

Comprehensive Annual Financial Report

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2015



Office of the Director of Finance

Comprehensive Annual Financial Report

of the

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2015

Department of Finance
Gregory R. Simmons
Director of Finance

**TOWN OF MANCHESTER, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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JUNE 30, 2015**

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Introductory Section



SCOTT SHANLEY, GENERAL MANAGER

Town of Manchester

41 Center Street • P.O. Box 191
Manchester, Connecticut 06045-0191
www.manchesterct.gov

JAY MORAN, MAYOR
MARGARET H. HACKETT, DEPUTY MAYOR
RUDY KISSMANN, SECRETARY

DIRECTORS
TIMOTHY M. DEVANNEY
CHERI A. ECKBRETH
MATTHEW S. GALLIGAN
STEVE GATES
PATRICK F. GREENE
SARAH L. JONES

December 28, 2015

Mr. Scott Shanley, General Manager
Town of Manchester
41 Center Street
Manchester, Connecticut

Dear Mr. Shanley:

The Comprehensive Annual Financial Report for the Town of Manchester for the fiscal year ended June 30, 2015 is submitted herewith.

The Town's Finance Department prepared this Comprehensive Annual Financial Report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the Town. The Town believes that the presented data are accurate in all material aspects, that the data fairly set forth the financial position and the results of operations of the Town as measured by financial activity of its various funds, and that all disclosures necessary to enable the reader to understand the Town's financial affairs have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, as well as the Connecticut Single Audit Act. Information related to these single audits, including the schedule of expenditures of federal awards and State financial assistance, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are issued under separate cover and are not included in this report. A copy of the reports is on file in the Town Clerk's office.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Town of Manchester Government

The Town of Manchester is an independent full-service town. The Town is a political subdivision of the State of Connecticut and is autonomous from any county, town or other political subdivision of the State of Connecticut. The Town was incorporated in 1823, and in 1947 adopted a Council-Manager form of government. The legislative function is performed by the nine-member Board of



Directors, which is elected biennially. The Board of Directors formulates policies for the administration of the Town. The General Manager is appointed by the Board of Directors to serve as the Town's Chief Executive Officer with appointive and removal authority over department directors and other employees of the Town. The General Manager is responsible for the implementation of policies established by the Board of Directors. An elected nine member Board of Education appoints a Superintendent of Schools, who administers the education system of the Town.

The Town is located in central Connecticut and is approximately 10 miles east of the City of Hartford, the State capital. The Town is also bordered by the towns of East Hartford, South Windsor, Vernon, Bolton and Glastonbury. It is approximately 85 miles southwest of Boston and 115 miles northeast of New York City. The Town encompasses 27.2 square miles and has a population of 58,106 people.

The Town provides a comprehensive range of municipal services including education, human services, public safety (including full-time paid fire and emergency medical rescue services), public works, recreation, library, landfill, water and sewer, cultural and historic activities, transportation, environmental, and planning.

Local Economic Condition and Outlook

Manchester continues to maintain a relatively strong and diverse local economy during this period of economic difficulty. The healthcare, aerospace, retail, wholesale trade and finance and insurance industries each have a major regional presence here. Historically an industrial center, Manchester's roughly 100 manufacturing firms include precision machining, plastics molding, metals fabricating and coating, and commercial printing operations. The location of Manchester Memorial Hospital in central Manchester provides a hub for almost 200 of our health care and social service establishments. Because of our exceptional location relative to I-84, I-384, and I-91, all of which converge here, Manchester is a preferred location for warehouse and distribution businesses and for regional retail and service establishments. Manchester's warehouse/ distribution tenants include the J. C. Penney Northeast Warehouse Fulfillment Center, Raymour and Flanigan and Hartford Distributors, as well as many smaller materials handling or freight forwarding businesses. In its historic central business district, and throughout the community, there is a strong finance, insurance, and real estate sector. The business services sector includes accountants, attorneys and other business consulting services.

Manchester's major employers include the Town and Board of Education at 1,669 employees; Manchester Memorial Hospital at 1,500 employees; J.C. Penney Company at 750 employees; Manchester Community College at 725 employees; Target at 400 employees; GE Aviation at 400 employees; Super Stop & Shop at 381 employees; Allied Printing at 350 employees and Big Y World Class Market at 300 employees. Overall, approximately 29,410 people are employed in Manchester.

The Buckland Hills area lies at the merge of I-84 and I-291 and is a regional center for retail, service, and industrial business. The Buckland Industrial Park is home to J. C. Penney and other industrial and manufacturing firms. Over 3.7 million square feet of retail space makes Buckland Hills one of the largest retail centers in New England. The area serves a market of approximately 20 miles and a market population of over 300,000 people. Major retailers in the area include the Shoppes at Buckland Hills regional mall, anchored by Macy's, Sears, Dick's Sporting Goods, Barnes and Noble, and J. C. Penney. Other retailers include Wal-Mart; Home Depot; BJ's Wholesale Club; The Sports Authority; and Best Buy, to name but a few. Buckland Hills is also home to over 15 full service restaurants, approximately 400 hotel rooms, a multi-screen movie theater, and roughly 2,000 apartment units.

Manchester is a leader in the region with 8 million square feet of rentable industrial space. The 333 acre Manchester Business Park and 340 acre Buckland Industrial Park anchor a mature and diverse industrial market. Some industrial land remains available near I-291 and opportunities for building expansion exist as well. Manchester's available land and buildings, highway access, full complement of municipal services and utilities, and availability of public transportation will continue to make us a strong location for new business locations and expansions.

Major Initiatives

On November 8, 2011 voters approved a referendum that included \$825,000 for Center Springs Park connection to Broad Street and \$675,000 for Edgerton Street culvert improvements. The portion of Edgerton Street that abuts Center Springs Park, on the Broad Street side, was not being used as a through street prior to the work on the culvert. Opening the street allows for additional access to the park which was being underutilized at that time.

The park renovations included a pedestrian Bridge/Archway that allows access to the park from Broad Street and improved an existing hiking trail.

Additional improvements to the Park were tree trimming and brush removal, pavement repair and installation of a nine hole Disc Golf course. The course is open to the public sunrise to sunset Monday through Sunday. Score cards, course maps, and loaner discs are available at the Center Springs office Monday through Friday 8:20 a.m. to 4:30 p.m.

All of those improvements have brought a fresh look and feel to the park and increased traffic substantially.

Long-Term Financial Planning and Policies

During FY15, the Town continued to provide emphasis on its policy of having undesignated general fund balance equal 5-7% of General Fund revenues. Undesignated fund balance increased to just over 10% of General Fund revenue this fiscal year. This increase is due to positive tax collections as a result of new delinquent tax collection policies, and savings in various departments from vacancies.

The Town continued the practice of using fund balance to support, among other items, funding for property tax appeals and agreements, payments for accrued leave to employees and various capital related items that could potentially require funding.

For the next several years, the Town is concerned with the current financial conditions of the State of Connecticut. The State is projecting several years of budget deficits. The impact on Manchester, although not known at this point, could result in a reduction of assistance received from the State. If that happens we will take appropriate action as we have in the past to reduce expenditures.

Budgeting and Accounting

The Board of Directors adopts both an annual operating and a six-year capital budget in accordance with Chapter V of the Town Charter. Chapter V sets out the procedures and practices used during consideration of both the capital and operating budgets.

The operating budget is legally enacted at the category level, but as a management tool budgeting control is maintained at the object of expenditure level. This is achieved through the use of a full encumbrance system which encumbers appropriations upon the issuance of a purchase order. Encumbrances outstanding at year-end are recorded as budgetary expenditures and reported as a reservation of fund balance.

The Town's accounting system is organized on a fund basis. Each fund is a distinct self-balancing accounting entity. The various funds utilized by the Town of Manchester are further described in Note 1 of the Notes to the financial statements.

The budget is integrated into the accounting system, and as presented in the financial statements for all funds with annual budgets compares expenditures with amended budgets. The Town's accounting records for governmental and expendable trust funds are maintained on a modified accrual basis with revenues being recorded when measurable and available, and expenditures being recorded when the services or goods are received and accepted and the liability is incurred. The accrual basis of accounting is used for proprietary, and certain fiduciary funds. Encumbrances outstanding at year-end are not recorded as expenditures as defined by generally accepted accounting principles (GAAP) and are excluded from liabilities.

Accounting and Internal Control

The accounting system of the Town of Manchester is dependent on a strong foundation of internal accounting controls to ensure that financial information generated is both accurate and reliable. As such, the Town places a great deal of emphasis on the continuing development and monitoring of its system of internal control.

In conjunction with this goal, internal controls are designed to reasonably safeguard the Town's assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The concept of reasonable assurance recognizes the fact that the cost of controls should not exceed the benefits derived and the evaluation of costs and benefits requires management to make estimates and judgments.

All internal control evaluations operate within the above framework. The relationship of internal control to basic management responsibilities emphasizes the interaction of the accounting system with all other management control systems. We believe the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

General Fund Undesignated and Unreserved Fund Balance

General Fund Undesignated Unreserved Fund Balance (budgetary non-GAAP basis) represents that portion of fund balance which is available for appropriation. When evaluating an entity's credit, the rating agencies generally look for this amount to be 2% to 10% of locally generated revenues. In the 06-07 fiscal year, the Board of Directors indicated to the Town staff that it wishes the Town's Unreserved and Undesignated Fund Balance expressed as a percentage of Revenues to increase to fall within the range of 5-7%. The following table shows the Town's operating results and unreserved fund balance position for the past five years:

	FY11	FY12	FY13	FY14	FY15
Revenue (ooo's)	\$155,947	\$163,160	\$164,960	\$173,056	\$176,628
Expenditures	155,771	164,021	163,992	169,630	174,128
Operating Results	176	(861)	968	3,426	2,500
Unassigned FB	10,053	10,636	11,823	13,887	17,820
Percent of Revenue	6.45	6.52	7.17	8.02	10.09

Other Information

The Town Charter requires in Chapter V, Section 5-26:

Independent auditor. Within ninety (90) days after taking office after each biennial election, the Board of Directors shall, by majority vote of all of its members, designate an auditor or auditors, who shall be a certified public accountant or accountants, to audit the books and financial affairs of the Town government in accordance with the provisions of the General Statutes. The auditor or auditors so designated shall be designated based on their qualifications and experience in municipal audits, and shall serve until the third Monday in November in the next odd-numbered year following their appointment.

During FY10, the Town solicited proposals from qualified auditing firms to provide audit services for the two-year period FY2010 to FY2011 with the option to renew for two additional two year terms, FY2012-FY2013 and FY2014-FY2015. The firm of Blum Shapiro, Certified Public Accountants, was selected as the Town's independent auditors for that period and the subsequent renewals. The Town is currently soliciting proposals for the FY2015-FY2016 with identical renewal options.

The Town's audit includes an audit of all federal grants in accordance with the Single Audit Act and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations, which provides that all state and local governments which receive more than \$500,000 in federal financial assistance must have a federal single audit for the fiscal year. The federal single audit consists of a financial audit, an internal control review, and a compliance audit. The federal single audit is in lieu of any financial and compliance audit requirement by any federal agency. The auditors' reports for the internal control review and compliance audit have been furnished separately to the Town.

The Town's FY15 audit includes an audit of all state financial assistance in compliance with the State Single Audit Act pursuant to CGS Section 4-230 to 236, inclusive (Chapter 55b). Each municipality receiving more than \$100,000 in combined state and federal financial assistance must have a state single audit. An audit conducted in accordance with sections 4-230 to 4-236 inclusive shall be in lieu of any financial or financial and compliance audit of an individual state assistance program. The auditors' reports for the internal control review and compliance audit have been furnished separately to the Town.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Manchester for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town of Manchester has received the Certificate of Achievement each fiscal year since FY1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

The preparation of this report could not be accomplished without the effort and dedicated services of the entire staff of the Finance Department. The preparation of the Comprehensive Annual Financial Report though requires a particularly intense effort from all of the Accounting Division staff. I would like to express my appreciation to each of the following staff members:

Susan Alaimo, Accountant
Heather Boudreaux, Accountant

Special recognition is extended to other members of the Town staff who assisted with the report in their usual professional and proficient manner:

Laura LaBrecque, Payroll Coordinator
Patricia Brooks, Assistant Superintendent, Finance and
Management, Board of Education

While this CAFR is the result of the diligent efforts of Town staff, it would not be possible without the ongoing support of the Board of Directors and General Manager.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gregory R. Simmons', with a stylized flourish at the end.

Gregory R. Simmons C.P.A.
Director of Finance



Government Finance Officers Association

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

Presented to

**Town of Manchester
Connecticut**

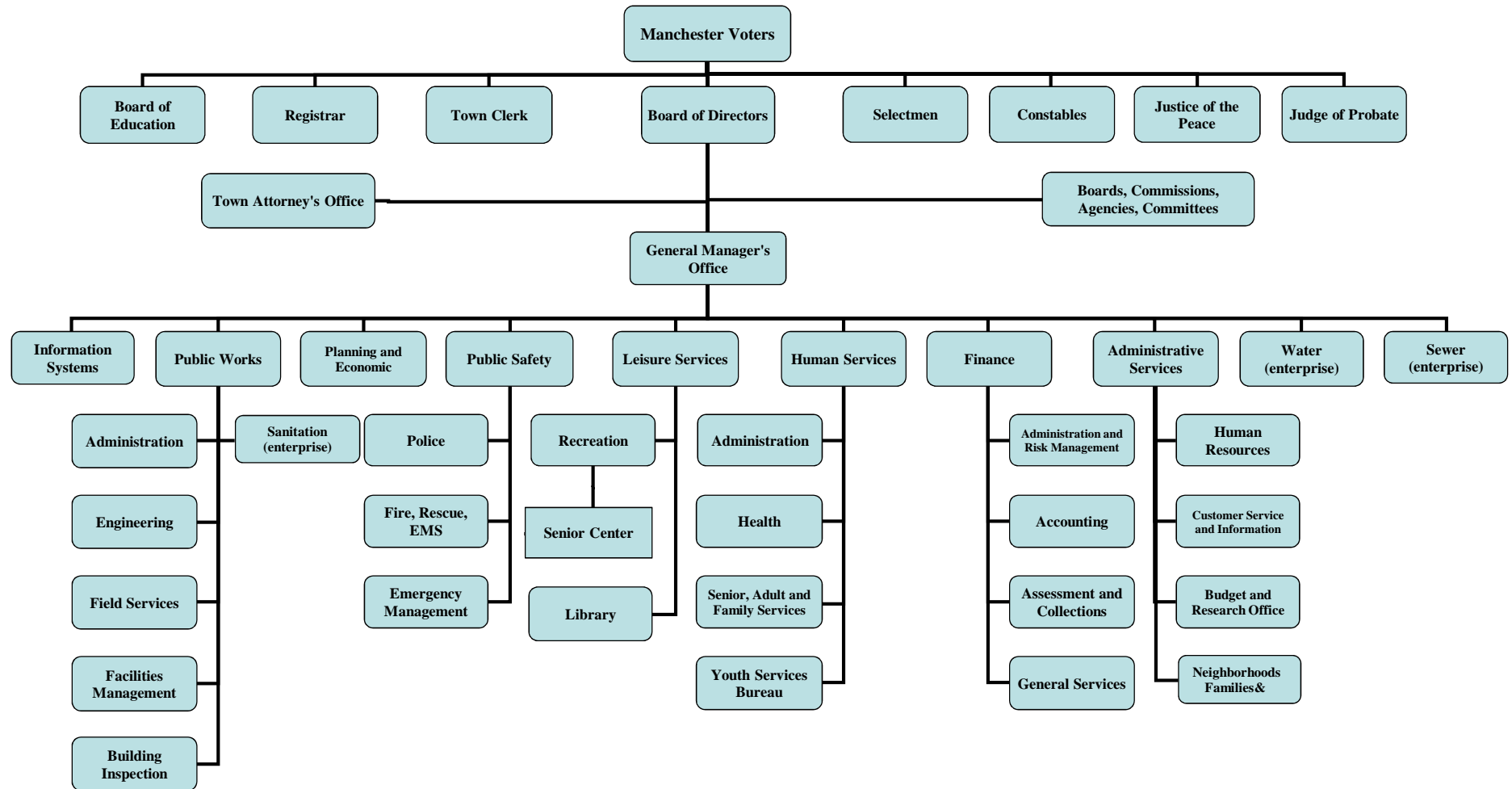
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO

Town of Manchester, Connecticut Organization Chart



TOWN OF MANCHESTER, CONNECTICUT

LISTING OF PRINCIPAL OFFICIALS

Board of Directors

Jay Moran, Mayor
Timothy Devanney
Steven Gates
Sarah L. Jones
Patrick Greene

Rudy C. Kissmann
Cheri Eckbreth
Margaret Hackett
Matthew S. Galligan

Town Clerk
General Manager
Town Attorney
Director of Finance
Director of Assessment/Collection
Director of Planning and Economic
Development
Chief of Police
Fire Chief
Budget and Research Officer

Joseph V. Camposeo
Scott Shanley
Ryan Barry
Gregory R. Simmons
John Rainaldi

Mark Pellegrini
Chief Marc Montminy
Chief Robert Bycholski
Brian Wolverton

Board of Education

Christopher Pattacini, Chairperson
Susan Jacobson
Melanie Stefanovicz
Deborah Hagenow

Mary-Jane Pazda
Neal S. Leon
Carl Stafford
Jason P. Scappaticci
Darryl Thames, Sr.

Superintendent of Schools

Matthew Geary

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Directors
Town of Manchester, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Manchester, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditors' 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 of 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 auditors' 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 auditors consider 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of June 30, 2015 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.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net position of the Town has been restated to recognize the net pension liability and deferred outflows for contributions made after the measurement date required in implementing both GASB No. 68 and GASB No. 71. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 59 and 60, and the pension schedules on pages 61 through 66 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, which 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 Town of Manchester, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and 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 schedules are the responsibility of management and were derived from and relate 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 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Manchester, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 17, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2015 on our consideration of the Town of Manchester, Connecticut'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 Town of Manchester, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2015

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

This discussion and analysis of the Town of Manchester, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read this Management Discussion & Analysis (MD&A) in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The Town's net position decreased by \$558 thousand as a result of this year's operations. Net position of the business-type activities increased by \$3.6 million, or (7.26%). Net position of the governmental activities decreased by \$4.2 million, or (5.29%).
- During the year, the Town's governmental activities had expenses that were \$5.6 million more than the \$222 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues increased to \$30 million (or 9.98%) while expenses increased by \$1.4 million (or 6.12%).
- Total cost of all of the Town's programs increased by \$12.6 million (or 5.25%) to \$253 million. Of the \$12.6 million increase, \$8.3 million is included in the Education category and is due to additional grants.
- The General Fund reported a fund balance this year of \$20.6 million, an increase of \$1.3 million (or 6.5%).
- Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, human services, leisure services, employee benefits and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Water Fund, Sewer Fund and Sanitation Fund are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Directors establishes many other funds to help control and manage financial activities for particular purposes (such as the Special Taxing District - Fire and Police Special Services Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received and recorded in the Education Special Grants Fund and the Community Development Block Grant Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities, such as the Town's Information Systems Fund and risk management internal service funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position decreased from \$129.3 million to \$128.8 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

TABLE 1
NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (as Restated)	2015	2014 (as Restated)	2015	2014 (as Restated)
Current and other assets	\$ 78,523	\$ 75,264	\$ 50,194	\$ 40,845	\$ 128,717	\$ 116,109
Capital assets	189,269	186,795	81,698	82,628	270,967	269,423
Total assets	<u>267,792</u>	<u>262,059</u>	<u>131,892</u>	<u>123,473</u>	<u>399,684</u>	<u>385,532</u>
Differences between expected and actual experience	755		75		830	-
Changes of assumptions	1,457		145		1,602	-
Net difference between projected and actual earning on pension plan investments	5,570		554		6,124	-
Deferred charge on refunding	415	481			415	481
Contributions made after valuation date	1,199	1,200			1,199	1,200
Total deferred outflows of resources	<u>9,396</u>	<u>1,681</u>	<u>774</u>	<u>-</u>	<u>10,170</u>	<u>1,681</u>
Long-term debt outstanding	184,460	163,360	20,729	20,494	205,189	183,854
Other liabilities	9,221	11,378	58,221	52,898	67,442	64,276
Total liabilities	<u>193,681</u>	<u>174,738</u>	<u>78,950</u>	<u>73,392</u>	<u>272,631</u>	<u>248,130</u>
Advance property tax collections	7,507	9,788			7,507	9,788
Differences between expected and actual experience	979				979	
Total deferred inflows of resources	<u>8,486</u>	<u>9,788</u>	<u>-</u>	<u>-</u>	<u>8,486</u>	<u>9,788</u>
Net Position:						
Invested in capital assets, net of debt	102,486	104,535	27,721	34,104	130,207	138,639
Restricted	2,598	2,673			2,598	2,673
Unrestricted	<u>(30,063)</u>	<u>(27,994)</u>	<u>25,995</u>	<u>15,977</u>	<u>(4,068)</u>	<u>(12,017)</u>
Total Net Position, as restated	<u>\$ 75,021</u>	<u>\$ 79,214</u>	<u>\$ 53,716</u>	<u>\$ 50,081</u>	<u>\$ 128,737</u>	<u>\$ 129,295</u>

Net position of the Town's governmental activities decreased by 5.29%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$28 million at June 30, 2014 to \$30.1 million at the end of this year.

More specific elements of the change in unrestricted governmental net position resulted from revenue and expenditure items which ended the year overall in a favorable position. In the General Fund most of the revenue side of the budget had positive results caused primarily from the adoption of strengthened tax collection policies. On the expenditure side, continued delays in filling vacancies in all functions played a large role in providing favorable results. In the Capital Projects Fund, \$13.6 million was expended for improvements; a majority of these improvements were for roads/sidewalks as well as bridge/culvert repairs and school infrastructure repairs. These capital expenses were partially funded through intergovernmental grants \$1.7 million and transfers in of \$2 million. The net position of business-type activities increased by 7.26% (\$50.1 million compared to \$53.7 million in 2015). This net position cannot be used for the governmental activities. The Town generally can only use this net

position to finance the continuing operations of the Water, Sewer and Sanitation Funds. Sanitation experienced an increase in net position of \$5.0 million in the current year due primarily to increases in commercial tipping activity at the Towns operational landfill. Water and Sewer experienced a net decrease in net position of 1.3 million. The governmental activities Internal Service net position increased \$3.3 million mainly due to continued positive experience in insurance claims costs.

TABLE 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 7,123	\$ 6,522	\$ 26,843	\$ 24,499	\$ 33,966	\$ 31,021
Operating grants and contributions	61,633	60,066			61,633	60,066
Capital grants and contributions	2,157	4,705	927	2,080	3,084	6,785
General revenues:						
Property taxes	146,468	141,608			146,468	141,608
Grants and contributions not restricted to specific purposes	3,996	4,130			3,996	4,130
Unrestricted investment earnings	160	1,443	402	492	562	1,935
Other general revenues	425	507	1,915	285	2,340	792
Total revenues	<u>221,962</u>	<u>218,981</u>	<u>30,087</u>	<u>27,356</u>	<u>252,049</u>	<u>246,337</u>
Program expenses:						
General government	7,292	7,321			7,292	7,321
Public safety	38,626	36,259			38,626	36,259
Public works	21,410	20,796			21,410	20,796
Human services	4,450	4,510			4,450	4,510
Leisure services	6,889	6,944			6,889	6,944
Education	145,615	137,355			145,615	137,355
Interest on long-term debt	3,322	3,254			3,322	3,254
Water			9,290	8,561	9,290	8,561
Sewer			8,686	6,829	8,686	6,829
Sanitation			7,027	5,029	7,027	5,029
Total program expenses	<u>227,604</u>	<u>216,439</u>	<u>25,003</u>	<u>20,419</u>	<u>252,607</u>	<u>236,858</u>
Excess (deficiency) before transfers	(5,642)	2,542	5,084	6,937	(558)	9,479
Transfers	<u>1,449</u>	<u>1,630</u>	<u>(1,449)</u>	<u>(1,630)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(4,193)	4,172	3,635	5,307	(558)	9,479
Beginning Net Position	79,214	108,860	50,081	47,917	129,295	156,777
Restatement		<u>(33,818)</u>		<u>(3,143)</u>	<u>-</u>	<u>(36,961)</u>
Ending Net Position	<u>\$ 75,021</u>	<u>\$ 79,214</u>	<u>\$ 53,716</u>	<u>\$ 50,081</u>	<u>\$ 128,737</u>	<u>\$ 129,295</u>

The Town's total revenues (Governmental and Business-Type) were \$252 million. The total cost of all programs and services (Governmental and Business-Type) was \$252.6 million. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The decrease in Governmental Activities net position was \$4.2 million. The amount of net investment in capital assets decreased by \$2.0 million. Operating grants and contributions increased by \$1.3 million while capital grants and contributions decreased by \$2.5 million. Property taxes increased \$4.9 million over the prior year due primarily by the increase in mill rate.

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) increased by 9.98% (\$27.4 million in 2014 compared to \$30.0 million in 2015) and expenses increased by 6.12% (\$23.6 million in 2014 compared to \$25 million in 2015). The increase in revenue was predominantly the result of an increase in the rates charged to users. The increase in expenditures is due primarily to costs in the Sanitation division.

**TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)**

Table 3 presents the cost of each of the Town's five largest programs - public safety, general government, public works, education and leisure services - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Education	\$ 145,615	\$ 137,355	\$ 83,484	\$ 78,949
Public safety	38,626	36,259	36,357	33,181
Public works	21,410	20,796	19,020	14,783
Leisure services	6,889	6,944	5,449	6,006
General government	7,292	7,321	5,555	5,887
All others	<u>7,772</u>	<u>7,764</u>	<u>6,826</u>	<u>6,340</u>
Totals	\$ <u><u>227,604</u></u>	\$ <u><u>216,439</u></u>	\$ <u><u>156,691</u></u>	\$ <u><u>145,146</u></u>

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$23.1 million, which is an increase of \$4.4 million from last year's total. Included in this year's total change in fund balance is an increase of \$1.3 million in the Town's General Fund. The primary reason for the General Fund's increase is the adoption of a delinquent tax collection policy. For the Capital Projects fund the positive change in the fund balance of \$3.3 million is due to debt issuance that anticipated future costs.

The Town experienced a variety of significant General Fund budgetary events that affected the year ending equity balances. The major impacts include:

- 1) Property tax collection above anticipated budget by \$1.2 million, due to the implementation of new delinquent tax collection policies.

- 2) General operating expenses were kept under budget in all functional areas primarily due to vacancies in certain positions. Total expenses were under budget by \$1.26 million.

The Town's General Fund balance of \$20.6 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$19.3 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$1.3 million of outstanding encumbrances at year-end that are reported as expenditures for budgetary purposes.

Fire District fund balance increased by \$483 thousand from \$1.5 million due savings from having open positions not filled.

Proprietary Funds

As the Town completed the year, its proprietary funds (as presented in the statement of net position - Exhibit V) reported combined net position of \$53.7 million, which is an increase of \$3.6 million from last year's total of \$50.1 million. Included in this year's total change in net position is an increase of \$5 million in the Sanitation Fund, due primarily to an increase in commercial tipping activity.

In the internal service funds, the self-insurance funds experienced a combined net increase of \$3.4 million. Net position in the employee health benefits fund increased by \$3.3 million due to claims finishing below estimates. The net position in the non-health insurance fund increased by \$57 thousand. The Information Systems Fund's loss amounted to \$49 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Town had \$270.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$1.5 million, or .56%, over last year, primarily due to continued work on school building projects and the substantial completion of the Water Pollution Control Facility Plant Upgrade Project.

TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 15.0	\$ 15.0	\$ 1.2	\$ 1.2	\$ 16.2	\$ 16.2
Buildings and improvements	94.5	98.9	64.6	15.8	159.1	114.7
Equipment	8.4	8.1	13.1	14.6	21.5	22.7
Infrastructure	65.8	54.3			65.8	54.3
Construction in progress	5.5	10.5	2.8	51.0	8.3	61.5
Total	<u>\$ 189.2</u>	<u>\$ 186.8</u>	<u>\$ 81.7</u>	<u>\$ 82.6</u>	<u>\$ 270.9</u>	<u>\$ 269.4</u>

This year's major additions included (in millions):

School Security	\$ 2.3
Bigelow Brook Culvert	1.7
Broad Street	1.7
North Main	1.4
Hockanum Water pollution Facility	4.5

The Town's fiscal-year 2015-16 capital budget plans for the continued construction on Phase 1 of the School Renovation Project as well as continuation of the public infrastructure program improvements and continuation of Broad Street Redevelopment (\$11 million).

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2015 the Town had \$84.9 million in bonds outstanding from governmental activities versus \$79.1 million last year – an increase of 7.3% - as shown in Table 5. The increase of 2.2 million in Business-Type activities is due to the issuance of clean water fund notes to fund the construction of the plant.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds (Backed by the Town)	\$ <u>84.9</u>	\$ <u>79.1</u>	\$ <u>34.8</u>	\$ <u>32.6</u>	\$ <u>119.6</u>	\$ <u>111.7</u>

The Town's general obligation bond rating continues to be Aa1 (Moody's) and AAA (Fitch), a rating that has been assigned by national rating agencies. The State limits the amount of general obligation debt that towns can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$928.3 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year budget 2015-2016, General Fund appropriations total \$179.8 million. This is an increase of \$5.2 million or 2.98% over 2014-2015. The increase in General Fund appropriations is being funded by a combination of an increase in the property tax levy as well as additional anticipated state and federal grants.

For the business-type activities, the Town has set related fees to offset the cost of operations. For the Water fund, as part of an adopted long-term rate setting plan, the Town has reduced the working capital in the Water Fund to 180 days of operating costs. Rate increases to cover the cost of operations and related debt service are in place for several years and reviewed annually against actual results.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 38.65 and business-type fees for the 2015-2016 fiscal year. The 38.65 mill rate represents an increase of 1.21 mills (3.2%) from the previous year. The Town desires a stable level of service delivery and adopted a mill rate that reflects stable service delivery.

The Town also sees continued difficulty in matching annual Grand List increases with salary increases that are directly or indirectly affected by binding arbitration. Along with this salary structural difficulty is the inability to fund continued double digit or high single digit annual increases in employee health benefits. Also, new accounting requirements are now in effect that require the Town to have a plan to fund future post-employment benefits incrementally over time; this will present a significant challenge to the Town in the years to come.

The most immediate challenge faced by the Town is the budgetary instability occurring at the State level. The Town receives \$36 million of grants in and from the State or approximately 20% of the General Fund budget. As the budgetary difficulties of the State force the review of the State's commitment to municipalities, a drastically reduced level of support from the State will prove difficult to overcome without drastic tax increases or service reductions.

Overall, financial results were as planned for the 2015 fiscal year. Over the previous years, the Town had strengthened its position by continuing to add to General Fund balance each year. The resulting relatively strong fund balance position is assisting the Town in addressing issues created by the current unfavorable economic climate. The current statewide and national economic down-turns have resulted in lower investment returns, as well as decreases in state and federal funding. In particular, the State of Connecticut's 2015/16 budget and beyond may include significant reductions in funding to municipalities, as the State attempts to manage its budget deficit. The Town's management and elected officials will have to work together to devise strategies to mitigate the impacts of the national and state economy on the Town's financial position.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Manchester, 494 Main Street, Manchester, Connecticut 06040.

Basic Financial Statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets:			
Cash and cash equivalents	\$ 45,223	\$ 26,217	\$ 71,440
Investments	14,214	17,367	31,581
Receivables, net	16,836	5,715	22,551
Due from special services district	10		10
Due from fiduciary funds	2,087		2,087
Inventories	82	895	977
Prepaid asset	71		71
Capital assets:			
Assets not being depreciated	20,466	3,988	24,454
Assets being depreciated, net	168,803	77,710	246,513
Total assets	<u>267,792</u>	<u>131,892</u>	<u>399,684</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	755	75	830
Changes of assumptions	1,457	145	1,602
Net difference between projected and actual earnings on pension plan investments	5,570	554	6,124
Deferred charge on refunding	415		415
Contributions made after measurement date	1,199		1,199
Total deferred outflows of resources	<u>9,396</u>	<u>774</u>	<u>10,170</u>
Liabilities:			
Accounts and other payables	7,318	3,260	10,578
Accrued liabilities	1,629	231	1,860
Bond anticipation notes		19,209	19,209
Clean water fund loans		34,768	34,768
Unearned revenue	274	753	1,027
Noncurrent liabilities:			
Due within one year	16,406	426	16,832
Due in more than one year	168,054	20,303	188,357
Total liabilities	<u>193,681</u>	<u>78,950</u>	<u>272,631</u>
Deferred Inflows of Resources:			
Advance property tax collections	7,507		7,507
Differences between expected and actual experience	979		979
Total deferred inflows of resources	<u>8,486</u>		<u>8,486</u>
Net Position:			
Net investment in capital assets	102,486	27,721	130,207
Restricted for:			
Trust purposes:			
Expendable	1,848		1,848
Nonexpendable	750		750
Unrestricted	(30,063)	25,995	(4,068)
Total Net Position	<u>\$ 75,021</u>	<u>\$ 53,716</u>	<u>\$ 128,737</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

					Net (Expense) Revenue And Changes In Net Position		
Functions/Programs	Expenses	Program Revenues			Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 7,292	\$ 1,078	\$ 347	\$ 312	\$ (5,555)	\$	\$ (5,555)
Public safety	38,626	1,619	645	5	(36,357)		(36,357)
Public works	21,410	1,185	715	490	(19,020)		(19,020)
Leisure services	6,889	600	840		(5,449)		(5,449)
Human services	4,450	133	813		(3,504)		(3,504)
Education	145,615	2,508	58,273	1,350	(83,484)		(83,484)
Interest on long-term debt	3,322				(3,322)		(3,322)
Total governmental activities	<u>227,604</u>	<u>7,123</u>	<u>61,633</u>	<u>2,157</u>	<u>(156,691)</u>	<u>-</u>	<u>(156,691)</u>
Business-type activities:							
Water	9,290	8,588				(702)	(702)
Sewer	8,686	8,036		927		277	277
Sanitation	7,027	10,219				3,192	3,192
Total business-type activities	<u>25,003</u>	<u>26,843</u>	<u>-</u>	<u>927</u>	<u>-</u>	<u>2,767</u>	<u>2,767</u>
Total primary governmental activities	<u>\$ 252,607</u>	<u>\$ 33,966</u>	<u>\$ 61,633</u>	<u>\$ 3,084</u>	<u>(156,691)</u>	<u>2,767</u>	<u>(153,924)</u>
General revenues:							
Property taxes					146,468		146,468
Grants and contributions not restricted to specific programs					3,996		3,996
Unrestricted investment earnings					160	402	562
Miscellaneous					425	1,915	2,340
Transfers					1,449	(1,449)	
Total general revenues and transfers					<u>152,498</u>	<u>868</u>	<u>153,366</u>
Change in net position					<u>(4,193)</u>	<u>3,635</u>	<u>(558)</u>
Net Position at Beginning of Year, as restated					<u>79,214</u>	<u>50,081</u>	<u>129,295</u>
Net Position at End of Year					<u>\$ 75,021</u>	<u>\$ 53,716</u>	<u>\$ 128,737</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,652	\$ 1,637	\$ 3,793	\$ 4,267	\$ 16,349
Investments	1,709			5,609	7,318
Receivables, net	5,821	529	8,566	1,919	16,835
Due from special services district	10				10
Inventories				82	82
Interfund receivables	22,577				22,577
Other assets	65			2	67
Total Assets	<u>\$ 36,834</u>	<u>\$ 2,166</u>	<u>\$ 12,359</u>	<u>\$ 11,879</u>	<u>\$ 63,238</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 1,858	\$ 103	\$ 2,874	\$ 1,196	\$ 6,031
Accrued liabilities	1,592	28		9	1,629
Intergovernmental payables	30				30
Interfund payables			18,992	399	19,391
Unearned revenue				274	274
Total liabilities	<u>3,480</u>	<u>131</u>	<u>21,866</u>	<u>1,878</u>	<u>27,355</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	5,236				5,236
Advance property tax collections	7,507				7,507
Total deferred inflows of resources	<u>12,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,743</u>
Fund Balances:					
Nonspendable	65			832	897
Restricted	910			7,635	8,545
Committed	10	2,035		1,534	3,579
Assigned	1,806				1,806
Unassigned	17,820		(9,507)		8,313
Total fund balances	<u>20,611</u>	<u>2,035</u>	<u>(9,507)</u>	<u>10,001</u>	<u>23,140</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,834</u>	<u>\$ 2,166</u>	<u>\$ 12,359</u>	<u>\$ 11,879</u>	<u>\$ 63,238</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015
(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are
different because of the following:

Fund balances - total governmental funds	\$ 23,140
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 327,092	
Less accumulated depreciation	<u>(138,385)</u>	
Net capital assets		188,707

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	4,005
Interest receivable on property taxes	1,231
Deferred outflows related to pension investment experience	755
Deferred outflows related to changes of pension assumptions	1,457
Deferred outflows related to difference in projected and actual earnings on pension plan investments	5,570
Deferred outflows related to contributions made after the valuation date	1,199

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

24,730

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Net OPEB obligation	(30,755)
Net pension liability	(43,239)
Bonds and notes payable	(84,875)
Bond premiums	(2,323)
Interest payable on bonds and notes	(1,038)
Compensated absences	(12,979)
Deferred inflows related to difference in projected and actual earnings on pension plan investments	(979)
Deferred charge on refunding	<u>415</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 75,021</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 134,379	\$ 12,121	\$	\$	\$ 146,500
Intergovernmental	48,291	115	1,677	16,716	66,799
Investment earnings	63	5	3	145	216
Investment gains (losses)				(169)	(169)
Licenses, permits and fines	2,096				2,096
Charges for goods and services	1,752	717		2,312	4,781
Other	492		386	682	1,560
Total revenues	<u>187,073</u>	<u>12,958</u>	<u>2,066</u>	<u>19,686</u>	<u>221,783</u>
Expenditures:					
Current:					
General government	5,540			139	5,679
Public works	13,609			226	13,835
Public safety	18,290	13,349		1,830	33,469
Human services	2,778			1,576	4,354
Leisure services	5,578			635	6,213
Employee benefits	3,045				3,045
Education	121,800			16,243	138,043
Internal service fund charges	2,639				2,639
Other	177	464		33	674
Debt service	9,963	161	64		10,188
Capital outlay		111	13,612		13,723
Total expenditures	<u>183,419</u>	<u>14,085</u>	<u>13,676</u>	<u>20,682</u>	<u>231,862</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,654</u>	<u>(1,127)</u>	<u>(11,610)</u>	<u>(996)</u>	<u>(10,079)</u>
Other Financing Sources (Uses):					
Transfers in	1,616	2,126	1,956	514	6,212
Transfers out	(4,065)	(518)		(180)	(4,763)
Issuance of debt			12,600		12,600
Bond premium	60		335		395
Total other financing sources (uses)	<u>(2,389)</u>	<u>1,608</u>	<u>14,891</u>	<u>334</u>	<u>14,444</u>
Net Change in Fund Balances	1,265	481	3,281	(662)	4,365
Fund Balances at Beginning of Year	<u>19,346</u>	<u>1,554</u>	<u>(12,788)</u>	<u>10,663</u>	<u>18,775</u>
Fund Balances at End of Year	<u>\$ 20,611</u>	<u>\$ 2,035</u>	<u>\$ (9,507)</u>	<u>\$ 10,001</u>	<u>\$ 23,140</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 4,365
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	14,100
Depreciation expense	(10,049)

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the disposal of capital assets.

(3,420)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

1,993

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	3
Property tax interest and lien revenue - accrual basis change	(36)
Change in deferred outflows related to pension investment experience	755
Change in deferred outflows related to changes of pension assumptions	1,457
Change in deferred outflows related to difference in projected and actual earnings on pension plan investments	5,570
Changes in deferred outflows related to contributions made after the valuation date	(1)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	6,860
Issuance of bonds and notes	(12,600)
Bond premium	(395)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(35)
Accrued interest	(102)
Amortization of deferred charge on refunding	(66)
Amortization of bond premiums	183
Net OPEB expense	(6,894)
Change in net pension liability	(8,221)
Change in deferred inflows related to difference in projected and actual earnings on pension plan investments	(979)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

3,319

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (4,193)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015
(In Thousands)

	Business-Type Activities						Governmental Activities Internal Service Fund
	Sanitation Fund					Total Business-Type Activities	
	Water	Sewer	Operations	Landfill Closure	Total		
Assets:							
Current assets:							
Cash and cash equivalents	\$ 4,253	\$ 5,743	\$ 16,221	\$	\$ 16,221	\$ 26,217	\$ 28,874
Investments				17,367	17,367	17,367	6,896
Receivables, net	2,109	2,726	787		787	5,622	1
Assessment receivable		93			-	93	
Inventories	661	234			-	895	
Prepaid expenses					-	-	4
Total current assets	7,023	8,796	17,008	17,367	34,375	50,194	35,775
Noncurrent assets:							
Capital assets, net	21,245	58,659	1,794		1,794	81,698	562
Total assets	28,268	67,455	18,802	17,367	36,169	131,892	36,337
Deferred outflows of resources:							
Changes in projected investments earnings	49	19	7		7	75	-
Changes in assumptions	95	37	13		13	145	-
Net difference between projected and actual earnings on pension plan investments	363	141	50		50	554	-
Total deferred outflows of resources	507	197	70	-	70	774	-
Liabilities:							
Current liabilities:							
Accounts and other payables	640	1,992	628		628	3,260	219
Accrued liabilities	165	62	4		4	231	
Interfund payables					-	-	1,099
Claims payable					-	-	4,827
Unearned revenue		93	7		7	100	
Customer deposits		280	373		373	653	
Bond anticipation notes	14,774	4,435			-	19,209	
Clean water fund notes	77	34,691			-	34,768	
Compensated absences	207	167	52		52	426	103
Total current liabilities	15,863	41,720	1,064	-	1,064	58,647	6,248
Noncurrent liabilities:							
Accrued liabilities				15,250	15,250	15,250	
Compensated absences	442	359	154		154	955	230
Claims payable					-	-	5,129
Net pension liability	2,684	1,044	370		370	4,098	
Total noncurrent liabilities	3,126	1,403	524	15,250	15,774	20,303	5,359
Total liabilities	18,989	43,123	1,588	15,250	16,838	78,950	11,607
Net Position:							
Net investment in capital assets	6,394	19,533	1,794		1,794	27,721	562
Unrestricted	3,392	4,996	15,490	2,117	17,607	25,995	24,168
Total Net Position	\$ 9,786	\$ 24,529	\$ 17,284	\$ 2,117	\$ 19,401	\$ 53,716	\$ 24,730

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Business-Type Activities					Governmental
	Sanitation Fund				Total	Activities
	Water	Sewer	Operations	Landfill Closure	Total	Business-Type Internal Service Fund
Operating Revenues:						
Charges for services	\$ 8,588	\$ 8,036	\$ 10,219	\$	\$ 10,219	\$ 26,843
Other	14	269	89		89	372
Total operating revenues	8,602	8,305	10,308	-	10,308	27,215
Operating Expenses:						
Administrative	739	621	561		561	1,921
General operating	5,320	4,053	5,568		5,568	14,941
Claims expense					-	-
Depreciation	2,109	573	191		191	2,873
Pension expense	117	49	15		15	181
Total operating expenses	8,285	5,296	6,335	-	6,335	19,916
Operating Income (Loss)	317	3,009	3,973	-	3,973	7,299
Nonoperating Revenue (Expense):						
Gain (loss) on disposal of capital assets	(855)	(3,035)			-	(3,890)
Income on investments	3	7	20	372	392	402
Interest expense	(150)	(357)			-	(507)
Change in estimate for closure/ post closure costs				690	690	690
Premiums on debt issuance	126	37			-	163
Total nonoperating revenues (expenses)	(876)	(3,348)	20	1,062	1,082	(3,142)
Income (Loss) Before Capital Contributions and Transfers	(559)	(339)	3,993	1,062	5,055	4,157
Capital Contributions		927			-	927
Transfers In	125				-	125
Transfers Out	(809)	(661)	(104)		(104)	(1,574)
Change in Net Position	(1,243)	(73)	3,889	1,062	4,951	3,635
Net Position at Beginning of Year, as restated	11,029	24,602	13,395	1,055	14,450	50,081
Net Position at End of Year	\$ 9,786	\$ 24,529	\$ 17,284	\$ 2,117	\$ 19,401	\$ 53,716
						\$ 24,730

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Business-Type Activities					Total Business-Type Activities	Governmental Activities Internal Service Fund
	Water	Sewer	Operations	Sanitation Fund Landfill Closure	Total		
Cash Flows from Operating Activities:							
Cash received from customers and users	\$ 8,483	\$ 7,919	\$ 10,039	\$	\$ 10,039	\$ 26,441	\$ 32,654
Cash received from insurance proceeds					-	-	155
Other operating receipts	14	269	89		89	372	
Cash deposits returned to customers			(81)		(81)	(81)	
Cash paid to suppliers for goods and services	(3,675)	(3,110)	(4,764)		(4,764)	(11,549)	(1,194)
Cash paid for interfund services provided	(221)	(180)	(332)		(332)	(733)	
Cash paid to employees	(1,923)	(1,746)	(896)		(896)	(4,565)	(1,080)
Cash paid for insurance claims and premiums					-	-	(25,068)
Net cash provided by operating activities	<u>2,678</u>	<u>3,152</u>	<u>4,055</u>	<u>-</u>	<u>4,055</u>	<u>9,885</u>	<u>5,467</u>
Cash Flows from Noncapital Financing Activities:							
Transfers in	125				-	125	
Transfers out	(809)	(661)	(104)		(104)	(1,574)	
Net cash used in noncapital financing activities	<u>(684)</u>	<u>(661)</u>	<u>(104)</u>	<u>-</u>	<u>(104)</u>	<u>(1,449)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:							
Principal payment - long-term obligations	(4)				-	(4)	
Principal payment - bond anticipation notes	(13,871)	(2,105)			-	(15,976)	
Interest paid	(150)	(357)			-	(507)	
Debt issuance costs	(1)	(1)			-	(2)	
Purchase of capital assets and construction	(236)	(4,864)	(645)		(645)	(5,745)	(32)
Proceeds from bond anticipation notes	14,774	4,435			-	19,209	
Proceeds from clean water fund notes		2,134			-	2,134	
Premium on BAN sale	127	38			-	165	
Capital grants and contributions		854			-	854	
Net cash provided by (used in) capital and related financing activities	<u>639</u>	<u>134</u>	<u>(645)</u>	<u>-</u>	<u>(645)</u>	<u>128</u>	<u>(32)</u>
Cash Flows from Investing Activities:							
Interest received	3	7	20	372	392	402	113
Proceeds from sale of investments	39	1			-	40	6,449
Purchase of investments				(372)	(372)	(372)	
Net cash provided by investing activities	<u>42</u>	<u>8</u>	<u>20</u>	<u>-</u>	<u>20</u>	<u>70</u>	<u>6,562</u>
Net Increase in Cash and Cash Equivalents	<u>2,675</u>	<u>2,633</u>	<u>3,326</u>	<u>-</u>	<u>3,326</u>	<u>8,634</u>	<u>11,997</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,578</u>	<u>3,110</u>	<u>12,895</u>	<u>-</u>	<u>12,895</u>	<u>17,583</u>	<u>16,877</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,253</u>	<u>\$ 5,743</u>	<u>\$ 16,221</u>	<u>\$ -</u>	<u>\$ 16,221</u>	<u>\$ 26,217</u>	<u>\$ 28,874</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:							
Operating income	\$ 317	\$ 3,009	\$ 3,973	\$	\$ 3,973	\$ 7,299	\$ 3,206
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	2,109	573	191		191	2,873	183
Change in asset and liabilities:							
(Increase) decrease in accounts receivable	(107)	(119)	(180)		(180)	(406)	1,130
(Increase) decrease in allowance for doubtful accounts	2	2			-	4	
(Increase) decrease in inventory and prepaid items	36	21	3		3	60	
Increase (decrease) in accounts payable	264	(356)	97		97	5	(152)
Increase (decrease) in accrued expenses	(61)	9	(2)		(2)	(54)	1,099
Decrease in customer deposits			(81)		(81)	(81)	
Increase (decrease) in compensated absences payable	1	(36)	39		39	4	3
Increase in claims payable					-	-	(2)
Increase in net pension liability	624	246	85		85	955	
Increase in deferred outflows of resources	(507)	(197)	(70)		(70)	(774)	
Total adjustments	<u>2,361</u>	<u>143</u>	<u>82</u>	<u>-</u>	<u>82</u>	<u>2,586</u>	<u>2,261</u>
Net Cash Provided by Operating Activities	<u>\$ 2,678</u>	<u>\$ 3,152</u>	<u>\$ 4,055</u>	<u>\$ -</u>	<u>\$ 4,055</u>	<u>\$ 9,885</u>	<u>\$ 5,467</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2015
(In Thousands)

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$	\$ 901
Investments:		
Common stock	4,986	
Taxable liquid funds	81	
Money market funds	2,050	
Partnerships	802	
Property funds	10,441	
Mutual funds	140,033	
Accounts receivable	<u>123</u>	
Total assets	<u>158,516</u>	<u>\$ 901</u>
Liabilities:		
Accounts and other payables	8	
Interfund payable	2,087	
Deposits held for others	<u></u>	<u>\$ 901</u>
Total liabilities	<u>2,095</u>	<u>\$ 901</u>
Net Position:		
Held in Trust for OPEB Benefits	(642)	
Held in Trust for Pension Benefits	<u>157,063</u>	
Total Net Position	<u>\$ 156,421</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Trust Funds
Additions:	
Contributions:	
Employer	\$ 16,532
Plan members	2,459
Total contributions	<u>18,991</u>
Investment income:	
Net appreciation in fair value of investments	1,387
Interest and dividends	2,214
Income from real estate investments	432
Total investment income	<u>4,033</u>
Total additions	<u>23,024</u>
Deductions:	
Benefits	24,438
Administration	454
Total deductions	<u>24,892</u>
Change in Net Position	(1,868)
Net Position at Beginning of Year	<u>158,289</u>
Net Position at End of Year	<u>\$ 156,421</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Amounts Expressed in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Manchester, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town operates under the provisions of its Charter and the General Statutes of the State of Connecticut. The Town was incorporated in May of 1823. Its legal authority is derived from a charter granted in 1947 that has subsequently been revised, most recently in 2008. The Town operates under a council-manager form of government. Services provided include water, sewer, refuse removal, parks and recreation, police and fire, education, planning and zoning, community development and human services.

The Town is a political subdivision of the State of Connecticut. It is governed by an elected board of nine directors. As required by accounting principles generally accepted in the United States of America, these financial statements present all activities of the Town.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(Amounts Expressed in Thousands)

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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Fire District fund accounts for the financial activity of the South Manchester Fire District. The major source of revenue for this fund is tax collections.

The Capital Projects Fund accounts for the major capital improvement projects, which are primarily funded by bond authorizations and capital grants along with Town contributions. The major source of revenue for this fund is governmental grants.

The Town reports the following major proprietary funds:

The Water Fund accounts for the Town-owned water supply system.

The Sewer Fund controls the financial activity of the sanitary sewer system.

The Sanitation Fund accounts for the Town-owned sanitary landfill.

Additionally, the Town reports the following fund types:

The internal service funds:

The Information Systems Fund accounts for the financial operations of the central information systems facility.

The Manchester Self-Insurance Program (MSIP) accounts for the costs associated with the Town's risk management system.

The Town of Manchester Medical Insurance Fund (TOMMIF) accounts for the Town's self-insured employee health benefit program.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Amounts Expressed in Thousands)

Trust Funds:

The Pension Trust Fund accounts for the activities of the Public Employees' Retirement System, which accumulates resources for pension benefit payments to qualified Town employees.

The Retiree Health Care Trust Fund accounts for the activities of the Other Postemployment Benefits (OPEB) Trust, as required by GASB Statement 45, to irrevocably segregate assets to fund the liability associated with postemployment benefits.

Agency Funds - The Town maintains five agency funds for senior center activities, student activities, maintenance bonds, redevelopment agency and plan deposits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds, and of the Town's internal service funds, are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Amounts Expressed in Thousands)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. An amount of \$881 has been established as an allowance for uncollectible taxes. At June 30, 2015, this represents 16.38% of all property taxes receivable.

Property taxes become an enforceable lien and are assessed on property as of October 1; however, the legal right to attach property does not exist until July 1. Property assessments are made at 70% of the market value. Real estate taxes are billed on July 1 and, if over \$400 (amount not rounded), are payable in semiannual installments on July 1 and January 1. Personal property taxes are billed on July 1 and, if over \$400 (amount not rounded), payable in two equal installments on July 1 and January 1. Motor vehicle taxes are billed and due July 1 and motor vehicle supplement taxes are billed and due January 1. Certificates of continuing lien are filed against the real estate represented by delinquent real estate taxes within the year in which the tax is due. Taxes not paid within 30 days of the due date are subject to an interest charge of one and one-half percent per month. Delinquent taxes receivable at June 30 in the funds statements are recorded as deferred revenue to the extent that they have not been collected within 60 days, since they are not considered to be available to liquidate liabilities of the current year.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets acquired after July 1, 2001 (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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Property, plant and equipment of the primary government, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45
Buildings improvements	20
Improvements other than building	20
Vehicles	6-15
Office equipment	10-15
Computer equipment	7
Infrastructure	12-70

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs or contributions made to the plan after the measurement date. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. The Town also reports deferred inflows of resources related to pensions in the government-wide statement of net position. Advance property tax collections represent taxes and fees inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

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I. Compensated Absences

Employees earn annual leave or vacation time according to the terms of the union contract that applies to them. Such amounts are liquidated within the functional cost area in which the employee's payroll is paid. Annual leave must be used prior to the end of the year in which it is earned, unless the General Manager authorizes an extension. Vacation leave earned in any year must be used prior to the end of the year following the year that it is earned, unless the General Manager authorizes an extension. Upon termination or retirement, an employee may be reimbursed for accumulated but unused annual leave or vacation time depending on the union contract and date of hire.

Town and Board of Education employees are paid by a prescribed formula set forth in their collective bargaining agreements for sick leave. Unused sick leave accumulates and employees vest in their unused days when they reach qualifications for retirement. If an employee retires, unused accumulated sick leave is paid to them based on the specifications in their respective collective bargaining agreements.

Annual leave, vacation and sick pay are accrued when incurred in proprietary funds and reported as a fund liability. Annual leave, vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it. Amounts not expected to be paid with expendable available financial resources are not reported in governmental funds. No expenditure is reported for these amounts.

Liabilities for compensated absences, including the current portion, are reported in the government-wide statement of net position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Net OPEB Obligation

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plan. This amount is calculated on an actuarial basis and is recorded as a noncurrent liability in the government-wide financial statements.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position is restricted because of externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Directors). The Board of Directors can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (The adoption of another resolution) to remove or revise the limitation.

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Board of Directors. The Board of Directors has authorized the finance director to assign fund balance via the approval of encumbrances. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town adopts an annual operating budget for the following funds:

General Fund

Special Revenue Funds

Special Taxing District - Fire

Enterprise Funds

Water Fund

Sewer Fund

Sanitation Fund

Internal Service Funds

Information Systems Fund

The Town's procedures in establishing budgetary data included in the financial statements are as follows:

- (1) No later than March 13, the General Manager prepares and submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The legal level of control for the budget is represented by the following categories: general government, public works, public safety, human services, leisure services, employee benefits, education, debt service, other and interfund transfers (including payments to internal service funds).
- (2) No later than March 23, a public hearing is conducted by the Board of Directors to obtain taxpayer comments.
- (3) No later than April 16, the budget must be adopted by the Board of Directors. If the Board fails to adopt the budget, the tentative budget submitted by the General Manager is deemed to be adopted.
- (4) The Charter provides for a budget referendum by petition. If a petition to reject the budget is signed by at least 7% of registered voters, and filed with and certified by the Town Clerk within ten days of budget adoption, a budget referendum is to be held. If the budget adopted by the Board of Directors is rejected at the referendum, the Board of Directors must adopt a revised budget. Only one budget referendum may be held per year and the revised budget adopted by the Board of Directors takes effect on July 1.
- (5) The General Manager is authorized to transfer budgeted amounts within appropriations for each category noted above; however, any transfer between appropriations for these categories or additional appropriations must be approved by the Board of Directors. Additional appropriations of \$415 were approved during the year for the General Fund with an increase in estimated revenues of \$415. Formal budgetary integration is employed as a management control device during the year.

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- (6) Except for encumbrance accounting, all budgets are prepared on the modified accrual basis.
- (7) Generally, the unexpended and unencumbered portion of appropriations lapse at year end, except those of the capital projects funds. Appropriations for the foregoing are continued until completion of the project, even when projects extend beyond one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in either restricted, committed or assigned fund balance depending on the level of restriction and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Fund Equity and Accumulated Deficits

The Capital Projects Fund, a major governmental fund had a fund deficit of \$9,507 at June 30, 2015. The Capital Projects fund balance deficit will be funded with permanent financing of ongoing projects.

The Retiree Health Care Trust Fund, a non-major fiduciary governmental fund had a fund deficit of \$642 at June 30, 2015. The Retiree Health Care Trust fund balance deficit will be funded with increased support from the Town of Manchester Medical Insurance Fund.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

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Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$19,246 of the Town's bank balance of \$34,429 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	17,639
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name		<u>1,607</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>19,246</u></u>

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2015, the Town's cash equivalents amounted to \$43,110. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor's</u>	<u>Not Rated</u>
State Short-Term Investment Fund (STIF)	AAAm	
Secured Municipal Account (SMA)		X

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B. Investments

Investments as of June 30, 2015 in all funds are as follows:

Investments:					
Investment Type	Credit Rating	Fair Value	Less Than 1	1-10	Greater Than 10
Interest-bearing investments:					
U.S. treasury notes	N/A	\$ 6,996	\$	\$ 6,996	\$
Government bonds	AAA				
Government bonds	AA+	3,617		3,617	
Government bonds	AA				
Government bonds	AA-				
Government bonds	N/A	2,987	1,508	1,479	
Fixed income	N/A	3,647	225	2,740	682
Certificates of deposit	N/A	2,702	1,800	902	
Subtotal			\$ 3,533	\$ 15,734	\$ 682
Other investments:					
Common stock	N/A	7,405			
Taxable liquid funds	N/A	973			
UBS Agrivest Farmland Fund	N/A	3,662			
UBS property funds	N/A	6,779			
Wells Fargo Advantage Heritage Money Market	N/A	639			
Partnerships	N/A	802			
Mutual funds	N/A	149,765			
Total		\$ 189,974			

N/A - Not Applicable

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Town does not have an investment policy that limits an investment in any one issuer in excess of five percent of the Town's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015, the Town's investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the Town's name.

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The Town's investment policy, in conformity with applicable Connecticut General Statutes, authorizes investment in the State Treasurer's Short-Term Investment Fund (STIF) and Cutwater Asset Management - Connecticut CLASS Plus Investment. The value of the position in the pools is the same as the value of the pool shares. Regulatory oversight for the State Treasurer's STIF is provided quarterly by the Investment Advisory Council and the Treasurer's Cash Management Board. Regulatory oversight for Cutwater Asset Management - Connecticut CLASS Plus Investment is provided by an investment advisory council consisting of members appointed by the municipalities.

4. RECEIVABLES

Receivables as of year-end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes	\$ 5,379	\$	\$	\$	\$	\$	\$	\$ 5,379
Interest	1,231							1,231
Accounts	65	583		2,374	2,561	862	137	6,582
Intergovernmental	27		8,566		450		1,738	10,781
Special assessments					93			93
Loans							45	45
Pension contribution							123	123
Gross receivables	<u>6,702</u>	<u>583</u>	<u>8,566</u>	<u>2,374</u>	<u>3,104</u>	<u>862</u>	<u>2,043</u>	<u>24,234</u>
Less allowance for uncollectibles	<u>(881)</u>	<u>(54)</u>	<u></u>	<u>(265)</u>	<u>(285)</u>	<u>(75)</u>	<u></u>	<u>(1,560)</u>
Net Total Receivables	<u>\$ 5,821</u>	<u>\$ 529</u>	<u>\$ 8,566</u>	<u>\$ 2,109</u>	<u>\$ 2,819</u>	<u>\$ 787</u>	<u>\$ 2,043</u>	<u>\$ 22,674</u>

Revenues of the water, sewer and sanitation funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to:	
Water	\$ 265
Sewer	285
Sanitation	<u>75</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ 625</u>

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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 14,970	\$ 28	\$	\$	\$ 14,998
Construction in progress	10,457	3,516		(8,505)	5,468
Total capital assets not being depreciated	<u>25,427</u>	<u>3,544</u>	<u>-</u>	<u>(8,505)</u>	<u>20,466</u>
Capital assets being depreciated:					
Buildings and improvements	163,946	746	(72)	747	165,367
Improvements other than buildings	6,245	65			6,310
Machinery and equipment	27,411	2,079	(1,830)		27,660
Infrastructure	98,069	6,789	(1,590)	7,758	111,026
Total capital assets being depreciated	<u>295,671</u>	<u>9,679</u>	<u>(3,492)</u>	<u>8,505</u>	<u>310,363</u>
Less accumulated depreciation for:					
Buildings and improvements	(68,011)	(5,801)	65		(73,747)
Improvements other than buildings	(3,226)	(202)			(3,428)
Machinery and equipment	(19,254)	(1,767)	1,822		(19,199)
Infrastructure	(43,812)	(2,462)	1,088		(45,186)
Total accumulated depreciation	<u>(134,303)</u>	<u>(10,232)</u>	<u>2,975</u>	<u>-</u>	<u>(141,560)</u>
Total capital assets being depreciated, net	<u>161,368</u>	<u>(553)</u>	<u>(517)</u>	<u>8,505</u>	<u>168,803</u>
Governmental Activities Capital Assets, Net	<u>\$ 186,795</u>	<u>\$ 2,991</u>	<u>\$ (517)</u>	<u>\$ -</u>	<u>\$ 189,269</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,171	\$	\$	\$	\$ 1,171
Construction in progress	50,975	3,751		(51,909)	2,817
Total capital assets not being depreciated	<u>52,146</u>	<u>3,751</u>	<u>-</u>	<u>(51,909)</u>	<u>3,988</u>
Capital assets being depreciated:					
Buildings and improvements	38,592	1,287	(14,491)	50,534	75,922
Improvements other than buildings	4,583	44	(3,197)		1,430
Machinery and equipment	53,633	662	(7,750)	1,375	47,920
Total capital assets being depreciated	<u>96,808</u>	<u>1,993</u>	<u>(25,438)</u>	<u>51,909</u>	<u>125,272</u>
Less accumulated depreciation for:					
Buildings and improvements	(24,389)	(1,227)	13,537		(12,079)
Improvements other than buildings	(2,948)	(129)	2,378		(699)
Machinery and equipment	(38,989)	(1,517)	5,722		(34,784)
Total accumulated depreciation	<u>(66,326)</u>	<u>(2,873)</u>	<u>21,637</u>	<u>-</u>	<u>(47,562)</u>
Total capital assets being depreciated, net	<u>30,482</u>	<u>(880)</u>	<u>(3,801)</u>	<u>51,909</u>	<u>77,710</u>
Business-Type Activities Capital Assets, Net	<u>\$ 82,628</u>	<u>\$ 2,871</u>	<u>\$ (3,801)</u>	<u>\$ -</u>	<u>\$ 81,698</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 376
Public works	3,156
Public safety	797
Human services	100
Recreation	160
Library	28
Education	<u>5,615</u>
Total Depreciation Expense - Governmental Activities	\$ <u>10,232</u>
Business-type activities:	
Water	\$ 2,109
Sewer	573
Sanitation	<u>191</u>
Total Depreciation Expense - Business-type Activities	\$ <u>2,873</u>

Construction Commitments

The Town has active construction projects as of June 30, 2015. The projects include renovations to School Facilities, and various public works and bond referendum projects.

The following is a summary of significant capital projects at June 30, 2015:

<u>Project</u>	<u>Authorized Amount</u>	<u>Expended and Encumbered</u>	<u>Unencumbered Balance</u>
2003 Public Works Projects	\$ 5,427	\$ 5,416	\$ 11
2007 Bond Referendum	6,235	6,014	221
Highland Park School Renovations	13,100	13,054	46
Broad Street Redevelopment	11,000	9,218	1,782
Whiton Library	950	943	7
2011 Public Works Projects	12,000	11,314	686
2012 School Bond	4,900	3,411	1,489
2013 Bond Referendum	10,937	6,291	4,646
School Security	2,800	2,092	708
2014 School Bond	<u>84,226</u>	<u>378</u>	<u>83,848</u>
Total	\$ <u>151,575</u>	\$ <u>58,131</u>	\$ <u>93,444</u>

The following capital projects are being financed by a combination of state and federal grants and general obligation bonds: 2003 Public Works Projects, Highland Park School Renovations 2007 Public Works Projects, 2011 Public Works Projects, 2007 Bond Referendum, 2014 School Bond, and 2012 School Bond. Whiton Library is being financed by state and federal grants and local trust funds. School Security is being financed by state and federal grants and local matching. Capital projects financed by general obligation bonds are as follows: Broad Street Redevelopment. The 2013 Bond Referendum is being financed by general obligation bonds and grants.

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6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 18,992
	Internal Service Funds	1,099
	Trust Funds	2,087
	Nonmajor Governmental Funds	<u>399</u>
		<u>\$ 22,577</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement-type transactions.

Interfund transfers:

	<u>Transfers In</u>					<u>Total Transfers Out</u>
	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	
Transfers:						
General Fund	\$	\$ 2,126	\$ 1,425	\$ 514	\$	\$ 4,065
Fire District	231		287			518
Nonmajor Governmental	80		100			180
Water	678		131			809
Sewer	523		13		125	661
Sanitation	<u>104</u>					<u>104</u>
Total Transfers In	<u>\$ 1,616</u>	<u>\$ 2,126</u>	<u>\$ 1,956</u>	<u>\$ 514</u>	<u>\$ 125</u>	<u>\$ 6,337</u>

General Fund transfers are made in accordance with budget appropriations and authorized allocation transfers. The General Fund transfers to other funds are primarily for the purpose of establishing local funding for capital projects to reduce bonding. Transfers are used to move unrestricted general fund revenues to fund various programs that must be accounted for separately in accordance with budgetary authorizations.

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7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 79,135	\$ 12,600	\$ (6,860)	\$ 84,875	\$ 7,315
Less deferred amounts for issuance premiums	2,111	395	(183)	2,323	
Total bonds payable	<u>81,246</u>	<u>12,995</u>	<u>(7,043)</u>	<u>87,198</u>	<u>7,315</u>
Other liabilities:					
Claims and judgments	9,958	24,712	(24,714)	9,956	4,827
Compensated absences	13,277	100	(65)	13,312	4,264
Net pension liability	35,018	8,221		43,239	
Net OPEB obligation	<u>23,861</u>	<u>6,894</u>		<u>30,755</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 163,360</u>	<u>\$ 52,922</u>	<u>\$ (31,822)</u>	<u>\$ 184,460</u>	<u>\$ 16,406</u>
Business-type activities:					
Landfill	\$ 15,974	\$	\$ (724)	\$ 15,250	\$
Compensated absences	1,377	54	(50)	1,381	426
Net pension liability	<u>3,143</u>	<u>955</u>		<u>4,098</u>	
Business-Type Activities Long-Term Liabilities	<u>\$ 20,494</u>	<u>\$ 1,009</u>	<u>\$ (774)</u>	<u>\$ 20,729</u>	<u>\$ 426</u>

Bonds Payable

The annual requirements to amortize bonds payable as of June 30, 2015 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 7,315	\$ 3,208
2017	7,275	2,931
2018	6,710	2,661
2019	6,205	2,398
2020	6,210	2,146
2021-2025	29,005	7,067
2026-2030	18,070	2,086
2031-2033	<u>4,085</u>	<u>232</u>
Total	<u>\$ 84,875</u>	<u>\$ 22,729</u>

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Governmental fund bonds bear interest at rates ranging from 2.0% to 5.5% and mature in fiscal years ending 2016 through 2033. These obligations are direct obligations and pledge the full faith and credit of the government and will be paid from General Fund revenues. During the year, general obligation bonds totaling \$12,600 were issued.

The following is a schedule of bond anticipation note activity for the year ended June 30, 2015:

	Governmental	Business-Type Activities		
	Activities	Water	Sewer	Total
Balance, July 1, 2014	\$ 1,495	\$ 13,781	\$ 2,105	\$ 15,886
Issued		14,774	4,435	19,209
Retired	<u>(1,495)</u>	<u>(13,781)</u>	<u>(2,105)</u>	<u>(15,886)</u>
Balance, June 30, 2015	\$ <u>-</u>	\$ <u>14,774</u>	\$ <u>4,435</u>	\$ <u>19,209</u>

The above notes with an interest rate of 1.000% matured on July 2, 2015. The business-type activities short-term financing was issued for various water system and quality improvements, water system meters, and wastewater treatment system.

Clean Water Fund Loans

The following is a schedule of clean water fund loan activity for the year ended June 30, 2015:

	Business-Type Activities		
	Water	Sewer	Total
Balance, July 1, 2014	\$ 81	\$ 32,557	\$ 32,638
Issued		3,107	3,107
Retired	<u>(4)</u>	<u>(973)</u>	<u>(977)</u>
Balance, June 30, 2015	\$ <u>77</u>	\$ <u>34,691</u>	\$ <u>34,768</u>

The Town has entered into a Project Loan and Project Grant Agreement with the State of Connecticut Department of Energy and Environmental Protection under the Clean Water Fund Program. As of June 30, 2015, the Town has obtained interim funding obligations of \$34,768, as described in the table above under the Clean Water Fund Program. Subsequent to the completion of the project, the IFO will be converted to a Project Loan Obligation at 2% interest in an amount not less than the project loans advances paid through the project.

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The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 309,418	\$ 56,612	\$ 252,806
Schools	618,836	53,496	565,340
Sewers	515,696	2,380	513,316
Urban renewal	446,937		446,937
Pension deficit	412,557		412,557

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$962,633. At June 30, 2015, authorized and unissued debt amounted to \$60,981, including several public works projects, school renovations, and the Broad Street redevelopment.

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	<u>Major Special Revenue Funds</u>			<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 82	\$ 82
Prepaid expenditures	65				65
Restricted for:					
Unspent grant balances	910			2,451	3,361
Recreation activities				23	23
Libraries				4,075	4,075
Cemeteries				944	944
Education programs				142	142
Committed to:					
Fire district operations		2,035			2,035
Public safety	10				10
Police special services				368	368
Recreation activities				131	131
School food service				978	978
Use of schools				9	9
Emergency employment				35	35
Police department health and welfare				13	13
Assigned to:					
Purchases on order	1,306				1,306
Plan of conservation and development	75				75
Underground storage tank	150				150
Revaluation	200				200
Accrued leave payout	75				75
Unassigned	17,820		(9,507)		8,313
Total Fund Balances	\$ 20,611	\$ 2,035	\$ (9,507)	\$ 10,001	\$ 23,140

Significant encumbrances of \$1,306 and \$15 at June 30, 2015 are contained in the above table in the assigned category of the General Fund and the committed category of the Fire District Fund, respectively.

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9. RISK MANAGEMENT

On July 1, 1983, the Town established the Manchester Self-Insurance Program (MSIP) and the Town of Manchester Medical Insurance Fund (TOMMIF) to account for and finance its uninsured risk of loss. TOMMIF provides the payment of administrative costs and claims. MSIP provides for the purchase of insurance and services, and the payment of costs and claims associated with workers' compensation, automobile liability and general liability. These funds are accounted for as Internal Service Funds.

TOMMIF

Effective July 1, 2007, the Town's self-insurance medical insurance plan is administered by CIGNA Healthcare. The fund is obligated to pay medical claims for participants. An aggregate stop loss provision is included in the administrative agreement, which limits the Town's liability to 120% of claims payments projected by CIGNA Healthcare. The Town has not exceeded the stop loss provision in any of the past three fiscal years.

MSIP

The Town's self-insured program is administered by a third-party administrator and has a self-insured retention (SIR) of \$500 per occurrence for general liability, auto liability and workers' compensation. The Town purchases excess insurance from commercial carriers to provide coverage in excess of the SIR, and for other risks of loss that are not self-insured risks. The Town has not exceeded the SIR for self-insured risks nor have they exceeded commercial coverage for insured risks in any of the past three fiscal years. All funds of the Town participate in the program and make payments to the Risk Management Fund based on estimates of the amount needed to pay prior and current year claims.

There were no significant reductions in insurance coverage from coverage in the prior year for medical insurance, workers' compensation or liability insurance.

Changes in the balances of claims liabilities during the fiscal years ended June 30, 2015 and 2014, for the TOMMIF and MSIP funds are as follows:

	<u>2014</u> <u>TOMMIF</u>	<u>2015</u> <u>TOMMIF</u>	<u>2014</u> <u>MSIP</u>	<u>2015</u> <u>MSIP</u>
Unpaid claims, July 1	\$ 1,717	\$ 1,521	\$ 7,677	\$ 8,437
Incurred claims (including IBNR)	27,770	23,126	2,245	1,586
Claim payments	<u>(27,966)</u>	<u>(22,996)</u>	<u>(1,485)</u>	<u>(1,718)</u>
Unpaid Claims, June 30	<u>\$ 1,521</u>	<u>\$ 1,651</u>	<u>\$ 8,437</u>	<u>\$ 8,305</u>

The claim reserves reported in both the TOMMIF and MSIP funds are based on the requirements of Governmental Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

10. CONTINGENT LIABILITIES

The Town is a party to various legal proceedings that involve claims against the Town. In those cases where a loss is probable and measurable, a liability has been recorded in the self-insurance fund. It is the opinion of Town management and the Town attorney that the ultimate resolution of remaining litigation will not have a material effect on the financial position of the Town.

11. JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with six other municipalities, established the Capital Region East Operating Committee (CREOC) to administer a regional household hazardous waste collection and disposal program. CREOC is comprised of one representative from each participating community with a population of less than 30,000 and two representatives from each participating community with a population of 30,000 or more. The participating communities have agreed that the Regional Household Hazardous Waste collection facility will be established on premises located in and owned by the Town of Manchester. The Town has also been hired by CREOC as Project Administrator/Coordinator to perform administrative services and coordinate the day-to-day operations of the collection program. Except for an obligation to appropriate funds and pay its assessments in amounts necessary to fulfill its obligations pursuant to the agreement establishing CREOC, no participating community has any obligation, entitlement or residual interest. The Town paid an assessment of \$43 to CREOC during the year ended June 30, 2015.

12. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town owns and operates a landfill site located off Olcott Street. State and federal law will require the Town to close the landfill once its capacity is reached and to monitor and maintain the site for 30 years subsequent to closure. Under the provisions of Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the Town recognizes a portion of the closure and postclosure care costs in each operating period even though actual payments will not occur until the landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the balance sheet date. As of June 30, 2015, the Town had recorded a liability of \$15,250 in the Sanitation Enterprise Fund that represents the amount of costs reported to date based on the 78 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$4,214 that will be recognized as the remaining capacity is used (estimated to be 18 years). The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws and other variables.

13. OTHER POSTEMPLOYMENT BENEFITS

A. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Post-Retirement Medical Program (RMP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

Investments are reported at fair value. Investment income is recognized as earned.

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B. Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses. The RMP covers Town, Board of Education, Police and Fire employees. Retired program members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits under the Town's self-insured medical benefits program. The percentage contribution of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this plan.

At July 1, 2014, plan membership consisted of the following:

	Post-Retirement Medical Program
Retired members	\$ 885
Spouses of retired members	486
Active plan members	<u>1,413</u>
Total Participants	<u><u>\$ 2,784</u></u>

C. Funding Policy

The Town funding and payment of postemployment benefits were accounted for in both the General Fund and in an Internal Service Fund on a pay-as-you-go basis through June 30, 2009. On June 15, 2009, the Town established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. As of June 30, 2009, an initial deposit of \$100,000 was made into the trust. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. The Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on 17 distinct groups of employees established within their respective collective bargaining units and include the following:

- Eligibility for benefits range from 15 to 25 years of service at time of retirement determined by collective bargaining unit and date of hire.
- Medical benefits funded by the Town range from 100% cost of coverage for the retiree and dependents up until the employee's death, 100% coverage for retiree only or 50% coverage for retirees depending on date of hire and collective bargaining unit. Some employees, depending upon date of hire, contribute equal to that set forth for active employees within their bargaining unit.
- Life insurance ranging from \$4,000 to \$6,000 (not rounded).

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D. Annual OPEB Cost and Net OPEB Obligations

The Town of Manchester's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	<u>Post-Retirement Medical Program</u>
Annual required contribution (ARC)	\$ 18,044
Interest on net OPEB obligation	1,790
Adjustment to annual required contribution	<u>(1,524)</u>
Annual OPEB cost	18,310
Contributions made	<u>11,416</u>
Increase in net OPEB obligation	6,894
Net OPEB obligation, beginning of year	<u>23,861</u>
Net OPEB Obligation, End of Year	<u><u>\$ 30,755</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2015, 2014 and 2013 is presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 18,310	\$ 11,416	62.35%	\$ 30,755
6/30/2014	17,054	11,053	64.82%	23,861
6/30/2013	15,845	11,711	73.91%	17,860

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

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Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ 560	\$ 170,806	\$ (170,246)	0.30%	\$ 38,148	-446.30%
7/1/2012	601	191,947	(191,346)	0.31%	36,149	-489.50%
7/1/2014	256	169,347	(169,091)	0.15%	54,957	-307.68%

Schedule of Employer Contribution

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/2015	\$ 18,044	63.27%
6/30/2014	16,825	65.70%
6/30/2013	15,593	75.10%

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.25% investment rate of return which reflects that the Town has established an OPEB trust and is prefunding its OPEB benefits. The annual healthcare cost trend rate varies by age and between Board of Education and Town and ranges from 4.6% to 5.8%. The general inflation assumption is 2.7%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2015 was 23 years.

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Fund

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The PERS was established by Town Ordinance, Section 11 Article III of the Town of Manchester Code of Ordinances, which can be amended by legislative action. Article III establishes PERS benefits, member contribution rates and other plan provisions. The PERS does not issue a stand-alone report.

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Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the contributions are due; investment income is recognized when earned. Expenses (benefits, administration and refunds of contributions) are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Plan Description and Benefits Provided

The Town of Manchester Retirement System covers substantially all Town employees except for certified teachers of the Board of Education and the regular members of the Fire Department. Participants are fully vested after five years of service. Employees who retire at normal retirement age receive a benefit equal to 2% (2.5% for Police) of their highest average three years' wages times the number of years of service. Normal retirement age for police officers is the age at which the employee reaches 25 years of service. For all other employees, normal retirement age is 65 for employees hired after July 1, 1995, and either 62 or "Rule of 80" for those employees hired before July 1, 1995. The "Rule of 80" defines normal retirement as the date when years of service and age equal 80. Early retirement benefits are provided at reduced amounts.

At July 1, 2013, Plan membership consisted of the following:

Retirees, disabled employees and beneficiaries currently receiving benefits	609
Terminated Plan members entitled to benefits but not yet receiving them	156
Active Members	<u>690</u>
	<u><u>1,455</u></u>

Funding Policy

Participants are required to contribute as follows: 8.5% for police employees, 6.4% for public works employees and 5.9% for all other "Rule of 80" employees of their earnings to the PERS. The Town is required to contribute 9.2% (13.9% for police employees) of wages to the PERS. Benefits and employee contributions are fixed by contract and may be amended by union negotiations. Administrative costs of the PERS are financed through investment earnings.

Investments

Investment Policy

The Pension Board has adopted an allocation policy/goal. The Pension Board manages the investment mix of the plan by buying and selling assets to maintain an investment mix in line with the Board's allocation policy.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

The following was the Board's adopted asset allocation policy and long-term expected real rate of return as of June 30, 2015:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	24.12%	2.19%
Emerging Market Debt	0.75%	4.04%
Non-US Fixed Income	1.50%	1.41%
Inflation-Indexed Bonds	5.00%	1.30%
Broad US Equities	34.45%	5.88%
Developed Foreign Equities	16.25%	6.05%
Emerging Market Equities	4.93%	8.90%
Hedge Funds / Absolute Return	6.00%	3.36%
Real Estate (Property)	7.00%	4.43%
Total	100.00%	

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.42%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2015 were as follows:

Total pension liability	\$	202,337
Plan fiduciary net position		<u>157,063</u>
Net Pension Liability	\$	<u>45,274</u>
Plan fiduciary net position as a percentage of the total pension liability		77.62%

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	Graded
Payroll growth rate	3.50%
Cost-of-living adjustments	None
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Healthy mortality rates were based on the RP-2000 Mortality Table with separate male and female tables, and separate tables for active members and annuitants with static projection per Scale AA (15 years beyond the valuation date for non-annuitants and 7 years beyond the valuation date for annuitants). Disabled mortality rates were based on 1981 PBGC disabled mortality with social security tables.

Discount Rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2014	\$ 192,759	\$ 158,033	\$ 34,726
Changes for the year:			
Service cost	4,260		4,260
Interest on total pension liability	14,331		14,331
Differences between expected and actual experience	1,090		1,090
Changes in assumptions	2,103		2,103
Employer contributions		5,116	(5,116)
Member contributions		2,459	(2,459)
Net investment income		4,033	(4,033)
Benefit payments, including refund to employee contributions	(12,206)	(12,206)	-
Administrative expenses		(372)	372
Net Changes	9,578	(970)	10,548
Balances as of June 30, 2015	\$ 202,337	\$ 157,063	\$ 45,274

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 7.375%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.375%) or 1 percentage point higher (8.375%) than the current rate:

	<u>1% Decrease (6.375%)</u>	<u>Current Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
Net Pension Liability	\$ 66,921	\$ 45,274	\$ 27,049

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$7,108. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 830	\$ -
Changes of assumptions	1,602	-
Net difference between projected and actual earning on pension plan investments	<u>6,124</u>	<u>-</u>
Total	<u>\$ 8,556</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30

2016	\$ 2,291
2017	2,291
2018	2,291
2019	<u>1,683</u>
Total	<u>\$ 8,556</u>

B. Defined Contribution Plan

The Town of Manchester established a defined contribution plan effective July 1, 2000 to provide benefits at retirement to certain unaffiliated employees of the Town and Board of Education, and members of the residual and supervisory unions of the Town. The Town Pension Board administers this single employer defined contribution benefit plan. Employees eligible to participate in the defined contribution plan who had an accrued benefit under the defined benefit plan were given the ability to elect to convert the funds

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to which they were entitled to the defined contribution plan. For these employees, the value of the accrued benefit was converted to a lump sum and transferred to the member's account balance under the defined contribution plan. Employees are required to contribute 6% of covered salary, which are matched by employer contributions of 6% of covered salary. Employees are fully vested in employee contributions and are fully vested after five years in employer contributions.

The value of the plan at June 30, 2015 is \$21,910. There were 281 participants as of June 30, 2015. During the fiscal year ended June 30, 2015, employees contributed \$633 (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$633. Covered payroll totaled \$10,552. Plan provisions and contribution requirements are established by an ordinance approved by the Town's Board of Directors and may be amended by the Board subject to various bargaining unit approvals.

C. Municipal Employees' Retirement System

Manchester firefighters participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

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Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Non-Service Connected

This applies to employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death Benefit

This applies to employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

Contributions

Member

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reports a liability of \$2,063 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2015, the Town's proportion was 5.7 percent. The increase or decrease in proportion from June 30, 2014 is not available.

TOWN OF MANCHESTER, CONNECTICUT
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For the year ended June 30, 2015, the Town recognized pension expense of \$1,134. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earning on pension plan investments	\$	\$ 979
Contributions after the measurement date	<u>1,199</u>	<u></u>
Total	<u>\$ 1,199</u>	<u>\$ 979</u>

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30

2016	\$ 245
2017	245
2018	245
2019	<u>244</u>
Total	<u>\$ 979</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset

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class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (Non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	.4%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Town's proportionate share of the net pension liability	\$ 6,889	\$ 2,063	\$ (1,943)

Plan Fiduciary Net Position

The audited amounts as presented in the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2014 have been adjusted to be in accordance with the requirements of GASB No. 67 and 68. The adjustment to the contribution receivable increased the net position as previously reported from \$2,175,433 to \$2,262,724. The net pension liability at June 30, 2014 has been calculated using the adjusted amounts.

D. Teachers' Retirement System

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(Amounts Expressed in Thousands)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>119,801</u>
Total	<u>\$ 119,801</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$8,989 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the

TOWN OF MANCHESTER, CONNECTICUT
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expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Amounts Expressed in Thousands)

15. PENSION AND OPEB TRUST FUND STATEMENTS

	Pension Trust Fund	Retiree Health Care Trust Fund	Total Trust Funds
Assets:			
Investments:			
Common stock	\$ 4,986	\$	\$ 4,986
Taxable liquid funds	81		81
Money market funds	639	1,411	2,050
Partnerships	802		802
Property funds	10,441		10,441
Mutual funds	140,033		140,033
Accounts receivable	123		123
Total assets	157,105	1,411	158,516
Liabilities:			
Accounts and other payables	8		8
Interfund payable	34	2,053	2,087
Total liabilities	42	2,053	2,095
Net Position:			
Held in Trust for OPEB Benefits		(642)	(642)
Held in Trust for Pension Benefits	157,063		157,063
Total Net Position	\$ 157,063	\$ (642)	\$ 156,421
Additions:			
Contributions:			
Employer	\$ 5,116	\$ 11,416	\$ 16,532
Plan members	2,459		2,459
Total contributions	7,575	11,416	18,991
Investment income:			
Net appreciation in fair value of investments	1,387		1,387
Interest and dividends	2,214		2,214
Income from real estate investments	432		432
Total investment income	4,033	-	4,033
Total additions	11,608	11,416	23,024
Deductions:			
Benefits	12,206	12,232	24,438
Administration	372	82	454
Total deductions	12,578	12,314	24,892
Net Increase (Decrease) in Net Position	(970)	(898)	(1,868)
Net Position at Beginning of Year	158,033	256	158,289
Net Position at End of Year	\$ 157,063	\$ (642)	\$ 156,421

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Amounts Expressed in Thousands)

16. SUBSEQUENT EVENTS

On July 3, 2014, the Town issued \$17,132 of General Obligation temporary notes with an interest rate of 1.25% and a maturity of February 23, 2016, and \$27,860 of General Obligation Refunding Bonds between 2.00% and 5.00% and a final maturity of August 1, 2027.

17. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental and business type activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68:

The following restatements were recorded on a government wide basis:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position balance at June 30, 2014, as previously reported	\$ 113,032	\$ 53,224	\$ 166,256
Adjustments:			
Record net pension liability per GASB No. 68	(35,018)	(3,143)	(38,161)
Record deferred outflow of resources related to contributions subsequent to the plan measurement date per GASB No. 71	1,200		1,200
Net Position Balance at July 1, 2014, as Restated	<u>\$ 79,214</u>	<u>\$ 50,081</u>	<u>\$ 129,295</u>

The following restatements were recorded on a fund basis:

	<u>Business Type Activities</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Net position balance at June 30, 2014, as previously reported	\$ 13,088	\$ 25,401	\$ 14,735	\$ 53,224
Adjustments:				
Record starting net pension liability per GASB No. 68	(2,059)	(799)	(285)	(3,143)
Net Position Balance at July 1, 2014, as Restated	<u>\$ 11,029</u>	<u>\$ 24,602</u>	<u>\$ 14,450</u>	<u>\$ 50,081</u>

**Required Supplementary
Information**

TOWN OF MANCHESTER, CONNECTICUT
GENERAL FUND AND FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	General Fund				Fire District Fund			
	Original Budget	Revised Budget	Actual	Variance Over (Under)	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:								
Property taxes, interest and lien fees	\$ 133,186	\$ 133,186	\$ 134,379	\$ 1,193	\$ 12,069	\$ 12,069	\$ 12,121	\$ 52
Intergovernmental revenue	35,833	35,862	36,077	215	116	116	115	(1)
Investment and interest income	355	355	63	(292)	3	3	5	2
Licenses, permits and fines	1,783	1,783	2,096	313				-
Charges for goods and services	1,582	1,888	1,752	(136)	515	515	717	202
Other	153	153	585	432			17	17
Total revenues	<u>172,892</u>	<u>173,227</u>	<u>174,952</u>	<u>1,725</u>	<u>12,703</u>	<u>12,703</u>	<u>12,975</u>	<u>272</u>
Expenditures:								
Current:								
General government	5,808	5,808	5,558	250				-
Public works	13,980	14,080	13,672	408				-
Public safety	18,716	18,712	18,448	264	14,980	13,826	13,364	462
Human services	2,973	2,923	2,779	144				-
Leisure services	5,728	5,707	5,571	136				-
Employee benefits	3,108	3,050	3,045	5				-
Other	331	212	177	35				-
Education	107,922	108,228	108,211	17				-
Internal service fund charges	1,117	2,639	2,639	-	464	464	464	-
Debt service	9,702	9,963	9,963	-	161	161	161	-
Capital outlay				-	160	160	111	49
Total expenditures	<u>169,385</u>	<u>171,322</u>	<u>170,063</u>	<u>1,259</u>	<u>15,765</u>	<u>14,611</u>	<u>14,100</u>	<u>511</u>
Excess (deficiency) of revenues over expenditu	<u>3,507</u>	<u>1,905</u>	<u>4,889</u>	<u>2,984</u>	<u>(3,062)</u>	<u>(1,908)</u>	<u>(1,125)</u>	<u>783</u>
Other financing sources (uses):								
Transfers in	1,719	1,799	1,616	(183)	2,117	2,117	2,126	(9)
Transfers out	(5,226)	(3,704)	(4,065)	(361)	(451)	(518)	(518)	-
Premium on bond sale			60	60				-
Total other financing sources (uses)	<u>(3,507)</u>	<u>(1,905)</u>	<u>(2,389)</u>	<u>(484)</u>	<u>1,666</u>	<u>1,599</u>	<u>1,608</u>	<u>(9)</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	2,500	\$ <u>2,500</u>	\$ <u>(1,396)</u>	\$ <u>(309)</u>	483	\$ <u>774</u>
Fund Balances, Beginning of Year			<u>16,805</u>				<u>1,537</u>	
Fund Balances, End of Year			\$ <u>19,305</u>				\$ <u>2,020</u>	

**TOWN OF MANCHESTER, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

The following is an explanation of differences between budgetary revenues and expenditures (RSI-1) and GAAP revenues and expenditures (Exhibit IV):

	<u>General Fund</u>	<u>Fire District</u>
<u>R E V E N U E S</u>		
Non-GAAP budgetary basis - RSI-1	\$ 174,952	\$ 12,975
State of Connecticut on-behalf contributions to the Connecticut Teachers' Retirement System for Town teachers are not budgeted	11,205	
Excess cost grant revenue is budgeted as a credit to education expenditures	1,009	
Prior year encumbrances cancelled	<u>(93)</u>	<u>(17)</u>
GAAP basis - Exhibit IV	<u><u>\$ 187,073</u></u>	<u><u>\$ 12,958</u></u>
<u>E X P E N D I T U R E S</u>		
Non-GAAP budgetary basis - RSI-1	\$ 170,063	\$ 14,100
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	11,205	
Excess cost grant revenue is budgeted as a credit to education expenditures	1,009	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes:		
June 30, 2014	2,335	
June 30, 2015	<u>(1,193)</u>	<u>(15)</u>
GAAP basis - Exhibit IV	<u><u>\$ 183,419</u></u>	<u><u>\$ 14,085</u></u>

TOWN OF MANCHESTER, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN
LAST TWO FISCAL YEARS
(In Thousands)

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 4,408	\$ 4,260
Interest	13,895	14,331
Differences between expected and actual experience	(469)	1,090
Changes of assumptions		2,103
Benefit payments, including refunds of member contributions	<u>(11,649)</u>	<u>(12,206)</u>
Net change in total pension liability	6,185	9,578
Total pension liability - beginning	<u>186,574</u>	<u>192,759</u>
Total pension liability - ending	<u>192,759</u>	<u>202,337</u>
Plan fiduciary net position:		
Contributions - employer	5,124	5,116
Contributions - member	2,330	2,459
Net investment income	20,493	4,033
Benefit payments, including refunds of member contributions	(11,649)	(12,206)
Administrative expense	<u>(389)</u>	<u>(372)</u>
Net change in plan fiduciary net position	15,909	(970)
Plan fiduciary net position - beginning	<u>142,124</u>	<u>158,033</u>
Plan fiduciary net position - ending	<u>158,033</u>	<u>157,063</u>
Net Pension Liability - Ending	\$ <u>34,726</u>	\$ <u>45,274</u>
Plan fiduciary net position as a percentage of the total pension liability	81.98%	77.62%
Covered-employee payroll	\$ 33,572	\$ 34,496
Net pension liability as a percentage of covered-employee payroll	103.44%	131.24%

TOWN OF MANCHESTER, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS
(In Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 3,085	\$ 3,854	\$ 4,159	\$ 3,561	\$ 4,138	\$ 4,477	\$ 5,038	\$ 4,929	\$ 5,124	\$ 5,116
Contributions in relation to the actuarially determined contribution	3,085	3,854	4,159	3,561	4,137	4,477	5,038	4,929	5,124	5,116
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 27,566	\$ 25,158	\$ 30,458	\$ 40,042	\$ 29,322	\$ 30,623	\$ 30,490	\$ 36,222	\$ 33,572	\$ 34,496
Contributions as a percentage of covered-employee payroll	11.19%	15.32%	13.65%	8.89%	14.11%	14.62%	16.52%	13.61%	15.26%	14.83%

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: 2015

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-year Asymptotic (80% to 120% of market value)
Inflation	2.75%
Salary increases	4.5% Graded by age
Investment rate of return	7.375%, net of pension plan investment expense, including
Retirement age	General Employees: Age 65 with 5 years of contributory service, or special retirement (age 62 with 25 years of contributory service). Rule of 80 employees: Earlier of the above or age plus years of contributory service of at least 80 or age 62 if hired before 7/1/1995. Early Retirement: Age 55 and 5 years of contributory service. Police Employees: Earlier of age 50 or 25 years of service.
Mortality	Healthy Mortality - RP-2000 Mortality Table for Employees and Healthy Annuitants with status projection per Scale AA (15 years beyond the valuation date for non-annuitants and 7 years beyond the valuation date for annuitants) Disabled Mortality - RP-2000 Disabled Mortality. This assumption does not include a margin for mortality

**TOWN OF MANCHESTER, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN
LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	14.19%	2.42%

TOWN OF MANCHESTER, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
LAST FISCAL YEAR
(In Thousands)

	2015
Town's proportion of the net pension liability (asset)	0.00%
Town's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the Town	<u>119,801</u>
Total	<u>\$ 119,801</u>
Town's covered-employee payroll	\$ 45,410
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

TOWN OF MANCHESTER, CONNECTICUT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST FISCAL YEAR
(In Thousands)

	2015
Town's proportion of the net pension liability	0.00%
Town's proportionate share of the net pension liability	\$ 3,435
Town's covered-employee payroll	\$ 7,464
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.02%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

**TOWN OF MANCHESTER, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 450	\$ 495	\$ 521	\$ 538	\$ 642	\$ 935	\$ 1,119	\$ 1,141	\$ 1,200	\$ 1,199
Contributions in relation to the actuarially determined contribution	<u>450</u>	<u>495</u>	<u>521</u>	<u>538</u>	<u>642</u>	<u>935</u>	<u>1,119</u>	<u>1,141</u>	<u>1,200</u>	<u>1,199</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,833	\$ 5,381	\$ 5,698	\$ 5,978	\$ 6,186	\$ 6,482	\$ 7,179	\$ 7,325	\$ 7,492	\$ 7,464
Contributions as a percentage of covered-employee payroll	9.31%	9.20%	9.14%	9.00%	10.38%	14.42%	15.59%	15.58%	16.02%	16.06%

Notes to Schedule

Valuation date: June 30, 2014

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	27 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
Investment rate of return	8%, net of investment related expense
Changes in assumptions:	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

To account for the general operations of the Town except those required to be accounted for in another fund.

TOWN OF MANCHESTER, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014
(In Thousands)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 6,652	\$ 9,771
Investments	1,709	2,730
Property taxes receivable (net of allowance for uncollectibles of \$881 in 2015 and 2014)	4,498	4,556
Accrued interest on taxes	1,231	1,267
Accounts receivable	65	105
Intergovernmental receivables	27	18
Due from special services district	10	17
Interfund receivables	22,577	19,656
Other assets	<u>65</u>	<u>23</u>
Total Assets	\$ <u>36,834</u>	\$ <u>38,143</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and other payables	\$ 1,858	\$ 2,229
Accrued liabilities	1,592	1,446
Intergovernmental payables	30	31
Unearned revenue	<u>35</u>	<u>35</u>
Total liabilities	<u>3,480</u>	<u>3,741</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	5,236	5,268
Advanced property tax collections	<u>7,507</u>	<u>9,788</u>
Total deferred inflows of resources	<u>12,743</u>	<u>15,056</u>
Fund Balance:		
Nonspendable	65	23
Restricted	910	1,009
Committed	10	17
Assigned	1,806	4,410
Unassigned	<u>17,820</u>	<u>13,887</u>
Total fund balance	<u>20,611</u>	<u>19,346</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>36,834</u>	\$ <u>38,143</u>

**TOWN OF MANCHESTER, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

Grand List	Uncollected Taxes July 1, 2014	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2015
		Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2013	\$ 134,778	\$ 1,974	\$ 369	\$ 7	\$ 136,376	\$ 133,806	\$ 461	\$ 2	\$ 134,269	\$ 2,570
2012	2,557	62	66	8	2,545	1,381	317	5	1,703	1,164
2011	1,278	42	12	21	1,287	564	193	2	759	723
2010	754	15	22	211	536	222	113	1	336	314
2009	303		1	5	297	84	62	1	147	213
2008	203		1	5	197	52	43		95	145
2007	128		1	8	119	29	30		59	90
2006	87		1	6	80	18	22		40	62
2005	36		1	6	29	3	14		17	26
2004	22		1	4	17	2	9		11	15
2003	13		1		12		3		3	12
2002	13		1		12		7		7	12
2001	13		1		12		4		4	12
2000	11				11		4		4	11
1999	11		1		10		3		3	10
Total	\$ <u>140,207</u>	\$ <u>2,093</u>	\$ <u>479</u>	\$ <u>281</u>	\$ <u>141,540</u>	136,161	1,285	11	137,457	\$ <u>5,379</u>
Suspense collections						<u>56</u>			<u>56</u>	
Total collections						\$ <u>136,217</u>	\$ <u>1,285</u>	\$ <u>11</u>	\$ <u>137,513</u>	

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Police Special Services Fund	Charges for services	Police traffic control
Recreation Activities	Charges for services	Recreation leisure programs
Education Special Grants Fund	State and Federal grants	Educational purposes
Special Projects Fund	Various sources	Dedicated gifts and grants
Cafeteria Fund	Sale of food and grants	School food service program
Community Use of Schools	Charges for services	Rental of school facilities
Community Development Block Grant Fund	Federal grants	Community development activities
Housing Rehab	Grant and loan repayment	Improvement loans
Neighborhood Housing Predevelopment Fund	Intergovernmental revenue	Neighborhood housing activities
Levi Drake Fund	Trust and investment income	Library purposes
Emergency Employment Fund	Trust and investment income	General social welfare
Mary Cheney Library Fund	Trust and investment income	Purchase of books for the library
Whiton Library Fund	Trust and investment income	Support of library
Manchester Police Department Health and Welfare Fund	Trust and investment income	Needy Manchester Police and/or their survivors
Library Appreciation Fund	Trust and investment income	Library purposes
Foulds Family Foundation	Trust and investment income	Recreational programs
R. B. Bagley Memorial Book Fund	Trust and investment income	Purchase of books for the library
Trust Funds - Board of Education	Trust and investment income	Education related purposes
Wilma D. Marlow Fund	Trust and investment income	General support of library
Newton B. Taggart Fund	Trust and investment income	Purchase of books
East Cemetery Trust Fund	Trust and investment income	Perpetual care
Consolidated Cemetery Trust Fund	Trust and investment income	Perpetual care
Trust Funds Held at the Board of Education	Trust and investment income	Education related purposes
Library Trust Fund	Trust and investment income	Purchase of books for the library

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Fund	Funding Source	Function
Jarvis Library Fund	Trust and investment income	Perpetual care

TOWN OF MANCHESTER, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

EXHIBIT B-1

	Special Revenue Funds								
	Police Special Services Fund	Recreation Activities	Education Special Grants Fund	Special Projects Fund	Cafeteria Fund	Community Use of Schools	Community Development Block Grant Fund	Housing Rehab	Neighborhood Housing Predevelopment Fund
ASSETS									
Cash and cash equivalents	\$ 256	\$ 159	\$ 453	\$ 2,001	\$ 644	\$ 5	\$	\$ 111	\$ 47
Investments									
Accounts receivable	117			2	5	4		41	4
Intergovernmental receivables			747	145	568		278		
Inventory					82				
Other assets				2					
Total Assets	<u>\$ 373</u>	<u>\$ 159</u>	<u>\$ 1,200</u>	<u>\$ 2,150</u>	<u>\$ 1,299</u>	<u>\$ 9</u>	<u>\$ 278</u>	<u>\$ 152</u>	<u>\$ 51</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payable	\$ 5	\$ 15	\$ 738	\$ 101	\$ 236	\$	\$ 101	\$	
Accrued liabilities		6			3				
Interfund payable							173		
Unearned revenue		7	241					22	4
Total liabilities	<u>5</u>	<u>28</u>	<u>979</u>	<u>101</u>	<u>239</u>	<u>-</u>	<u>274</u>	<u>22</u>	<u>4</u>
Fund Balances:									
Nonspendable					82				
Restricted			221	2,049			4	130	47
Committed	368	131			978	9			
Total fund balances	<u>368</u>	<u>131</u>	<u>221</u>	<u>2,049</u>	<u>1,060</u>	<u>9</u>	<u>4</u>	<u>130</u>	<u>47</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 373</u>	<u>\$ 159</u>	<u>\$ 1,200</u>	<u>\$ 2,150</u>	<u>\$ 1,299</u>	<u>\$ 9</u>	<u>\$ 278</u>	<u>\$ 152</u>	<u>\$ 51</u>

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TOWN OF MANCHESTER, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

EXHIBIT B-1

	Special Revenue Funds								
	Levi Drake Fund	Emergency Employment Fund	Mary Cheney Library Fund	Whiton Library Fund	Police Department Health and Welfare Fund	Library Appreciation Fund	Foulds Family Foundation	R.B. Bagley Memorial Book Fund	Trust Funds - Board of Education
ASSETS									
Cash and cash equivalents	\$ 71	\$ 35	\$ 1	\$ 2	\$ 13	\$ 8	\$ 23	\$ 5	\$ 1
Investments				1,039					
Accounts receivable									
Intergovernmental receivables									
Inventory									
Other assets									
Total Assets	<u>\$ 71</u>	<u>\$ 35</u>	<u>\$ 1</u>	<u>\$ 1,041</u>	<u>\$ 13</u>	<u>\$ 8</u>	<u>\$ 23</u>	<u>\$ 5</u>	<u>\$ 1</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payable	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities									
Interfund payable									
Unearned revenue									
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable									
Restricted	71		1	1,041		8	23	5	1
Committed		35			13				
Total fund balances	<u>71</u>	<u>35</u>	<u>1</u>	<u>1,041</u>	<u>13</u>	<u>8</u>	<u>23</u>	<u>5</u>	<u>1</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 71</u>	<u>\$ 35</u>	<u>\$ 1</u>	<u>\$ 1,041</u>	<u>\$ 13</u>	<u>\$ 8</u>	<u>\$ 23</u>	<u>\$ 5</u>	<u>\$ 1</u>

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**TOWN OF MANCHESTER, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)**

EXHIBIT B-1

	Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds
	Wilma D. Marlow Fund	Newton B. Taggart Fund	East Cemetery Trust Fund	Consolidated Cemetery Trust Fund	Trust Funds Held at the Board of Education	Library Trust Fund	Jarvis Library Fund	
ASSETS								
Cash and cash equivalents	\$ 8	\$	\$ 184	\$	\$ 136	\$ 104	\$	\$ 4,267
Investments		1,109	471	300			2,690	5,609
Accounts receivable			8					181
Intergovernmental receivables								1,738
Inventory								82
Other assets								2
Total Assets	<u>\$ 8</u>	<u>\$ 1,109</u>	<u>\$ 663</u>	<u>\$ 300</u>	<u>\$ 136</u>	<u>\$ 104</u>	<u>\$ 2,690</u>	<u>\$ 11,879</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payable	\$	\$	\$	\$	\$	\$	\$	\$ 1,196
Accrued liabilities								9
Interfund payable		97		19		18	92	399
Unearned revenue								274
Total liabilities	<u>-</u>	<u>97</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>18</u>	<u>92</u>	<u>1,878</u>
Fund Balances:								
Nonspendable							750	832
Restricted	8	1,012	663	281	136	86	1,848	7,635
Committed								1,534
Total fund balances	<u>8</u>	<u>1,012</u>	<u>663</u>	<u>281</u>	<u>136</u>	<u>86</u>	<u>2,598</u>	<u>10,001</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8</u>	<u>\$ 1,109</u>	<u>\$ 663</u>	<u>\$ 300</u>	<u>\$ 136</u>	<u>\$ 104</u>	<u>\$ 2,690</u>	<u>\$ 11,879</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

EXHIBIT B-2

	Special Revenue Funds							
	Police Special Services Fund	Recreation Activities	Education Special Grants Fund	Special Projects Fund	Cafeteria Fund	Community Use of Schools	Community Development Block Grant Fund	Neighborhood Housing Predevelopment Fund
Revenue:								
Intergovernmental revenue	\$	\$	\$ 12,089	\$ 1,644	\$ 2,436	\$	\$ 547	\$
Investment income								
Net increase in the fair value of investments								
Charges for goods and services	824	275		73	1,020	83		
Other		5	468	195				
Total revenues	<u>824</u>	<u>280</u>	<u>12,557</u>	<u>1,912</u>	<u>3,456</u>	<u>83</u>	<u>547</u>	<u>-</u>
Expenditures:								
Current:								
General government				40			99	
Public works				169			57	
Public safety	771			1,059				
Human services				1,185			391	
Recreation		317		191				
Library								
Education			12,779		3,370	94		
Other								
Total expenditures	<u>771</u>	<u>317</u>	<u>12,779</u>	<u>2,644</u>	<u>3,370</u>	<u>94</u>	<u>547</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>53</u>	<u>(37)</u>	<u>(222)</u>	<u>(732)</u>	<u>86</u>	<u>(11)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in			153	357		4		
Transfers out	(80)							
Total other financing sources (uses)	<u>(80)</u>	<u>-</u>	<u>153</u>	<u>357</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(27)	(37)	(69)	(375)	86	(7)	-	-
Fund balances, beginning of year	<u>395</u>	<u>168</u>	<u>290</u>	<u>2,424</u>	<u>974</u>	<u>16</u>	<u>4</u>	<u>47</u>
Fund Balances, End of Year	<u>\$ 368</u>	<u>\$ 131</u>	<u>\$ 221</u>	<u>\$ 2,049</u>	<u>\$ 1,060</u>	<u>\$ 9</u>	<u>\$ 4</u>	<u>\$ 47</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

EXHIBIT B-2

	Special Revenue Funds								
	Levi Drake Fund	Emergency Employment Fund	Mary Cheney Library Fund	Whiton Library Fund	Police Department Health and Welfare Fund	Library Appreciation Fund	Foulds Family Foundation	R.B. Bagley Memorial Book Fund	Trust Funds - Board of Education
Revenue:									
Intergovernmental revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment income				29					
Net increase in the fair value of investments				(34)					
Charges for goods and services									
Other					1				
Total revenues	-	-	-	(5)	1	-	-	-	-
Expenditures:									
Current:									
General government									
Public works									
Public safety									
Human services									
Recreation									
Library				7					
Education									
Other	24				5				
Total expenditures	24	-	-	7	5	-	-	-	-
Excess (deficiency) of revenues over expenditures	(24)	-	-	(12)	(4)	-	-	-	-
Other financing sources (uses):									
Transfers in									
Transfers out				(100)					
Total other financing sources (uses)	-	-	-	(100)	-	-	-	-	-
Net change in fund balances	(24)	-	-	(112)	(4)	-	-	-	-
Fund balances, beginning of year	95	35	1	1,153	17	8	23	5	1
Fund Balances, End of Year	\$ 71	\$ 35	\$ 1	\$ 1,041	\$ 13	\$ 8	\$ 23	\$ 5	\$ 1

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

EXHIBIT B-2

	Special Revenue Funds						Permanent Fund		
	Wilma D. Marlow Fund	Newton B. Taggart Fund	East Cemetery Trust Fund	Consolidated Cemetery Trust Fund	Trust Funds Held at the Board of Education	Library Trust Fund	Total	Jarvis Library Fund	Total Nonmajor Governmental Funds
Revenue:									
Intergovernmental revenue	\$	\$	\$	\$	\$	\$	16,716	\$	\$ 16,716
Investment income		26	11	8	1		75	70	145
Net increase in the fair value of investments		(31)	(17)	(4)			(86)	(83)	(169)
Charges for goods and services			37				2,312		2,312
Other					2	11	682		682
Total revenues	-	(5)	31	4	3	11	19,699	(13)	19,686
Expenditures:									
Current:									
General government							139		139
Public works							226		226
Public safety							1,830		1,830
Human services							1,576		1,576
Recreation							508		508
Library		48				10	65	62	127
Education							16,243		16,243
Other			2	2			33		33
Total expenditures	-	48	2	2	-	10	20,620	62	20,682
Excess (deficiency) of revenues over expenditures	-	(53)	29	2	3	1	(921)	(75)	(996)
Other financing sources (uses):									
Transfers in							514		514
Transfers out							(180)		(180)
Total other financing sources (uses)	-	-	-	-	-	-	334	-	334
Net change in fund balances	-	(53)	29	2	3	1	(587)	(75)	(662)
Fund balances, beginning of year	8	1,065	634	279	133	85	7,990	2,673	10,663
Fund Balances, End of Year	\$ 8	\$ 1,012	\$ 663	\$ 281	\$ 136	\$ 86	\$ 7,403	\$ 2,598	\$ 10,001

Internal Service Funds

INTERNAL SERVICE FUNDS

Information Services Fund: Operation of and staffing for the Town's central data processing facility is wholly supported by contributions from the Town's General, Water, Sewer, Sanitation and Fire Funds and the Downtown Special Services District Component Unit.

Manchester Self-Insurance Program (MSIP): All costs associated with the Town's risk management operations are centralized in this fund. Fund income is in the form of prorata contributions from the Town's General, Water, Sewer, Sanitation, Fire and Data Processing Funds.

Town of Manchester Medical Insurance Fund (TOMMIF): All costs associated with the funding and operation of a self-insured employees' health benefits fund.

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015
(In Thousands)

	<u>Information Systems Fund</u>	<u>Manchester Self- Insurance Program</u>	<u>Town of Manchester Medical Insurance Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,927	\$ 9,010	\$ 17,937	\$ 28,874
Investments			6,896	6,896
Receivables			1	1
Prepaid expenses		4		4
Total current assets	<u>1,927</u>	<u>9,014</u>	<u>24,834</u>	<u>35,775</u>
Noncurrent assets:				
Capital assets, net	562			562
Total assets	<u>2,489</u>	<u>9,014</u>	<u>24,834</u>	<u>36,337</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Current liabilities:				
Accounts and other payables	16	198	5	219
Interfund payables	278		821	1,099
Claims payable		3,176	1,651	4,827
Compensated absences payable	91	12		103
Total current liabilities	<u>385</u>	<u>3,386</u>	<u>2,477</u>	<u>6,248</u>
Noncurrent liabilities:				
Compensated absences payable	212	18		230
Claims payable		5,129		5,129
Total noncurrent liabilities	<u>212</u>	<u>5,147</u>	<u>-</u>	<u>5,359</u>
Total liabilities	<u>597</u>	<u>8,533</u>	<u>2,477</u>	<u>11,607</u>
NET POSITION				
Net Position:				
Net investment in capital assets	562			562
Unrestricted	<u>1,330</u>	<u>481</u>	<u>22,357</u>	<u>24,168</u>
Total Net Position	<u>\$ 1,892</u>	<u>\$ 481</u>	<u>\$ 22,357</u>	<u>\$ 24,730</u>

**TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
Operating Revenues:				
Charges for services	\$ 1,740	\$ 3,470	\$ 26,310	\$ 31,520
Other		155	4	159
Total operating revenues	<u>1,740</u>	<u>3,625</u>	<u>26,314</u>	<u>31,679</u>
Operating Expenses:				
General operating	1,609	343	1,272	3,224
Claims expense		3,238	21,828	25,066
Depreciation expense	183			183
Total operating expenses	<u>1,792</u>	<u>3,581</u>	<u>23,100</u>	<u>28,473</u>
Operating Income (Loss)	(52)	44	3,214	3,206
Nonoperating Revenues:				
Interest on investments	<u>3</u>	<u>13</u>	<u>97</u>	<u>113</u>
Change in Net Position	(49)	57	3,311	3,319
Net Position at Beginning of Year	<u>1,941</u>	<u>424</u>	<u>19,046</u>	<u>21,411</u>
Net Position at End of Year	<u>\$ 1,892</u>	<u>\$ 481</u>	<u>\$ 22,357</u>	<u>\$ 24,730</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
Cash Flows from Operating Activities:				
Cash received from users	\$ 1,740	\$ 3,470	\$ 27,444	\$ 32,654
Cash received from insurance proceeds		155		155
Cash paid to suppliers for goods and services	(360)	(383)	(451)	(1,194)
Cash paid to employees	(999)	(81)		(1,080)
Cash paid for insurance claims and premiums		(3,370)	(21,698)	(25,068)
Net cash provided by (used in) operating activities	<u>381</u>	<u>(209)</u>	<u>5,295</u>	<u>5,467</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of fixed assets	<u>(32)</u>			<u>(32)</u>
Cash Flows from Investing Activities:				
Interest received	3	13	97	113
Sale of investments		40	6,409	6,449
Net cash provided by (used in) investing activities	<u>3</u>	<u>53</u>	<u>6,506</u>	<u>6,562</u>
Net Increase (Decrease) in Cash and Cash Equivalents	352	(156)	11,801	11,997
Cash and Cash Equivalents at Beginning of Year	<u>1,575</u>	<u>9,166</u>	<u>6,136</u>	<u>16,877</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,927</u>	<u>\$ 9,010</u>	<u>\$ 17,937</u>	<u>\$ 28,874</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (52)	\$ 44	\$ 3,214	\$ 3,206
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	183			183
(Increase) decrease in accounts receivable and other prepaid assets			1,130	1,130
Increase (decrease) in accounts payable	(30)	(122)		(152)
Increase (decrease) in interfunds payable	278		821	1,099
Increase (decrease) in compensated absences payable	2	1		3
Increase (decrease) in claims payable		(132)	130	(2)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 381</u>	<u>\$ (209)</u>	<u>\$ 5,295</u>	<u>\$ 5,467</u>

Agency Funds

AGENCY FUNDS

Plan Deposit Fund - Deposits held pending return of plans and specifications for various Town activities.

Student Activity Fund - To account for funds used for after school activities.

Senior Center Activities Fund - To account for funds used for senior citizens' activities.

Maintenance Bond Fund - Interest bearing funds held pending completion of obligations under contract with the Town.

Redevelopment Agency Fund - To account for SCPRI loan from the State of Connecticut Department of Economic and Community Development to the Manchester Redevelopment Agency.

TOWN OF MANCHESTER, CONNECTICUT
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015
(In Thousands)

	Plan Deposit Fund	Student Activity Fund	Senior Center Activities Fund	Maintenance Bond Fund	Redevelopment Agency Fund	Total
ASSETS						
Cash and cash equivalents	\$ <u>20</u>	\$ <u>499</u>	\$ <u>47</u>	\$ <u>331</u>	\$ <u>4</u>	\$ <u>901</u>
LIABILITIES						
Deposits held for others	\$ <u>20</u>	\$ <u>499</u>	\$ <u>47</u>	\$ <u>331</u>	\$ <u>4</u>	\$ <u>901</u>

TOWN OF MANCHESTER, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Plan Deposit Fund				
Assets:				
Cash and cash equivalents	\$ <u>20</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20</u>
Liabilities:				
Deposits held for others	\$ <u>20</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>422</u>	\$ <u>1,033</u>	\$ <u>956</u>	\$ <u>499</u>
Liabilities:				
Deposits held for others	\$ <u>422</u>	\$ <u>1,033</u>	\$ <u>956</u>	\$ <u>499</u>
Senior Center Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>46</u>	\$ <u>24</u>	\$ <u>23</u>	\$ <u>47</u>
Liabilities:				
Deposits held for others	\$ <u>46</u>	\$ <u>24</u>	\$ <u>23</u>	\$ <u>47</u>
Maintenance Bond Fund				
Assets:				
Cash and cash equivalents	\$ <u>239</u>	\$ <u>101</u>	\$ <u>9</u>	\$ <u>331</u>
Liabilities:				
Deposits held for others	\$ <u>239</u>	\$ <u>101</u>	\$ <u>9</u>	\$ <u>331</u>
Redevelopment Agency Fund				
Assets:				
Cash and cash equivalents	\$ <u>4</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4</u>
Liabilities:				
Deposits held for others	\$ <u>4</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>731</u>	\$ <u>1,158</u>	\$ <u>988</u>	\$ <u>901</u>
Liabilities:				
Deposits held for others	\$ <u>731</u>	\$ <u>1,158</u>	\$ <u>988</u>	\$ <u>901</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

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

TABLE 1

TOWN OF MANCHESTER, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2015</u>	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:										
Net investment in capital assets	\$ 102,486	\$ 104,535	\$ 100,236	\$ 103,203	\$ 99,265	\$ 94,969	\$ 104,570	\$ 85,637	\$ 89,227	\$ 68,196
Restricted	2,598	2,673	2,310	2,036	1,715	4,163	3,702	4,248	4,634	2,749
Unrestricted	(30,063)	(29,194)	6,314	3,386	6,333	6,886	(1,969)	17,822	(3,330)	(6,672)
Total governmental activities net position	<u>75,021</u>	<u>78,014</u>	<u>108,860</u>	<u>108,625</u>	<u>107,313</u>	<u>106,018</u>	<u>106,303</u>	<u>107,707</u>	<u>90,531</u>	<u>64,273</u>
Business-type activities:										
Net investment in capital assets	27,721	34,104	34,397	33,007	29,404	25,753	26,098	24,060	24,704	26,485
Unrestricted	<u>25,995</u>	<u>15,977</u>	<u>13,520</u>	<u>7,550</u>	<u>10,808</u>	<u>17,057</u>	<u>18,590</u>	<u>30,569</u>	<u>29,208</u>	<u>25,672</u>
Total business-type activities net position	<u>53,716</u>	<u>50,081</u>	<u>47,917</u>	<u>40,557</u>	<u>40,212</u>	<u>42,810</u>	<u>44,688</u>	<u>54,629</u>	<u>53,912</u>	<u>52,157</u>
Primary government:										
Net investment in capital assets	130,207	138,639	134,633	136,210	128,669	120,722	130,668	109,697	113,931	94,681
Restricted	2,598	2,673	2,310	2,036	1,715	4,163	3,702	4,248	4,634	2,749
Unrestricted	<u>(4,068)</u>	<u>24,944</u>	<u>19,834</u>	<u>10,936</u>	<u>17,141</u>	<u>23,943</u>	<u>16,621</u>	<u>48,391</u>	<u>25,878</u>	<u>19,000</u>
Total Primary Government Net Position	<u>\$ 128,737</u>	<u>\$ 166,256</u>	<u>\$ 156,777</u>	<u>\$ 149,182</u>	<u>\$ 147,525</u>	<u>\$ 148,828</u>	<u>\$ 150,991</u>	<u>\$ 162,336</u>	<u>\$ 144,443</u>	<u>\$ 116,430</u>

*Restated - GASB 68 implementation

Notes:

(1) Schedule prepared on the accrual basis of accounting.

TABLE 2

TOWN OF MANCHESTER, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General government	\$ 7,292	\$ 7,321	\$ 6,171	\$ 6,134	\$ 6,190	\$ 7,759	\$ 4,079	\$ 7,537	\$ 4,291	\$ 5,730
Public works	21,410	20,796	21,309	22,705	23,244	19,734	19,094	16,321	16,434	15,552
Public safety	38,626	36,259	35,564	35,008	33,808	31,919	32,588	37,270	27,214	25,374
Human services	4,450	4,510	4,480	4,499	5,114	4,063	5,213	5,246	4,176	4,389
Leisure services	6,889	6,944	6,682	6,910	6,230	6,443	6,288	5,714	5,379	5,274
Employee benefits									2,365	2,123
Education	145,615	137,355	130,554	129,950	123,384	122,609	125,273	135,716	103,790	98,998
Interest on long-term debt	3,322	3,254	3,277	3,155	3,297	3,505	3,580	3,333	2,385	2,053
Other									4,993	3,729
Total governmental activities expenses	227,604	216,439	208,037	208,361	201,267	196,032	196,115	211,137	171,027	163,222
Business-type activities:										
Water	9,290	8,561	7,654	8,223	9,060	7,647	8,525	6,725	6,862	6,196
Sewer	8,686	6,829	6,074	6,593	5,511	5,850	5,644	5,769	4,869	5,500
Sanitation	7,027	5,029	7,422	12,783	7,463	6,888	12,857	7,065	6,445	5,651
Total business-type services	25,003	20,419	21,150	27,599	22,034	20,385	27,026	19,559	18,176	17,347
Total primary government expenses	252,607	236,858	229,187	235,960	223,301	216,417	223,141	230,696	189,203	180,569
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,078	971	942	854	815	1,001	921	1,066	1,386	1,788
Public works	1,185	984	963	1,024	897	931	784	934	1,357	1,195
Public safety	1,619	1,373	1,594	1,309	1,349	1,677	1,470	1,634	1,130	893
Human services	133	132	169	135	216	221	80	91	146	95
Leisure services	600	671	665	862	848	827	791	706	649	673
Education	2,508	2,391	2,253	2,439	2,524	2,841	2,780	2,493	2,333	2,515
Operating grants and contributions	61,633	60,066	55,558	57,418	54,185	53,234	49,599	73,278	44,596	42,944
Capital grants and contributions	2,157	4,705	3,598	7,934	6,388	3,663	8,224	20,105	21,937	5,253
Total governmental activities program revenues	70,913	71,293	65,742	71,975	67,222	64,395	64,649	100,307	73,534	55,356
Business-type activities:										
Charges for services:					19,933	18,391	18,102	19,749	19,801	18,312
Water	8,588	8,291	8,156	7,749						
Sewer	8,036	7,775	7,389	7,010						
Sanitation	10,219	8,433	7,380	7,035						
Operating grants and contributions			680	3,791						
Capital grants and contributions	927	2,080	7,302	1,113	289	187	236	264	238	
Total business-type activities program revenues	27,770	26,579	30,907	26,698	20,222	18,578	18,338	20,013	20,039	18,312
Total primary government program revenues	98,683	97,872	96,649	98,673	87,444	82,973	82,987	120,320	93,573	73,668
Net (expense) revenue:										
Governmental activities	(156,691)	(145,146)	(142,295)	(136,386)	(134,045)	(131,637)	(131,466)	(110,830)	(97,493)	(107,866)
Business-type activities	2,767	6,160	9,757	(901)	(1,812)	(1,807)	(8,688)	454	1,863	965
Total primary government net expense	(153,924)	(138,986)	(132,538)	(137,287)	(135,857)	(133,444)	(140,154)	(110,376)	(95,630)	(106,901)

(Continued on next page)

TABLE 2

TOWN OF MANCHESTER, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	\$ 146,468	\$ 141,608	\$ 134,465	\$ 132,767	\$ 128,711	\$ 124,710	\$ 122,923	\$ 118,916	\$ 115,112	\$ 107,059
Grants and contributions not restricted to specific purposes	3,996	4,130	4,064	4,544	3,752	4,212	4,916	4,686	4,775	4,600
Unrestricted investment earnings	160	1,443	985	238	920	706	298	2,159	2,676	1,380
Miscellaneous	425	507	497	439	628	376	215	591	572	1,085
Premiums on bond issuance						65				
Transfers	1,449	1,630	2,519	(290)	1,329	1,283	1,710			
Total governmental activities	152,498	149,318	142,530	137,698	135,340	131,352	130,062	126,352	123,135	114,124
Business-type activities:										
Unrestricted investment earnings	402	492	(129)	888	438	1,059	457	1,917	1,185	663
Miscellaneous	1,915	285	251	68	105					3,048
Premiums on bond issuance						153				
Transfers	(1,449)	(1,630)	(2,519)	290	(1,329)	(1,283)	(1,710)			
Total business-type activities	868	(853)	(2,397)	1,246	(786)	(71)	(1,253)	1,917	1,185	3,711
Total primary government	153,366	148,465	140,133	138,944	134,554	131,281	128,809	128,269	124,320	117,835
Changes in net position:										
Governmental activities	(4,193)	4,172	235	1,312	1,295	(285)	(1,404)	17,176	26,986	6,774
Business-type activities	3,635	5,307	7,360	345	(2,598)	(1,878)	(9,941)	717	1,755	4,160
Total Primary Government	\$ (558)	\$ 9,479	\$ 7,595	\$ 1,657	\$ (1,303)	\$ (2,163)	\$ (11,345)	\$ 17,893	\$ 28,741	\$ 10,934

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to allocate employee benefits and other category to appropriate function in fiscal year 2008.
- (3) Enterprise funds charges for services broken out starting in fiscal year 2012.

TABLE 3

**TOWN OF MANCHESTER, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$ 2,451	\$ 1,787	\$ 2,328	\$ 1,045	\$ 1,561
Unreserved						13,049	14,490	16,316	16,298	13,829
Nonspendable	65	23	37	147	39					
Restricted	910	1,009								
Committed	10	17	24	32	40					
Assigned	1,806	4,410	2,764	3,310	5,515					
Unassigned	<u>17,820</u>	<u>13,887</u>	<u>11,823</u>	<u>10,636</u>	<u>10,053</u>					
Total General Fund	<u>20,611</u>	<u>19,346</u>	<u>14,648</u>	<u>14,125</u>	<u>15,647</u>	<u>15,500</u>	<u>16,277</u>	<u>18,644</u>	<u>17,343</u>	<u>15,390</u>
All other governmental funds:										
Reserved						3,835	4,234	6,638	10,947	33,567
Unreserved, reported in:										
Special revenue funds						7,554	5,922	5,605	4,452	3,791
Capital project funds						(3,221)	(7,341)	3,913	(20,039)	(42,073)
Nonspendable	832	826	1,144	1,148	798					
Restricted	7,635	8,308	6,816	6,626	6,147					
Committed	3,569	3,083	3,421	3,962	4,410					
Unassigned	<u>(9,507)</u>	<u>(12,788)</u>	<u>(10,349)</u>	<u>(12,174)</u>	<u>(7,522)</u>					
Total All Other Governmental Funds	<u>\$ 2,529</u>	<u>\$ (571)</u>	<u>\$ 1,032</u>	<u>\$ (438)</u>	<u>\$ 3,833</u>	<u>\$ 8,168</u>	<u>\$ 2,815</u>	<u>\$ 16,156</u>	<u>\$ (4,640)</u>	<u>\$ (4,715)</u>

Note 1: Schedule prepared on the modified accrual basis of accounting.

Note 2: Information for years prior to the implementation of GASB Statement No. 54 has not been restated.

TABLE 4

TOWN OF MANCHESTER, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Property taxes, interest and lien fees	\$ 146,500	\$ 142,053	\$ 133,330	\$ 131,951	\$ 129,160	\$ 124,547	\$ 122,423	\$ 119,165	\$ 114,568	\$ 107,098
Intergovernmental revenue	66,799	67,888	62,472	68,968	64,073	60,523	62,680	96,007	68,869	52,109
Investment and interest income	47	869	726	109	906	679	169	1,806	2,365	1,656
Licenses, permits and fines	2,096	1,801	1,788	1,814	1,637	1,882	1,700	1,922	3,291	2,801
Charges for goods and services	4,781	4,475	4,544	4,308	4,688	5,471	5,154	5,001	3,664	3,893
Other	1,560	1,331	1,260	1,722	1,152	919	624	686	2,212	674
Total revenues	<u>221,783</u>	<u>218,417</u>	<u>204,120</u>	<u>208,872</u>	<u>201,616</u>	<u>194,021</u>	<u>192,750</u>	<u>224,587</u>	<u>194,969</u>	<u>168,231</u>
Expenditures:										
General government	5,679	5,429	5,445	5,417	5,259	5,768	5,180	5,230	5,075	5,004
Public works	13,835	13,565	13,189	12,215	12,815	12,350	12,378	11,822	11,273	10,329
Public safety	33,469	32,526	32,612	31,700	30,234	28,708	28,305	27,628	27,224	25,115
Human services	4,354	4,145	4,129	4,152	4,629	4,022	4,287	3,803	3,972	4,162
Leisure services	6,213	5,839	5,912	6,215	5,481	5,386	5,478	5,477	5,196	5,108
Employee benefits	3,045	2,949	2,876	2,951	2,775	2,636	2,473	2,467	2,365	2,123
Education	138,043	130,704	125,423	125,193	120,603	117,444	114,157	133,564	103,878	98,454
Internal service fund charges	2,639	2,554	2,613	2,561	2,883	3,131	4,738	4,629	3,772	3,059
Other	674	708	717	661	706	1,445	918	1,341	1,178	670
Debt service:										
Principal	6,794	6,653	6,659	6,745	6,596	5,786	5,850	4,044	3,240	3,255
Interest	3,394	3,268	2,915	2,510	2,644	3,155	3,564	2,941	1,942	1,889
Capital outlay	13,723	15,892	12,381	20,239	12,508	10,464	22,840	40,438	43,191	16,501
Total expenditures	<u>231,862</u>	<u>224,232</u>	<u>214,871</u>	<u>220,559</u>	<u>207,133</u>	<u>200,295</u>	<u>210,168</u>	<u>243,384</u>	<u>212,306</u>	<u>175,669</u>
Excess of revenue under expenditures	<u>(10,079)</u>	<u>(5,815)</u>	<u>(10,751)</u>	<u>(11,687)</u>	<u>(5,517)</u>	<u>(6,274)</u>	<u>(17,418)</u>	<u>(18,797)</u>	<u>(17,337)</u>	<u>(7,438)</u>
Other financing sources (uses):										
Transfers in	6,212	6,191	5,938	4,706	4,449	5,059	5,111	6,650	5,793	3,457
Transfers out	(4,763)	(4,561)	(3,419)	(4,990)	(3,120)	(3,776)	(3,401)	(4,996)	(4,476)	(2,941)
Other									98	600
Issuance of debt	12,600	6,500	9,505	5,990		9,396		39,240	17,624	
Issuance of bond refunding				8,225		4,865				
Premium on bond refunding				890		243				
Payments to escrow agent				(9,010)		-5,001				
Bond premium	395	780	721	83		65				
Discount on bond refunding										
Total other financing sources	<u>14,444</u>	<u>8,910</u>	<u>12,745</u>	<u>5,894</u>	<u>1,329</u>	<u>10,851</u>	<u>1,710</u>	<u>40,894</u>	<u>19,039</u>	<u>1,116</u>
Net Change in Fund Balances	<u>\$ 4,365</u>	<u>\$ 3,095</u>	<u>\$ 1,994</u>	<u>\$ (5,793)</u>	<u>\$ (4,188)</u>	<u>\$ 4,577</u>	<u>\$ (15,708)</u>	<u>\$ 22,097</u>	<u>\$ 1,702</u>	<u>\$ (6,322)</u>
Debt Service as a Percentage of Noncapital Expenditures										
	<u>4.67%</u>	<u>4.76%</u>	<u>4.66%</u>	<u>4.51%</u>	<u>4.46%</u>	<u>4.68%</u>	<u>4.82%</u>	<u>3.46%</u>	<u>3.06%</u>	<u>3.23%</u>

Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

TABLE 5

TOWN OF MANCHESTER, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax-Exempt Property*	Total Taxable Assessed Value	Total Town Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Residential	Commercial	Industrial							
2015	\$ 2,139,303	\$ 1,416,315	\$ 192,862	\$ 374,905	\$ 336,969	\$ 567,891	\$ 3,892,463	38.65	\$ 6,856,020	56.77%
2014	2,135,785	1,443,682	197,697	381,797	328,511	569,913	3,917,559	37.44	7,009,677	55.89%
2013	2,133,582	1,445,633	199,148	347,844	330,040	568,575	3,887,672	35.83	7,128,391	54.54%
2012	2,464,487	1,541,457	211,699	331,365	311,384	578,803	4,281,589	31.98	7,252,709	59.03%
2011	2,452,753	1,538,307	210,850	316,399	299,415	563,290	4,254,434	31.28	7,990,547	53.24%
2010	2,451,856	1,519,057	212,796	335,060	300,428	552,812	4,266,385	30.32	8,004,181	53.30%
2009	2,445,731	1,495,555	214,657	326,072	317,059	962,332	3,836,742	32.98	7,358,998	52.14%
2008	2,430,203	1,482,835	217,940	312,160	315,314	1,372,034	3,386,418	36.05	6,797,794	49.82%
2007	1,487,180	1,041,739	173,609	312,851	310,740	394,256	2,931,863	40.14	6,451,935	45.44%
2006	1,461,532	1,034,848	175,278	309,444	293,308	398,493	2,875,917	38.07	5,760,676	49.92%

Source: Town of Manchester Office of Tax Assessor

Note: Estimated values are established by the State of Connecticut Office of Policy and Management and the Town of Manchester Assessor's Office based on the ratio of sales price to assessed value.

Note: FY 2013, Grand List year 2011 was a revaluation year.

*2008 Exemption includes the non-taxed portion of phased-in assessments.

TABLE 6

**TOWN OF MANCHESTER, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
GRAND LIST YEARS 2013 AND 2004
(In Thousands)**

<u>Taxpayer</u>	October 1, 2013			October 1, 2004		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Pavilions at Buckland Hills LLC, et al	\$ 114,236	1	2.92%	\$ 95,817	1	3.39
Connecticut Light and Power Co.	90,489	2	2.32%	28,838	4	1.02
J.C Penney Properties, Inc	61,861	3	1.58%	59,972	2	2.12
Northland Pavilions, LLC	58,138	4	1.49%	48,811	3	1.73
Manchester Developers, LLC	39,460	5	1.01%	19,770	7	0.70
Manchester Tolland Development	26,010	6	0.67%			
TGM Waterford LLC*	22,170	7	0.57%			
Walmart/Sam's Club	21,798	8	0.56%	18,612	8	0.66
Plaza at Buckland Hills LLC	21,051	9	0.54%			
Manchester Tarragon LLC	20,182	10	0.52%			
May Department Stores				22,388	5	0.79
Downeast Associates				22,114	6	0.78
Cox Connecticut				17,948	9	0.63
Burr Plaza				14,958	10	0.53
TOTAL	\$ <u>475,395</u>			\$ <u>164,601</u>		

Source: Town of Manchester, Office of Tax Assessor

* TGM Waterford LLC purchased the property formerly owned by the California State Teacher's Retirement System.

TABLE 7

**TOWN OF MANCHESTER, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2014	2014	2013	2012	2011	2010	2009	2008	2007	2006
Town:										
General	38.65	37.44	35.83	31.98	31.28	30.32	32.98	36.05	40.04	38.07
Special Services District:	5.79	5.69	5.54	4.98	5.00	4.94	5.50	5.81	6.86	6.74

Source: Town of Manchester Finance Department

TABLE 8

**TOWN OF MANCHESTER, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Grand List Year	Tax Rate in Mills	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of The Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	38.65	\$ 136,376	\$ 133,806	98.12%	\$	\$ 133,806	98.12%
2012	37.44	137,283	134,726	98.14%	1,381	136,107	99.14%
2011	35.83	127,784	125,048	97.86%	1,451	126,499	98.99%
2010	31.98	123,354	120,953	98.05%	1,753	122,706	99.47%
2009	31.28	124,351	122,311	98.36%	1,597	123,908	99.64%
2008	30.32	123,818	121,712	98.25%	1,733	123,445	99.70%
2007	32.98	122,270	120,113	98.14%	1,740	121,853	99.66%
2006	36.05	117,967	116,029	98.13%	1,833	117,862	99.91%
2005	40.14	114,402	112,401	98.02%	1,969	114,370	99.97%
2004	38.07	106,324	104,531	98.16%	1,770	106,301	99.98%

Source: Tax Collector's Report; Comprehensive annual financial report

TABLE 9

TOWN OF MANCHESTER, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(in thousands, except per capita)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Capital Leases	Water	Sewer				
2015	\$ 84,225	\$	\$	\$	\$ 84,225	4.18%	2.16%	\$ 1,449.51
2014	81,246				81,246	4.16%	2.07%	1,395.72
2013	79,375				79,375	4.11%	2.04%	1,379.46
2012	76,205	324			76,529	4.56%	1.79%	1,312.97
2011	76,615	636			77,251	4.14%	1.82%	1,323.83
2010	82,586	1,324		865	84,775	5.79%	1.99%	1,503.50
2009	78,470	1,987		1,713	82,170	5.66%	2.14%	1,471.08
2008	84,445	2,795		2,545	89,785	6.20%	2.65%	1,610.86
2007	49,249	3,709		3,360	56,318	3.90%	1.92%	1,012.00
2006	41,180	4,618		4,160	49,958	3.46%	1.74%	898.98

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

TOWN OF MANCHESTER, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Total tax collections (including interest and lien fees) for current year	\$ 137,513
Reimbursement for revenue loss on:	
Tax relief for elderly freeze	<u>6</u>
Base for Debt Limitation Computation	<u>\$ 137,519</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 309,418	\$	\$	\$	\$
4 1/2 times base		618,836			
3 3/4 times base			515,696		
3 1/4 times base				446,937	
3 times base					412,557
	<u>309,418</u>	<u>618,836</u>	<u>515,696</u>	<u>446,937</u>	<u>412,557</u>
Total debt limitation	<u>309,418</u>	<u>618,836</u>	<u>515,696</u>	<u>446,937</u>	<u>412,557</u>
Indebtedness:					
Bonds payable	35,574	43,801			
Bond anticipation notes	1,495		2,275		
Debt authorized but unissued	19,543	9,800	105		
School construction grants receivable		(105)			
	<u>56,612</u>	<u>53,496</u>	<u>2,380</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>56,612</u>	<u>53,496</u>	<u>2,380</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 252,806</u>	<u>\$ 565,340</u>	<u>\$ 513,316</u>	<u>\$ 446,937</u>	<u>\$ 412,557</u>

TABLE 11

**TOWN OF MANCHESTER, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	(b) Percentage of Estimated Actual Taxable Value of Property	(a) Debt Per Capita
2015	\$ 84,225	1.23%	\$ 1,449.51
2014	81,246	1.16%	1,395.72
2013	79,375	1.11%	1,361.75
2012	76,205	1.05%	1,307.41
2011	76,615	0.96%	1,312.93
2010	83,451	1.04%	1,480.02
2009	80,183	1.09%	1,435.50
2008	86,990	1.28%	1,560.69
2007	52,609	0.82%	946.68
2006	45,340	0.79%	816.01

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

(a) See Table 13 for population figures

(b) See Table 5 for estimated actual taxable value of property

TABLE 12

TOWN OF MANCHESTER, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt limitation	\$ 962,633	\$ 968,408	\$ 885,927	\$ 862,722	\$ 877,422	\$ 869,694	\$ 857,332	\$ 834,302	\$ 803,306	\$ 750,659
Total net debt applicable to limit	<u>112,488</u>	<u>116,436</u>	<u>112,488</u>	<u>109,094</u>	<u>83,154</u>	<u>102,551</u>	<u>95,310</u>	<u>93,663</u>	<u>93,399</u>	<u>38,860</u>
Legal Debt Margin	<u>\$ 850,145</u>	<u>\$ 851,972</u>	<u>\$ 773,439</u>	<u>\$ 753,628</u>	<u>\$ 794,268</u>	<u>\$ 767,143</u>	<u>\$ 762,022</u>	<u>\$ 740,639</u>	<u>\$ 709,907</u>	<u>\$ 711,799</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.69%	12.02%	12.70%	12.65%	9.48%	11.79%	11.12%	11.23%	11.63%	5.18%

Source: Comprehensive annual financial report - Statement of Debt Limitation

Note: See Table 10 for calculation of current year debt limitation.

**TOWN OF MANCHESTER, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population(1)</u>	<u>Personal Income(2) (in Thousands)</u>	<u>Per Capita Income(2)</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2015	58,106	\$ 2,015,290	\$ 34,683	36.9	6,212	6.55%
2014	58,211	1,955,307	33,590	36.9	6,181	6.89%
2013	58,289	1,679,307	32,648	36.9	6,225	7.88%
2012	58,287	1,867,678	28,811	36.5	6,394	8.12%
2011	58,354	1,465,390	32,006	36.5	6,834	8.80%
2010	56,385	1,451,668	25,989	36.5	6,889	8.70%
2009	55,857	1,448,575	25,989	36.5	6,877	8.50%
2008	55,738	1,444,261	25,989	36.5	6,816	5.60%
2007	55,572	1,444,027	25,989	36.5	7,099	4.50%
2006	55,563	1,439,505	25,989	36.5	7,213	4.8%

(1) Source: State of CT Dept of Health

(2) Source: City-Data.com

(3) Source: Official Statement Town of Manchester

(4) Source: Connecticut Department of Labor

TABLE 14

**TOWN OF MANCHESTER, CONNECTICUT
PRINCIPAL EMPLOYERS
2015 AND 2005**

Employer	Nature of Business	2015			Employer	Nature of Business	2006		
		Employees	Rank	Percentage of Total Town Employment			Employees	Rank	Percentage of Total Town Employment
Town of Manchester	Local Gov/Board of Ed	1,669	1	5.67%	Town of Manchester	Local Gov/Board of Ed	1,638	1	5.57%
Manchester Memorial Hosp.	General Hospital	1,500	2	5.10%	Manchester Memorial Hosp.	General Hospital	1489	2	5.06%
J.C. Penney Company	Warehouse/Distribution	750	3	2.55%	J.C. Penney Company	Warehouse/Distribution	1,300	3	4.42%
Manchester Community Coll.	College	725	4	2.47%	Smiths Aerospace	Manufacturer	510	4	1.73%
Target	Retail	400	5	1.36	May Department Stores, Inc.	Department Store	500	5	1.70%
GE Aviation	Parts Manufacturer	400	6	1.36%	Wal Mart Stores	Department Store	400	6	1.36%
Super Stop & Shop	Supermarket	381	7	1.30%	Cox Communications	Broadcasting; cable TV	375	7	1.28%
J.C. Penny Company	Retail/Distribution	350	8	1.19%	Allied Printing Services	Commercial Printing	375	8	1.28%
Allied Printing	Commercial Printing	330	9	1.12%	Teleflex, Inc.	Plating and Polishing	330	9	1.12%
Big Y World Class Market	Supermarket	300	10	1.02%	Silktown Roofing	Headquarters; materials storage	300	10	1.02%
		<u>6,805</u>		<u>23.14%</u>			<u>7,217</u>		<u>19.42%</u>

Source: Town of Manchester Planning Department and Official Statements

Percentage based on total employed population of 29,410 per the Department of Commerce, Bureau of the Census, 2000

TABLE 15

**TOWN OF MANCHESTER, CONNECTICUT
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>Full-Time-Equivalent Employees as of June 30,</u>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government	81.00	81.00	80.40	80.40	86.40	88.75	90.25	93.50	92.50	92.25
Police	152.50	152.50	154.50	154.50	154.50	154.50	158.50	158.50	158.50	157.50
Fire	82.00	82.00	82.00	82.00	82.00	82.00	82.00	82.00	82.00	83.00
Sanitation	12.10	12.10	12.10	12.10	12.10	12.10	11.10	9.05	9.00	9.00
Other public works	145.15	145.15	147.40	148.40	148.40	148.40	149.40	149.45	149.75	151.15
Recreation	13.00	13.00	14.00	14.00	8.50	8.50	9.50	9.50	9.50	9.50
Library	25.00	25.00	25.00	25.00	26.00	27.00	27.00	27.00	27.00	27.00
Education	<u>1,155.00</u>	<u>1,155.00</u>	<u>1,158.13</u>	<u>1,197.67</u>	<u>1,170.71</u>	<u>1,175.00</u>	<u>1,177.00</u>	<u>1,156.00</u>	<u>1,129.00</u>	<u>1,109.00</u>
TOTAL	<u>1,665.75</u>	<u>1,665.75</u>	<u>1,673.53</u>	<u>1,714.07</u>	<u>1,688.61</u>	<u>1,689.00</u>	<u>1,685.00</u>	<u>1,657.25</u>	<u>1,638.40</u>	<u>1,663.25</u>

Source: Adopted Budget Books for General Government Preliminary Official Statements for Education

Note: Certain prior year figures have been restated due to better information available at June 30, 2008.

TABLE 16

**TOWN OF MANCHESTER, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:									
Building permits issued	2,958	3,528	3,003	3,018	3,100	3,127	3,161	2,926	3,340
Building inspections conducted	6,184	5,984	4,986	6,498	5,194	6,890	6,830	6,797	7,769
Police:									
Physical arrests	2,654	3,510	3,391	4,157	4,694	3,549	3,525	3,548	4,121
Parking violations (unavailable pre FY06)	1,965	1,550	1,863	1,096	1,698	1,743	2,078	2,897	3,220
Traffic violations	4,489	4,316	1,617	2,281	4,999	8,944	6,885	7,233	6,367
Fire:									
Emergency responses	7,822	7,573	7,790	8,373	8,206	8,097	7,902	7,674	7730
Structure Fires (fires extinguished)	36	30	30	39	39	31	24	42	53
Inspections	1,986	2,064	1394	956	828	1,246	1,858	989	650
Refuse collection:									
Refuse collected (tons per day)	49.88	50	50.11	52.85	52.04	41.40	41.40	40.15	44
Recyclables collected (tons per day)	17.46	17.5	18.23	19.48	19.67	10.4	10.4	12.3	10
Other public works:									
Street resurfacing (miles)	0.54	7.52	8.3	6.8	6.3	10.80	10.80	6.00	6.36
Potholes repaired (man hours)		3,990							
Parks and recreation:									
Athletic field permits issued (unavailable)	43								
Community center admissions (unavailable prior to 08)	103,911	108,438	105,280	112,000	112,000	110,000	104,000	79,000	
Library:									
Volumes in collection (thousands)	237.3	243.7	242.3	243.2	262.1	239.7	238.4	228.8	221.8
Total volumes borrowed (thousands)	756.7	759.3	777.9	825.4	846.8	859.0	834.5	797.1	747.1
Water:									
New connections		22	5	8	17	17	45	16	72
Water main breaks	20	25	17	15	7	18	10	12	14
Average daily production (thousands of gallons)	5,088	4,832	4,972	5,019	5,375	5,178	5,320	5,560	5,500
Peak daily production (thousands of gallons)	7,150	6,600	7,480	8,220	8,400	7,040	7,750	8,070	8,130
Sewer Enterprises:									
Average daily sewage treatment (thousands of gallons)	6,030	6,210	6,200	6,835	6,150	6,552	6,465	5,560	5,500

Source: Internal Department Tracking Reports

TABLE 17

**TOWN OF MANCHESTER, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	3	3	3	3	2	1	2	3	3	3
Patrol units	8	8	8	8	8	8	8	7	7	7
Fire stations		5	5	5	5	5	5	5	5	5
Other public works:										
Streets (miles)	218.1	218.1	218.1	218.0	217.0	217.0	217.0	214.0	213.1	197.7
Streetlights	4,846	4,846	4,820	4,717	4,710	4,698	4,698	4,674	4,688	4,672
Traffic signals	53	53	52	52	52	51	51	51	50	50
Parks and recreation:										
Acreage	677	677	677	677	677	677	677	677	677	677
Playgrounds	23	23	23	23	23	23	23	23	23	22
Baseball/softball diamonds	23	23	23	23	23	23	23	23	23	23
Soccer/football fields	14	14	14	14	13	13	13	13	13	13
Water:										
Water mains (miles)	259	258	258	258	257	280	278	255	255	254
Fire hydrants	2,039	2,037	2,026	2,021	1,990	1,969	1,970	1,954	1,876	1,812
Storage capacity (thousands of gallons)	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179
Wastewater:										
Sanitary sewers (miles)	167	167	167	166	167	167	166	164	161	181.5
Storm sewers (miles)	144	143	143	142	139	163	163	163	150	150
Treatment capacity (thousands of gallons)	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Transit - mini-buses:										
Administrative buildings	1	1	1	1	1	1	1	1	1	1

Sources:

Police Department annual reports

Public Works and Recreation Town records

For fiscal years 2006 and prior, the Eight Utility District was included in these figures.