

Comprehensive Annual Financial Report

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2008



Office of the Director of Finance

Comprehensive Annual Financial Report

of the

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2008

Department of Finance
Alan J. Desmarais
Director of Finance

TOWN OF MANCHESTER, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section



Town of Manchester

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

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

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

SCOTT SHANLEY, GENERAL MANAGER

December 16, 2008

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

Dear Mr. Shanley:

The Comprehensive Annual Financial Report for the Town of Manchester for the fiscal year ended June 30, 2008 is submitted herewith.

The Town's Finance Department prepared this Comprehensive Annual Financial Report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the Town. The Town believes that the presented data is accurate in all material aspects, that the data fairly sets 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. Copies of the reports are on file in the Town Clerk's office.

Generally accepted accounting principles (GAAP) 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 independent auditors' report.



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 55,650 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. The healthcare, aerospace, retail, wholesale trade and finance and insurance industries each have a major regional presence here. Historically an industrial center, Manchester's 86 manufacturing firms include precision machining, plastics molding, metals fabricating and coating, and commercial printing operations. The location of Manchester Memorial Hospital in central Manchester provides a hub for many of our 176 health care and social service establishments. Because of our exceptional location relative to I-84, I-384, and I-91, all of which converge here, Manchester is a preferred location for warehouse and distribution businesses and for regional retail and service establishments. Manchester's warehouse/distribution sector includes the J. C. Penney Northeast Warehouse Fulfillment Center and Hartford Distributors, as well as many smaller materials handling or freight forwarding businesses. Recently, Raymour and Flanigan announced it will be consolidating its regional distribution operations to one, 300,000 square foot facility here. In its historic central business district, and throughout the community, there is a strong finance, insurance and real estate sector. The business services sector includes accountants, attorneys and other business consulting services.

Manchester's major employers include the Town and Board of Education at 1,606 employees; Smith Aerospace Components at 1,208 employees; the J. C. Penney Company and Eastern Connecticut Health Network (including the full service Manchester Memorial Hospital) at 1,200 employees each; the Journal Publishing Company at 560 employees; Manchester Health Care at 500 employees; May Department stores at 500 employees; Wal-Mart with 400 employees; and Cox Communications at 360 employees. Overall, approximately 28,925 people are employed in Manchester.

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

In recent years, a regional shortage of available space has fueled a hot local industrial market. At the end of 2006, only 6% of Manchester's 8 million square feet of rentable industrial space was vacant. Some industrial land remains available near I-291 and opportunities for building expansion exist as well. New construction, expansion and redevelopment continue in Buckland Hills and other commercial areas and retail vacancy rates remain low. Manchester's available land and buildings, highway access, full complement of municipal services and utilities, and availability of public transportation will continue to make us a strong location for new business locations and expansions.

Major Initiatives

During FY08, the Town focused on the completion of one major initiative, the continuation of another, and the beginning of a new major youth program initiative. During the fiscal year, a new major renovation and ninth grade wing to the Manchester High School was successfully completed and opened. The cost of the project exceeded \$35 million and \$17,624,000 of general obligations bonds were sold to support the project. In FY08, the Town completed the majority of the work on the two middle school renovation projects. Those projects totaled over \$44 million. Those facility renovations were completed, and the renovated Bennet Academy was opened in September 2008. In November 2007, \$25 million of general obligation bonds were issued to fund the Town's portion of the project cost.

During FY08, the Town also began a search for a new home for the Youth Services Bureau. The Youth Services Bureau is a division of the Town's Human Services Department. The search was begun in connection with a continuing but renewed emphasis by the Town on youth issues. By June 30, 2008, the Town identified and purchased a new home for the Bureau. The new site is within the sight line of the current site, which will assist with potential transition difficulties. The renovation of the new facility will be funded through General Fund appropriations and various grants in aid.

Financial Planning and Policies

During FY08, the Town continued to move towards reaching its policy of having undesignated general fund balance equal 5-7% of General Fund revenues. As of June 30, 2008, the Town increased that percentage from 6.44% in FY07 to 6.5%. The Town plans to continue to move incrementally towards the 7% goal.

The Town also used the positive fiscal year results to fund, among other items, General Fund balance designations for the second year funding for the next State mandated real property revaluation (\$420,000), supplemental financing to reduce the deficit in the self-insurance fund

(\$1,450,000) and funding for the plan as noted above to assist in providing tax relief (\$2,875,000). The complete five-year tax assistance plan initiated in FY08 totals \$3,750,000.

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 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 the State Treasurer's Short Term Investment Fund (STIF) and in two managed Federal Treasury and Agency securities funds. 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. That fund returned 3.35% during FY08. During the fiscal year STIF returned 4.13% on invested funds. A comparative rate of return on alternate but similar investments was:

IMoneyNet, Inc. First Tier Institutions-Only Money	
Fund Report (MFR) Index	4.07%
Federal Three-Month T-Bill	4.16%

General Fund Undesignated and Unreserved Fund Balance

General Fund Undesignated Unreserved Fund Balance (budgetary non-GAAP basis) represents that portion of fund balance which is available for appropriation. When evaluating an entity's credit, the rating agencies generally look for this amount to be 2% to 10% of locally generated revenues. In the 06-07 fiscal year, the Board of Directors indicated to the Town staff that it wishes the Town's Unreserved and Undesignated Fund Balance expressed as a percentage of Revenues to increase 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>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Revenues (000's)	\$122,924	\$129,579	\$137,094	\$146,573	\$151,805
Expenditures (000's)	119,978	126,974	133,863	144,111	148,465
Operating Results (000's)	2,946	2,605	3,231	2,462	3,340
Unreserved and Undesignated Fund Balance (000's)	6,404	7,514	8,352	9,446	9,866
Percent of Revenue	5.21%	5.83%	6.09%	6.44%	6.50%

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 and 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 and 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. Scully & Wolf, LLP was appointed in February 2006 for the two-year period FY2006 and 2007, including the Town's option to renew for two additional years, FY2008 and FY2009. Effective January 1, 2007, Scully & Wolf, LLP, became a part of Blum, Shapiro & Company, P.C.

The Town's FY08 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 FY08 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, 2007. 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 (CAFR), 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 tenth 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:

Julian Freund, Budget and Research Officer
Laura LaBrecque, Payroll Coordinator
Lessie Koziara, Assistant Business Manager, Board of Education
Patricia Brooks, Assistant to the Superintendent, Finance and
Management, Board of Education

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

Respectfully submitted,



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, 2007

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.



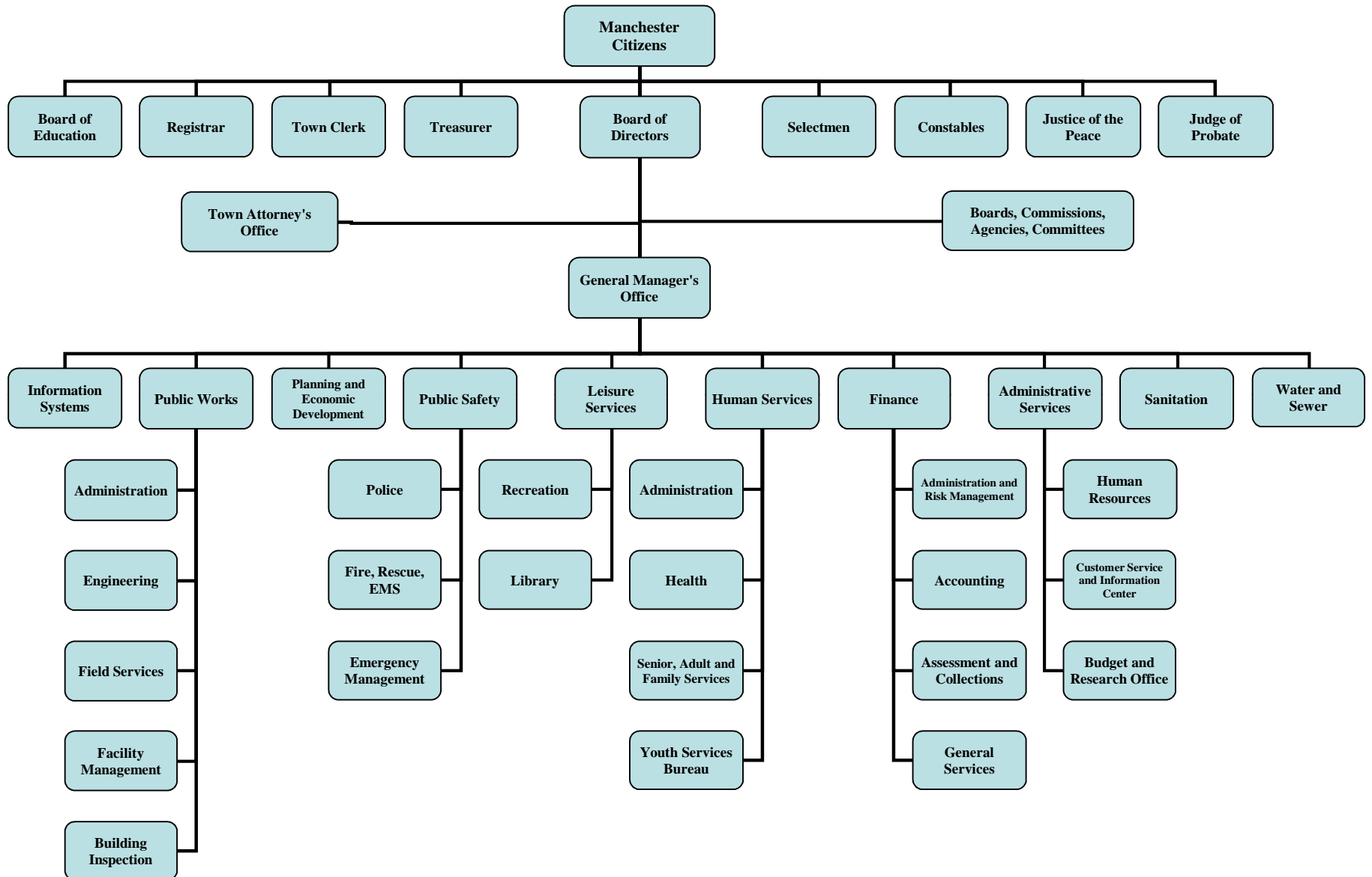
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

Town of Manchester Organization Chart



TOWN OF MANCHESTER, CONNECTICUT

LISTING OF PRINCIPAL OFFICIALS

Board of Directors

Louis A. Spadaccini, Chairman (Mayor)
Matthew B. Peak, Deputy Mayor
Cheri A. Pelletier, Secretary
Kevin L. Zingler, Minority Leader
Jeffrey A. Beckman

Michael G. Farina
Rudolph C. Kissmann
Lisa P. O'Neill
Mark D. Tweedie

Town Clerk
Treasurer
Registrars of Voters

Joseph V. Camposeo
Thomas P. Crockett
Francis Maffe
Thomas Ferguson
Scott Shanley

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

Vacant
Dede Moore
Mark Carlino
Geoffrey Naab
Alan J. Desmarais
James Wren, Jr.
John Rainaldi
Gerald R. Dupont
Maryann Cherniak-Lexius
Mary Roche-Cronin
Jack McCoy
D. Scott Sprague

Mark Pellegrini
Erica Bromley
Edward Soper
Douglas McDonough
James Berry
Robert Bycholski
Julian Freund

Board of Education

Michael T. Rizzo, Chairperson
Steven Edwards, Secretary
Michael Crockett
Margaret Hackett
Jay Moran

Enrique Marcano, Sr.
Chris Pattacini
Mary-Jane D. Pazda
Bethany B. Silver

Financial Section



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, 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of June 30, 2008 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 16, 2008 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 on pages 3 through 11 and budgetary comparison information on pages 49 and 50 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.

Blum, Shapiro & Company, P.C.

December 16, 2008

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

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, 2008. Please read this Management Discussion & Analysis (MD&A) in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The Town's net assets increased by \$17.9 million as a result of this year's operations. While net assets of our business-type activities increased by \$.7 million, or just over 1.3%, net assets of our governmental activities increased by \$17.2 million, or nearly 19.0%.
- During the year, the Town's governmental activities had expenses that were \$17.2 million less than the \$226.7 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues increased to \$21.9 million (or 3.3%) while expenses increased by \$1.4 million (or 7.6%).
- Total cost of all of the Town's programs increased by \$41.5 million (or 21.9%) to \$230.7 million with no new significant programs added this year. Of the \$41.5 million increase, \$26.5 million is due to an increase in the State of Connecticut on-behalf payments to the State Teachers' Retirement Fund; these payments are reported as a revenue and an expense in the government-wide financial statements (i.e. there is no net impact to the Town's financial statements.)
- The General Fund reported a fund balance this year of \$18.6 million, up \$1.3 million (or 7.5%).
- Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

In the statement of net assets and the statement of activities, we divide the Town into 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 (such as the Special Taxing District - Fire and Police Special Services Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received and recorded in the Education Special Grants Fund and the Community Development Block Grant Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net assets increased from \$144.4 million to \$162.3 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 64,058	\$ 55,813	\$ 43,273	\$ 40,477	\$ 107,331	\$ 77,317
Capital assets	172,784	141,130	34,876	36,161	207,660	177,291
Total assets	<u>236,842</u>	<u>196,943</u>	<u>78,149</u>	<u>76,638</u>	<u>314,991</u>	<u>254,608</u>
Long-term debt outstanding	114,640	76,442	11,992	12,056	126,632	88,498
Other liabilities	14,495	29,970	11,528	10,670	26,023	21,667
Total liabilities	<u>129,135</u>	<u>106,412</u>	<u>23,520</u>	<u>22,726</u>	<u>152,655</u>	<u>110,165</u>
Net Assets:						
Invested in capital assets, net of debt	85,637	89,227	24,060	24,704	109,697	113,931
Restricted	4,248	4,634			4,248	4,634
Unrestricted (deficit)	<u>17,822</u>	<u>(3,330)</u>	<u>30,569</u>	<u>29,208</u>	<u>48,391</u>	<u>25,878</u>
Total Net Assets	<u>\$ 107,707</u>	<u>\$ 90,531</u>	<u>\$ 54,629</u>	<u>\$ 53,912</u>	<u>\$ 162,336</u>	<u>\$ 144,443</u>

Net assets of the Town's governmental activities increased by 19.0%. 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 \$(3.3) million at June 30, 2007 to \$17.8 million at the end of this year. This increase is directly related to the favorable operating results in the Capital Projects Fund as well as favorable activity in the General Fund as described below.

More specific elements of the change in unrestricted governmental net assets resulted from revenue and expenditure items which ended the year in a favorable position. Interest income finished the year \$.2 million over budget as the interest rates were generally favorable during the fiscal year, which ended prior to the current economic downturn. The General Fund also collected over \$2 million in unexpected property tax revenues, due in part to the fact that motor vehicle tax revenues were budgeted based on the Governor's car tax plan, which did not get enacted and in part to collections on delinquent accounts. On the expenditure side, a delay in filling vacancies in all functions played a large role in the improvement in unrestricted governmental net assets. In the Capital Projects Fund, \$40.2 million was expended for improvements; a majority of these improvements involved major school renovation projects. These capital expenses were partially funded through intergovernmental grants \$17.7 million and transfers in of \$3.1 million. The Town also issued \$39.2 million of general obligation bonds in November 2007. Due to favorable interest rates at the issue date, the debt service on this issue was \$.3 million under budget. The net assets of business-type activities increased by 1.3% (\$54.6 million compared to \$53.9 million in 2007). This increase, however, cannot be used to enhance 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. Sanitation experienced an increase in net assets in the current year, mainly due to the receipt of a \$1.3 million settlement from the Connecticut Resources Recovery Authority and favorable returns on funds invested for landfill closure. Water and Sewer experienced a decrease in net assets due to a planned drawdown of net assets to fund various capital improvements. The governmental activities Internal Service net assets increased \$2.1 million mainly due to a deficit-reduction plan for the Manchester Self-Insurance Program.

TABLE 2
CHANGES IN NET ASSETS
(InThousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 6,924	\$ 7,001	\$ 19,749	\$ 19,801	\$ 26,673	\$ 26,802
Operating grants and contributions	73,278	44,596			73,278	44,596
Capital grants and contributions	20,105	21,937	264	238	20,369	22,175
General revenues:						
Property taxes	118,916	115,112			118,916	115,112
Grants and contributions not restricted to specific purposes	4,686	4,775			4,686	4,775
Unrestricted investment earnings	2,159	2,676	1,917	1,185	4,076	3,861
Other general revenues	591	572			591	572
Total revenues	<u>226,659</u>	<u>196,669</u>	<u>21,930</u>	<u>21,224</u>	<u>248,589</u>	<u>217,893</u>
Program expenses:						
General government	7,537	6,468			7,537	6,468
Public safety	37,270	29,362			37,270	29,362
Public works	16,321	18,100			16,321	18,100
Human services	5,246	5,135			5,246	5,135
Leisure services	5,714	5,787			5,714	5,787
Education	135,716	103,790			135,716	103,790
Interest on long-term debt	3,333	2,385			3,333	2,385
Water			6,725	6,862	6,725	6,862
Sewer			5,769	4,869	5,769	4,869
Sanitation			7,065	6,445	7,065	6,445
Total program expenses	<u>211,137</u>	<u>171,027</u>	<u>19,559</u>	<u>18,176</u>	<u>230,696</u>	<u>189,203</u>
Excess before transfers	15,522	25,642	2,371	3,048	17,893	28,690
Transfers	<u>1,654</u>	<u>1,344</u>	<u>(1,654)</u>	<u>(1,293)</u>	<u>-</u>	<u>51</u>
Increase (Decrease) in Net Assets	\$ <u>17,176</u>	\$ <u>26,986</u>	\$ <u>717</u>	\$ <u>1,755</u>	\$ <u>17,893</u>	\$ <u>28,741</u>

The Town's total revenues (Governmental and Business-Type) were \$248.6 million. The total cost of all programs and services (Governmental and Business-Type) was \$230.7 million. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The increase in Governmental Activities net assets was \$17.2 million. These positive operating results resulted primarily from activity in the Capital Projects Fund supplemented by a combination of controlled expenditures in the General Fund and higher than anticipated tax revenues. The amount invested in capital assets, net of debt decreased by \$3.6 million as work was completed on the high school addition and the renovations at Bennet and Illing schools also neared completion. This decrease is due to the issuance of \$39.2 million of general obligation bonds to fund the Bennet and Illing school projects and various other capital projects. Operating grants and contributions increased by \$28.7 million while capital grants and contributions decreased by \$1.8 million. The large increase in operating grants and contributions is primarily due to a \$26.5 million increase the State of Connecticut's on-behalf contribution to the Teacher's Retirement Fund in FY08; this contribution is reflected in operating grants and contributions revenue and in education program expenditures and has no net impact on the Town's net assets. Property taxes increased \$3.8 million over the prior year.

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

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Education	\$ 135,716	\$ 103,790	\$ 47,335	\$ 41,101
Public safety	37,270	29,362	35,146	27,701
Public works	16,321	18,100	10,817	14,789
Leisure services	5,714	5,787	4,925	3,597
General government	7,537	6,468	5,608	4,165
All others	8,579	7,520	6,999	6,140
Totals	<u>\$ 211,137</u>	<u>\$ 171,027</u>	<u>\$ 110,830</u>	<u>\$ 97,493</u>

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) increased by 3.3% (\$21.9 million in 2008 compared to \$21.2 million in 2007) and expenses increased by 7.6% (\$19.6 million in 2008 compared to \$18.2 million in 2007). The revenue increase was predominantly the result of a rate increases in landfill tipping fees and sewer fees implemented at the beginning of FY08, as well as a \$1.2 million court-ordered settlement received from the Connecticut Resources Recovery Authority and favorable returns on investments for landfill closure. These increases were partially offset by a decrease in tonnage processed at the landfill compared to the prior year as well as slight decreases in water and sewer consumption. Expenses in the business-type funds increased by 7.6% primarily due to increases in operating costs such as energy, chemicals and nitrogen credits.

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 \$34.8 million, which is an increase of \$22.1 million from last year's total. Included in this year's total change in fund balance is an increase of \$1.3 million in the Town's General Fund. The primary 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 \$40.2 million of capital improvements that were funded through the issuance of long-term financing (\$39.2 million), intergovernmental grants (\$17.7 million) and other sources including internal funding (\$3.1 million). The \$39.2 million debt issuance in November 2007 helped to eliminate the prior year deficit in the capital projects fund and, therefore, contributed to the increase in the fund balance in governmental funds.

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

- 1) Tax collections that exceeded budget estimates by \$2 million. This was primarily due to aggressive delinquent tax collection recoveries and settlement of individually large delinquent accounts (\$1.2 million) and current year collections which exceed budgeted estimates (\$.8 million). The primary reason that current year collections exceeded estimates is that estimates were based on an assumption that the Governor's vehicle tax proposal would be enacted and would unfavorably impact tax revenues in the first year. The plan, however, was never enacted; therefore, actual motor vehicle supplemental tax revenue was higher than budget.
- 2) Investment income that exceeded estimates (\$.2 million). The fiscal year ended prior to the current downturn in the stock market, so investment returns through June 30 were still favorable.
- 3) General operating expenditures were kept under budget in all functional areas primarily due to vacancies in certain positions. Total expenditures were under budget by approximately \$1.9 million.
- 4) The aforementioned favorable items were partially offset by a decline in charges for services revenue of \$.5 million primarily due to a decrease in building permits issued. This is directly related to the decline in the housing market.

These items combined with the savings of \$.3 million due to lower than expected interest rates on the \$39.2 million debt issuance contributed to an increase of approximately \$4 million in General Fund balance. This increase in fund balance was offset by the planned use of designated fund balance in FY08. The most significant of these uses of designated fund balance are: \$1.1 million for the Bennet Academy project, \$1.1 million for the deficit-reduction plan in the self-insurance fund, \$1.25 million for the tax assistance plan and \$.4 million for the next state-mandated property revaluation in 2011. The planned use of designations almost equally offset the increase in General Fund balance in FY08; therefore, reported General Fund balance in FY08 is only marginally higher than in FY07.

The Town's General Fund balance of \$18.6 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$16.4 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$2.2 million of outstanding encumbrances at year-end that are reported as expenditures for budgetary purposes.

The Fire District fund operated within budget and operations plan for the year. Fund balance increased by \$793 thousand from \$923 thousand to \$1.7 million. The Fire District fund was favorably impacted by contracting with a new 3rd-party billing service for ambulance fees; this agency has been able to increase collections for paramedic services.

In the remaining non-major governmental funds, the combined fund balances increased from \$6.7 million \$6.9 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 \$54.6 million, which is an increase of \$.7 million from last year's total of \$53.9 million. Included in this year's total change in net assets is an increase of \$2.0 million in the Sanitation Fund, a \$262 thousand decrease in the Sewer Fund and a \$1.0 million decrease in the Water Fund. The Sanitation Fund increase was due primarily to an increase in other revenues of \$1.3 million due to a settlement received from the Connecticut Resources Recovery Authority for an Enron-related case, favorable returns on landfill closure investments and increased tonnage fees; these increases were partially offset by a decrease in tonnage from the prior year due to several large Hartford construction projects that took place in FY 07 as well as increased operating costs. The Water and Sewer Funds experienced increased operating costs primarily for energy, chemicals and nitrogen credits; these cost increases could not be offset by increased revenues, resulting in an operating loss of \$27 thousand in the Water Fund and \$22 thousand in the Sewer Fund. In addition to these operating results, there was also a deliberate drawdown of Water/Sewer net assets in FY08 to fund various Water/Sewer capital projects.

In the internal service funds, the self-insurance funds experienced a net combined net gain of \$1.6 million. Net assets in the employee health benefits fund increased by \$458 thousand due to claims finishing below estimates. The net assets in the non-health benefits fund increased by \$1.1 million due to the planned use of \$1.1 in designated General Fund balance to reduce the deficit in this fund. The Information Systems Fund's gain amounted to \$494 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the Town had \$207.5 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 \$30.3 million, or 17.1%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 11.5	\$ 11.5	\$ 1.1	\$ 1.1	\$ 12.6	\$ 12.6
Buildings and improvements	25.6	26.1	9.8	10.2	35.4	36.3
Equipment	7.1	7.5	20.7	19.7	27.8	27.2
Infrastructure	50.9	50.9			50.9	50.9
Construction in progress	77.6	45.1	3.2	5.1	80.8	50.2
Total	<u>\$ 172.7</u>	<u>\$ 141.1</u>	<u>\$ 34.8</u>	<u>\$ 36.1</u>	<u>\$ 207.5</u>	<u>\$ 177.2</u>

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

Bennet/Illing Schools - \$24.3
High School Addition - \$5.7
Public Infrastructure - \$4.0

The Town's fiscal-year 2008-09 capital budget calls for effective completion of the Bennet Academy project (approximately \$3 million), design and construction of a new facility for the Head Start program (approximately \$7.5 million) and renovation of a new facility for the Youth Service Bureau (approximately \$.5 million), as well as various other infrastructure improvements and equipment and vehicle replacements.

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

Long-Term Debt

At June 30, 2008 the Town had \$95.0 million in bonds and notes outstanding versus \$52.6 million last year - an increase of 80.6% - as shown in Table 5. This increase is primarily due to the issuance of \$39.2 million in general obligation bonds in November 2007 to fund the Bennet/Illing Middle School projects and several other capital projects.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds (Backed by the Town)	\$ 92.5	\$ 49.2	\$ 2.5	\$ 3.4	\$ 95.0	\$ 52.6

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 \$834.3 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year budget 2008-2009, General Fund appropriations total \$158.0 million. This is an increase of \$5.8 million or 3.8% over 2007-2008. The General Fund budget includes the use of \$1.25 million of designated General Fund fund balance in order to mitigate the tax increase needed. The increase in General Fund appropriations is being funded by a combination of this use of fund balance as well as an increase in the property tax levy.

For the business-type activities, the Town has set related fees to offset the cost of operations. For the Water fund, as part of an adopted long term rate setting plan, the Town is reducing the working capital in the Water Fund to 180 days of operating costs. Rate increases to cover the cost of operations are planned once working capital is reduced to 180 days.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 29.2 and business-type fees for the 2008-2009 fiscal year. One of these is the effect of the phase in of the October 1, 2006 real property revaluation on property tax bills. With this in mind, the Town has created and begun implementation of a plan to use \$3.8 million of designated fund balance over a five year period to mitigate this impact. The plan will annually step down the use of the designations to reduce the impact of a "one time revenue." In FY08, 1.25 million of designated fund balance was utilized in accordance with the plan. The 29.2 mill rate represents a decrease of 2.70 mills (8.4%) from the previous year. This decreased mill rate will be applied against an increased

Taxable Grand List. Thus the reduced mill rate will not automatically result in a tax decrease. The Town desires a stable level of service delivery and adopted a mill rate that reflects stable service delivery.

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

Overall, financial results are very positive for FY08. Over the past 5 years, the Town has strengthened its position by continuing to add to General Fund balance each year. The relatively strong fund balance position will assist the Town in addressing issues created by the current unfavorable economic climate. The current statewide and national economic downturns will likely result in lower investment returns, as well as decreases in state and federal funding. In particular, the State of Connecticut's 2009/10 budget will likely include significant reductions in funding to municipalities, especially in Education Cost-Sharing grants, as the State attempts to manage its budget deficit. The Town's management and elected officials will have to work together to devise strategies to mitigate the impacts of the national and state economy on the Town's financial position.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Manchester, 41 Center Street, Manchester, Connecticut 06040.

Basic Financial Statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Special Services District
Assets:				
Cash and cash equivalents	\$ 22,259	\$ 24,228	\$ 46,487	\$ 217
Investments	22,232	14,369	36,601	
Receivables, net	19,452	3,891	23,343	
Due from component unit	62		62	
Inventories	40	770	810	
Prepaid asset	13	15	28	
Capital assets:				
Assets not being depreciated	89,062	4,335	93,397	
Assets being depreciated, net	83,722	30,541	114,263	
Total assets	<u>236,842</u>	<u>78,149</u>	<u>314,991</u>	<u>217</u>
Liabilities:				
Accounts and other payables	10,226	2,576	12,802	5
Accrued liabilities	1,250	544	1,794	2
Due to primary government			-	62
Bond anticipation notes	519	8,270	8,789	
Unearned revenue	2,500	138	2,638	
Noncurrent liabilities:				
Due within one year	15,939	1,247	17,186	
Due in more than one year	98,701	10,745	109,446	
Total liabilities	<u>129,135</u>	<u>23,520</u>	<u>152,655</u>	<u>69</u>
Net Assets:				
Invested in capital assets, net of related debt	85,637	24,060	109,697	
Restricted for:				
Trust purposes:				
Expendable	1,343		1,343	
Nonexpendable	2,905		2,905	
Unrestricted	<u>17,822</u>	<u>30,569</u>	<u>48,391</u>	<u>148</u>
Total Net Assets	<u>\$ 107,707</u>	<u>\$ 54,629</u>	<u>\$ 162,336</u>	<u>\$ 148</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

					Net (Expense) Revenue And Changes In Net Assets			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Downtown Special Services District
Governmental activities:								
General government	\$ 7,537	\$ 1,066	\$ 863	\$	\$ (5,608)	\$	\$ (5,608)	\$
Public works	16,321	934	348	4,222	(10,817)		(10,817)	
Public safety	37,270	1,634	486	4	(35,146)		(35,146)	
Human services	5,246	91	1,418		(3,737)		(3,737)	
Leisure services	5,714	706	83		(4,925)		(4,925)	
Education	135,716	2,493	70,009	15,879	(47,335)		(47,335)	
Interest on long-term debt	3,333		71		(3,262)		(3,262)	
Total governmental activities	<u>211,137</u>	<u>6,924</u>	<u>73,278</u>	<u>20,105</u>	<u>(110,830)</u>		<u>(110,830)</u>	
Business-type activities:								
Water	6,725	6,398				(327)	(327)	
Sewer	5,769	5,638		264		133	133	
Sanitation	7,065	7,713				648	648	
Total business-type activities	<u>19,559</u>	<u>19,749</u>		<u>264</u>		<u>454</u>	<u>454</u>	
Total primary governmental activities	<u>\$ 230,696</u>	<u>\$ 26,673</u>	<u>\$ 73,278</u>	<u>\$ 20,369</u>	<u>(110,830)</u>	<u>454</u>	<u>(110,376)</u>	
Component Unit:								
Downtown Special Services District	<u>\$ 220</u>	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ -</u>				(119)
General revenues:								
Property taxes					118,916		118,916	
Grants and contributions not restricted to specific programs					4,686		4,686	138
Unrestricted investment earnings					2,159	1,917	4,076	6
Miscellaneous					591		591	
Transfers					1,654	(1,654)		
Total general revenues and transfers					<u>128,006</u>	<u>263</u>	<u>128,269</u>	<u>144</u>
Change in net assets					17,176	717	17,893	25
Net Assets at Beginning of Year					<u>90,531</u>	<u>53,912</u>	<u>144,443</u>	<u>123</u>
Net Assets at End of Year					<u>\$ 107,707</u>	<u>\$ 54,629</u>	<u>\$ 162,336</u>	<u>\$ 148</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,539	\$ 2,301	\$ 1,019	\$ 2,329	\$ 17,188
Investments	11,591	5	399	3,941	15,936
Receivables, net	4,956	343	12,227	1,926	19,452
Due from component unit	62				62
Inventories				40	40
Interfund receivables	746				746
Other assets	<u>5</u>			<u>1</u>	<u>6</u>
Total Assets	<u>\$ 28,899</u>	<u>\$ 2,649</u>	<u>\$ 13,645</u>	<u>\$ 8,237</u>	<u>\$ 53,430</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,701	\$ 208	\$ 5,975	\$ 254	\$ 9,138
Accrued liabilities	868	168		100	1,136
Intergovernmental payables	122				122
Interfund payables				746	746
Deferred revenue	6,564		155	250	6,969
Bond anticipation notes payable		519			519
Total liabilities	<u>10,255</u>	<u>895</u>	<u>6,130</u>	<u>1,350</u>	<u>18,630</u>
Fund balances:					
Reserved	2,328	38	3,602	2,998	8,966
Unreserved, reported in:					
General Fund	16,316				16,316
Special Revenue Funds		1,716		3,889	5,605
Capital Project Funds			3,913		3,913
Total fund balances	<u>18,644</u>	<u>1,754</u>	<u>7,515</u>	<u>6,887</u>	<u>34,800</u>
Total Liabilities and Fund Balances	<u>\$ 28,899</u>	<u>\$ 2,649</u>	<u>\$ 13,645</u>	<u>\$ 8,237</u>	<u>\$ 53,430</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

(In Thousands)

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

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

Fund balances - total governmental funds	\$ 34,800
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 259,193	
Less accumulated depreciation	<u>(88,626)</u>	
Net capital assets		170,567

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

Property tax receivables greater than 60 days	2,642
Interest receivable on property taxes	906
Receivable from the state for school construction projects	921

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

3,684

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

Net OPEB obligation	(2,851)
Bonds and notes payable	(84,445)
Interest payable on bonds and notes	(874)
Compensated absences	(16,193)
Capital lease	(1,675)
Interest payable on leases	(85)
Deferred charges on refunding	<u>310</u>

Net Assets of Governmental Activities (Exhibit I)	<u><u>\$ 107,707</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 109,727	\$ 9,438	\$	\$	\$ 119,165
Intergovernmental	67,734	205	17,729	10,339	96,007
Investment and interest	1,749	106	70	(119)	1,806
Licenses, permits and fines	1,922				1,922
Charges for goods and services	1,964	712		2,325	5,001
Other	198		135	353	686
Total revenues	<u>183,294</u>	<u>10,461</u>	<u>17,934</u>	<u>12,898</u>	<u>224,587</u>
Expenditures:					
Current:					
General government	4,999			231	5,230
Public works	11,822				11,822
Public safety	16,283	10,355		990	27,628
Human services	2,999			804	3,803
Leisure services	4,938			539	5,477
Employee benefits	2,467				2,467
Education	123,770			9,794	133,564
Internal service fund charges	4,629				4,629
Other	156	413		772	1,341
Debt service	6,548	234	203		6,985
Capital outlay	<u>178,611</u>	<u>162</u>	<u>40,221</u>	<u>55</u>	<u>40,438</u>
Total expenditures	<u>178,611</u>	<u>11,164</u>	<u>40,424</u>	<u>13,185</u>	<u>243,384</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,683</u>	<u>(703)</u>	<u>(22,490)</u>	<u>(287)</u>	<u>(18,797)</u>
Other Financing Sources (Uses):					
Transfers in	1,412	1,728	3,072	438	6,650
Transfers out	(4,794)	(194)		(8)	(4,996)
Issuance of debt	<u>39,240</u>		<u>39,240</u>		<u>39,240</u>
Total other financing sources (uses)	<u>(3,382)</u>	<u>1,534</u>	<u>42,312</u>	<u>430</u>	<u>40,894</u>
Net Change in Fund Balances	1,301	831	19,822	143	22,097
Fund Balances at Beginning of Year	<u>17,343</u>	<u>923</u>	<u>(12,307)</u>	<u>6,744</u>	<u>12,703</u>
Fund Balances at End of Year	<u>\$ 18,644</u>	<u>\$ 1,754</u>	<u>\$ 7,515</u>	<u>\$ 6,887</u>	<u>\$ 34,800</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 22,097
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	34,482
Depreciation expense	(4,376)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the assets sold. (448)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 2,314

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

School building grant receipts	(338)
Property tax receivable - accrual basis change	(188)
Property tax interest and lien revenue - accrual basis change	(62)

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

Bond principal payments	4,044
Issuance of bonds and notes	(39,240)
Capital lease payments	561

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

Compensated absences	(748)
Accrued interest	(118)
Amortization of deferred charge on refunding	(59)
Net OPEB expense	(2,851)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	2,106
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Change in Net Assets of Governmental Activities (Exhibit II)	\$ 17,176
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The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2008

(In Thousands)

	Business-Type Activities					Total Business-Type Activities	Governmental Activities Internal Service Fund
	Sanitation Fund						
	Water	Sewer	Operations	Landfill Closure	Total		
Assets:							
Current assets:							
Cash and cash equivalents	\$ 8,838	\$ 4,023	\$ 11,367	\$	\$ 11,367	\$ 24,228	\$ 5,071
Investments	39	4		14,326	14,326	14,369	6,296
Receivables, net	1,570	1,496	732		732	3,798	
Assessment receivable		93			-	93	
Inventories	532	238			-	770	
Prepaid expenses			15		15	15	7
Total current assets	10,979	5,854	12,114	14,326	26,440	43,273	11,374
Noncurrent assets:							
Capital assets, net	19,926	12,627	2,323		2,323	34,876	2,217
Total assets	30,905	18,481	14,437	14,326	28,763	78,149	13,591
Liabilities:							
Current liabilities:							
Accounts and other payables	830	372	522		522	1,724	91
Accrued liabilities	375	139	30		30	544	30
Claims payable					-	-	4,653
Unearned revenue	45	93			-	138	
Customer deposits		279	573		573	852	
Bond anticipation notes	7,570	700			-	8,270	
Bonds payable		832			-	832	
Compensation absences	205	147	63		63	415	98
Capital lease payable					-	-	362
Total current liabilities	9,025	2,562	1,188	-	1,188	12,775	5,234
Noncurrent liabilities:							
Accrued liabilities				8,234	8,234	8,234	
Bonds payable		1,714			-	1,714	
Compensated absences	422	255	120		120	797	243
Claims payable					-	-	3,672
Capital lease payable					-	-	758
Total noncurrent liabilities	422	1,969	120	8,234	8,354	10,745	4,673
Total liabilities	9,447	4,531	1,308	8,234	9,542	23,520	9,907
Net Assets:							
Invested in capital assets, net of related debt	12,356	9,381	2,323		2,323	24,060	
Unrestricted	9,102	4,569	10,806	6,092	16,898	30,569	3,684
Total Net Assets	\$ 21,458	\$ 13,950	\$ 13,129	\$ 6,092	\$ 19,221	\$ 54,629	\$ 3,684

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Business-Type Activities						Governmental Activities
	Sanitation Fund					Total Business-Type Activities	
	Water	Sewer	Operations	Landfill Closure	Total		
Operating Revenues:							
Charges for services	\$ 6,391	\$ 5,623	\$ 6,369	\$	\$ 6,369	\$ 18,383	\$ 28,249
Other	7	15	1,344		1,344	1,366	156
Total operating revenues	<u>6,398</u>	<u>5,638</u>	<u>7,713</u>	<u>-</u>	<u>7,713</u>	<u>19,749</u>	<u>28,405</u>
Operating Expenses:							
Administrative	470	508	568		568	1,546	
General operating	4,442	4,131	5,232		5,232	13,805	2,835
Claims expense					-	-	23,359
Depreciation	1,513	1,021	603		603	3,137	348
Total operating expenses	<u>6,425</u>	<u>5,660</u>	<u>6,403</u>	<u>-</u>	<u>6,403</u>	<u>18,488</u>	<u>26,542</u>
Operating Income (Loss)	(27)	(22)	1,310		1,310	1,261	1,863
Nonoperating Revenue:							
Income on investments	360	119	265	1,173	1,438	1,917	353
Interest expense	(302)	(103)			-	(405)	(110)
Change in estimate for closure/ post closure costs				(656)	(656)	(656)	
Debt insurance costs	2	(2)			-	-	
Loss on disposal of capital assets	<u></u>	<u>(4)</u>	<u>(6)</u>	<u></u>	<u>(6)</u>	<u>(10)</u>	<u></u>
Income Before Capital Contributions and Transfers	33	(12)	1,569	517	2,086	2,107	2,106
Capital Contributions		264			-	264	
Transfers Out	<u>(1,053)</u>	<u>(514)</u>	<u>(87)</u>	<u></u>	<u>(87)</u>	<u>(1,654)</u>	<u></u>
Change in Net Assets	(1,020)	(262)	1,482	517	1,999	717	2,106
Net Assets at Beginning of Year	<u>22,478</u>	<u>14,212</u>	<u>11,647</u>	<u>5,575</u>	<u>17,222</u>	<u>53,912</u>	<u>1,578</u>
Net Assets at End of Year	\$ 21,458	\$ 13,950	\$ 13,129	\$ 6,092	\$ 19,221	\$ 54,629	\$ 3,684

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Business-Type Activities						Governmental
			Sanitation Fund			Total	Activities
				Landfill		Business-Type	Internal
	Water	Sewer	Operations	Closure	Total	Activities	Service Fund
Cash Flows from Operating Activities:							
Cash received from customers and users	\$ 6,538	\$ 5,528	\$ 8,312	\$	\$ 8,312	\$ 20,378	\$ 28,250
Cash received from insurance proceeds					-	-	156
Other operating receipts	(12)	25	53		53	66	
Cash deposits received from customers		2	14		14	16	
Cash paid to suppliers for goods and services	(2,400)	(2,602)	(4,680)		(4,680)	(9,682)	(1,841)
Cash paid for interfund services provided	(389)	(341)	(367)		(367)	(1,097)	
Cash paid to employees	(1,700)	(1,530)	(681)		(681)	(3,911)	(1,015)
Cash paid for insurance claims and premiums					-	-	(22,590)
Net cash provided by operating activities	2,037	1,082	2,651	-	2,651	5,770	2,960
Cash Flows from Noncapital Financing Activities:							
Transfers out	(1,053)	(514)	(87)		(87)	(1,654)	
Cash received from other funds	9,062	4,398	5,512		5,512	18,972	
Net cash provided by noncapital financing activities	8,009	3,884	5,425	-	5,425	17,318	-
Cash Flows from Capital and Related Financing Activities:							
Principal payment - long-term obligations		(815)			-	(815)	(351)
Principal payment - bond anticipation notes	(777)	(50)			-	(827)	
Interest paid	(302)	(103)			-	(405)	(110)
Debt issuance costs, net	2	(2)			-	-	
Purchase of capital assets and construction	(1,490)	(353)	(10)		(10)	(1,853)	(28)
Loss on disposal of capital assets		(4)	(6)		(6)	(10)	
Proceeds from bond anticipation notes	1,000				-	1,000	
Capital grants and contributions		264			-	264	
Net cash used in capital and related financing activities	(1,567)	(1,063)	(16)	-	(16)	(2,646)	(489)
Cash Flows from Investing Activities:							
Interest received	359	119	265	1,173	1,438	1,916	353
Proceeds from sale of investments		901			-	901	467
Purchase of investments		(900)		(1,173)	(1,173)	(2,073)	(784)
Net cash provided by investing activities	359	120	265	-	265	744	36
Net Increase in Cash and Cash Equivalents	8,838	4,023	8,325	-	8,325	21,186	2,507
Cash and Cash Equivalents at Beginning of Year	-	-	3,042	-	3,042	3,042	2,564
Cash and Cash Equivalents at End of Year	\$ 8,838	\$ 4,023	\$ 11,367	\$ -	\$ 11,367	\$ 24,228	\$ 5,071
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:							
Operating income (loss)	\$ (27)	\$ (22)	\$ 1,310	\$	\$ 1,310	\$ 1,261	\$ 1,863
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	1,513	1,021	603		603	3,137	348
Change in asset and liabilities:							
(Increase) decrease in accounts receivable	75	(158)	652		652	569	420
(Increase) decrease in allowance for doubtful accounts	8	73			-	81	
(Increase) decrease in inventory and prepaid items	(24)	(19)	(15)		(15)	(58)	
Increase (decrease) in accounts payable	447	149	71		71	667	68
Increase (decrease) in accrued expenses	(4)	(34)	(4)		(4)	(42)	5
Increase (decrease) in customer deposits	45	2	14		14	61	
Increase (decrease) in compensated absences payable	4	70	20		20	94	7
Increase (decrease) in claims payable					-	-	249
Net Cash Provided by Operating Activities	\$ 2,037	\$ 1,082	\$ 2,651	\$ -	\$ 2,651	\$ 5,770	\$ 2,960

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2008
(In Thousands)

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 383	\$ 1,438
Investments:		
Participating Mortgage Separate Account	6,762	
Real Estate Separate Account	4,347	
Mutual funds	113,978	
Accounts receivable	<u>92</u>	
Total assets	<u>125,562</u>	<u>\$ 1,438</u>
Liabilities:		
Accounts and other payables	19	
Deposits held for others	<u> </u>	<u>\$ 1,438</u>
Total liabilities	<u>19</u>	<u>\$ 1,438</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 125,543</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

Additions:

Contributions:

Employer	\$ 4,159
Plan members	2,302
Total contributions	<u>6,461</u>

Investment income (loss):

Net depreciation in fair value of investments	(12,444)
Interest and dividends	6,800
Income from real estate investments	844
Total investment loss	<u>(4,800)</u>

Total additions	<u>1,661</u>
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Deductions:

Benefits	8,954
Administration	<u>430</u>

Total deductions	<u>9,384</u>
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Net Decrease	(7,723)
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Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>133,266</u>
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Net Assets Held in Trust for Pension Benefits at End of Year	<u><u>\$ 125,543</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town operates under the provisions of its Charter and the General Statutes of the State of Connecticut. The Town was incorporated in May of 1823. Its legal authority is derived from a charter granted in 1947 that has subsequently been revised. 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 activities) 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 is 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 are 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 and are used for performance bonds, senior center and student activities.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The Town reports the following major governmental funds:

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

The Fire District fund accounts for the financial activity of the South Manchester Fire District.

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

The 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.

Agency Funds - The Town maintains five agency funds for various groups.

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 3.

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables, including those for

downtown special services district, are shown net of an allowance for uncollectibles. An amount of \$990 has been established as an allowance for uncollectible taxes. At June 30, 2008, this represents 24.53% of all property taxes receivable.

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Property, plant and equipment of the primary government, 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
Buildings 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.

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

I. Long-Term Obligations

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

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

J. Fund Equity

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. 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 \$1,885 were approved during the year for the General Fund with a corresponding increase in estimated revenues of \$179 and appropriations from fund balance of \$1,706. Additional appropriations of \$101 were approved during the year for the Special Taxing District-Fire Special Revenue Fund with a corresponding increase in estimated revenues of \$31 and appropriations from fund balance of \$70.
- (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, 2008.

<u>Accumulated Deficits</u>	<u>Amount</u>
Manchester Self Insurance Program	\$ 2,896

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.

3. 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, 2008:

Deposits:	
Demand accounts*	\$ 8,172
Cash on hand	8
Cash equivalents:	
State Short-Term Investment Fund (STIF)	40,112
Lease Purchase Escrow Funds	<u>233</u>
Total Cash and Cash Equivalents	\$ <u>48,525</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, 2008, the carrying amount of the Town's deposits was \$8,172 and the bank balance was \$10,300.

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, 2008 bank balance, \$906 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 \$939, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$8,455 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, 2008 the Town's cash equivalents amounted to \$40,345. 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	
Lease Purchase Escrow Funds		X

B. Investments

Investments as of June 30, 2008 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	\$ 17,244	1.83
Other investments:		
Common stock	4,820	
Taxable liquid funds	7,007	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	6,773	
UBS Trumbull Property Income Fund	6,762	
UBS Trumbull Property Fund	4,347	
Mutual funds	<u>114,735</u>	
Total	\$ <u>161,688</u>	
Portfolio weighted average maturity for interest bearing investments		1.83

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.

	<u>Fitch Ratings</u>
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AAA/V1+

All other investments 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, 2008, the Town's investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Interest	\$ 905	\$	\$	\$	\$	\$	\$	\$ 905
Taxes	4,036							4,036
Accounts	9	394		1,817	1,734	807	239	5,000
Intergovernmental	996		12,227				1,687	14,910
Special assessments					93			93
Pension contribution							92	92
Gross receivables	<u>5,946</u>	<u>394</u>	<u>12,227</u>	<u>1,817</u>	<u>1,827</u>	<u>807</u>	<u>2,018</u>	<u>25,036</u>
Less allowance for uncollectibles	<u>(990)</u>	<u>(51)</u>	<u></u>	<u>(247)</u>	<u>(238)</u>	<u>(75)</u>	<u></u>	<u>(1,601)</u>
Net Total Receivables	<u>\$ 4,956</u>	<u>\$ 343</u>	<u>\$ 12,227</u>	<u>\$ 1,570</u>	<u>\$ 1,589</u>	<u>\$ 732</u>	<u>\$ 2,018</u>	<u>\$ 23,435</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	\$ 247
Sewer	238
Sanitation	<u>75</u>
Total Uncollectibles of the Current Fiscal Year	\$ <u><u>560</u></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	\$ 3,548	\$ 2,054
Advance and unapplied taxes		439
Grant drawdowns prior to meeting all eligibility requirements	921	
School building grant		7
Other	<u> </u>	<u> </u>
Total Deferred/Unearned Revenue for Governmental Funds	\$ <u><u>4,469</u></u>	\$ <u><u>2,500</u></u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 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	\$ 11,524	\$	\$	\$ 11,524
Construction in progress	45,147	32,594	(203)	77,538
Total capital assets not being depreciated	<u>56,671</u>	<u>32,594</u>	<u>(203)</u>	<u>89,062</u>
Capital assets being depreciated:				
Buildings and improvements	59,852	533	(15)	60,370
Improvements other than buildings	5,248	189		5,437
Machinery and equipment	21,279	1,155	(468)	21,966
Infrastructure	85,222	2,516	(852)	86,886
Total capital assets being depreciated	<u>171,601</u>	<u>4,393</u>	<u>(1,335)</u>	<u>174,659</u>
Less accumulated depreciation for:				
Buildings and improvements	(37,010)	(1,016)	13	(38,013)
Improvements other than buildings	(2,003)	(155)		(2,158)
Furniture and equipment	(13,828)	(1,453)	462	(14,819)
Infrastructure	<u>(34,301)</u>	<u>(2,099)</u>	<u>453</u>	<u>(35,947)</u>
Total accumulated depreciation	<u>(87,142)</u>	<u>(4,723)</u>	<u>928</u>	<u>(90,937)</u>
Total capital assets being depreciated, net	<u>84,459</u>	<u>(330)</u>	<u>(407)</u>	<u>83,722</u>
Governmental Activities Capital Assets, Net	<u>\$ 141,130</u>	<u>\$ 32,264</u>	<u>\$ (610)</u>	<u>\$ 172,784</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,171	\$	\$	\$ 1,171
Construction in progress	<u>5,125</u>	<u>826</u>	<u>(2,787)</u>	<u>3,164</u>
Total capital assets not being depreciated	<u>6,296</u>	<u>826</u>	<u>(2,787)</u>	<u>4,335</u>
Capital assets being depreciated:				
Buildings and improvements	28,876	852		29,728
Improvements other than buildings	8,192			8,192
Machinery and equipment	<u>55,706</u>	<u>3,041</u>	<u>(896)</u>	<u>57,851</u>
Total capital assets being depreciated	<u>92,774</u>	<u>3,893</u>	<u>(896)</u>	<u>95,771</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,334)	(979)		(22,313)
Improvements other than buildings	(5,544)	(214)		(5,758)
Furniture and equipment	<u>(36,031)</u>	<u>(1,944)</u>	<u>816</u>	<u>(37,159)</u>
Total accumulated depreciation	<u>(62,909)</u>	<u>(3,137)</u>	<u>816</u>	<u>(65,230)</u>
Total capital assets being depreciated, net	<u>29,865</u>	<u>756</u>	<u>(80)</u>	<u>30,541</u>
Governmental Activities Capital Assets, Net	\$ <u>36,161</u>	\$ <u>1,582</u>	\$ <u>(2,867)</u>	\$ <u>34,876</u>

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

Governmental activities:	
General government	\$ 457
Public works	2,467
Public safety	729
Human services	21
Recreation	159
Library	21
Education	<u>869</u>
Total Depreciation Expense - Governmental Activities	\$ <u>4,723</u>
Business-type activities:	
Water	\$ 1,513
Sewer	1,021
Sanitation	<u>603</u>
Total Depreciation Expense - Business-type Activities	\$ <u>3,137</u>

Construction Commitments

The Town has active construction projects as of June 30, 2008. The projects include renovations to School Facilities, improvements to the Head Start Facility, and various public works and bond referendum projects.

The following is a summary of significant capital projects at June 30, 2008:

Project	Authorized Amount	Expended and Encumbered	Unencumbered Balance
2000 Public Works Projects	\$ 6,343	\$ 6,032	\$ 311
School Repairs/Renovations 2001/02	7,518	7,120	398
School Buildings/Renovations 2003/04	6,338	6,315	23
2003 Public Works Projects	5,389	5,029	360
Head Start Facility	7,502	687	6,815
Real Property Acquisition	3,061	1,938	1,123
Bennet, Illing, Bowers, Waddell School Project	45,366	40,912	4,454
2005 Public Works Projects	5,270	4,700	570
2007 School Building and Grounds	2,470	448	2,022
Highland Park School Renovations	8,490		8,490
2007 Public Works Projects	5,890	911	4,979
Total	\$ <u>103,637</u>	\$ <u>74,092</u>	\$ <u>29,545</u>

The following capital projects are being financed by a combination of State and Federal grants and general obligation bonds: School Repairs/Renovations 2001/02, School Buildings and Renovations 2003/04, 2003 Public Works Projects, Real Property Acquisitions, Bennet, Illing, Bowers, Waddell School Projects, 2005 Public Works Projects, 2007 School Building and Grounds, Highland Park School Renovations, and 2007 Public Works Projects. Capital projects financed by general obligation bonds are as follows: 2000 Public Works Projects. The Head Start Facility is being funded from a State grant and CHEFA bond proceeds.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Primary government - General Fund	Component unit	\$ <u>62</u>

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

Interfund transfers:

Transfers In					
	General	Fire District	Capital Projects	Nonmajor Governmental	Total
Transfers out:					
General Fund	\$	\$ 1,728	\$ 2,628	\$ 438	\$ 4,794
Fire District	194				194
Nonmajor governmental	8				8
Water	624		429		1,053
Sewer	499		15		514
Sanitation	87				87
Total	\$ <u>1,412</u>	\$ <u>1,728</u>	\$ <u>3,072</u>	\$ <u>438</u>	\$ <u>6,650</u>

The above transfers represent normal budgetary and other recurring transfers.

7. LEASES

Capital Leases

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

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

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

The assets acquired through capital leases are as follows:

	Governmental Funds	Information Systems Internal Service Fund
Vehicles and equipment	\$ 5,872	\$ 4,267
Less accumulated depreciation	<u>5,248</u>	<u>2,116</u>
Net Leased Property	\$ <u>624</u>	\$ <u>2,151</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30,	Governmental Funds	Information Systems Internal Service Fund
2009	\$ 507	\$ 397
2010	335	397
2011	335	397
2012	335	
2013	335	
Total future minimum lease payments	1,847	1,191
Less amounts representing interest	172	71
Present Value of Future Minimum Lease Payments	\$ <u>1,675</u>	\$ <u>1,120</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and loans payable:					
General obligation bonds	\$ 49,249	\$ 39,240	\$ (4,044)	\$ 84,445	\$ 5,975
Less deferred amounts on refunding	(369)	59		(310)	
	48,880	39,299	(4,044)	84,135	5,975
Other liabilities:					
Capital leases	3,707		(912)	2,795	808
Claims and judgements	8,076	249		8,325	4,653
Compensated absences	15,779	1,877	(1,122)	16,534	4,503
Net OPEB obligation		2,851		2,851	
Total Governmental Activities Long-Term Liabilities	\$ <u>76,442</u>	\$ <u>44,276</u>	\$ <u>(6,078)</u>	\$ <u>114,640</u>	\$ <u>15,939</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 3,360	\$	\$ (815)	\$ 2,545	\$ 832
Landfill	7,578	656		8,234	
Compensated absences	<u>1,118</u>	<u>109</u>	<u>(15)</u>	<u>1,212</u>	<u>415</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 12,056</u>	<u>\$ 765</u>	<u>\$ (830)</u>	<u>\$ 11,991</u>	<u>\$ 1,247</u>

Bonds Payable

The annual requirements to amortize bonds payable as of June 30, 2008 are as follows:

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	
	Principal	Interest	Amount to be Provided by State of Connecticut		Principal	Interest
			Principal	Interest		
2009	\$ 5,975	\$ 3,297	\$ 298	\$ 36	\$ 832	\$ 51
2010	5,495	3,072	137	26	848	34
2011	5,475	2,874	137	20	865	17
2012	5,470	2,673	137	13		
2013	5,385	2,464	212	10		
2014-2018	24,500	9,191				
2019-2023	18,800	4,322				
2024-2028	<u>13,345</u>	<u>1,404</u>				
Total	<u>\$ 84,445</u>	<u>\$ 29,297</u>	<u>\$ 921</u>	<u>\$ 105</u>	<u>\$ 2,545</u>	<u>\$ 102</u>

Governmental fund bonds bear interest at rates ranging from 2.0% to 7.0% and mature in fiscal years ending 2009 through 2028. 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 2009 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, 2008:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Balance, July 1, 2007	\$ 692	\$ 8,097
Issued	519	8,270
Retired	<u>(692)</u>	<u>(8,097)</u>
Balance, June 30, 2008	<u>\$ 519</u>	<u>\$ 8,270</u>

The above notes with an interest rate of 3.8% (governmental) and 4.0% (business-type) matured on July 2, 2008. The governmental activities short term financing was issued for the purchase of fire equipment. The business-type activities short term financing was issued for various water system and quality improvements.

On March 30, 2005, the Town issued \$6,800 in general obligation bonds with an interest rate of 2.4% to 4.0% to advance refund \$5,025 of outstanding 1998 bonds with an interest rate of 4.2% to 6.25% and \$1,290 of outstanding 1996 bonds with an interest rate of 4.75% to 6.25%. The net proceeds 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. 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 net bonds at June 30, 2008 is \$6,455.

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, 2008 is \$270.

The Town's total net indebtedness does not exceed the total legal debt limit which is \$834,302. At June 30, 2008, debt authorized but unissued amounted to \$6,375.

9. RISK MANAGEMENT

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

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

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

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

Changes in the balances of claims liabilities during the fiscal years ended June 30, 2008 and 2007 for the TOMMIF and MSIP funds are as follows:

	2008	2007	2008	2007
	TOMMIF	TOMMIF	MSIP	MSIP
Unpaid claims, July 1	\$ 1,823	\$ 1,734	\$ 6,253	\$ 5,281
Incurred claims (including IBNR)	20,163	18,814	3,700	3,693
Claim payments	<u>(20,354)</u>	<u>(18,725)</u>	<u>(3,260)</u>	<u>(2,721)</u>
Unpaid Claims, June 30	\$ <u>1,632</u>	\$ <u>1,823</u>	\$ <u>6,693</u>	\$ <u>6,253</u>

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

10. CONTINGENT LIABILITIES

The Town is a party to various legal proceedings 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 2008 was \$17, and the total amount outstanding at June 30, 2008 was \$162.

11. JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with six other municipalities, established the Capital Region East Operating Committee (CREOC) to administer a regional household hazardous waste collection and disposal program. CREOC is comprised of one representative from each participating community with a population of less than 30,000 and two representatives from each participating community with a population of 30,000 or more. The participating communities have agreed that the Regional Household Hazardous Waste collection facility will be established on premises located in and owned by the Town of Manchester. The Town has also been hired by CREOC as Project Administrator/Coordinator to perform administrative services and coordinate the day to day operations of the collection program. Except for an obligation to appropriate funds and pay its assessments in amounts necessary to fulfill its obligations pursuant to the agreement establishing CREOC, no participating community has any obligation, entitlement or residual interest. The Town paid an assessment of \$13 to CREOC during the year ended June 30, 2008.

12. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town owns and operates a landfill site located off Olcott Street. State and federal law will require the Town to close the landfill once its capacity is reached and to monitor and maintain the site for 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, 2008, the Town had recorded a liability of \$8,234 in the Sanitation Enterprise Fund which represents the amount of costs reported to date based on the 70 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$3,529 which will be recognized as the remaining capacity is used (estimated to be 9 years). The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws and other variables.

13. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

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

At July 1, 2007, plan membership consisted of the following:

	Post- Retirement Medical Program
Retired members	998
Spouses of retired members	573
Active plan members	1,452
Total Participants	3,023

B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in both the General Fund and in an Internal Service Fund on a pay-as-you go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, since a combination of trust fund and internal service fund control may be used, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

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

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

C. Annual OPEB Cost and Net OPEB Obligations

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

	Post-Retirement Medical Program (in thousands)
Annual required contribution (ARC)	\$ 10,425
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>10,425</u>
Contributions made	<u>7,574</u>
Increase in net OPEB obligation	2,851
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,851</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2008 is presented below. Data is only presented for the fiscal year ended June 30, 2008, due to this being the year of transition.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/08	\$ 10,425	\$ 7,574	72.65%	\$ 2,851

As of July 1, 2007, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$126 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$126 million. The covered payroll (annual payroll of active employees covered by the plan) was not available.

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

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

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.75% investment rate of return assuming a trust fund will be established, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between Board of Education and Town and ranges from 0% to 5.12%. The general inflation assumption is 5.0%. Projected salary increases were 4.5%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2007 was 30 years.

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

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

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

The membership of the plan consisted of the following at July 1, 2007, the date of the latest actuarial valuation:

Retirees, disabled employees and beneficiaries currently receiving benefits	553
Terminated Plan members entitled to benefits but not yet receiving them	105
Current employees:	
Vested	522
Nonvested	248
	<hr/>
Total	<u><u>1,428</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 when due; investment income is recognized when earned. Expenses (benefits, administration and refunds of contributions) are recognized when incurred.

Investments are reported at fair value.

C. Funding Policy

Participants are required to contribute 5.0% (8.5% for police employees, 6.4% for public works employees and 5.9% for all other "Rule of 80" employees) of their earnings to the PERS. The Town is required to contribute 11.3% (17.0% 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 \$3,926.

The annual required contribution for the current year was determined as part of the July 1, 2007 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.5% per year and (c) inflation rate of 3.5% 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 Ended</u>		<u>Annual Pension Cost (APC)</u>		<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
6/30/08	\$	4,159	\$	4,159	100%	\$	-
6/30/07		3,854		3,854	100		-
6/30/06		3,085		3,085	100		-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>		<u>Actuarial Value of Assets (a)</u>		<u>Actuarial Accrued Liability (AAL) (b)</u>		<u>Unfunded Accrued Liability UAAL</u>		<u>Funded Ratio (a/b)</u>		<u>Covered Payroll (c)</u>		<u>UAAL % of Covered Payroll ((b-a)/c)</u>
7/01/07	\$	125,707	\$	143,554	\$	17,847		88%	\$	32,865		54%
7/01/06		117,216		141,112		23,896		83%		31,025		77%
7/01/05		110,936		137,370		26,434		81%		30,887		86%
7/01/04		105,098		126,231		21,133		83%		27,566		77%
7/01/03		100,144		118,802		18,658		84%		26,669		70%
7/01/02		97,143		111,774		14,631		87%		26,241		56%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/08	\$ 4,159	100%
6/30/07	3,854	100%
6/30/06	3,085	100%
6/30/05	2,894	100%
6/30/04	2,709	100%
6/30/03	2,522	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, 2008 is \$9,211. There were 133 participants as of June 30, 2008. During the fiscal year ended June 30, 2008, employees contributed \$454 (exclusive of lump sum conversion amounts) and the Town contributed a matching employer contribution of \$454. Covered payroll totaled \$7,563. 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 8.0% of earnings for the year ended June 30, 2008. 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, 2008, 2007 and 2006 were \$521, \$495 and \$450, respectively, equal to the required contributions for each year.

I. Teachers' Retirement System

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$41,302 or 69.87% of the total Board of Education payroll of \$59,110.

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, 2008, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$31,579 as payments made by the State of Connecticut on behalf of the Town. This contribution by the State of Connecticut was approximately \$26.5 million more than the previous year.

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.

15. FUND BALANCE AND NET ASSETS

Reserved

The following is a description of the various reserve accounts used to indicate that a portion of equity is legally segregated for a specific purpose and is unavailable for appropriation.

Reserved for Encumbrances - represents outstanding purchase orders at year end on contracts which the Town intends to honor.

Reserved for Inventory - the balance of inventory accounts has been reserved to indicate that the portion of fund balance represented is not available for appropriation or expenditure.

Reserved for Amount Due from Component Unit - the balance of the receivable due from component unit has been reserved to indicate that the portion of fund balance represented is not available for appropriation or expenditure.

Reserved for Permanent Trust - represents amounts in all Permanent Funds which are reserved to indicate that they are not available for appropriation or expenditure.

Reserved for Employees' Pension Benefits - represents the amount of funds accumulated in the Pension Trust Fund to pay for pension benefits.

A summary of reserved fund balances at June 30, 2008 is presented below:

General Fund:	
Reserved for encumbrances	\$ 2,266
Reserved for amount due from component unit	62
Special Revenue Funds:	
Reserved for encumbrances	91
Inventory	40
Capital Projects Funds:	
Reserved for encumbrances	3,602
Permanent Funds:	
Reserved for Trust Funds	2,905
Fiduciary Funds:	
Reserved for pension benefits	<u>125,543</u>
Total	\$ <u><u>134,509</u></u>

Required Supplementary Information

TOWN OF MANCHESTER, CONNECTICUT

GENERAL FUND AND FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	General Fund				Fire District Fund			
	Original Budget	Revised Budget	Actual	Variance Over (Under)	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:								
Property taxes, interest and lien fees	\$ 107,656	\$ 107,656	\$ 109,727	\$ 2,071	\$ 9,409	\$ 9,409	\$ 9,438	\$ 29
Intergovernmental revenue	36,030	36,040	36,155	115	213	213	205	(8)
Investment and interest income	1,515	1,515	1,749	234	92	92	106	14
Licenses, permits and fines	2,409	2,409	1,922	(487)				
Charges for goods and services	1,841	1,872	1,964	92	325	325	712	387
Other	168	176	338	162				
Total revenues	<u>149,619</u>	<u>149,668</u>	<u>151,855</u>	<u>2,187</u>	<u>10,039</u>	<u>10,039</u>	<u>10,461</u>	<u>422</u>
Expenditures:								
Current:								
General government	5,335	5,300	5,000	300				
Public works	12,250	12,121	11,777	344				
Public safety	16,540	16,551	16,279	272	10,578	10,575	10,393	182
Human services	3,199	3,234	2,997	237				
Leisure services	5,152	5,160	4,938	222				
Employee benefits	2,627	2,627	2,467	160				
Other	239	239	156	83				
Education	94,036	93,905	93,672	233				
Internal service fund charges	3,248	4,629	4,629		413	413	413	
Debt service	6,819	6,819	6,548	271	405	408	234	174
Capital outlay					177	177	162	15
Total expenditures	<u>149,445</u>	<u>150,585</u>	<u>148,463</u>	<u>2,122</u>	<u>11,573</u>	<u>11,573</u>	<u>11,202</u>	<u>371</u>
Excess (deficiency) of revenues over expenditures	<u>174</u>	<u>(917)</u>	<u>3,392</u>	<u>4,309</u>	<u>(1,534)</u>	<u>(1,534)</u>	<u>(741)</u>	<u>793</u>
Other financing sources (uses):								
Transfers in	1,412	1,412	1,412		1,728	1,728	1,728	
Transfers out	(2,836)	(4,794)	(4,794)		(194)	(194)	(194)	
Premium on bond sale								
Total other financing sources (uses)	<u>(1,424)</u>	<u>(3,382)</u>	<u>(3,382)</u>	<u>-</u>	<u>1,534</u>	<u>1,534</u>	<u>1,534</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,250)</u>	<u>\$ (4,299)</u>	<u>10</u>	<u>\$ 4,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>793</u>	<u>\$ 793</u>
Fund balance, beginning of year			<u>16,368</u>				<u>923</u>	
Fund Balance, End of Year			<u>\$ 16,378</u>				<u>\$ 1,716</u>	

TOWN OF MANCHESTER, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

BUDGET-TO-GAAP RECONCILIATION

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

	<u>General Fund</u>	<u>Fire District</u>
<u>R E V E N U E S</u>		
Non-GAAP budgetary basis - RSI-1	\$ 151,855	\$ 10,461
State of Connecticut on-behalf contributions to the Connecticut Teachers' Retirement System for Town teachers are not budgeted	31,579	
Prior year encumbrances cancelled	<u>(140)</u>	<u></u>
GAAP basis - Exhibit IV	\$ <u>183,294</u>	\$ <u>10,461</u>
<u>E X P E N D I T U R E S</u>		
Non-GAAP budgetary basis - RSI-1	\$ 148,463	\$ 11,202
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	31,579	
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, 2007	747	
June 30, 2008	<u>(2,178)</u>	<u>(38)</u>
GAAP basis - Exhibit IV	\$ <u>178,611</u>	\$ <u>11,164</u>

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

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

TOWN OF MANCHESTER, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007
(In Thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 11,539	\$ 9,465
Investments	11,591	12,024
Property taxes receivable, net	3,046	3,222
Accrued interest on taxes	905	968
Accounts receivable, net	9	30
Intergovernmental receivables	996	1,363
Due from component unit	62	70
Interfund receivables	746	
Other assets	<u>5</u>	<u>20</u>
Total Assets	\$ <u>28,899</u>	\$ <u>27,162</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other payables	\$ 2,701	\$ 2,069
Accrued liabilities	868	378
Intergovernmental payables	122	67
Deferred revenues	<u>6,564</u>	<u>7,305</u>
Total liabilities	<u>10,255</u>	<u>9,819</u>
Fund balance:		
Reserved for encumbrances	2,266	975
Reserved for amount due from component unit	62	70
Unreserved:		
Designated for specific projects	5,065	5,348
Designated for subsequent year's budget	1,385	1,504
Undesignated	<u>9,866</u>	<u>9,446</u>
Total fund balance	<u>18,644</u>	<u>17,343</u>
Total Liabilities and Fund Balance	\$ <u>28,899</u>	\$ <u>27,162</u>

TOWN OF MANCHESTER, CONNECTICUT

GENERAL FUND
REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

52

Grand List	Uncollected Taxes July 1, 2007	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2008
		Additions(1)	Deductions			Taxes	Interest	Lien Fees	Total	
2006	\$ 117,155	\$ 2,143	\$ 1,046	\$ 14	\$ 118,238	\$ 116,029	\$ 455	\$ 2	\$ 116,486	\$ 2,209
2005	2,275	396	219	12	2,440	1,523	286	5	1,814	917
2004	868	307	68	6	1,101	562	134	1	697	539
2003	451	11	91	243	128	45	50	1	96	83
2002	103	1	40	6	58	8	6		14	50
2001	80		33	2	45	3	4		7	42
2000	75		21	1	53	14	21		35	39
1999	40			1	39	5	5		10	34
1998	25				25				-	25
1997	21				21	1	1		2	20
1996	21				21		2		2	21
1995	19				19	1	2		3	18
1994	18				18	1			1	17
1993	14				14		1		1	14
1992	7				7				-	7
1991	1				1				-	1
Total	\$ <u>121,173</u>	\$ <u>2,858</u>	\$ <u>1,518</u>	\$ <u>285</u>	\$ <u>122,228</u>	118,192	967	9	119,168	\$ <u>4,036</u>
Suspense collections						<u>37</u>	<u>35</u>		<u>72</u>	
Total collections						\$ <u>118,229</u>	\$ <u>1,002</u>	\$ <u>9</u>	\$ <u>119,240</u>	

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

TOWN OF MANCHESTER, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDSJUNE 30, 2008
(In Thousands)

	Special Revenue Funds						
	Police Special Services Fund	Recreation Activities	Education Special Grants Fund	Special Projects Fund	Lead Abatement Program	Cafeteria Fund	Community Use of Schools
ASSETS							
Cash and cash equivalents	\$ 101	\$ 131	\$	\$ 1,110	\$	\$ 518	\$ 6
Investments							
Accounts receivable	88					18	
Intergovernmental receivables			599	197		222	
Inventory						40	
Other assets			1				
Total Assets	<u>\$ 189</u>	<u>\$ 131</u>	<u>\$ 600</u>	<u>\$ 1,307</u>	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ 6</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payable	\$	\$ 6	\$ 31	\$ 106	\$	\$ 95	\$
Accrued liabilities	13	6	52	5		20	
Interfund payable			95				
Deferred revenue		40	96	3			
Total liabilities	<u>13</u>	<u>52</u>	<u>274</u>	<u>114</u>	<u>-</u>	<u>115</u>	<u>-</u>
Fund Balance:							
Reserved for:							
Encumbrances			39	10			
Inventory						40	
Other purposes							
Unreserved:							
Designated		10					
Undesignated	176	69	287	1,183		643	6
Total fund balance	<u>176</u>	<u>79</u>	<u>326</u>	<u>1,193</u>	<u>-</u>	<u>683</u>	<u>6</u>
Total Liabilities and Fund Balances	<u>\$ 189</u>	<u>\$ 131</u>	<u>\$ 600</u>	<u>\$ 1,307</u>	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ 6</u>

(Continued on next page)

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

JUNE 30, 2008
(In Thousands)

	Special Revenue Funds							
	Community Development Block Grant Fund	Housing Rehab	Neighborhood Housing Predevelopment Fund	Levi Drake Fund	Emergency Employment Fund	Mary Cheney Library Fund	Whiton Library Fund	Police Department Health and Welfare Fund
ASSETS								
Cash and cash equivalents	\$	\$ 108	\$ 43	\$	\$ 34	\$ 1	\$ 3	\$ 15
Investments				84			1,118	
Accounts receivable	20	45	68					
Intergovernmental receivables	669							
Inventory								
Other assets								
Total Assets	<u>\$ 689</u>	<u>\$ 153</u>	<u>\$ 111</u>	<u>\$ 84</u>	<u>\$ 34</u>	<u>\$ 1</u>	<u>\$ 1,121</u>	<u>\$ 15</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payable	\$ 9	\$ 2	\$	\$	\$	\$	2	\$
Accrued liabilities	4							
Interfund payable	651							
Deferred revenue	21	22	68					
Total liabilities	<u>685</u>	<u>24</u>	<u>68</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
Fund Balance:								
Reserved for:								
Encumbrances	4							
Inventory								
Other purposes								
Unreserved:								
Designated								
Undesignated		129	43	84	34	1	1,119	15
Total fund balance	<u>4</u>	<u>129</u>	<u>43</u>	<u>84</u>	<u>34</u>	<u>1</u>	<u>1,119</u>	<u>15</u>
Total Liabilities and Fund Balances	<u>\$ 689</u>	<u>\$ 153</u>	<u>\$ 111</u>	<u>\$ 84</u>	<u>\$ 34</u>	<u>\$ 1</u>	<u>\$ 1,121</u>	<u>\$ 15</u>

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

JUNE 30, 2008
(In Thousands)

	<u>Special Revenue Funds</u>					<u>Permanent Funds</u>		
	<u>Library Appreciation Fund</u>	<u>Foulds Family Foundation</u>	<u>R.B. Bagley Memorial Book Fund</u>	<u>Trust Funds Held at the Board of Education</u>	<u>Total</u>	<u>Wilma D. Marlow Fund</u>	<u>Newton B. Taggart Fund</u>	<u>East Cemetery Trust Fund</u>
ASSETS								
Cash and cash equivalents	\$ 8	\$ 22	\$ 4	\$ 56	\$ 2,160	\$ 8	\$ 5	\$ 9
Investments					1,202		754	229
Accounts receivable					239			
Intergovernmental receivables					1,687			
Inventory					40			
Other assets					1			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>8</u>	\$ <u>22</u>	\$ <u>4</u>	\$ <u>56</u>	\$ <u>5,329</u>	\$ <u>8</u>	\$ <u>759</u>	\$ <u>238</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payable	\$	\$	\$	\$	251	\$	\$ 1	\$
Accrued liabilities					100			
Interfund payable					746			
Deferred revenue					250			
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,347</u>	<u>-</u>	<u>1</u>	<u>-</u>
Fund Balance:								
Reserved for:								
Encumbrances					53			
Inventory					40			
Other purposes						8	758	238
Unreserved:								
Designated					10			
Undesignated	8	22	4	56	3,879			
Total fund balance	<u>8</u>	<u>22</u>	<u>4</u>	<u>56</u>	<u>3,982</u>	<u>8</u>	<u>758</u>	<u>238</u>
Total Liabilities and Fund Balances	\$ <u>8</u>	\$ <u>22</u>	\$ <u>4</u>	\$ <u>56</u>	\$ <u>5,329</u>	\$ <u>8</u>	\$ <u>759</u>	\$ <u>238</u>

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

JUNE 30, 2008
(In Thousands)

	Permanent Funds					Interfund Eliminations	Total Nonmajor Governmental Funds
	Consolidated Cemetery Trust Fund	Trust Funds Held at the Board of Education	Jarvis Library Fund	Library Trust Fund	Total		
ASSETS							
Cash and cash equivalents	\$	\$ 97	\$ 3	\$ 47	\$ 169	\$	\$ 2,329
Investments	289		1,467		2,739		3,941
Accounts receivable							239
Intergovernmental receivables							1,687
Inventory							40
Other assets							1
Total Assets	<u>\$ 289</u>	<u>\$ 97</u>	<u>\$ 1,470</u>	<u>\$ 47</u>	<u>\$ 2,908</u>	<u>\$ -</u>	<u>\$ 8,237</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payable	\$	\$	\$	2	3	\$	\$ 254
Accrued liabilities							100
Interfund payable							746
Deferred revenue							250
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>1,350</u>
Fund Balance:							
Reserved for:							
Encumbrances							53
Inventory							40
Other purposes	289	97	1,470	45	2,905		2,905
Unreserved:							
Designated							10
Undesignated							3,879
Total fund balance	<u>289</u>	<u>97</u>	<u>1,470</u>	<u>45</u>	<u>2,905</u>	<u>-</u>	<u>6,887</u>
Total Liabilities and Fund Balances	<u>\$ 289</u>	<u>\$ 97</u>	<u>\$ 1,470</u>	<u>\$ 47</u>	<u>\$ 2,908</u>	<u>\$ -</u>	<u>\$ 8,237</u>

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

Special Revenue Funds						
Police Special Services Fund	Recreation Activities	Education Special Grants Fund	Special Projects Fund	Lead Abatement Program	Cafeteria Fund	Community Use of Schools
Revenue:						
Intergovernmental revenue	\$	\$	\$ 7,003	\$ 1,280	\$	\$ 1,249
Investment income					6	
Net increase in the fair value of investments						
Charges for goods and services	825	278			1,147	24
Other		4	221	95	1	
Total revenues	<u>825</u>	<u>282</u>	<u>7,224</u>	<u>1,375</u>	<u>1</u>	<u>2,402</u>
Expenditures:						
Current:						
General government						
Public safety	733			257		
Human services				804		
Recreation		301				
Library				1		
Education		7,239			2,516	28
Other			165			
Capital outlay						
Total expenditures	<u>733</u>	<u>301</u>	<u>7,239</u>	<u>1,227</u>	<u>-</u>	<u>2,516</u>
Excess (deficiency) of revenues over expenditures	<u>92</u>	<u>(19)</u>	<u>(15)</u>	<u>148</u>	<u>1</u>	<u>(4)</u>
Other financing sources (uses):						
Transfers in		30		481		4
Transfers out				(76)		
Total other financing sources (uses)	<u>-</u>	<u>30</u>	<u>-</u>	<u>481</u>	<u>(76)</u>	<u>4</u>
Net change in fund balances	92	11	(15)	629	(75)	-
Fund balance, beginning of year	<u>84</u>	<u>68</u>	<u>341</u>	<u>564</u>	<u>75</u>	<u>6</u>
Fund Balance, End of Year	<u>\$ 176</u>	<u>\$ 79</u>	<u>\$ 326</u>	<u>\$ 1,193</u>	<u>\$ -</u>	<u>\$ 683</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

Special Revenue Funds								
	Community Development Block Grant Fund	Housing Rehab	Neighborhood Housing Predevelopment Fund	Levi Drake Fund	Emergency Employment Fund	Mary Cheney Library Fund	Whiton Library Fund	Police Department Health and Welfare Fund
Revenue:								
Intergovernmental revenue	\$ 807	\$	\$	\$ 3	\$ 1	\$	\$ 42	\$
Investment income				(8)			(73)	
Net increase in the fair value of investments								
Charges for goods and services								
Other	15							1
Total revenues	822	-	-	(5)	1	-	(31)	1
Expenditures:								
Current:								
General government	231							
Public safety								
Human services								
Recreation								
Library							182	
Education								
Other	582			1				15
Capital outlay	8							
Total expenditures	821	-	-	1	-	-	182	15
Excess (deficiency) of revenues over expenditures	1	-	-	(6)	1	-	(213)	(14)
Other financing sources (uses):								
Transfers in								
Transfers out					(1)			
Total other financing sources (uses)	-	-	-	-	(1)	-	-	-
Net change in fund balances	1	-	-	(6)	-	-	(213)	(14)
Fund balance, beginning of year	3	129	43	90	34	1	1,332	29
Fund Balance, End of Year	\$ 4	\$ 129	\$ 43	\$ 84	\$ 34	\$ 1	\$ 1,119	\$ 15

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Special Revenue Funds					Permanent Funds		
	Library Appreciation Fund	Foulds Family Foundation	R.B. Bagley Memorial Book Fund	Trust Funds Held at the Board of Education	Total	Wilma D. Marlow Fund	Newton B. Taggart Fund	East Cemetery Trust Fund
Revenue:								
Intergovernmental revenue	\$	\$	\$	\$	10,339	\$	\$	\$
Investment income				1	53		56	8
Net increase in the fair value of investments					(81)		(74)	(20)
Charges for goods and services					2,274			51
Other				1	338			
Total revenues	-	-	-	2	12,923	-	(18)	39
Expenditures:								
Current:								
General government					231			
Public safety					990			
Human services					804			
Recreation					301			
Library					183		30	
Education				6	9,789			
Other					763			4
Capital outlay					8			47
Total expenditures	-	-	-	6	13,069	-	30	51
Excess (deficiency) of revenues over expenditures	-	-	-	(4)	(146)	-	(48)	(12)
Other financing sources (uses):								
Transfers in					515			
Transfers out					(77)			(4)
Total other financing sources (uses)	-	-	-	-	438	-	-	(4)
Net change in fund balances	-	-	-	(4)	292	-	(48)	(16)
Fund balance, beginning of year	8	22	4	60	3,690	8	806	254
Fund Balance, End of Year	\$ 8	\$ 22	\$ 4	\$ 56	\$ 3,982	\$ 8	\$ 758	\$ 238

(Continued on next page)

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Permanent Funds						
	Consolidated Cemetery Trust Fund	Trust Funds Held at the Board of Education	Jarvis Library Fund	Library Trust Fund	Total	Interfund Eliminations	Total Nonmajor Governmental Funds
Revenue:							
Intergovernmental revenue	\$	\$	\$	\$	\$	\$	\$ 10,339
Investment income	9	3	108	1	185		238
Net increase in the fair value of investments	(28)		(154)		(276)		(357)
Charges for goods and services					51		2,325
Other		1		14	15		353
Total revenues	(19)	4	(46)	15	(25)	-	12,898
Expenditures:							
Current:							
General government							231
Public safety							990
Human services							804
Recreation							301
Library			16	9	55		238
Education		5			5		9,794
Other	5				9		772
Capital outlay					47		55
Total expenditures	5	5	16	9	116	-	13,185
Excess (deficiency) of revenues over expenditures	(24)	(1)	(62)	6	(141)	-	(287)
Other financing sources (uses):							
Transfers in						(77)	438
Transfers out	(4)				(8)	77	(8)
Total other financing sources (uses)	(4)	-	-	-	(8)	-	430
Net change in fund balances	(28)	(1)	(62)	6	(149)	-	143
Fund balance, beginning of year	317	98	1,532	39	3,054	-	6,744
Fund Balance, End of Year	\$ 289	\$ 97	\$ 1,470	\$ 45	\$ 2,905	\$ -	\$ 6,887

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2008
(In Thousands)

	Information Systems Fund	Manchester Self Insurance Program	Town of Manchester Medical Insurance Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,221	\$ 3,788	\$ 62	\$ 5,071
Investments		111	6,185	6,296
Prepaid expenses		7		7
Total current assets	<u>1,221</u>	<u>3,906</u>	<u>6,247</u>	<u>11,374</u>
Noncurrent assets:				
Capital assets, net	<u>2,217</u>			<u>2,217</u>
Total assets	<u>3,438</u>	<u>3,906</u>	<u>6,247</u>	<u>13,591</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current liabilities:				
Accounts and other payables	16	75		91
Accrued liabilities	27	3		30
Claims payable		3,021	1,632	4,653
Compensated absences payable	86	12		98
Capital lease payable	<u>362</u>			<u>362</u>
Total current liabilities	<u>491</u>	<u>3,111</u>	<u>1,632</u>	<u>5,234</u>
Noncurrent liabilities:				
Compensated absences payable	224	19		243
Claims payable		3,672		3,672
Capital lease payable	<u>758</u>			<u>758</u>
Total noncurrent liabilities	<u>982</u>	<u>3,691</u>		<u>4,673</u>
Total liabilities	<u>1,473</u>	<u>6,802</u>	<u>1,632</u>	<u>9,907</u>
NET ASSETS				
Unrestricted	<u>\$ 1,965</u>	<u>\$ (2,896)</u>	<u>\$ 4,615</u>	<u>\$ 3,684</u>

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Information Systems Fund	Manchester Self Insurance Program	Town of Manchester Medical Insurance Fund	Total
Operating revenues:				
Charges for services	\$ 2,481	\$ 4,478	\$ 21,290	\$ 28,249
Other		156		156
Total operating revenues	<u>2,481</u>	<u>4,634</u>	<u>21,290</u>	<u>28,405</u>
Operating expenses:				
General operating	1,587	311	937	2,835
Claims expense		3,260	20,099	23,359
Depreciation expense	348			348
Total operating expenses	<u>1,935</u>	<u>3,571</u>	<u>21,036</u>	<u>26,542</u>
Operating income	546	1,063	254	1,863
Nonoperating revenues (expenses):				
Interest on investments	58	91	204	353
Interest expense	<u>(110)</u>			<u>(110)</u>
Change in net assets	494	1,154	458	2,106
Total net assets, beginning of year	<u>1,471</u>	<u>(4,050)</u>	<u>4,157</u>	<u>1,578</u>
Total Net Assets, End of Year	<u>\$ 1,965</u>	<u>\$ (2,896)</u>	<u>\$ 4,615</u>	<u>\$ 3,684</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Information Systems Fund	Manchester Self Insurance Program	Town of Manchester Medical Insurance Fund	Total
Cash flows from operating activities:				
Cash received from users	\$ 2,482	\$ 4,478	\$ 21,290	\$ 28,250
Cash received from insurance proceeds		156		156
Cash paid to suppliers for goods and services	(655)	(152)	(1,034)	(1,841)
Cash paid to employees	(907)	(108)		(1,015)
Cash paid for insurance claims and premiums		(2,579)	(20,011)	(22,590)
Net cash provided by operating activities	<u>920</u>	<u>1,795</u>	<u>245</u>	<u>2,960</u>
Cash flows from capital and related financing activities:				
Purchase of fixed assets	(28)			(28)
Principal payment - lease purchase	(351)			(351)
Interest paid on capital leases	(110)			(110)
Net cash used in capital and related financing activities	<u>(489)</u>	<u>-</u>	<u>-</u>	<u>(489)</u>
Cash flows from investing activities:				
Interest received	58	91	204	353
Sale of investments		467		467
Purchase of investments			(784)	(784)
Net cash provided by (used in) investing activities	<u>58</u>	<u>558</u>	<u>(580)</u>	<u>36</u>
Net increase (decrease) in cash and cash equivalents	489	2,353	(335)	2,507
Cash and cash equivalents, beginning of year	<u>732</u>	<u>1,435</u>	<u>397</u>	<u>2,564</u>
Cash and Cash Equivalents, End of Year	\$ <u>1,221</u>	\$ <u>3,788</u>	\$ <u>62</u>	\$ <u>5,071</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 546	\$ 1,063	\$ 254	\$ 1,863
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	348			348
(Increase) decrease in accounts receivable and other prepaid assets		238	182	420
Increase (decrease) in accounts payable	3	65		68
Increase (decrease) in accrued expenses	5			5
Increase (decrease) in compensated absences payable	18	(11)		7
Increase (decrease) in claims payable		440	(191)	249
Net Cash Provided by Operating Activities	\$ <u>920</u>	\$ <u>1,795</u>	\$ <u>245</u>	\$ <u>2,960</u>

Fiduciary Funds

AGENCY FUNDS

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

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

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

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

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

TOWN OF MANCHESTER, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2008

(In Thousands)

	<u>Plan Deposit Fund</u>	<u>Student Activity Fund</u>	<u>Senior Center Activities Fund</u>	<u>Maintenance Bond Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ <u>52</u>	\$ <u>412</u>	\$ <u>45</u>	\$ <u>925</u>	\$ <u>4</u>	\$ <u>1,438</u>
LIABILITIES						
Deposits held for others	\$ <u>52</u>	\$ <u>412</u>	\$ <u>45</u>	\$ <u>925</u>	\$ <u>4</u>	\$ <u>1,438</u>

TOWN OF MANCHESTER, CONNECTICUT

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
Plan Deposit Fund				
Assets:				
Cash and cash equivalents	\$ <u>87</u>	\$ <u>202</u>	\$ <u>237</u>	\$ <u>52</u>
Liabilities:				
Deposits held for others	\$ <u>87</u>	\$ <u>202</u>	\$ <u>237</u>	\$ <u>52</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>393</u>	\$ <u>1,060</u>	\$ <u>1,041</u>	\$ <u>412</u>
Liabilities:				
Deposits held for others	\$ <u>393</u>	\$ <u>1,060</u>	\$ <u>1,041</u>	\$ <u>412</u>
Senior Center Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>45</u>	\$ <u>55</u>	\$ <u>55</u>	\$ <u>45</u>
Liabilities:				
Deposits held for others	\$ <u>45</u>	\$ <u>55</u>	\$ <u>55</u>	\$ <u>45</u>
Maintenance Bond Fund				
Assets:				
Cash and cash equivalents	\$ <u>1,066</u>	\$ <u>160</u>	\$ <u>301</u>	\$ <u>925</u>
Liabilities:				
Deposits held for others	\$ <u>1,066</u>	\$ <u>160</u>	\$ <u>301</u>	\$ <u>925</u>
Redevelopment Agency Fund				
Assets:				
Cash and cash equivalents	\$ <u>8</u>	\$ <u>100</u>	\$ <u>104</u>	\$ <u>4</u>
Liabilities:				
Deposits held for others	\$ <u>8</u>	\$ <u>100</u>	\$ <u>104</u>	\$ <u>4</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>1,599</u>	\$ <u>1,577</u>	\$ <u>1,738</u>	\$ <u>1,438</u>
Liabilities:				
Deposits held for others	\$ <u>1,599</u>	\$ <u>1,577</u>	\$ <u>1,738</u>	\$ <u>1,438</u>

Capital Assets Used in the Operation of Governmental Funds

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 \$10,000 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, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCEJUNE 30, 2008 AND 2007
(In Thousands)

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 11,524	\$ 11,524
Land improvements	5,437	5,248
Buildings and improvements	60,370	59,852
Machinery and equipment	21,966	21,279
Infrastructure	86,886	85,222
Construction in progress	<u>77,538</u>	<u>45,147</u>
Total	<u>\$ 263,721</u>	<u>\$ 228,272</u>
Investments in governmental funds capital assets by source:		
General	\$ 16,026	\$ 15,615
Capital projects	127,976	94,073
Donations	4,381	2,067
Prior years' investment as of June 30, 1996	47,595	47,922
Prior years' investments for infructure as of June 30, 2005	<u>67,743</u>	<u>68,595</u>
Total	<u>\$ 263,721</u>	<u>\$ 228,272</u>

TOWN OF MANCHESTER, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITYFOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	<u>Total</u>	<u>Land</u>	<u>Improvements Other Than Building</u>	<u>Infrastructure</u>	<u>Buildings and Buildings Improvements</u>	<u>Equipment</u>	<u>Construction In Progress</u>
General government:							
Board of Directors	\$ 618	\$	\$	\$	\$ 604	\$ 14	\$
Probate	35		5		30		
Town Clerk	21					21	
Human Resources	5					5	
Assessment and Collection	15,895	10,064	88		5,705	38	
General Services	85					85	
Information Systems	4,528					4,528	
Total	<u>21,187</u>	<u>10,064</u>	<u>93</u>	<u>-</u>	<u>6,339</u>	<u>4,691</u>	<u>-</u>
Public works:							
Administration	38					38	
Highway	93,647			86,886	673	4,447	1,641
Engineering	357					357	
Cemetery	777	603	16		9	149	
Fleet Maintenance	1,692				1,187	488	17
Parks	603				15	588	
Building Maintenance	87					87	
Building Inspection	93					93	
Total	<u>97,294</u>	<u>603</u>	<u>16</u>	<u>86,886</u>	<u>1,884</u>	<u>6,247</u>	<u>1,658</u>
Public Safety:							
Fire	8,665		23		4,300	4,342	
Police	9,583		5		6,585	2,993	
Total	<u>18,248</u>	<u>-</u>	<u>28</u>	<u>-</u>	<u>10,885</u>	<u>7,335</u>	<u>-</u>
Human Services:							
Health	78					78	
Elderly and Family Services	15					15	
Senior Center	1,002		291		601	110	
Total	<u>1,095</u>	<u>-</u>	<u>291</u>	<u>-</u>	<u>601</u>	<u>203</u>	<u>-</u>
Recreation	<u>6,694</u>		<u>3,427</u>		<u>2,798</u>	<u>375</u>	<u>94</u>
Library	<u>1,775</u>				<u>1,714</u>	<u>61</u>	
Education	<u>117,428</u>	<u>857</u>	<u>1,582</u>		<u>36,149</u>	<u>3,054</u>	<u>75,786</u>
Total	<u>\$ 263,721</u>	<u>\$ 11,524</u>	<u>\$ 5,437</u>	<u>\$ 86,886</u>	<u>\$ 60,370</u>	<u>\$ 21,966</u>	<u>\$ 77,538</u>

TOWN OF MANCHESTER, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

**FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)**

	Governmental Funds Capital Assets July 1, 2007	Additions And Transfers	Deletions And Transfers	Governmental Funds Capital Assets June 30, 2008
General government:				
Board of Directors	\$ 451	\$ 167	\$	\$ 618
Probate	35			35
General Manager				
Town Clerk	21			21
Human Resources	5			5
Assessment and Collection	15,851	44		15,895
General Services	91		6	85
Information Systems	4,526	28	26	4,528
Total	<u>20,980</u>	<u>239</u>	<u>32</u>	<u>21,187</u>
Public works:				
Administration	38			38
Highway	90,463	4,347	1,163	93,647
Engineering	324	33		357
Cemetery	754	23		777
Fleet Maintenance	1,489	203		1,692
Parks	568	35		603
Building Maintenance	87			87
Building Inspection	93			93
Total	<u>93,816</u>	<u>4,641</u>	<u>1,163</u>	<u>97,294</u>
Public Safety:				
Fire	8,570	167	72	8,665
Police	9,576	123	116	9,583
Total	<u>18,146</u>	<u>290</u>	<u>188</u>	<u>18,248</u>
Human Services:				
Health	78			78
Elderly and Family Services	15			15
Senior Center	974	62	34	1,002
Total	<u>1,067</u>	<u>62</u>	<u>34</u>	<u>1,095</u>
Recreation	<u>6,389</u>	<u>305</u>		<u>6,694</u>
Library	<u>1,581</u>	<u>194</u>	<u>-</u>	<u>1,775</u>
Education	<u>86,293</u>	<u>31,273</u>	<u>138</u>	<u>117,428</u>
Transfers between departments		(220)	(220)	-
Total	<u>\$ 228,272</u>	<u>\$ 36,784</u>	<u>\$ 1,335</u>	<u>\$ 263,721</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TABLE 1

TOWN OF MANCHESTER, CONNECTICUT

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005*</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental activities:							
Invested in capital assets, net of related debt	\$ 85,637	\$ 89,227	\$ 68,196	\$ 56,406	\$ 10,349	\$ 15,196	\$ 6,003
Restricted	4,248	4,634	2,749	2,515	2,455	2,329	2,974
Unrestricted	17,822	(3,330)	(6,672)	(1,422)	(2,576)	(7,134)	1,446
Total governmental activities net assets	<u>107,707</u>	<u>90,531</u>	<u>64,273</u>	<u>57,499</u>	<u>10,228</u>	<u>10,391</u>	<u>10,423</u>
Business-type activities:							
Invested in capital assets, net of related debt	24,060	24,704	26,485	26,224	26,872	28,395	30,380
Unrestricted	30,569	29,208	25,672	21,773	21,817	19,675	17,701
Total business-type activities net assets	<u>54,629</u>	<u>53,912</u>	<u>52,157</u>	<u>47,997</u>	<u>48,689</u>	<u>48,070</u>	<u>48,081</u>
② Primary government:							
Invested in capital assets, net of related debt	109,697	113,931	94,681	82,630	37,221	43,591	36,383
Restricted	4,248	4,634	2,749	2,515	2,455	2,329	2,974
Unrestricted	48,391	25,878	19,000	20,351	19,241	12,541	19,147
Total Primary Government Net Assets	<u>\$ 162,336</u>	<u>\$ 144,443</u>	<u>\$ 116,430</u>	<u>\$ 105,496</u>	<u>\$ 58,917</u>	<u>\$ 58,461</u>	<u>\$ 58,504</u>

*Restated - retroactive reporting of infrastructure

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

TABLE 2

TOWN OF MANCHESTER, CONNECTICUT

**CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(In Thousands)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenses:							
Governmental activities:							
General government	\$ 7,537	\$ 4,291	\$ 5,730	\$ 5,725	\$ 7,881	\$ 4,595	\$ 4,955
Public works	16,321	16,434	15,552	10,567	10,294	10,684	10,067
Public safety	37,270	27,214	25,374	25,185	24,203	23,384	22,569
Human services	5,246	4,176	4,389	4,044	5,303	4,170	3,852
Leisure services	5,714	5,379	5,274	4,704	4,892	4,771	5,126
Employee benefits		2,365	2,123	1,775	1,468	1,358	1,330
Education	135,716	103,790	98,998	90,410	90,925	85,578	80,781
Interest on long-term debt	3,333	2,385	2,053	1,722	1,770	1,659	1,560
Other		4,993	3,729	3,733	3,398	3,151	3,220
Total governmental activities expenses	<u>211,137</u>	<u>171,027</u>	<u>163,222</u>	<u>147,865</u>	<u>150,134</u>	<u>139,350</u>	<u>133,460</u>
Business-type activities:							
Water	6,725	6,862	6,196	6,266	6,196	6,909	5,847
Sewer	5,769	4,869	5,500	5,098	4,959	4,903	5,023
Sanitation	<u>7,065</u>	<u>6,445</u>	<u>5,651</u>	<u>5,795</u>	<u>5,610</u>	<u>4,894</u>	<u>5,823</u>
Total business-type services	<u>19,559</u>	<u>18,176</u>	<u>17,347</u>	<u>17,159</u>	<u>16,765</u>	<u>16,706</u>	<u>16,693</u>
70 Total primary government expenses	<u>230,696</u>	<u>189,203</u>	<u>180,569</u>	<u>165,024</u>	<u>166,899</u>	<u>156,056</u>	<u>150,153</u>
Program revenues:							
Governmental activities:							
Charges for services:							
General government	1,066	1,386	1,788	1,500	1,369	1,234	835
Public works	934	1,357	1,195	1,652	1,065	1,032	1,107
Public safety	1,634	1,130	893	1,293	1,124	687	943
Human services	91	146	95	64	71	72	79
Leisure services	706	649	673	674	705	582	510
Education	2,493	2,333	2,515	3,330	3,633	3,047	3,206
Operating grants and contributions	73,278	44,596	42,944	37,806	39,921	36,798	36,532
Capital grants and contributions	<u>20,105</u>	<u>21,937</u>	<u>5,253</u>	<u>3,283</u>	<u>2,408</u>	<u>2,053</u>	<u>1,392</u>
Total governmental activities program revenues	<u>100,307</u>	<u>73,534</u>	<u>55,356</u>	<u>49,602</u>	<u>50,296</u>	<u>45,505</u>	<u>44,604</u>
Business-type activities:							
Charges for services	19,749	19,801	18,312	16,198	16,453	16,683	17,748
Operating grants and contributions					94	74	100
Capital grants and contributions	<u>264</u>	<u>238</u>		<u>65</u>	<u>1,277</u>		
Total business-type activities program revenues	<u>20,013</u>	<u>20,039</u>	<u>18,312</u>	<u>16,263</u>	<u>17,824</u>	<u>16,757</u>	<u>17,848</u>
Total primary government program revenues	<u>120,320</u>	<u>93,573</u>	<u>73,668</u>	<u>65,865</u>	<u>68,120</u>	<u>62,262</u>	<u>62,452</u>
Net (expense) revenue:							
Governmental activities	(110,830)	(97,493)	(107,866)	(98,263)	(99,838)	(93,845)	(88,856)
Business-type activities	<u>454</u>	<u>1,863</u>	<u>965</u>	<u>(896)</u>	<u>1,059</u>	<u>51</u>	<u>1,155</u>
Total primary government net expense	<u>(110,376)</u>	<u>(95,630)</u>	<u>(106,901)</u>	<u>(99,159)</u>	<u>(98,779)</u>	<u>(93,794)</u>	<u>(87,701)</u>

(Continued on next page)

TABLE 2

TOWN OF MANCHESTER, CONNECTICUT

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General revenues and other changes in net assets:							
Governmental activities:							
Property taxes	\$ 118,916	\$ 115,112	\$ 107,059	\$ 98,738	\$ 93,719	\$ 87,474	\$ 83,355
Grants and contributions not restricted to specific purposes	4,686	4,775	4,600	4,571	4,382	5,186	6,339
Unrestricted investment earnings	2,159	2,676	1,380	945	424	465	773
Miscellaneous	591	572	1,085	499	400	288	1,072
Total governmental activities	<u>126,352</u>	<u>123,135</u>	<u>114,124</u>	<u>104,753</u>	<u>98,925</u>	<u>93,413</u>	<u>91,539</u>
Business-type activities:							
Unrestricted investment earnings	1,917	1,185	663	675	310	338	616
Miscellaneous			3,048	92			
Total business-type activities	<u>1,917</u>	<u>1,185</u>	<u>3,711</u>	<u>767</u>	<u>310</u>	<u>338</u>	<u>616</u>
Total primary government	<u>128,269</u>	<u>124,320</u>	<u>117,835</u>	<u>105,520</u>	<u>99,235</u>	<u>93,751</u>	<u>92,155</u>
Changes in net assets:							
Governmental activities	17,176	26,986	6,774	7,053	(163)	(32)	3,306
Business-type activities	<u>717</u>	<u>1,755</u>	<u>4,160</u>	<u>(692)</u>	<u>619</u>	<u>(11)</u>	<u>1,199</u>
Total Primary Government	<u>\$ 17,893</u>	<u>\$ 28,741</u>	<u>\$ 10,934</u>	<u>\$ 6,361</u>	<u>\$ 456</u>	<u>\$ (43)</u>	<u>\$ 4,505</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.
- (3) The Town began to allocate employee benefits and other category to appropriate function in fiscal year 2008.

TABLE 3

TOWN OF MANCHESTER, CONNECTICUT

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:							
Reserved	\$ 2,328	\$ 1,045	\$ 1,561	\$ 1,347	\$ 1,211	\$ 2,007	\$ 1,582
Unreserved	<u>16,316</u>	<u>16,298</u>	<u>13,829</u>	<u>10,591</u>	<u>7,960</u>	<u>5,919</u>	<u>7,953</u>
Total General Fund	<u>18,644</u>	<u>17,343</u>	<u>15,390</u>	<u>11,938</u>	<u>9,171</u>	<u>7,926</u>	<u>9,535</u>
All other governmental funds:							
72 Reserved	6,638	10,947	33,567	9,533	3,540	3,825	7,878
Unreserved, reported in:							
Special revenue funds	5,605	4,452	3,791	3,211	3,176	2,732	2,606
Capital project funds	<u>3,913</u>	<u>(20,039)</u>	<u>(42,073)</u>	<u>(7,685)</u>	<u>3,621</u>	<u>(5,833)</u>	<u>(6,559)</u>
Total All Other Governmental Funds	\$ <u>16,156</u>	\$ <u>(4,640)</u>	\$ <u>(4,715)</u>	\$ <u>5,059</u>	\$ <u>10,337</u>	\$ <u>724</u>	\$ <u>3,925</u>

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

Note 2: Data presented for years prior to the implementation of GASB No. 34 (2003) has not been restated to conform with current governmental funds structure.

TABLE 4

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:							
Property taxes, intrest and lien fees	\$ 119,165	\$ 114,568	\$ 107,098	\$ 99,321	\$ 94,287	\$ 87,261	\$ 83,515
Intergovernmental revenue	96,007	68,869	52,109	46,406	47,332	44,506	44,046
Investment and interest income	1,806	2,365	1,656	1,243	483	476	613
Licenses, permits and fines	1,922	3,291	2,801	2,759	2,368	2,031	1,869
Charges for goods and services	5,001	3,664	3,893	4,281	4,573	3,822	3,805
Other	686	2,212	674	1,151	1,004	847	2,652
Total revenues	<u>224,587</u>	<u>194,969</u>	<u>168,231</u>	<u>155,161</u>	<u>150,047</u>	<u>138,943</u>	<u>136,500</u>
Expenditures:							
General government	5,230	5,075	5,004	5,031	4,789	4,796	4,575
Public works	11,822	11,273	10,329	9,650	9,116	9,389	8,797
Public safety	27,628	27,224	25,115	24,292	23,029	22,311	22,447
Human services	3,803	3,972	4,162	4,098	4,982	3,881	3,617
Leiure services	5,477	5,196	5,108	4,774	4,712	4,628	4,566
Employee benefits	2,467	2,365	2,123	1,775	1,468	1,358	1,330
Education	133,564	103,878	98,454	90,198	89,430	83,265	79,126
Inernal service fund charges	4,629	3,772	3,059	2,923	2,569	2,290	1,963
Other	1,341	1,178	670	579	815	861	1,257
Debt service:							
Principal	4,044	3,240	3,255	2,550	2,880	2,650	1,935
Interest	2,941	1,942	1,889	1,833	1,435	1,538	1,580
Capital outlay	40,438	43,191	16,501	10,602	7,915	12,527	8,467
Total expenditures	<u>243,384</u>	<u>212,306</u>	<u>175,669</u>	<u>158,305</u>	<u>153,140</u>	<u>149,494</u>	<u>139,660</u>
Excess of revenue over (under) expenditures	<u>(18,797)</u>	<u>(17,337)</u>	<u>(7,438)</u>	<u>(3,144)</u>	<u>(3,093)</u>	<u>(10,551)</u>	<u>(3,160)</u>
Other financing sources (uses):							
Transfers in	6,650	5,793	3,457	4,092	3,598	3,822	3,762
Transfers out	(4,996)	(4,476)	(2,941)	(3,478)	(2,797)	(3,371)	(3,139)
Other		98	600				
Issuance of debt	39,240	17,624					
Refunding bonds issued				6,800	12,075		
Payments to escrow agent				(6,760)			
Discount on bond refunding				(21)			
Total other financing sources (uses)	<u>40,894</u>	<u>19,039</u>	<u>1,116</u>	<u>633</u>	<u>12,876</u>	<u>451</u>	<u>623</u>
Net Change in Fund Balances	<u>\$ 22,097</u>	<u>\$ 1,702</u>	<u>\$ (6,322)</u>	<u>\$ (2,511)</u>	<u>\$ 9,783</u>	<u>\$ (10,100)</u>	<u>\$ (2,537)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>3.46%</u>	<u>3.06%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
- (2) Data presented for years prior to the implementation of GASB No. 34 (2003) has not been restated to conform with current governmental funds structure.

TABLE 5

TOWN OF MANCHESTER, CONNECTICUT

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year	Real Property			Industrial	Personal Property	Motor Vehicle	Less Tax-Exempt Property*	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Residential	Commercial									
2008	\$ 2,430,203	\$ 1,482,835	\$	217,940	\$ 312,160	\$ 315,314	\$ 1,372,034	\$ 3,386,418	36.05	\$ 6,797,794	49.82%
2007	1,487,180	1,041,739		173,609	312,851	310,740	394,256	2,931,863	40.14	6,451,935	45.44%
2006	1,461,532	1,034,848		175,278	309,444	293,308	398,493	2,875,917	38.07	5,760,676	49.92%
2005	1,442,345	1,028,120		175,466	306,721	273,862	398,665	2,827,849	36.07	5,282,639	53.53%
2004	1,426,396	1,009,683		180,910	295,928	291,474	391,569	2,812,822	34.31	4,486,068	62.70%
2003	1,415,879	989,096		180,492	298,275	281,929	388,306	2,777,365	32.9	4,046,242	68.64%
2002	1,399,103	975,656		177,105	287,556	275,170	364,243	2,750,347	31.13	3,576,190	76.91%
2001	1,638,037	942,796		181,699	253,801	259,349	439,268	2,836,414	28.25	3,685,938	76.95%
2000	1,626,029	922,111		178,878	252,411	235,251	431,997	2,782,683	26.87	3,004,703	92.61%
1999	1,614,076	897,280		179,976	227,595	224,730	416,434	2,727,223	27.07	3,060,992	89.10%

Source: Town of Manchester Office of Tax Assessor

Note:

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

TABLE 6

TOWN OF MANCHESTER, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS
2006 AND 1996
(In Thousands)

<u>Taxpayer</u>	<u>October 1, 2006</u>			<u>October 1, 1996</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>
Pavilions at Buckland Hills LLC, et al	\$ 109,019	1	3.22			
J.C Penney Properties, Inc	60,798	2	1.79	\$ 51,313	1	1.94
Northland Pavilions, LLC	54,536	3	1.61			
Connecticut Light and Power Co.	39,563	4	1.17	23,698	3	0.90
Manchester Developers, LLC	31,254	5	0.92			
Plaza at Buckland Hills LLC	25,255	6	0.75			
Gateway Lauren, LLC	22,637	7	0.67			
Walmart/Sam's Club	20,633	8	0.61	14,584	5	0.55
Federated/May Dept Stores	18,166	9	0.54	13,758	6	0.52
California State Teacher's Retirement System	18,125	10	0.53			
Avalon Properties dba Town Pavilions				33,939	2	1.28
Downeast Associates				22,444	4	0.85
L&J Manchester LLC				13,408	7	0.51
Beckenstein Enterprises				12,143	8	0.46
D'Amato, Raymond				11,995	9	0.45
State Street Bank				11,183	10	0.42
TOTAL	\$ 399,986			\$ 208,465		

Source: Town of Manchester, Office of Tax Assessor

TABLE 7

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

Fiscal Year Ended June 30,	Tax Rate in Mills	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of The Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	36.05	\$ 118,238	\$ 116,029	98.13	\$ 2,163	\$ 118,192	99.96%
2007	40.14	114,676	112,401	98.02	1,411	113,812	99.25%
2006	38.07	106,491	104,531	98.16	1,799	106,330	99.85%
2005	36.07	99,259	97,189	97.90	1,361	98,550	99.29%
2004	34.31	93,985	91,767	97.90	1,698	93,465	99.45%
2003	32.9	89,082	86,082	97.90	695	86,777	97.36%
2002	31.13	83,226	80,899	97.90	1,614	82,513	99.14%
2001	28.25	77,927	76,126	97.90	1,317	77,443	99.38%
2000	26.87	73,060	71,165	97.90	1,522	72,687	99.49%
1999	27.07	71,803	69,865	97.90	1,210	71,075	98.99%

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

TABLE 8

TOWN OF MANCHESTER, CONNECTICUT

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Capital Leases	Water	Sewer			
2008	\$ 84,445	\$ 2,795	\$	\$ 2,545	\$ 89,785	2.65%	\$ 1,610.86
2007	49,249	3,709		3,360	56,318	1.92%	1,012.00
2006	41,180	4,618		4,160	49,958	1.74%	898.98
2005	38,120	3,598		4,943	46,661	1.65%	817.32
2004	40,185	4,655		5,711	50,551	1.79%	884.27
2003	30,990	2,626		6,464	40,080	1.44%	727.62
2002	28,980	2,721		7,202	38,903	1.41%	711.47
2001	30,915	3,837		7,926	42,678	1.50%	779.65
2000	21,680	3,903		8,636	34,219	1.23%	651.12
1999	23,030	1,657		9,331	34,018	1.25%	658.54

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

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2008

(In Thousands)

Total tax collections (including interest and lien fees) received for year ended June 30, 2008					\$ 119,165
Reimbursement for revenue loss on:					
Tax relief for elderly - freeze					<u>18</u>
BASE					<u>\$ 119,183</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	\$ 268,162	\$	\$	\$	\$
4-1/2 times base		536,324			
3-3/4 times base			446,936		
3-1/4 times base				387,345	
3 times base					<u>357,549</u>
Total debt limitation	<u>268,162</u>	<u>536,324</u>	<u>446,936</u>	<u>387,345</u>	<u>357,549</u>
Indebtedness:					
Bonds payable	33,540	50,905	2,545		
Bonds anticipation notes	519		700		
Debt authorized but unissued	3,470	2,205	700		
School construction grants receivable		(921)			
Net indebtedness	<u>37,529</u>	<u>52,189</u>	<u>3,945</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 230,633</u>	<u>\$ 484,135</u>	<u>\$ 442,991</u>	<u>\$ 387,345</u>	<u>\$ 357,549</u>

Note (1): In no case shall total indebtedness exceed \$834,302 (seven times annual base for debt limitation computations).

Note (2): Bond anticipation notes payable do not include water bond anticipation notes of \$7,570, which are considered to be self-financing.

TABLE 10

TOWN OF MANCHESTER, CONNECTICUT

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Debt limitation	\$ 834,302	\$ 803,306	\$ 750,659	\$ 696,367	\$ 662,305	\$ 613,508	\$ 584,717	\$ 548,751	\$ 516,425	\$ 504,413
Total net debt applicable to limit	<u>93,663</u>	<u>93,399</u>	<u>38,860</u>	<u>41,306</u>	<u>62,839</u>	<u>50,505</u>	<u>53,570</u>	<u>48,947</u>	<u>42,623</u>	<u>42,343</u>
Legal Debt Margin	\$ <u>740,639</u>	\$ <u>709,907</u>	\$ <u>711,799</u>	\$ <u>655,061</u>	\$ <u>599,466</u>	\$ <u>563,003</u>	\$ <u>531,147</u>	\$ <u>499,804</u>	\$ <u>473,802</u>	\$ <u>462,070</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.23%	11.63%	5.18%	5.93%	9.49%	8.23%	9.16%	8.92%	8.25%	8.39%

Source: Comprehensive annual financial report - Statement of Debt Limitation

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

TOWN OF MANCHESTER, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

Calendar Year	Population(1)	Capita Income(2)	Median Age(2)	School Enrollment(3)	Unemployment Rate(4)
2008	55,738	\$ 25,989	36.5	7,204	5.60%
2007	55,572	25,989	36.5	7,360	4.50%
2006	55,563	25,989	36.5	7,463	4.8%
2005	55,389	25,989	36.5	7,715	4.7%
2004	55,331	25,989	36.5	7,811	4.6%
2003	55,359	25,989	36.5	7,628	4.5%
2002	55,024	25,989	36.5	7,778	3.3%
2001	54,839	25,989	36.5	7,641	2.1%
2000	54,789	25,989	36.5	7,703	2.9%
1999	51,657	25,989		7,798	3.1%

(1) Source: State of CT Dept of Health

(2) Source: U.S. Department of Commerce, Bureau of Census. (2000 data most current available)

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

(4) Source: Connecticut Department of Labor

TABLE 12

TOWN OF MANCHESTER, CONNECTICUT

PRINCIPAL EMPLOYERS

2008 AND 1998

Employer	Nature of Business	2008			Employer	Nature of Business	1998		
		Employees	Rank	Percentage of Total Town Employment			Employees	Rank	Percentage of Total Town Employment
Town of Manchester	Local Gov/Board of Ed	1,605	1	5.17%	J.C. Penney Company	Warehouse/Distribution	1,710	1	6.00%
Smiths Aerospace	Parts Manufacturer	1,208	2	3.89%	Town of Manchester	Local Gov/Board of Ed	1,528	2	5.36%
J.C. Penney Company	Warehouse/Distribution	1,200	3	3.86%	Manchester Mem Hospital	General Hospital	1,052	3	3.69%
Eastern CT Health Network	Management Services	1,200	3	3.86%	Allied Printing Services	General Printing Services	300	4	1.05%
Journal Publishing Co.	Newspapers	560	5	1.80%	Journal Publishing Co.	Newspapers	280	5	0.98%
Manchester Health Care	Medical Offices	500	6	1.61%	Lydall, Inc.	Engineered Fiber Materials	262	6	0.92%
May Department Stores	Department Stores	500	6	1.61%	Gunver Manufacturing	Sheet Metal Fabrication	223	7	0.78%
Wal Mart Stores	Department Store	400	8	1.29%	Dynamic Metal Works	Sheet Metal Aircraft Parts	211	8	0.74%
Cox Communications	Broadcasting, Cable TV	360	9	1.16%	Gerber Scientific Products	Research and Development	200	9	0.70%
Teleflex Inc.	Plating & Polishing	332	10	1.07%	Fuss & O'Neil	Engineering	180	10	0.63%
		<u>7,865</u>		<u>25.31%</u>			<u>5,946</u>		<u>20.87%</u>

Source: Town of Manchester Planning Department and Official Statements

2008 Percentage based on total employed population of 31,071 per the State of Connecticut Department of Labor

TABLE 13

TOWN OF MANCHESTER, CONNECTICUT

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

<u>Function/Program</u>	Full-Time-Equivalent Employees as of June 30,									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General government	93.50	92.50	92.25	97.25	97.25	95.50	97.00	92.00	97.50	93.00
Police	158.50	158.50	157.50	156.50	155.50	154.50	153.50	148.50	152.00	154.50
Fire	82.00	82.00	83.00	81.00	85.00	82.00	80.00	78.00	80.00	78.00
Sanitation	9.05	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00	8.00
Other public works	149.45	149.75	151.15	151.50	157.50	160.75	163.00	160.00	158.00	158.00
Recreation	9.50	9.50	9.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Library	27.00	27.00	27.00	26.00	27.00	28.00	28.00	26.00	27.00	27.00
Education	<u>1,156.00</u>	<u>1,129.00</u>	<u>1,109.00</u>	<u>1,133.00</u>	<u>1,073.00</u>	<u>1,024.00</u>	<u>1,039.00</u>	<u>990.00</u>	<u>1,013.00</u>	<u>1,013.00</u>
TOTAL	<u><u>1,685.00</u></u>	<u><u>1,657.25</u></u>	<u><u>1,638.40</u></u>	<u><u>1,663.25</u></u>	<u><u>1,613.25</u></u>	<u><u>1,562.75</u></u>	<u><u>1,577.50</u></u>	<u><u>1,511.50</u></u>	<u><u>1,544.50</u></u>	<u><u>1,540.50</u></u>

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

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

TABLE 14

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<u>Function/Program</u>										
General government:										
Building permits issued	2,926	3,340	3,744	4,160	3,618	2,752	2,181	2,126	2,383	2,626
Building inspections conducted	6,797	7,769	9,017	9,275	7,270	8,030	7,581	6,119	6,728	6,319
Police:										
Physical arrests	3,548	4,121	3,862	3,887	3,309	2,853	2,859	2,702	3,269	3,551
Parking violations (unavailable pre FY06)	2,897	3,220	2,467							
Traffic violations	7,233	6,367	4,587	4,587	4,339	4,763	4,000	4,292	4,391	3,765
Fire:										
Emergency responses	7,674	7,730	6,456	7,705	7,696	7,678	7,376	7,214	6,863	6,884
Structure Fires (fires extinguished)	42	53	36	49	43	52	50	58	60	68
Inspections	989	650	610	1,079	977	895	800	858	1,370	1,300
Refuse collection:										
Refuse collected (tons per day)	40.15	44	45	44	43	43				
Recyclables collected (tons per day)	12.3	10	10	10	10	11				
Other public works:										
Street resurfacing (miles)	6.00	6.36	6.36	5.69	5.58	2.51	2.08	5.36	4.97	2.91
Potholes repaired (unavailable)										
Parks and recreation:										
Athletic field permits issued (unavailable)										
Community center admissions (unavailable prior to 08)	79,000									
Library:										
Volumes in collection (thousands)	228.8	221.8	215.1	210.8	208.7	201.0	199.4	196.4	199	195.6
Total volumes borrowed (thousands)	797.1	747.1	739.4	769.0	859.8	886.7	866.3	800.4	772.6	723.8
Water:										
New connections	16	72	97	209	58	60	58	58	158	160
Water main breaks	12	14	4	13	14	6	9	12	15	4
Average daily consumption (thousands of gallons)	5,560	5,500	4,666	4,709	4,490	4,588	4,752	4,707	4,789	4,526
Peak daily consumption (thousands of gallons)	8,070	8,130	7,130	9,100	7,990	7,280	8,320	9,620	8,840	9,550
Wastewater:										
Average daily sewage treatment (thousands of gallons)	5,560	5,500	4,666	4,709	4,490	4,588	4,752	4,707	4,789	4,526
Sewer Enterprises:										
Average Daily Sewage Treatment (000)	5,560	5,500	4,666	4,709	4,490	4,588	4,752	4,707	4,789	4,526

Source: Internal Department Tracking Reports

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

TABLE 15

TOWN OF MANCHESTER, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<u>Function/Program</u>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	3	3	3	3	3	3	3	3	3	3
Patrol units	7	7	7	7	7	7	7	7	7	7
Fire stations	5	5	5	5	5	5	5	5	5	5
Other public works:										
Streets (miles)	214.0	213.1	197.7	197.7	197.3	196.09	195.73	193.35	193.35	193.35
Streetlights	4,674	4,688	4,672	4,624	4,594	4,570	143	143	143	143
Traffic signals	51	50	50	49	49	49	48	51	52	52
Parks and recreation:										
Acreage	677	677	677	677	677	655	655	655	655	630
Playgrounds	23	23	22	22	22	22	22	22	22	22
Baseball/softball diamonds	23	23	23	23	22	22	22	22	20	20
Soccer/football fields	13	13	13	13	13	13	13	13	13	13
Water:										
Water mains (miles)	255	255	254	243	242	242	240	238	236	232
Fire hydrants	1,954	1,876	1,812	1,812	1,788	1,761	1,745	1,710	1,672	1,645
Storage capacity (thousands of gallons)	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179
Wastewater:										
Sanitary sewers (miles)	164	161	181.5	181.5	181.5	181.5	181.5	181.5	181.5	181.5
Storm sewers (miles)	163	150	150	150	150	150	150	150	150	150
Treatment capacity (thousands of gallons)	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Transit - mini-buses:										
Administrative buildings	1	1	1	1	1	1	1	1	1	1

Sources:

Police Department annual reports

Public Works and Recreation Town records

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