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## Report to Board of Aldermen and Management, 2006

City of Manchester

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**CITY OF MANCHESTER, MISSOURI**

**REPORT TO BOARD OF ALDERMEN  
AND MANAGEMENT**

**DECEMBER 31, 2006**



**BOTZ, DEAL & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

March 27, 2007

Honorable Mayor  
and the Board of Aldermen  
Manchester, Missouri

We are pleased to discuss the results of our audit of the general purpose financial statements of City of Manchester, Missouri for the year ended December 31, 2006.

The accompanying report addresses matters with respect to our 2006 audit and other information which we believe will be of assistance and interest to you, as well as specific matters required by professional standards to be reported to you. This report is intended solely for the information and use of the Mayor and Board of Aldermen.

Sincerely,

*Botz, Deal + Company PC*

## INDEX TO REPORT

<b>OVERVIEW OF 2006 AUDIT</b>	1
<b>OTHER MATTERS</b>	2
<b>RECOMMENDATIONS TO MANAGEMENT</b>	3
<b>SCHEDULE OF SELECT FINANCIAL DATA - GENERAL FUND</b>	4
<b>EXHIBIT I</b>	

## OVERVIEW OF 2006 AUDIT

### AUDITORS' RESPONSIBILITY

- \* Audit performed in accordance with auditing standards generally accepted in the United States of America.
- \* Objective being reasonable - not absolute - assurance about the financial statements being free of material misstatement.

### REPORT ON 2006 AUDIT

- \* Issued an unmodified opinion dated March 27, 2007.
- \* Adjustments to the 2006 financial statements were proposed and agreed upon.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

- \* Reviewed controls to extent necessary to obtain an understanding of the structure in order to render an opinion on financial statements.
- \* Recommendations set forth on page 3.

### MANAGEMENT COOPERATION

- \* Received full cooperation.

## OTHER MATTERS

The Auditing Standards Board of the AICPA requires that we communicate certain matters to the Audit Committee, or its equivalent of an organization. These requirements are set out in Statement on Auditing Standards Nos. 53, 54, 61 and 89 and our comments thereto are presented below.

<b>ERRORS</b>	* None came to our attention.
<b>FRAUD AND OTHER ILLEGAL ACTS</b>	* None came to our attention.
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	* None.
<b>MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES</b>	* Reviewed management's formulation of accounting estimates and concluded they were reasonable.
<b>CONSULTATIONS WITH OTHER ACCOUNTANTS</b>	* None.
<b>SUMMARY OF UNADJUSTED AUDIT DIFFERENCES</b>	* See Exhibit I.

## RECOMMENDATIONS TO MANAGEMENT

### OVERALL

- \* Considered internal control over financial reporting to determine auditing procedures.
- \* Audit procedures would not necessarily disclose all matters in internal control over financial reporting that may be material weaknesses.

### CURRENT YEAR

- \* At this time we have no recommendations that warrant management consideration.

**SCHEDULE OF SELECT FINANCIAL DATA - GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2002 THROUGH 2006**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues	\$ 7,293,654	\$ 7,078,100	\$ 7,186,181	\$ 7,677,483	\$ 7,719,866
Expenditures	<u>(6,304,384)</u>	<u>(6,518,853)</u>	<u>(6,531,579)</u>	<u>(6,642,312)</u>	<u>(6,863,518)</u>
Revenues over expenditures	989,270	559,247	654,602	1,035,171	856,348
Transfers in (out)	<u>(445,600)</u>	<u>(332,755)</u>	<u>(346,015)</u>	<u>(576,922)</u>	<u>(669,087)</u>
Net increase in fund balance	<u>\$ 543,670</u>	<u>\$ 226,492</u>	<u>\$ 308,587</u>	<u>\$ 458,249</u>	<u>\$ 187,261</u>
Cash	\$ 884,213	\$ 1,350,936	\$ 1,486,116	\$ 301,854	\$ 630,783
Investments	2,096,737	1,996,411	2,000,110	3,961,227	3,751,488
Investments-contingency reserve	<u>1,345,414</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>
Total cash and investments	<u>\$ 4,326,364</u>	<u>\$ 4,747,347</u>	<u>\$ 4,886,226</u>	<u>\$ 5,663,081</u>	<u>\$ 5,782,271</u>



**EXHIBIT I**

**SUMMARY OF UNADJUSTED AUDIT DIFFERENCES**

**GENERAL FUND**

<u>UNADJUSTED AUDIT DIFFERENCES:</u>	<u>DEBIT</u>	<u>CREDIT</u>	<u>INCREASE (DECREASE) IN FUND BALANCE</u>
<u><b>EFFECT OF UNADJUSTED AUDIT DIFFERENCES - PRIOR YEAR:</b></u>			
Investment income		78,621	78,621
Adjust investments to market			
 CUMULATIVE EFFECT (AFTER EFFECT OF PRIOR YEAR DIFFERENCES)			<u>\$(78,621)</u>

**EXHIBIT I**

**SUMMARY OF UNADJUSTED AUDIT DIFFERENCES**

**CAPITAL PROJECTS FUND**

**EFFECT OF UNADJUSTED AUDIT DIFFERENCES -  
PRIOR YEAR:**

**DEBIT**

**CREDIT**

**INCREASE (DECREASE)  
IN FUND BALANCE**

Investment income

\$6,229

\$(6,229)

Adjust accrued interest

**EXHIBIT I**

**SUMMARY OF UNADJUSTED AUDIT DIFFERENCES**

**PARKS AND STORMWATER FUND**

<b><u>UNADJUSTED AUDIT DIFFERENCES:</u></b>	<b><u>DEBIT</u></b>	<b><u>CREDIT</u></b>	<b><u>INCREASE (DECREASE) IN FUND BALANCE</u></b>
Capital outlay	\$9,503		\$(9,503)
Accounts payable		9,503	
Adjust accounts payable at year-end			
CUMULATIVE EFFECT			<u>\$(9,503)</u>

**EXHIBIT I**

**SUMMARY OF UNADJUSTED AUDIT DIFFERENCES**

**GOVERNMENT-WIDE STATEMENTS**

**UNADJUSTED AUDIT DIFFERENCES -  
PRIOR YEAR:**

	<u>DEBIT</u>	<u>CREDIT</u>	<u>INCREASE (DECREASE) IN FUND BALANCE</u>
Unamortized gain on refunding Interest expense	\$27,280	\$27,280	\$(27,280)
Record unamortized portion of gain on certificate of participation refunding.			
Bond issue costs Governmental expense	54,613	54,613	(54,613)
Record unamortized portion of certificate of participation issue costs.			
CUMULATIVE EFFECT (AFTER EFFECT OF PRIOR YEAR DIFFERENCES)			<u>\$(81,893)</u>