

**Comprehensive
Annual Financial Report**

of the

**Town of Manchester
Connecticut**

Fiscal Year Ended June 30, 2005

Department of Finance
Alan J. Desmarais
Director of Finance

TOWN OF MANCHESTER, CONNECTICUT

TABLE OF CONTENTS

JUNE 30, 2005

Page

INTRODUCTORY SECTION

Letter of Transmittal.....	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	8
General Government Organizational Chart.....	9
Listing of Principal Officials.....	10

FINANCIAL SECTION

Independent Auditors' Report	11
Management's Discussion and Analysis	13

Exhibit

Basic Financial Statements:

Government-wide Financial Statements:

I	Statement of Net Assets.....	21
II	Statement of Activities	22

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet	23
IV	Statement of Revenues, Expenditures and Changes in Fund Balances.....	24

Proprietary Funds:

V	Statement of Net Assets.....	25
VI	Statement of Revenues, Expenses, and Changes in Fund Net Assets	26
VII	Statement of Cash Flows	27

Fiduciary Funds:

VIII	Statement of Fiduciary Net Assets	29
IX	Statement of Changes in Plan Net Assets – Pension Trust Fund	30

	Notes to Financial Statements	31
--	-------------------------------------	----

Required Supplementary Information:

RSI-1	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) - General Fund and Fire District Fund	56
-------	---	----

	Budgetary Comparison Schedule - Budget to GAAP Reconciliation	57
--	---	----

Exhibit

Page

Combining and Individual Fund Statements and Schedules:

	General Fund:	
A-1	Comparative Balance Sheet.....	58
A-2	Report of Tax Collector.....	59
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	60
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	64
	Internal Service Funds:	
C-1	Combining Balance Sheet	68
C-2	Combining Statement of Revenues, Expenses and Changes in Retained Earnings	69
C-3	Combining Statement of Cash Flows	70
	Agency Funds:	
D-1	Combining Balance Sheet	71
D-2	Combining Statement of Changes in Assets and Liabilities	72
	Capital Assets Used in the Operation of Governmental Funds:	
E-1	Comparative Schedule by Source.....	73
E-2	Schedule by Function and Activity	74
E-3	Schedule of Changes by Function and Activity	75

STATISTICAL SECTION

Table

	Government-Wide Information:	
1	Government-Wide Expenses by Function - Last Four Fiscal Years	76
2	Government-Wide Revenues - Last Four Fiscal Years	77
	Fund and Other Information:	
3	General Fund Expenditures and Other Financing Uses by Function - Budgetary Basis	78
4	General Fund Revenues and Other Financing Sources by Source - Budgetary Basis	79
5	Property Tax Levies and Collections	80
6	Net Assessed and Estimated Actual Value of Taxable Property	81
7	Principal Taxpayers.....	82
8	Statement of Debt Limitation	83
9	Ratio of General Obligation Bonded Debt to Net Assessed Value and General Obligation Bonded Debt Per Capita	84
10	Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures - Budgetary Basis	85
11	Demographic Statistics.....	86
12	Gross Property Value and Construction.....	87
13	General Statistics.....	88



Town of Manchester

41 Center Street • P.O. Box 191
Manchester, Connecticut 06045-0191
www.ci.manchester.ct.us

JOSH M. HOWROYD, MAYOR
LISA P. O'NEILL, DEPUTY MAYOR
KEVIN L. ZINGLER, SECRETARY

DIRECTORS
JOSEPH S. HACHEY
MATTHEW B. PEAK
CHERI A. PELLETIER
DAVID M. SHERIDAN
LOUIS A. SPADACCINI
JOHN D. TOPPING

TIMOTHY P. O'NEIL, ACTING GENERAL MANAGER

December 28, 2005

Mr. Timothy O'Neil, Acting General Manager
Town of Manchester
41 Center Street
Manchester, Connecticut

Dear Mr. O'Neil:

The Comprehensive Annual Financial Report for the Town of Manchester for the fiscal year ended June 30, 2005 is submitted herewith.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the Town's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, as well as the independent auditors' report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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 are 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 57,079 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 strong and diverse local economy. Because of its exceptional location relative to I-84, I-384, and I-91, all of which converge in Manchester, it is the preferred location for warehouse and distribution businesses and for regional retail and service establishments. Manchester's warehouse/distribution sector includes the J. C. Penney Northeast Warehouse Fulfillment Center; Harvey Industries; Hartford Distributors; and Filene's Warehouse, as well as many smaller materials handling or freight forwarding businesses. Long an industrial center, our 90 manufacturing firms include precision machining, plastics molding, metals fabricating and coating, and commercial printing operations. In its historic central business district, and throughout the community, there is a strong finance, insurance, and real estate sector and a business services sector including accountants, attorneys and other business consulting services.

Manchester's major employers include the J. C. Penney Company at 1,300 employees; Manchester Memorial Hospital (a full service hospital) at 1,489 employees; Smith Aerospace at 510 employees; May Department stores at 500 employees; Wal Mart stores at 400 employees; Cox Communications at 375 employees; Allied Printing Services at 375 employees; and Teleflex, Inc. at 330 employees.

In northern Manchester, at the merge of I-84 and I-291 is the Buckland Hills area. The Buckland Industrial Park is home to J. C. Penney and other industrial and manufacturing firms. It is also the home to one of the largest concentrations of retail in New England, at over 3.7 million square feet of retail space. 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 Shops at Buckland Hills Mall, anchored by Filenes, Sears, Dicks, Barnes and Noble, and J. C. Penney stores; Wal-Mart; Home Depot; Borders Books; The Sports Authority; and Circuit City and Best Buy, to name but a few. Buckland Hills is also home to over 15 full service restaurants, approximately 400 hotel rooms, and a multi-screen movie theater.

Over the past two years Manchester has experienced an increase in leasing activity in industrial properties, reflecting both new property ownership and a slowly improving industrial economy in the greater Hartford region. As the economy continues to improve, Manchester's available land and buildings, highway access, and full complement of municipal services and utilities and the availability of public transportation will continue to make us a strong location for new business locations and expansions.

Major Initiatives

The major themes of the 04-05 fiscal year were the completion of the preparation for major middle and high school construction initiatives, and preparation for the October 1, 2006 real property revaluation. Over the past seven years, the Town and Board of Education elected officials and staffs have worked to prepare a school construction plan that would be approved at referendum. During FY05, the Town worked on a high school addition renovation plan that was approved by the voters at referendum in November 2004. During the year, the Town also worked on preparing a middle school construction plan that was approved at referendum in June 2005. The authorization for the high school project was \$35,200,00 (\$17,624,000 of bonds), and the middle school project was authorized for \$44,305,000 (\$27,205,000 of bonds). The remainder of both projects will come from State of Connecticut education construction grants.

In the summer of 2004, the Board of Directors of the Town voted to defer the real property revaluation scheduled from October 1, 2004 to October 1, 2006. During the 04-05 fiscal year, staff has worked on developing a communications and education plan relating to revaluation for Town officials as well as citizens of the Town. The plan will be distributed in early calendar 2006. The Town staff has also increased General Fund balance designations in anticipation of a tax impact burden shift that will occur when the revalued assessments are implemented. The designations fund one time or peak expenditures that will occur in the 07-08 fiscal year. That fiscal year will be the first affected by the new assessment values.

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 judgements.

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.

Cash Management

All non-pension funds not required to have separate bank accounts use a single consolidated account for deposits and three zero balance accounts for disbursements. The collected balance of the consolidated account not needed to liquidate zero balance account obligations is invested to meet future cash flow needs. The Town invests all non-pension funds in accordance with Sections 7-401 through 403 of the Connecticut General Statutes (CGS). The funds of the public employee retirement system are invested in accordance with the Pension Plan Investment Policy. All pooled non-pension funds are invested in either US Treasury or Agency securities, or the State Treasurer's Short Term Investment Fund (STIF). STIF is a State Agency/Local Government investment pool organized under the CGS. The funds of the Town of Manchester Medical Insurance Fund and planned long-term debt payments are invested in a fully collateralized Federal Treasury and Agency securities participation fund until needed. During the fiscal year STIF returned 2.32% on invested funds. Comparative rates of return on alternate investments were:

IMoneyNet, Inc. First Tier Institutions-Only Money	
Fund Report (MFR) Index	1.91%
3 Month Treasury Bill	2.25%
3 Month CD	2.48%

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 04-05 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 in anticipation of the borrowing needs to fund the recently authorized school construction authorizations. The following table shows the Town's operating results and unreserved fund balance position for the past five years:

	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>
Revenues (000's)	\$106,258	\$114,168	\$115,835	\$122,924	\$129,579
Expenditures (000's)	104,335	109,621	115,539	119,978	\$126,974
Operating Results (000's)	1,923	4,547	296	2,946	2,605
Unreserved and Undesignated Fund Balance (000's)	4,758	5,125	4,815	6,404	\$7,514
Percent of Revenue	4.48%	4.49%	4.16%	5.21%	5.83%

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 FY96, the Town solicited proposals from qualified auditing firms to provide audit services for the two-year period FY1996 and 1997 with the option to renew for two additional years, FY 1998 and FY1999. The firm of Scully & Wolf, LLP, Certified Public Accountants, was selected as the Town's independent auditors for that period and the subsequent renewal. During FY 2000 and in anticipation of the Implementation of GASB 34, the Board of Directors approved Scully & Wolf, LLP for an additional four year period ending with FY 2003. In November 2003, the Board of Directors extended the engagement for an additional two years ending with FY 2005. In November 2005, the Town issued a Request for Proposals for Independent Auditor services for the FY06 and FY07 fiscal years. Appointment is expected in February 2006.

The Town's FY05 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 FY05 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, 2004. 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 received a Certificate of Achievement for the eighth time last fiscal year. 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:

James Wren, Accounting Manager
Susan Alaimo, Accountant
Joanne Gyure, 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:

Karen Rich, Systems Application Project Manager
Laura LaBrecque, Payroll Coordinator
Rochelle Scheibenpflug, Account Associate
Patricia Brooks, Director of Business & Operations and staff,
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 "Alan J. Desmarais". The signature is fluid and cursive, with a large initial "A" and "J".

Alan J. Desmarais
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, 2004

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.



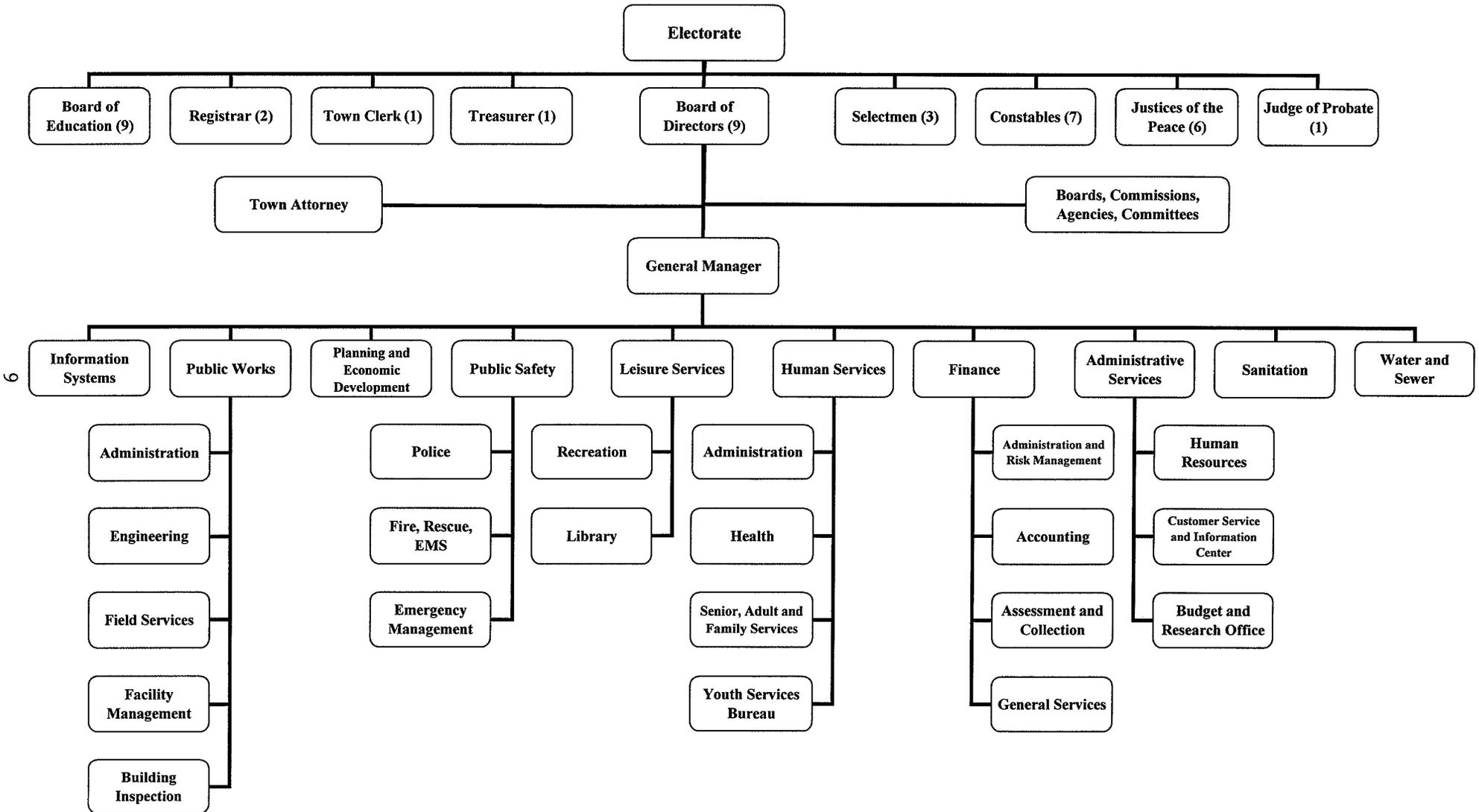
Nancy L. Zelle

President

Jeffrey R. Emer

Executive Director

Town of Manchester, Connecticut General Government Organizational Chart



TOWN OF MANCHESTER, CONNECTICUT

LISTING OF PRINCIPAL OFFICIALS

Board of Directors

Josh M. Howroyd, Chairman (Mayor)
Lisa P. O'Neill, Deputy Mayor
Kevin L. Zingler, Secretary
Louis A. Spadaccini, Minority Leader
Joseph S. Hachey

Matthew B. Peak
Cheri A. Pelletier
David Sheridan
John D. Topping

Town Clerk
Treasurer
Registrars of Voters

Joseph V. Camposeo
Thomas P. Crockett
Barbara King
Francis Maffe
Timothy P. O'Neill
Louise M. Guarnaccia
Mark Carlino
Dede Moore
Michael M. Darby
Alan J. Desmarais
James Wren
John Rainaldi
Gerald R. Dupont
Maryann Cherniak Lexius
Dede Moore
Mary Roche Cronin
Jack McCoy
D. Scott Sprague

General Manager (Acting)
Director of Operations
Director of Public Works/Town Engineer
Director of Administrative Services
Town Attorney
Director of Finance
 Accounting Manager
 Director of Assessment/Collection
 Director of General Services
Director of Health
Director of Human Resources
Director of Human Services
Director of Information Systems
Director of Parks and Recreation
Director of Neighborhood Services
 and Economic Development
Director of Youth Services
Library Director
Chief of Police
Fire Chief (Acting)

Mark Pellegrini
Erica Bromley
Douglas McDonough
James Berry
Robert Bycholski

Board of Education

Margaret Hackett, Chairperson
David Golas, Secretary
Michael Crockett
Steven Edwards
Jodi Huyler

Michael T. Rizzo
John M. Rowe
Linette Small-Miller
Carol Stafford
Enrique Marcano, Sr. (ex-officio)

Superintendent of Schools

Kathy Ouellette



Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Manchester'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Manchester, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, 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 28, 2005 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Management's discussion and analysis and budgetary comparison information on pages 13 through 20, and 56 and 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

December 28, 2005

A handwritten signature in black ink that reads "Scott & Joy, LLC". The signature is written in a cursive, flowing style.

TOWN OF MANCHESTER, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

This discussion and analysis of the Town of Manchester, Connecticut's ("Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2005. Please read this Management Discussion & Analysis (MD&A) in conjunction with the transmittal letter beginning on page 1 and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The Town's net assets increased by \$6.4 million as a result of this year's operations. While net assets of our business-type activities decreased by \$.7 million, or nearly 1.5 percent, net assets of our governmental activities increased by \$7.1 million, or nearly 69.0 percent.
- During the year, the Town had expenses that were \$7.1 million less than the \$154.9 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues decreased to \$17.0 million (or 6.1 percent) while expenses increased by \$.4 million (or 2.4 percent).
- Total cost of all of the Town's programs decreased by \$1.9 million (or 1.1 percent) to \$165 million with no new significant programs added this year.
- The General Fund reported a fund balance this year of \$11.9 million up \$2.8 million (or 30.2 percent).
- 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 Exhibit 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 Exhibit 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 non-financial 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 three 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.
- *Component unit* – The Town includes a separate legal entity in its report; the Downtown Special Services District. Although legally separate, this "component unit" is important because the Town is financially accountable for it.

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 (like 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 (like grants received from 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 (Exhibit 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 at the bottom of the fund financial statements.
- *Proprietary funds (Exhibit 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 (Exhibit 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 \$58.9 million to \$65.3 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 Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets.....	\$ 42,974	\$40,046	\$37,171	\$37,626	\$ 69,614	\$ 77,672
Capital assets	56,984	50,227	37,780	38,039	94,764	88,266
Total assets	99,958	90,273	74,951	75,665	164,378	165,938
Long-term debt outstanding.	63,331	67,579	16,489	17,063	79,820	84,642
Other liabilities	19,346	12,466	10,465	9,913	19,280	22,379
Total liabilities	82,677	80,045	26,954	26,976	99,100	107,021
Net assets:						
Invested in capital assets, net of debt	19,303	10,349	26,224	27,924	45,527	38,273
Restricted	2,515	2,455			2,515	2,455
Unrestricted (deficit)	(4,537)	(2,576)	21,773	20,765	17,236	18,189
Total net assets.....	\$ 17,281	\$10,228	\$47,997	\$48,689	\$ 65,278	\$ 58,917

Net assets of the Town's governmental activities increased by 69.0 percent. 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 \$(2.6) million at June 30, 2004 to \$(4.5) million at the end of this year. This decrease is directly related to the interim funding of capital projects with internal capital.

Other elements of the change in unrestricted governmental net assets resulted primarily from revenue items which ended the year in a favorable position. Two of these, Town Clerk \$536 thousand, and Building Inspection Fees \$765 thousand were directly related to the continued housing, refinancing and renovation market. Other revenue items contributed to the increase including improved property tax collections \$422 thousand, increased interest income as rates rose over the fiscal year \$428 thousand and unbudgeted State building reimbursement grants \$536 thousand. These building grants became part of the designations in the General Fund and will be used to fund future school building projects. On the expenditure side, vacancies in all functions played a large role in the improvement in unrestricted governmental net assets. The exception was Education. The remaining budgetary balance in Education was largely the result of an unsettled labor contract which dates back to July 1, 2004. The funding for the expected settlement of the contract remained as of June 30, 2005 and was subsequently designated in the General Fund. In the Capital Projects fund, \$10.3 million of was expended for improvements. These were funded through intergovernmental grants \$2.7 and transfers in of \$1.8 The Town will be issuing \$10 million of general obligation bonds in 2006. The net assets of business-type activities decreased by 1.4 percent (\$48.0 million compared to \$48.7 million) in 2004. This decrease, however, cannot be used to

reduce the increase reported in governmental activities. The Town generally can only use these net assets to finance the continuing operations of the Water, Sewer and Sanitation Funds. Water and Sewer experienced decreases in net assets while the Sanitation operation experienced an increase. The governmental activities Internal Service net assets were reduced by \$1.0 million mostly as a result of higher than expected as employee health and medical claims during the year.

Table 2
Changes In Net Assets
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u> <u>Primary Government</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services.....	\$ 8,513	\$ 7,967	\$16,198	\$16,453	\$ 24,711	\$ 24,420
Operating grants and contributions	37,806	39,921		94	37,806	40,015
Capital grants and contributions	3,283	2,408	65	1,277	3,348	3,685
General revenues:						
Property taxes	98,738	93,719			98,738	93,719
Grants and contributions not restricted to specific purposes.....	4,571	4,382			4,571	4,382
Unrestricted investment earnings	945	424	675	310	1,620	734
Other general revenues	499	400	92		591	400
Total revenues.....	154,355	149,221	17,030	18,134	171,385	167,355
Program expenses:						
General government	5,725	7,881			5,725	7,881
Public works	10,567	10,294			10,567	10,294
Public safety	25,185	24,203			25,185	24,203
Human services.....	4,044	5,303			4,044	5,303
Leisure services	4,704	4,892			4,704	4,892
Employee benefits	1,775	1,468			1,775	1,468
Education	90,410	90,925			90,410	90,925
Interest on long-term debt.....	1,722	1,770			1,722	1,770
Other	3,733	3,398			3,733	3,398
Water			6,266	6,196	6,266	6,196
Sewer			5,098	4,959	5,098	4,959
Sanitation			5,795	5,610	5,795	5,610
Total program expenses	147,865	150,134	17,159	16,765	165,024	166,899
Excess (deficiency) before transfers	6,490	(913)	(129)	1,369	6,361	456
Transfers	563	750	(563)	(750)		
Increase (decrease) in net assets .	\$ 7,053	\$ (163)	\$ (692)	\$ 619	\$ 6,361	\$ 456

The Town's total revenues (Governmental and Business-Type) were \$171.4 million. The total cost of all programs and services (Governmental and Business-Type) was \$165.0 million. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The increase in Governmental Activities net assets was \$7.1 million. These positive operating results were directly related to a \$5 million increase in collected taxes, and \$521 thousand increase in investment earnings \$546 thousand in charges for services (Town Clerk and Building Inspection fees). This, coupled with a \$2.3 million decrease overall spending produced the favorable results.

Table 3 presents the cost of each of the Town's five largest programs – public safety, human services, 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.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Education	\$ 90,410	\$ 90,925	\$50,250	\$50,394
Public Safety.....	25,185	24,203	23,473	22,301
Public Works	10,567	10,294	7,546	8,499
General Government.....	5,725	7,881	4,119	6,411
Human Services	4,044	5,303	2,422	2,361
All others	11,934	11,528	10,453	9,872
Totals	<u>\$147,865</u>	<u>\$150,134</u>	<u>\$98,263</u>	<u>\$99,838</u>

Business-type Activities

Revenues of the Town's business-type activities (see Table 2) decreased by 6.1 percent (\$17.0 million in 2005 compared to \$18.1 million in 2004) and expenses increased by 2.4% (\$17.2 million in 2005 compared to \$16.8 million in 2004) The factors influencing these results include: decreased water (and related sewer) sales (\$.4 million) due to a slightly wetter than normal fiscal year, and increased landfill capital revenue (\$.2 million). Also the Water and Sewer funds continued to experience a high number of personnel vacancies during the year. The 2.4% increase in expenses was moderated by operational vacancies during the year.

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 \$17 million, which is a decrease of \$2.5 million from last year's total. Included in this year's total change in fund balance, is an increase of \$2.8 million in the Town's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted in Exhibit IV. In addition, during the fiscal year the Capital Projects Fund completed \$10.3 of capital improvements which were funded internally. Plans are currently in place to issue \$10 million in general obligation bonds for financing various projects in the first half of calendar 2006.

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

- 1) The continued favorable overall economic real estate financing and construction climate which stimulated real estate, refinancing and construction growth. The revenues most affected by these conditions (Town Clerk fees and Building Permit fees) produced fund revenues approximately 103% over budget or \$1.3 million.
- 2) The increased collection rate for both current and delinquent taxes which resulted in tax collections \$422 thousand or .5% over budget.
- 3) The receipt of unbudgeted education payments of \$536 thousand and State building reimbursement grants. These grants were ultimately designated in fund balance for future education capital improvements.
- 4) The interest rate actions taken by the Federal Reserve Board which directly affected interest income which resulted in earnings \$428 thousand over budget.

The aforementioned items coupled together with the delayed filling of operational vacancies resulted in a net increase of \$2.8 million in General Fund balance. The FY05 General Fund did not rely on any Unreserved and undesignated fund balance to balance the fiscal year budget.

The Town's General Fund balance of \$11.9 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$10.7 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$1.3 million of outstanding encumbrances at year-end which are reported as expenditures for budgetary purposes.

The Fire District fund operated within budget and operations plan for the year. Fund Balance decreased by \$81 thousand from \$397 thousand to \$478 thousand.

In the remaining non-major governmental funds, the combined fund balances remained at \$4.1 million.

Proprietary Funds

As the Town completed the year, its proprietary funds (as presented in the balance sheet – Exhibit V) reported combined net assets of \$48.0 million, which is an decrease of \$.7 million from last year's total of \$48.7 million. Included in this year's total change in net assets, is an increase of \$237 thousand in the Sanitation Fund, and a \$586 thousand decrease in the Sewer Fund and a \$343 thousand decrease in the Water Fund. The Sanitation Fund increase was due an increase in service fees of \$138 thousand and increased interest income of \$260 thousand. The Water Fund benefited from the delay in filling positions that were vacant during the year. But those gains were offset by reduced water sales resulting from a wetter year.

In the internal service funds, the self-insurance funds experienced a net combined net loss of \$764 thousand as claims increased dramatically, and the Information Systems Fund's loss amounted to \$192 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the Town had \$94.8 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 \$6.6 million, or 7.4 percent, over last year.

Table 4
Capital Assets at Year-end (Net of Depreciation)
(in millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 7.8	\$ 7.1	\$ 1.0	\$ 1.0	\$ 8.8	\$ 8.1
Buildings and improvements	25.7	26.5	19.4	21.4	45.1	47.9
Equipment	6.8	7.4	15.9	14.5	22.7	21.9
Infrastructure	11.4	5.3			11.4	5.3
Construction in progress	5.3	3.9	1.5	1.1	6.8	5.0
Totals	<u>\$57.0</u>	<u>\$50.2</u>	<u>\$37.8</u>	<u>\$38.0</u>	<u>\$94.8</u>	<u>\$88.2</u>

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

Improvements to non Education facilities.....	\$.9
Improvements to Education facilities.....	\$3.9
Sidewalks	\$.9
Equipment	\$1.3
Roads.....	\$1.0
Neighborhood infrastructure improvements	\$2.4

The Town's fiscal-year 2005-06 capital budget calls for additional capital projects, principally planning, site work and start of construction for a major school addition and renovation at the high school (\$10 million), roads (\$.6 million), sidewalks (\$.6 million), planning for a middle school renovation (\$1.0 million).

More detailed information about the Town's capital assets is presented in Note 1 and Note 6 to the financial statements.

Long-term debt

At June 30, 2005 the Town had \$43.0 million in bonds and notes outstanding versus \$45.8 million last year – a decrease of 6.2 percent – as shown in Table 5.

Table 5
Outstanding Debt, at Year-end
(in millions)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds (backed by the Town)	<u>\$38.1</u>	<u>\$40.1</u>	<u>\$4.9</u>	<u>\$5.7</u>	<u>\$43.0</u>	<u>\$45.8</u>

In March 2005, the Town issued \$6.8 million in general obligation bonds to advance refund a 1998 issue (\$5,025 thousand bonds remaining) and a 1996 issue (\$1,290 thousand bond remaining). Debt service payments will be reduced by \$135 thousand over the next 13 years as a result of that advance refunding.

The Town's general obligation bond rating continues to be AA2 (Moody's) and AA+ (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 \$696.4 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 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year budget 2005-2006, General Fund appropriations totaled \$134.0 million. This is an increase of \$7.3 million or 5.7%. Again, the General Fund budget does not include the use of any undesignated General Fund fund balance. The increase in General Fund appropriations is being funded by property taxes which have increased 7.2 percent. If all the budgetary estimates are realized, the Town expects to have a stable or slightly increased undesignated General Fund fund balance.

For the business-type activities, the Town has set related fees to offset the cost of operations.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 33.58 and business-type fees for the 2005-2006 fiscal year. One of these is the unemployment rate. The unemployment rate for the Town increased from 4.5% to 5.0%. The national unemployment rates are approximately equal to Manchester's, while the regional rate is approximately .5% higher than that of Manchester. As noted in previous sections, the Town's Building permit fees receipts (an indication of ongoing building construction) have continued to remain strong. The 33.58 mill rate represents an increase of 1.78 mills (5.6 percent) from the previous year. The taxable Grand List growth was 1.77%. This was the highest rate of growth in five years. The Town desired a stable level of service delivery and adopted a mill rate which reflected stable service delivery.

The Town of Manchester is very concerned about the State of Connecticut's limited budgetary growth rate and the effect of the Constitutional spending cap on State grants for Education. The Town receives about 24% of its revenues from State grants. If State grants (particularly Education) do not keep pace with the increased costs of providing educational services, both education and non education services may be reduced or eliminated, with an accompanying increase in property taxes.

The Town also sees continued long term 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 recent 10-15 percent increases in employee health benefits.

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, 41 Center Street, Manchester, Connecticut, 06040.

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2005

(thousands)

	.....PRIMARY GOVERNMENT.....			COMPONENT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	..UNIT.. DOWNTOWN SPECIAL SERVICES DISTRICT
	ACTIVITIES	ACTIVITIES		
ASSETS:				
Cash and cash equivalents	\$ 7,192	\$ 13,693	\$ 20,885	\$144
Investments	25,917	8,320	34,237	
Receivables, net	9,739	3,964	13,703	
Due from component unit	84		84	
Inventories	33	663	696	
Prepaid items	9		9	
Capital assets, net	56,984	37,780	94,764	
Total assets.....	99,958	64,420	164,378	144
LIABILITIES:				
Accounts and other payables	4,043	2,074	6,117	11
Accrued liabilities	1,521	379	1,900	1
Due to primary government				84
Bond anticipation notes		7,919	7,919	
Unearned revenue	3,251	93	3,344	
Internal balances	10,531	(10,531)		
Noncurrent liabilities:				
Due within one year	12,699	1,446	14,145	
Due in more than one year	50,632	15,043	65,675	
Total liabilities.....	82,677	16,423	99,100	96
NET ASSETS:				
Invested in capital assets, net of related debt	19,303	26,224	45,527	
Restricted for:				
Trust purposes:				
Expendable	1,296		1,296	
Nonexpendable	1,219		1,219	
Unrestricted	(4,537)	21,773	17,236	48
Total net assets.....	\$17,281	\$47,997	\$ 65,278	\$ 48

21

The accompanying notes are an integral part of these financial statements.

TOWN OF MANCHESTER, CONNECTICUT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			...NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS...			.COMPONENT UNIT.
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Primary Government:								
Governmental activities:								
General government	\$ 5,725	\$ 1,466	\$ 140		\$ (4,119)		\$ (4,119)	
Public works	10,567	1,652	275	\$1,094	(7,546)		(7,546)	
Public safety	25,185	1,293	369	50	(23,473)		(23,473)	
Human services	4,044	64	1,558		(2,422)		(2,422)	
Leisure services	4,704	674	96	6	(3,928)		(3,928)	
Employee benefits	1,775				(1,775)		(1,775)	
Education	90,410	3,330	34,928	1,902	(50,250)		(50,250)	
Interest on long-term debt	1,722		96		(1,626)		(1,626)	
Other	3,733	34	344	231	(3,124)		(3,124)	
Total governmental activities	147,865	8,513	37,806	3,283	(98,263)		(98,263)	
Business-type activities:								
Water	6,266	5,859		65		\$ (342)	(342)	
Sewer	5,098	4,585				(513)	(513)	
Sanitation	5,795	5,754				(41)	(41)	
Total business-type activities	17,159	16,198		65		(896)	(896)	
Total primary government activities ..	\$165,024	\$24,711	\$37,806	\$3,348	(98,263)	(896)	(99,159)	
Component Unit:								
Downtown Special Services District	\$231	\$101						\$(130)
General revenues:								
Property taxes					98,738		98,738	138
Grants and contributions not restricted to specific programs					4,571		4,571	
Unrestricted investment earnings					945	675	1,620	4
Miscellaneous					499	92	591	
Transfers					563	(563)		
Total general revenues and transfers					105,316	204	105,520	142
Change in net assets					7,053	(692)	6,361	12
Net assets, July 1, 2004					10,228	48,689	58,917	36
Net assets, June 30, 2005					\$ 17,281	\$47,997	\$ 65,278	\$ 48

The accompanying notes are an integral part of these financial statements.

TOWN OF MANCHESTER, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2005

(thousands)

	GENERAL	FIRE DISTRICT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>					
Cash and cash equivalents.....	\$ 32	\$644	\$4,358	\$1,529	\$ 6,563
Investments.....	21,287	3		2,258	23,548
Receivables, net.....	6,094	77	1,979	1,574	9,724
Due from other funds.....	2				2
Due from component unit.....	84				84
Inventories.....				33	33
TOTAL.....	<u>\$27,499</u>	<u>\$724</u>	<u>\$6,337</u>	<u>\$5,394</u>	<u>\$39,954</u>
<u>L I A B I L I T I E S A N D F U N D B A L A N C E S</u>					
Liabilities:					
Accounts and other payables.....	\$ 1,191	\$140	\$ 2,030	\$ 575	\$ 3,936
Accrued liabilities.....	739	106	2	102	949
Intergovernmental payables.....	61				61
Due to other funds.....			2		2
Interfund payables.....	5,472		3,764	282	9,518
Deferred revenue.....	8,098		68	325	8,491
Total liabilities.....	<u>15,561</u>	<u>246</u>	<u>5,866</u>	<u>1,284</u>	<u>22,957</u>
Fund balances:					
Reserved.....	1,347	34	8,156	1,343	10,880
Unreserved, reported in:					
General Fund.....	10,591				10,591
Special Revenue Funds.....		444		2,767	3,211
Capital Project Funds.....			(7,685)		(7,685)
Total fund balances.....	<u>11,938</u>	<u>478</u>	<u>471</u>	<u>4,110</u>	<u>16,997</u>
TOTAL.....	<u>\$27,499</u>	<u>\$724</u>	<u>\$ 6,337</u>	<u>\$5,394</u>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.....					54,009
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....					5,240
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 fund are included in governmental activities in the statement of net assets.....					(2,923)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.....					(56,042)
Net assets of governmental activities.....					<u>\$ 17,281</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MANCHESTER, CONNECTICUT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	GENERAL	FIRE DISTRICT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Property taxes, interest and lien fees	\$ 91,226	\$8,095			\$ 99,321
Intergovernmental revenue	34,756	184	\$ 2,725	\$ 8,741	46,406
Investment and interest income	1,003	53	32	155	1,243
Licenses, permits and fines	2,759				2,759
Charges for goods and services	1,365	340		2,576	4,281
Other	106	3	451	591	1,151
Total revenues	131,215	8,675	3,208	12,063	155,161
Expenditures:					
Current:					
General government	4,891			140	5,031
Public works	9,650				9,650
Public safety	14,277	8,896		1,119	24,292
Human services	2,339			1,759	4,098
Leisure services	4,388			386	4,774
Employee benefits	1,775				1,775
Education	81,942			8,256	90,198
Internal service fund charges	2,561	362			2,923
Other	262				579
Debt service	4,057	326			4,383
Capital outlay			10,325	277	10,602
Total expenditures	126,142	9,584	10,325	12,254	158,305
Excess (deficiency) of revenues over expenditures	5,073	(909)	(7,117)	(191)	(3,144)
Other financing sources (uses):					
Transfers in	646	1,489	1,799	158	4,092
Transfers out	(2,971)	(499)	(2)	(6)	(3,478)
Refunding bonds issued	6,800				6,800
Payments to escrow agent	(6,760)				(6,760)
Discount on bond refunding	(21)				(21)
Total other financing sources (uses)	(2,306)	990	1,797	152	633
Net change in fund balances	2,767	81	(5,320)	(39)	(2,511)
Fund balance, July 1, 2004	9,171	397	5,791	4,149	
Fund balance, June 30, 2005	\$ 11,938	\$ 478	\$ 471	\$ 4,110	

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	6,946
Net decrease in capital assets from dispositions	(8)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds ..	(933)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments	3,247
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 governmental funds	1,268
Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities	(956)
Change in net assets of governmental activities (Exhibit II)	\$ 7,053

The accompanying notes are an integral part of these financial statements.

TOWN OF MANCHESTER, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2005

(thousands)

	.....BUSINESS-TYPE ACTIVITIES.....				GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE
	WATER	SEWER	SANITATION	TOTAL	
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 583	\$ 4,283	\$ 8,827	\$13,693	\$ 629
Investments	34	11	8,275	8,320	2,369
Receivables, net	1,881	1,220	768	3,869	15
Assessment receivable		95		95	
Inventories	471	192		663	
Prepaid items					9
Interfund receivable	9,616		915	10,531	
Total current assets.....	12,585	5,801	18,785	37,171	3,022
Noncurrent assets:					
Capital assets, net	20,207	14,275	3,298	37,780	2,975
Total assets.....	32,792	20,076	22,083	74,951	5,997
LIABILITIES:					
Current liabilities:					
Accounts and other payables	785	205	408	1,398	46
Accrued liabilities	249	118	12	379	21
Claims payable					2,654
Interfund payables					1,013
Intergovernmental payables		56		56	
Deferred revenue		93		93	
Customer deposits		171	449	620	
Bond anticipation notes	7,879	40		7,919	
Bonds payable		783		783	
Compensated absences	228	141	63	432	121
Capital lease payable					329
Total current liabilities.....	9,141	1,607	932	11,680	4,184
Noncurrent liabilities:					
Accrued liabilities			10,166	10,166	
Claims payable					2,676
Bonds payable		4,160		4,160	
Compensated absences	488	315	145	948	249
Capital lease payable					1,811
Total noncurrent liabilities.....	488	4,475	10,311	15,274	4,736
Total liabilities.....	9,629	6,082	11,243	26,954	8,920
NET ASSETS:					
Invested in capital assets, net of related debt	13,634	9,292	3,298	26,224	
Unrestricted	9,529	4,702	7,542	21,773	(2,923)
Total net assets.....	\$23,163	\$13,994	\$10,840	\$47,997	\$(2,923)

The accompanying notes are an integral part of these financial statements.

TOWN OF MANCHESTER, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	.....BUSINESS-TYPE ACTIVITIES.....				GOVERNMENTAL
	WATER	SEWER	SANITATION	TOTAL	..ACTIVITIES.. INTERNAL SERVICE
Operating revenues:					
Charges for service	\$ 5,707	\$ 4,575	\$ 5,714	\$15,996	\$21,463
Other	152	10	40	202	106
Total operating revenues.....	5,859	4,585	5,754	16,198	21,569
Operating expenses:					
Administrative	744	691	828	2,263	
General operating	3,788	2,887	4,180	10,855	3,472
Claims expense					18,792
Depreciation	1,506	1,397	556	3,459	300
Total operating expenses.....	6,038	4,975	5,564	16,577	22,564
Operating income (loss)	(179)	(390)	190	(379)	(995)
Nonoperating revenue:					
Income on investments	172	59	444	675	76
Interest expense	(215)	(123)		(338)	(37)
Change in estimate for closure/post closure costs			(231)	(231)	
Debt issuance costs	(13)			(13)	
Gain (loss) on disposal of capital assets		5		5	
Premium from sale of bond anticipation notes	87			87	
Income (loss) before capital contributions and transfers	(148)	(449)	403	(194)	(956)
Capital contributions	65			65	
Transfers out	(260)	(137)	(166)	(563)	
Change in net assets.....	(343)	(586)	237	(692)	(956)
Total net assets, July 1, 2004	23,506	14,580	10,603	48,689	(1,967)
Total net assets, June 30, 2005	\$23,163	\$13,994	\$10,840	\$47,997	\$(2,923)

26

The accompanying notes are an integral part of these financial statements.

TOWN OF MANCHESTER, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	.....BUSINESS-TYPE ACTIVITIES.....				GOVERNMENTAL
	WATER	SEWER	SANITATION	TOTAL	..ACTIVITIES.. INTERNAL SERVICE
Cash flows from (to) operating activities:					
Cash received from customers and users	\$ 5,367	\$ 4,719	\$ 5,578	\$ 15,664	\$ 21,463
Cash received from insurance proceeds					106
Other operating receipts	152	10		162	
Cash deposits received from/refunded to customers		5	2	7	
Cash paid to suppliers for goods and services	(2,588)	(1,757)	(4,900)	(9,245)	(1,142)
Cash paid for interfund services provided	(218)	(218)	(320)	(756)	
Cash paid to employees	(1,849)	(1,576)	(570)	(3,995)	(995)
Cash paid for insurance claims and premiums					(19,717)
Net cash provided (used) by operating activities	864	1,183	(210)	1,837	(285)
Cash flows from noncapital financing activities:					
Transfers out	(260)	(137)	(166)	(563)	
Cash received (paid) to other funds	(9,616)		(915)	(10,531)	400
Net cash provided (used) by noncapital financing activities	(9,876)	(137)	(1,081)	(11,094)	400
Cash flows from (to) capital and related financing activities:					
Premium on sale of bond anticipation notes	87			87	
Principal payment - long-term obligations		(768)		(768)	
Principal payment - bond anticipation notes	(611)	(30)		(641)	
Interest paid	(98)	(137)		(235)	(37)
Debt issuance costs paid	(13)			(13)	
Purchase of capital assets and construction	(2,694)	(501)		(3,195)	(119)
Capital grants	184			184	
Lease purchase proceeds					(360)
Proceeds from bond anticipation notes	2,000			2,000	
Net cash provided (used) by capital and related financing activities ..	(1,145)	(1,436)		(2,581)	(516)
Cash flows from (to) investing activities:					
Interest received	172	58	169	399	76
Proceeds from sale of investments		902		902	587
Purchase of investments		(902)	(8,000)	(8,902)	
Net cash provided (used) by investing activities	172	58	(7,831)	(7,601)	663
Net increase (decrease) in cash and cash equivalents	(9,985)	(332)	(9,122)	(19,439)	262
Cash and cash equivalents, July 1, 2004	10,568	4,615	17,949	33,132	367
Cash and cash equivalents, June 30, 2005	\$ 583	\$ 4,283	\$ 8,827	\$ 13,693	\$ 629

The accompanying notes are an integral part of these financial statements.

TOWN OF MANCHESTER, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	.....BUSINESS-TYPE ACTIVITIES.....				GOVERNMENTAL
	WATER	SEWER	SANITATION	TOTAL	..ACTIVITIES.. INTERNAL SERVICE
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (179)	\$ (390)	\$ 190	\$ (379)	\$ (995)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	1,506	1,397	556	3,459	300
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(372)	165	(156)	(363)	(15)
Increase (decrease) in allowance for doubtful accounts	32	(21)	(18)	(7)	
(Increase) decrease in inventory	(51)	12		(39)	
Increase (decrease) in accounts payable	(98)	90	(797)	(805)	(35)
Increase (decrease) in accrued expenses	(5)	2	2	(1)	10
Increase (decrease) in customer deposits		5	3	8	
Increase (decrease) in compensated absences payable	31	(77)	10	(36)	30
Increase (decrease) in claims payable					420
Net cash provided (used) by operating activities	<u>\$ 864</u>	<u>\$1,183</u>	<u>\$ (210)</u>	<u>\$1,837</u>	<u>\$ (285)</u>

28

The accompanying notes are an integral part of these financial statements.

(Concluded) - 2.

TOWN OF MANCHESTER, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

(thousands)

	PENSION TRUST FUND	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents	\$ 501	\$1,880
Investments:		
Participating Mortgage Separate Account	5,326	
Real Estate Separate Account	3,372	
Mutual Funds	<u>99,840</u>	<u> </u>
Total assets	<u>109,039</u>	<u>\$1,880</u>
LIABILITIES:		
Accounts and other payables	18	
Deposits held for others	<u> </u>	<u>\$1,880</u>
Total liabilities	<u>18</u>	<u>\$1,880</u>
NET ASSETS:		
Held in trust for pension benefits	<u>\$109,021</u>	

29

The accompanying notes are an integral part of these financial statements.

TOWN OF MANCHESTER, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

Additions:

Contributions:

Employer.....	\$ 2,894
Plan members.....	<u>2,088</u>

Total contributions.....	4,982
--------------------------	-------

Investment income:

Net appreciation in fair value of investments.....	\$8,531
Interest and dividends.....	1,499
Income from real estate investments.....	<u>713</u>

Total investment income.....	10,743
------------------------------	--------

Other income.....	<u>2</u>
-------------------	----------

Total additions.....	15,727
----------------------	--------

Deductions:

Benefits.....	6,440
Administration.....	940
Transfer to General Fund.....	<u>51</u>

Total deductions.....	<u>7,431</u>
-----------------------	--------------

Net increase.....	8,296
-------------------	-------

Net assets held in trust for pension benefits, July 1, 2004.....	<u>100,725</u>
--	----------------

Net assets held in trust for pension benefits, June 30, 2005.....	<u>\$109,021</u>
---	------------------

The accompanying notes are an integral part
of these financial statements.

TOWN OF MANCHESTER, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

(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. 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 and its component unit, an entity for which the government is considered to be financially accountable.

Discretely Presented Component Unit - The Downtown Special Services District (the "District") was created by an ordinance of the Board of Directors of the Town, which has retained the right to rescind the ordinance and dissolve the District. The District serves the designated retail area commonly known as the downtown district and is governed by a five member Board of Commissioners. The purpose of the District is to promote the economic and general welfare of its members. The tax levy of the District is set by the Board of Directors of the Town. The Town is also responsible for the collection of tax proceeds for the District. The District is presented as a governmental fund type. Complete financial statements for the District may be obtained at the Town's Department of Finance, 494 Main Street, Manchester, Connecticut.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town and its component units. 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. Likewise, the Town is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

The various types included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

General Fund - the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service, and interest income.

Special Revenue Funds - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds - account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

Permanent Funds - used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

Enterprise Funds - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Fund - accounts for the assets of the Town's Public Employees' Retirement system.

Agency Funds - are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

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.

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 Capital Project Fund accounts for the major capital improvement projects which are primarily funded by bond authorizations and capital grants along with Town contributions.

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.

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.

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 and the downtown special services district to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 4B.

Investments for the Town, as well as for its component units, 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 non-current 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, including those for downtown special services district, are shown net of an allowance for uncollectibles. An amount of \$562 has been established as an allowance for uncollectible taxes. At June 30, 2005 this represents 16.70% 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 thirty 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 \$5,000 (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, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings.....	45
Building improvements	45
Improvements other than building..	20
Vehicles	6-15
Office equipment	10-12
Computer equipment	7
Infrastructure	35-70

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 is reimbursed for accumulated but unused annual leave or vacation time.

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.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. *Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets*

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$56,042 difference are as follows:

Bonds payable	\$37,635
Accrued interest payable	551
Capital leases payable.....	1,458
Compensated absences	<u>16,398</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$56,042</u>

B. *Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities*

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$6,946 difference are as follows:

Capital outlay	\$ 9,142
Depreciation expense.....	<u>(2,196)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$ 6,946</u>

Another element of that reconciliation states that “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, however, 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 deferred and amortized in the statement of activities”. The details of this \$3,247 difference are as follows:

Principal repayments:	
General obligation debt.....	\$2,550
Capital leases	<u>697</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$3,247</u>

Another element of that reconciliation states that “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 governmental funds”. The details of this \$1,268 difference are as follows:

Compensated absences.....	\$1,091
Accrued interest	<u>177</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$1,268</u>

3. 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) Prior to March 26, 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) Prior to April 6, a public hearing is conducted by the Board of Directors to obtain taxpayer comments.
- (3) Prior to May 7, 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 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 \$657 were approved during the year for the General Fund with a corresponding increase in estimated revenues of \$347 and appropriations from fund balance of \$310. There were no additional appropriations approved during the year for the Special Taxing District-Fire Special Revenue Fund.
- (5) Formal budgetary integration is employed as a management control device during the year.
- (6) Except for encumbrance accounting, all budgets are prepared on the modified accrual basis.
- (7) Generally, the unexpended and unencumbered portion of appropriations lapse at year end, except those of the capital projects funds. Appropriations for the foregoing are continued until completion of the project, even when projects extend beyond one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances 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 funds with accumulated deficits at June 30, 2005.

<u>Accumulated Deficits</u>	<u>Amount</u>
Manchester Self Insurance Program.....	\$3,013
Information Systems Fund	\$539

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

Manchester Self Insurance Program accumulated deficit is the result of claims expenses and will be eliminated with future Town contributions. The Information Systems Fund accumulated deficit is a result of computer hardware and software purchases and will be eliminated with future proceeds from capital leases.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

Several of the Town's funds separately hold cash and investments. In addition, pooled investments are held by several of the funds. The Downtown Special Services District Discretely Presented Component Unit participates in the Town's pooled cash and investments and has no separate cash or investment accounts. The deposits and investments of the Pension Trust Fund are held separately from those of the Town funds.

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.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2005:

Deposits:	
Demand accounts*.....	\$ 7,339
Cash on hand	7
Cash equivalents:	
State Short-Term Investment Fund (STIF).....	15,578
Lease Purchase Escrow Funds.....	484
State Tax Exempt Proceeds Fund (TEPF).....	<u>2</u>
 TOTAL CASH AND CASH EQUIVALENTS...	 <u>\$23,410</u>

* Cash and cash equivalents for the Downtown Special Services District is included in demand deposits as the District participates in the Town's pooled cash account.

Deposits

At June 30, 2005, the carrying amount of the Town's deposits was \$7,339 and the bank balance was \$9,512.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2005 bank balance, \$882 was covered by Federal Depository Insurance. 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. A minimum of \$863, based on June 30, 2005 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$7,767 was uninsured and uncollateralized.

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, 2005 the Town’s cash equivalents amounted to \$16,064. 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 and Poor’s</u>	<u>Not Rated</u>
State Short-Term Investment Fund (STIF)	AAAm	
State Tax Exempt Proceeds Fund (TEPF)		X
Lease Purchase Escrow Funds		X

B. Investments

Investments as of June 30, 2005 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:		
U.S. government obligations.....	\$ 18,249	2.62
Other Investments:		
MBIA, Inc. – Cooperative Liquid Assets Securities		
System (CLASS).....	3,594	
Participating Mortgage Separate Account	5,326	
Real Estate Separate Account	3,372	
Mutual Funds	<u>112,234</u>	
TOTAL.....	<u>\$142,775</u>	

Portfolio weighted average maturity for interest bearing investments

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. The following table provides a summary of the Town’s investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

**Fitch
Ratings**

MBIA, Inc. – Cooperative Liquid Assets Securities System (CLASS).....	AAA
---	-----

All other investment held by the Town are mutual fund type investments which are not rated.

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, 2005, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town’s name.

5. 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	\$3,366							\$ 3,366
Accounts.....	251	\$137	\$ 7	\$2,043	\$1,281	\$ 877	\$ 334	4,930
Special assessments					95			95
Intergovernmental	2,202		1,972				1,255	5,429
Interest.....	837							837
	<hr/>							
Gross receivables.....	6,656	137	1,979	2,043	1,376	877	1,589	14,657
Less: allowance for uncollectibles	(562)	(60)		(162)	(61)	(109)		(954)
	<hr/>							
Net total receivables	<u>\$6,094</u>	<u>\$ 77</u>	<u>\$1,979</u>	<u>\$1,881</u>	<u>\$1,315</u>	<u>\$ 768</u>	<u>\$1,589</u>	<u>\$13,703</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	\$21
Sewer	<u>55</u>
Total uncollectibles of the current fiscal year	<u>\$76</u>

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	\$3,293	
Advance and unapplied taxes		\$2,808
Grant drawdowns and other receipts prior to meeting all eligibility requirements		443
School building grants.....	<u>1,947</u>	<u> </u>
Total deferred/unearned revenue for governmental funds	<u>\$5,240</u>	<u>\$3,251</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 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.....	\$ 7,081	\$ 680		\$ 7,761
Construction in progress.....	3,931	3,932	\$(2,538)	5,325
Total capital assets, not being depreciated .	<u>11,012</u>	<u>4,612</u>	<u>(2,538)</u>	<u>13,086</u>
Capital assets, being depreciated:				
Buildings	58,400	314		58,714
Improvements other than buildings	3,799	22		3,821
Machinery and equipment	21,157	626	(720)	21,063
Infrastructure	<u>5,470</u>	<u>6,225</u>		<u>11,695</u>
Total capital assets being depreciated	<u>88,826</u>	<u>7,187</u>	<u>(720)</u>	<u>95,293</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities (cont.):				
Less accumulated depreciation for:				
Buildings	\$(34,124)	\$ (996)		\$(35,120)
Improvements other than buildings	(1,558)	(119)		(1,677)
Machinery and equipment	(13,772)	(1,217)	\$ 712	(14,277)
Infrastructure	(157)	(164)		(321)
	<hr/>			<hr/>
Total accumulated depreciation.....	(49,611)	(2,496)	712	(51,395)
	<hr/>			<hr/>
Total capital assets, being depreciated, net	39,215	4,691	(8)	43,898
	<hr/>			<hr/>
Governmental activities capital assets, net.	<u>\$ 50,227</u>	<u>\$ 9,303</u>	<u>\$(2,546)</u>	<u>\$ 56,984</u>
	<hr/>			<hr/>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,036	\$ 23		\$ 1,059
Construction in progress.....	1,059	1,476	\$(1,059)	1,476
	<hr/>			<hr/>
Total capital assets, not being depreciated .	2,095	1,499	(1,059)	2,535
	<hr/>			<hr/>
Capital assets, being depreciated:				
Buildings and system.....	54,665	34		54,699
Machinery and equipment	34,742	2,759		37,501
	<hr/>			<hr/>
Total capital assets, being depreciated	89,407	2,793		92,200
	<hr/>			<hr/>
Less accumulated depreciation for:				
Buildings and system.....	(33,249)	(2,086)		(35,335)
Machinery and equipment	(20,214)	(1,406)		(21,620)
	<hr/>			<hr/>
Total accumulated depreciation.....	(53,463)	(3,492)		(56,955)
	<hr/>			<hr/>
Total capital assets, being depreciated, net	35,944	(699)		35,245
	<hr/>			<hr/>
Business-type activities capital assets, net .	<u>\$ 38,039</u>	<u>\$ 800</u>	<u>\$(1,059)</u>	<u>\$ 37,780</u>
	<hr/>			<hr/>

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

Governmental activities:

General Government	\$ 433
Public Works.....	502
Public Safety	609
Human Services	30
Recreation	152
Library	22
Education	<u>748</u>
Total depreciation expense - governmental activities	<u>\$2,496</u>

Business-type activities:

Water.....	\$1,506
Sewer	1,397
Sanitation	<u>556</u>
Total depreciation expense - business-type activities	<u>\$3,459</u>

Construction Commitments

The Town has active construction projects as of June 30, 2005. The projects include expansion and renovation of the Manchester Early Learning Center, repairs and renovations to School Facilities, improvements to the Olcott Street Public Works Facility, improvements to Northwest Park, Center Park and Center Springs Park, and various public works and bond referendum projects.

The following is a summary of significant capital projects at June 30, 2005:

<u>Project</u>	<u>Authorized Amount</u>	<u>Expended and Encumbered</u>	<u>Unencumbered Balance</u>
Main Street Reconstruction.....	\$ 9,785	\$ 9,737	\$ 48
Police Facility Construction.....	7,875	7,863	12
Northeast Fire Station	750	610	140
Tolland Turnpike.....	7,577	7,114	463
Lease Purchase Fund.....	6,571	6,384	187
1992 Public Works Projects	3,550	3,548	2
1995 Public Works Projects	3,650	3,648	2
1995 Bond Referendum Projects	2,608	2,598	10
MELC Expansion and Renovation.....	1,359	1,359	
Center Park/Center Springs Park Improvements .	511	511	
1998 Public Works Projects	4,683	4,219	464
1998 Bond Referendum Projects	2,538	2,517	21
School Facilities Renovations	1,546	1,517	29
Olcott Street Facility Improvements	2,550	2,520	30
Northwest Park.....	3,115	3,012	103
1999 Bond Referendum Projects	2,766	2,484	282
2000 Bond Referendum Projects	3,140	3,012	128

<u>Project</u>	<u>Authorized Amount</u>	<u>Expended and Encumbered</u>	<u>Unencumbered Balance</u>
2000 Public Works Projects	\$ 6,333	\$ 5,668	\$ 665
School Repairs/Renovations	6,955	6,625	330
Supplemental Environmental Projects	260	27	233
Streetlight Acquisition and Maintenance	841	443	398
School Buildings and Renovations	6,335	5,143	1,192
2003 Public Works Projects	4,985	3,185	1,800
Fire Apparatus	350		350
Head Start Facility	100		100
MHS Addition/Renovations	35,200	2,786	32,414
Real Property Acquisition	3,000	7	2,993
TOTAL	\$128,933	\$86,537	\$42,396

The following capital projects are being financed by a combination of State and Federal grants and general obligation bonds: Main Street Reconstruction, Tolland Turnpike, 1995 Public Works Projects, 1995 Bond Referendum Projects, 1998 Public Works Projects, 1998 Bond Referendum Projects, 1999 Bond Referendum Projects, School Repairs/Renovations, School Buildings and Renovations, and MHS Additions/Renovations. Capital projects financed by general obligation bonds are as follows: Police Facility Construction, 1992 Public Works Projects, 2000 Bond Referendum Projects, 2000 Public Works Projects, 2003 Public Works Projects and Fire Apparatus and Real Property Acquisition. The Northeast Fire Station Project was financed by the proceeds from the sale of the Buckland Fire Station. Lease Purchase Fund projects are financed by the proceeds from capital leases. The MELC Expansion and Renovation project is financed by capital contributions. Center Park/Center Springs Park Improvements are being financed by State Open Space grant funds. School Facilities Renovations and Streetlight Acquisition are financed by contributions from the Town's General Fund. Olcott Street Facility Improvements are financed by contributions from the Town's Enterprise Funds, General Fund and State grants. Northwest Park improvements are being financed by a combination of State grants, general obligation bonds and capital contributions. The Supplemental Environmental Projects are being financed by contributions required by State Department of Environmental Protection consent orders. The Head Start Facility is being funded from a State grant.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2005 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$2	
Nonmajor governmental		\$2

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 5,472
Nonmajor governmental		282
Internal Service Fund:		
Information Systems Fund.....		1,013
Capital Projects Fund.....		3,764
Business Type Activities:		
Water Fund	\$ 9,616	
Sanitation Fund.....	<u>915</u>	
TOTAL	<u>\$10,531</u>	<u>\$10,531</u>

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government - General Fund	Component unit	<u>\$84</u>

Interfund transfers:

	.....Transfer In				
	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfer out:					
General Fund		\$1,489	\$1,324	\$158	\$2,971
Nonmajor governmental	\$ 6				6
Pension Trust Fund.....	51				51
Water	150		110		260
Sewer	137				137
Sanitation	166				166
Fire District.....	134		365		499
Capital Projects.....	<u>2</u>				<u>2</u>
TOTAL.....	<u>\$646</u>	<u>\$1,489</u>	<u>\$1,799</u>	<u>\$158</u>	<u>\$4,092</u>

The above transfers represent normal budgetary and other recurring transfers.

8. 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:

	<u>Governmental Funds</u>	<u>Information Systems Internal Service Fund</u>
Vehicles and equipment	\$5,657	\$4,312
Less accumulated depreciation.....	<u>4,945</u>	<u>1,350</u>
Net leased property	<u>\$ 712</u>	<u>\$2,652</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>	<u>Information Systems Internal Service Fund</u>
2006	\$ 782	\$ 398
2007	630	397
2008	133	397
2009		397
2010		397
2011	<u> </u>	<u>397</u>
Total future minimum lease payments	1,545	2,383
Less amounts representing interest	<u>(87)</u>	<u>(243)</u>
Present value of future minimum lease payments	<u>\$1,458</u>	<u>\$2,140</u>

9. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$40,185	\$ 6,800	\$ 8,865	\$38,120	\$ 3,255
Less deferred amounts:					
For issuance on refunding		(485)		(485)	
Total bonds payable	40,185	6,315	8,865	37,635	3,255
Capital leases.....	4,655		1,057	3,598	1,057
Claims and judgments	4,910	420		5,330	2,654
Compensated absences.....	17,829	4,880	5,941	16,768	5,733
Governmental activity long-term liabilities	<u>\$67,579</u>	<u>\$11,615</u>	<u>\$15,863</u>	<u>\$63,331</u>	<u>\$12,699</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 5,711		\$768	\$ 4,943	\$ 783
Landfill closure	9,935	\$231		10,166	231
Compensated absences.....	1,417		37	1,380	432
Business-type activity long-term liabilities	<u>\$17,063</u>	<u>\$231</u>	<u>\$805</u>	<u>\$16,489</u>	<u>\$1,446</u>

Bonds Payable

The annual requirements to amortize bonds payable as of June 30, 2005 are as follows:

Fiscal Year Ending June 30,	.....Governmental Activities.....				Business-Type.....Activities.....	
	Amount to be Provided					
	Principal	Interest	.by State of Connecticut.		Principal	Interest
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 3,255	\$ 1,424	\$ 345	\$ 81	\$ 783	\$ 99
2007	3,240	1,307	343	66	800	83
2008	3,150	1,183	338	51	815	68
2009	3,140	1,062	298	38	832	51
2010	2,670	955	137	26	848	34
2011-2015	12,560	3,356	486	43	865	17
2016-2020	7,440	1,220				
2021-2023	2,665	162				
TOTAL	<u>\$38,120</u>	<u>\$10,669</u>	<u>\$1,947</u>	<u>\$305</u>	<u>\$4,943</u>	<u>\$352</u>

Governmental fund bonds bear interest at rates ranging from 2.0% to 7.0% and mature in fiscal years ending 2004 through 2024. These obligations are direct obligations and pledge the full faith and credit of the government and will be paid from General Fund revenues. Enterprise bonds bear interest at 2.0% and mature in fiscal years ending 2004 through 2011 and will be paid from Sewer Enterprise Fund revenues.

The following is a schedule of bond anticipation note activity for the year ended June 30, 2005:

Balance, July 1, 2004	\$6,560
Issued.....	2,000
Retired	<u>(641)</u>
Balance, June 30, 2005	<u>\$7,919</u>

On March 30, 2005, the Town issued \$6,800 in general obligation bonds with an interest rate of 2.4 to 4.0 percent to advance refund \$5,025 of outstanding 1998 bonds with an interest rate of 4.2 to 6.25 percent and \$1,290 of outstanding 1996 bonds with an interest rate of 4.75 to 6.25 percent. The net proceeds of \$6,760 (after payment of \$132 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased.

The Town advanced refunded the 1998 and 1996 bonds to reduce its total debt service payments over the next thirteen years by \$135 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$136.

On April 15, 1998, the Town issued \$3,790 in general obligation bonds to advance refund \$3,525 of outstanding 1989 Public Improvement and School general obligation bonds. The proceeds were used to purchase securities that were placed in an irrevocable trust which will provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased and the applicable liabilities have been removed from the governmental activities column of the statement of net assets. The balance of the defeased bonds outstanding at June 30, 2005 is \$1,115.

At June 30, 2005, \$7,919 of BANS was recorded in the enterprise funds with an interest rate of 2.75% maturing July 6, 2005.

The Town's total net indebtedness does not exceed the total legal debt limit which is \$696,367. At June 30, 2005, debt authorized but unissued amounted to \$2,525.

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 - The Town's self-insurance medical insurance plan is administered by Anthem Blue Cross/Blue Shield of Connecticut. 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 Anthem Blue Cross/Blue Shield. 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, 2005 and 2004 for the TOMMIF and MSIP funds are as follows:

	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>TOMMIF</u>	<u>TOMMIF</u>	<u>MSIP</u>	<u>MSIP</u>
Unpaid claims, July 1	\$ 1,226	\$ 1,072	\$ 3,684	\$ 1,723
Incurred claims (including IBNR)	16,078	13,650	2,714	4,294
Claim payments	<u>(15,982)</u>	<u>(13,496)</u>	<u>(2,390)</u>	<u>(2,333)</u>
Unpaid claims, June 30.....	<u>\$ 1,322</u>	<u>\$ 1,226</u>	<u>\$ 4,008</u>	<u>\$ 3,684</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 which 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 newly constructed 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 FY 2005 was \$18 and the total amount outstanding at June 30, 2005 was \$213.

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 \$16 to CREOC during the year ended June 30, 2005.

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 thirty 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, 2005, the Town had recorded a liability of \$10,166 in the Sanitation Enterprise Fund which represents the amount of costs reported to date based on the 91.7 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$924 which will

be recognized as the remaining capacity is used (estimated to be 6 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

In addition to pension benefits, the Town provides post-retirement health care and life insurance benefits to all employees who retire from the Town in accordance with provisions of the Town’s various labor contracts. Certain labor contracts require a maximum employee contribution of \$350 annually. Currently there are approximately 216 retired employees that are receiving these benefits.

The Town also provides lifetime health care benefits for the retiree’s spouse in accordance with provisions of the Town’s various labor contracts. Coverage is provided by the Town of Manchester Medical Insurance Fund up to age 65 and by Anthem Blue Cross/Blue Shield after age 65.

The Town finances the plan on a pay-as-you-go basis. During the year ended June 30, 2005, approximately \$2,060 was paid for post-employment benefits.

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% 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, 2004, the date of the latest actuarial valuation:

Retirees, disabled employees and beneficiaries currently receiving benefits.....	493
Terminated Plan members entitled to benefits but not yet receiving them	68
Current employees:	
Vested	505
Nonvested	<u>247</u>
TOTAL	<u><u>1,313</u></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 as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the Plan.

Investments are reported at fair value.

C. Funding Policy

Participants are required to contribute 5.0% (7% for police employees and 5.7% for “Rule of 80” employees) of their earnings to the PERS. The Town is required to contribute 8.6% (11.2% 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 \$2,894.

The annual required contribution for the current year was determined as part of the July 1, 2004 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 5% per year and (c) inflation rate of 3.5% to 4.5%. 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 dollar method over a thirty year closed period.

E. Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$2,894	\$2,894	100%	\$-0-
6/30/04	2,709	2,709	100	-0-
6/30/03	2,522	2,522	100	-0-

F. Pension Plan Required Supplementary Information

<i>Schedule of Funding Progress</i>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability UAAL	Funded Ratio (a/b)	Covered Payroll (c)	UAAL % of Covered Payroll ((b-a)/c)
7/01/04	\$105,098	\$126,231	\$21,133	83%	\$30,661	69%
7/01/03	100,144	118,802	18,658	84%	28,810	65%
7/01/02	97,143	111,774	14,631	87%	26,241	56%
7/01/01	94,152	105,576	11,424	89%	26,410	43%
7/01/00	86,007	101,251	15,244	85%	25,065	61%
7/01/99	85,382	98,489	13,107	87%	32,892	40%

<i>Schedule of Employer Contributions</i>		
Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
6/30/05	\$2,894	100%
6/30/04	2,709	100%
6/30/03	2,522	100%
6/30/02	2,439	100%
6/30/01	2,316	100%
6/30/00	2,665	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, 2005 is \$8,459. There were 96 participants as of June 30, 2005. During the fiscal year ended June 30, 2005, employees contributed \$336 (exclusive of lump sum conversion amounts) and the Town contributed a matching employer contribution of \$336. Covered payroll totaled \$5,591. 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 7.5% of earnings for the year ended June 30, 2005. 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, 2005, 2004, and 2003 were \$299, \$235 and \$144, 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 sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty-five years of credited service, at least twenty-five 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 \$39,197 or 78.5% of the total Board of Education payroll of \$49,938.

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, 2005 the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,372 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 November 8, 2005, the Town electorate authorized, in a general election, a bond funded project for various public infrastructure improvements totaling \$44,885. This project will be funded through general obligation bonds.

TOWN OF MANCHESTER, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND AND FIRE DISTRICT FUND
 FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	.....GENERAL FUND.....				.....FIRE DISTRICT FUND.....			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:								
Property taxes, interest and lien fees.....	\$ 90,803	\$ 90,803	\$ 91,226	\$ 423	\$ 8,085	\$ 8,085	\$8,095	\$ 10
Intergovernmental revenue.....	31,878	31,958	32,384	426	184	184	184	
Investment and interest income.....	540	540	1,003	463	25	25	53	28
Licenses, permits and fines.....	1,479	1,479	2,759	1,280				
Charges for goods and services.....	1,259	1,259	1,365	106	222	222	340	118
Other.....	100	147	196	49	10	13	3	(10)
Total revenues	<u>126,059</u>	<u>126,186</u>	<u>128,933</u>	<u>2,747</u>	<u>8,526</u>	<u>8,529</u>	<u>8,675</u>	<u>146</u>
Expenditures:								
Current:								
General government.....	4,968	4,861	4,860	1				
Public works.....	9,651	9,677	9,646	31				
Public safety.....	14,238	14,289	14,222	67	8,928	8,931	8,917	14
Human services.....	2,418	2,418	2,350	68				
Leisure services.....	4,572	4,542	4,393	149				
Employee benefits.....	1,714	1,790	1,775	15				
Other.....	516	271	265	6				
Education.....	80,004	80,226	79,893	333				
Internal service fund charges.....	2,561	2,561	2,561		362	362	362	
Debt service.....	4,049	4,049	4,038	11	326	326	326	
Total expenditures	<u>124,691</u>	<u>124,684</u>	<u>124,003</u>	<u>681</u>	<u>9,616</u>	<u>9,619</u>	<u>9,605</u>	<u>14</u>
Excess (deficiency) of revenues over expenditures...	<u>1,368</u>	<u>1,502</u>	<u>4,930</u>	<u>3,428</u>	<u>(1,090)</u>	<u>(1,090)</u>	<u>(930)</u>	<u>160</u>
Other financing sources (uses):								
Transfers in.....	685	685	646	(39)	1,489	1,489	1,489	
Transfers out.....	(2,053)	(2,971)	(2,971)		(399)	(499)	(499)	
Total other financing sources (uses)	<u>(1,368)</u>	<u>(2,286)</u>	<u>(2,325)</u>	<u>(39)</u>	<u>1,090</u>	<u>990</u>	<u>990</u>	
Net change in fund balances.....	<u>\$ - 0 -</u>	<u>\$ (784)</u>	<u>2,605</u>	<u>\$3,389</u>	<u>\$ - 0 -</u>	<u>\$ (100)</u>	<u>60</u>	<u>\$160</u>
Fund balance, July 1, 2004.....			<u>8,070</u>				<u>384</u>	
Fund balance, June 30, 2005.....			<u>\$10,675</u>				<u>\$ 444</u>	

TOWN OF MANCHESTER, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

BUDGET-TO-GAAP RECONCILIATION

(thousands)

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

	<u>GENERAL FUND</u>	<u>FIRE DISTRICT</u>
<u>R E V E N U E S</u>		
Non-GAAP budgetary basis - RSI-1	\$129,579	\$10,164
State of Connecticut "on-behalf" contributions to the Connecticut Teachers' Retirement System for Town teachers are not budgeted...	2,372	
Prior year encumbrances cancelled	(90)	
Bonds issued on refunding	6,800	
GAAP basis - Exhibit IV	\$138,661	\$10,164
<u>E X P E N D I T U R E S</u>		
Non-GAAP budgetary basis - RSI-1	\$126,974	\$10,104
State of Connecticut "on-behalf" payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted...	2,372	
Payments to escrow agent on refunding	6,647	
Discount on refunding	21	
Bond issuance costs on refunding	132	
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, 2004	1,011	13
June 30, 2005	(1,263)	(34)
GAAP basis - Exhibit IV	\$135,894	\$10,083

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, 2005 AND 2004

(thousands)	2005	2004
<u>A S S E T S</u>		
Cash and cash equivalents	\$ 32	\$15,341
Investments	21,287	944
Property taxes receivable, net	2,804	3,007
Accrued interest on taxes	837	1,166
Accounts receivable, net	251	347
Intergovernmental receivables	2,202	2,431
Due from component unit	84	110
Due from other funds	2	1
Interfund receivables	<u> </u>	<u>1,421</u>
TOTAL	<u>\$27,499</u>	<u>\$24,768</u>
L I A B I L I T I E S A N D <u>F U N D B A L A N C E</u>		
Liabilities:		
Accounts and other payables	\$ 1,191	\$ 1,427
Accrued liabilities	739	746
Intergovernmental payables	61	92
Interfund payables	5,472	
Deferred revenue	<u>8,098</u>	<u>13,332</u>
Total liabilities	<u>15,561</u>	<u>15,597</u>
Fund balance:		
Reserved for encumbrances	1,263	1,101
Reserved for amount due from component unit ...	84	110
Unreserved:		
Designated for specific projects	2,686	997
Designated for subsequent year's budget	391	559
Undesignated	<u>7,514</u>	<u>6,404</u>
Total fund balance	<u>11,938</u>	<u>9,171</u>
TOTAL	<u>\$27,499</u>	<u>\$24,768</u>

TOWN OF MANCHESTER, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2005
(thousands)

GRAND LIST	UNCOLLECTED TAXES	...LAWFUL CORRECTIONS...		TRANSFERS TO	NET AMOUNT	.....COLLECTIONS.....				UNCOLLECTED TAXES
	JULY 1, 2004	ADDITIONS	DEDUCTIONS	SUSPENSE	COLLECTIBLE	TAXES	INTEREST	LIEN FEES	TOTAL	JUNE 30, 2005
2003	\$ 97,757	\$1,721	\$ 579	\$ 7	\$ 98,892	\$97,189	\$371	\$ 3	\$97,563	\$1,703
2002	1,802	100	144	34	1,724	978	247	2	1,227	746
2001	737	26	38	25	700	243	94	1	338	457
2000	490		27	206	257	100	54	1	155	157
1999	141		24		117	20	12		32	97
1998	80		21		59	5	3		8	54
1997	65		20		45	4	3		7	41
1996	54		20		34	8	4		12	26
1995	48		21		27	1			1	26
1994	44		20		24	1			1	23
1993	43		21		22	1			1	21
1992	32		20		12					12
1991	22		19		3					3
1990	17		17							
1989	14		14							
1988	12		12							
1987	6		6							
TOTAL ..	<u>\$101,364</u>	<u>\$1,847</u>	<u>\$1,023</u>	<u>\$272</u>	<u>\$101,916</u>	98,550	788	7	99,345	<u>\$3,366</u>
						37	44	7	88	
						<u>\$98,587</u>	<u>\$832</u>	<u>\$14</u>	<u>\$99,433</u>	

NOTE (1): Includes Motor Vehicle Supplemental list of \$1,502.

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	Charges for services	Police traffic control
Recreation Activities	Charges for services	Recreation leisure programs
Education Special Grants	State and Federal grants	Educational purposes
Special Projects	Various sources	Dedicated gifts and grants
Lead Abatement Program	Intergovernmental revenue	Lead based paint hazard control
Cafeteria	Sale of food and grants	School food service program
Community Use of Schools	Charges for services	Rental of school facilities
Community Development Block Grant	Federal grants	Community development activities
Housing Rehab	Grant and loan repayment	Improvement loans
Neighborhood Housing Predevelopment	Intergovernmental revenue	Neighborhood housing activities
Levi Drake	Trust and investment income	Library purposes
Emergency Employment	Trust and investment income	General social welfare
Mary Cheney Library	Trust and investment income	Purchase of books for the library
Whiton Library	Trust and investment income	Support of Library
Manchester Police Department Health and Welfare	Trust and investment income	Needy Manchester Police and/or their survivors
Library Appreciation	Trust and investment income	Library purposes
Foulds Family Foundation	Trust and investment income	Recreational programs
R. B. Bagley Memorial Book	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

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
Wilma D. Marlow	Trust and investment income	General support of library
Newton B. Taggart	Trust and investment income	Purchase of books
East Cemetery Trust	Trust and investment income	Perpetual care
Consolidated Cemetery Trust	Trust and investment income	Perpetual care
Trust Funds Held at the Board of Education	Trust and investment income	Education related purposes
Library Trust	Trust and investment income	Purchase of books for the library

TOWN OF MANCHESTER, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....						
	POLICE SPECIAL SERVICES FUND	RECREATION ACTIVITIES	EDUCATION SPECIAL GRANTS FUND	SPECIAL PROJECTS FUND	LEAD ABATEMENT PROGRAM	CAFETERIA FUND	COMMUNITY USE OF SCHOOLS
<u>A S S E T S</u>							
Cash and cash equivalents		\$125		\$356		\$559	
Investments							
Accounts receivable	\$83					16	
Intergovernmental receivables			\$585	172	\$137	262	
Due from other funds							
Inventory						33	
TOTAL	<u>\$83</u>	<u>\$125</u>	<u>\$585</u>	<u>\$528</u>	<u>\$137</u>	<u>\$870</u>	<u>\$-0-</u>
<u>L I A B I L I T I E S</u> A N D <u>F U N D B A L A N C E</u>							
Liabilities:							
Accounts and other payables		\$ 6	\$ 73	\$348		\$ 74	
Accrued liabilities	\$ 16	3	74	7			
Due to other funds							
Interfund payables	92		9		\$ 58		
Deferred revenue		27	62	39			
Total liabilities	<u>108</u>	<u>36</u>	<u>218</u>	<u>394</u>	<u>58</u>	<u>74</u>	
Fund balance (deficit):							
Reserved for:							
Encumbrances		3		46			
Inventory						33	
Other purposes							
Unreserved:							
Designated		10					
Undesignated	(25)	76	367	88	79	763	
Total fund balance (deficit)	<u>(25)</u>	<u>89</u>	<u>367</u>	<u>134</u>	<u>79</u>	<u>796</u>	
TOTAL	<u>\$ 83</u>	<u>\$125</u>	<u>\$585</u>	<u>\$528</u>	<u>\$137</u>	<u>\$870</u>	<u>\$-0-</u>

69

TOWN OF MANCHESTER, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2005
 (thousands)

	.....SPECIAL REVENUE.....						
	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	HOUSING REHAB	NEIGHBORHOOD HOUSING PREDEVELOPMENT FUND	LEVI DRAKE FUND	EMERGENCY EMPLOYMENT FUND	MARY CHENEY LIBRARY FUND	WHITON LIBRARY FUND
<u>A S S E T S</u>							
Cash and cash equivalents		\$ 88	\$ 43		\$37	\$1	
Investments				\$72			\$1,153
Accounts receivable	\$ 45	56	119				
Intergovernmental receivables	99						
Due from other funds	1						
Inventory							
TOTAL	<u>\$145</u>	<u>\$144</u>	<u>\$162</u>	<u>\$72</u>	<u>\$37</u>	<u>\$1</u>	<u>\$1,153</u>
<u>L I A B I L I T I E S A N D F U N D B A L A N C E</u>							
Liabilities:							
Accounts and other payables	\$ 67						\$ 3
Accrued liabilities	2						
Due to other funds		\$ 1					
Interfund payables	26	3					84
Deferred revenue	45	33	\$119				
Total liabilities	<u>140</u>	<u>37</u>	<u>119</u>				<u>87</u>
Fund balance (deficit):							
Reserved for:							
Encumbrances	42						
Inventory							
Other purposes							
Unreserved:							
Designated							144
Undesignated	(37)	107	43	\$72	\$37	\$1	922
Total fund balance (deficit)	<u>5</u>	<u>107</u>	<u>43</u>	<u>72</u>	<u>37</u>	<u>1</u>	<u>1,066</u>
TOTAL	<u>\$145</u>	<u>\$144</u>	<u>\$162</u>	<u>\$72</u>	<u>\$37</u>	<u>\$1</u>	<u>\$1,153</u>

61

TOWN OF MANCHESTER, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2004

(thousands)

.....PERMANENT FUNDS.....

	NEWTON B. TAGGART FUND	EAST CEMETERY TRUST FUND	CONSOLIDATED CEMETERY TRUST FUND	TRUST FUNDS HELD AT THE BOARD OF EDUCATION	LIBRARY TRUST FUNDS	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>A S S E T S</u>								
Cash and cash equivalents	\$ 30	\$ 27		\$94	\$40	\$ 197		\$1,529
Investments	653	111	\$269			1,033		2,258
Accounts receivable								319
Intergovernmental receivables								1,255
Due from other funds							\$(1)	
Inventory								33
TOTAL	\$683	\$138	\$269	\$94	\$40	\$1,230	\$(1)	\$5,394
<u>L I A B I L I T I E S A N D F U N D B A L A N C E</u>								
Liabilities:								
Accounts and other payables		\$ 2				\$ 2		\$ 575
Accrued liabilities								102
Due to other funds							\$(1)	
Interfund payables	\$ 6				\$ 3	9		282
Deferred revenue								325
Total liabilities	6	2			3	11	(1)	1,284
Fund balance (deficit):								
Reserved for:								
Encumbrances								91
Inventory								33
Other purposes	677	136	\$269	\$94	37	1,219		1,219
Unreserved:								
Designated								154
Undesignated								2,613
Total fund balance (deficit)	677	136	269	94	37	1,219		4,110
TOTAL	\$683	\$138	\$269	\$94	\$40	\$1,230	\$(1)	\$5,394

63

TOWN OF MANCHESTER, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

.....SPECIAL REVENUE.....							
	POLICE SPECIAL SERVICES FUND	RECREATION ACTIVITIES	EDUCATION SPECIAL GRANTS FUND	SPECIAL PROJECTS FUND	LEAD ABATEMENT PROGRAM	CAFETERIA FUND	COMMUNITY USE OF SCHOOLS
Revenues:							
Intergovernmental revenue			\$5,386	\$1,432	\$137	\$1,199	
Investment income						3	
Net increase in the fair value of investments							
Charges for goods and services	\$886	\$224	286	157	80	1,384	\$48
Other		15					
Total revenues.....	886	239	5,672	1,589	217	2,586	48
Expenditures:							
Current:							
General government	911			198			
Public safety				1,525	\$234		
Human services		245					
Recreation				38			
Library			5,732			2,472	52
Education							
Awards				90			
Other							
Capital outlay							
Total expenditures.....	911	245	5,732	1,851	234	2,472	52
Excess (deficiency) of revenues over expenditures	(25)	(6)	(60)	(262)	(17)	114	(4)
Other financing sources (uses):							
Transfers in		30		126			4
Transfers out							
Total other financing sources (uses).		30		126			4
Net change in fund balances	(25)	24	(60)	(136)	(17)	114	
Fund balance, July 1, 2004	-0-	65	427	270	96	682	-0-
Fund balance (deficit), June 30, 2005	<u>\$(25)</u>	<u>\$ 89</u>	<u>\$ 367</u>	<u>\$ 134</u>	<u>\$ 79</u>	<u>\$ 796</u>	<u>\$-0-</u>

64

TOWN OF MANCHESTER, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	HOUSING REHAB	NEIGHBORHOOD HOUSING PREDEVELOPMENT FUND	LEVI DRAKE FUND	EMERGENCY EMPLOYMENT FUND	MARY CHENEY LIBRARY FUND	WHITON LIBRARY FUND
.....SPECIAL REVENUE.....							
Revenues:							
Intergovernmental revenue	\$587						
Investment income		\$ 1		\$ 2	\$ 1		\$ 28
Net increase in the fair value of investments				2			70
Charges for goods and services							
Other	5						
Total revenues.....	592	1		4	1		98
Expenditures:							
Current:							
General government	140						
Public safety							
Human services							
Recreation							
Library							91
Education							
Awards							
Other	221			1			
Capital outlay	231						
Total expenditures.....	592			1			91
Excess (deficiency) of revenues over expenditures		1		3	1		7
Other financing sources (uses):							
Transfers in	1						
Transfers out		(1)			(2)		
Total other financing sources (uses).	1	(1)			(2)		
Net change in fund balances	1			3	(1)		7
Fund balance, July 1, 2004	4	107	\$43	69	38	\$1	1,059
Fund balance (deficit), June 30, 2005	<u>\$ 5</u>	<u>\$107</u>	<u>\$43</u>	<u>\$72</u>	<u>\$37</u>	<u>\$1</u>	<u>\$1,066</u>

65

TOWN OF MANCHESTER, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....					PERMANENT
	MANCHESTER POLICE DEPARTMENT HEALTH AND WELFARE FUND	LIBRARY APPRECIATION FUND	FOULDS FAMILY FOUNDATION	R.B. BAGLEY MEMORIAL BOOK FUND	TRUST FUNDS HELD AT THE BOARD OF EDUCATION	WILMA D. MARLOW FUND	
					TOTAL		
Revenues:							
Intergovernmental revenue					\$ 8,741		
Investment income					35		
Net increase in the fair value of					72		
investments					2,542		
Charges for goods and services					584		
Other	\$ 4				\$37		
Total revenues.....	4				37	11,974	
Expenditures:							
Current:							
General government						140	
Public safety	10					1,119	
Human services						1,759	
Recreation						245	
Library						129	
Education						8,256	
Awards					2	2	
Other						312	
Capital outlay						231	
Total expenditures.....	10				2	12,193	
Excess (deficiency) of revenues over expenditures	(6)				35	(219)	
Other financing sources (uses):							
Transfers in						161	
Transfers out						(3)	
Total other financing sources (uses).						158	
Net change in fund balances	(6)				35	(61)	
Fund balance, July 1, 2004	30	\$7	\$22	\$4	28	2,952	\$6
Fund balance (deficit), June 30, 2005	\$24	\$7	\$22	\$4	\$63	\$ 2,891	\$6

TOWN OF MANCHESTER, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

.....PERMANENT FUNDS.....

	NEWTON B. TAGGART FUND	EAST CEMETERY TRUST FUND	CONSOLIDATED CEMETERY TRUST FUND	TRUST FUNDS HELD AT THE BOARD OF EDUCATION	LIBRARY TRUST FUNDS	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:								
Intergovernmental revenue								\$ 8,741
Investment income	\$ 14	\$ 3	\$ 7	\$ 2	\$ 1	\$ 27		62
Net increase in the fair value of investments	8	4	9			21		93
Charges for goods and services		34				34		2,576
Other				1	6	7		591
Total revenues	22	41	16	3	7	89		12,063
Expenditures:								
Current:								
General government								140
Public safety								1,119
Human services								1,759
Recreation								245
Library	8				4	12		141
Education								8,256
Awards								2
Other			3			3		315
Capital outlay		46				46		277
Total expenditures	8	46	3		4	61		12,254
Excess (deficiency) of revenues over expenditures	14	(5)	13	3	3	28		(191)
Other financing sources (uses):								
Transfers in							\$(3)	158
Transfers out		(2)	(4)			(6)	3	(6)
Total other financing sources (uses) ..		(2)	(4)			(6)		152
Net change in fund balances	14	(7)	9	3	3	22		(39)
Fund balance, July 1, 2004	663	143	260	91	34	1,197	-0-	4,149
Fund balance (deficit), June 30, 2005	<u>\$677</u>	<u>\$136</u>	<u>\$269</u>	<u>\$94</u>	<u>\$37</u>	<u>\$1,219</u>	<u>\$-0-</u>	<u>\$ 4,110</u>

67

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

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2005

(thousands)

	INFORMATION SYSTEMS FUND	MANCHESTER SELF INSURANCE PROGRAM	TOWN OF MANCHESTER MEDICAL INSURANCE FUND	TOTAL
<u>A S S E T S</u>				
Current assets:				
Cash and cash equivalents		\$ 574	\$ 55	\$ 629
Investments		488	1,881	2,369
Receivables, net			15	15
Prepaid items		9		9
Total current assets		1,071	1,951	3,022
Noncurrent assets:				
Capital assets, net	\$2,975			2,975
TOTAL.....	\$2,975	\$1,071	\$1,951	\$5,997
<u>L I A B I L I T I E S A N D F U N D E Q U I T Y</u>				
Current liabilities:				
Accounts and other payables	\$ 26	\$ 20		\$ 46
Accrued liabilities	19	2		21
Interfund payable	1,013			1,013
Claims payable		1,332	\$1,322	2,654
Compensated absences payable	104	17		121
Capital lease payable	329			329
Total current liabilities	1,491	1,371	1,322	4,184
Noncurrent liabilities:				
Compensated absences payable	212	37		249
Claims payable		2,676		2,676
Capital lease payable	1,811			1,811
Total noncurrent liabilities	2,023	2,713		4,736
Total liabilities.....	3,514	4,084	1,322	8,920
Fund equity:				
Retained earnings (deficit):				
Unreserved	(539)	(3,013)	629	(2,923)
TOTAL.....	\$2,975	\$ 1,071	\$1,951	\$ 5,997

TOWN OF MANCHESTER, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	INFORMATION SYSTEMS FUND	MANCHESTER SELF INSURANCE PROGRAM	TOWN OF MANCHESTER MEDICAL INSURANCE FUND	TOTAL
Operating revenues:				
Charges for services	\$1,920	\$ 2,708	\$16,835	\$21,463
Other		106		106
Total operating revenues	1,920	2,814	16,835	21,569
Operating expenses:				
General operating	1,788	358	1,326	3,472
Claims expense		2,714	16,078	18,792
Depreciation expense	300			300
Total operating expenses	2,088	3,072	17,404	22,564
Operating income (loss)	(168)	(258)	(569)	(995)
Nonoperating revenues (expenses):				
Interest on investments	13	31	32	76
Interest expense	(37)			(37)
Net income (loss)	(192)	(227)	(537)	(956)
Retained earnings (deficit), July 1, 2004	(347)	(2,786)	1,166	(1,967)
Retained earnings (deficit), June 30, 2005	\$ (536)	\$ (3,013)	\$ 629	\$ (2,923)

TOWN OF MANCHESTER, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	INFORMATION SYSTEMS FUND	MANCHESTER SELF INSURANCE PROGRAM	TOWN OF MANCHESTER MEDICAL INSURANCE FUND	TOTAL
Cash flows from (to) operating activities:				
Cash received from users	\$1,920	\$ 2,708	\$ 16,835	\$21,463
Cash received from insurance proceeds		106		106
Cash paid to suppliers for goods and services	(913)	(229)		(1,142)
Cash paid to employees	(904)	(91)		(995)
Cash paid for insurance claims and premiums		(2,394)	(17,323)	(19,717)
Net cash provided (used) by operating activities	103	100	(488)	(285)
Cash flows from noncapital financing activities:				
Cash received from other funds	400			400
Cash flows from (to) capital and related financing activities:				
Purchase of fixed assets	(119)			(119)
Principal payment - lease purchase	(360)			(360)
Interest paid	(37)			(37)
Net cash provided (used) by capital and related financing activities	(516)			(516)
Cash flows from investing activities:				
Interest received	13	31	32	76
Sale of investments		152	435	587
Net cash provided by investing activities	13	183	467	663
Net increase (decrease) in cash and cash equivalents	- 0 -	283	(21)	262
Cash and cash equivalents, July 1, 2004	- 0 -	291	76	367
Cash and cash equivalents, June 30, 2005	\$- 0 -	\$ 574	\$ 55	\$ 629
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$(168)	\$(258)	\$(569)	\$(995)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	300			300
(Increase) decrease in accounts receivable			(15)	(15)
Increase (decrease) in accrued expenses	8	2		10
Increase (decrease) in accounts payable	(44)	9		(35)
Increase (decrease) in claims payable		324	96	420
Increase in compensated absences payable	7	23		30
Net cash provided (used) by operating activities	\$ 103	\$ 100	\$(488)	\$(285)

AGENCY FUNDS

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

Student Activity Funds - 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, 2005

(thousands)

	PLAN DEPOSIT FUND	STUDENT ACTIVITY FUND	SENIOR CENTER ACTIVITIES FUND	MAINTENANCE BOND FUND	REDEVELOPMENT AGENCY FUND	TOTAL
ASSETS:						
Cash and cash equivalents.....	\$5	\$428	\$46	\$1,397	\$4	\$1,880
LIABILITIES:						
Deposits held for others.....	\$5	\$428	\$46	\$1,397	\$4	\$1,880

TOWN OF MANCHESTER, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)			
	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>PLAN DEPOSIT FUND</u>				
Assets:				
Cash and cash equivalents.....	\$3	\$6	\$4	\$5
Liabilities:				
Deposits held for others.....	\$3	\$6	\$4	\$5
<u>STUDENT ACTIVITY FUND</u>				
Assets:				
Cash and cash equivalents.....	\$448	\$1,144	\$1,164	\$428
Liabilities:				
Deposits held for others.....	\$448	\$1,144	\$1,164	\$428
<u>SENIOR CENTER ACTIVITIES FUND</u>				
Assets:				
Cash and cash equivalents.....	\$53	\$88	\$95	\$46
Liabilities:				
Deposits held for others.....	\$53	\$88	\$95	\$46
<u>MAINTENANCE BOND FUND</u>				
Assets:				
Cash and cash equivalents.....	\$1,129	\$945	\$677	\$1,397
Liabilities:				
Deposits held for others.....	\$1,129	\$945	\$677	\$1,397
<u>REDEVELOPMENT AGENCY FUND</u>				
Assets:				
Cash and cash equivalents.....	\$4	\$ - 0 -	\$ - 0 -	\$4
Liabilities:				
Deposits held for others.....	\$4	\$ - 0 -	\$ - 0 -	\$4
<u>TOTAL - ALL FUNDS</u>				
Assets:				
Cash and cash equivalents.....	\$1,637	\$2,183	\$1,940	\$1,880
Liabilities:				
Deposits held for others.....	\$1,637	\$2,183	\$1,940	\$1,880

Capital Assets Used in the Operation of Governmental Funds

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The Town's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Infrastructure assets are recorded based on a threshold of \$100,000. Provision for depreciation is not included in the schedules.

TOWN OF MANCHESTER, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2005 AND 2004

(thousands)	2005	2004
Governmental funds capital assets:		
Land and land improvements	\$ 11,582	\$10,880
Infrastructure	11,695	5,470
Buildings	58,714	58,400
Equipment	21,063	21,157
Construction in progress	<u>5,325</u>	<u>3,931</u>
TOTAL	<u>\$108,379</u>	<u>\$99,838</u>
Investment in governmental funds capital assets by source:		
General	\$ 14,735	\$14,664
Capital projects	42,738	33,731
Prior years' investment as of June 30, 1996	<u>50,906</u>	<u>51,443</u>
TOTAL	<u>\$108,379</u>	<u>\$99,838</u>

TOWN OF MANCHESTER, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2005

(thousands)

	TOTAL	LAND AND LAND IMPROVEMENTS	INFRASTRUCTURE	BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS
General Government:						
Board of Directors	\$ 510			\$ 437	\$ 73	
Probate	35	\$ 5		30		
General Manager	26				26	
Town Clerk	21				21	
Human Resources	5				5	
Assessment and Collection	11,975	6,275		5,643	38	\$ 19
General Services	181				101	80
Information Systems	4,396				4,396	
Total	17,149	6,280		6,110	4,660	99
Public works:						
Administration	250				250	
Highway	16,334		\$11,631	673	3,869	161
Engineering	193				193	
Cemetery	754	619		9	126	
Fleet Maintenance	1,381				246	1,135
Parks	4,748	1,953		1,067	640	1,088
Building Maintenance	71				71	
Building Inspection	59				59	
Total	23,790	2,572	11,631	1,749	5,454	2,384
Public Safety:						
Fire	7,521	23		4,187	3,311	
Police	9,700		64	6,605	3,031	
Total	17,221	23	64	10,792	6,342	
Human Services:						
Health	72				72	
Elderly and Family Services	30				30	
Senior Center	938			885	53	
Total	1,040			885	155	
Recreation	2,120	7		1,591	522	
Library	1,572			1,520	52	
Education	45,487	2,700		36,067	3,878	2,842
TOTAL	\$108,379	\$11,582	\$11,695	\$58,714	\$21,063	\$5,325

TOWN OF MANCHESTER, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)			
	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2004	ADDITIONS AND TRANSFERS	DELETIONS AND TRANSFERS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2005
General Government:				
Board of Directors	\$ 510			\$ 510
Probate	35			35
General Manager	26			26
Town Clerk	21			21
Human Resources	5			5
Assessment and Collection	11,924	\$ 65	\$ (14)	11,975
General Services	101	80		181
Information Systems	4,454	119	(177)	4,396
Total	17,076	264	(191)	17,149
Public works:				
Administration	250			250
Highway	12,537	4,017	(220)	16,334
Engineering	192	13	(12)	193
Cemetery	784	27	(57)	754
Fleet Maintenance	540	850	(9)	1,381
Parks	4,845	59	(156)	4,748
Building Maintenance	71			71
Building Inspection	77		(18)	59
Total	19,296	4,966	(472)	23,790
Public Safety:				
Fire	7,405	116		7,521
Police	9,569	154	(23)	9,700
Total	16,974	270	(23)	17,221
Human Services:				
Health	72			72
Elderly and Family Services ...	30			30
Senior Center	995		(57)	938
Total	1,097		(57)	1,040
Recreation	2,120			2,120
Library	1,572			1,572
Education	41,703	3,784		45,487
Total	99,838	9,284	(743)	108,379
Transfer between departments		(23)	23	
TOTAL	\$99,838	\$9,261	\$(720)	\$108,379

TOWN OF MANCHESTER, CONNECTICUT
 GOVERNMENT-WIDE EXPENSES BY FUNCTION
 LAST FOUR FISCAL YEARS
 (thousands)

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC WORKS	PUBLIC SAFETY	HUMAN SERVICES	LEISURE SERVICES	EMPLOYEE BENEFITS	EDUCATION	INTEREST ON LONG-TERM DEBT	OTHER	WATER	SEWER	SANITATION	TOTAL
2005 ...	\$5,725	\$10,567	\$25,185	\$4,044	\$4,704	\$1,775	\$90,410	\$1,722	\$3,733	\$6,266	\$5,098	\$5,795	\$165,024
2004 ...	7,881	10,294	24,203	5,303	4,892	1,468	90,925	1,770	3,398	6,196	4,959	5,610	166,899
2003 ...	4,595	10,684	23,384	4,170	4,771	1,358	85,578	1,659	3,151	6,909	4,903	4,894	156,056
2002 ...	4,955	10,067	22,569	3,852	5,126	1,330	80,781	1,560	3,220	5,847	5,023	5,823	150,153

TOWN OF MANCHESTER, CONNECTICUT

GOVERNMENT-WIDE REVENUES
LAST FOUR FISCAL YEARS

(thousands)

FISCAL YEAR	PROGRAM REVENUES			GENERAL REVENUES					TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PROPERTY TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PURPOSES	UNRESTRICTED INVESTMENT EARNINGS	OTHER GENERAL REVENUES		
2005	\$24,711	\$37,806	\$3,348	\$98,738	\$4,571	\$1,620	\$ 591	\$171,385	
2004	24,420	40,015	3,685	93,719	4,382	734	400	167,355	
2003	23,337	36,872	2,053	87,474	5,186	803	237	155,962	
2002	24,428	36,632	1,392	83,355	6,339	1,389	1,072	154,607	

TOWN OF MANCHESTER, CONNECTICUTGENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION - (BUDGETARY BASIS)
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC(1) WORKS	PUBLIC SAFETY	HUMAN SERVICES	RECREATION	LIBRARY	EMPLOYEE BENEFITS	OTHER	EDUCATION	INTERNAL SERVICE FUND CHARGES	DEBT SERVICE	OTHER FINANCING USES	TOTAL
2005	\$4,860	\$9,646	\$14,222	\$2,350	\$1,978	\$2,415	\$1,775	\$265	\$79,893	\$2,561	\$4,038	\$2,971	\$126,974
2004	4,686	9,103	13,848	2,320	2,023	2,390	1,468	261	77,704	2,250	3,925	2,332	122,310
2003	4,658	9,178	13,129	2,316	2,025	2,296	1,358	247	74,300	2,290	3,742	2,904	118,443
2002	4,470	8,903	12,907	2,242	1,976	2,243	1,330	259	70,157	1,963	3,171	2,684	112,305
2001	4,281	8,481	12,268	2,116	1,817	1,998	1,195	226	67,218	1,849	2,886	2,652	106,987
2000	4,319	7,964	11,540	2,073	1,734	1,944	817	223	63,515	2,794	2,998	1,350	101,271
1999	4,242	8,688	11,311	2,097	1,594	1,843	699	216	60,077	1,707	3,008	2,781	98,263
1998	4,200	8,545	10,909	1,983	1,543	1,717	700	170	58,826	1,647	3,451	1,884	95,575
1997	4,122	8,143	10,108	2,623	1,357	1,589	647	210	56,113	1,859	3,408	3,493	93,672
1996	4,074	8,295	9,695	2,835	1,302	1,583	641	253	55,193	1,770	3,451	4,304	93,396

78

Note 1: In 1996 through 2004 the Parks Division was part of the Public Works Department. In 1995, this division was part of the Recreation Department.

TOWN OF MANCHESTER, CONNECTICUT

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES BY SOURCE (BUDGETARY BASIS)
 LAST TEN FISCAL YEARS
 (thousands)

FISCAL YEAR	PROPERTY TAXES	INTER-GOVERNMENTAL	INVESTMENT INCOME	LICENSES, PERMITS AND FINES	CHARGES FOR GOODS AND SERVICES	OTHER	OTHER FINANCING SOURCES	TOTAL
2005	\$91,226	\$32,384	\$1,003	\$2,759	\$1,365	\$ 196	\$646	\$129,579
2004	86,771	31,397	297	2,353	1,857	249	699	123,623
2003	80,046	31,785	357	2,016	1,419	212	652	116,487
2002	76,549	32,819	565	1,857	1,323	1,055	661	114,829
2001	71,504	30,592	1,364	1,297	1,326	175	663	106,921
2000	67,264	29,400	1,120	1,360	1,199	181	657	101,181
1999	65,553	29,236	1,032	1,304	1,356	170	605	99,256
1998	64,201	27,504	1,135	1,299	1,427	253	518	96,337
1997	63,032	26,976	1,107	1,085	1,498	174	452	94,324
1996	60,765	27,125	1,012	986	1,435	109	514	91,946

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

FISCAL YEAR	PROPERTY TAX RATES (1)	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
2005	42.52	\$99,259	\$97,189	97.9	\$1,398	\$98,587	99.3	\$3,366	3.4
2004	40.77	93,985	91,767	97.6	1,728	93,495	99.5	3,607	3.8
2003	39.37	89,082	86,082	96.6	728	86,760	97.3	4,097	4.6
2002	37.60	83,226	80,899	97.2	1,647	82,546	99.2	3,940	4.7
2001	33.20	77,927	76,126	97.7	1,350	77,476	99.4	3,843	4.9
2000	31.82	73,060	71,165	97.4	1,547	72,712	99.5	3,562	4.9
1999	32.02	71,803	69,865	97.3	1,237	71,102	99.0	3,953	5.5
1998	32.25	70,035	68,164	97.3	1,507	69,671	99.5	3,986	5.7
1997	32.52	69,645	68,910	98.9	956	69,866	100.3	3,988	5.7
1996	31.94	66,914	65,668	98.1	1,157	66,825	99.9	3,512	5.2

Note: (1) Property tax rates are per \$1,000 of assessed value and include the Town, Fire Special Taxing District, and the Downtown Special Services District.

There are no overlapping governments for the Town.

TOWN OF MANCHESTER, CONNECTICUT

NET ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	.....REAL PROPERTY.....		.....PERSONAL PROPERTY.....		.....TOTAL.....		RATIO OF TOTAL NET ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE (PERCENT)
	NET ASSESSED VALUE	ESTIMATED ACTUAL VALUE	NET ASSESSED VALUE	ESTIMATED ACTUAL VALUE	NET ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
2005	\$2,342,100	\$4,998,079	\$533,818	\$762,597	\$2,875,918	\$5,760,676	49.9
2004	2,318,474	4,554,960	509,375	727,679	2,827,849	5,282,639	53.5
2003	2,290,953	3,686,228	559,888	799,840	2,850,841	4,486,068	63.5
2002	2,772,289	3,246,127	560,080	800,115	3,332,369	4,046,242	82.4
2001	2,402,146	2,786,939	510,476	729,251	2,912,622	3,576,190	81.4
2000	2,710,723	2,992,869	485,149	693,069	3,195,872	3,685,938	86.7
1999	2,330,657	2,678,915	228,052	325,788	2,558,709	3,004,703	85.2
1998	2,260,497	2,511,663	384,530	549,329	2,645,027	3,060,992	86.4
1997	2,238,882	2,603,351	368,875	526,964	2,607,757	3,130,315	83.3
1996	2,216,848	2,608,057	345,117	493,024	2,561,965	3,101,081	82.6

81

Sources: Assessed values are established by the Town of Manchester Assessor's Office.
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 prices to assessed values

TOWN OF MANCHESTER, CONNECTICUT

PRINCIPAL TAXPAYERS

(thousands)

NAME	NATURE OF BUSINESS	TAXABLE VALUATION	PERCENT OF NET TAXABLE GRAND LIST
Pavilions at Buckland Hills	Shopping Center	\$ 96,261	3.35
J.C. Penney Properties, Inc.	Retail and Warehousing	60,059	2.09
Northland Pavilions, LLC	Apartment Complex	48,809	1.70
Connecticut Light & Power Co.	Utilities	34,150	1.19
Manchester Developers	Apartment Complex	26,432	0.92
Downeast Associates	Shopping Center	22,114	0.77
May Department Stores and Centers	Retail Merchandiser and Warehousing	21,491	0.75
Burr Plaza	Shopping Center	19,486	0.68
Wal-mart/Sam's Club	Retail	18,530	0.64
Cox Connecticut	Utilities	<u>17,431</u>	<u>0.61</u>
TOTAL		<u>\$364,763</u>	<u>12.70</u>

TOWN OF MANCHESTER, CONNECTICUTSTATEMENT OF DEBT LIMITATION
JUNE 30, 2005

(thousands)

Total tax collections (including interest and lien fees) for the year ended June 30, 2004.....					\$99,433
Reimbursement for revenue loss on:					
Tax relief for the elderly freeze.....					<u>48</u>
Base for debt limitation computation					<u>\$99,481</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base...	\$223,832				
4-1/2 times base...		\$447,665			
3-3/4 times base...			\$373,054		
3-1/4 times base...				\$323,313	
3 times base.....					\$298,443
					<u>\$298,443</u>
Total debt limitation...	<u>223,832</u>	<u>447,665</u>	<u>373,054</u>	<u>323,313</u>	<u>298,443</u>
Indebtedness:					
Bonds payable.....	29,988	8,132	4,943		
Bond anticipation notes.....			40		
Debt authorized but unissued.....		2,525			
School construction grants receivable		(4,322)			
					<u>4,983</u>
Total indebtedness.	<u>29,988</u>	<u>6,335</u>	<u>4,983</u>		
Debt limitation in excess of indebtedness.....	<u>\$193,844</u>	<u>\$441,330</u>	<u>\$368,071</u>	<u>\$323,313</u>	<u>\$298,443</u>

Note 1: In no case shall total indebtedness exceed \$696,367 (seven times the annual base for debt limitation computations).

Note 2: Bond anticipation notes payable do not include water bond anticipation notes of \$7,879, which are considered to be self-financing.

TOWN OF MANCHESTER, CONNECTICUT

RATIO OF GENERAL OBLIGATION BONDED DEBT
TO NET ASSESSED VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION	.....(thousands).....		RATIO OF BONDED DEBT TO NET ASSESSED VALUE (PERCENT)	BONDED DEBT PER CAPITA
		NET ASSESSED VALUE	BONDED DEBT (1)		
2005	57,079	\$2,875,918	\$38,120	1.3	\$667.85
2004	57,167	2,827,849	40,185	1.4	702.94
2003	55,084	2,850,841	30,990	1.1	562.60
2002	54,680	3,332,369	28,980	0.9	529.99
2001	54,740	2,912,622	30,915	1.1	564.76
2000	52,554	3,195,872	21,680	0.7	412.53
1999	51,657	2,558,709	23,030	0.9	445.83
1998	51,259	2,645,027	24,830	0.9	484.40
1997	49,430	2,607,757	16,410	0.6	331.98
1996	51,210	2,561,965	15,455	0.6	301.80

Note: Bonded debt represents amounts reported in governmental activities only. There is no overlapping debt for the Town.

TOWN OF MANCHESTER, CONNECTICUT

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
(BUDGETARY BASIS)
LAST TEN FISCAL YEARS

(thousands)					RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES (PERCENT)
FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL FUND EXPENDITURES	
2005	\$2,325	\$1,713	\$4,038	\$126,974	3.2
2004	2,655	1,270	3,925	122,310	3.2
2003	2,425	1,317	3,742	118,443	3.2
2002	1,835	1,336	3,171	112,305	2.8
2001	1,840	1,046	2,886	106,987	2.7
2000	1,850	1,148	2,998	101,271	3.0
1999	1,800	1,208	3,008	98,263	3.1
1998	2,120	950	3,070	95,575	3.2
1997	2,085	1,021	3,106	93,672	3.3
1996	2,230	1,099	3,329	93,396	3.6

TOWN OF MANCHESTER, CONNECTICUTDEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION (1)	PUBLIC SCHOOL ENROLLMENT (2)	UNEMPLOYMENT PERCENTAGE RATE (3)
2005	57,079	7,715	4.7
2004	57,167	7,811	4.6
2003	55,084	7,628	4.5
2002	54,680	7,778	3.3
2001	54,740	7,641	2.1
2000	52,554	7,703	2.9
1999	51,657	7,798	3.1
1998	51,259	7,720	4.9
1997	49,430	7,768	5.9
1996	51,210	7,754	5.7

Source:

- (1) State of Connecticut Department of Health estimates, except for fiscal year 2001. U.S. Department of Commerce, Bureau of Census.
- (2) Superintendent of Schools, Town of Manchester.
- (3) State of Connecticut, Department of Labor. Unemployment rate figures represent the annual average as reported in December of each fiscal year.
-

TOWN OF MANCHESTER, CONNECTICUT

GROSS PROPERTY VALUE AND CONSTRUCTION (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	. COMMERCIAL CONSTRUCTION (2). NUMBER OF UNITS VALUE (thousands)		. RESIDENTIAL CONSTRUCTION (2). NUMBER OF UNITS VALUE (thousands)		.....PROPERTY VALUE (3) (thousands).....		
	COMMERCIAL	RESIDENTIAL	NONTAXABLE				
2005	864	\$33,024	3,301	\$43,342	\$ 908,584	\$1,461,530	\$327,460
2004	734	26,444	2,645	23,700	1,031,570	1,444,068	327,456
2003	1,134	41,885	2,689	34,569	1,003,045	1,417,795	273,007
2002	1,229	37,262	2,813	24,156	891,486	1,395,650	264,728
2001	1,079	25,099	2,613	21,881	784,845	1,630,063	347,624
2000	1,132	30,990	2,919	25,191	758,179	1,629,596	339,035
1999	1,063	28,523	3,018	32,469	612,397	1,744,862	333,484
1998	832	20,343	1,879	22,561	633,318	1,699,705	333,128
1997	1,261	23,306	2,805	25,304	925,671	1,748,667	387,054
1996	1,176	23,665	2,453	12,552	895,768	1,799,588	384,357

87

Notes: (1) Information regarding bank deposits is not available. Fiscal 2004 represents October 1, 2003 Grand List, etc.
(2) Statistics provided are from the Town of Manchester Building Department.
(3) Statistics provided are from the Town of Manchester Assessor's Office and State of Connecticut Office of Policy and Management.

TOWN OF MANCHESTER, CONNECTICUT

GENERAL STATISTICS

Date of Incorporation	1823
Form of Government	Council/Manager
Number of employees:	
General Government	517
Board of Education	1,039
Area in square miles	27.2
Town of Manchester facilities and services:	
Miles of streets	215
Number of street lights	4,594
Culture and Recreation:	
Senior Center	1
Recreation Centers	3
Libraries	2
Parks	8
Swimming pools	8
Tennis/racquetball/basketball courts	15
Fire Protection:	
Number of stations	5
Number of full-time firefighters	68
Number of calls answered	7,600
Number of inspections conducted	1,210
Police Protection:	
Number of Stations	1
Number of sworn officers	109
Number of civilian personnel	34
Number of law violations:	
Physical arrests	4,551
Traffic violations	4,760
Parking violations	2,503
Sewerage System:	
Miles of sanitary sewers	180
Number of treatment plants	1
Number of customers	13,966
Daily average treatments in gallons	6,700,000
Maximum daily capacity of treatment plant in gallons	8,200,000
Water System:	
Miles of water mains	250
Number of customers	15,467
Daily average consumption in gallons	5,590,000
Safe yield capacity of plant in gallons	9,800,000
Sanitary Landfill:	
Number of acres	65
Annual paid tonnage	95,558
Education:	
Number of schools	15
Number of classrooms	401
Number of Teachers	613
Number of students	7,715
