City of Manchester, Missouri

POPULAR ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31,2015

City of Manchester
14318 Manchester Road
Manchester, Missouri 63011
Phone 636-227-1385
Fax 636-207-2824
www.manchestermo.gov

To the Citizens of Manchester:

I am pleased to present the City of Manchester's (City's) Popular Annual Financial Report (PAFR) for the year ended December 31, 2015. This report is intended to increase the community's awareness regarding the financial operations of the City. As such, the report is written in a manner that will summarize and communicate the City's financial position.

Financial information within this report is derived from the City's 2015 Comprehensive Annual Financial Report (CAFR). The CAFR provides more detailed information and includes an independent auditor report from a firm of licensed certified public accountant. The CAFR is prepared in accordance with Accounting Principles Generally Accepted in the United States of America. We are proud to report that the City's Finance Department has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for 2014. Copies of the 2015 CAFR are available on the City's website at www.manchestermo.gov.

I hope that you find this report informative and I welcome your comments and questions.

Sincerely,

David L. Tuberty, CPA
Director of Finance

Statistical Data

Year of incorporation:	1959
Form of Government:	Mayor/Board of Aldermen/City Administration
Area:	5 square miles
Miles of streets:	67
Miles of sidewalks:	53
Street lights and signals:	939
Acres of parks	63
Total number of employees:	
Full-time:	78
Part-time:	4
Seasonal:	52

Demographic Data

Population:	18,074
Median household income:	$81,489
Per capita income:	$37,358
Residential households	6,921
Business licenses issued:	291

Appointed Officials:

Andy Hixson
City Administrator, Appointed 2012

Patrick Gunn
City Attorney, Appointed 1976

Michael Gunn
Municipal Judge, Appointed 1997

Mark Levitt
Prosecuting Attorney, Appointed 1997

Bob Ruck
Director of Public Works, Appointed 2008

Timothy Walsh
Chief of Police, Appointed 2011

Ruth Baker
City Clerk, Appointed 2005

Eileen Collins
Director of Parks & Recreation, Appointed 2008

David Tuberty
Director of Finance, Appointed 2010

City of Manchester, Missouri
Financial Activity Statements for all Governmental Funds

	2015	2014
Revenues		
Property taxes	$ 2,053,177	$ 1,975,207
Taxes-other	13,482,370	13,224,969
Utility gross receipts taxes	1,816,192	1,848,199
Grants	210,435	165,622
Licenses and permits	325,410	339,383
Fines and forfeitures	413,661	467,784
Charges for services	410,968	416,325
Investment income	102,282	163,907
Other	174,235	112,394
Total Revenues	18,988,730	18,713,790
Expenditures		
General government	1,491,612	1,477,496
Police department	3,182,223	3,120,680
Public works	2,735,986	2,725,106
Community development	222,630	258,639
Aquatic center	337,400	323,732
Recreation	688,157	661,918
Legal/court	205,528	188,121
Capital outlay	2,238,693	2,213,763
Principal	3,790,000	4,585,000
Interest	3,135,081	3,355,081
Total Expenditures	18,027,310	18,909,536
Net Change In Fund Balance	961,420	(195,746)

Financial Activity

You will notice a big increase in the City's net change in fund balance. The City's revenues exceeded expenditures in its Governmental Funds. The increase is a net of all activity across all eight City Funds. The primary contributor to the increase is the TIF Fund. Debt service (payment and expenses) for the TIF Bonds was less in 2015 than in 2014. This is not at all unexpected since the bond payments in the beginning of the year are based on revenues generated late in 2014. The remainder of revenues and expenditures was fairly consistent. The City's General Fund increased by almost $300,000. As seen in the Fund schedules, the City has sufficient fund balance to meet its obligations.

Where does the money come from?

Taxes-other make up the largest revenue source for the City. The taxes included in this category are:

- 1.00% Sales Tax
- 0.25% Local Option Tax
- 0.50% Capital Improvement Tax
- 0.50% Park and Storm Water Tax
- Intergovernmental revenues from state or federal sources and include gasoline, cigarette, motor vehicle and road and bridge taxes.

Property taxes are derived from the City's combined real estate tax rate of $0.237 per $100 assessed valuation.

Utility gross receipts tax is charged on the gross receipts of all utility companies within the City, including telephone, electric, natural gas, water and cable.

Grants from federal or state agencies.

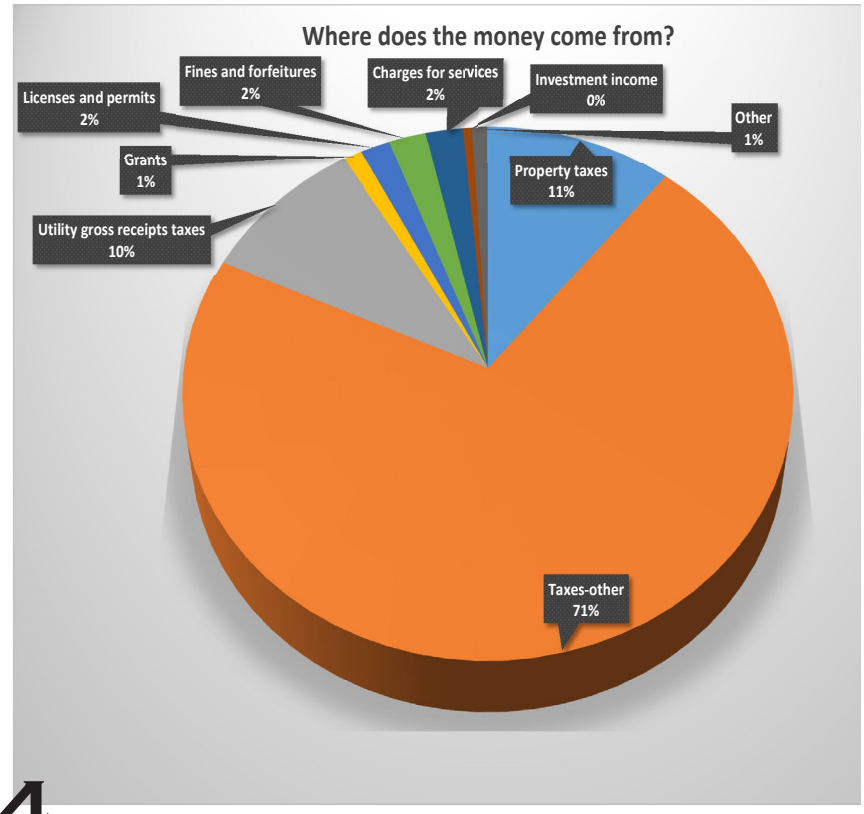
Licenses and permits are the fees for merchant, vending and liquor licenses required by the City's code or state law. Building and zoning fees are also included.

Fines and forfeitures determined by the Municipal Court.

Charges for services are recreational program fees.

Investment income is revenue earned by investing City Funds pursuant to the City's investment policy.

Other consists of refunds, insurance premium reimbursements, sale of surplus property.



Revenues	2015
Property taxes	$ 2,053,177
Taxes-other	13,482,370
Utility gross receipts taxes	1,816,192
Grants	210,435
Licenses and permits	325,410
Fines and forfeitures	413,661
Charges for services	410,968
Investment income	102,282
Other	174,235
Total Revenues	**18,988,730**

Where does the money go?

General government expenditures cover the Board of Aldermen, administration, City Clerk, information technology, insurance and finance functions.

Police department expenditures are for police protection, investigation and dispatch.

Public works expenditures include street maintenance, snow removal, trash removal, sewer lateral program and the maintenance of City property.

Community development expenditures relate to planning, zoning and code enforcement.

Aquatic center expenditures for the operation of the municipal pool.

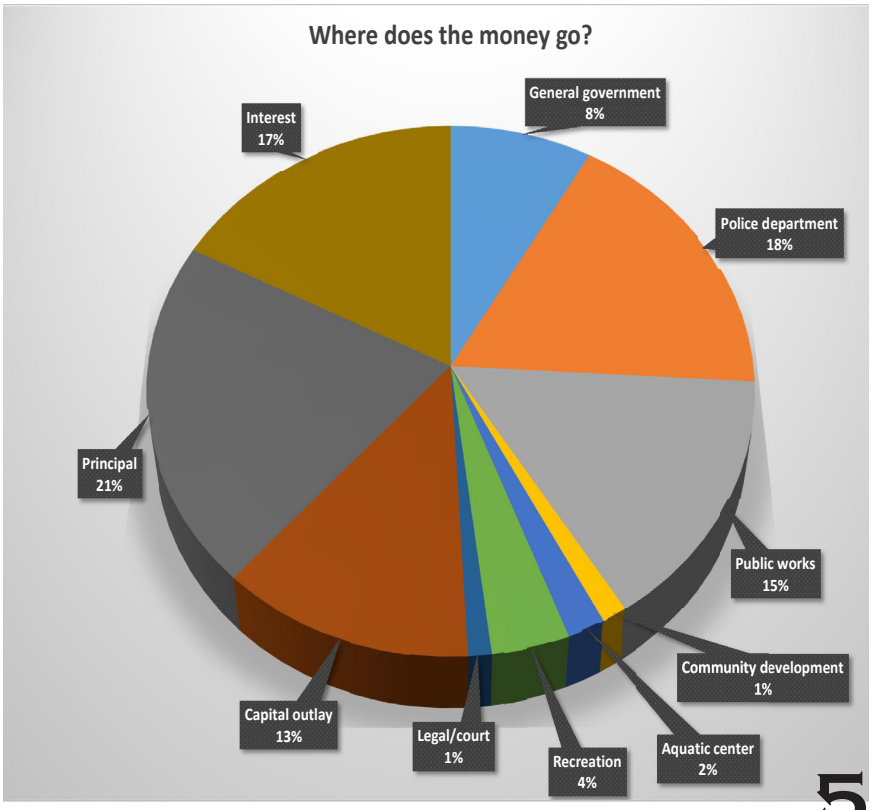
Recreation expenditures for the operation of the park programs and maintenance of the park facilities.

Legal/Court expenditures for the operation of the municipal court.

Capital outlay are the costs of purchasing capital items and the construction or acquisition of buildings or infrastructure (streets, sidewalks, bridges, storm channels).

Principle and interest represent the expenditures for debt service on the City's General Obligation Bonds and TIF revenue bonds.

Expenditures	2015
General government	1,491,612
Police department	3,182,223
Public works	2,735,986
Community development	222,630
Aquatic center	337,400
Recreation	688,157
Legal/court	205,528
Capital outlay	2,238,693
Principal	3,790,000
Interest	3,135,081
Total Expenditures	18,027,310



Fund Structure and Balance

The City has adopted a fund structure which serves to define the purpose of each fund and be a guide to maintain a healthy balance for long-term financial stability.

The City has eight (8) funds:

- General Fund: The City's primary operating fund, recording the legally authorized activities in the City except those required to be accounted for in other specialized funds
- Parks and Storm Water Projects Fund: Accounting for sales tax revenue designated for park and storm water projects.
- Capital Projects Fund: Accounting for sales tax revenue and proceeds from the issuance of debt designated for capital improvements.
- Debt Service Fund: Accounting for the resources accumulated and payments made for the principal and interest on long-term general obligation debt of the governmental funds.
- TIF Fund: Accounting for the activity from the Tax Incremental Financing for the Manchester Highlands.
- Homecoming Fund: Accounting for the activity related to the City's annual Homecoming festival. For the financial statements, this fund is combined with the General Fund.
- Sewer Fund: Accounting for fees received and payments related to sewer improvements.
- Manchester Arts Fund: Accounting for the activities of the Manchester Arts Council.

It is the policy of the City to maintain a prudent level of financial resources to allow the City to continue to function in a timely manner in the face of unforeseen events. The City has established a minimum designated contingency policy of 20% of the General Fund appropriation. The Governmental Accounting Standards Board (GASB) has required that fund balances be distinguished in five (5) categories:

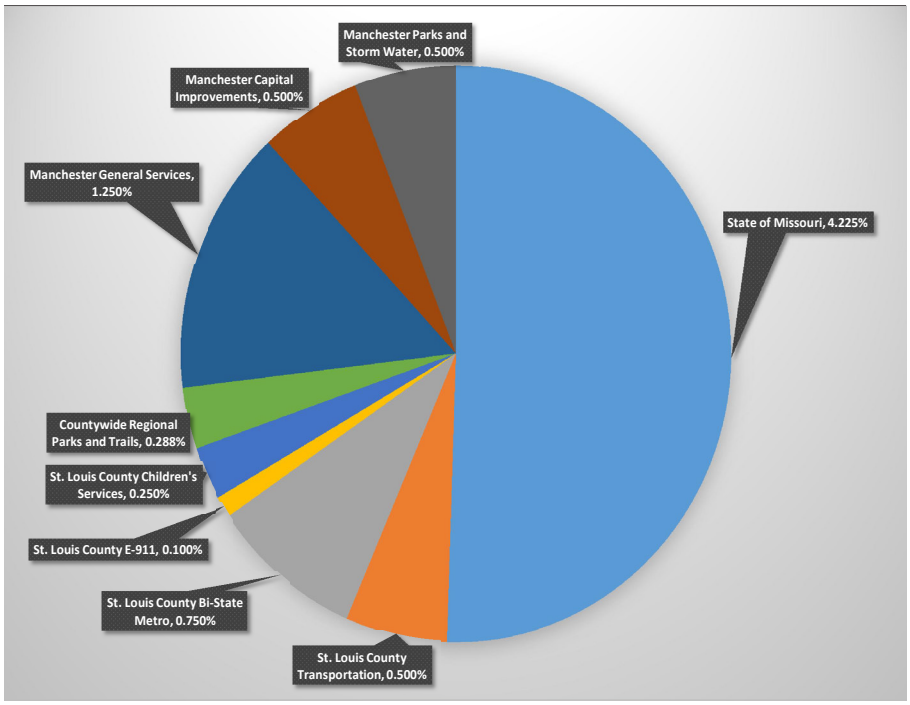
- Nonspendable: Consists of prepaid expenses. The City had none in 2015.
- Restricted: Resources that are legally restricted by outside parties or by law.
- Committed: Resources which are subject to limitations the City imposes upon itself.
- Assigned: Resources intended to be used for a specific purpose as approved by the Board of Aldermen. The City had none in 2015.
- Unassigned: Resources available for any purpose.

Fund Balance
As of December 31, 2015

	General	Parks and Stormwater Projects	Capital Improvements	Debt Service	TIF	Sewer	Manchester Arts	Total Governmental Funds
Restricted	$ -	$ 2,771,661	$ 111,603	$ 785,879	$ 8,634,284	$ 404,341	$ 2,519	$ 12,710,287
Committed	1,800,834	-	-	-	-	-	-	1,800,834
Unassigned	800,522	-	-	-	-	-	-	800,522
Total Fund Balances	$ 2,601,356	$ 2,771,661	$ 111,603	$ 785,879	$ 8,634,284	$ 404,341	$ 2,519	$ 15,311,643

SALES TAX RATES IN THE CITY OF MANCHESTER

Sales within the City of Manchester are subject to several different rates depending on the type of sale and the location of the sale. The basic sales tax for non-food items is 8.363% and for food items is 4.975%. Sales which take place in the TDD areas of the City are subject to additional taxes for those areas. These rates are made up of the following sales taxes:



Outstanding Debt

The General Obligation (GO) Refinancing Bonds were originally issued to finance the construction of the Manchester Police facility. Construction of the facility was completed in 2009. During 2012, bonds were issued to take advantage of lower interest rates. The bonds mature in 2018.

Tax Increment Revenue Bond are special, limited obligations of the City and are payable solely from the incremental sales and property taxes generated by the Manchester Highlands development. The bonds were issued in 2010. The annual debt service payments are contingent upon the revenues collected. Bonds due in 2025 bear interest at 6.0%; bonds due in 2039 bear interest at 6.875%.

Postretirement benefits are the outstanding liability on the City's financial statement for the value of employees' severance pay upon retirement.

Outstanding Debt as of December 31, 2015

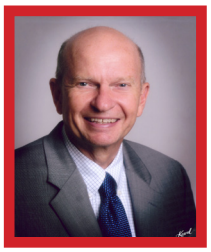
	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015
General Obligation Refinancing Bonds	$ 2,180,000	$ -	$ (520,000)	$ 1,660,000
Tax Increment Revenue Bonds	48,160,000	-	(3,270,000)	44,890,000
Postretirement Benefits	494,076	45,966	-	540,042
	$ 50,834,076	$ 45,966	$ (3,790,000)	$ 47,090,042

Elected Officials

David L. Willson
Mayor
Elected in 2008

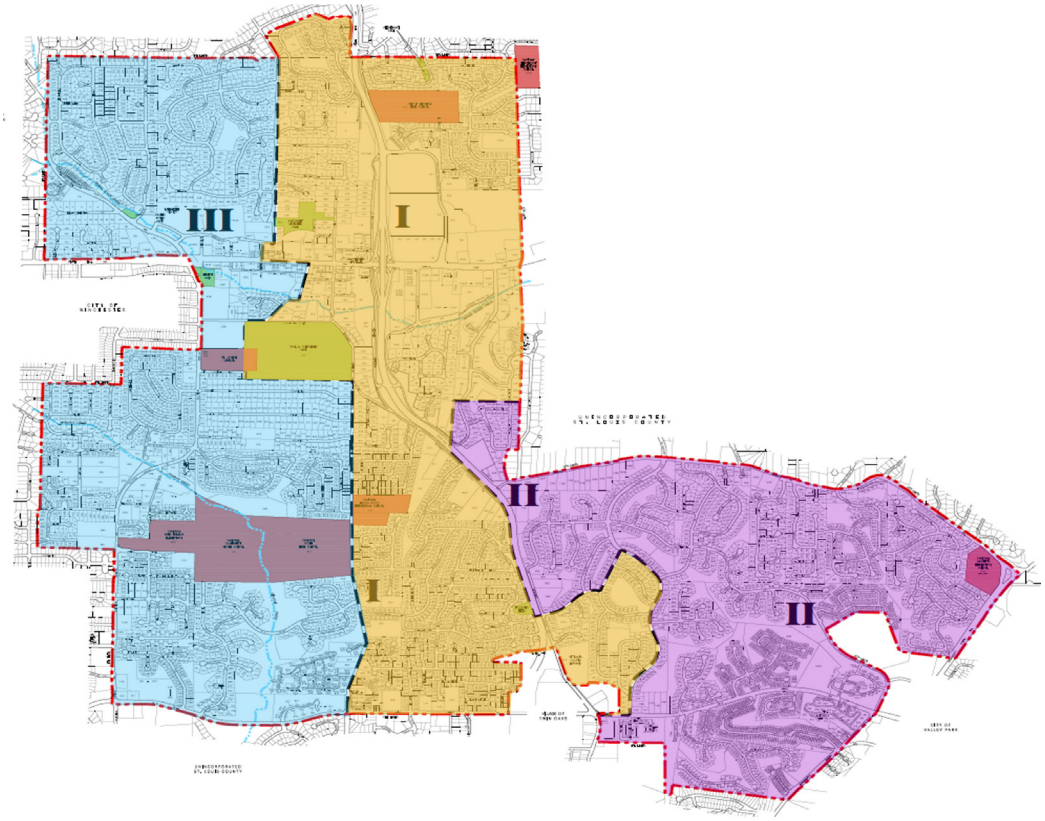
Barbara Stevens
Ward 1
Elected in 2012

Paul Hamill
Ward 1
Elected in 2011



Mike Clement
Ward 2
Elected in 2001

Marilyn Ottenad
Ward 2
Elected in 1998

Rich Baumann
Ward 3
Elected in 2015

John Diehl, Sr.
Ward 3
Elected in 2006