



**REGULAR MEETING OF THE  
AUDIT AND FINANCE COMMITTEE**

DATE: MONDAY, AUGUST 5, 2019 – 5:30 p.m.

MEETING TO BE HELD AT THE POLICE FACILITY  
200 HIGHLANDS BOULEVARD DRIVE  
2<sup>nd</sup> floor

**AGENDA**

1. Call to Order:
2. Roll Call and Statement of Quorum
3. Establishment of Order of Items on the Agenda
  - A. Approval of the June 10, 2019 Minutes
  - B. 2019-Six Month Financial Report ending June 30, 2019
  - C. Draft Internal Controls Policy
  - D. Investment Report-holdings at July 31, 2019
  - E. Update on Tax Increment and Transportation Refunding Revenue Bonds (Highway 141/Manchester Road Project), Series 2010.
  - F. Schedule future meeting
4. Adjournment

Note: All meeting agendas should be considered tentative.  
Posted 8-2-2019

*Note: While the members of the Board of Aldermen have been invited to and may attend along with members of the public, the Board of Aldermen will not be meeting or taking any action.*



8-5-19  
3. A

**MINUTES OF THE AUDIT AND FINANCE COMMITTEE MEETING  
FOR MONDAY, JUNE 10, 2019 AT 200 HIGHLANDS BOULEVARD DRIVE**

**1. CALL TO ORDER**

Chairman Bill Ward called the Audit and Finance Committee meeting to order at 5:37 pm.

**2. ROLL CALL AND STATEMENT OF QUORUM**

Roll call showed those present were Peter Bitzer, Alderman Baumann, Alderman Toben and Chairman Bill Ward. A quorum was present. Also in attendance were Ex-officio members Mayor Clement and City Administrator Larry Perney, Alderman Huether, Alderman Ottenad, support staff Director of Finance Donald Yucuis, City Attorney Paul Rost, Bond Counsel Shannon Walsh Creighton, and Financial Advisor Joy Howard.

**3. ESTABLISHMENT OF ORDER OF ITEMS ON THE AGENDA**

Chairman Ward made the motion to approve the order of items on the agenda. The motion was seconded by Alderman Baumann and approved unanimously.

A. Alderman Toben made a motion to approve the May 13, 2019 Audit & Finance Committee meeting Minutes, seconded by Alderman Baumann and approved unanimously.

B. A review of the Tax Increment Financing Refunding Memo dated June 7, 2019 ensued:

1. Shannon Walsh Creighton presented:

- i. PACE is the developer of record and have TDD Notes outstanding to repay costs of development. In 2010, PACE had \$5.9 million of notes outstanding and has grown to \$10.5 million.
- ii. PACE asked to refinance their notes in conjunction with the City's proposed refinancing of the outstanding TIF bonds (\$30.17 million), If the TIF bonds are refinanced the developer no longer is obligated to contribute the Transportation Development District (TDD) Source 5 revenue, which was in the original redevelopment agreement, to pay off the TIF Bonds. The \$700 to \$800 thousand would remain with PACE to pay off their Notes. Any change to Source 5 revenue would require a negotiation between the City and PACE. The Economic Activity (EATS) TDD portion remains in

place (called the Top Half) to pay off City bonds. The City would need to negotiate with PACE to stop contributing the \$352,000 City contribution.

- iii. The 1% TDD tax includes all businesses except for Costco.
- iv. The TIF District 1% tax includes all businesses except for Weekends Only and Randall's Liquor.

2. Joy Howard presented:

- i. The Preliminary Mathematical Computations dated May 29, 2019 for Refunding Tax Increment Financing Bonds financial analysis summary data was presented. The computations assumed a 4.5% conservative rate. The recommendation was for Option 1, less interest paid, lower reserve, helps the City pay off the TIF bonds a little sooner and helps the developer PACE look at refinancing their notes. The historical revenue track record is positive for bidders on the bonds.

3. A motion was made by Alderman Toben, seconded by Peter Bitzer to recommend Option 1 and approved unanimously by individual voice vote.

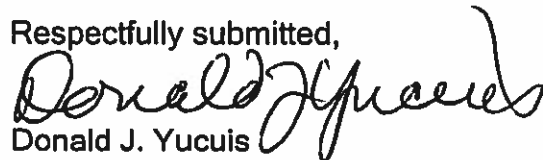
- C. Director of Finance Yucuis presented an Update of Investments-UMB TIF Holdings and transactions from March 31, 2019 to May 31, 2019 that depicts a good summary of the direction the Committee provided on liquidating investment holdings by Commerce Bank traders with maturities after August 26, 2026.

- D. The next meeting is scheduled for Monday August 5, 2019 at 5:30 pm.

4. ADJOURNMENT

At 6:50 p.m., there being no further business, Alderman Toben made a motion to adjourn, seconded by Chairperson Ward and approved unanimously.

Respectfully submitted,



Donald J. Yucuis  
Director of Finance

*Note: This is a journal of the Audit and Finance Committee meeting of Monday, June 10, 2019 (summary); not a verbatim transcript.*



# Memo

To: Mayor and Board of Aldermen  
From: Donald Yucuis, Director of Finance  
CC: Lawrence Perney, City Administrator, Senior Staff, Audit and Finance Committee  
Date: July 22, 2019

Re: 2019 Financial Report – Six Months through June 30, 2019

I am providing the 2019 six month financial report for All Funds for the period ending June 30, 2019. The charts below include:

- The Year to Date (YTD) Activity for the six months ended June 30, 2018,
- the 2019 Budget,
- the Year to Date (YTD) Activity for the six months ended June 30, 2019,
- the 2019 Budget Remaining, and
- the 2019 % YTD Activity Rec'd or Spent to Budget
- Included is beginning and ending fund balance

**GENERAL FUND (GF)** - Overall, FY 2019 six month revenues totaled \$5,502,347 and expenses totaled \$4,893,391 or a \$608,956 surplus before transfers in/out and a \$418,962 surplus after transfers out of \$189,994 to the Tax Increment Financing District.

2019 revenues totaled \$5,502,347 or 55.5% of budget and higher than the basic 50% at the end of the first six months, so good news. 2019 revenue is approximately \$70,000 more than 2018 for the same six month time period.

The \$70,000 difference from year to year revenue is mainly due to:

- slightly lower Taxes revenue -\$49,000,
- slightly lower Inter-governmental revenue -\$8,000,
- more Licenses and Permits revenue +\$106,000, and
- more Municipal Court revenue +\$20,000.

2019 expenses totaled \$4,893,391 or 49.4% of budget and \$532,000 more than 2018. The \$532,000 increase in 2019 compared to 2018 is due directly to:

- the retirement payouts of \$44,313 to former Police Chief Walsh and Eileen Collins of \$31,000;
- overall increased wages and benefit costs including the new 2% retirement contribution;
- closer to full staffing in the Police Department;
- the two new part-time staff in Finance; and
- increased workers compensation insurance costs.

2019 Transfer in totaled \$0 and Transfers out totaled \$189,994 which was for the 25% of TIF Property Tax revenue received in the first six months.

2018 Transfer in totaled \$0 and Transfers out totaled \$421,866 which was for the 25% of TIF Property Tax revenue received in the first six months or \$352,000 and moving by transfer out of \$69,700 to Asset Forfeiture Fund from the General Fund into a separate Special Accounts Fund.

The General Fund detail of 2019 and 2018 through June 30, 2019 is itemized for comparison purposes. Larry Perney and I will continue to monitor all 2019 revenue to make certain there no negative trends.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund: 10 - GENERAL FUND</b>						
	<b>Revenue</b>					
	<b>510 - Taxes</b>					
	1Cent Sales Tax	2,183,356	4,000,000	2,151,480	1,848,520	53.8%
	1/4 Cent Sales Tax	425,025	800,000	413,766	386,234	51.7%
	Prop P Sales Tax	465,513	925,000	500,486	424,514	54.1%
	Ameren UE- Gross Receipts	330,157	730,000	268,210	461,790	36.7%
	Laclede Gas - Gross Receipts	199,159	280,000	198,703	81,297	71.0%
	Southwestern Bell - Gross Receipts	139,622	260,000	98,194	161,806	37.8%
	Missouri-American Water - Gross Receipts	64,088	140,000	72,457	67,543	51.8%
	Charter Cable - Gross Receipts	118,889	225,000	114,880	110,120	51.1%
	Property Taxes	21,505	140,000	68,022	71,978	48.6%
	Railroad/Utility Tax	10,024	20,500	22,605	(2,105)	110.3%
	<b>510 - Taxes Total</b>	<b>3,957,338</b>	<b>7,520,500</b>	<b>3,908,804</b>	<b>3,611,696</b>	<b>52.0%</b>
	<b>520 - Inter-governmental</b>					
	Gasoline Tax	232,068	480,000	234,025	245,975	48.8%
	Vehicle Sales Tax	82,207	165,000	74,724	90,276	45.3%
	Vehicle Fee Increases	43,454	80,000	42,849	37,151	53.6%
	Cigarette Tax	19,816	40,000	17,892	22,108	44.7%
	Road & Bridge Tax	163,949	335,000	155,987	179,013	46.6%
	Grants/Reimbursements	69,969	125,000	77,548	47,452	62.0%
	<b>520 - Inter-governmental Total</b>	<b>611,462</b>	<b>1,225,000</b>	<b>603,025</b>	<b>621,975</b>	<b>49.2%</b>
	<b>530 - Licenses &amp; Permits</b>	<b>369,309</b>	<b>471,950</b>	<b>476,136</b>	<b>(4,186)</b>	<b>100.9%</b>
	<b>540 - Municipal Court</b>	<b>130,035</b>	<b>230,000</b>	<b>150,318</b>	<b>79,682</b>	<b>65.4%</b>
	<b>550 - Investments</b>	<b>14,384</b>	<b>41,800</b>	<b>8,895</b>	<b>32,905</b>	<b>21.3%</b>
	<b>560 - Aquatic Center</b>	<b>178,832</b>	<b>275,000</b>	<b>151,155</b>	<b>123,845</b>	<b>55.0%</b>
	<b>561 - Park Services</b>	<b>81,351</b>	<b>90,000</b>	<b>107,641</b>	<b>(17,641)</b>	<b>119.6%</b>
	<b>562 - Manchester Arts</b>	<b>-</b>	<b>3,924</b>	<b>-</b>	<b>3,924</b>	<b>0.0%</b>
	<b>570 - Miscellaneous</b>	<b>89,464</b>	<b>48,000</b>	<b>96,373</b>	<b>(48,373)</b>	<b>200.8%</b>
	<b>530 thru 570 Totals</b>	<b>863,375</b>	<b>1,160,674</b>	<b>990,518</b>	<b>170,156</b>	<b>85.3%</b>
	<b>General Fund Revenue Total</b>	<b>5,432,175</b>	<b>9,906,174</b>	<b>5,502,347</b>	<b>4,403,827</b>	<b>55.5%</b>
	<b>Expense</b>					
	410 - Mayor & Board	26,704	63,625	27,074	36,551	42.6%
	420 - Administration	277,982	619,964	296,983	322,981	47.9%
	425 - MIS	156,657	282,050	180,067	101,983	63.8%
	430 - Finance	329,673	622,656	425,220	197,436	68.3%
	440 - Police	1,645,053	3,986,275	1,860,740	2,125,535	46.7%
	450 - Aquatic Center	91,976	347,600	63,091	284,509	18.2%
	460 - Park	413,267	911,347	497,996	413,351	54.6%
	470 - Public Works	1,167,879	2,470,955	1,239,959	1,230,996	50.2%
	475 - Planning & Zoning	134,898	319,032	175,699	143,333	55.1%
	480 - Legal	109,421	254,155	120,661	133,494	47.5%
	485 - Manchester Arts	7,727	28,515	5,901	22,614	20.7%
	<b>General Fund Expense Total</b>	<b>4,361,238</b>	<b>9,906,174</b>	<b>4,893,391</b>	<b>5,012,783</b>	<b>49.4%</b>
	<b>GENERAL FUND Revenue less (Expenses) before transfers</b>	<b>1,070,937</b>	<b>-</b>	<b>608,956</b>	<b>(608,956)</b>	
	600 - Operating Transfers in		500,000	-	500,000	0.0%
	600 - Operating Transfers out	(421,866)	(370,000)	(189,994)	(180,006)	51.3%
	<b>Net Transfer in/out</b>	<b>(421,866)</b>	<b>130,000</b>	<b>(189,994)</b>	<b>319,994</b>	
	<b>GENERAL FUND Revenue less (Expenses) and transfers</b>	<b>649,071</b>	<b>130,000</b>	<b>418,962</b>		
	Beginning Fund Balance January 1	2,468,618	3,029,567	3,029,567		
	Ending Fund Balance June 30	3,117,689	3,159,567	3,448,529		

**Debt Service Fund** accounts for the 2019 General Obligation Bond (Prop S Bonds for streets) property tax revenue levied to pay the principal and interest payments on the bonds as they come due. The 2018 revenue and expenses reflect property tax received and expenses to pay off the 2012 General Obligation Bonds.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund 20 - DEBT SERVICE FUND</b>						
<b>Revenue</b>						
	510 - Taxes					
	Personal Property Taxes	85,917	1,054,632	443,278	611,354	42.0%
	510 - Taxes Total	85,917	1,054,632	443,278	611,354	42.0%
	Revenue Total	85,917	1,054,632	443,278	611,354	42.0%
<b>Expense</b>						
	420 - Administration					
	Professional Fees	809	4,100	-	4,100	0.0%
	Principal Payment	570,000	585,000	585,000	-	100.0%
	Interest Payment	5,700	324,733	181,555	143,178	55.9%
	420 - Administration Total	576,509	913,833	766,555	147,278	83.9%
	Expense Total	576,509	913,833	766,555	147,278	83.9%
<b>Fund 20 - DEBT SERVICE FUND Revenue less (Expenses)</b>		<b>(490,593)</b>	<b>140,799</b>	<b>(323,278)</b>		
	Beginning Fund Balance January 1	508,127	863,513	863,513		
	Ending Fund Balance June 30	17,534	1,004,312	540,235		

**Special Accounts Fund** is a new separate Fund in 2018 per requirements of the US Department of Justice to account for Asset Forfeiture revenues and expenses. No activity has occurred in 2019.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund 40 - SPECIAL ACCOUNTS</b>						
<b>Revenue</b>						
	520 - Inter-governmental					
	DOJ-Asset Forfeiture Revenue	-	-	-	-	0.0%
	Revenue Total	-	-	-	-	0.0%
<b>Expense</b>						
	Treasury-Asset Forfeiture Expense	-	-	-	-	0.0%
	DOJ-Asset Forfeiture Expense	56,766	-	-	-	0.0%
	Expense Total	56,766	-	-	-	0.0%
<b>Fund 40 - SPECIAL ACCOUNTS Revenue less (Expenses)</b>		<b>(56,766)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
	Beginning Fund Balance January 1	69,709	16,698	16,698		
	Ending Fund Balance June 30	12,943	16,698	16,698		

**Tax Increment Financing Fund** 2019 Revenues exceeded expenses by \$667,904.

2019 revenues including transfer in from the General Fund totaled \$4,331,675 or 63% of budget and approximately \$173,598 less than the same time period in 2018. The difference is almost all attributable to timing of transfer-in from revenue. The 2019 transfer in will catch up to 2018 in the next quarter.

2019 expenses total \$3663,771 or 53% of budget. 2019 debt service payments of \$3,438,340 included mandatory principal of \$2,280,000 and interest of \$1,158,340.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund 30 - TAX INCREMENT FINANCING (TIF) FUND</b>						
	Revenue					
	510 - Taxes					
	1Cent Sales Tax	666,625	1,256,000	523,874	732,126	41.7%
	1/2 Cent Transportation Sales Tax	311,698	606,000	323,922	282,078	53.5%
	1/4 Cent Sales Tax	155,554	303,000	161,961	141,039	53.5%
	Metro Tax	38,551	74,000	38,581	35,419	52.1%
	ECC Tax	40,380	76,000	40,409	35,591	53.2%
	CSF Tax	160,125	307,000	166,532	140,468	54.2%
	Property Taxes	1,341,435	1,250,000	1,234,900	15,100	98.8%
	Pool,Park,Storm Water Sales Tax	394,388	570,000	328,578	241,422	57.6%
	TDD EATS	792,228	1,067,000	774,504	292,496	72.6%
	Capital Improvement Tax	261,664	561,000	452,547	108,453	80.7%
	TIF/TDD Transfer	-	350,000	-	350,000	0.0%
	Interest Income	(9,531)	65,000	95,873	(30,873)	147.5%
	Transfer in	352,156	360,000	189,994	170,006	52.8%
	TIF Fund Revenue Total	4,505,273	6,845,000	4,331,675	2,513,325	63.3%
	Expense					
	430 - Finance					
	TIF Bond Redemption	2,145,000	4,000,000	2,280,000	1,720,000	57.0%
	TIF Bond Interest	1,278,641	2,515,000	1,158,341	1,356,659	46.1%
	Tax Increment Financing - PILOTS	252,527	360,000	214,789	145,211	#DIV/0!
	Professional Fees	100	19,660	10,642	9,018	54.1%
	Expense Total	3,676,268	6,894,660	3,663,771	3,230,889	53.1%
	Fund 30 - TAX INCREMENT FINANCING (TIF) FUND Revenue less (Expenses)	829,005	(49,660)	667,904		
	Beginning Fund Balance January 1	8,535,795	8,396,562	8,396,562		
	Ending Fund Balance June 30	9,364,800	8,346,902	9,064,466		

**Capital Projects Fund** 2019 Revenues exceeded expenses by \$994,833.

2019 Revenue through six months totaled \$1,231,051 or 60% of budget and \$331,662 more than 2018 and all due to more one-time grant revenue in 2019 than 2018. 2019 Expenses through six months totaled \$236,2018 or 11.6 of budget and \$16,431 more than 2018.

Projects in Progress:

- Police Vehicles/equipment ordered, \$120,000.
- Bridge Repair/Replacement: Spring Meadows Bridge is finishing up; Howard George Bridge and Lindy Blvd. Bridge Deck are out for bid and moving to construction-\$508,000.
- Building & Site Improvements: Storage Building Fabric Cover-\$25,000-in progress; City Hall Exterior Balcony-\$125,000 bid documents being prepared; and Police Facility-\$25,000 will be later in the calendar year.
- Street Improvements: Concrete Streets-\$100,000 is being spent as needed; Dougherty Ferry-\$70,000-design is in progress; Right of way Trees-\$40,000 on-going throughout the year; and GIS mapping-\$5,000 has been spent.
- Concrete Sidewalks will be done throughout the year-\$200,000.
- Machinery and Equipment-\$217,000: Medium Dump-\$135,000 will be purchased; Concrete Saws purchased-\$54,000; Fleet Software-30,000 to be purchased.
- Transfer out-\$500,000 is to General Fund and will occur later in the year.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund 50 - CAPITAL IMPROVEMENT FUND</b>						
	<b>Revenue</b>					
	1/2 Cent Sales Tax	757,752	1,550,000	775,171	774,829	50.0%
	Grants/Reimbursements	137,882	462,000	445,820	16,180	96.5%
	Gain on Sale of Equipment	3,755	-	10,060	(10,060)	#DIV/0!
	Miscellaneous	-	35,000	-	35,000	0.0%
	<b>Revenue Total</b>	<b>899,389</b>	<b>2,047,000</b>	<b>1,231,051</b>	<b>815,949</b>	<b>60.1%</b>
	<b>Expense</b>					
	MIS Equipment/ Software	24,892	25,542	15,292	10,250	59.9%
	Police Vehicles and Equipment	58,335	120,000	-	120,000	0.0%
	Public Works Staff Time	24,366	-	3,506	(3,506)	#DIV/0!
	Professional Fees	15,216	-	588	(588)	#DIV/0!
	Capital Improvement	-	-	773	(773)	#DIV/0!
	Bridge Repair/Replacement	-	508,000	79,043	428,957	15.6%
	Building & Site Improvements	42,210	175,000	22,131	152,869	12.6%
	Concrete Street Replacement	12,265	215,000	32,504	182,496	15.1%
	Concrete Sidewalk Replacement	280	200,000	19,133	180,867	9.6%
	Machinery and Equipment	5,746	217,000	60,910	156,090	28.1%
	Vehicles	24,869	30,000	2,337	27,663	7.8%
	Street Light Installation or Repair	11,609	37,500	-	37,500	0.0%
	Transfer in/ out	-	500,000	-	500,000	0.0%
	<b>Expense Total</b>	<b>219,787</b>	<b>2,028,042</b>	<b>236,218</b>	<b>1,791,824</b>	<b>11.6%</b>
	<b>Fund 50 - CAPITAL IMPROVEMENT FUND Revenue less (Expenses)</b>	<b>679,602</b>	<b>18,958</b>	<b>994,833</b>		
	Beginning Fund Balance January 1	38,076	(22,397)	(22,397)		
	Ending Fund Balance June 30	717,678	(3,439)	972,436		



**Parks and Storm Water Fund** 2019 Revenues exceeded expenses by \$667,050.

2019 Revenue for the six months totaled \$911,966 or 39% of budget and \$74,000 more than 2018. The \$700,000 in grants/reimbursement is from MSD and related to the Chadwick Brookvale project.

2019 Expenses for the six months totaled \$244,916 or 5.9% of budget.

Projects in Progress:

Aquatic Center:

- Building and site improvements- budget of \$81,000-Pool Pumps and Pipes-expensed \$33,769 to date and work is in progress.
- Furniture, Fixtures-budget of \$13,052-expensed \$5,180 to date and purchases are in progress.
- Machinery and Equipment-budget of \$10,000- expensed \$4,250 to date and purchases are in progress.

Parks:

- Building and Site Improvements-budget of \$247,500, expensed \$18,193 to date, Schroeder Park Asphalt Seal/Overlay \$175,000 will occur in the fall, all other line items are or will be in progress.
- Machinery and Equipment-budget of \$36,150 and \$53,087 spent to date includes \$41,000 spent to date on a generator plus an additional \$33,000 to be spent for electrical. This was planned to be spent in 2018 but was not. The mower and Bobcat have been purchased totaling \$12,000. Staff will meet soon to evaluate the 2019 Budget to see if other budgeted line items can be moved to cover the Generator expenses or a budget amendment may be needed.
- Vehicles- light duty dump truck-\$70,000 will be purchased; and utility vehicle-\$14,000 budget was purchased for \$13,562.

Public Works

- storm water projects-budget of \$3,637,000: Pontoison Dr.-\$120,000 out to bid; Channel J-\$230,000 and Chadwick Brookvale-\$3,000,000 to be constructed; storm inlets-\$125,000 and Cloverleaf Lane-both in design.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund 60 - PARKS &amp; STORM WATER PROJECTS FUND</b>						
	<b>Revenue</b>					
	Pool, Park, Storm Water Sales Tax	837,190	1,625,000	911,966	713,034	56.1%
	Grants/Reimbursements		700,000	-	700,000	0.0%
	<b>Revenue Total</b>	<b>837,190</b>	<b>2,325,000</b>	<b>911,966</b>	<b>1,413,034</b>	<b>39.2%</b>
	<b>Expense</b>					
	<b>450 - Aquatic Center</b>					
	Building & Site Improvements	103,315	96,650	33,769	62,881	34.9%
	Furniture, Fixtures, & Office Equip.	-	13,052	5,180	7,872	39.7%
	Machinery and Equipment	-	10,000	4,250	5,750	42.5%
	<b>450 - Aquatic Center Total</b>	<b>103,315</b>	<b>119,702</b>	<b>43,200</b>	<b>76,502</b>	<b>36.1%</b>
	<b>460 - Park</b>					
	Parks Staff Time		-	1,351	(1,351)	0.0%
	Building & Site Improvements	160,369	247,500	18,193	229,307	7.4%
	Furniture, Fixtures, & Office Equip.	385	-	3,289	(3,289)	#DIV/0!
	Machinery and Equipment	2,590	36,150	53,087	(16,937)	146.9%
	Vehicles		84,000	13,562	70,438	16.1%
	<b>460 - Park Total</b>	<b>163,343</b>	<b>367,650</b>	<b>89,483</b>	<b>278,167</b>	<b>24.3%</b>
	<b>470 - Public Works</b>					
	Storm Water Projects	327,284	3,637,000	112,233	3,524,767	3.1%
	<b>470 - Public Works Total</b>	<b>327,284</b>	<b>3,637,000</b>	<b>112,233</b>	<b>3,524,767</b>	<b>3.1%</b>
	<b>Expense Total</b>	<b>593,942</b>	<b>4,124,352</b>	<b>244,916</b>	<b>3,879,436</b>	<b>5.9%</b>
	<b>Fund 60 - PARKS &amp; STORM WATER PROJECTS FUND Revenue less (Expenses)</b>	<b>243,249</b>	<b>(1,799,352)</b>	<b>667,050</b>		
	<b>Beginning Fund Balance January 1</b>	<b>1,964,804</b>	<b>2,920,219</b>	<b>2,920,219</b>		
	<b>Ending Fund Balance June 30</b>	<b>2,208,053</b>	<b>1,120,867</b>	<b>3,587,269</b>		

## Prop S Capital Fund

2019 Revenue budget is from investment income.

2019 Expense budget is \$3,592,680 and \$1,900,924 or 52.9% has been spent to date. Concrete Streets are the main component of the budgeted expenses and are in progress. Staff will be monitoring expenses throughout the year to determine if a budget amendment is warranted as approximately \$700,000 of 2018 work will be completed in 2019. If all of the 2019 concrete street projects get completed then an amendment will be justified later in the year.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund 80 - PROP S-CAPITAL IMPROVEMENTS</b>						
<b>Revenue</b>						
	Investment Income	-	150,000	79,755	70,245	53.2%
	<b>Revenue Total</b>	-	<b>150,000</b>	<b>79,755</b>	<b>70,245</b>	<b>53.2%</b>
<b>Expense</b>						
	<b>470 - Public Works</b>					
	Public Works Staff Time		87,680	48,777	38,903	55.6%
	Professional Fees	10,298	255,000	16,613	238,387	6.5%
	Concrete Streets	-	3,250,000	1,835,533	1,414,467	56.5%
	<b>470 - Public Works Total</b>	<b>10,298</b>	<b>3,592,680</b>	<b>1,900,924</b>	<b>1,691,756</b>	<b>52.9%</b>
	<b>Expense Total</b>	<b>10,298</b>	<b>3,592,680</b>	<b>1,900,924</b>	<b>1,691,756</b>	<b>52.9%</b>
<b>Fund 80 - PROP S-CAPITAL IMPROVEMENTS Revenue less (Expenses)</b>		<b>(10,298)</b>	<b>(3,442,680)</b>	<b>(1,821,169)</b>		
	Beginning Fund Balance January 1	-	8,443,028	8,443,028		
	Ending Fund Balance June 30	(10,298)	5,000,348	6,621,859		

**Sanitary Sewer Repair Fund** 2019 Expenses exceeded revenues by \$56,257.

2019 Revenue for the six months totaled \$74,501 or 29% of budget and \$12,131 more than 2018.

2019 Expenses for the six months totaled \$130,758 or 50% of budget and \$42,899 more than 2018.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund 70 - SANITARY SEWER REPAIR FUND</b>						
<b>Revenue</b>						
	<b>510 - Taxes</b>					
	Sewer Lateral Fee	49,220	167,000	48,899	118,101	29.3%
	Sewer Lateral Fee/Resident	13,150	35,000	25,602	9,398	73.1%
	<b>570 - Miscellaneous Total</b>	<b>13,150</b>	<b>35,000</b>	<b>25,602</b>	<b>9,398</b>	<b>73.1%</b>
	<b>Revenue Total</b>	<b>62,370</b>	<b>202,000</b>	<b>74,501</b>	<b>127,499</b>	<b>36.9%</b>
<b>Expense</b>						
	<b>470 - Public Works</b>					
	Salaries	43,264	80,290	46,129	34,162	57.5%
	Capital Improvement	44,325	180,000	84,630	95,370	47.0%
	<b>Expense Total</b>	<b>87,589</b>	<b>260,290</b>	<b>130,758</b>	<b>129,532</b>	<b>50.2%</b>
<b>Fund 70 - SANITARY SEWER REPAIR FUND Revenue less (Expenses)</b>		<b>(25,219)</b>	<b>(58,290)</b>	<b>(56,257)</b>		
	Beginning Fund Balance January 1	177,984	190,196	190,196		
	Ending Fund Balance June 30	152,765	131,906	133,939		

**Homecoming Fund** very little activity has occurred in the first six months related to homecoming revenue and expense.

Fund	Category/ Description	YTD thru June 30, 2018	Current 2019 Budget	YTD thru June 30, 2019	2019 Budget Remaining	% YTD Activity Rec'd or Spent to Budget
<b>Fund 65 - HOMECOMING FUND</b>						
	<b>Revenue</b>					
	Homecoming Booths	2,025	-	2,538	(2,538)	#DIV/0!
	Homecoming Donation	450	500	250	250	50.0%
	Homecoming Sponsorships	2,100	-	2,500	(2,500)	#DIV/0!
	Homecoming Fees	-	7,000	-	7,000	0.0%
	Miscellaneous		22,500	-	22,500	0.0%
	Transfer in		10,000	-	10,000	
	<b>Revenue Total</b>	<b>4,575</b>	<b>40,000</b>	<b>5,288</b>	<b>34,713</b>	<b>13.2%</b>
	<b>Expense</b>					
	Salaries	-	1,500	-	1,500	0.0%
	Overtime Salaries	-	14,750	-	14,750	0.0%
	Payroll Tax	-	1,250	-	1,250	0.0%
	Uniforms & Equipment	115	150	234	(84)	156.0%
	Professional Fees	3,778	11,910	2,000	9,910	16.8%
	Public Relations	950	4,150	-	4,150	0.0%
	Business Lunch/Dinner	21	830	127	703	15.3%
	Newspaper Notices	-	950	-	950	0.0%
	Program Supplies	20	950	-	950	0.0%
	Office Supplies	53	50	-	50	0.0%
	Field Supplies	-	600	-	600	0.0%
	Equipment Rental	1,625	5,150	1,625	3,525	31.6%
	Equipment - Maintenance & Repair	-	600	-	600	0.0%
	<b>465 - Homecoming Total</b>	<b>6,561</b>	<b>42,840</b>	<b>3,986</b>	<b>38,854</b>	<b>9.3%</b>
	<b>Expense Total</b>	<b>6,561</b>	<b>42,840</b>	<b>3,986</b>	<b>38,854</b>	<b>9.3%</b>
<b>Fund 65 - HOMECOMING FUND Revenue less (Expenses)</b>		<b>(1,986)</b>	<b>(2,840)</b>	<b>1,302</b>		
	Beginning Fund Balance January 1	23,335	9,662	9,662		
	Ending Fund Balance June 30	21,349	6,822	10,964		



## **City of Manchester, Missouri**

### **Internal Control Policy**

**Dated: 08/05/2019**

**Internal Controls  
City of Manchester**

**Bank Accounts**

Four cash accounts are maintained with Commerce Bank. First is the operating cash account. This account is a pooled cash account and is reconciled and accounted in the City's general ledger under Fund 98 and account number 98-100-1110.

Fund 98 was set up to accommodate our pooled cash management and the accounting system used to track the transactions. Our Pooled Cash (Bank) account is used to maintain cash for all of the City's ongoing operations and as accounted in all of our various Funds. Cash transactions are recorded to this (G/L) account and the amounts attributable to each fund is recorded in a "Claim on Cash" (G/L) account. Accounts payable is handled in a similar manner as it crossed funds and is tied closely with cash transactions.

The operating account is reconciled periodically, by the Director of Finance, or by the Accountant if unavailable. The daily reconciliations are kept on file. Periodically the Director of Finance reconciles the individual Fund cash balances in object code 1111 with the Fund 98-100-1110 account and then to the bank statement balance as a final reconciliation.

The second bank account is a Court Bond Account. The transactions are controlled by the Court Administrator and reconciled by the Finance department. This account is controlled by a unique general ledger account and is not part of the pooled cash.

The third bank account is the Cash-Contingency Reserve account. This bank account is meant to accompany the Investment-Contingency Reserve account. Investment cash transactions (buying-selling, interest income) are recorded in this account. Transactions to this bank account are recorded and reconciled by the Finance department. This account is controlled by a unique general ledger account and is not part of the pooled cash.

The last two accounts are reconciled periodically throughout the month by the Accountant and a final reconciliation at the end of the month will be reviewed and signed off by the Director of Finance.

**Petty Cash/ Cash Drawers**

Petty cash is the total of all petty cash amounts and the cash drawer banks around the Cities facilities. Cash drawers are counted each day as a part of the deposit preparation. Petty cash boxes are counted periodically and then finally at the end of the calendar year. Requests for petty cash are documented on a slip which documents approval and coding. As deemed necessary by the department head holding the petty cash, the outstanding slips are totaled and sent to the Finance Department with a check request, signed by the Department Head for replenishment funds. The check requests are processed as accounts payable. A check is made out to the department head who then cashes the check and replenishes the petty cash box.

Petty cash drawers normally run a balance of \$50 to \$100. The Finance Director (\$100) and the Public Works Director (\$50) have petty cash drawers,

Cash drawers are located at City Hall, Parks Administration, Pool when opened, Municipal Court, and Police Clerk.

### **Investments**

1. A formal investment policy was reviewed with the new Audit and Finance Committee on May 13, 2019. The final Investment Policy was presented to the Board of Alderman for approval on June 17, 2019 by resolution R-19-0681.
2. The Director of Finance is authorized to purchase investment instruments for the City.
3. All securities purchased are held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts.
4. All investments and cash balances in excess of the financial institution's insurance are secured through eligible collateral and a monthly report of collateral is sent by Commerce Bank to the Director of Finance. The report is saved in the shared directory, Commerce Bank folder, Collateralization Reports.
5. Only one signature, Director of Finance, is necessary to authorize the release of a security from safekeeping.
6. All securities are held in the name of the City of Manchester.
7. Detailed records are kept by the City that include the date of acquisition and purchase cost, the physical location of the investment, interest/dividend/income rates and accrual/receipt dates, and ownership by fund.

All decisions to sell or buy investments are handled by the Director of Finance with approval of the City Administrator. The City Council is not involved in these decisions.

The Audit and Finance Committee quarterly reviews an investment report prepared by the Director of Finance.

### **Revenue, Accounts Receivables, Cash Receipts**

1. Mail is sorted and distributed to the appropriate department by the Administrative Secretary, who does not have access to cash receipts or accounts receivable. Mail with Accounts Payable invoices or cash receipts (checks) are routed to Finance. Court receipts are directed to the Municipal Court. All other mail is reviewed by the Accountant and then routed to the correct department and person.
2. Cash receipts (pre-numbered) – City Hall are prepared at the customer service center by the Administrative Assistant when payments are received for fees and permits. The customers' remittance data and other support are processed by the Administrative Assistant, all documents are attached when the day is closed after being balanced and prepares a deposit slip for the bank. Finance uses this info to update the General Ledger info in the accounting system, files the documents with the Journal Entry (JN) processed and the daily bank report.
3. Court fine remittances are entered in the NEW Court module Show ME Courts, totaled at the end of the day and a separate bank deposit is prepared with account summary totals provided to the Accountant for posting to the General Ledger. One court clerk balances all remittances and a second court clerk verifies. Police Clerk remittances are balanced and verified by a second person, a police officer.
4. Court and Police Clerk receipts are deposited intact during the week by a Police Officer and collection documentation totals are compared by the Accountant to bank deposits and to the provided cash receipts information.
5. Adequate physical controls exist over cash receipts from time of mail opening until time of bank deposit locked in the Accountants desk drawer.
6. The cashier function is segregated from the general ledger and subsidiary ledger functions. Finance employees with ledger access on very rare occasions work at the front desk (i.e. when more than one City Hall staffer is absent), however, this does not appear to be a reportable condition and could be difficult to eliminate this issue, due to the small size of the department staff.

7. A separate deposit is prepared and sent in its own bank bag with other City deposits to the depository bank via a police officer.
8. Deposits from City Hall are taken to the bank by the Director of Finance or Accountant.
9. Deposits from the Park are taken to the bank by the Park Administrative Assistant.
10. All deposit receipts are matched to the appropriate daily deposit report and entered into the General Ledger by the Accountant and matched with the daily bank reconciliation and the JN prepared is reviewed, printed, approved and updated by the Director of Finance in the Tyler Incode system. The Accountant reviews JN's prepared by the Director of Finance, approves and updates. In both cases the Accountant and Director of Finance initial and provide the date and time

### **Property and Equipment**

Proper accounting for the cost of capital assets requires that a distinction be made between expenditures, which should be classified as maintenance expenses, and expenditures that should be capitalized (charged to the capital assets accounts). In order to facilitate this distinction, the following policies should be followed:

1. All capital assets should be valued at cost or estimated cost if actual cost is not available. Donated capital assets should be valued at their fair market value on the date donated.
2. Capital assets acquired under lease/purchase agreements should be capitalized
3. Land held for development should be recorded at the lower of cost or net realizable value.
4. All capital assets are recorded in the Capital Improvement Fund or the Park and Stormwater Fund.

Only items of \$2,000 or greater should be included on the property records and accounted for as a capital asset item. Lots or groups of items should not be included when individual items cost less than \$2,000.

Any item of property that is readily separable, and separately useful from a larger assembly of which it forms a part, should be treated as a separate item.

The cost of replacing any property item smaller than \$2,000 should be accounted for, except for any substantial betterment involved, by charging such cost to maintenance expense.

“Betterment” is defined as an addition made to, or change made in, a capital asset that is expected to prolong its life or to increase its efficiency over and above that arising from maintenance. Therefore, the cost of which should be added to the property records as a separate item. Betterments should have a cost of \$2,000 or greater to be included as a capital asset.

Minor items of property should include all parts or elements that make up a unit of property. If a minor item is retired and not replaced, no entry should be made until the retirement of the unit itself. If a minor item is replaced, the cost of replacement should be charged as maintenance expense, unless the entry should be made on the property record. Minor items may include building roofs, built-in air conditioning systems, or other elements that make up larger items.

“Equipment” is defined as all tangible property except land, structures, and improvements. If the fund constructs part of its own equipment, all the items in connection with the construction of equipment, including labor and materials, should be added in order to arrive at the cost of such

equipment. If equipment is purchased, the cost includes, in addition to the purchase price, transportation expenses and cost of installation.

Tools are distinguished from equipment by being defined as having a relatively small unit value, less than \$2,000 each. Tools are expensed by the department that purchases them in the General Fund

In accordance with GASB Statement No. 34, general government infrastructure assets (streets, bridges, sidewalks, easements, right-of-way, etc.) are being capitalized prospectively beginning in the year 2005 at historical cost. The costs of normal maintenance and repairs that do not enhance infrastructure functionality or materially extend the life of an asset are not capitalized.

Capitalized assets are depreciated using the straight-line method over the following estimated useful lives:

<b>Asset</b>	<b>Years</b>
• Buildings	40
• Building Improvements	40
• Improvements, other than buildings	15
• Machinery and equipment	10
• Furniture and fixtures	7
• Vehicles	5
• Police Vehicles	5
• Computer/data handling equipment	3
• Land, easements, and right-of-way-	None
• Infrastructure:	
Culverts and bridges, concrete	20
Parking lots, concrete	20
Culverts and bridges, metal	20
Streets and sidewalks, concrete	20
Traffic signals, street lights	20

Property and equipment are purchased only with proper authorization as described in the Purchasing policy. Detailed property and equipment ledgers are to be maintained and periodically reconciled to general ledger control accounts. Detailed ledgers are to be periodically reconciled to a physical inspection of property and equipment

For property and equipment readily susceptible to theft or damage, the following safeguarding measures may be followed:

- a. Locks changed periodically and keys signed for, with keys on hand and signed out reconciled to total
- b. Exposed property secured (bolted, chained, etc.) and weather protected
- c. Employees with access bonded
- d. Adequacy of insurance coverage regularly reviewed
- e. Pass system (approved written document) in use for physical movement of assets off premises, for books, digital cameras, etc.

**Other Assets**

The City does not maintain any other assets. The only other recorded assets are the sales, property and gross receipts tax receivables recorded after the beginning of the year. The



receivables are recorded to adjust the financial statements to a modified accrual basis for government reporting. Through the year, the City operates on a cash basis and the receivables are left in place until the next year when the entries are reversed and current receivables are recorded.

**Purchasing, Accounts Payable, Cash Disbursements, Payroll**

1. All spending for any fiscal year is anticipated in the budget for that year, which is prepared by the City Administrator with the assistance of the Director of Finance. The Budget is enacted by the Board of Aldermen through the passing of an ordinance. This ordinance authorizes appropriations for the fiscal year.
2. Disbursements are primarily made by check.
  - Payroll-Staff has a Payroll Checklist
  - Payroll: All employees receive direct deposits for payroll without exception. The ACH transfers for employee deposits are prepared by the Accountant, HR Manager or Director of Finance by uploading the ACH file from payroll system to the bank after approval by the City Administrator and Director of Finance. The retirement plan contributions and other like payroll payables are made via ACH transfer prepared by the Accountant, HR Manager or Director of Finance and approved by the Director of Finance in the balancing and posting of payroll transactions. TIF payments, Section 125 plan reimbursements, HRA deductible reimbursement are made via an ACH transfer prepared by the Accountant and approved by the Director of Finance.

A/P Clerk has a procedure for Accounts Payable

- 
- A/P-Payable Register: The A/P Clerk receives all approved invoices from Departments and any received through the mail are routed to the appropriate department. The A/P Clerk makes certain that the invoices are properly approved by the Department with a General Ledger (GL) account number. The invoices are entered and a Payable Register is processed that is reviewed by the Accountant and Director of Finance for accuracy of vendor and GL accounts. Once the review is completed, the Accountant approves that the Payable Register process in Tyler Incode.
- 
- A/P-Payment Register: When a check run is to be processed for invoices, the A/P Clerk generates a Payment Register that is reviewed by the Accountant and Director of Finance. The Director of Finance or designee approves the Payment Register in Tyler Incode and initials and dates the register. The printed report is brought to the City Administrator, reviewed, signed and dated. The City Administrator or designee approves the Payment Register in Tyler Incode and initials and dates the register.
- 
- AP-Check Printing: After the Payment Register is approved, the AP Clerk prints checks, processes for mailing through the postage meter and places in the outgoing mail bin or delivers to the Department if requested. Invoices are attached to the checks in check order and the Director of Finance reviews each check prior to filing by the AP Clerk.
- 
- AP-Board of Alderman: A list of Bills is provided at each Board of Aldermen Agenda and presented by the City Administrator. No formal action is taken.

3. All checks must be signed by two check signers. The signatures of the Director of Finance, and the City Administrator, are generated electronically when the checks are run, after they approve the Payment Register expenses (invoices).
4. Accounts payable checks have system generated numbers. Checks are printed out of the Tyler Incode software system. The signatures are printed as part of the check processing. There are accounting controls that restrict access to the system and the printing of check signatures. All check stock is pre-numbered and the system matches the check numbers to the check stock. Account number and routing number are preprinted. The check amount, payee and signatures are printed when the checks are run. The check signature is password protected. The Director of Finance, and the City Administrator have the password. The ability to approve and sign the checks can be assigned to a designee by the Director of Finance in case of absence.
5. Purchase orders are prepared for purchases in excess of \$5,000. If the purchase exceeds \$5,000, the purchase will be approved (in the computer system) by the Director of Finance and purchases exceeding \$10,000 will be approved by a resolution of the Board of Aldermen. After the goods or services are received, the department approved the shipping document, which functions as a payment authorization and forwards same to the Accountant and after October 2018 to the part-time AP Clerk. The Accountant and after October 2018 the part-time AP Clerk performs a three way match --- purchase order, invoice and receiving ticket --- then enters the package into the AP system in preparation for payment and check printing. There is a weekly check run, typically on Thursday. The Accountant and Director of Finance reviews the payment package (PO, Invoice, receiver, etc.) and approves by initialing the package, effectively canceling the invoice to help prevent it from being presented for payment twice. Also the software will not allow duplicate payments on the same invoice number to the same vendor. The Accountant does not have any approval authority. The Accountant reviews the checks for accuracy as does the Director of Finance when they review the final package (consisting of a copy of the check, the invoice, the receiving ticket and the purchase order).
6. The general ledger system is automatically updated as checks are prepared for both payroll and A/P once the checks are approved and processed in the system.
7. The Accountant is responsible for issuing a stop payment if needed. The Accountant maintains the voided checks.
8. Disbursements are regularly compared to budgeted amounts. The Department Head is responsible for their specific budget control area and the Director of Finance sends a Revenue and Expense report (called Income Statement Report in Tyler Incode) for the month to date within the first ten business days of the next month. Purchase orders which are entered against an account group which is already over budget or the purchase order causes the account group to be over budget, requires an over budget approval from the Director of Finance which is usually verbal and documented in the payment approval. The Accountant upon entering the purchase order and determines the over budget condition notifies their department head who requests over budget approval.
9. The ACH transfer process with Commerce Bank is a two person approval process. Final approval of the ACH in Commerce Connections cannot be made by the initiator. Commerce has an additional security level when the ACH is submitted for final approval. An automated call from Commerce Banks enhance security system is made to the final approval submitter to confirm that an ACH has been submitted and then enters his Commerce Bank enhanced security pin. Once confirmed, the ACH's are approved for delivery on the date selected.
10. All ACH's outside of payroll are initiated in the Commerce Bank on-line Commerce Connections system by the City Administrator, Accountant, Director of Finance or HR Manager. As long as it is not the initiator, the Director of Finance, City Administrator,

Accountant or HR Manager may approve the transaction(s). The largest ACH transfer is made to the UMB Trustee for Tax Increment Finance related activity and General Obligation Bond remittances. Any one time ACH transfer over \$500,000 needs special approval by Commerce Bank.

### **Debt/Bonds**

The City will limit long-term debt to only those capital improvements or projects that cannot be financed from current revenues. The maturity date for any debt will not exceed the reasonably expected useful life of the project to be financed. Except where determined by specific redevelopment projects, debt repayment will be structured based on the projected available funds to retire the debt.

As a general approach, the City will use debt financing for construction of capital improvements and acquisition of capital equipment too large to be financed from current revenues. Proceeds from long term debt should only be used for construction project costs, acquisition of other fixed assets, bond issuance costs, debt service reserve requirements and refunding of outstanding bond issues. The City will not use debt for the financing of current, ongoing operations

General Obligation, property tax-supported bonding should be used to finance only those capital improvements and long term assets which have been determined to be essential to the maintenance or development of the City.

The City shall maintain a General Debt and Interest Fund balance which is at least 40% of the next calendar year's debt service.

The Finance Department should continually monitor outstanding debt issues to verify compliance with debt covenants and a third party may be contracted to file annual debt compliance reports.

The City may prepay debt obligations when the Director of Finance, after receiving advice from the City's financial advisor, determines it is advantageous for the City to do so. Prepaying an indebtedness requires Board Of Aldermen approval to proceed, the City's Director of Finance shall report the determination to prepay the indebtedness to the Board of Aldermen and obtain formal Board of Aldermen approval.

The City may accumulate funds in its debt service fund to legally defease outstanding obligations. Any action to defease debt will be based on an analysis of the comparative benefits and costs of such action, including the capacity to repay other future obligation.

### **Other Liabilities**

Accrued compensated absences are reconciled and adjusted at the end of every year for financial accounting purposes. The court bond payable is reconciled monthly. Accrued payroll accounts are typically zero-balance accounts. Payment flows through with recorded payroll. The balances recorded at year end are calculated and reconciled at year-end to reflect mid-pay period expenses that match the reporting year.

### Net Assets/Fund Balance

In government-wide financial statements net assets are 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.

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

- **Nonspendable** - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- **Restricted** - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** - Resources which are subject to limitations the government imposes upon itself passing a resolution, and that remain binding unless removed in the same manner.
- **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.

It is the City's policy to maintain a Committed fund balance in the General Fund. The Commitment is adjusted annually with the adoption of the annual budget and is calculated as 20% of the General Fund appropriation (not including transfers to other Funds).

## **Human Resources Processes**

### Hiring process

- Work directly with Department Directors to determine open positions and creating corresponding job descriptions
- Post open positions to company website as well as external websites i.e.: Indeed, college job boards, etc.
- Develop interview questions for specific jobs
- Review all applications for all open positions
- Discuss salary information with City Administrator and Department Directors
- Fill out Personnel Action Form for any changes to salary, benefit information, new hire, termination

### Termination process

- Establish date of last day of employment with Department Head and employee
- Send an Acceptance Letter to employee verifying last day of employment
- Schedule exit interview or send exit interview questionnaire to employee to fill out and return to HR

### Other processes

- Revising Personnel Manual in cooperation with City Administrator and City Attorney
- Created new Personnel Action Form to reflect any change to employee information
- Updating Excel sheets for health, dental, and life insurance enrollees
- Coordinating with consulting firms to bid for health, dental, and life insurance
- Partner with consultants for supplemental insurance and protection – Aflac and Legal Shield

## **Payroll Processing**

Most of the City's employees work a 40-hour 5-day work week. The Police Department has employees on varying shifts: five 8-hour days, four 10-hour days or a 12-hour shift, four days on, four days off. The Police department is fully scheduled in advance and the payroll is based on that schedule. All part-time and seasonal employees are scheduled.

Employees earn vacation time which is accrued monthly. The accrual is calculated in the finance system, based on the employee's length of service and time is added to the employee's accrual balance. Sick time is accrued based on hours worked (to a maximum of 40 hours per week). This time is calculated and applied to the employee's accrual balance with the calculation of payroll for the pay period. Compensatory time is recorded as earned, up to 24 hours accrued. All time off is scheduled in advance (except sick time) and approved by the department head.

Payroll is processed bi-weekly. Employees maintain their own timesheet and turn them in to their supervisors who approve with their signature, turn into the Department Head who reviews, submits and brings the time sheets to the Finance. Employees time is either entered individually or by a designated person in a department into the Tyler ESS on-line time sheet program, submits for approval and is reviewed and approved by the Department Head except for the Police Department and the Public Works Department. The Police time gets entered in ESS by the Police Administrative Clerk after the approval of the Lieutenant and Chief. The Public Works

Department time is entered into ESS by the Supervisor, then goes to the Department head for approval.

The Accountant, HR Manager or the Director of Finance checks the time sheets for accuracy, any exception forms, employee signature, & supervisor approval. The payroll register is reviewed by the Director of Finance and if no errors are found, approves it and gives it to the Accountant to transfer the payment to the bank for disbursement to direct deposit employee accounts after approval by the City Administrator. The Tyler Software updates attendance records, & comp time. A bi-weekly report is reviewed and retained by finance department. Payment advice is sent to each employee for their records by email.

The Director of Finance reviews all g/l entries. The payroll entries are reviewed to posting. Payroll accruals are produced and recorded with the payroll processing. Payroll taxes are recorded in the general ledger as bank drafts. Retirement plan contributions are also recorded as bank drafts. Garnishments, supplemental insurance, Legal Shield, VSP Plan, and AFLAC contributions are recorded as payables. Payroll taxes are paid on-line to the IRS through EFTPS system, and to the MODOR through Collector Solutions, Inc. Starting in 2019, the Director of Finance reviews the receipt copy of the payment transfers to the IRS and MODOR, initials, dates and places in the quarterly payroll file. Retirement contributions are recorded in the ICMA-RC EZ Link website and an ACH transfer is prepared. An ACH transfer is also prepared for the employee Health Savings Account (HSA) and Paylocity Flex Benefit deposits. Those liabilities recorded as payables are paid with an ACH payment. In 2019, the Accountant reconciles the ACH payments for ICMA, HSA and flex benefit to the GL right after the ACH is processed.

Employees are not required to take mandatory vacations; however, restrictions are in place on how much vacation can be carried forward into each calendar year. Only half of the hours earned during the year can be carried forward to the next year unless pre-approved by the City Administrator. All employees are encouraged to use their vacation.

### **Financial Reporting**

The City applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), to determine which governmental organizations should be included in the reporting entity. The City presently has no component units included within its reporting entity.

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 revenues, expenses, changes in net position and report 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 revenues, expenses and changes in net position demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect

expenses are allocated based on the annual cost allocation plan. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, the Parks and Storm Water Projects Fund, the Capital Projects Fund, the Debt Service Fund, and the TIF Fund. GASB 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.

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

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

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

For the governmental fund financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are considered 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 designated 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 designated for capital improvements.

Updated by Don Yucuis and submitted to Stopp&Vanhoy on 5-3-2019

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

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

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

### **IT-Access Controls**

All employees have unique login passwords and usernames.

### **IT-Application Controls**

All employees with access the accounting system which is cloud based have unique login passwords and usernames.

### **IT-Backup**

The accounting systems is cloud based on Tyler INCODE's servers.





# Memo

To: Audit and Finance Committee  
From: Donald Yucuis, Director of Finance  
Date: August 2, 2019  
Re: Investment Holdings 7-31-2019

*Donald Yucuis*

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8.5.19

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Attached is the Investment Holdings at July 31, 2019 for the City of Manchester.

8.5.19

City Of Manchester Investment Holdings July 31, 2019							
	Investment #	Purchase Date	Maturity Date	ROR	Purchase Amount	Maturity Amount	July 31, 2019 Market Value
<b>General Fund Investments:</b>							
10-100-1140	Investments						
Commerce Bank #5140596							
FREDDIE MAC 1.50 10/03/2019	3134GN30	4/6/2017	10/3/2019	1.50%	200,417.25	200,000.00	\$ 199,763.60
FNMA 1.400 11/25/21	3136G3ND3	5/25/2016	11/25/2020	1.40%	199,219.37	200,000.00	\$ 198,443.00
FFCB 1.550 5/17/21	3133EGAH8	5/20/2016	5/17/2021	1.550%	497,970.50	500,000.00	\$ 494,931.00
Commerce Bank #5140596					897,607.12	900,000.00	\$ 893,137.60
Enterprise Bank & Trust (Eagle Bank)							
					\$200,000.00	\$200,000.00	\$207,742.48
Totals		Acct # 10-100-1140			1,097,607.12	1,100,000.00	1,100,880.08
<b>General Fund Reserve Investments:</b>							
10-100-1145	Investments-Contingency Reserve						
Commerce Bank #107000051							
Fannie Mae Call 12/30/16	3136G3WX9	06/30/16	3/30/2020	1.170%	\$ 300,000.00	\$300,000.00	\$298,250.70
Fannie Mae Call 5/7/15	3136G02F7	06/30/16	5/7/2021	1.600%	\$ 306,281.19	\$300,000.00	\$298,261.80
Federal Home Loan Bank	3130A8LS0	06/30/16	6/30/2021	1.500%	\$ 500,000.00	\$500,000.00	\$493,974.00
Acct # 10-100-1145					\$1,106,281.19	\$1,100,000.00	\$1,090,486.50
<b>Prop S Bond Proceeds</b>							
80-100-1140	Investments						
Commerce Bank							
	CUSIP	Purchase Date	Maturity Date	ROR	Purchase Amount	Maturity Amount	July 31, 2019 Market Value
US T Bill	912796VS5	07/30/19	8/27/2019	1.915%	\$ 998,537.12	\$1,000,000.00	\$ 998,589.37
US T Note	9128282T6	08/24/18	8/31/2019	1.830%	\$ 2,470,703.13	\$2,500,000.00	\$ 2,497,558.59
FEDERAL Home Loan Bank	3130A8VU4	08/24/18	2/14/2020	1.830%	\$ 1,958,070.21	\$2,000,000.00	\$ 1,984,597.22
Acct # 80-100-1145					\$5,427,310.46	\$5,500,000.00	\$5,480,745.18

Holdings for (Manchester TIFTDD Series 2010 136106)As of Date 07/31/2019Created 08/01/2019 02:25:40 PM EST							
	Asset Class	Sub Asset Class	Description	Security Identifier	Market Value	Maturity Date	Rate
1	Money Markets and Cash	Money Market Funds	MSILF Govt #8352	MPCXX	1,853,319.41		0.00
2	Money Markets and Cash	Cash	United States Treasury Bills DTD 8/16/2018 8/15/2019	912796QV4	2,708,885.42	08/15/2019	0.00
3	Fixed Income Securities	Government & Agency B	Federal National Mortgage Assoc Pool DTD 10/1/2014 2.5900% 10/1/2019	3138L7ZE9	93,932.28	10/01/2019	2.59
4	Fixed Income Securities	Government & Agency B	Federal Home Loan Mortgage Corp DTD 10/3/2012 1.500% 10/3/2019	3134G3N30	149,832.00	10/03/2019	1.50
5	Fixed Income Securities	Government & Agency B	Federal Home Loan Bank Disc Nts DTD 10/15/2018 0.000% 10/15/2019	313384MZ9	1,924,552.79	10/15/2019	0.00
6	Fixed Income Securities	Government & Agency Bonds		76116ECM0	8,957.34	10/15/2019	0.00
7			Sub-total maturities through 10/15/2019-->		6,739,479.24		
8	Fixed Income Securities	Government & Agency B	Federal National Mortgage Pool DTD 5/1/2013 1.7500% 5/1/2020	3138L3ZG3	49,679.69	05/01/2020	1.75
9	Fixed Income Securities	Government & Agency B	Federal Home Loan Mortgage Corp Pool DTD 9/1/2006 5.5000% 9/1/2021	3128PEZM3	20,392.59	09/01/2021	5.50
10	Fixed Income Securities	Government & Agency B	Freddie Mac DTD 10/1/2010 1.5000% 10/15/2022	3137GAUY1	56,645.62	10/15/2022	1.50
11	Fixed Income Securities	Corporate Bonds	JP Morgan Chase Bank DTD 9/30/2013 0.000% Ser CD 9/30/2023	48124J4N5	181,280.00	09/30/2023	0.00
12	Fixed Income Securities	Government & Agency B	Freddie Mac DTD 10/1/2010 2.0000% 3/15/2025	3137GASP3	7,058.56	03/15/2025	2.00
13	Fixed Income Securities	Corporate Bonds	Fannie Mae DTD 11/1/2010 3.5000% 8/25/2025	31398SUH4	2,119.20	08/25/2025	3.50
14	Fixed Income Securities	Government & Agency B	Federal National Mortgage Assn DTD 11/1/2011 3.0000% 12/25/2025	3136A2F24	8,305.03	12/25/2025	3.00
15	Fixed Income Securities	Government & Agency B	Federal National Mortgage Association DTD 7/1/2011 3.5000% 3/25/2026	3136A0TK3	22,589.41	03/25/2026	3.50
16	Fixed Income Securities	Government & Agency B	Federal National Mortgage Pool DTD 8/1/2011 3.5000% 8/1/2026	31416Y2W7	42,444.09	08/01/2026	3.50
17	Fixed Income Securities	Corporate Bonds	Citibank NA DTD 5/30/2013 0.000% 5/30/2033	172986GH8	149,832.00	05/30/2033	0.00
18	Fixed Income Securities	Corporate Bonds	Federal National Mortgage Assn-Aces DTD 7/1/2012 2.0000% 8/25/2042	3136A7Q47	71,952.23	08/25/2042	2.00
19			Sub-total maturities from 10/15/2019 to August 25, 2042 -->>>		612,298.42		
20			Grand Total -->>>		7,351,777.66		

**Donald Yucuis**

8.05.19 AEF Gmm

**From:** Larry Perney <lperney@manchestermo.gov>  
**Sent:** Wednesday, July 31, 2019 4:54 PM  
**To:** eofficials@manchestermo.gov; Marilyn Ottenad  
**Cc:** 'Donald Yucuis'  
**Subject:** Meeting with City and PACE regarding TIF Bond Refunding

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1 of 2

Mayor and Board of Aldermen,

The City met on July 30, 2019 with four representatives from PACE, the Developer and Transportation Development District (TDD) of the Highlands Tax Increment Finance (TIF) District to discuss potential options related to the refunding of the TIF Bonds.

The City representatives included Mayor Clement, City Administrator Perney, Director of Finance Yucuis, City Attorney Paul Rost, City Bond Counsel Shannon Creighton of Gilmore and Bell, and City Financial Advisor Joy Howard of WM Financial Strategies.

PACE requested the meeting to get an understanding of Joy Howard's Mathematical Computation of the Refinancing of the TIF dated June 23, 2019. Her calculations showed that the City would be at a loss in a refinancing deal as proposed and the only winner would be the developer. The goal of the meeting was to possibly get a commitment from PACE to forego some of their TDD revenue, so it would be a win-win and we could move forward with refinancing.

During the meeting, PACE said they had met with a third-party firm that said they could sell the TIF bonds and they showed it would be favorable to the City and get it paid off sooner. They suggested that the City go out for RFP (there is no obligation to the City), so we could get the exact rates, terms, and costs of a refinance. We said that made some sense, but if we did, we would want to have them provide for two options. One excluding the TDD transfer and one including the TDD transfer in the refinancing. Doing this puts the City in the best negotiating position as we will know the difference with and without the TDD transfer. It might be we meet somewhere in the middle that makes sense to both parties.

After PACE left the meeting, the City team discussed what to do going forward and directed Joy Howard to prepare a Request for Proposal (RFP) to Refund the TIF Bonds and TDD Notes either through an underwriter or private placement.

Staff will be reviewing that RFP with the team and proceed to getting it out on the street as soon as possible. Once we have proposals back, we will analyze them and provide a recommendation to the Mayor and Board at a future Closed meeting.

If you have any question, please let Don or myself know.

Thanks,

Larry Perney  
City Administrator  
City of Manchester  
14318 Manchester Road.  
Manchester, MO 63011  
Phone: 636-227-1385, ext. 110  
Email: lperney@manchestermo.gov

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