200	3,755	(445)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>4,200</u>	<u>3,755</u>	<u>(445)</u>
Expenditures				
Current:				
General government	-	-	-	-
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	60,000	56,766	(3,234)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>60,000</u>	<u>56,766</u>	<u>(3,234)</u>
Excess (Deficiency) of Revenues over Expenditures	-	(55,800)	(53,011)	2,789
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	69,709	69,709
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>69,709</u>	<u>69,709</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (55,800)</u>	<u>\$ 16,698</u>	<u>\$ 72,498</u>
Fund Balance, January 1			<u>-</u>	
Fund Balance, December 31			<u>\$ 16,698</u>	

City of Manchester, Missouri
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Sewer Lateral Fund
For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	167,000	167,000	166,486	(514)
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	56,250	56,250	28,051	(28,199)
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>223,250</u>	<u>223,250</u>	<u>194,537</u>	<u>(28,713)</u>
Expenditures				
Current:				
General government	-	-	-	-
Police department	-	-	-	-
Public works	86,396	86,396	79,106	(7,290)
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	230,000	230,000	103,219	(126,781)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>316,396</u>	<u>316,396</u>	<u>182,325</u>	<u>(134,071)</u>
Excess (Deficiency) of Revenues over Expenditures	(93,146)	(93,146)	12,212	105,358
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (93,146)</u>	<u>\$ (93,146)</u>	\$ 12,212	<u>\$ 105,358</u>
Fund Balance, January 1			<u>177,984</u>	
Fund Balance, December 31			<u>\$ 190,196</u>	

City of Manchester, Missouri
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Prop S Capital Improvement Fund
For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	30,000	63,661	33,661
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>30,000</u>	<u>63,661</u>	<u>33,661</u>
Expenditures				
Current:				
General government	-	-	-	-
Police department	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Aquatic center	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	1,888,000	731,804	(1,156,196)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	112,000	123,723	11,723
Total Expenditures	<u>-</u>	<u>2,000,000</u>	<u>855,527</u>	<u>(1,144,473)</u>
Excess (Deficiency) of Revenues over Expenditures	-	(1,970,000)	(791,866)	1,178,134
Other Financing Sources (Uses)				
Proceeds from general obligation bonds	-	9,000,000	9,000,000	-
Proceeds from general obligation bonds - premium	-	170,000	234,894	64,894
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,170,000</u>	<u>9,234,894</u>	<u>64,894</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 7,200,000</u>	<u>\$ 8,443,028</u>	<u>\$ 1,243,028</u>
Fund Balance, January 1			<u>-</u>	
Fund Balance, December 31			<u>\$ 8,443,028</u>	

Statistical Section

City of Manchester, Missouri
Statistical Section Overview

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.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	44-47
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	48-54
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	55-57
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	58-60
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	61-63

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>2018</u>	<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>
Governmental Activities										
Net investment in capital assets	\$ 32,151,101	\$ 31,257,682	\$ 26,670,821	\$ 25,815,291	\$ 24,791,682	\$ 23,852,195	\$ 22,418,334	\$ 21,368,355	\$ 18,815,760	\$ 14,194,002
Restricted for:										
Capital projects	8,356,970	38,076	168,042	111,603	93,342	199,360	509,802	166,788	162,587	(144,994)
Parks and Storm Water projects	2,920,219	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
Debt service	863,513	508,127	846,549	785,879	705,820	658,107	698,503	1,004,185	921,967	638,506
TIF	8,396,562	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
Non-Major	206,894	185,647	294,458	406,860	493,752	592,509	576,819	590,429	511,977	511,430
Unrestricted	<u>(39,325,387)</u>	<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>
Total Governmental Activities	<u>13,569,872</u>	<u>6,643,407</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>
Primary Government										
Net investment in capital assets	32,151,101	31,257,682	26,670,821	25,815,291	24,791,682	23,852,195	22,418,334	21,368,355	18,815,760	14,194,002
Restricted	20,744,158	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
Unrestricted	<u>(39,325,387)</u>	<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>
Total Primary Government	<u>\$ 13,569,872</u>	<u>\$ 6,643,407</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>

Source: Basic financial statements

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

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

	<u>2018</u>	<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>Expenses</u>										
Governmental Activities										
General government	\$ 2,066,946	\$ 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
Police department	3,811,174	3,599,988	3,680,947	3,540,967	3,443,086	3,492,549	3,460,970	3,464,808	3,399,197	3,153,266
Public works	3,577,146	4,154,982	3,906,863	3,699,603	3,649,983	3,511,676	3,535,613	3,572,618	3,477,863	3,461,055
Community development	311,376	266,197	265,525	223,100	258,237	266,928	253,670	250,119	249,572	301,840
Aquatic center	714,558	518,701	505,548	530,027	523,882	518,331	500,993	476,923	473,981	395,020
Recreation	1,176,623	855,847	968,111	880,688	833,511	809,965	837,289	811,009	823,704	913,646
Legal and court	230,739	202,842	214,385	207,195	190,737	333,794	348,497	274,050	271,069	278,635
Interest on long-term debt	2,633,419	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
Special item - transfer to escrow agent of proceeds from TIF bonds	-	-	-	-	-	-	-	-	47,688,390	-
Total Governmental Activities Expenses	<u>14,521,981</u>	<u>14,008,865</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>
Program Revenues										
Governmental Activities										
Charges for service:										
General government	95,155	-	-	-	39,315	237,455	232,459	212,056	210,790	148,391
Police department	242,579	241,683	269,610	407,913	472,167	479,550	460,612	312,510	335,036	394,749
Public works	28,051	44,960	30,287	23,750	18,495	18,913	21,039	22,529	20,747	32,295
Community development	14,050	-	-	-	-	-	-	-	-	-
Aquatic center	265,366	277,261	281,183	277,528	289,788	252,269	334,530	331,143	328,003	288,159
Recreation	126,560	85,464	73,447	70,447	64,344	103,466	62,987	53,741	60,509	53,662
Operating grants and contributions	151,321	154,914	189,345	219,352	165,622	89,855	-	-	-	106,607
Capital grants and contributions	617,300	1,027,602	241,413	-	-	241,900	208,479	842,440	345,001	-
Total Governmental Activities Program Revenue	<u>1,540,382</u>	<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>
Net Revenue (Expenses)										
Governmental Activities	<u>(12,981,599)</u>	<u>(12,176,981)</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>
Total Primary Government, Net Expenses	<u>(12,981,599)</u>	<u>(12,176,981)</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>
General Revenues and Other										
<u>Changes in Net Position</u>										
Governmental Activities:										
Sales tax	14,517,138	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
Utility tax	1,532,927	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
Property tax	2,821,902	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
Franchise tax	399,589	251,000	286,700	297,190	287,143	259,387	255,673	215,254	223,656	186,739
Other tax	-	-	-	-	922,354	706,514	698,261	764,375	789,654	773,536
Investment income	204,060	103,104	37,253	102,282	163,907	36,069	151,523	(50,964)	21,748	116,924
Miscellaneous	432,448	490,202	407,471	538,259	333,458	67,717	234,659	235,415	195,680	77,114
Total Governmental Activities General Revenues and Other Changes in Net Position	<u>19,908,064</u>	<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>
Total Primary Government Activities General Revenues and Other Changes in Net Position	<u>19,908,064</u>	<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>Changes in Net Position</u>										
Governmental activities	<u>6,926,465</u>	<u>6,126,913</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>
Total Primary Government	<u>\$ 6,926,465</u>	<u>\$ 6,126,913</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>

Source: Basic financial statements

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

	<u>2018</u>	<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>
General Fund										
After GASB 54 Implementation:										
Nonspendable	\$ 134,519	\$ 98,750	\$ -	\$ -	\$ -	\$ 74,715	\$ 178,232	\$ 106,624	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,981,235	1,883,300	1,853,148	1,800,834	1,763,664	1,760,238	1,794,593	1,785,815	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	923,475	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
Total General Fund	<u>\$ 3,039,229</u>	<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>
All Other Governmental Funds										
After GASB 54 Implementation:										
Nonspendable	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	20,830,216	11,232,449	13,663,842	12,710,287	12,043,161	12,773,240	12,954,177	11,785,123	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(27,397)	-	-	-	-	(42,017)	-	-	-	-
Before GASB 54 Implementation:										
Reserved	-	-	-	-	-	-	-	-	10,019,885	2,248,288
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 20,807,819</u>	<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>

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>2018</u>	<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>
Revenues										
Property taxes	\$ 2,753,652	\$ 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
Taxes - other	16,449,654	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
Grants	432,042	1,169,869	367,746	210,435	165,622	331,755	208,479	842,440	345,001	106,607
Licenses and permits	378,596	369,190	332,961	325,410	339,383	237,455	233,848	212,745	212,298	149,696
Fines and forfeitures	231,684	255,810	329,219	413,661	467,784	438,464	460,612	312,510	335,035	394,749
Changes for services	517,850	449,655	416,326	410,968	416,325	415,735	417,167	406,724	407,751	372,811
Investment income	204,060	103,104	37,253	102,282	163,907	36,069	151,523	(50,964)	21,748	116,924
Other	51,902	77,562	58,608	174,235	112,394	120,508	250,804	270,209	219,323	144,453
Total Revenues	<u>21,019,440</u>	<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>
Expenditures										
General government	1,979,971	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
Police department	3,490,019	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
Public works	2,489,491	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
Community development	310,428	263,909	262,418	222,630	258,639	260,872	251,639	248,304	247,303	299,655
Aquatic center	328,817	313,447	307,569	307,569	337,400	323,732	338,376	343,207	338,477	315,598
Recreation	919,307	820,841	766,980	688,157	661,918	663,739	674,658	697,973	688,578	615,383
Legal/court	228,985	200,750	212,173	205,528	188,121	330,167	344,378	269,749	266,599	269,528
Capital outlay	3,231,755	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
Debt service:										
Principal	4,580,000	4,135,000	3,770,000	3,790,000	4,585,000	2,455,000	1,780,000	405,000	970,000	945,000
Interest	2,499,441	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
Bond issue cost	123,723	-	-	-	-	-	64,173	-	1,341,250	-
Total Expenditures	<u>20,181,937</u>	<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>
Revenues Over (Under) Expenditures	837,503	(2,456,408)	844,161	961,420	(195,746)	(340,752)	945,539	466,599	(3,042,176)	(6,517,116)
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	51,455	9,000	14,800	28,910	-	-	-	-	-	-
Transfers in	661,865	646,849	627,292	315,049	667,435	694,510	274,328	573,423	1,980,241	2,391,256
Transfers out	(661,865)	(646,849)	(627,292)	(315,049)	(667,435)	(694,510)	(274,328)	(573,423)	(1,980,241)	(2,391,256)
Issuance of bonds	9,000,000	-	-	-	-	-	3,185,000	-	54,786,795	-
Bond premium	234,894	-	-	-	-	-	115,331	-	-	-
Payment to escrow agent	-	-	-	-	-	-	(3,735,000)	-	(47,688,390)	-
Total Other Financing Sources (Uses)	<u>9,286,349</u>	<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>
Net Change In Fund Balance	<u>\$ 10,123,852</u>	<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>
Debt service as a percentage of noncapital expenditures	42.00%	42.10%	41.05%	43.13%	47.56%	39.76%	35.88%	26.12%	34.58%	12.63%
Fines and forfeitures as a percentage of general revenues (1)	2.60%	2.97%	3.31%	4.87%	6.24%	5.35%	5.64%	3.91%	4.30%	4.92%

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

Functions/Programs	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
General government	\$ 95,155	\$ 328	\$ 107,658	\$ 195,544	\$ 203,797	\$ 327,310	\$ 232,459	\$ 212,056	\$ 210,790	\$ 148,391
Police department	392,900	395,219	340,505	427,463	472,167	479,550	460,612	312,510	335,036	501,356
Public works	645,351	597,562	271,700	23,750	18,495	71,007	229,518	518,969	357,930	32,295
Community development	14,050	-	-	-	-	-	-	-	-	-
Aquatic center	265,366	277,261	281,183	277,528	289,788	252,269	334,530	331,143	328,003	288,159
Recreation	127,560	561,514	84,439	74,705	65,484	293,272	62,987	399,741	68,327	53,662
Total Governmental Activities	<u>1,540,382</u>	<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>
 Total Primary Government	 <u>\$ 1,540,382</u>	 <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>

Source: Basic financial statements

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

Fiscal Year	Sales	Utility	Property	Franchise	Other	Total
2018	\$ 14,517,138	\$ 1,532,927	\$ 2,821,902	\$ 399,589	\$ -	\$ 19,271,556
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

Source: Governmental revenues and supplemental information

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

Calendar Year	Real Property	Personal Property	Total Assessed Value	Total Direct Tax Rate *	Estimated Actual Value	Assessed Value As A Percentage Of Actual Value
2018	\$ 347,672,903	\$ 42,544,676	\$ 390,217,579	\$ 0.3210	\$ 1,789,988,894	21.8%
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%

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>2018</u>	<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>
City of Manchester*										
General property tax	\$ 0.0410	\$ 0.0432	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450	\$ 0.0450
Debt service property tax	0.2800	0.0240	0.1930	0.1920	0.1930	0.1930	0.0740	0.1610	0.1930	0.1980
	<u>\$ 0.3210</u>	<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>
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	0.4890	0.5150	0.5150	0.5230	0.5230	0.5230	0.5230	0.5230	0.5230
St. Louis Community College	0.2129	0.2112	0.2185	0.2176	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136
Special School District	1.1980	1.1912	1.2409	1.2348	1.2609	1.2400	1.0123	1.0125	0.9950	0.9384
Metropolitan Zoological Park and Museum District	0.2724	0.2694	0.2795	0.2777	0.2797	0.2797	0.2684	0.2671	0.2546	0.2493
St. Louis County Library	0.2340	0.2340	0.2460	0.2460	0.2500	0.2500	0.1730	0.1630	0.1565	0.1400
Metropolitan St. Louis Sewer District (Extension) #	0.1170	0.1159	0.1196	0.0195	0.0197	0.0196	0.0186	0.0185	0.0180	-
Sheltered Workshop	0.0840	0.0840	0.0880	0.0880	0.0900	0.0890	0.0840	0.0840	0.0790	0.0740
Total	<u>\$ 2.9583</u>	<u>\$ 2.6919</u>	<u>\$ 2.9755</u>	<u>\$ 2.8656</u>	<u>\$ 2.9113</u>	<u>\$ 2.8893</u>	<u>\$ 2.4483</u>	<u>\$ 2.5241</u>	<u>\$ 2.5120</u>	<u>\$ 2.4113</u>
School districts (2)										
Parkway School District	\$ 4.0640	\$ 3.9857	\$ 4.2163	\$ 4.4617	\$ 4.0743	\$ 4.0743	\$ 3.9361	\$ 3.6761	\$ 3.5672	\$ 3.4100
Valley Park School District	5.2436	5.1911	5.6045	5.5210	5.5910	5.6526	5.0587	4.9435	4.7174	4.5653
Fire protection districts (3)										
West County EMS Fire District	\$ 1.1900	\$ 1.1900	\$ 1.2710	\$ 1.2740	\$ 0.9620	\$ 0.9610	\$ 0.8960	\$ 0.8980	\$ 0.9130	\$ 0.7190
Valley Park Fire District	1.1290	1.1330	1.1640	1.1730	1.2780	1.2780	1.1950	1.1530	1.1310	1.0230

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	2018			2009		
	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	\$ 11,496,640	1	2.95%	\$ -		
Kemp Waterford West, LLC	5,475,780	2	1.40%	-		
Costco Wholesale Corp	3,998,530	3	1.02%	2,016,000	8	0.58%
Caplaco Six, Inc.	3,853,020	4	0.99%	3,751,160	3	1.08%
Park Meadows Apartments LLC	3,842,370	5	0.98%	-		
Big Bend Apartments, LLC	3,746,800	6	0.96%	2,478,850	7	0.71%
HDX Acquisition, LLC	3,407,230	7	0.87%	2,919,727	5	0.84%
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%	1,827,840	10	0.53%
Pace Highlands Associates, LLC				4,971,762	1	1.43%
A&R Manchester, LLC				4,408,972	2	1.27%
Waterford Associates				3,705,053	4	1.07%
South Hampton Apartments, LLC				2,685,501	6	0.77%
Treetop Associates				1,868,346	9	0.54%
Total	\$ 43,439,420		11.12%	\$ 30,633,211		8.82%

Source: St. Louis County Assessor

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

Levy Year	Net Tax Levy (1)	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections (Settlements)	Total Tax Collections (2)	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Delinquent Taxes As Percent of Levy
2018	\$ 1,208,124	\$ 1,066,189	88.3%	\$ 87,463	\$ 1,153,652	95.5%	\$ 139,743	11.6%
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%

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)

For The Years Ended December 31	City Direct Rate	St. Louis County	State of Missouri	Direct And Overlapping	Taxable Sales (1)
2018	2.250%	2.388%	4.225%	8.863%	\$ 438,199
2017	2.250%	2.388%	4.225%	8.863%	433,225
2016	2.250%	1.888%	4.225%	8.363%	425,996
2015	2.250%	1.888%	4.225%	8.363%	408,212
2014	2.250%	1.888%	4.225%	8.363%	405,231
2013	2.250%	1.888%	4.225%	8.363%	395,444
2012	2.250%	1.700%	4.225%	8.175%	383,021
2011	2.250%	1.700%	4.225%	8.175%	365,416
2010	2.250%	1.700%	4.225%	8.175%	366,744
2009	2.250%	1.700%	4.225%	8.175%	241,154

(1) Taxable sales reported by the Missouri Department of Revenue. State law prohibits the disclosure of specific taxpayer information.

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
1.0000%	County-wide local sales tax
0.2500%	General City sales tax

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

Fiscal Year	Governmental Activities			Certificates of Participation	Total Primary Government	Percentage Of Personal Income (1)(2)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds					
2018	\$ 9,230,000	\$ 33,819,539	\$ -	\$ 43,049,539	6.1%	\$ 2,380	
2017	588,774	37,780,446	-	38,369,220	5.5%	2,134	
2016	1,120,000	41,316,353	-	42,436,353	6.2%	2,364	
2015	1,694,868	44,497,260	-	46,192,128	6.9%	2,573	
2014	2,500,960	47,718,167	-	50,219,127	7.5%	2,797	
2013	2,773,146	51,744,074	-	54,517,220	8.3%	3,036	
2012	3,284,238	53,654,981	-	56,939,219	8.4%	3,171	
2011	3,735,000	54,835,888	-	58,570,888	9.1%	3,270	
2010	4,025,000	54,786,795	115,000	58,926,795	9.5%	3,292	
2009	4,300,000	-	810,000	5,110,000	n/a	267	

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

<u>Name of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
St. Louis County	\$ 92,215,000	1.60%	\$ 1,475,440
Parkway School District	206,445,000	7.50%	15,483,375
Valley Park School District	20,885,000	16.17%	3,377,105
West Count EMS	14,405,000	43.99%	6,336,760
Subtotal:	<u>333,950,000</u>		<u>26,672,679</u>
City of Manchester	<u>43,049,539</u>	100.00%	<u>43,049,539</u>
Total Direct and Overlapping Debt:	<u>\$ 376,999,539</u>		<u>\$ 69,722,218</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>2018</u>	<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>
Debt limit	\$ 39,021,758	\$ 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
Net debt applicable to limit	9,000,000	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
Legal Debt Margin	<u>\$ 30,021,758</u>	<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>
Total Net Debt Applicable to The Limit as a Percentage of Debt Limit	23.1%	1.6%	3.1%	4.7%	6.3%	7.9%	9.0%	10.7%	11.6%	14.7%

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

Fiscal Year	Population (1)	Median Age (1)	Median Household Income (1)	Personal Income	Per Capita Income (1)	Unemployment Rate (2)
2018	18,094	37.9	\$ 76,289	\$ 706,643,076	\$ 39,054	3.4%
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%

(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

TIF Refunding Revenue Bonds (1)(2)

Fiscal Year	TIF Economic Activity Tax	TIF Payments In Lieu of Tax	Less Operating Expense	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2018	\$ 5,045,071	\$ 1,279,599	\$ 418,543	\$ 5,906,127	\$ 4,010,000	\$ 2,492,931	90.8%
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	176.3%
2009	-	-	-	-	-	-	0.0%

Certificates of Participation (3)(4)

Fiscal Year	Capital Improvement Sales Tax	Park and Storm Water Sales Tax	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
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%

(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 0.5% 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

Employer	2018			2009		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Parkway School District	395	1	3.6%	525	1	6.6%
Walmart	377	2	3.4%	425	2	5.3%
Costco	212	3	1.9%	150	4	1.9%
Veterinary Specialty Services	176	4	1.6%	n/a	n/a	n/a
Joey B's	120	5	1.1%	n/a	n/a	n/a
Dierbergs	124	6	1.1%	178	3	2.2%
Kohl's	90	7	0.8%	n/a	n/a	n/a
Best Buy	81	8	0.7%	97	5	1.2%
City of Manchester	81	9	0.7%	71	6	0.9%
Academy Sports	47	10	0.4%	n/a	n/a	n/a
Total	1703		15.3%	1446		18.1%

Source: The City's Planning Department

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

<u>Functions/Programs</u>	<u>2018</u>	<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>
General government:										
Administration	5	5	4	4	4	3	5	4	4	4
Finance	2	2	2	2	2	2	2	2	2	1
Municipal court	3	3	3	3	2	2	2	2	2	2
Police:										
Officers	39	39	39	36	36	37	38	37	39	39
Civilians	4	4	4	5	3	3	3	5	4	4
Parks:										
Administration	4	4	4	3	3	3	3	3	3	3
Park maintenance	5	5	5	5	5	5	4	5	5	5
Public works:										
Administration	1	1	1	2	1	2	2	2	2	2
Street maintenance	14	14	13	14	14	14	14	14	14	14
Facility maintenance	1	1	1	1	2	2	2	2	2	2
Community development	3	3	3	3	3	3	3	3	3	3
Total	<u>81</u>	<u>81</u>	<u>79</u>	<u>78</u>	<u>75</u>	<u>76</u>	<u>78</u>	<u>79</u>	<u>80</u>	<u>79</u>

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

Functions/Programs	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police/Patrol										
Arrests	495	456	412	490	595	713	736	653	561	447
Traffic citations	3,002	3,053	3,132	4,501	4,717	4,847	5,569	2,458	2,004	2,309
Crime reports	1,391	1,016	1,116	1,890	1,137	1,305	1,291	1,138	1,159	1,077
Accident reports	517	496	510	487	503	523	451	489	514	464
Warrants	468	417	389	440	311	364	363	270	259	264
Public Works										
Concrete slabs replaced	1,378	573	497	552	530	456	394	1,102	1,128	1,081
Planning and Building										
Site development/concept plans	31	22	11	13	7	3	7	6	11	6
Rezoning applications	1	1	2	-	-	-	-	-	1	-
Text amendments	7	5	7	5	2	3	2	2	2	4
Building permits issued	441	463	351	119	357	310	292	307	296	333
Finance and Administration										
Merchant licenses issued	286	292	270	291	315	314	268	283	274	256
Payroll checks issued	2,838	2,630	2,775	2,666	2,685	2,842	2,779	2,777	2,706	2,559
Accounts payable processed	2,376	2,542	2,686	2,498	2,654	2,535	2,582	2,601	2,838	2,880
Sunshine Act requests	46	35	36	26	35	50	59	59	44	67

Source: The City's internal department reports

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

Functions/Programs	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police/Patrol										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	20	20	20	19	23	24	22	23	23	24
Sectors	4	4	4	4	4	4	4	4	4	4
Public Works										
Miles of streets	67	67	67	67	67	67	67	65	65	65
Miles of sidewalks	53	53	53	53	53	53	53	52	52	52
Street lights and signals	939	939	939	939	939	939	939	937	937	937
Parks and Recreation										
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	6	5	5	5	5	5	5
Amphitheater	1	1	1	1	1	1	1	1	-	-
Tennis courts	3	3	3	3	3	3	3	3	3	3
Playgrounds	5	5	5	5	4	4	4	4	4	4

Source: The City's capital assets inventory report

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, 2018, 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 April 29, 2019.

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: 2018-001 and 2018-002.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
April 29, 2019

City of Manchester, Missouri
Schedule of Findings and Responses
For the year ended December 31, 2018

Financial Statement Findings

2018-001 **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 remain 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 Donald Yucuis, Finance Director. Anticipated completion date is September 30, 2019.

2018-002 **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.

Cause: Management has not prepared documentation of internal controls.

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 Donald Yucuis, Finance Director. Anticipated completion date is September 30, 2019.

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

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, 2017.

Prior Year 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.

Status: Management has corrected this issue, therefore, this finding will not be repeated.

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

Status: Management has not corrected this issue, therefore, this finding will be repeated in the current year as finding number 2018-001.

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

Prior Year Financial Statement Findings

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.

Cause: Management has not prepared documentation of internal controls.

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.

Status: Management has not corrected this issue, therefore, this finding will be repeated in the current year as finding number 2018-002.