

Comprehensive Annual Financial Report

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2012



Office of the Director of Finance

**Comprehensive
Annual Financial Report**

of the

**Town of Manchester
Connecticut**

Fiscal Year Ended June 30, 2012

Department of Finance
Gregory R. Simmons
Director of Finance

TOWN OF MANCHESTER, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section



Town of Manchester

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LOUIS A. SPADACCINI, MAYOR
MATTHEW B. PEAK, DEPUTY MAYOR
CHERI A. PELLETIER, SECRETARY

DIRECTORS
JEFFREY A. BECKMAN
MICHAEL G. FARINA
RUDOLPH C. KISSMANN
LISA P. O'NEILL
MARK D. TWEEDIE
KEVIN L. ZINGLER

SCOTT SHANLEY, GENERAL MANAGER

December 19, 2012

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, 2012 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 58,287 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 1,714 employees; Manchester Memorial Hospital at 1,610 employees; GE Aviation at 1,208 employees; J.C. Penney Company at 1,000 employees; Journal Publishing Co. at 560 employees; Manchester Health Care at 500 employees; Cox Communications at 442 employees; Wal-Mart with 400 employees; Allied Printing at 331 employees and Silktown Roofing at 250 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

Seen as a key driver in ramping up efforts to revitalize the Downtown area, a town-organized community brainstorming session resulted in the formation of a new committee with a vision of an arts mecca. The committee, called "Imagine Main Street", is a collaboration of the Town staff, local businesses, artists, non-profit organizations and the Downtown Manchester Special Services District.

Development of an arts and culture focus in the Downtown area was a recommendation of the Downtown Market Study. First Niagara Bank donated a building in the heart of downtown to the Town. The Town partnered with Manchester Community College to build a culturally vibrant and economically strong downtown destination for Manchester residents and visitors where art and culture can thrive alongside businesses. Renovation of the building was recently completed primarily with a grant from the Manchester Community College Foundation. The college occupies 7,000 square feet of space in the facility providing an art and video gallery, entrepreneurship center and café, conference rooms for classes and event related programming. Additional space is being leased by the Manchester Board of Education for their Adult Education program.

The Town intends to continue to market additional space in the facility with the goal of having a self-sustaining operation forming synergies between education, arts, local government and business and attracting residents and visitors to the Downtown Manchester area.

Long-Term Financial Planning and Policies

During FY12, 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 remained consistent with that goal during the fiscal year. This stability was accomplished during a fiscal year of lower interest income and reduced revenues in the areas relating to the stagnant housing industry.

The Town plans to continue to move incrementally towards the 7% goal.

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 budgetary data, 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:

	FY08	FY09	FY10	FY11	FY12
Revenue (ooo's)	\$153,267	\$156,343	\$152,871	\$155,947	\$163,160
Expenditures	153,257	158,176	154,320	155,771	164,021
Operating Results	10	(1,833)	(1,449)	176	(861)
Unassigned FB	9,866	10,363	10,059	10,053	10,636
Percent of Revenue	6.44%	6.63	6.58	6.45	6.52

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 years, FY2012 and FY2013. 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's FY12 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 FY12 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, 2011. 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:

Julian Freund, Budget and Research Officer
Laura LaBrecque, Payroll Coordinator
Barbara Wengrzynek, Executive Assistant
Patricia Brooks, Assistant to the 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 'G. Simmons', with a stylized flourish at the end.

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

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



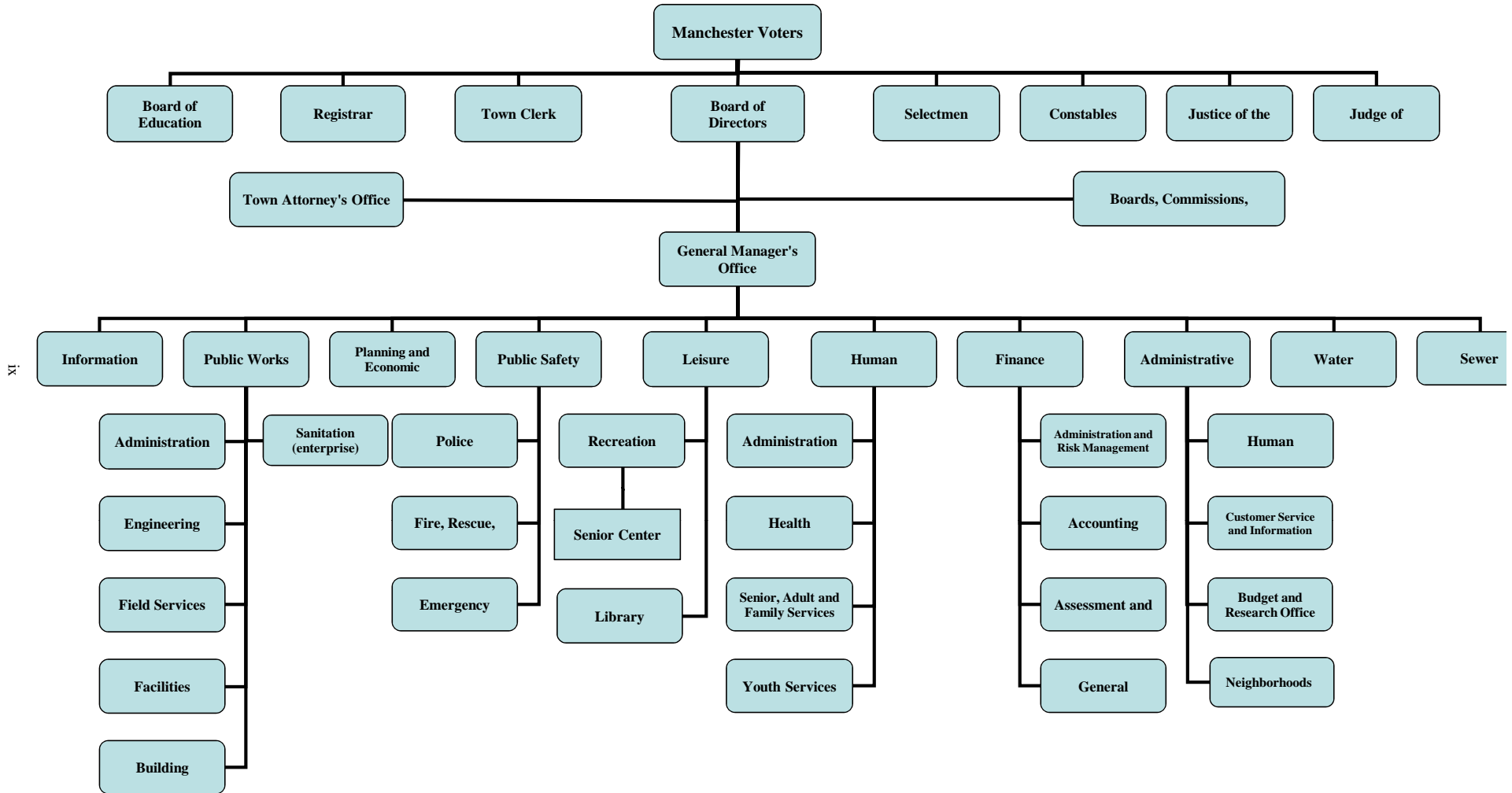
Linda C. Dandison

President

Jeffrey R. Emer

Executive Director

Town of Manchester, Connecticut Organization Chart



TOWN OF MANCHESTER, CONNECTICUT

LISTING OF PRICIPAL OFFICIALS

Board of Directors

Leo V. Diana, Mayor
Jay Moran, Deputy Mayor
Lisa P. O'Neill, Secretary
Steven Gates
Susan M. Holmes

Rudy C. Kissmann
Cheri A. Pelletier
John D. Topping
Mark D. Tweedie

Town Clerk
Registrars of Voters

Joseph V. Camposeo
Francis Maffee
Timothy Becker
Scott Shanley
Vacant

General Manager
Director of Operations
Director of Administrative Services
Director of Public Works/Town Engineer
Town Attorney
Director of Finance
 Director of Assessment/Collection
 Director of General Services
Director of Health
Director of Human Services
Director of Information Systems
Director of Parks and Recreation
Director of Neighborhood Services
 And Economic Development
Director of Youth Services
Director of Neighborhoods and Families
Water/Sewer Administrator
Library Director
Chief of Police
Fire Chief
Budget and Research Officer

Dede Moore
Mark Carlino
Ryan Barry
Gregory R. Simmons
John Rainaldi
Gerald R. Dupont
Maryann Cherniak-Lexius
Mary Roche-Cronin
Jack McCoy
D. Scott Sprague

Mark Pellegrini
Erica Bromley
Christopher Silver
Edward Soper
Douglas McDonough
Chief Marc Montminy
Chief Robert Bycholski
Julian Freund

Board of Education

Christopher Pattacini, Chairperson
Michael Crockett
Maria Waleska-Cruz
Deborah Hagenow

Merrill Kidd
Neal S. Leon
Kelly Luxenberg
Jason P. Scappaticci
Sarah Walton

Interim Superintendent of Schools

Dr. Richard Kisiel

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Members of the Board of Directors
Town of Manchester, Connecticut

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, 2012, which collectively comprise the Town of Manchester, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Manchester, Connecticut's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Manchester, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012 on our consideration of the Town of Manchester, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 47 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Manchester, Connecticut's financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have 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.

Blum, Shapiro & Company, P.C.

December 19, 2012

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. 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 assets increased by \$1.7 million as a result of this year's operations. Net assets of the business-type activities increased by \$.3 million, (or .86%). Net assets of the governmental activities increased by \$1.3 million, (or 1.22%).
- During the year, the Town's governmental activities had expenses that were \$1.6 million less than the \$210 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues increased to \$27.7 million (or 33.18%) while expenses increased by \$5.6 million (or 25.26%).
- Total cost of all of the Town's programs increased by \$12.7 million (or 5.67%) to \$236.0 million. Of the \$12.7 million increase, \$5.3 million is included in the sanitation category and is attributable to the significant cost of the cleanup from Storm Alfred.
- The General Fund reported a fund balance this year of \$14.1 million, a decrease of \$1.5 million (or 9.73%).
- 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 assets 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 assets 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 assets and changes in them. The Town's net assets, 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 assets 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 assets 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 assets 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 assets 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 Data Processing 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 assets and changes in fiduciary net assets. 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 assets increased from \$147.5 million to \$149.2 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

TABLE 1
NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 60,585	\$ 62,410	\$ 32,318	\$ 31,433	\$ 92,903	\$ 93,843
Capital assets	181,965	176,180	52,747	42,780	234,712	218,960
Total assets	<u>242,550</u>	<u>238,590</u>	<u>85,065</u>	<u>74,213</u>	<u>327,615</u>	<u>312,803</u>
Long-term debt outstanding	115,163	111,257	17,540	16,462	132,703	127,719
Other liabilities	18,762	20,020	26,968	17,539	45,730	37,559
Total liabilities	<u>133,925</u>	<u>131,277</u>	<u>44,508</u>	<u>34,001</u>	<u>178,433</u>	<u>165,278</u>
Net Assets:						
Invested in capital assets, net of debt	103,203	99,265	33,007	29,404	136,210	128,669
Restricted	2,036	1,715			2,036	1,715
Unrestricted	<u>3,386</u>	<u>6,333</u>	<u>7,550</u>	<u>10,808</u>	<u>10,936</u>	<u>17,141</u>
Total Net Assets	<u>\$ 108,625</u>	<u>\$ 107,313</u>	<u>\$ 40,557</u>	<u>\$ 40,212</u>	<u>\$ 149,182</u>	<u>\$ 147,525</u>

Net assets of the Town's governmental activities increased by 1.22%. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$6.3 million at June 30, 2011 to \$3.4 million at the end of this year.

More specific elements of the change in unrestricted governmental net assets resulted from revenue and expenditure items which ended the year overall in a favorable position. Property taxes and related fees, interest income and charges for services on the revenue side of the budget had deficits caused primarily from the continued sluggish economy. These deficits were more than offset by the unanticipated increase in state grants. 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, \$19.8 million was expended for improvements; a majority of these improvements were for roads/sidewalks as well as building improvements to the Highland Park Elementary School Project and Broad Street Redevelopment. These capital expenses were partially funded through intergovernmental grants \$7.6 million and transfers in of \$1.1 million. The net assets of business-type activities increased by .86% (\$40.2 million compared to \$40.6 million in 2012). These net assets cannot be used for the governmental activities. The Town generally can only use these net assets to finance the continuing operations of the Water, Sewer and Sanitation Funds. Sanitation experienced an increase in net assets of \$432 thousand in the current year. Water and Sewer experienced a net decrease in net assets due to a continued planned drawdown of net assets to fund various capital improvements. The governmental activities Internal Service net assets increased \$4.4 million mainly due to continued positive experience in insurance claims costs.

TABLE 2
CHANGES IN NET ASSETS
(InThousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 6,623	\$ 6,649	\$ 21,794	\$ 19,933	\$ 28,417	\$ 26,582
Operating grants and contributions	57,418	54,185	3,791		61,209	54,185
Capital grants and contributions	7,934	6,388	1,113	289	9,047	6,677
General revenues:						
Property taxes	132,767	128,711			132,767	128,711
Grants and contributions not restricted to specific purposes	4,544	3,752			4,544	3,752
Unrestricted investment earnings	238	920	888	438	1,126	1,358
Other general revenues	439	628	68	105	507	733
Total revenues	<u>209,963</u>	<u>201,233</u>	<u>27,654</u>	<u>20,765</u>	<u>237,617</u>	<u>221,998</u>
Program expenses:						
General government	6,134	6,190			6,134	6,190
Public safety	35,008	33,808			35,008	33,808
Public works	22,705	23,244			22,705	23,244
Human services	4,499	5,114			4,499	5,114
Leisure services	6,910	6,230			6,910	6,230
Education	129,950	123,384			129,950	123,384
Interest on long-term debt	3,155	3,297			3,155	3,297
Water			8,223	9,060	8,223	9,060
Sewer			6,593	5,511	6,593	5,511
Sanitation			12,783	7,463	12,783	7,463
Total program expenses	<u>208,361</u>	<u>201,267</u>	<u>27,599</u>	<u>22,034</u>	<u>235,960</u>	<u>223,301</u>
Excess before transfers	1,602	(34)	55	(1,269)	1,657	(1,303)
Transfers	(290)	1,329	290	(1,329)	-	-
Increase (Decrease) in Net Assets	<u>\$ 1,312</u>	<u>\$ 1,295</u>	<u>\$ 345</u>	<u>\$ (2,598)</u>	<u>\$ 1,657</u>	<u>\$ (1,303)</u>

The Town's total revenues (Governmental and Business-Type) were \$237.6 million. The total cost of all programs and services (Governmental and Business-Type) was \$236.0 million. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The increase in Governmental Activities net assets was \$1.3 million. The amount invested in capital assets, net of debt increased by \$3.9 million. Operating grants and contributions increased by \$3.2 million while capital grants and contributions increased by \$1.5 million. Property taxes increased \$4.0 million over the prior year.

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.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Education	\$ 129,950	\$ 123,384	\$ 73,744	\$ 69,685
Public safety	35,008	33,808	33,030	31,756
Public works	22,705	23,244	13,296	15,639
Leisure services	6,910	6,230	5,605	5,246
General government	6,134	6,190	4,499	4,738
All others	7,654	8,411	6,212	6,981
Totals	<u>\$ 208,361</u>	<u>\$ 201,267</u>	<u>\$ 136,386</u>	<u>\$ 134,045</u>

Business-Type Activities

Revenues of the Town’s business-type activities (see Table 2) increased by 33.18% (\$20.7 million in 2011 compared to \$27.7 million in 2012) and expenses increased by 25.26% (\$22.0 million in 2011 compared to \$27.6 million in 2012). Both increases were predominantly the result of the Water Pollution Control Facility Plant Upgrade Project funded with grants and loans from the State of Connecticut Clean Water Fund Program.

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 \$13.7 million, which is a decrease of \$5.8 million from last year’s total. Included in this year’s total change in fund balance is a decrease of \$1.5 million in the Town’s General Fund. The primary reason for the General Fund’s decrease is the expense incurred as a result of Storm Alfred. The deficit in the capital projects fund of \$12.1 million is an increase of \$4.7 million from the prior year and will be eliminated as General Obligation Bonds are issued to fund the related capital projects.

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

- 1) Investment income that underachieved estimates (\$.4 million) as the Federal Reserve continued its monetary policy of low interest rates.
- 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 \$1.1 million.

The Town’s General Fund balance of \$14.1 million reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$12.4 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$1.6 million of outstanding encumbrances at year-end that are reported as expenditures for budgetary purposes.

Fire District fund balance decreased by \$364 thousand from \$2.7 million. The Fire District fund continues to be favorably impacted by contracting with a new third-party billing service for ambulance fees; this agency has been able to increase collections for paramedic services.

In the remaining nonmajor governmental funds, the combined fund balances increased from \$8.6 million \$9.3 million.

Proprietary Funds

As the Town completed the year, its proprietary funds (as presented in the statement of net assets - Exhibit V) reported combined net assets of \$40.6 million, which is an increase of \$345 thousand from last year’s total of \$40.2 million. Included in this year’s total change in net assets is an increase of \$432 thousand in the Sanitation Fund, a \$536 thousand increase in the Sewer Fund and a \$623 thousand decrease in the Water Fund. The Water and Sewer Funds’ operating results nearly offset each other netting to an \$87 thousand decrease.

In the internal service funds, the self-insurance funds experienced a combined net increase of \$4.7 million. Net assets in the employee health benefits fund increased by \$3.5 million due to claims finishing below estimates. The net assets in the non-health insurance fund increased by \$1.2 million. The Information Systems Fund’s loss amounted to \$335 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the Town had \$234.7 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 \$15.7 million, or 7.17%, over last year, primarily due to school building projects completed during the year and the start 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	
	2012	2011	2012	2011	2012	2011
Land	\$ 13.8	\$ 13.7	\$ 1.2	\$ 1.2	\$ 15.0	\$ 14.9
Buildings and improvements	94.7	91.6	17.8	17.4	112.5	109.0
Equipment	7.7	6.7	18.9	20.3	26.6	27.0
Infrastructure	52.2	52.5			52.2	52.5
Construction in progress	13.6	11.7	14.8	3.9	28.4	15.6
Total	\$ 182.0	\$ 176.2	\$ 52.7	\$ 42.8	\$ 234.7	\$ 219.0

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

Hockanum Water Pollution Facility	12.1
Public Infrastructure - \$5.5 (roads and sidewalks)	1.0
Highland Park School	10.4

The Town's fiscal-year 2012-13 capital budget plans for the construction on a major water pollution control facility upgrade, as well as continuation of the public infrastructure program improvements, renovation of various schools (\$4 million) 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, 2012 the Town had \$76.2 million in bonds outstanding versus \$76.6 million last year - a decrease of .52% - as shown in Table 5.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds (Backed by the Town)	\$ <u>76.2</u>	\$ <u>76.6</u>	\$ <u>0.0</u>	\$ <u>0.0</u>	\$ <u>76.2</u>	\$ <u>76.6</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 \$862.7 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 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year budget 2012-2013, General Fund appropriations total \$165.5 million. This is an increase of \$2.1 million or 1.3% over 2011-2012. 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 is reducing the working capital in the Water Fund to 180 days of operating costs. Rate increases to cover the cost of operations are planned once working capital is reduced to 180 days.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 31.98 and business-type fees for the 2012-2013 fiscal year. The 31.98 mill rate represents an increase of .70 mills (2.2%) from the previous year. This increased mill rate will be applied against a slightly increased Taxable Grand List. 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 22% 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 FY12. 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 has resulted in lower investment returns, as well as decreases in state and federal funding. In particular, the State of Connecticut's 2012/13 budget 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 ASSETS

JUNE 30, 2012

(In Thousands)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 10,184	\$ 3,034	\$ 13,218
Investments	25,544	16,795	42,339
Receivables, net	24,172	8,080	32,252
Due from special services district	32		32
Due from fiduciary funds		3,385	3,385
Inventories	52	1,022	1,074
Prepaid asset	496	2	498
Deferred charges	105		105
Capital assets:			
Assets not being depreciated	27,410	15,996	43,406
Assets being depreciated, net	154,555	36,751	191,306
Total assets	<u>242,550</u>	<u>85,065</u>	<u>327,615</u>
Liabilities:			
Accounts and other payables	8,900	5,911	14,811
Accrued liabilities	1,167	440	1,607
Bond anticipation notes	1,995	19,740	21,735
Unearned revenue	6,700	877	7,577
Noncurrent liabilities:			
Due within one year	16,859	444	17,303
Due in more than one year	98,304	17,096	115,400
Total liabilities	<u>133,925</u>	<u>44,508</u>	<u>178,433</u>
Net Assets:			
Invested in capital assets, net of related debt	103,203	33,007	136,210
Restricted for:			
Trust purposes:			
Expendable	1,286		1,286
Nonexpendable	750		750
Unrestricted	<u>3,386</u>	<u>7,550</u>	<u>10,936</u>
Total Net Assets	\$ <u>108,625</u>	\$ <u>40,557</u>	\$ <u>149,182</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, 2012

(In Thousands)

Functions/Programs	Net (Expense) Revenue And Changes In Net Assets						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 6,134	\$ 854	\$ 781	\$	\$ (4,499)	\$	\$ (4,499)
Public safety	35,008	1,309	666	3	(33,030)		(33,030)
Public works	22,705	1,024	648	7,737	(13,296)		(13,296)
Leisure services	6,910	862	443		(5,605)		(5,605)
Human services	4,499	135	1,294		(3,070)		(3,070)
Education	129,950	2,439	53,573	194	(73,744)		(73,744)
Interest on long-term debt	3,155		13		(3,142)		(3,142)
Total governmental activities	<u>208,361</u>	<u>6,623</u>	<u>57,418</u>	<u>7,934</u>	<u>(136,386)</u>		<u>(136,386)</u>
Business-type activities:							
Water	8,223	7,749		377		(97)	(97)
Sewer	6,593	7,010		736		1,153	1,153
Sanitation	12,783	7,035	3,791			(1,957)	(1,957)
Total business-type activities	<u>27,599</u>	<u>21,794</u>	<u>3,791</u>	<u>1,113</u>	<u>-</u>	<u>(901)</u>	<u>(901)</u>
Total primary governmental activities	<u>\$ 235,960</u>	<u>\$ 28,417</u>	<u>\$ 61,209</u>	<u>\$ 9,047</u>	<u>(136,386)</u>	<u>(901)</u>	<u>(137,287)</u>
General revenues:							
Property taxes					132,767		132,767
Grants and contributions not restricted to specific programs					4,544		4,544
Unrestricted investment earnings					238	888	1,126
Miscellaneous					439	68	507
Transfers					(290)	290	-
Total general revenues and transfers					<u>137,698</u>	<u>1,246</u>	<u>138,944</u>
Change in net assets					1,312	345	1,657
Net Assets at Beginning of Year					<u>107,313</u>	<u>40,212</u>	<u>147,525</u>
Net Assets at End of Year					<u>\$ 108,625</u>	<u>\$ 40,557</u>	<u>\$ 149,182</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012
(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	\$	\$ 1,935	\$	\$ 4,769	\$ 6,704
Investments	4,874	1	313	4,877	10,065
Receivables, net	6,312	366	15,673	1,060	23,411
Due from special services district	32				32
Inventories				52	52
Interfund receivables	17,045	22	425		17,492
Other assets	147	334		12	493
	<u>28,410</u>	<u>2,658</u>	<u>16,411</u>	<u>10,770</u>	<u>58,249</u>
Total Assets	\$	\$	\$	\$	\$
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,029	\$ 242	\$ 5,172	\$ 584	\$ 8,027
Accrued liabilities	1,037	24		35	1,096
Intergovernmental payables	59				59
Interfund payables			21,387	508	21,895
Deferred revenue	11,160		31	299	11,490
Bond anticipation notes payable			1,995		1,995
Total liabilities	<u>14,285</u>	<u>266</u>	<u>28,585</u>	<u>1,426</u>	<u>44,562</u>
Fund balances:					
Nonspendable	147	334		814	1,295
Restricted				6,626	6,626
Committed	32	2,058		1,904	3,994
Assigned	3,310				3,310
Unassigned	10,636		(12,174)		(1,538)
Total fund balances	<u>14,125</u>	<u>2,392</u>	<u>(12,174)</u>	<u>9,344</u>	<u>13,687</u>
Total Liabilities and Fund Balances	\$ <u>28,410</u>	\$ <u>2,658</u>	\$ <u>16,411</u>	\$ <u>10,770</u>	\$ <u>58,249</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

(In Thousands)

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

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

Fund balances - total governmental funds	\$	13,687
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	297,983
Less accumulated depreciation		<u>(117,237)</u>
Net capital assets		180,746
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		3,357
Interest receivable on property taxes		1,221
Bond issuance costs		105
Receivable from the state for school construction projects		212
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 assets.		
		14,532
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		(13,726)
Bonds and notes payable		(76,205)
Bond premiums		(893)
Interest payable on bonds and notes		(820)
Compensated absences		(13,911)
Capital lease		(324)
Interest payable on leases		(11)
Deferred charges on refunding		<u>655</u>
Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>108,625</u></u>

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, 2012

(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	\$ 121,049	\$ 10,902	\$	\$	\$ 131,951
Intergovernmental	47,260	171	7,608	13,929	68,968
Investment earnings	68	3	2	107	180
Investment losses				(71)	(71)
Licenses, permits and fines	1,814				1,814
Charges for goods and services	1,577	201		2,530	4,308
Other	464		449	809	1,722
Total revenues	<u>172,232</u>	<u>11,277</u>	<u>8,059</u>	<u>17,304</u>	<u>208,872</u>
Expenditures:					
Current:					
General government	5,281			136	5,417
Public works	12,213			2	12,215
Public safety	18,014	12,364		1,322	31,700
Human services	2,759			1,393	4,152
Leisure services	5,846			369	6,215
Employee benefits	2,951				2,951
Education	112,033			13,160	125,193
Internal service fund charges	2,561				2,561
Other	176	473		12	661
Debt service	8,952	174	129		9,255
Capital outlay	66	66	19,830	343	20,239
Total expenditures	<u>170,786</u>	<u>13,077</u>	<u>19,959</u>	<u>16,737</u>	<u>220,559</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,446</u>	<u>(1,800)</u>	<u>(11,900)</u>	<u>567</u>	<u>(11,687)</u>
Other Financing Sources (Uses):					
Transfers in	1,538	1,804	1,175	189	4,706
Transfers out	(4,611)	(368)		(11)	(4,990)
Issuance of debt			5,990		5,990
Issuance of bond refunding	8,225				8,225
Premium on bond refunding	890				890
Payments to escrow agents	(9,010)				(9,010)
Bond premium			83		83
Total other financing sources (uses)	<u>(2,968)</u>	<u>1,436</u>	<u>7,248</u>	<u>178</u>	<u>5,894</u>
Net Change in Fund Balances	(1,522)	(364)	(4,652)	745	(5,793)
Fund Balances at Beginning of Year	<u>15,647</u>	<u>2,756</u>	<u>(7,522)</u>	<u>8,599</u>	<u>19,480</u>
Fund Balances at End of Year	<u>\$ 14,125</u>	<u>\$ 2,392</u>	<u>\$ (12,174)</u>	<u>\$ 9,344</u>	<u>\$ 13,687</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, 2012

(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)	\$ (5,793)
---	------------

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	15,255
Depreciation expense	(8,926)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(317)
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Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

92

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:

School building grant receipts	(137)
Property tax receivable - accrual basis change	580
Property tax interest and lien revenue - accrual basis change	236

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 assets. 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	6,024
Issuance of bonds and notes	(5,990)
Bond premium	(83)
Capital lease payments	312
Refunding bonds issued	(8,225)
Payments to bond refunding agent	9,010
Premium on refunding	(890)
Bond issuance costs	105

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	271
Accrued interest	(12)
Amortization of deferred charge on refunding	(90)
Amortization of issuance costs	(9)
Amortization of bond premiums	80
Net OPEB expense	(4,591)

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.

4,410

Change in Net Assets of Governmental Activities (Exhibit II)

\$ 1,312

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012
(In Thousands)

	<u>Business-Type Activities</u>					<u>Total Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Sanitation Fund</u>						<u>Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Operations</u>	<u>Landfill Closure</u>	<u>Total</u>		
Assets:							
Current assets:							
Cash and cash equivalents	\$ 748	\$	\$ 2,286	\$	\$ 2,286	\$ 3,034	\$ 3,458
Investments	39			16,756	16,756	16,795	15,502
Receivables, net	1,801	1,836	4,350		4,350	7,987	759
Assessment receivable		93			-	93	
Inventories	740	282			-	1,022	
Interfund receivable	3,385		4,121		4,121	7,506	4,403
Prepaid expenses			2		2	2	3
Total current assets	<u>6,713</u>	<u>2,211</u>	<u>10,759</u>	<u>16,756</u>	<u>27,515</u>	<u>36,439</u>	<u>24,125</u>
Noncurrent assets:							
Capital assets, net	<u>26,210</u>	<u>24,947</u>	<u>1,590</u>		<u>1,590</u>	<u>52,747</u>	<u>1,219</u>
Total assets	<u>32,923</u>	<u>27,158</u>	<u>12,349</u>	<u>16,756</u>	<u>29,105</u>	<u>89,186</u>	<u>25,344</u>
Liabilities:							
Current liabilities:							
Accounts and other payables	611	4,682	618		618	5,911	52
Accrued liabilities	366	69	5		5	440	1
Interfund payables		4,121			-	4,121	
Claims payable					-		5,710
Unearned revenue		93	5		5	98	
Customer deposits		280	499		499	779	
Bond anticipation notes	17,295	2,445			-	19,740	
Compensation absences	201	172	71		71	444	100
Total current liabilities	<u>18,473</u>	<u>11,862</u>	<u>1,198</u>	<u>-</u>	<u>1,198</u>	<u>31,533</u>	<u>5,863</u>
Noncurrent liabilities:							
Accrued liabilities				16,166	16,166	16,166	
Compensated absences	413	357	160		160	930	225
Claims payable					-		4,724
Total noncurrent liabilities	<u>413</u>	<u>357</u>	<u>160</u>	<u>16,166</u>	<u>16,326</u>	<u>17,096</u>	<u>4,949</u>
Total liabilities	<u>18,886</u>	<u>12,219</u>	<u>1,358</u>	<u>16,166</u>	<u>17,524</u>	<u>48,629</u>	<u>10,812</u>
Net Assets:							
Invested in capital assets, net of related debt	8,915	22,502	1,590		1,590	33,007	1,219
Unrestricted	<u>5,122</u>	<u>(7,563)</u>	<u>9,401</u>	<u>590</u>	<u>9,991</u>	<u>7,550</u>	<u>13,313</u>
Total Net Assets	<u>\$ 14,037</u>	<u>\$ 14,939</u>	<u>\$ 10,991</u>	<u>\$ 590</u>	<u>\$ 11,581</u>	<u>\$ 40,557</u>	<u>\$ 14,532</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDFOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Business-Type Activities					Total Business-Type Activities	Governmental Activities Internal Service Fund
			Sanitation Fund		Total		
	Water	Sewer	Operations	Landfill Closure			
Operating Revenues:							
Charges for services	\$ 7,749	\$ 7,010	\$ 7,035	\$	\$ 7,035	\$ 21,794	\$ 30,912
Other	50	15	3		3	68	474
Total operating revenues	<u>7,799</u>	<u>7,025</u>	<u>7,038</u>		<u>7,038</u>	<u>21,862</u>	<u>31,386</u>
Operating Expenses:							
Administrative	585	793	706		706	2,084	
General operating	5,154	4,976	10,853		10,853	20,983	3,168
Claims expense					-	-	23,805
Depreciation	2,381	748	149		149	3,278	307
Total operating expenses	<u>8,120</u>	<u>6,517</u>	<u>11,708</u>		<u>11,708</u>	<u>26,345</u>	<u>27,280</u>
Operating Income (Loss)	(321)	508	(4,670)		(4,670)	(4,483)	4,106
Nonoperating Revenue (Expense):							
Loss on disposal of capital assets					-	-	(11)
Income on investments	2	3	6	877	883	888	129
Interest expense	(345)	(70)			-	(415)	
Intergovernmental revenues	377	736	3,791		3,791	4,904	192
Change in estimate for closure/ post closure costs				(1,075)	(1,075)	(1,075)	
Debt issuance costs	242	(6)			-	236	
Income (Loss) Before Transfers	(45)	1,171	(873)	(198)	(1,071)	55	4,416
Transfers In	106		1,600		1,600	1,706	
Transfers Out	<u>(684)</u>	<u>(635)</u>	<u>(97)</u>		<u>(97)</u>	<u>(1,416)</u>	<u>(6)</u>
Change in Net Assets	(623)	536	630	(198)	432	345	4,410
Net Assets at Beginning of Year	<u>14,660</u>	<u>14,403</u>	<u>10,361</u>	<u>788</u>	<u>11,149</u>	<u>40,212</u>	<u>10,122</u>
Net Assets at End of Year	<u>\$ 14,037</u>	<u>\$ 14,939</u>	<u>\$ 10,991</u>	<u>\$ 590</u>	<u>\$ 11,581</u>	<u>\$ 40,557</u>	<u>\$ 14,532</u>

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, 2012
(In Thousands)

	Business-Type Activities					Total Business-Type Activities	Governmental
			Sanitation Fund		Total		Activities
	Water	Sewer	Operations	Landfill Closure			Internal Service Fund
Cash Flows from Operating Activities:							
Cash received from customers and users	\$ 7,839	\$ 7,088	\$ 7,039	\$ -	\$ 7,039	\$ 21,966	\$ 31,182
Cash received from insurance proceeds					-	-	135
Other operating receipts	50	15	3		3	68	
Cash deposits returned to customers			1		1	1	
Cash paid to suppliers for goods and services	(4,651)	330	(10,727)		(10,727)	(15,048)	(2,280)
Cash paid for interfund services provided	(220)	(174)	(324)		(324)	(718)	
Cash paid to employees	(1,700)	(1,741)	(784)		(784)	(4,225)	(1,083)
Cash paid for insurance claims and premiums					-	-	(24,032)
Net cash provided by (used in) operating activities	<u>1,318</u>	<u>5,518</u>	<u>(4,792)</u>	<u>-</u>	<u>(4,792)</u>	<u>2,044</u>	<u>3,922</u>
Cash Flows from Noncapital Financing Activities:							
Transfers in	106		1,600		1,600	1,706	
Transfers out	(684)	(635)	(97)		(97)	(1,416)	
Cash received from other funds		4,121			-	4,121	1,350
Cash paid to other funds	(3,742)		(3,764)		(3,764)	(7,506)	(5,759)
Intergovernmental grants					-	-	192
Net cash provided by (used in) noncapital financing activities	<u>(4,320)</u>	<u>3,486</u>	<u>(2,261)</u>	<u>-</u>	<u>(2,261)</u>	<u>(3,095)</u>	<u>(4,217)</u>
Cash Flows from Capital and Related Financing Activities:							
Principal payment - bond anticipation notes	(12,826)	(550)			-	(13,376)	
Interest paid	(345)	(70)			-	(415)	
Debt issuance costs, net	(3)	(41)			-	(44)	
Purchase of capital assets and construction	(995)	(11,871)	(379)		(379)	(13,245)	
Proceeds from bond anticipation notes	17,295	2,445			-	19,740	
Premium on BAN sale	245	35			-	280	
Capital grants and contributions	377	736			-	1,113	
Net cash provided by (used in) capital and related financing activities	<u>3,748</u>	<u>(9,316)</u>	<u>(379)</u>	<u>-</u>	<u>(379)</u>	<u>(5,947)</u>	<u>-</u>
Cash Flows from Investing Activities:							
Interest received	2	3	6	877	883	888	129
Proceeds from sale of investments		11			-	11	
Purchase of investments				(877)	(877)	(877)	(6,611)
Net cash provided by (used in) investing activities	<u>2</u>	<u>14</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>22</u>	<u>(6,482)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	748	(298)	(7,426)	-	(7,426)	(6,976)	(6,777)
Cash and Cash Equivalents at Beginning of Year	-	298	9,712	-	9,712	10,010	10,235
Cash and Cash Equivalents at End of Year	\$ 748	\$ -	\$ 2,286	\$ -	\$ 2,286	\$ 3,034	\$ 3,458
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ (321)	\$ 508	\$ (4,670)	\$ -	\$ (4,670)	\$ (4,483)	\$ 4,106
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	2,381	748	149		149	3,278	307
Change in asset and liabilities:							
(Increase) decrease in accounts receivable	287	61	3		3	351	(69)
(Increase) in allowance for doubtful accounts	(197)	17			-	(180)	
(Increase) decrease in inventory and prepaid items	(18)	(6)			-	(24)	
Increase (decrease) in accounts payable	(924)	4,206	(247)		(247)	3,035	(103)
Increase (decrease) in accrued expenses	100	(34)	(36)		(36)	30	(53)
Increase (decrease) in customer deposits			1		1	1	
Increase (decrease) in compensated absences payable	10	18	8		8	36	(21)
Increase in claims payable					-	-	(245)
Net Cash Provided by (Used in) Operating Activities	\$ 1,318	\$ 5,518	\$ (4,792)	\$ -	\$ (4,792)	\$ 2,044	\$ 3,922

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012
(In Thousands)

	Pension Trust Fund	Retiree Health Care Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$	\$	\$ 799
Investments:			
Common stock	4,289		
Taxable liquid funds	45		
Property funds	8,048		
Mutual funds	122,087	882	
Accounts receivable	119		
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>134,588</u>	<u>882</u>	<u>\$ 799</u>
Liabilities:			
Accounts and other payables	12		
Interfund payable	3,104	281	
Deposits held for others			\$ 799
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,116</u>	<u>281</u>	<u>\$ 799</u>
Net Assets:			
Held in Trust for OPEB Benefits		601	
Held in Trust for Pension Benefits	131,472		
	<u> </u>	<u> </u>	
Total Net Assets	<u>\$ 131,472</u>	<u>\$ 601</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Pension Trust Fund	Retiree Health Care Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 5,038	\$ 10,172
Plan members	2,440	
Total contributions	<u>7,478</u>	<u>10,172</u>
Investment income:		
Net appreciation in fair value of investments	102	
Interest and dividends	2,215	2
Income from real estate investments	313	
Total investment income	<u>2,630</u>	<u>2</u>
Total additions	<u>10,108</u>	<u>10,174</u>
Deductions:		
Benefits	10,607	10,879
Administration	325	82
Total deductions	<u>10,932</u>	<u>10,961</u>
Net Decrease in Net Assets	(824)	(787)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>132,296</u>	<u>1,388</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 131,472</u>	<u>\$ 601</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(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 assets 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.

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.

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 Other Postemployment Benefits (OPEB) fund accounts for the activities of the 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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.

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 \$997 has been established as an allowance for uncollectible taxes. At June 30, 2012, this represents 20.34% 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.

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. 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 assets. 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.

I. 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 assets. 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.

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.

J. Fund Equity

Equity in the government-wide financial statements is defined as "net assets" and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets 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 Assets - Net assets are restricted because they are externally imposed 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 Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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 - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Board of Directors.

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 \$1,745 were approved during the year for the General Fund with an increase in estimated revenues of \$18. Formal budgetary integration is employed as a management control device during the year.
- (7) Except for encumbrance accounting, all budgets are prepared on the modified accrual basis.
- (8) 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 following is a summary of the fund had an accumulated deficit at June 30, 2012.

<u>Fund</u>	<u>Amount</u>
Governmental Fund:	
Capital Projects Fund	\$ 12,174

The accumulated deficit will be eliminated in future years as follows:

Capital Projects fund balance deficit will be funded with permanent financing of ongoing projects.

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.

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*, \$8,819 of the Town’s bank balance of \$10,675 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	7,888
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name		<u>931</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>8,819</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, 2012 the Town’s cash equivalents amounted to \$3,540. 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

B. Investments

Investments as of June 30, 2012 in all funds are as follows:

Investment Type	Credit Rating	Fair Value	Investment Maturity (Years)		
			Less Than 1	1 - 10	Greater Than 10
Interest-bearing investments:					
U.S. treasury notes	AAA / AA-	\$ 4,212	\$	\$ 3,782	\$ 430
U.S. treasury notes	N/A	2,279		2,279	
Federal agency bonds	AA+	7,267		7,267	
Federal agency bonds	N/A	4,714	3,714	1,000	
Fixed income	N/A	3,077		3,077	
Certificates of deposit	N/A	103		103	
Subtotal			\$ 3,714	\$ 17,508	\$ 430
Other investments:					
Common stock	N/A	5,684			
Taxable liquid funds	N/A	1,664			
Cutwater - Cooperative Liquid					
Asset Securities System (CLASS)	AAA	10,783			
UBS property funds	N/A	8,048			
Wells Fargo Advantage Heritage Money	N/A	4,325			
Market					
Mutual funds	N/A	125,534			
Total		\$ 177,690			

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, 2012, 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.

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	\$ 4,901	\$	\$	\$	\$	\$	\$	\$ 4,901
Interest	1,221							1,221
Accounts	949	411		2,283	2,324	634	970	7,571
Intergovernmental	238		15,673				784	16,695
Special assessments					93	3,791		3,884
Loans							65	65
Pension contribution							119	119
Gross receivables	<u>7,309</u>	<u>411</u>	<u>15,673</u>	<u>2,283</u>	<u>2,417</u>	<u>4,425</u>	<u>1,938</u>	<u>34,456</u>
Less allowance for uncollectibles	<u>(997)</u>	<u>(45)</u>	<u></u>	<u>(482)</u>	<u>(488)</u>	<u>(75)</u>	<u></u>	<u>(2,087)</u>
Net Total Receivables	<u>\$ 6,312</u>	<u>\$ 366</u>	<u>\$ 15,673</u>	<u>\$ 1,801</u>	<u>\$ 1,929</u>	<u>\$ 4,350</u>	<u>\$ 1,938</u>	<u>\$ 32,369</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	\$ 482
Sewer	488
Sanitation	<u>75</u>

Total Uncollectibles of the Current Fiscal Year \$ 1,045

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes and interest receivable	\$ 4,578	\$
Advance and unapplied taxes		6,337
Grant drawdowns		272
Loans receivable		46
Unearned fees		45
School building grant	<u>212</u>	<u></u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 4,790</u>	<u>\$ 6,700</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,702	\$ 98	\$	\$ 13,800
Construction in progress	11,711	12,039	(10,140)	13,610
Total capital assets not being depreciated	<u>25,413</u>	<u>12,137</u>	<u>(10,140)</u>	<u>27,410</u>
Capital assets being depreciated:				
Buildings and improvements	140,982	8,016		148,998
Improvements other than buildings	6,075	323		6,398
Machinery and equipment	23,213	2,657	(785)	25,085
Infrastructure	92,346	2,354	(875)	93,825
Total capital assets being depreciated	<u>262,616</u>	<u>13,350</u>	<u>(1,660)</u>	<u>274,306</u>
Less accumulated depreciation for:				
Buildings and improvements	(52,773)	(5,066)		(57,839)
Improvements other than buildings	(2,724)	(197)		(2,921)
Machinery and equipment	(16,464)	(1,681)	769	(17,376)
Infrastructure	(39,888)	(2,289)	562	(41,615)
Total accumulated depreciation	<u>(111,849)</u>	<u>(9,233)</u>	<u>1,331</u>	<u>(119,751)</u>
Total capital assets being depreciated, net	<u>150,767</u>	<u>4,117</u>	<u>(329)</u>	<u>154,555</u>
Governmental Activities Capital Assets, Net	<u>\$ 176,180</u>	<u>\$ 16,254</u>	<u>\$ (10,469)</u>	<u>\$ 181,965</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,171	\$	\$	\$ 1,171
Construction in progress	3,917	10,908		14,825
Total capital assets not being depreciated	<u>5,088</u>	<u>10,908</u>	<u>-</u>	<u>15,996</u>
Capital assets being depreciated:				
Buildings and improvements	41,695	1,936		43,631
Improvements other than buildings	8,211			8,211
Machinery and equipment	62,845	401	(104)	63,142
Total capital assets being depreciated	<u>112,751</u>	<u>2,337</u>	<u>(104)</u>	<u>114,984</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,137)	(1,309)		(27,446)
Improvements other than buildings	(6,371)	(159)		(6,530)
Machinery and equipment	(42,551)	(1,810)	104	(44,257)
Total accumulated depreciation	<u>(75,059)</u>	<u>(3,278)</u>	<u>104</u>	<u>(78,233)</u>
Total capital assets being depreciated, net	<u>37,692</u>	<u>(941)</u>	<u>-</u>	<u>36,751</u>
Business-Type Activities Capital Assets, Net	<u>\$ 42,780</u>	<u>\$ 9,967</u>	<u>\$ -</u>	<u>\$ 52,747</u>

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

Governmental activities:	
General government	\$ 452
Public works	2,882
Public safety	685
Human services	76
Recreation	157
Library	25
Education	<u>4,956</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>9,233</u></u>
 Business-type activities:	
Water	\$ 2,381
Sewer	748
Sanitation	<u>149</u>
 Total Depreciation Expense - Business-type Activities	 \$ <u><u>3,278</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2012. The projects include renovations to School Facilities, improvements to the Head Start Facility, and various public works and bond referendum projects.

The following is a summary of significant capital projects at June 30, 2012:

<u>Project</u>	<u>Authorized Amount</u>	<u>Expended and Encumbered</u>	<u>Unencumbered Balance</u>
2000 Public Works Projects	\$ 6,343	\$ 6,319	\$ 24
School Repairs/Renovations 2001/02	7,619	7,343	276
2003 Public Works Projects	5,427	5,288	139
Head Start Facility	7,502	7,214	288
Real Property Acquisition	3,063	2,363	700
Bennet, Illing, Bowers, Waddell School Projects	45,366	43,396	1,970
2005 Public Works Projects	5,455	5,345	110
2007 School Building and Grounds	2,548	2,375	173
Highland Park School Renovations	13,100	11,858	1,242
2007 Public Works Projects	6,099	5,703	396
Broad Street Redevelopment	11,000	3,863	7,137
2009 Bond Referendum Projects	8,000	7,331	669
2011 Public Works Projects	<u>12,000</u>	<u>1,110</u>	<u>10,890</u>
 Total	 \$ <u><u>133,522</u></u>	 \$ <u><u>109,508</u></u>	 \$ <u><u>24,014</u></u>

The following capital projects are being financed by a combination of State and Federal grants and general obligation bonds: School Repairs/Renovations 2001/02, 2003 Public Works Projects, Real Property Acquisitions, Bennet, Illing, Bowers, Waddell School Projects, 2005 Public Works Projects, 2007 School Building and Grounds, Highland Park School Renovations 2007 Public Works Projects and 2011 Public Works Projects. Capital projects financed by general obligation bonds are as follows: 2000 Public Works Projects, 2009 Bond Referendum Projects and Broad Street Redevelopment. The Head Start Facility is being funded from a State grant and CHEFA bond proceeds.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Capital Project Fund	\$ 16,962
General Fund	Nonmajor Governmental	83
Fire District	Capital Project Fund	22
Capital Projects	Nonmajor Governmental	425
Water Fund	Pension Trust Fund	3,104
Water Fund	Retiree Health Care Trust Fund	281
Sanitation Fund	Sewer Fund	4,121
Internal Service Fund	Capital Projects	<u>4,403</u>
		<u>\$ 29,401</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>	<u>Sanitation</u>	
Transfers:							
General Fund	\$	\$ 1,804	\$ 1,024	\$ 183	\$	\$ 1,600	\$ 4,611
Fire District	217		151				368
Nonmajor Governmental	11						11
Water	684						684
Sewer	529				106		635
Sanitation	97						97
Internal Service				6			6
Total Transfers In	<u>\$ 1,538</u>	<u>\$ 1,804</u>	<u>\$ 1,175</u>	<u>\$ 189</u>	<u>\$ 106</u>	<u>\$ 1,600</u>	<u>\$ 6,412</u>

The above transfers represent normal budgetary and other recurring transfers.

7. LEASES

Capital Leases

Leases which are, in substance, purchases are classified as capital leases in governmental funds as "other financing sources" and "capital expenditures" and are recorded at lease inception.

Most of the lease agreements have cancellation clauses in the event funding is not available. For reporting purposes, such cancellation clauses are not considered in the determination of whether a lease is cancelable because the likelihood that such clauses will be exercised is considered remote.

The Town has entered into installment purchase agreements. Because the amounts included are immaterial, and the accounting treatment is similar, such agreements are reported together with capital leases.

The assets acquired through capital leases are as follows:

	Governmental Funds
	<u> </u>
Vehicles and equipment	\$ 5,277
Less accumulated depreciation	<u>5,139</u>
Net Leased Property	<u>\$ 138</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30,	Governmental Funds
<u> </u>	<u> </u>
2013	\$ <u>335</u>
Total future minimum lease payments	335
Less amounts representing interest	<u>(11)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 324</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 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	\$ 76,615	\$ 14,215	\$ (14,625)	\$ 76,205	\$ 6,335
Less deferred amounts					
For issuance premiums		973	(80)	893	
On refunding	(336)	90	(409)	(655)	
Total bonds payable	<u>76,279</u>	<u>15,278</u>	<u>(15,114)</u>	<u>76,443</u>	<u>6,335</u>
Other liabilities:					
Capital leases	636		(312)	324	324
Claims and judgments	10,679	28,083	(28,328)	10,434	5,710
Compensated absences	14,528	80	(372)	14,236	4,490
Net OPEB obligation	<u>9,135</u>	<u>4,591</u>		<u>13,726</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 111,257</u>	<u>\$ 48,032</u>	<u>\$ (44,126)</u>	<u>\$ 115,163</u>	<u>\$ 16,859</u>
Business-type activities:					
Landfill	\$ 15,124	\$ 1,042	\$	\$ 16,166	\$
Compensated absences	<u>1,338</u>	<u>39</u>	<u>(3)</u>	<u>1,374</u>	<u>444</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 16,462</u>	<u>\$ 1,081</u>	<u>\$ (3)</u>	<u>\$ 17,540</u>	<u>\$ 444</u>

Bonds Payable

The annual requirements to amortize bonds payable as of June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Governmental Activities			
	Principal	Interest	Amount to be Provided by State of Connecticut	
			Principal	Interest
2013	\$ 6,335	\$ 2,843	\$ 107	\$ 7
2014	6,240	2,623	105	3
2015	6,015	2,429		
2016	5,770	2,211		
2017	5,730	1,986		
2018-2022	23,715	6,941		
2023-2027	19,535	2,625		
2028-2030	<u>2,865</u>	<u>80</u>		
Total	<u>\$ 76,205</u>	<u>\$ 21,738</u>	<u>\$ 212</u>	<u>\$ 10</u>

Governmental fund bonds bear interest at rates ranging from 2.0% to 5.5% and mature in fiscal years ending 2013 through 2029. 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 \$5,990,000 were issued.

Refundings

On July 1, 2011, the Town issued \$8,225 in general obligation bonds, with an average interest rate of 3.7% to refund outstanding bonds with an average rate of 3.32%. The bonds refunded were as follows: \$1,200 of outstanding 2002 general obligation bonds, \$1,100 of outstanding 2002 general obligation bonds and \$6,300 of outstanding 2003 general obligation and school improvement bonds. The net proceeds of \$9,010 (after payment of issuance costs of \$105) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets. The transaction generated a cash flow savings of \$496 and a present value savings of \$310

The Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2012, \$-0- of the defeased debt is outstanding.

The following is a schedule of bond anticipation note activity for the year ended June 30, 2012:

	Governmental Activities	Business-Type Activities		
		Water	Sewer	Total
Balance, July 1, 2011	\$	\$ 12,826	\$ 550	\$ 13,376
Issued	1,995	17,295	2,445	21,735
Retired		(12,826)	(550)	(13,376)
Balance, June 30, 2012	\$ <u>1,995</u>	\$ <u>17,295</u>	\$ <u>2,445</u>	\$ <u>21,735</u>

The above notes with an interest rate of 2% matured on July 6, 2012. The governmental activities short-term financing was issued for the initial funding for design and property acquisition. The business-type activities short-term financing was issued for various water system and quality improvements.

The Town's total net indebtedness does not exceed the total legal debt limit, which is \$862,722. At June 30, 2012, authorized and unissued debt amounted to \$28,661 including several public works projects, school renovations, and Globe Hollow Water Treatment.

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2012 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	\$	\$	\$	\$ 52	\$ 52
Prepaid expenditures	147	334		12	493
Permanent funds				750	750
Restricted for:					
Unspent grant balances				2,147	2,147
Permanent funds				1,286	1,286
Human services				836	836
Leisure services				2,217	2,217
Education				140	140
Committed to:					
General government				34	34
Public safety	32	2,058		603	2,693
Leisure services				215	215
Education				1,052	1,052
Assigned to:					
General government	706				706
Public works	754				754
Public safety	597				597
Leisure services	4				4
Education	1,174				1,174
Accrued leave payout	75				75
Unassigned	<u>10,636</u>		<u>(12,174)</u>		<u>(1,538)</u>
 Total Fund Balances	 <u>\$ 14,125</u>	 <u>\$ 2,392</u>	 <u>\$ (12,174)</u>	 <u>\$ 9,344</u>	 <u>\$ 13,687</u>

Significant encumbrances at June 30, 2012 are contained in the above table in the assigned categories of the General Fund.

10. 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, 2012 and 2011, for the TOMMIF and MSIP funds are as follows:

	<u>2011</u> <u>TOMMIF</u>	<u>2012</u> <u>TOMMIF</u>	<u>2011</u> <u>MSIP</u>	<u>2012</u> <u>MSIP</u>
Unpaid claims, July 1	\$ 1,901	\$ 1,708	\$ 7,563	\$ 8,971
Incurred claims (including IBNR)	24,041	27,225	2,781	858
Claim payments	<u>(24,234)</u>	<u>(26,344)</u>	<u>(1,373)</u>	<u>(1,984)</u>
Unpaid Claims, June 30	<u>\$ 1,708</u>	<u>\$ 2,589</u>	<u>\$ 8,971</u>	<u>\$ 7,845</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.

11. 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.

Town of Vernon

The Town has contracted with the Town of Vernon Waste Water Pollution Control Authority to provide for the processing of waste water from certain Manchester sites proximate to the newly constructed Vernon Waste Water Treatment Plant. The two Towns have estimated that these Manchester sites will use approximately 1.25% of the plant capacity. The Towns have further agreed that the Town of Manchester will provide, on a contracted basis, 1.25% of the Clean Water Fund loan payments due from the Vernon Water Pollution Control Authority to cover the capital costs incurred by the Authority. The Town of Manchester sites sending waste water to the Vernon Plant will be billed directly by the Water Pollution Control Authority for operation and maintenance costs. These contractual payments are appropriated annually and appear in the annual operating budget of the Sewer Fund. The amount paid during fiscal year 2012 was \$19, and the total amount outstanding at June 30, 2012 was \$89.

12. 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 \$69 to CREOC during the year ended June 30, 2012.

13. 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, 2012, the Town had recorded a liability of \$16,166 in the Sanitation Enterprise Fund that represents the amount of costs reported to date based on the 74 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$5,680 that will be recognized as the remaining capacity is used (estimated to be 21 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.

14. 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.

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, 2010, plan membership consisted of the following:

	Post- Retirement Medical Program
Retired members	975
Spouses of retired members	476
Active plan members	<u>1,454</u>
Total Participants	<u><u>2,905</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).

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:

	Post-Retirement Medical Program (in thousands)
Annual required contribution (ARC)	\$ 14,583
Interest on net OPEB obligation	707
Adjustment to annual required contribution	<u>(527)</u>
Annual OPEB cost	14,763
Contributions made	<u>10,172</u>
Increase in net OPEB obligation	4,591
Net OPEB obligation, beginning of year	<u>9,135</u>
Net OPEB Obligation, End of Year	<u>\$ 13,726</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, 2012, 2011 and 2010 is presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/12	\$ 14,763	\$ 10,172	86.71%	\$ 13,726
6/30/11	13,256	11,311	85.33%	9,135
6/30/10	12,346	10,705	86.71%	7,190

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.

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)
7/1/07	\$ -	\$ 125,914	\$ (125,914)	0%	\$ 38,202	(329.6%)
7/1/08	-	145,240	(145,240)	0%	38,501	(377.2%)
7/1/10	560	170,806	(170,246)	0.3%	38,148	(446.3%)

Schedule of Employer Contribution

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/10	\$ 12,223	87.6%
6/30/11	13,104	86.3%
6/30/12	14,583	68.9%

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, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.75% 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 4.7% to 6.8%. The general inflation assumption is 5.0%. Projected salary increases were 4.5%. 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, 2012 was 26 years.

15. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

The Town of Manchester 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.

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.

The membership of the plan consisted of the following at July 1, 2011, the date of the latest actuarial valuation:

Retirees, disabled employees and beneficiaries currently receiving benefits	584
Terminated Plan members entitled to benefits but not yet receiving them	124
Current employees:	
Vested	538
Nonvested	238
	<hr/>
Total	<u>1,484</u>

B. 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 when due; investment income is recognized when earned. Expenses (benefits, administration and refunds of contributions) are recognized when incurred.

Investments are reported at fair value.

C. 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.

D. Annual Pension Cost and Net Pension Obligation

The Town’s annual pension cost and accrued required contribution to the PERS for the current year amounted to \$5,038. The Town contributed \$5,038 this year.

The annual required contribution for the current year was determined as part of the July 1, 2011 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.5% per year and (c) inflation rate of 3.0%. The assumptions did not include post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized using the level percent of pay method over a 30-year closed period.

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 5,038	\$ 5,038	100%	\$ -
6/30/11	4,477	4,477	100	-
6/30/10	4,138	4,138	100	-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded Accrued Liability UAAL</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL % of Covered Payroll ((b-a)/c)</u>
7/01/11	\$ 137,185	\$ 167,728	\$ 30,542	\$ 82%	\$ 34,926	87%
7/01/10	131,598	164,350	32,752	80%	35,132	93%
7/01/09	129,259	158,939	29,680	81%	30,623	97%
7/01/08	131,666	150,704	19,037	87%	29,322	65%
7/01/07	125,707	143,554	17,847	88%	40,042	45%
7/01/06	117,216	141,112	23,896	83%	30,458	78%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/12	\$ 5,038	100%
6/30/11	4,477	100%
6/30/10	4,138	100%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Valuations are performed annually. Additional information as of the latest actuarial valuation is presented in D above.

G. 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. 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 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, 2012 is \$13,471. There were 155 participants as of June 30, 2012. During the fiscal year ended June 30, 2012, employees contributed \$591 (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$591. Covered payroll totaled \$9,855. 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.

H. Municipal Employees' Retirement Fund

Manchester firefighters participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

Funding Policy: Plan members are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate which was 13.50% of earnings for the year ended June 30, 2012. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2012, 2011 and 2010 were \$1,119, \$935 and \$642, respectively, equal to the required contributions for each year.

I. Teachers' Retirement System

All Town certified teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$44,761 or 67.46% of the total Board of Education payroll of \$66,353.

The retirement system for teachers is funded by the State based upon the recommendation of the State Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2012, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$9,195 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

16. SUBSEQUENT EVENTS

On July 6, 2012, the Town issued \$17,893 and \$1,495 of Bond Anticipation Notes with interest rates of 1.25% and 1.00%, respectively, and maturity dates of July 5, 2013, and \$9,505 of General Obligation Bonds with a variable interest rate between 3.00% and 5.00% and a final maturity of August 1, 2031.

**Required Supplementary
Information**

TOWN OF MANCHESTER, CONNECTICUT

GENERAL FUND AND FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2012
(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	\$ 121,320	\$ 121,320	\$ 121,049	\$ (271)	\$ 10,890	\$ 10,890	\$ 10,902	\$ 12
Intergovernmental revenue	34,786	34,789	36,571	1,782	33	33	171	138
Investment and interest income	497	512	68	(444)	10	10	3	(7)
Licenses, permits and fines	1,638	1,638	1,814	176				-
Charges for goods and services	1,665	1,665	1,577	(88)	525	525	201	(324)
Other	180	180	543	363				-
Total revenues	<u>160,086</u>	<u>160,104</u>	<u>161,622</u>	<u>1,518</u>	<u>11,458</u>	<u>11,458</u>	<u>11,277</u>	<u>(181)</u>
Expenditures:								
Current:								
General government	5,501	5,491	5,262	229				-
Public works	12,987	12,942	12,516	426				-
Public safety	18,034	18,052	17,961	91	12,546	12,637	12,364	273
Human services	2,878	2,878	2,758	120				-
Leisure services	5,862	5,862	5,849	13				-
Employee benefits	2,983	2,983	2,951	32				-
Other	346	346	176	170				-
Education	100,521	100,534	100,529	5				-
Internal service fund charges	2,560	2,560	2,560	-	473	473	473	-
Debt service	8,868	8,868	8,848	20	179	179	174	5
Capital outlay				-	43	80	66	14
Total expenditures	<u>160,540</u>	<u>160,516</u>	<u>159,410</u>	<u>1,106</u>	<u>13,241</u>	<u>13,369</u>	<u>13,077</u>	<u>292</u>
Excess (deficiency) of revenues over expenditures	<u>(454)</u>	<u>(412)</u>	<u>2,212</u>	<u>2,624</u>	<u>(1,783)</u>	<u>(1,911)</u>	<u>(1,800)</u>	<u>111</u>
Other financing sources (uses):								
Transfers in	1,672	1,672	1,538	(134)	1,804	1,804	1,804	-
Transfers out	(2,842)	(4,611)	(4,611)	-	(216)	(216)	(368)	152
Total other financing sources (uses)	<u>(1,170)</u>	<u>(2,939)</u>	<u>(3,073)</u>	<u>(134)</u>	<u>1,588</u>	<u>1,588</u>	<u>1,436</u>	<u>152</u>
Net change in fund balances	\$ <u>(1,624)</u>	\$ <u>(3,351)</u>	(861)	\$ <u>2,490</u>	\$ <u>(195)</u>	\$ <u>(323)</u>	(364)	\$ <u>263</u>
Fund balance, beginning of year			<u>13,272</u>				<u>2,724</u>	
Fund Balance, End of Year			\$ <u>12,411</u>				\$ <u>2,360</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>REVENUES</u>		
Non-GAAP budgetary basis - RSI-1	\$ 161,622	\$ 11,277
State of Connecticut on-behalf contributions to the Connecticut Teachers' Retirement System for Town teachers are not budgeted	9,195	
Excess cost grant revenue is budgeted as a credit to education expenditures	1,494	
Prior year encumbrances cancelled	(79)	
	172,232	11,277
GAAP basis - Exhibit IV	\$ 172,232	\$ 11,277
<u>EXPENDITURES</u>		
Non-GAAP budgetary basis - RSI-1	\$ 159,410	\$ 13,077
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	9,195	
Excess cost grant revenue is budgeted as a credit to education expenditures	1,494	
Bond issuance costs on refunding are not budgeted	105	
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, 2011	2,183	32
June 30, 2012	(1,601)	(32)
	170,786	13,077
GAAP basis - Exhibit IV	\$ 170,786	\$ 13,077

**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, 2012 AND 2011

(In Thousands)

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$	\$ 3,900
Investments	4,874	10,850
Property taxes receivable (net of allowance for uncollectibles of \$997 in 2012 and 2011)	3,904	3,160
Accrued interest on taxes	1,221	985
Accounts receivable	949	215
Intergovernmental receivables	238	431
Due from special services district	32	40
Interfund receivables	17,045	14,946
Other assets	<u>147</u>	<u>39</u>
Total Assets	<u>\$ 28,410</u>	<u>\$ 34,566</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other payables	\$ 2,029	\$ 4,117
Accrued liabilities	1,037	1,423
Intergovernmental payables	59	56
Deferred revenues	<u>11,160</u>	<u>13,323</u>
Total liabilities	<u>14,285</u>	<u>18,919</u>
Fund balance:		
Nonspendable	147	39
Committed	32	40
Assigned	3,310	5,515
Unassigned	<u>10,636</u>	<u>10,053</u>
Total fund balance	<u>14,125</u>	<u>15,647</u>
Total Liabilities and Fund Balance	<u>\$ 28,410</u>	<u>\$ 34,566</u>

TOWN OF MANCHESTER, CONNECTICUT

GENERAL FUND
REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

50

Grand List	Uncollected Taxes July 1, 2011	Lawful Corrections		Transfers To Suspend	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2011
		Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2010	\$ 123,389	\$ 217	\$ 249	\$ 3	\$ 123,354	\$ 120,953	\$ 389	\$ 2	\$ 121,344	\$ 2,401
2009	2,040	55	31	4	2,060	978	206	4	1,188	1,082
2008	917	39	14	5	937	241	85	1	327	696
2007	676		3	280	393	100	54	1	155	293
2006	230		1		229	40	43		83	189
2005	105		1		104	14	27		41	90
2004	46		1		45	4	9		13	41
2003	26		1		25	2	8		10	23
2002	19				19	1	6		7	18
2001	18				18	1	4		5	17
2000	15				15	1	4		5	14
1999	15				15	2	1		3	13
1998	11				11	2	1		3	9
1997	10				10	2	1		3	8
1996	9				9	2	1		3	7
Total	\$ <u>127,526</u>	\$ <u>311</u>	\$ <u>301</u>	\$ <u>292</u>	\$ <u>127,244</u>	122,343	839	8	123,190	\$ <u>4,901</u>
				Suspend collections		<u>52</u>			<u>52</u>	
				Total collections		\$ <u>122,395</u>	\$ <u>839</u>	\$ <u>8</u>	\$ <u>123,242</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 Held at the 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, 2012
(In Thousands)

	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	\$ 396	\$ 279	\$ 442	\$ 1,871	\$ 816	\$ 11	\$	\$ 111	\$ 47
Investments									
Accounts receivable	182				25		5	40	20
Intergovernmental receivables			327	41	289		127		
Inventory					52				
Other assets			12						
Total Assets	\$ 578	\$ 279	\$ 781	\$ 1,912	\$ 1,182	\$ 11	\$ 132	\$ 151	\$ 67
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payable	\$	\$ 17	\$ 232	\$ 199	\$ 85	\$	\$ 49	\$	\$
Accrued liabilities		2	29		4				
Interfund payable							74		
Deferred revenue		45	208				5	21	20
Total liabilities	-	64	469	199	89	-	128	21	20
Fund Balance:									
Nonspendable			12		52				
Restricted			300	1,713			4	130	47
Committed	578	215			1,041	11			
Total fund balance	578	215	312	1,713	1,093	11	4	130	47
Total Liabilities and Fund Balances	\$ 578	\$ 279	\$ 781	\$ 1,912	\$ 1,182	\$ 11	\$ 132	\$ 151	\$ 67

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012
(In Thousands)

	<u>Special Revenue Funds</u>								
	<u>Levi Drake Fund</u>	<u>Emergency Employment Fund</u>	<u>Mary Cheney Library Fund</u>	<u>Whiton Library Fund</u>	<u>Police Department Health and Welfare Fund</u>	<u>Library Appreciation Fund</u>	<u>Foulds Family Foundation</u>	<u>R.B. Bagley Memorial Book Fund</u>	<u>Trust Funds Held at the Board of Education</u>
ASSETS									
Cash and cash equivalents	\$	\$ 34	\$ 1	\$ 427	\$ 25	\$ 8	\$ 23	\$ 5	\$ 2
Investments	91			1,244					
Accounts receivable									
Intergovernmental receivables									
Inventory									
Other assets									
Total Assets	<u>\$ 91</u>	<u>\$ 34</u>	<u>\$ 1</u>	<u>\$ 1,671</u>	<u>\$ 25</u>	<u>\$ 8</u>	<u>\$ 23</u>	<u>\$ 5</u>	<u>\$ 2</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payable	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities									
Interfund payable				425					
Deferred revenue									
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:									
Nonspendable									
Restricted	91		1	1,246		8	23	5	2
Committed		34			25				
Total fund balance	<u>91</u>	<u>34</u>	<u>1</u>	<u>1,246</u>	<u>25</u>	<u>8</u>	<u>23</u>	<u>5</u>	<u>2</u>
Total Liabilities and Fund Balances	<u>\$ 91</u>	<u>\$ 34</u>	<u>\$ 1</u>	<u>\$ 1,671</u>	<u>\$ 25</u>	<u>\$ 8</u>	<u>\$ 23</u>	<u>\$ 5</u>	<u>\$ 2</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012
(In Thousands)

	<u>Special Revenue Funds</u>					<u>Permanent Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Wilma D. Marlow Fund</u>	<u>Newton B. Taggart Fund</u>	<u>East Cemetery Trust Fund</u>	<u>Consolidated Cemetery Trust Fund</u>	<u>Trust Funds Held at the Board of Education</u>	<u>Library Trust Fund</u>	<u>Jarvis Library Fund</u>	
ASSETS								
Cash and cash equivalents	\$ 8		\$ 68	\$ 4	\$ 133	\$ 55	\$ 3	\$ 4,769
Investments		861	398	248			2,035	4,877
Accounts receivable			4					276
Intergovernmental receivables								784
Inventory								52
Other assets								12
Total Assets	<u>\$ 8</u>	<u>\$ 861</u>	<u>\$ 470</u>	<u>\$ 252</u>	<u>\$ 133</u>	<u>\$ 55</u>	<u>\$ 2,038</u>	<u>\$ 10,770</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payable	\$	\$	\$	\$	\$	\$	\$ 2	\$ 584
Accrued liabilities								35
Interfund payable		9						508
Deferred revenue								299
Total liabilities	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>1,426</u>
Fund Balance:								
Nonspendable							750	814
Restricted	8	852	470	252	133	55	1,286	6,626
Committed								1,904
Total fund balance	<u>8</u>	<u>852</u>	<u>470</u>	<u>252</u>	<u>133</u>	<u>55</u>	<u>2,036</u>	<u>9,344</u>
Total Liabilities and Fund Balances	<u>\$ 8</u>	<u>\$ 861</u>	<u>\$ 470</u>	<u>\$ 252</u>	<u>\$ 133</u>	<u>\$ 55</u>	<u>\$ 2,038</u>	<u>\$ 10,770</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

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	<u>Special Revenue Funds</u>								
	<u>Police Special Services Fund</u>	<u>Recreation Activities</u>	<u>Education Special Grants Fund</u>	<u>Special Projects Fund</u>	<u>Cafeteria Fund</u>	<u>Community Use of Schools</u>	<u>Community Development Block Grant Fund</u>	<u>Housing Rehab</u>	<u>Neighborhood Housing Predevelopment Fund</u>
Revenue:									
Intergovernmental revenue	\$	\$	\$ 9,751	\$ 1,330	\$ 2,085	\$	\$ 763	\$	\$
Investment income									
Net increase (decrease) in the fair value of investments									
Charges for goods and services	962	332		8	1,094	75			1
Other		2	240	214			2	1	
Total revenues	<u>962</u>	<u>334</u>	<u>9,991</u>	<u>1,552</u>	<u>3,179</u>	<u>75</u>	<u>765</u>	<u>1</u>	<u>1</u>
Expenditures:									
Current:									
General government				27			109		
Public works				2					
Public safety	823			499					
Human services				1,081			312		
Recreation		293		18					
Library				5					
Education			9,952		3,123	75			
Other									
Capital outlay							343		
Total expenditures	<u>823</u>	<u>293</u>	<u>9,952</u>	<u>1,632</u>	<u>3,123</u>	<u>75</u>	<u>764</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>139</u>	<u>41</u>	<u>39</u>	<u>(80)</u>	<u>56</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
Other financing sources (uses):									
Transfers in		10		175		4			
Transfers out									
Total other financing sources (uses)	<u>-</u>	<u>10</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	139	51	39	95	56	4	1	1	1
Fund balance, beginning of year	<u>439</u>	<u>164</u>	<u>273</u>	<u>1,618</u>	<u>1,037</u>	<u>7</u>	<u>3</u>	<u>129</u>	<u>46</u>
Fund Balance, End of Year	<u>\$ 578</u>	<u>\$ 215</u>	<u>\$ 312</u>	<u>\$ 1,713</u>	<u>\$ 1,093</u>	<u>\$ 11</u>	<u>\$ 4</u>	<u>\$ 130</u>	<u>\$ 47</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	<u>Special Revenue Funds</u>								
	<u>Levi Drake Fund</u>	<u>Emergency Employment Fund</u>	<u>Mary Cheney Library Fund</u>	<u>Whiton Library Fund</u>	<u>Police Department Health and Welfare Fund</u>	<u>Library Appreciation Fund</u>	<u>Foulds Family Foundation</u>	<u>R.B. Bagley Memorial Book Fund</u>	<u>Trust Funds Held at the Board of Education</u>
Revenue:									
Intergovernmental revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment income	2			29					
Net increase (decrease) in the fair value of investments	2			(31)					
Charges for goods and services									
Other					4				1
Total revenues	<u>4</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Expenditures:									
Current:									
General government									
Public works									
Public safety									
Human services									
Recreation									
Library				8					
Education									3
Other	2								
Capital outlay									
Total expenditures	<u>2</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Excess (deficiency) of revenues over expenditures	<u>2</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
Other financing sources (uses):									
Transfers in									
Transfers out									(42)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42)</u>
Net change in fund balances	2	-	-	(10)	4	-	-	-	(44)
Fund balance, beginning of year	<u>89</u>	<u>34</u>	<u>1</u>	<u>1,256</u>	<u>21</u>	<u>8</u>	<u>23</u>	<u>5</u>	<u>46</u>
Fund Balance, End of Year	<u>\$ 91</u>	<u>\$ 34</u>	<u>\$ 1</u>	<u>\$ 1,246</u>	<u>\$ 25</u>	<u>\$ 8</u>	<u>\$ 23</u>	<u>\$ 5</u>	<u>\$ 2</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	<u>Special Revenue Funds</u>					<u>Permanent Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Wilma D. Marlow Fund</u>	<u>Newton B. Taggart Fund</u>	<u>East Cemetery Trust Fund</u>	<u>Consolidated Cemetery Trust Fund</u>	<u>Trust Funds Held at the Board of Education</u>	<u>Library Trust Fund</u>	<u>Jarvis Library Fund</u>	
Revenue:								
Intergovernmental revenue	\$	\$	\$	\$	\$	\$	\$	\$
Investment income		19	10	6	1		40	107
Net increase (decrease) in the fair value of investments		(12)		3			(33)	(71)
Charges for goods and services			58					2,530
Other					1	11	333	809
Total revenues	<u>-</u>	<u>7</u>	<u>68</u>	<u>9</u>	<u>2</u>	<u>11</u>	<u>340</u>	<u>-</u>
Expenditures:								
Current:								
General government								136
Public works								2
Public safety								1,322
Human services								1,393
Recreation								311
Library		14				12	19	58
Education					7			13,160
Other			6	4				12
Capital outlay								343
Total expenditures	<u>-</u>	<u>14</u>	<u>6</u>	<u>4</u>	<u>7</u>	<u>12</u>	<u>19</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(7)</u>	<u>62</u>	<u>5</u>	<u>(5)</u>	<u>(1)</u>	<u>321</u>	<u>-</u>
Other financing sources (uses):								
Transfers in					42			(42)
Transfers out			(7)	(4)			42	(11)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>(4)</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>178</u>
Net change in fund balances	-	(7)	55	1	37	(1)	321	-
Fund balance, beginning of year	<u>8</u>	<u>859</u>	<u>415</u>	<u>251</u>	<u>96</u>	<u>56</u>	<u>1,715</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 8</u>	<u>\$ 852</u>	<u>\$ 470</u>	<u>\$ 252</u>	<u>\$ 133</u>	<u>\$ 55</u>	<u>\$ 2,036</u>	<u>\$ -</u>

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 ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2012
(In Thousands)

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Interfund Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,513	\$ 1,945	\$	\$	\$ 3,458
Investments		313	15,189		15,502
Receivables			759		759
Interfund receivables		5,753		(1,350)	4,403
Prepaid expenses		3			3
Total current assets	<u>1,513</u>	<u>8,014</u>	<u>15,948</u>	<u>(1,350)</u>	<u>24,125</u>
Noncurrent assets:					
Capital assets, net	<u>1,219</u>				<u>1,219</u>
Total assets	<u>2,732</u>	<u>8,014</u>	<u>15,948</u>	<u>(1,350)</u>	<u>25,344</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Current liabilities:					
Accounts and other payables	46	6			52
Accrued liabilities	1				1
Interfund payables			1,350	(1,350)	-
Claims payable		3,121	2,589		5,710
Compensated absences payable	88	12			100
Total current liabilities	<u>135</u>	<u>3,139</u>	<u>3,939</u>	<u>(1,350)</u>	<u>5,863</u>
Noncurrent liabilities:					
Compensated absences payable	217	8			225
Claims payable		4,724			4,724
Total noncurrent liabilities	<u>217</u>	<u>4,732</u>	<u>-</u>	<u>-</u>	<u>4,949</u>
Total liabilities	<u>352</u>	<u>7,871</u>	<u>3,939</u>	<u>(1,350)</u>	<u>10,812</u>
NET ASSETS					
Net Assets:					
Invested in capital assets	1,219				1,219
Unrestricted	<u>1,161</u>	<u>143</u>	<u>12,009</u>		<u>13,313</u>
Total Net Assets	<u>\$ 2,380</u>	<u>\$ 143</u>	<u>\$ 12,009</u>	<u>\$ -</u>	<u>\$ 14,532</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
Operating Revenues:				
Charges for services	\$ 1,733	\$ 3,403	\$ 25,776	\$ 30,912
Other		135	339	474
Total operating revenues	<u>1,733</u>	<u>3,538</u>	<u>26,115</u>	<u>31,386</u>
Operating Expenses:				
General operating	1,745	342	1,081	3,168
Claims expense		2,002	21,803	23,805
Depreciation expense	307			307
Total operating expenses	<u>2,052</u>	<u>2,344</u>	<u>22,884</u>	<u>27,280</u>
Operating Income (Loss)	(319)	1,194	3,231	4,106
Nonoperating Revenues (Expenses):				
Loss on disposal of capital assets	(11)			(11)
Interest on investments	1	6	122	129
Intergovernmental revenues			192	192
Total nonoperating revenues (expenses)	<u>(10)</u>	<u>6</u>	<u>314</u>	<u>310</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(329)</u>	<u>1,200</u>	<u>3,545</u>	<u>4,416</u>
Transfer Out	<u>(6)</u>			<u>(6)</u>
Change in Net Assets	(335)	1,200	3,545	4,410
Net Assets at Beginning of Year	<u>2,715</u>	<u>(1,057)</u>	<u>8,464</u>	<u>10,122</u>
Net Assets at End of Year	<u>\$ 2,380</u>	<u>\$ 143</u>	<u>\$ 12,009</u>	<u>\$ 14,532</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(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	\$ 1,733	\$ 3,403	\$ 26,046	\$ 31,182
Cash received from insurance proceeds		135		135,000
Cash paid to suppliers for goods and services	(872)	(223)	(1,185)	(2,280)
Cash paid to employees	(945)	(138)		(1,083)
Cash paid for insurance claims and premiums		(3,128)	(20,904)	(24,032)
Net cash provided by (used in) operating activities	<u>(84)</u>	<u>49</u>	<u>3,957</u>	<u>3,922</u>
Cash Flows from Noncapital Financing Activities:				
Cash provided by other funds			1,350	1,350
Intergovernmental grants			192	192
Cash paid to other funds	(6)	(5,753)		(5,759)
Net cash provided by (used in) noncapital financing activities	<u>(6)</u>	<u>(5,753)</u>	<u>1,542</u>	<u>(4,217)</u>
Cash Flows from Investing Activities:				
Interest received	1	6	122	129
Purchase of investments		(16)	(6,595)	(6,611)
Net cash provided by (used in) investing activities	<u>1</u>	<u>(10)</u>	<u>(6,473)</u>	<u>(6,482)</u>
Net Decrease in Cash and Cash Equivalents	(89)	(5,714)	(974)	(6,777)
Cash and Cash Equivalents at Beginning of Year	<u>1,602</u>	<u>7,659</u>	<u>974</u>	<u>10,235</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,513</u>	<u>\$ 1,945</u>	<u>\$ -</u>	<u>\$ 3,458</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (319)	\$ 1,194	\$ 3,231	\$ 4,106
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	307			307
(Increase) decrease in accounts receivable and other prepaid assets			(69)	(69)
Increase (decrease) in accounts payable	(7)	(10)	(86)	(103)
Increase (decrease) in accrued expenses	(47)	(6)		(53)
Increase (decrease) in compensated absences payable	(18)	(3)		(21)
Increase (decrease) in claims payable		(1,126)	881	(245)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (84)</u>	<u>\$ 49</u>	<u>\$ 3,957</u>	<u>\$ 3,922</u>

Fiduciary 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 SCPRIF 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, 2012

(In Thousands)

	<u>Plan Deposit Fund</u>	<u>Student Activity Fund</u>	<u>Senior Center Activities Fund</u>	<u>Maintenance Bond Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 20	\$ 501	\$ 46	\$ 228	\$ 4	\$ 799
LIABILITIES						
Deposits held for others	\$ 20	\$ 501	\$ 46	\$ 228	\$ 4	\$ 799

TOWN OF MANCHESTER, CONNECTICUT

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</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>533</u>	\$ <u>994</u>	\$ <u>1,026</u>	\$ <u>501</u>
Liabilities:				
Deposits held for others	\$ <u>533</u>	\$ <u>994</u>	\$ <u>1,026</u>	\$ <u>501</u>
Senior Center Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>44</u>	\$ <u>19</u>	\$ <u>17</u>	\$ <u>46</u>
Liabilities:				
Deposits held for others	\$ <u>44</u>	\$ <u>19</u>	\$ <u>17</u>	\$ <u>46</u>
Maintenance Bond Fund				
Assets:				
Cash and cash equivalents	\$ <u>167</u>	\$ <u>89</u>	\$ <u>28</u>	\$ <u>228</u>
Liabilities:				
Deposits held for others	\$ <u>167</u>	\$ <u>89</u>	\$ <u>28</u>	\$ <u>228</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>768</u>	\$ <u>1,102</u>	\$ <u>1,071</u>	\$ <u>799</u>
Liabilities:				
Deposits held for others	\$ <u>768</u>	\$ <u>1,102</u>	\$ <u>1,071</u>	\$ <u>799</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.

TOWN OF MANCHESTER, CONNECTICUT

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005*</u>	<u>2004</u>	<u>2003</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 103,203	\$ 99,265	\$ 94,969	\$ 104,570	\$ 85,637	\$ 89,227	\$ 68,196	\$ 56,406	\$ 10,349	\$ 15,196
Restricted	2,036	1,715	4,163	3,702	4,248	4,634	2,749	2,515	2,455	2,329
Unrestricted	3,386	6,333	6,886	(1,969)	17,822	(3,330)	(6,672)	(1,422)	(2,576)	(7,134)
Total governmental activities net assets	<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>	<u>57,499</u>	<u>10,228</u>	<u>10,391</u>
Business-type activities:										
Invested in capital assets, net of related debt	33,007	29,404	25,753	26,098	24,060	24,704	26,485	26,224	26,872	28,395
Unrestricted	7,550	10,808	17,057	18,590	30,569	29,208	25,672	21,773	21,817	19,675
Total business-type activities net assets	<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>	<u>47,997</u>	<u>48,689</u>	<u>48,070</u>
⌘ Primary government:										
Invested in capital assets, net of related debt	136,210	128,669	120,722	130,668	109,697	113,931	94,681	82,630	37,221	43,591
Restricted	2,036	1,715	4,163	3,702	4,248	4,634	2,749	2,515	2,455	2,329
Unrestricted	10,936	17,141	23,943	16,621	48,391	25,878	19,000	20,351	19,241	12,541
Total Primary Government Net Assets	<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>	<u>\$ 105,496</u>	<u>\$ 58,917</u>	<u>\$ 58,461</u>

*Restated - retroactive reporting of infrastructure

Notes:

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

TOWN OF MANCHESTER, CONNECTICUT

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(In Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General government	\$ 6,134	\$ 6,190	\$ 7,759	\$ 4,079	\$ 7,537	\$ 4,291	\$ 5,730	\$ 5,725	\$ 7,881	\$ 4,595
Public works	22,705	23,244	19,734	19,094	16,321	16,434	15,552	10,567	10,294	10,684
Public safety	35,008	33,808	31,919	32,588	37,270	27,214	25,374	25,185	24,203	23,384
Human services	4,499	5,114	4,063	5,213	5,246	4,176	4,389	4,044	5,303	4,170
Leisure services	6,910	6,230	6,443	6,288	5,714	5,379	5,274	4,704	4,892	4,771
Employee benefits						2,365	2,123	1,775	1,468	1,358
Education	129,950	123,384	122,609	125,273	135,716	103,790	98,998	90,410	90,925	85,578
Interest on long-term debt	3,155	3,297	3,505	3,580	3,333	2,385	2,053	1,722	1,770	1,659
Other						4,993	3,729	3,733	3,398	3,151
Total governmental activities expenses	208,361	201,267	196,032	196,115	211,137	171,027	163,222	147,865	150,134	139,350
Business-type activities:										
Water	8,223	9,060	7,647	8,525	6,725	6,862	6,196	6,266	6,196	6,909
Sewer	6,593	5,511	5,850	5,644	5,769	4,869	5,500	5,098	4,959	4,903
Sanitation	12,783	7,463	6,888	12,857	7,065	6,445	5,651	5,795	5,610	4,894
Total business-type services	27,599	22,034	20,385	27,026	19,559	18,176	17,347	17,159	16,765	16,706
Total primary government expenses	235,960	223,301	216,417	223,141	230,696	189,203	180,569	165,024	166,899	156,056
Program revenues:										
Governmental activities:										
Charges for services:										
General government	854	815	1,001	921	1,066	1,386	1,788	1,500	1,369	1,234
Public works	1,024	897	931	784	934	1,357	1,195	1,652	1,065	1,032
Public safety	1,309	1,349	1,677	1,470	1,634	1,130	893	1,293	1,124	687
Human services	135	216	221	80	91	146	95	64	71	72
Leisure services	862	848	827	791	706	649	673	674	705	582
Education	2,439	2,524	2,841	2,780	2,493	2,333	2,515	3,330	3,633	3,047
Other										
Operating grants and contributions	57,418	54,185	53,234	49,599	73,278	44,596	42,944	37,806	39,921	36,798
Capital grants and contributions	7,934	6,388	3,663	8,224	20,105	21,937	5,253	3,283	2,408	2,053
Total governmental activities program revenues	71,975	67,222	64,395	64,649	100,307	73,534	55,356	49,602	50,296	45,505
Business-type activities:										
Charges for services:										
Water	7,749	19,933	18,391	18,102	19,749	19,801	18,312	16,198	16,453	16,683
Sewer	7,010									
Sanitation	7,035									
Operating grants and contributions	3,791								94	74
Capital grants and contributions	1,113	289	187	236	264	238		65	1,277	
Total business-type activities program revenues	26,698	20,222	18,578	18,338	20,013	20,039	18,312	16,263	17,824	16,757
Total primary government program revenues	98,673	87,444	82,973	82,987	120,320	93,573	73,668	65,865	68,120	62,262
Net (expense) revenue:										
Governmental activities	(136,386)	(134,045)	(131,637)	(131,466)	(110,830)	(97,493)	(107,866)	(98,263)	(99,838)	(93,845)
Business-type activities	(901)	(1,812)	(1,807)	(8,688)	454	1,863	965	(896)	1,059	51
Total primary government net expense	(137,287)	(135,857)	(133,444)	(140,154)	(110,376)	(95,630)	(106,901)	(99,159)	(98,779)	(93,794)

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT

CHANGES IN NET ASSETS (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	\$ 132,767	\$ 128,711	\$ 124,710	\$ 122,923	\$ 118,916	\$ 115,112	\$ 107,059	\$ 98,738	\$ 93,719	\$ 87,474
Grants and contributions not restricted to specific purposes	4,544	3,752	4,212	4,916	4,686	4,775	4,600	4,571	4,382	5,186
Unrestricted investment earnings	238	920	706	298	2,159	2,676	1,380	945	424	465
Miscellaneous	439	628	376	215	591	572	1,085	499	400	288
Premiums on bond issuance			65							
Transfers	(290)	1,329	1,283	1,710						
Total governmental activities	<u>137,698</u>	<u>135,340</u>	<u>131,352</u>	<u>130,062</u>	<u>126,352</u>	<u>123,135</u>	<u>114,124</u>	<u>104,753</u>	<u>98,925</u>	<u>93,413</u>
Business-type activities:										
Unrestricted investment earnings	888	438	1,059	457	1,917	1,185	663	675	310	338
Miscellaneous	68	105					3,048	92		
Premiums on bond issuance			153							
Transfers	290	(1,329)	(1,283)	(1,710)						
Total business-type activities	<u>1,246</u>	<u>(786)</u>	<u>(71)</u>	<u>(1,253)</u>	<u>1,917</u>	<u>1,185</u>	<u>3,711</u>	<u>767</u>	<u>310</u>	<u>338</u>
Total primary government	<u>138,944</u>	<u>134,554</u>	<u>131,281</u>	<u>128,809</u>	<u>128,269</u>	<u>124,320</u>	<u>117,835</u>	<u>105,520</u>	<u>99,235</u>	<u>93,751</u>
Changes in net assets:										
Governmental activities	1,312	1,295	(285)	(1,404)	17,176	26,986	6,774	7,053	(163)	(32)
Business-type activities	345	(2,598)	(1,878)	(9,941)	717	1,755	4,160	(692)	619	(11)
Total Primary Government	<u>\$ 1,657</u>	<u>\$ (1,303)</u>	<u>\$ (2,163)</u>	<u>\$ (11,345)</u>	<u>\$ 17,893</u>	<u>\$ 28,741</u>	<u>\$ 10,934</u>	<u>\$ 6,361</u>	<u>\$ 456</u>	<u>\$ (43)</u>

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.

TOWN OF MANCHESTER, CONNECTICUT

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:										
Reserved	\$	\$	\$ 2,451	\$ 1,787	\$ 2,328	\$ 1,045	\$ 1,561	\$ 1,347	\$ 1,211	\$ 2,007
Unreserved			13,049	14,490	16,316	16,298	13,829	10,591	7,960	5,919
Nonspendable	147	39								
Committed	32	40								
Assigned	3,310	5,515								
Unassigned	<u>10,636</u>	<u>10,053</u>								
Total General Fund	<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>	<u>11,938</u>	<u>9,171</u>	<u>7,926</u>
All other governmental funds:										
Reserved			3,835	4,234	6,638	10,947	33,567	9,533	3,540	3,825
Unreserved, reported in:										
Special revenue funds			7,554	5,922	5,605	4,452	3,791	3,211	3,176	2,732
Capital project funds			(3,221)	(7,341)	3,913	(20,039)	(42,073)	(7,685)	3,621	(5,833)
Nonspendable	1,148	798								
Restricted	6,626	6,147								
Committed	3,962	4,410								
Unassigned	<u>(12,174)</u>	<u>(7,522)</u>								
Total All Other Governmental Funds	\$ <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>	\$ <u>5,059</u>	\$ <u>10,337</u>	\$ <u>724</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.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:										
Property taxes, interest and lien fees	\$ 131,951	\$ 129,160	\$ 124,547	\$ 122,423	\$ 119,165	\$ 114,568	\$ 107,098	\$ 99,321	\$ 94,287	\$ 87,261
Intergovernmental revenue	68,968	64,073	60,523	62,680	96,007	68,869	52,109	46,406	47,332	44,506
Investment and interest income	109	906	679	169	1,806	2,365	1,656	1,243	483	476
Licenses, permits and fines	1,814	1,637	1,882	1,700	1,922	3,291	2,801	2,759	2,368	2,031
Charges for goods and services	4,308	4,688	5,471	5,154	5,001	3,664	3,893	4,281	4,573	3,822
Other	1,722	1,152	919	624	686	2,212	674	1,151	1,004	847
Total revenues	<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>	<u>155,161</u>	<u>150,047</u>	<u>138,943</u>
Expenditures:										
General government	5,417	5,259	5,768	5,180	5,230	5,075	5,004	5,031	4,789	4,796
Public works	12,215	12,815	12,350	12,378	11,822	11,273	10,329	9,650	9,116	9,389
Public safety	31,700	30,234	28,708	28,305	27,628	27,224	25,115	24,292	23,029	22,311
Human services	4,152	4,629	4,022	4,287	3,803	3,972	4,162	4,098	4,982	3,881
Leisure services	6,215	5,481	5,386	5,478	5,477	5,196	5,108	4,774	4,712	4,628
Employee benefits	2,951	2,775	2,636	2,473	2,467	2,365	2,123	1,775	1,468	1,358
Education	125,193	120,603	117,444	114,157	133,564	103,878	98,454	90,198	89,430	83,265
Internal service fund charges	2,561	2,883	3,131	4,738	4,629	3,772	3,059	2,923	2,569	2,290
Other	661	706	1,445	918	1,341	1,178	670	579	815	861
Debt service:										
Principal	14,847	6,596	5,786	5,850	4,044	3,240	3,255	2,550	2,880	2,650
Interest	(5,592)	2,644	3,155	3,564	2,941	1,942	1,889	1,833	1,435	1,538
Capital outlay	20,239	12,508	10,464	22,840	40,438	43,191	16,501	10,602	7,915	12,527
Total expenditures	<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>	<u>158,305</u>	<u>153,140</u>	<u>149,494</u>
Excess of revenue under expenditures	<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>	<u>(3,144)</u>	<u>(3,093)</u>	<u>(10,551)</u>
Other financing sources (uses):										
Transfers in	4,706	4,449	5,059	5,111	6,650	5,793	3,457	4,092	3,598	3,822
Transfers out	(4,990)	(3,120)	(3,776)	(3,401)	(4,996)	(4,476)	(2,941)	(3,478)	(2,797)	(3,371)
Other						98	600			
Issuance of debt	5,990		9,396		39,240	17,624				
Issuance of bond refunding	8,225		4,865					6,800	12,075	
Premium on bond refunding	890		243							
Payments to escrow agent	(9,010)		(5,001)					(6,760)		
Bond premium	83		65							
Discount on bond refunding								(21)		
Total other financing sources	<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>	<u>633</u>	<u>12,876</u>	<u>451</u>
Net Change in Fund Balances	<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>	<u>\$ (2,511)</u>	<u>\$ 9,783</u>	<u>\$ (10,100)</u>
Debt Service as a Percentage of Noncapital Expenditures										
	<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>	<u>2.97%</u>	<u>2.97%</u>	<u>3.06%</u>

Notes:

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

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							
2012	\$ 2,464,487	\$ 1,541,457	\$ 211,699	\$ 331,365	\$ 311,384	\$ 578,803	\$ 4,281,589	31.98	\$ 7,252,709	58.66%
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%
2005	1,442,345	1,028,120	175,466	306,721	273,862	398,665	2,827,849	36.07	5,282,639	53.53%
2004	1,426,396	1,009,683	180,910	295,928	291,474	391,569	2,812,822	34.31	4,486,068	62.70%
2003	1,415,879	989,096	180,492	298,275	281,929	388,306	2,777,365	32.9	4,046,242	68.64%

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.

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

TABLE 6

TOWN OF MANCHESTER, CONNECTICUT

**PRINCIPAL PROPERTY TAXPAYERS
GRAND LIST YEARS 2010 AND 2001
(In Thousands)**

<u>Taxpayer</u>	<u>October 1, 2010</u>			<u>October 1, 2001</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>
Pavilions at Buckland Hills LLC, et al	\$ 135,697	1	3.19	\$ 85,250	1	3.10
Northland Pavilions, LLC	65,857	2	1.55			
Connecticut Light and Power Co.	64,859	3	1.52	25,621	4	0.93
J.C. Penney Properties, Inc	58,015	4	1.36	56,922	2	2.07
Manchester Developers, LLC	40,904	5	0.96			
Gateway Lauren, LLC	28,925	6	0.68			
Plaza at Buckland Hills LLC	27,704	7	0.65			
Manchester Tolland Development	26,543	8	0.62	19,082	7	0.69
TGM Waterford LLC*	24,398	9	0.57			
Manchester Tarragon LLC	24,309	10	0.57			
Avalon Properties dba Town Pavilions				47,400	3	1.72
May Company				23,970	5	0.87
Downeast Associates				22,062	6	0.80
Walmart/Sam's Club				19,053	8	0.69
L&J Manchester LLC				17,785	9	0.65
Olmstead Commons Master LLC				14,737	10	0.54
TOTAL	\$ 497,211			\$ 246,632		

Source: Town of Manchester, Office of Tax Assessor

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

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

Fiscal Year Ended June 30,	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
2012	31.98	\$ 123,389	\$ 120,953	98.03%	\$	\$ 120,953	98.03%
2011	31.28	124,351	122,311	98.36%	978	123,289	99.15%
2010	30.32	123,818	121,712	98.30%	1,189	122,901	99.26%
2009	32.98	122,270	120,113	98.24%	1,481	121,594	99.45%
2008	36.05	117,967	116,029	98.36%	1,708	117,737	99.81%
2007	40.14	114,402	112,401	98.25%	1,896	114,297	99.91%
2006	38.07	106,324	104,531	98.31%	1,747	106,278	99.96%
2005	36.07	98,652	97,189	98.52%	1,437	98,626	99.97%
2004	34.31	93,254	91,767	98.41%	1,468	93,235	99.98%
2003	32.9	87,591	86,032	98.22%	1,541	87,573	99.98%

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

TABLE 8

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				
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	1,323		865	84,774	5.79%	1.99%	1,503.48
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
2005	38,120	3,598		4,943	46,661	3.24%	1.65%	817.32
2004	40,185	4,655		5,711	50,551	3.52%	1.79%	884.27
2003	30,990	2,626		6,464	40,080	2.79%	1.44%	727.62

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

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2012

(In Thousands)

Total tax collections (including interest and lien fees) received for year ended June 30, 2012					\$ 123,242
Reimbursement for revenue loss on:					
Tax relief for elderly - freeze					<u>4</u>
BASE					<u>\$ 123,246</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 277,304	\$	\$	\$	\$
4-1/2 times base		554,607			
3-3/4 times base			462,173		
3-1/4 times base				400,550	
3 times base					<u>369,738</u>
Total debt limitation	<u>277,304</u>	<u>554,607</u>	<u>462,173</u>	<u>400,550</u>	<u>369,738</u>
Indebtedness:					
Bonds payable	34,941	41,264			
Bonds anticipation notes	1,995		2,445		
Debt authorized but unissued	18,756	9,800	105		
School construction grants receivable		(212)			
Net indebtedness	<u>55,692</u>	<u>50,852</u>	<u>2,550</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 221,612</u>	<u>\$ 503,755</u>	<u>\$ 459,623</u>	<u>\$ 400,550</u>	<u>\$ 369,738</u>

Note (1): In no case shall total indebtedness exceed \$862,722 (seven times annual base for debt limitation computations).

Note (2): Bond anticipation notes payable do not include water bond anticipation notes of \$17,295, which are considered to be self-financing.

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
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
2005	43,063	0.82%	777.46
2004	45,896	1.02%	829.48
2003	37,454	0.93%	676.57

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

(a) See Table 12 for population figures

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

TOWN OF MANCHESTER, CONNECTICUT

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt limitation	\$ 862,722	\$ 877,422	\$ 869,694	\$ 857,332	\$ 834,302	\$ 803,306	\$ 750,659	\$ 696,367	\$ 662,305	\$ 613,508
Total net debt applicable to limit	<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>	<u>41,306</u>	<u>62,839</u>	<u>50,505</u>
Legal Debt Margin	<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>	<u>\$ 655,061</u>	<u>\$ 599,466</u>	<u>\$ 563,003</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.48%	10.47%	13.37%	11.12%	11.23%	11.63%	5.18%	5.93%	9.49%	8.23%

Source: Comprehensive annual financial report - Statement of Debt Limitation

Note: See Table 9 for calculation of current year debt limitation.

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

Calendar Year	Population(1)	Personal Income(2) (thousands of dollars)	Per Capita Income(2)	Median Age(2)	School Enrollment(3)	Unemployment Rate(4)
2012	58,287	\$ 1,679,307	\$ 28,811	36.5	7,071	8.12%
2011	58,354	1,867,678	32,006	37.7	7,518	8.80%
2010	56,385	1,465,390	25,989	36.5	7,461	8.70%
2009	55,857	1,451,668	25,989	36.5	7,284	8.50%
2008	55,738	1,448,575	25,989	36.5	7,204	5.60%
2007	55,572	1,444,261	25,989	36.5	7,360	4.50%
2006	55,563	1,444,027	25,989	36.5	7,463	4.8%
2005	55,389	1,439,505	25,989	36.5	7,715	4.7%
2004	55,331	1,437,997	25,989	36.5	7,811	4.6%
2003	55,359	1,438,725	25,989	36.5	7,628	4.5%

(1) Source: State of CT Dept of Health

(2) Source: U.S. Department of Commerce, Bureau of Census. (2009 inflation adjusted)

(3) Source: Assistant to Superintendent of Schools, Town of Manchester

(4) Source: Connecticut Department of Labor

TOWN OF MANCHESTER, CONNECTICUT

PRINCIPAL EMPLOYERS

2012 AND 2003

Employer	Nature of Business	2012			Employer	Nature of Business	2003		
		Employees	Rank	Percentage of Total Town Employment			Employees	Rank	Percentage of Total Town Employment
Town of Manchester	Local Gov/Board of Ed	1,714	1	5.83%	Town of Manchester	Local Gov/Board of Ed	1,565	1	5.32%
Manchester Memorial Hosp.	General Hospital	1,610	2	5.47%	Manchester Memorial Hosp.	General Hospital	1048	2	3.56%
GE Aviation	Parts Manufacturer	1,208	3	4.11%	J.C. Penney Company	Distribution Center/Outlet	900	3	3.06%
J.C. Penney Company	Warehouse/Distribution	1,000	3	3.40%	Dynamic Metal Works	Sheet Metal Fabrication	567	4	1.93%
Journal Publishing Co.	Newspapers	560	5	1.90%	Gerber Scientific	Research Product Develop.	400	5	1.36%
Manchester Health Care	Medical Offices	500	6	1.70%	Allied Printing Services	General Printing Services	320	6	1.09%
Cox Communications	Broadcasting/Cable	442	7	1.50%	Scan Optics	Data Processing	290	7	0.99%
Wal-Mart Stores	Department Store	400	8	1.36%	Journal Publishing	Daily Newspaper Prod.	280	8	0.95%
Allied Printing	Commercial Printing	331	9	1.13%	Savings Bank of Manchester	Savings Bank	212	9	0.72%
Silktown Roofing	Roofing	250	10	0.85%	Rogers Corporation	Plastics Manufacturer	130	10	0.44%
		<u>8,015</u>		<u>26.49%</u>			<u>5,712</u>		<u>19.42%</u>

Source: Town of Manchester Planning Department and Official Statements
 2012 Percentage based on total employed population of 29,410 per the Department of Commerce, Bureau of the Census, 2000

TOWN OF MANCHESTER, CONNECTICUT

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

<u>Function/Program</u>	Full-Time-Equivalent Employees as of June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General government	80.40	86.40	88.75	90.25	93.50	92.50	92.25	97.25	97.25	95.50
Police	154.50	154.50	154.50	158.50	158.50	158.50	157.50	156.50	155.50	154.50
Fire	82.00	82.00	82.00	82.00	82.00	82.00	83.00	81.00	85.00	82.00
Sanitation	12.10	12.10	12.10	11.10	9.05	9.00	9.00	9.00	9.00	9.00
Other public works	148.40	148.40	148.40	149.40	149.45	149.75	151.15	151.50	157.50	160.75
Recreation	14.00	8.50	8.50	9.50	9.50	9.50	9.50	9.00	9.00	9.00
Library	25.00	26.00	27.00	27.00	27.00	27.00	27.00	26.00	27.00	28.00
Education	<u>1,197.67</u>	<u>1,170.71</u>	<u>1,175.00</u>	<u>1,161.25</u>	<u>1,156.00</u>	<u>1,129.00</u>	<u>1,109.00</u>	<u>1,133.00</u>	<u>1,073.00</u>	<u>1,024.00</u>
TOTAL	<u><u>1,714.07</u></u>	<u><u>1,688.61</u></u>	<u><u>1,696.25</u></u>	<u><u>1,689.00</u></u>	<u><u>1,685.00</u></u>	<u><u>1,657.25</u></u>	<u><u>1,638.40</u></u>	<u><u>1,663.25</u></u>	<u><u>1,613.25</u></u>	<u><u>1,562.75</u></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.

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

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General government:										
Building permits issued	3,018	3,100	3,127	3,161	2,926	3,340	3,744	4,160	3,618	2,752
Building inspections conducted	6,498	5,194	6,890	6,830	6,797	7,769	9,017	9,275	7,270	8,030
Police:										
Physical arrests	4,157	4,694	3,549	3,525	3,548	4,121	3,862	3,887	3,309	2,853
Parking violations (unavailable pre FY06)	1,096	1,698	1,743	2,078	2,897	3,220	2,467			
Traffic violations	2,281	4,999	8,944	6,885	7,233	6,367	4,587	4,587	4,339	4,763
Fire:										
Emergency responses	8,373	8,206	8,097	7,902	7,674	7730	6,456	7705	7,696	7,678
Structure Fires (fires extinguished)	39	39	31	24	42	53	36	49	43	52
Inspections	956	828	1,246	1,858	989	650	610	1079	977	895
Refuse collection:										
Refuse collected (tons per day)	52.85	52.04	41.40	41.40	40.15	44	45	44	43	43
Recyclables collected (tons per day)	19.5	19.7	10.4	10.4	12.3	10	10	10	10	11
Other public works:										
Street resurfacing (miles)	6.80	6.30	9.60	10.80	6.00	6.36	6.36	5.69	5.58	2.51
Parks and recreation:										
Athletic field permits issued (unavailable)										
Community center admissions (unavailable prior to 08)	112,000	112,000	110,000	104,000	79,000					
Library:										
Volumes in collection (thousands)	243.2	262.1	239.7	238.4	228.8	221.8	215.1	210.8	208.7	201.0
Total volumes borrowed (thousands)	825.4	846.8	859.0	834.5	797.1	747.1	739.4	769.0	859.8	886.7
Water:										
New connections	8	17	17	45	16	72	97	209	58	60
Water main breaks	15	7	18	10	12	14	4	13	14	6
Average daily production (thousands of gallons)	5,019	5,375	5,178	5,320	5,560	5,500	4,666	4,709	4,490	4,588
Peak daily production (thousands of gallons)	8,220	8,400	7,040	7,750	8,070	8,130	7,130	9,100	7,990	7,280
Sewer Enterprises:										
Average daily sewage treatment (thousands of gallons)	6,835	6,150	6,552	6,465	5,560	5,500	4,666	4,709	4,490	4,588

Source: Internal Department Tracking Reports

TOWN OF MANCHESTER, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Function/Program</u>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	3	2	1	2	3	3	3	3	3	3
Patrol units	8	8	8	8	7	7	7	7	7	7
Fire stations	5	5	5	5	5	5	5	5	5	5
Other public works:										
Streets (miles)	218.0	217.0	217.0	217.0	214.0	213.1	197.7	197.7	197.3	196.09
Streetlights	4,717	4,710	4,698	4,698	4,674	4,688	4,672	4,624	4,594	4,570
Traffic signals	52	52	51	51	51	50	50	49	49	49
Parks and recreation:										
Acreage	677	677	677	677	677	677	677	677	677	655
Playgrounds	23	23	23	23	23	23	22	22	22	22
Baseball/softball diamonds	23	23	23	23	23	23	23	23	22	22
Soccer/football fields	14	13	13	13	13	13	13	13	13	13
Water:										
Water mains (miles)	258	257	280	278	255	255	254	243	242	242
Fire hydrants	2,021	1,990	1,969	1,970	1,954	1,876	1,812	1,812	1,788	1,761
Storage capacity (thousands of gallons)		7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179
Wastewater:										
Sanitary sewers (miles)	166	167	167	166	164	161	181.5 *	181.5	181.5	181.5
Storm sewers (miles)	142	139	163	163	163	150	150	150	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 Eighth Utility District was included in these figures.