

Comprehensive Annual Financial Report

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2009



Office of the Director of Finance

Comprehensive Annual Financial Report

of the

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2009

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

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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 22, 2009

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, 2009 is submitted herewith.

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

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

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



Town of Manchester Government

The Town of Manchester is an independent full-service town. The Town is a political subdivision of the State of Connecticut and is autonomous from any county, town or other political subdivision of the State of Connecticut. The Town was incorporated in 1823, and in 1947 adopted a Council-Manager form of government. The legislative function is performed by the nine member Board of Directors, which is elected biennially. The Board of Directors formulates policies for the administration of the Town. The General Manager is appointed by the Board of Directors to serve as the Town's Chief Executive Officer with appointive and removal authority over department directors and other employees of the Town. The General Manager is responsible for the implementation of policies established by the Board of Directors. An elected nine member Board of Education appoints a Superintendent of Schools, who administers the education system of the Town.

The Town is located in central Connecticut and is approximately 10 miles east of the City of Hartford, the State capital. The Town is also bordered by the towns of East Hartford, South Windsor, Vernon, Bolton and Glastonbury. It is approximately 85 miles southwest of Boston and 115 miles northeast of New York City. The Town encompasses 27.2 square miles and has a population 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 relatively strong and diverse local economy during this period of economic difficulty. The healthcare, aerospace, retail, wholesale trade and finance and insurance industries each have a major regional presence here. Historically an industrial center, Manchester's 83 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. During FY 09, Raymour and Flanigan opened a 300,000 square foot regional distribution center in town. Other warehouse/distribution tenants include the J. C. Penney Northeast Warehouse Fulfillment Center and Hartford Distributors, as well as many smaller materials handling or freight forwarding businesses. In its historic central business district, and throughout the community, there is a strong finance, insurance, and real estate sector. The business services sector includes accountants, attorneys and other business consulting services.

Manchester's major employers include the Town and Board of Education at 1,696 employees; Unison Aerospace Components at 1,208 employees; the J. C. Penney Company and Eastern Connecticut Health Network (including the full service Manchester Memorial Hospital) each at 1,200 employees; the Journal Publishing Company at 560 employees; Manchester Health Care at 500 employees; Wal-Mart with 400 employees; Cox Communications at 375 employees; and Allied Printing at 331 employees. Overall, approximately 29,377 people are employed in Manchester.

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

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

Major Initiatives

In the summer of 2008, the Town moved forward with the youth initiative begun in FY 08 with the creation of the Manchester Youth Commission. The creation of the Commission is the product of a community wide effort to bring the youth of Manchester into the process of government. The Commission was created to increase communications between adults and youth, to ensure that youth in the community are an integral part of the government decision making process, and to foster and encourage civic and neighborhood pride and a sense of identity through knowledge, understanding, and increased involvement in present and future municipal affairs. During the fiscal year, the Town also substantially completed the renovations on the new home of the Youth Services Bureau. The formal opening occurred in the fall of 2009.

In December 2008, the Manchester Board of Directors expanded the Town's Redevelopment Agency and charged it with creating a redevelopment plan for the Broad Street commercial area. Broad Street was once the Town's commercial center and, although it currently has approximately 750,000 square feet of commercial space in active use, suffers from high vacancy rates and deteriorating conditions. The Redevelopment Agency has since adopted a plan for a mixed-use district of residential, commercial and civic uses. When implemented, the plan would replace blighted conditions with a vibrant, compact neighborhood, extend an existing park to the street, and improve infrastructure conditions in the area. Subject to funding levels, the Town will be moving forward in the coming months to implement the plan.

Financial Planning and Policies

During FY09, the Town continued to provide emphasis on its policy of having undesignated general fund balance equal 5-7% of General Fund revenues. While undesignated fund balance remained flat in absolute terms, expressed as a percentage of General Fund revenues it decreased from 6.44% to 6.31%. This stability was accomplished during a fiscal year of lower interest income and reduced revenues in the areas relating to the stagnant housing industry.

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

The Town also used continued the practice of using fund balance to fund, among other items, general fund balance designations for the third and final year of funding for the next State mandated real property revaluation (\$310,000), funding for the plan to assist in providing two year declining tax relief (\$1,800,000), property tax appeals and agreements (\$1,482,000), and retroactive salary payments for not yet settled labor contracts by fiscal year end.

Budgeting and Accounting

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

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

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

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

Accounting and Internal Control

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

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

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

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 .97% during FY09. During the fiscal year STIF returned 1.49% 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	1.30%
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General Fund Undesignated and Unreserved Fund Balance

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

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
Revenues (000's)	\$129,579	\$137,094	\$146,573	\$153,267	\$156,343
Expenditures (000's)	126,974	133,863	144,111	153,257	158,176
Operating Results (000's)	2,605	3,231	2,462	10	(1,833)
Unreserved and Undesignated Fund Balance (000's)	7,514	8,352	9,446	9,866	10,363
Percent of Revenue	5.83%	6.09%	6.44%	6.44%	6.63%

Other Information

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

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

During FY96, the Town solicited proposals from qualified auditing firms to provide audit services for the two-year period FY1996 and 1997 with the option to renew for two additional years, FY 1998 and FY1999. The firm of Scully & Wolf, LLP, Certified Public Accountants, was selected as the Town's independent auditors for that period and the subsequent renewal. During FY 2000 and in anticipation of the Implementation of GASB 34, the Board of Directors approved Scully & Wolf, LLP for an additional four year period ending with FY 2003. In November 2003, the Board of Directors extended the engagement for an additional two years ending with FY 2005. In November 2005, the Town issued a Request for Proposals for Independent Auditor services for the FY06 and FY07 fiscal years. 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. The Town subsequently renewed for the two-year period FY 2008 and 2009

The Town's FY09 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 FY09 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, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Town of Manchester received a Certificate of Achievement for the 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, 2008

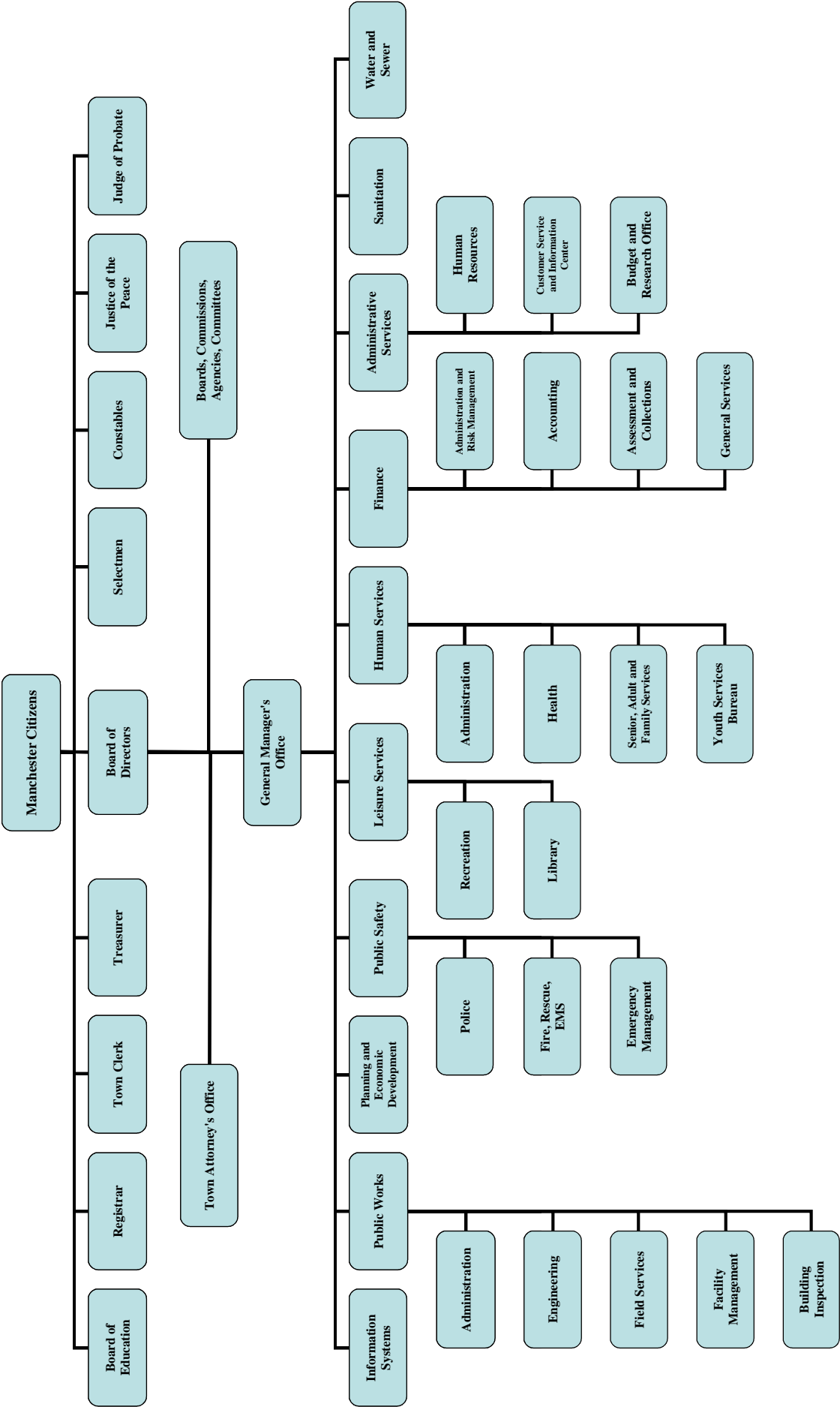
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Town of Manchester Organization Chart



TOWN OF MANCHESTER, CONNECTICUT

LISTING OF PRINCIPAL OFFICIALS

Board of Directors

Louis A. Spadaccini, Chairman (Mayor)
Leo V. Diana, Deputy Mayor
Lisa P. O'Neill, Secretary
Cheri A. Pelletier
Kevin L. Zingler

Jay Moran
Rudolph C. Kissmann
Matthew B. Peak
Mark D. Tweedie

Town Clerk
Registrars of Voters

Joseph V. Camposeo
Francis Maffe
Timothy Becker

General Manager
Director of Operations
Director of Administrative Services
Director of Public Works/Town Engineer
Town Attorney
Director of Finance

Scott Shanley
Vacant
Dede Moore
Mark Carlino
Geoffrey Naab
Alan J. Desmarais

Accounting Manager
Director of Assessment/Collection
Director of General Services

James Wren, Jr.
John Rainaldi
Gerald R. Dupont
Maryann Cherniak-Lexius
Mary Roche-Cronin
Jack McCoy
D. Scott Sprague

Director of Health
Director of Human Services
Director of Information Systems
Director of Parks and Recreation
Director of Neighborhood Services
And Economic Development

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

Director of Youth Services
Water/Sewer Administrator
Library Director
Chief of Police
Fire Chief
Budget and Research Officer

Board of Education

Michael T. Rizzo, Chairperson
Steven Edwards, Secretary
Michael Crockett
Margaret Hackett
Maria W. Cruz

Neal Leon
Chris Pattacini
Mary-Jane D. Pazda
Bethany B. Silver

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2009, 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, 2009 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.

Blum, Shapiro & Company, P.C.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2009 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 22, 2009

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

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, 2009. 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 decreased by \$11.3 million as a result of this year's operations. Net assets of the business-type activities decreased by \$9.9 million, or 18.2%. Net assets of the governmental activities increased by \$1.4 million, or 1.3%.
- During the year, the Town's governmental activities had expenses that were \$1.4 million more than the \$193 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues decreased to \$18.8 million (or 14.3%) while expenses increased by \$7.5 million (or 38.2%).
- Total cost of all of the Town's programs decreased by \$7.6 million (or 3.3%) to \$223.1 million. Of the \$7.6 million decrease, \$26.5 million is due to the elimination of a one-time payout by the State of Connecticut on-behalf payments to the State Teachers' Retirement Fund; in the prior year, this payment was 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 \$16.3 million, down \$2.4 million (or 12.7%).
- 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 decreased from \$162.3 million to \$151.0 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	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 48,723	\$ 64,058	\$ 38,575	\$ 43,273	\$ 87,298	\$ 107,331
Capital assets	178,450	172,784	34,551	34,876	213,001	207,660
Total assets	<u>227,173</u>	<u>236,842</u>	<u>73,126</u>	<u>78,149</u>	<u>300,299</u>	<u>314,991</u>
Long-term debt outstanding	109,845	114,640	17,005	11,992	126,850	126,632
Other liabilities	11,025	14,495	11,433	11,528	22,458	26,023
Total liabilities	<u>120,870</u>	<u>129,135</u>	<u>28,438</u>	<u>23,520</u>	<u>149,308</u>	<u>152,655</u>
Net Assets:						
Invested in capital assets, net of debt	104,570	85,637	26,098	24,060	130,668	109,697
Restricted	3,702	4,248			3,702	4,248
Unrestricted (deficit)	<u>(1,969)</u>	<u>17,822</u>	<u>18,590</u>	<u>30,569</u>	<u>16,621</u>	<u>48,391</u>
Total Net Assets	<u>\$ 106,303</u>	<u>\$ 107,707</u>	<u>\$ 44,688</u>	<u>\$ 54,629</u>	<u>\$ 150,991</u>	<u>\$ 162,336</u>

Net assets of the Town's governmental activities decreased by 1.3%. 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 \$17.8 million at June 30, 2008 to \$(2.0) million at the end of this year. This decrease is directly related to the comparable increase in net assets invested in Capital Assets, net of debt.

More specific elements of the change in unrestricted governmental net assets resulted from revenue and expenditure items which ended the year in an unfavorable position. Interest income finished the year \$.5 million under budget as the Federal Reserve continued its low interest rate monetary policy. On the expenditure side, delays in filling vacancies in all functions played a large role in offsetting the previous unfavorable revenue results. Authorized appropriations of \$2.0 million also remained unspent at year-end. Revenue items directly correlated to the economy (building permits and land conveyance fees) also suffered as the economy continued its weakness (\$.4) million. In the Capital Projects Fund, \$22.8 million was expended for improvements; a majority of these improvements involved major school renovation projects and roads/sidewalks. These capital expenses were partially funded through intergovernmental grants \$7.5 million and transfers in of \$1.8 million. The net assets of business-type activities decreased by 18.2% (\$44.7 million compared to \$54.7 million in 2008). This decrease, however, cannot be used in combination with the reported 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 a decrease in net assets of \$6.7 million in the current year, mostly due to the recalculation of long-term

closure estimates of \$5.7 million. 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 \$3.8 million mainly due to a deficit-reduction plan and a reduction in claims payable for the Manchester Self-Insurance Program.

TABLE 2
CHANGES IN NET ASSETS
(InThousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 6,826	\$ 6,924	\$ 18,102	\$ 19,749	\$ 24,928	\$ 26,673
Operating grants and contributions	49,599	73,278	-		49,599	73,278
Capital grants and contributions	8,224	20,105	236	264	8,460	20,369
General revenues:						
Property taxes	122,923	118,916			122,923	118,916
Grants and contributions not restricted to specific purposes	4,916	4,686			4,916	4,686
Unrestricted investment earnings	298	2,159	457	1,917	755	4,076
Other general revenues	215	591			215	591
Total revenues	<u>193,001</u>	<u>226,659</u>	<u>18,795</u>	<u>21,930</u>	<u>211,796</u>	<u>248,589</u>
Program expenses:						
General government	4,079	7,537			4,079	7,537
Public safety	32,588	37,270			32,588	37,270
Public works	19,094	16,321			19,094	16,321
Human services	5,213	5,246			5,213	5,246
Leisure services	6,288	5,714			6,288	5,714
Education	125,273	135,716			125,273	135,716
Interest on long-term debt	3,580	3,333			3,580	3,333
Water			8,525	6,725	8,525	6,725
Sewer			5,644	5,769	5,644	5,769
Sanitation			12,857	7,065	12,857	7,065
Total program expenses	<u>196,115</u>	<u>211,137</u>	<u>27,026</u>	<u>19,559</u>	<u>223,141</u>	<u>230,696</u>
Excess before transfers	(3,114)	15,522	(8,231)	2,371	(11,345)	17,893
Transfers	<u>1,710</u>	<u>1,654</u>	<u>(1,710)</u>	<u>(1,654)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	\$ <u>(1,404)</u>	\$ <u>17,176</u>	\$ <u>(9,941)</u>	\$ <u>717</u>	\$ <u>(11,345)</u>	\$ <u>17,893</u>

The Town's total revenues (Governmental and Business-Type) were \$211.8 million. The total cost of all programs and services (Governmental and Business-Type) was \$223.1 million. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The decrease in Governmental Activities net assets was \$1.4 million. This negative operating result resulted primarily from the recognition of an additional \$2.7 million of Other Post Employment Benefits (OPEB). The amount invested in capital assets, net of debt increased by \$18.9 million as work was completed on the renovations at Bennet and the Head Start facility neared completion. No General Obligation Bonds were issued during the fiscal year to fund these improvements. Operating grants and contributions decreased by \$23.7 million while capital grants and contributions decreased by \$11.9 million. The large decrease in operating grants and contributions is primarily due to a one time \$26.5 million increase the State of Connecticut's on-behalf contribution to the Teacher's Retirement Fund in FY08; this contribution is no longer reflected in operating grants and contributions revenue and in education program expenses and has no net impact on the Town's net assets. Property taxes increased \$4.0 million over the prior year.

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

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Education	\$ 125,273	\$ 135,716	\$ 69,103	\$ 47,335
Public safety	32,588	37,270	30,464	35,146
Public works	19,094	16,321	16,039	10,817
Leisure services	6,288	5,714	5,410	4,925
General government	4,079	7,537	2,836	5,608
All others	8,793	8,579	7,614	6,999
Totals	<u>\$ 196,115</u>	<u>\$ 211,137</u>	<u>\$ 131,466</u>	<u>\$ 110,830</u>

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) decreased by 14.3% (\$18.8 million in 2009 compared to \$21.9 million in 2008) and expenses increased by 38.2% (\$27.0 million in 2009 compared to \$19.6 million in 2008). The revenue decrease was predominantly the result of reduced usage and related sales in these funds. Expenses in the business-type funds increased by 38.2% primarily due to the restatement and associated recognition of an additional \$5.7 million in landfill closure expenses.

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 \$19.1 million, which is a decrease of \$15.7 million from last year's total. Included in this year's total change in fund balance is a decrease of \$2.4 million in the Town's General Fund. The primary reasons for the General Fund's decrease mirror the governmental activities analysis highlighted in Exhibit IV. In addition, during the fiscal year the Capital Projects Fund completed \$22.7 million of capital improvements that were partially funded through intergovernmental grants (\$7.8 million) and other sources including internal funding (\$1.8 million). The deficit in the capital projects fund will be eliminated as General Obligation Bonds are issued to fund the related capital projects.

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

- 1) Investment income that underachieved estimates (\$.5 million) as the Federal Reserve continued its monetary policy of low interest rates.
- 2) General operating expenses were kept under budget in all functional areas primarily due to vacancies in certain positions. Total expenses were under budget by approximately \$2.0 million.
- 3) Licenses, permits and fees declined as a result of fewer building permits and the collection of land conveyance fees.

These items combined produce a decrease of approximately \$1.8 million in General Fund balance. This decrease in fund balance was increased by the planned use of designated fund balance in fiscal year 2009. The most significant of these uses of designated fund balance are: \$1.5 million for the deficit-reduction plan in the self-insurance fund, \$.4 million for the next State mandated property revaluation in 2011 and \$.1 million as a contribution to the newly created OPEB Trust Fund.

The Town's General Fund balance of \$16.3 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$14.5 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$1.7 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 \$541 thousand from \$1.8 million to \$2.3 million. The Fire District fund continues to be 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 \$44.7 million, which is a decrease of \$9.9 million from last year's total of \$54.6 million. Included in this year's total change in net assets is a decrease of \$6.7 million in the Sanitation Fund, a \$220 thousand decrease in the Sewer Fund and a \$3.2 million decrease in the Water Fund. The Sanitation Fund decrease was primarily driven by a recalculation of final closure costs which increased by \$5.7 million. The Water and Sewer Funds experienced increased operating costs; these cost increases could not be offset by current personnel vacancies, resulting in an operating loss of \$220 thousand in the Sewer Fund. The Water Fund loss was also affected by reduced sales and increased costs, but there was also a planned drawdown of Water/Sewer net assets in fiscal year 2009 to reduce operating capital to 180 days of operating expenses.

In the internal service funds, the self-insurance funds experienced a net combined net gain of \$3.8 million. Net assets in the employee health benefits fund increased by \$866 thousand due to claims finishing below estimates. The net assets in the non-health benefits fund increased by \$2.6 million due to the planned use of \$1.5 million in designated General Fund balance to reduce the deficit in this fund. The Information Systems Fund's gain amounted to \$246 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the Town had \$213.1 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 \$5.6 million, or 3.3%, over last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land	\$ 11.5	\$ 11.5	\$ 1.2	\$ 1.1	\$ 12.7	\$ 12.6
Buildings and improvements	99.4	25.6	10.0	9.8	109.4	35.4
Equipment	8.0	7.1	22.9	20.7	30.9	27.8
Infrastructure	50.6	50.9			50.6	50.9
Construction in progress	9.0	77.6	0.5	3.2	9.5	80.8
Total	\$ <u>178.5</u>	\$ <u>172.7</u>	\$ <u>34.6</u>	\$ <u>34.8</u>	\$ <u>213.1</u>	\$ <u>207.5</u>

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

Head Start Facility - \$5.3
Bennet Middle School - \$3.4
Public Infrastructure - \$3.2

The Town's fiscal-year 2009-10 capital budget plans for the first stages of construction on a major water system upgrade (approximately \$8 million), the finalization of the new Youth Service Bureau site, as well as continuation of the public infrastructure program improvements (\$4.0 million).

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

Long-Term Debt

At June 30, 2009 the Town had \$80.1 million in bonds outstanding versus \$86.9 million last year - a decrease of 7.8% - as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds (Backed by the Town)	\$ <u>78.4</u>	\$ <u>84.4</u>	\$ <u>1.7</u>	\$ <u>2.5</u>	\$ <u>80.1</u>	\$ <u>86.9</u>

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 \$857.3 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 2009-2010, General Fund appropriations total \$158.7 million. This is an increase of \$.7 million or .44% over 2008-2009. The General Fund budget includes the use of \$1.05 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 26.8 and business-type fees for the 2009-2010 fiscal year. One of these is the effect of the last year of the phase in of the October 1, 2006 real property revaluation on property tax bills. With this in mind, the Town created and is implementing 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. In FY09, \$1.05 million was used. The 26.8 mill rate represents a decrease of 2.40 mills (8.2%) from the previous year. This decreased mill rate will be applied against an increased Taxable Grand List after the last year of the Revaluation phase in. 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.

The most immediate challenge faced by the Town is the budgetary instability occurring at the State level. The Town receives \$36 million of grants in and from the State or approximately 23% of the General Fund budget. As the budgetary difficulties of the State force the review of the State's commitment to municipalities, a drastically reduced level of support from the State will prove difficult to overcome without drastic tax increases or service reductions.

Overall, financial results were as planned for FY09. Over the previous years, the Town had strengthened its position by continuing to add to General Fund balance each year. The resulting relatively strong fund balance position is assisting the Town in addressing issues created by the current unfavorable economic climate. The current statewide and national economic downturns has resulted in lower investment returns, as well as decreases in state and federal funding. In particular, the State of Connecticut's 2010/11 budget will 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, 2009

(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Special Services District
Assets:				
Cash and cash equivalents	\$ 4,069	\$ 19,091	\$ 23,160	\$ 192
Investments	21,753	14,571	36,324	
Receivables, net	22,799	4,079	26,878	
Due from component unit	55		55	
Inventories	38	828	866	
Prepaid asset	9	6	15	
Capital assets:				
Assets not being depreciated	20,548	1,706	22,254	
Assets being depreciated, net	157,902	32,845	190,747	
Total assets	<u>227,173</u>	<u>73,126</u>	<u>300,299</u>	<u>192</u>
Liabilities:				
Accounts and other payables	7,805	2,729	10,534	11
Accrued liabilities	1,473	411	1,884	2
Due to primary government			-	55
Bond anticipation notes	346	7,390	7,736	
Unearned revenue	1,401	903	2,304	
Noncurrent liabilities:				
Due within one year	13,952	1,284	15,236	
Due in more than one year	95,893	15,721	111,614	
Total liabilities	<u>120,870</u>	<u>28,438</u>	<u>149,308</u>	<u>68</u>
Net Assets:				
Invested in capital assets, net of related debt	104,570	26,098	130,668	
Restricted for:				
Trust purposes:				
Expendable	1,160		1,160	
Nonexpendable	2,542		2,542	
Unrestricted	<u>(1,969)</u>	<u>18,590</u>	<u>16,621</u>	<u>124</u>
Total Net Assets	<u>\$ 106,303</u>	<u>\$ 44,688</u>	<u>\$ 150,991</u>	<u>\$ 124</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, 2009

(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	\$ 4,079	\$ 921	\$ 322	\$	\$ (2,836)	\$	\$ (2,836)	\$
Public works	19,094	784	52	2,219	(16,039)		(16,039)	
Public safety	32,588	1,470	536	118	(30,464)		(30,464)	
Human services	5,213	80	1,042		(4,091)		(4,091)	
Leisure services	6,288	791	87		(5,410)		(5,410)	
Education	125,273	2,780	47,503	5,887	(69,103)		(69,103)	
Interest on long-term debt	3,580		57		(3,523)		(3,523)	
Total governmental activities	<u>196,115</u>	<u>6,826</u>	<u>49,599</u>	<u>8,224</u>	<u>(131,466)</u>		<u>(131,466)</u>	
Business-type activities:								
Water	8,525	6,364				(2,161)	(2,161)	
Sewer	5,644	5,836		236		428	428	
Sanitation	12,857	5,902				(6,955)	(6,955)	
Total business-type activities	<u>27,026</u>	<u>18,102</u>		<u>236</u>		<u>(8,688)</u>	<u>(8,688)</u>	
Total primary governmental activities	<u>\$ 223,141</u>	<u>\$ 24,928</u>	<u>\$ 49,599</u>	<u>\$ 8,460</u>	<u>(131,466)</u>	<u>(8,688)</u>	<u>(140,154)</u>	
Component Unit:								
Downtown Special Services District	<u>\$ 264</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>				(168)
General revenues:								
Property taxes					122,923		122,923	
Grants and contributions not restricted to specific programs					4,916		4,916	141
Unrestricted investment earnings					298	457	755	3
Miscellaneous					215		215	
Transfers					1,710	(1,710)	-	
Total general revenues and transfers					<u>130,062</u>	<u>(1,253)</u>	<u>128,809</u>	<u>144</u>
Change in net assets					<u>(1,404)</u>	<u>(9,941)</u>	<u>(11,345)</u>	<u>(24)</u>
Net Assets at Beginning of Year					<u>107,707</u>	<u>54,629</u>	<u>162,336</u>	<u>148</u>
Net Assets at End of Year					<u>\$ 106,303</u>	<u>\$ 44,688</u>	<u>\$ 150,991</u>	<u>\$ 124</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

(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	\$ 864	\$ 147	\$	\$ 2,044	\$ 3,055
Investments	12,826	1	278	3,362	16,467
Receivables, net	5,244	2,923	11,900	1,546	21,613
Due from component unit	55				55
Inventories				38	38
Interfund receivables	7,000				7,000
Other assets	<u>3</u>	<u></u>	<u></u>	<u>4</u>	<u>7</u>
Total Assets	<u>\$ 25,992</u>	<u>\$ 3,071</u>	<u>\$ 12,178</u>	<u>\$ 6,994</u>	<u>\$ 48,235</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,136	\$ 217	\$ 3,107	\$ 379	\$ 6,839
Accrued liabilities	1,039	213		119	1,371
Intergovernmental payables	53				53
Interfund payables			14,462		14,462
Deferred revenue	5,487		356	229	6,072
Bond anticipation notes payable		<u>346</u>			<u>346</u>
Total liabilities	<u>9,715</u>	<u>776</u>	<u>17,925</u>	<u>727</u>	<u>29,143</u>
Fund balances:					
Reserved	1,787	34	1,594	2,606	6,021
Unreserved, reported in:					
General Fund	14,490				14,490
Special Revenue Funds		2,261		3,661	5,922
Capital Project Funds			(7,341)		(7,341)
Total fund balances	<u>16,277</u>	<u>2,295</u>	<u>(5,747)</u>	<u>6,267</u>	<u>19,092</u>
Total Liabilities and Fund Balances	<u>\$ 25,992</u>	<u>\$ 3,071</u>	<u>\$ 12,178</u>	<u>\$ 6,994</u>	<u>\$ 48,235</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

(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	\$ 19,092
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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	\$ 274,066	
Less accumulated depreciation	<u>(97,583)</u>	
Net capital assets		176,483

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

Property tax receivables greater than 60 days	3,019
Interest receivable on property taxes	1,029
Receivable from the state for school construction projects	623

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.

7,445

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	(5,549)
Bonds and notes payable	(78,470)
Interest payable on bonds and notes	(794)
Compensated absences	(15,536)
Capital lease	(1,229)
Interest payable on leases	(62)
Deferred charges on refunding	<u>252</u>

Net Assets of Governmental Activities (Exhibit I)	<u><u>\$ 106,303</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, 2009
(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	\$ 112,758	\$ 9,665	\$	\$	\$ 122,423
Intergovernmental	44,135	207	7,542	10,796	62,680
Investment earnings	647	35	27	162	871
Investment losses				(702)	(702)
Licenses, permits and fines	1,700				1,700
Charges for goods and services	2,137	697		2,320	5,154
Other	70	2	221	331	624
Total revenues	<u>161,447</u>	<u>10,606</u>	<u>7,790</u>	<u>12,907</u>	<u>192,750</u>
Expenditures:					
Current:					
General government	5,050			130	5,180
Public works	12,375			3	12,378
Public safety	16,558	10,726		1,021	28,305
Human services	3,085			1,202	4,287
Leisure services	5,127			351	5,478
Employee benefits	2,473				2,473
Education	103,412			10,745	114,157
Internal service fund charges	4,738				4,738
Other	146	501		271	918
Debt service	9,074	225	115		9,414
Capital outlay	<u>75</u>	<u>75</u>	<u>22,714</u>	<u>51</u>	<u>22,840</u>
Total expenditures	<u>162,038</u>	<u>11,527</u>	<u>22,829</u>	<u>13,774</u>	<u>210,168</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(591)</u>	<u>(921)</u>	<u>(15,039)</u>	<u>(867)</u>	<u>(17,418)</u>
Other Financing Sources (Uses):					
Transfers in	1,406	1,662	1,787	256	5,111
Transfers out	<u>(3,182)</u>	<u>(200)</u>	<u>(10)</u>	<u>(9)</u>	<u>(3,401)</u>
Total other financing sources (uses)	<u>(1,776)</u>	<u>1,462</u>	<u>1,777</u>	<u>247</u>	<u>1,710</u>
Net Change in Fund Balances	(2,367)	541	(13,262)	(620)	(15,708)
Fund Balances at Beginning of Year	<u>18,644</u>	<u>1,754</u>	<u>7,515</u>	<u>6,887</u>	<u>34,800</u>
Fund Balances at End of Year	<u>\$ 16,277</u>	<u>\$ 2,295</u>	<u>\$ (5,747)</u>	<u>\$ 6,267</u>	<u>\$ 19,092</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, 2009
(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)	\$ (15,708)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	14,829
Depreciation expense	(8,494)

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. (463)

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. 45

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	(298)
Property tax receivable - accrual basis change	377
Property tax interest and lien revenue - accrual basis change	123

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	5,975
Capital lease payments	446

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	657
Accrued interest	102
Amortization of deferred charge on refunding	(58)
Net OPEB expense	(2,698)

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.	<u>3,761</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (1,404)</u>
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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, 2009

(In Thousands)

	Business-Type Activities						Governmental
	Sanitation Fund					Total Business-Type Activities	Activities
	Water	Sewer	Operations	Landfill Closure	Total		Internal Service Fund
Assets:							
Current assets:							
Cash and cash equivalents	\$ 4,147	\$ 3,539	\$ 11,405	\$	\$ 11,405	\$ 19,091	\$ 1,014
Investments	39	11		14,521	14,521	14,571	5,286
Receivables, net	1,606	1,568	812		812	3,986	1,186
Assessment receivable		93			-	93	
Inventories	570	258			-	828	
Interfund receivable					-	-	7,462
Prepaid expenses			6		6	6	2
Total current assets	6,362	5,469	12,223	14,521	26,744	38,575	14,950
Noncurrent assets:							
Capital assets, net	20,420	12,403	1,728		1,728	34,551	1,966
Total assets	26,782	17,872	13,951	14,521	28,472	73,126	16,916
Liabilities:							
Current liabilities:							
Accounts and other payables	904	573	1,252		1,252	2,729	118
Accrued liabilities	256	124	31		31	411	40
Claims payable					-	-	4,731
Unearned revenue		93			-	93	
Customer deposits		279	531		531	810	
Bond anticipation notes	6,740	650			-	7,390	
Bonds payable		848			-	848	
Compensation absences	195	172	69		69	436	99
Capital lease payable					-	-	373
Total current liabilities	8,095	2,739	1,883	-	1,883	12,717	5,361
Noncurrent liabilities:							
Accrued liabilities				13,983	13,983	13,983	
Bonds payable		865			-	865	
Compensated absences	399	340	134		134	873	253
Claims payable					-	-	3,472
Capital lease payable					-	-	385
Total noncurrent liabilities	399	1,205	134	13,983	14,117	15,721	4,110
Total liabilities	8,494	3,944	2,017	13,983	16,000	28,438	9,471
Net Assets:							
Invested in capital assets, net of related debt	13,680	10,690	1,728		1,728	26,098	1,966
Unrestricted	4,608	3,238	10,206	538	10,744	18,590	5,479
Total Net Assets	\$ 18,288	\$ 13,928	\$ 11,934	\$ 538	\$ 12,472	\$ 44,688	\$ 7,445

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, 2009
(In Thousands)

	Business-Type Activities						Governmental Activities
	Sanitation Fund				Total Business-Type Activities		
	Water	Sewer	Operations	Landfill Closure		Total	
Operating Revenues:							
Charges for services	\$ 6,345	\$ 5,779	\$ 5,801	\$	\$ 5,801	\$ 17,925	\$ 23,907
Other	19	57	101		101	177	20
Total operating revenues	<u>6,364</u>	<u>5,836</u>	<u>5,902</u>	<u>-</u>	<u>5,902</u>	<u>18,102</u>	<u>23,927</u>
Operating Expenses:							
Administrative	467	511	629		629	1,607	
General operating	6,147	4,000	5,889		5,889	16,036	3,017
Claims expense					-	-	16,985
Depreciation	1,792	1,064	590		590	3,446	293
Total operating expenses	<u>8,406</u>	<u>5,575</u>	<u>7,108</u>	<u>-</u>	<u>7,108</u>	<u>21,089</u>	<u>20,295</u>
Operating Income (Loss)	(2,042)	261	(1,206)		(1,206)	(2,987)	3,632
Nonoperating Revenue (expense):							
Income on investments	125	36	101	195	296	457	129
Interest expense	(169)	(74)			-	(243)	
Change in estimate for closure/ post closure costs				(5,749)	(5,749)	(5,749)	
Debt insurance costs	<u>50</u>	<u>5</u>			<u>-</u>	<u>55</u>	
Income Before Capital Contributions and Transfers	(2,036)	228	(1,105)	(5,554)	(6,659)	(8,467)	3,761
Capital Contributions		236			-	236	
Transfers Out	<u>(1,134)</u>	<u>(486)</u>	<u>(90)</u>		<u>(90)</u>	<u>(1,710)</u>	
Change in Net Assets	(3,170)	(22)	(1,195)	(5,554)	(6,749)	(9,941)	3,761
Net Assets at Beginning of Year	<u>21,458</u>	<u>13,950</u>	<u>13,129</u>	<u>6,092</u>	<u>19,221</u>	<u>54,629</u>	<u>3,684</u>
Net Assets at End of Year	\$ 18,288	\$ 13,928	\$ 11,934	\$ 538	\$ 12,472	\$ 44,688	\$ 7,445

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, 2009
(In Thousands)

	Business-Type Activities					Governmental Activities
	Sanitation Fund		Total Business-Type Activities			Internal Service Fund
	Water	Sewer	Operations	Landfill Closure	Total	
Cash Flows from Operating Activities:						
Cash received from customers and users	\$ 6,267	\$ 5,632	\$ 5,721	\$ -	\$ 5,721	\$ 17,620
Cash received from insurance proceeds					-	-
Other operating receipts	(19)	91	101		101	173
Cash deposits returned to customers			(43)		(43)	(43)
Cash paid to suppliers for goods and services	(4,399)	(2,230)	(4,594)		(4,594)	(11,223)
Cash paid for interfund services provided	(410)	(361)	(418)		(418)	(1,189)
Cash paid to employees	(1,756)	(1,578)	(748)		(748)	(4,082)
Cash paid for insurance claims and premiums					-	-
Net cash provided by (used in) operating activities	(317)	1,554	19	-	19	1,256
Cash Flows from Noncapital Financing Activities:						
Transfers out	(1,134)	(486)	(90)		(90)	(1,710)
Cash received from other funds					-	-
Net cash used in noncapital financing activities	(1,134)	(486)	(90)	-	(90)	(1,710)
Cash Flows from Capital and Related Financing Activities:						
Principal payment - long-term obligations	(830)	(849)			-	(1,679)
Principal payment - bond anticipation notes		(50)			-	(50)
Interest paid	(299)	(82)			-	(381)
Debt issuance costs, net	50	(3)			-	47
Purchase of capital assets and construction	(2,286)	(841)	10		10	(3,117)
Gain (Loss) on disposal of capital assets		1			-	1
Capital grants and contributions		236			-	236
Net cash provided by (used) in capital and related financing activities	(3,365)	(1,588)	10	-	10	(4,943)
Cash Flows from Investing Activities:						
Interest received	125	43	99	195	294	462
Proceeds from sale of investments		902			-	902
Purchase of investments		(909)		(195)	(195)	(1,104)
Net cash provided by investing activities	125	36	99	-	99	260
Net Increase in Cash and Cash Equivalents	(4,691)	(484)	38	-	38	(5,137)
Cash and Cash Equivalents at Beginning of Year	8,838	4,023	11,367	-	11,367	24,228
Cash and Cash Equivalents at End of Year	\$ 4,147	\$ 3,539	\$ 11,405	\$ -	\$ 11,405	\$ 19,091
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used in) Operating Activities:						
Operating income (loss)	\$ (2,042)	\$ 261	\$ (1,206)	\$ -	\$ (1,206)	\$ (2,987)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	1,792	1,064	590		590	3,446
Change in asset and liabilities:						
(Increase) decrease in accounts receivable	(72)	(111)	(80)		(80)	(263)
(Increase) decrease in allowance for doubtful accounts	36	38			-	74
(Increase) decrease in inventory and prepaid items	(38)	(20)	8		8	(50)
Increase (decrease) in accounts payable	(77)	189	730		730	842
Increase (decrease) in accrued expenses	162	23	1		1	186
Increase (decrease) in customer deposits	(45)		(43)		(43)	(88)
Increase (decrease) in compensated absences payable	(33)	110	19		19	96
Increase (decrease) in claims payable					-	-
Net Cash Provided by (Used in) Operating Activities	\$ (317)	\$ 1,554	\$ 19	\$ -	\$ 19	\$ 1,256

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009
(In Thousands)

	Pension Trust Fund	Retiree Health Care Trust Fund	Agency Funds
	<hr/>	<hr/>	<hr/>
Assets:			
Cash and cash equivalents	\$	\$ 21	\$ 825
Investments:			
Stocks and options	2,512		
Taxable liquid funds	1,080		
Property funds	9,018		
Mutual funds	92,818	100	
Accounts receivable	373		
	<hr/>	<hr/>	<hr/>
Total assets	105,801	121	\$ 825
	<hr/>	<hr/>	<hr/>
Liabilities:			
Accounts and other payables	2,393		
Deposits held for others			\$ 825
	<hr/>	<hr/>	<hr/>
Total liabilities	2,393		\$ 825
	<hr/>	<hr/>	<hr/>
Net Assets:			
Held in Trust for Pension Benefits	\$ 103,408	\$ 121	
	<hr/>	<hr/>	

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(In Thousands)

	Pension Trust Fund	Retiree Health Care Trust Fund
	<hr/>	<hr/>
Additions:		
Contributions:		
Employer	\$ 3,561	\$ 8,518
Plan members	2,330	21
Total contributions	<hr/> 5,891 <hr/>	<hr/> 8,539 <hr/>
Investment income (loss):		
Net depreciation in fair value of investments	(23,660)	
Interest and dividends	4,496	
Income from real estate investments	648	
Total investment loss	<hr/> (18,516) <hr/>	<hr/> - <hr/>
Total additions (reductions)	<hr/> (12,625) <hr/>	<hr/> 8,539 <hr/>
Deductions:		
Benefits	9,025	8,418
Administration	485	
Total deductions	<hr/> 9,510 <hr/>	<hr/> 8,418 <hr/>
Net Increase (Decrease) in Net Assets	(22,135)	121
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<hr/> 125,543 <hr/>	<hr/> - <hr/>
Net Assets Held in Trust for Pension Benefits at End of Year	\$ <u><u>103,408</u></u>	\$ <u><u>121</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Retiree Health Care Trust Fund accounts for other post retirement benefits of the Town.

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.

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

Agency Funds - The Town maintains five agency funds for 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 \$997 has been established as an allowance for uncollectible taxes. At June 30, 2009, this represents 22.43% 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) No later than March 13, the General Manager prepares and submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The legal level of control for the budget is represented by the following categories: general government, public works, public safety, human services, leisure services, employee benefits, education, debt service, other and interfund transfers (including payments to internal service funds).
- (2) No later than March 23, a public hearing is conducted by the Board of Directors to obtain taxpayer comments.
- (3) No later than April 16, the budget must be adopted by the Board of Directors. If the Board fails to adopt the budget, the tentative budget submitted by the General Manager is deemed to be adopted.
- (4) The Charter provides for a budget referendum by petition. If a petition to reject the budget is signed by at least 7% of registered voters, and filed with and certified by the Town Clerk within ten days of budget adoption, a budget referendum is to be held. If the budget adopted by the Board of Directors is rejected at the referendum, the Board of Directors must adopt a revised budget. Only one budget referendum may be held per year and the revised budget adopted by the Board of Directors takes effect on July 1.
- (5) The General Manager is authorized to transfer budgeted amounts within appropriations for each category noted above; however, any transfer between appropriations for these categories or additional appropriations must be approved by the Board of Directors. Additional appropriations of \$2,154 were approved during the year for the General Fund with a corresponding increase in estimated revenues of \$198 and appropriations from fund balance of \$1,956. Additional appropriations of \$1 were approved during the year for the Special Taxing District-Fire Special Revenue Fund with a corresponding increase in estimated revenues of \$1.
- (6) Formal budgetary integration is employed as a management control device during the year.
- (7) Except for encumbrance accounting, all budgets are prepared on the modified accrual basis.
- (8) Generally, the unexpended and unencumbered portion of appropriations lapse at year end, except those of the capital projects funds. Appropriations for the foregoing are continued until completion of the project, even when projects extend beyond one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are 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, 2009.

<u>Fund</u>	<u>Amount</u>
Manchester Self Insurance Program	\$ 247
Capital Projects Fund	5,747

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

Manchester Self Insurance Program accumulated deficit is the result of claims expenses and has decreased from \$2,896 in the prior year. The deficit will be eliminated with future Town contributions.

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

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, 2009:

Deposits:	
Demand accounts*	\$ 11,876
Cash on hand	8
Cash equivalents:	
State Short-Term Investment Fund (STIF)	7,075
Webster Secured Municipal Account (SMA)	5,002
Lease Purchase Escrow Funds	<u>237</u>
Total Cash and Cash Equivalents	\$ <u>24,198</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, 2009, the carrying amount of the Town's deposits was \$11,876 and the bank balance was \$11,925.

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, 2009 bank balance, \$2,697 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 \$948, based on June 30, 2009 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$8,180 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, 2009 the Town's cash equivalents amounted to \$12,314. 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
Secured Municipal Account (SMA)		X

B. Investments

Investments as of June 30, 2009 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	\$ 22,990	3.50
Other investments:		
Common stock	3,971	
Taxable liquid funds	4,409	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	6,524	
UBS Trumbull Property Income Fund	4,419	
UBS Trumbull Property Fund	3,146	
Evergreen Money Market	2,960	
Mutual funds	93,433	
Total	\$ <u>141,852</u>	
Portfolio weighted average maturity for interest bearing investments		3.50

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, 2009, the Town's investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes	\$ 4,445	\$	\$	\$	\$	\$	\$	\$ 4,445
Interest	1,029							1,029
Accounts	9	3,013		1,882	1,837	887	1,276	8,904
Intergovernmental	758		11,900	7	8		1,338	14,011
Special assessments					93			93
Loans							118	118
Pension contribution							373	373
Gross receivables	<u>6,241</u>	<u>3,013</u>	<u>11,900</u>	<u>1,889</u>	<u>1,938</u>	<u>887</u>	<u>3,105</u>	<u>28,973</u>
Less allowance for uncollectibles	<u>(997)</u>	<u>(90)</u>		<u>(283)</u>	<u>(277)</u>	<u>(75)</u>		<u>(1,722)</u>
Net Total Receivables	<u>\$ 5,244</u>	<u>\$ 2,923</u>	<u>\$ 11,900</u>	<u>\$ 1,606</u>	<u>\$ 1,661</u>	<u>\$ 812</u>	<u>\$ 3,105</u>	<u>\$ 27,251</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	\$ 283
Sewer	277
Sanitation	<u>75</u>
 Total Uncollectibles of the Current Fiscal Year	 \$ <u><u>635</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	\$ 4,048	\$
Advance and unapplied taxes		786
Grant drawdowns		210
Unearned fees		405
School building grant	<u>623</u>	<u></u>
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ <u><u>4,671</u></u>	 \$ <u><u>1,401</u></u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 11,524	\$	\$ 2	\$	\$ 11,526
Construction in progress	<u>77,538</u>	<u>6,983</u>	<u>(75,358)</u>	<u>(141)</u>	<u>9,022</u>
Total capital assets not being depreciated	<u>89,062</u>	<u>6,983</u>	<u>(75,356)</u>	<u>(141)</u>	<u>20,548</u>
Capital assets being depreciated:					
Buildings and improvements	60,370	3,487	74,776	(110)	138,523
Improvements other than buildings	5,437	638			6,075
Machinery and equipment	21,966	1,770	580	(874)	23,442
Infrastructure	<u>86,886</u>	<u>2,039</u>		<u>(935)</u>	<u>87,990</u>
Total capital assets being depreciated	<u>174,659</u>	<u>7,934</u>	<u>75,356</u>	<u>(1,919)</u>	<u>256,030</u>
Less accumulated depreciation for:					
Buildings and improvements	(38,013)	(4,967)		111	(42,869)
Improvements other than buildings	(2,158)	(188)			(2,346)
Machinery and equipment	(14,819)	(1,501)		873	(15,447)
Infrastructure	<u>(35,947)</u>	<u>(2,132)</u>		<u>613</u>	<u>(37,466)</u>
Total accumulated depreciation	<u>(90,937)</u>	<u>(8,788)</u>	<u>-</u>	<u>1,597</u>	<u>(98,128)</u>
Total capital assets being depreciated, net	<u>83,722</u>	<u>(854)</u>	<u>75,356</u>	<u>(322)</u>	<u>157,902</u>
Governmental Activities Capital Assets, Net	<u>\$ 172,784</u>	<u>\$ 6,129</u>	<u>\$ -</u>	<u>\$ (463)</u>	<u>\$ 178,450</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>3,164</u>	<u>518</u>	<u>(3,147)</u>	<u>535</u>
Total capital assets not being depreciated	<u>4,335</u>	<u>518</u>	<u>(3,147)</u>	<u>1,706</u>
Capital assets being depreciated:				
Buildings and improvements	29,728	1,428	(27)	31,129
Improvements other than buildings	8,192			8,192
Machinery and equipment	<u>57,851</u>	<u>4,324</u>	<u>(500)</u>	<u>61,675</u>
Total capital assets being depreciated	<u>95,771</u>	<u>5,752</u>	<u>(527)</u>	<u>100,996</u>
Less accumulated depreciation for:				
Buildings and improvements	(22,313)	(1,065)	26	(23,352)
Improvements other than buildings	(5,758)	(214)		(5,972)
Machinery and equipment	<u>(37,159)</u>	<u>(2,167)</u>	<u>499</u>	<u>(38,827)</u>
Total accumulated depreciation	<u>(65,230)</u>	<u>(3,446)</u>	<u>525</u>	<u>(68,151)</u>
Total capital assets being depreciated, net	<u>30,541</u>	<u>2,306</u>	<u>(2)</u>	<u>32,845</u>
Business-Type Activities Capital Assets, Net	<u>\$ 34,876</u>	<u>\$ 2,824</u>	<u>\$ (3,149)</u>	<u>\$ 34,551</u>

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

Governmental activities:	
General government	\$ 416
Public works	2,537
Public safety	697
Human services	29
Recreation	164
Library	21
Education	<u>4,924</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,788</u>
Business-type activities:	
Water	\$ 1,792
Sewer	1,064
Sanitation	<u>590</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 3,446</u>

Construction Commitments

The Town has active construction projects as of June 30, 2009. 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, 2009:

Project	Authorized Amount	Expended and Encumbered	Unencumbered Balance
2000 Public Works Projects	\$ 6,343	\$ 6,027	\$ 316
School Repairs/Renovations 2001/02	7,518	7,131	387
2003 Public Works Projects	5,427	5,020	407
Head Start Facility	7,502	5,823	1,679
Real Property Acquisition	3,063	2,232	831
Bennet, Illing, Bowers, Waddell School Project	45,366	43,030	2,336
2005 Public Works Projects	5,354	4,755	599
2007 School Building and Grounds	2,470	1,169	1,301
Highland Park School Renovations	8,490	1	8,489
2007 Public Works Projects	<u>6,099</u>	<u>2,892</u>	<u>3,207</u>
Total	\$ <u>97,632</u>	\$ <u>78,080</u>	\$ <u>19,552</u>

The following capital projects are being financed by a combination of State and Federal grants and general obligation bonds: School Repairs/Renovations 2001/02, 2003 Public Works Projects, Real Property Acquisitions, Bennet, Illing, Bowers, Waddell School Projects, 2005 Public Works Projects, 2007 School Building and Grounds, Highland Park School Renovations 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	\$ 55
General Fund	Capital Project Fund	7,000
Information Systems Fund	Capital Project Fund	1,394
Manchester Self Insurance Program	Capital Project Fund	5,811
Town of Manchester Medical Insurance Fund	Capital Project Fund	<u>257</u>
Total		\$ <u>14,517</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
Transfers:					
General Fund	\$	\$ 1,662	\$ 1,264	\$ 256	\$ 3,182
Fire District	200				200
Nonmajor governmental	9				9
Capital Projects Fund	10				10
Water	611		523		1,134
Sewer	486				486
Sanitation	90				90
Total Transfers In	\$ <u>1,406</u>	\$ <u>1,662</u>	\$ <u>1,787</u>	\$ <u>256</u>	\$ <u>5,111</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	\$ 5,544	\$ 4,267
Less accumulated depreciation	<u>5,059</u>	<u>2,397</u>
Net Leased Property	\$ <u>485</u>	\$ <u>1,870</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30,	Governmental Funds	Information Systems Internal Service Fund
2010	\$ 335	\$ 397
2011	335	397
2012	335	
2013	335	
Total future minimum lease payments	1,340	794
Less amounts representing interest	(111)	(36)
Present Value of Future Minimum Lease Payments	\$ 1,229	\$ 758

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and loans payable:					
General obligation bonds	\$ 84,445	\$	\$ (5,975)	\$ 78,470	\$ 5,495
Less deferred amounts on refunding	(310)	58		(252)	
	84,135	58	(5,975)	78,218	5,495
Other liabilities:					
Capital leases	2,795		(808)	1,987	664
Claims and judgements	8,325	306	(428)	8,203	3,303
Compensated absences	16,534	230	(876)	15,888	4,490
Net OPEB obligation	2,851	11,217	(8,519)	5,549	
Total Governmental Activities Long-Term Liabilities	\$ 114,640	\$ 11,811	\$ (16,606)	\$ 109,845	\$ 13,952

	<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	\$ 2,545	\$	\$ (832)	\$ 1,713	\$ 848
Landfill	8,234	5,749		13,983	
Compensated absences	<u>1,212</u>	<u>97</u>		<u>1,309</u>	<u>436</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 11,991</u>	<u>\$ 5,846</u>	<u>\$ (832)</u>	<u>\$ 17,005</u>	<u>\$ 1,284</u>

Bonds Payable

The annual requirements to amortize bonds payable as of June 30, 2009 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		
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	5,320	2,253				
2015-2019	22,980	8,196				
2020-2024	17,845	4,034				
2025-2028	<u>10,500</u>	<u>885</u>				
Total	<u>\$ 78,470</u>	<u>\$ 26,451</u>	<u>\$ 623</u>	<u>\$ 69</u>	<u>\$ 1,713</u>	<u>\$ 51</u>

Governmental fund bonds bear interest at rates ranging from 2.0% to 7.0% and mature in fiscal years ending 2010 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 2010 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, 2009:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Balance, July 1, 2008	\$ 519	\$ 8,270
Issued	346	7,390
Retired	<u>(519)</u>	<u>(8,270)</u>
Balance, June 30, 2009	<u>\$ 346</u>	<u>\$ 7,390</u>

The above notes with an interest rate of 2.0% (governmental) and 2.5% (business-type) matured on July 2, 2009. 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, 2009 is \$5,680.

The Town's total net indebtedness does not exceed the total legal debt limit which is \$857,332. At June 30, 2009, debt authorized but unissued amounted to \$14,704.

The Town of Manchester has participated in a program in conjunction with CHEFA and the Department of Social Services during the fiscal year to provide extended child care services to the Town through the construction of a head start facility. Total cost of construction is estimated at \$7,374. Total expenditures to date are \$5,832. The Department of Social Services through a letter of commitment will be funding the future payments due to CHEFA.

9. RISK MANAGEMENT

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

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

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

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

Changes in the balances of claims liabilities during the fiscal years ended June 30, 2009 and 2008 for the TOMMIF and MSIP funds are as follows:

	2009 TOMMIF	2008 TOMMIF	2009 MSIP	2008 MSIP
Unpaid claims, July 1	\$ 1,632	\$ 1,823	\$ 6,693	\$ 6,253
Incurred claims (including IBNR)	25,421	20,163	1,003	3,700
Claim payments	<u>(25,117)</u>	<u>(20,354)</u>	<u>(1,429)</u>	<u>(3,260)</u>
Unpaid Claims, June 30	\$ <u>1,936</u>	\$ <u>1,632</u>	\$ <u>6,267</u>	\$ <u>6,693</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 plant capacity. The Towns have further agreed that the Town of Manchester will provide, on a contracted basis, 1.25% of the Clean Water Fund loan payments due from the Vernon Water Pollution Control Authority to cover the capital costs incurred by the Authority. The Town of Manchester sites sending waste water to the Vernon Plant will be billed directly by the Water Pollution Control Authority for operation and maintenance costs. These contractual payments are appropriated annually and appear in the annual operating budget of the Sewer Fund. The amount paid during fiscal year 2009 was \$18, and the total amount outstanding at June 30, 2009 was \$144.

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, 2009.

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, 2009, the Town had recorded a liability of \$13,983 in the Sanitation Enterprise Fund that represents the amount of costs reported to date based on the 72 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$5,438 that will be recognized as the remaining capacity is used (estimated to be 8.75 years). The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws and other variables.

13. OTHER POSTEMPLOYMENT BENEFITS

A. Summary of Significant Accounting Policies

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

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

B. Plan Description

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

At July 1, 2008, 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	<u>3,023</u>

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

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

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

D. Annual OPEB Cost and Net OPEB Obligations

The Town of Manchester's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 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)	\$ 11,153
Interest on net OPEB obligation	221
Adjustment to annual required contribution	(157)
Annual OPEB cost	<u>11,217</u>
Contributions made	<u>8,519</u>
Increase in net OPEB obligation	<u>2,698</u>
Net OPEB obligation, beginning of year	<u>2,851</u>
Net OPEB Obligation, End of Year	<u><u>\$ 5,549</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2009 and June 30, 2008 is presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	\$ 11,217	\$ 8,519	75.95%	\$ 5,549
6/30/08	10,425	7,574	72.65%	2,851

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	OAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/07	\$ -	\$ 126	\$ 126	0%	N/A	N/A
7/1/08	-	131	131	0%	N/A	N/A

Schedule of Employer Contribution

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/08	\$ 10,425	72.6%
6/30/09	11,153	76.4%

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, 2008 actuarial valuation (which was determined by projecting relevant liability figures from July 1, 2007), 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, 2009 was 29 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 that 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, 2008, the date of the latest actuarial valuation:

Retirees, disabled employees and beneficiaries currently receiving benefits	556
Terminated Plan members entitled to benefits but not yet receiving them	94
Current employees:	
Vested	528
Nonvested	<u>257</u>
Total	<u><u>1,435</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 as follows: 8.5% for police employees, 6.4% for public works employees and 5.9% for all other "Rule of 80" employees of their earnings to the PERS. The Town is required to contribute 9.2% (13.9% for police employees) of wages to the PERS. Benefits and employee contributions are fixed by contract and may be amended by union negotiations. Administrative costs of the PERS are financed through investment earnings.

D. Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and accrued required contribution to the PERS for the current year amounted to \$3,561.

The annual required contribution for the current year was determined as part of the July 1, 2008 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.5% per year and (c) inflation rate of 3.0%. The assumptions did not include post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized using the level dollar method over a thirty year closed period.

E. Trend Information

Fiscal Year Ended		Annual Pension Cost (APC)		Actual Contribution	Percentage of APC Contributed		Net Pension Obligation
6/30/09	\$	3,561	\$	3,561	100%	\$	-
6/30/08		4,159		4,159	100		-
6/30/07		3,854		3,854	100		-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability UAAL	Funded Ratio (a/b)	Covered Payroll (c)	UAAL % of Covered Payroll ((b-a)/c)
7/01/08	\$ 131,666	\$ 150,704	\$ 19,037	87%	\$ 34,408	55%
7/01/07	125,707	143,554	17,847	88%	40,042	45%
7/01/06	117,216	141,112	23,896	83%	30,458	78%
7/01/05	110,936	137,370	26,434	81%	25,158	105%
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%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/09	\$ 3,561	100%
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%

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, 2009 is \$8,474. There were 137 participants as of June 30, 2009. During the fiscal year ended June 30, 2009, employees contributed \$504 (exclusive of lump sum conversion amounts) and the Town contributed a matching employer contribution of \$504. Covered payroll totaled \$8,400. 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 8.25% of earnings for the year ended June 30, 2009. 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, 2009, 2008 and 2007 were \$545, \$521 and \$495, 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 \$43,630 or 69.13% of the total Board of Education payroll of \$63,111.

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, 2009, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$6,730 as payments made by the State of Connecticut on behalf of the Town. This contribution by the State of Connecticut was approximately \$34.5 million less 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 that 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.

Reserved for Other Postemployment Benefits - represents the amount of funds accumulated in the OPEB Trust Fund to pay for postemployment benefits.

A summary of reserved fund balances at June 30, 2009 is presented below:

General Fund:	
Reserved for encumbrances	\$ 1,732
Reserved for amount due from component unit	55
Special Revenue Funds:	
Reserved for encumbrances	60
Inventory	38
Capital Projects Funds:	
Reserved for encumbrances	1,594
Permanent Funds:	
Reserved for Trust Funds	2,542
Fiduciary Funds:	
Reserved for pension benefits	103,408
Reserved for OPEB benefits	<u>121</u>
Total	\$ <u><u>109,550</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, 2009

(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	\$ 112,836	\$ 112,836	\$ 112,758	\$ (78)	\$ 9,665	\$ 9,665	\$ 9,665	\$ -
Intergovernmental revenue	37,331	37,338	37,405	67	212	212	207	(5)
Investment and interest income	1,174	1,174	647	(527)	74	74	35	(39)
Licenses, permits and fines	2,102	2,102	1,700	(402)				-
Charges for goods and services	1,748	1,937	2,137	200	480	480	697	217
Other	153	155	290	135		1	2	1
Total revenues	<u>155,344</u>	<u>155,542</u>	<u>154,937</u>	<u>(605)</u>	<u>10,431</u>	<u>10,432</u>	<u>10,606</u>	<u>174</u>
Expenditures:								
Current:								
General government	5,364	5,351	5,047	304				-
Public works	12,607	12,482	12,403	79				-
Public safety	16,888	16,894	16,574	320	10,961	10,926	10,722	204
Human services	3,297	3,297	3,086	211				-
Leisure services	5,367	5,368	5,129	239				-
Employee benefits	2,676	2,751	2,473	278				-
Other	256	238	146	92				-
Education	96,579	96,769	96,324	445				-
Internal service fund charges	3,288	4,738	4,738	-	501	501	501	-
Debt service	9,074	9,074	9,074	-	394	394	225	169
Capital outlay				-	37	73	75	(2)
Total expenditures	<u>155,396</u>	<u>156,962</u>	<u>154,994</u>	<u>1,968</u>	<u>11,893</u>	<u>11,894</u>	<u>11,523</u>	<u>371</u>
Excess (deficiency) of revenues over expenditures	<u>(52)</u>	<u>(1,420)</u>	<u>(57)</u>	<u>1,363</u>	<u>(1,462)</u>	<u>(1,462)</u>	<u>(917)</u>	<u>545</u>
Other financing sources (uses):								
Transfers in	1,396	1,396	1,406	10	1,662	1,662	1,662	-
Transfers out	(2,594)	(3,182)	(3,182)	-	(200)	(200)	(200)	-
Total other financing sources (uses)	<u>(1,198)</u>	<u>(1,786)</u>	<u>(1,776)</u>	<u>10</u>	<u>1,462</u>	<u>1,462</u>	<u>1,462</u>	<u>-</u>
Net change in fund balances	\$ <u>(1,250)</u>	\$ <u>(3,206)</u>	(1,833)	\$ <u>1,373</u>	\$ <u>-</u>	\$ <u>-</u>	545	\$ <u>545</u>
Fund balance, beginning of year			<u>16,378</u>				<u>1,716</u>	
Fund Balance, End of Year			\$ <u>14,545</u>				\$ <u>2,261</u>	

TOWN OF MANCHESTER, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

BUDGET-TO-GAAP RECONCILIATION

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

	<u>General Fund</u>	<u>Fire District</u>
<u>REVENUES</u>		
Non-GAAP budgetary basis - RSI-1	\$ 154,937	\$ 10,606
State of Connecticut on-behalf contributions to the Connecticut Teachers' Retirement System for Town teachers are not budgeted	6,730	
Prior year encumbrances cancelled	<u>(220)</u>	<u></u>
GAAP basis - Exhibit IV	<u>\$ 161,447</u>	<u>\$ 10,606</u>
<u>EXPENDITURES</u>		
Non-GAAP budgetary basis - RSI-1	\$ 154,994	\$ 11,523
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	6,730	
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, 2008	1,979	38
June 30, 2009	<u>(1,665)</u>	<u>(34)</u>
GAAP basis - Exhibit IV	<u>\$ 162,038</u>	<u>\$ 11,527</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, 2009 AND 2008
(In Thousands)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 864	\$ 11,539
Investments	12,826	11,591
Property taxes receivable, net	3,448	3,046
Accrued interest on taxes	1,029	905
Accounts receivable, net	115	9
Intergovernmental receivables	652	996
Due from component unit	55	62
Interfund receivables	7,000	746
Other assets	<u>3</u>	<u>5</u>
Total Assets	\$ <u>25,992</u>	\$ <u>28,899</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other payables	\$ 3,136	\$ 2,701
Accrued liabilities	1,039	868
Intergovernmental payables	53	122
Deferred revenues	<u>5,487</u>	<u>6,564</u>
Total liabilities	<u>9,715</u>	<u>10,255</u>
Fund balance:		
Reserved for encumbrances	1,732	2,266
Reserved for amount due from component unit	55	62
Unreserved:		
Designated for specific projects	3,051	5,065
Designated for subsequent year's budget	1,076	1,385
Undesignated	<u>10,363</u>	<u>9,866</u>
Total fund balance	<u>16,277</u>	<u>18,644</u>
Total Liabilities and Fund Balance	\$ <u>25,992</u>	\$ <u>28,899</u>

TOWN OF MANCHESTER, CONNECTICUT

GENERAL FUND
REPORT OF TAX COLLECTORFOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

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Grand List	Uncollected Taxes July 1, 2008	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2009
		Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2007	\$ 121,465	\$ 1,671	\$ 718	\$ 32	\$ 122,386	\$ 120,113	\$ 395	\$ 2	\$ 120,510	\$ 2,273
2006	2,209	353	248	33	2,281	1,207	233	5	1,445	1,074
2005	917	35	31	44	877	217	82	1	300	660
2004	539	2	10	326	205	84	50	1	135	121
2003	83		21	4	58	(2)	15		13	60
2002	50		3	2	45	6	11		17	39
2001	42		2		40	7	11		18	33
2000	39		1		38	2	6		8	36
1999	34	1	1		34	1	3		4	33
1998	25				25	1	2		3	24
1997	20				20		3		3	20
1996	21		2		19	1	4		5	18
1995	18				18		1		1	18
1994	17				17	1	1		2	16
1993	14				14		1		1	14
1992	7				7	1			1	6
1991	<u>1</u>	<u></u>	<u></u>	<u></u>	<u>1</u>	<u>1</u>	<u></u>	<u></u>	<u>1</u>	<u>-</u>
Total	\$ <u>125,501</u>	\$ <u>2,062</u>	\$ <u>1,037</u>	\$ <u>441</u>	\$ <u>126,085</u>	121,640	818	9	122,467	\$ <u>4,445</u>
Suspense collections						<u>34</u>	<u>38</u>	<u></u>	<u>72</u>	
Total collections						\$ <u>121,674</u>	\$ <u>856</u>	\$ <u>9</u>	\$ <u>122,539</u>	

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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, 2009
(In Thousands)

	Special Revenue Funds					
	Police Special Services Fund	Recreation Activities	Education Special Grants Fund	Special Projects Fund	Cafeteria Fund	Community Use of Schools
ASSETS						
Cash and cash equivalents	\$ 175	\$ 166	\$ 225	\$ 510	\$ 464	\$ 13
Investments						
Accounts receivable	84				6	
Intergovernmental receivables			380	105	395	
Interfund receivable				385		
Inventory					38	
Other assets			1	3		
Total Assets	<u>\$ 259</u>	<u>\$ 166</u>	<u>\$ 606</u>	<u>\$ 1,003</u>	<u>\$ 903</u>	<u>\$ 13</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payable	\$	\$ 10	\$ 97	\$ 137	\$ 68	\$
Accrued liabilities	18	6	54	4	34	
Interfund payable						
Deferred revenue		49	80	5		
Total liabilities	<u>18</u>	<u>65</u>	<u>231</u>	<u>146</u>	<u>102</u>	<u>-</u>
Fund Balance:						
Reserved for:						
Encumbrances			2			
Inventory					38	
Other purposes						
Unreserved:						
Designated		10				
Undesignated	241	91	373	857	763	13
Total fund balance	<u>241</u>	<u>101</u>	<u>375</u>	<u>857</u>	<u>801</u>	<u>13</u>
Total Liabilities and Fund Balances	<u>\$ 259</u>	<u>\$ 166</u>	<u>\$ 606</u>	<u>\$ 1,003</u>	<u>\$ 903</u>	<u>\$ 13</u>

(Continued on next page)

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

JUNE 30, 2009
(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	\$	\$ 32	\$ 1	\$	\$ 19
Investments				70			952	
Accounts receivable	18	45	55					
Intergovernmental receivables	458							
Interfund receivable					2			
Inventory								
Other assets								
Total Assets	\$ 476	\$ 153	\$ 98	\$ 70	\$ 34	\$ 1	\$ 952	\$ 19
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payable	\$ 65	\$ 2	\$	\$	\$	\$	\$	\$
Accrued liabilities	3							
Interfund payable	385						2	
Deferred revenue	18	22	55					
Total liabilities	471	24	55	-	-	-	2	-
Fund Balance:								
Reserved for:								
Encumbrances	24							
Inventory								
Other purposes								
Unreserved:								
Designated								
Undesignated	(19)	129	43	70	34	1	950	19
Total fund balance	5	129	43	70	34	1	950	19
Total Liabilities and Fund Balances	\$ 476	\$ 153	\$ 98	\$ 70	\$ 34	\$ 1	\$ 952	\$ 19

(Continued on next page)

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

JUNE 30, 2009
(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
ASSETS								
Cash and cash equivalents	\$ 8	\$ 22	\$ 4	\$ 52	\$ 1,842	\$ 8	\$	\$ 46
Investments					1,022		653	193
Accounts receivable					208			
Intergovernmental receivables					1,338			
Interfund receivable					387			2
Inventory					38			
Other assets					4			
Total Assets	\$ 8	\$ 22	\$ 4	\$ 52	\$ 4,839	\$ 8	\$ 653	\$ 241
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payable	\$	\$	\$	\$	379	\$	\$	\$
Accrued liabilities					119			
Interfund payable					387		2	
Deferred revenue					229			
Total liabilities	-	-	-	-	1,114	-	2	-
Fund Balance:								
Reserved for:								
Encumbrances					26			
Inventory					38			
Other purposes					-	8	651	241
Unreserved:								
Designated					10			
Undesignated	8	22	4	52	3,651			
Total fund balance	8	22	4	52	3,725	8	651	241
Total Liabilities and Fund Balances	\$ 8	\$ 22	\$ 4	\$ 52	\$ 4,839	\$ 8	\$ 653	\$ 241

(Continued on next page)

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

JUNE 30, 2009
(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
ASSETS							
Cash and cash equivalents	\$	\$ 98	\$ 2	\$ 48	\$ 202	\$	\$ 2,044
Investments	239		1,255		2,340		3,362
Accounts receivable					-		208
Intergovernmental receivables					-		1,338
Interfund receivable					2	(389)	
Inventory					-		38
Other assets					-		4
Total Assets	\$ 239	\$ 98	\$ 1,257	\$ 48	\$ 2,544	\$ (389)	\$ 6,994
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payable	\$	\$	\$		\$ -	\$	\$ 379
Accrued liabilities					-		119
Interfund payable					2	(389)	
Deferred revenue					-		229
Total liabilities	-	-	-		2	(389)	727
Fund Balance:							
Reserved for:							
Encumbrances					-		26
Inventory					-		38
Other purposes	239	98	1,257	48	2,542		2,542
Unreserved:					-		
Designated					-		10
Undesignated					-		3,651
Total fund balance	239	98	1,257	48	2,542	-	6,267
Total Liabilities and Fund Balances	\$ 239	\$ 98	\$ 1,257	\$ 48	\$ 2,544	\$ (389)	\$ 6,994

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Special Revenue Funds					
	Police Special Services Fund	Recreation Activities	Education Special Grants Fund	Special Projects Fund	Cafeteria Fund	Community Use of Schools
Revenue:						
Intergovernmental revenue	\$	\$	\$ 7,822	\$ 1,119	\$ 1,597	\$
Investment income					2	
Net increase in the fair value of investments						
Charges for goods and services	707	290			1,228	56
Other		8	204	106		
Total revenues	707	298	8,026	1,225	2,827	56
Expenditures:						
Current:						
General government				52		
Public works				3		
Public safety	642			379		
Human services				1,202		
Recreation		306		9		
Library				8		
Education			7,977		2,709	53
Other				130		
Capital outlay						
Total expenditures	642	306	7,977	1,783	2,709	53
Excess (deficiency) of revenues over expenditures	65	(8)	49	(558)	118	3
Other financing sources (uses):						
Transfers in		30		222		4
Transfers out						
Total other financing sources (uses)	-	30	-	222	-	4
Net change in fund balances	65	22	49	(336)	118	7
Fund balance, beginning of year	176	79	326	1,193	683	6
Fund Balance, End of Year	\$ 241	\$ 101	\$ 375	\$ 857	\$ 801	\$ 13

(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, 2009

(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	\$ 258	\$	\$	\$	\$	\$	\$	\$
Investment income				2			46	
Net increase in the fair value of investments				(14)			(207)	
Charges for goods and services								
Other	3							4
Total revenues	261	-	-	(12)	-	-	(161)	4
Expenditures:								
Current:								
General government	78							
Public works								
Public safety								
Human services								
Recreation								
Library							8	
Education								
Other	131			2				
Capital outlay	51							
Total expenditures	260	-	-	2	-	-	8	-
Excess (deficiency) of revenues over expenditures	1	-	-	(14)	-	-	(169)	4
Other financing sources (uses):								
Transfers in								
Transfers out								
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	1	-	-	(14)	-	-	(169)	4
Fund balance, beginning of year	4	129	43	84	34	1	1,119	15
Fund Balance, End of Year	\$ 5	\$ 129	\$ 43	\$ 70	\$ 34	\$ 1	\$ 950	\$ 19

(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, 2009
(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	\$	\$	\$	\$	\$ 10,796	\$	\$	\$
Investment income					50		33	7
Net increase in the fair value of investments					(221)		(130)	(35)
Charges for goods and services					2,281			39
Other					325			
Total revenues	-	-	-	-	13,231	-	(97)	11
Expenditures:								
Current:								
General government					130			
Public works					3			
Public safety					1,021			
Human services					1,202			
Recreation					315			
Library					16		10	
Education				4	10,743			
Other					263			4
Capital outlay					51			
Total expenditures	-	-	-	4	13,744	-	10	4
Excess (deficiency) of revenues over expenditures	-	-	-	(4)	(513)	-	(107)	7
Other financing sources (uses):								
Transfers in					256			
Transfers out					-			(4)
Total other financing sources (uses)	-	-	-	-	256	-	-	(4)
Net change in fund balances	-	-	-	(4)	(257)	-	(107)	3
Fund balance, beginning of year	8	22	4	56	3,982	8	758	238
Fund Balance, End of Year	\$ 8	\$ 22	\$ 4	\$ 52	\$ 3,725	\$ 8	\$ 651	\$ 241

(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, 2009
(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	\$	\$	\$	\$	\$	\$	\$ 10,796
Investment income	8	2	62		112		162
Net increase in the fair value of investments	(49)		(267)		(481)		(702)
Charges for goods and services					39		2,320
Other		1		5	6		331
Total revenues	<u>(41)</u>	<u>3</u>	<u>(205)</u>	<u>5</u>	<u>(324)</u>	<u>-</u>	<u>12,907</u>
Expenditures:							
Current:							
General government					-		130
Public works					-		3
Public safety					-		1,021
Human services					-		1,202
Recreation					-		315
Library			8	2	20		36
Education		2			2		10,745
Other	4				8		271
Capital outlay					-		51
Total expenditures	<u>4</u>	<u>2</u>	<u>8</u>	<u>2</u>	<u>30</u>	<u>-</u>	<u>13,774</u>
Excess (deficiency) of revenues over expenditures	<u>(45)</u>	<u>1</u>	<u>(213)</u>	<u>3</u>	<u>(354)</u>	<u>-</u>	<u>(867)</u>
Other financing sources (uses):							
Transfers in					-		256
Transfers out	(5)				(9)		(9)
Total other financing sources (uses)	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>247</u>
Net change in fund balances	(50)	1	(213)	3	(363)	-	(620)
Fund balance, beginning of year	<u>289</u>	<u>97</u>	<u>1,470</u>	<u>45</u>	<u>2,905</u>	<u>-</u>	<u>6,887</u>
Fund Balance, End of Year	<u>\$ 239</u>	<u>\$ 98</u>	<u>\$ 1,257</u>	<u>\$ 48</u>	<u>\$ 2,542</u>	<u>\$ -</u>	<u>\$ 6,267</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

TOWN OF MANCHESTER, CONNECTICUT**COMBINING STATEMENT OF NET ASSETS****INTERNAL SERVICE FUNDS****JUNE 30, 2009****(In Thousands)**

	Information Systems Fund	Manchester Self Insurance Program	Town of Manchester Medical Insurance Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$	\$	\$ 1,014	\$ 1,014
Investments		244	5,042	5,286
Receivables			1,186	1,186
Interfund receivables	1,394	5,811	257	7,462
Prepaid expenses		2		2
Total current assets	<u>1,394</u>	<u>6,057</u>	<u>7,499</u>	<u>14,950</u>
Noncurrent assets:				
Capital assets, net	1,966			1,966
Total assets	<u>3,360</u>	<u>6,057</u>	<u>7,499</u>	<u>16,916</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current liabilities:				
Accounts and other payables	34	2	82	118
Accrued liabilities	36	4		40
Claims payable		2,795	1,936	4,731
Compensated absences payable	87	12		99
Capital lease payable	373			373
Total current liabilities	<u>530</u>	<u>2,813</u>	<u>2,018</u>	<u>5,361</u>
Noncurrent liabilities:				
Compensated absences payable	234	19		253
Claims payable		3,472		3,472
Capital lease payable	385			385
Total noncurrent liabilities	<u>619</u>	<u>3,491</u>	<u>-</u>	<u>4,110</u>
Total liabilities	<u>1,149</u>	<u>6,304</u>	<u>2,018</u>	<u>9,471</u>
NET ASSETS				
Net Assets:				
Invested in capital assets, net of related debt	1,966			1,966
Unrestricted	245	(247)	5,481	5,479
Total net assets	<u>\$ 2,211</u>	<u>\$ (247)</u>	<u>\$ 5,481</u>	<u>\$ 7,445</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, 2009
(In Thousands)

	Information Systems Fund	Manchester Self Insurance Program	Town of Manchester Medical Insurance Fund	Total
Operating revenues:				
Charges for services	\$ 2,274	\$ 5,240	\$ 16,393	\$ 23,907
Other	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
Total operating revenues	<u>2,274</u>	<u>5,260</u>	<u>16,393</u>	<u>23,927</u>
Operating expenses:				
General operating	1,758	255	1,004	3,017
Claims expense		2,407	14,578	16,985
Depreciation expense	<u>293</u>			<u>293</u>
Total operating expenses	<u>2,051</u>	<u>2,662</u>	<u>15,582</u>	<u>20,295</u>
Operating income	223	2,598	811	3,632
Nonoperating revenues:				
Interest on investments	<u>23</u>	<u>51</u>	<u>55</u>	<u>129</u>
Change in net assets	246	2,649	866	3,761
Total net assets, beginning of year	<u>1,965</u>	<u>(2,896)</u>	<u>4,615</u>	<u>3,684</u>
Total Net Assets, End of Year	<u>\$ 2,211</u>	<u>\$ (247)</u>	<u>\$ 5,481</u>	<u>\$ 7,445</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 2,274	\$ 5,240	\$ 15,207	\$ 22,721
Cash received from insurance proceeds		20		20
Cash paid to suppliers for goods and services	(757)	(215)	(1,082)	(2,054)
Cash paid to employees	(963)	(111)		(1,074)
Cash paid for insurance claims and premiums		(2,829)	(14,115)	(16,944)
Net cash provided by operating activities	<u>554</u>	<u>2,105</u>	<u>10</u>	<u>2,669</u>
Cash flows from noncapital financing activities:				
Cash received from (paid to) other funds	<u>(1,394)</u>	<u>(5,811)</u>	<u>(257)</u>	<u>(7,462)</u>
Cash flows from capital and related financing activities:				
Purchase of fixed assets	(42)			(42)
Principal payment - lease purchase	(273)			(273)
Interest paid on capital leases	(89)			(89)
Net cash used in capital and related financing activities	<u>(404)</u>	<u>-</u>	<u>-</u>	<u>(404)</u>
Cash flows from investing activities:				
Interest received	23	51	55	129
Sale of investments			1,144	1,144
Purchase of investments		(133)		(133)
Net cash provided by (used in) investing activities	<u>23</u>	<u>(82)</u>	<u>1,199</u>	<u>1,140</u>
Net increase (decrease) in cash and cash equivalents	(1,221)	(3,788)	952	(4,057)
Cash and cash equivalents, beginning of year	<u>1,221</u>	<u>3,788</u>	<u>62</u>	<u>5,071</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014</u>	<u>\$ 1,014</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 223	\$ 2,598	\$ 811	\$ 3,632
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	293			293
(Increase) decrease in accounts receivable and other prepaid assets		5	(1,186)	(1,181)
Increase (decrease) in accounts payable	18	(72)	82	28
Increase (decrease) in accrued expenses	9	1		10
Increase (decrease) in compensated absences payable	11			11
Increase (decrease) in claims payable		(427)	303	(124)
Net Cash Provided by Operating Activities	<u>\$ 554</u>	<u>\$ 2,105</u>	<u>\$ 10</u>	<u>\$ 2,669</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, 2009

(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>42</u>	\$ <u>403</u>	\$ <u>48</u>	\$ <u>328</u>	\$ <u>4</u>	\$ <u>825</u>
LIABILITIES						
Deposits held for others	\$ <u>42</u>	\$ <u>403</u>	\$ <u>48</u>	\$ <u>328</u>	\$ <u>4</u>	\$ <u>825</u>

TOWN OF MANCHESTER, CONNECTICUT

AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
Plan Deposit Fund				
Assets:				
Cash and cash equivalents	\$ <u>52</u>	\$ <u>77</u>	\$ <u>87</u>	\$ <u>42</u>
Liabilities:				
Deposits held for others	\$ <u>52</u>	\$ <u>77</u>	\$ <u>87</u>	\$ <u>42</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>412</u>	\$ <u>948</u>	\$ <u>957</u>	\$ <u>403</u>
Liabilities:				
Deposits held for others	\$ <u>412</u>	\$ <u>948</u>	\$ <u>957</u>	\$ <u>403</u>
Senior Center Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>45</u>	\$ <u>63</u>	\$ <u>60</u>	\$ <u>48</u>
Liabilities:				
Deposits held for others	\$ <u>45</u>	\$ <u>63</u>	\$ <u>60</u>	\$ <u>48</u>
Maintenance Bond Fund				
Assets:				
Cash and cash equivalents	\$ <u>925</u>	\$ <u>66</u>	\$ <u>663</u>	\$ <u>328</u>
Liabilities:				
Deposits held for others	\$ <u>925</u>	\$ <u>66</u>	\$ <u>663</u>	\$ <u>328</u>
Redevelopment Agency Fund				
Assets:				
Cash and cash equivalents	\$ <u>4</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4</u>
Liabilities:				
Deposits held for others	\$ <u>4</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>1,438</u>	\$ <u>1,154</u>	\$ <u>1,767</u>	\$ <u>825</u>
Liabilities:				
Deposits held for others	\$ <u>1,438</u>	\$ <u>1,154</u>	\$ <u>1,767</u>	\$ <u>825</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 SOURCE

JUNE 30, 2009 AND 2008

(In Thousands)

	<u>2009</u>	<u>2008</u>
Governmental funds capital assets:		
Land	\$ 11,526	\$ 11,524
Land improvements	6,075	5,437
Buildings and improvements	138,523	60,370
Machinery and equipment	23,442	21,966
Infrastructure	87,990	86,886
Construction in progress	<u>9,022</u>	<u>77,538</u>
Total	<u>\$ 276,578</u>	<u>\$ 263,721</u>
Investments in governmental funds capital assets by source:		
General	\$ 16,050	\$ 16,026
Capital projects	142,242	127,976
Donations	4,411	4,381
Prior years' investment as of June 30, 1996	47,052	47,595
Prior years' investments for infructure as of June 30, 2005	<u>66,823</u>	<u>67,743</u>
Total	<u>\$ 276,578</u>	<u>\$ 263,721</u>

TOWN OF MANCHESTER, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

(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	\$ 676	\$	\$	\$	\$ 626	\$ 50	\$
Probate	35		5		30		
General Manager							
Town Clerk	21					21	
Human Resources	5					5	
Assessment and Collection	14,093	8,286	88		5,705	14	
General Services	85					85	
Information Systems	4,570					4,570	
Total	<u>19,485</u>	<u>8,286</u>	<u>93</u>	<u>-</u>	<u>6,361</u>	<u>4,745</u>	<u>-</u>
Public works:							
Administration	122					122	
Highway	96,103			87,990	672	4,733	2,708
Engineering	301					301	
Cemetery	877	602	17		9	249	
Fleet Maintenance	1,720				1,187	516	17
Parks	764				15	749	
Building Maintenance	101					101	
Building Inspection	92					92	
Total	<u>100,080</u>	<u>602</u>	<u>17</u>	<u>87,990</u>	<u>1,883</u>	<u>6,863</u>	<u>2,725</u>
Public Safety:							
Fire	8,096		23		4,300	3,773	
Police	9,641		6		6,585	3,050	
Total	<u>17,737</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>10,885</u>	<u>6,823</u>	<u>-</u>
Human Services:							
Health	78					78	
Elderly and Family Services	15					15	
Senior Center	1,001		291		601	109	
Youth Services	446						446
Total	<u>1,540</u>	<u>-</u>	<u>291</u>	<u>-</u>	<u>601</u>	<u>202</u>	<u>446</u>
Recreation	<u>6,621</u>		<u>3,427</u>		<u>2,725</u>	<u>375</u>	<u>94</u>
Library	<u>1,775</u>				<u>1,714</u>	<u>61</u>	
Education	<u>129,340</u>	<u>2,638</u>	<u>2,218</u>		<u>114,354</u>	<u>4,373</u>	<u>5,757</u>
Total	<u>\$ 276,578</u>	<u>\$ 11,526</u>	<u>\$ 6,075</u>	<u>\$ 87,990</u>	<u>\$ 138,523</u>	<u>\$ 23,442</u>	<u>\$ 9,022</u>

TOWN OF MANCHESTER, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITYFOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Governmental Funds Capital Assets July 1, 2008	Additions And Transfers	Deletions And Transfers	Governmental Funds Capital Assets June 30, 2009
General government:				
Board of Directors	\$ 618	\$ 58	\$	\$ 676
Probate	35			35
Town Clerk	21			21
Human Resources	5			5
Assessment and Collection	15,895		1,801	14,094
General Services	85			85
Information Systems	4,528	42		4,570
Total	<u>21,187</u>	<u>100</u>	<u>1,801</u>	<u>19,486</u>
Public works:				
Administration	38	84		122
Highway	93,647	3,575	1,120	96,102
Engineering	357		56	301
Cemetery	777	100		877
Fleet Maintenance	1,692	28		1,720
Parks	603	186	25	764
Building Maintenance	87	29	15	101
Building Inspection	93	29	30	92
Total	<u>97,294</u>	<u>4,031</u>	<u>1,246</u>	<u>100,079</u>
Public safety:				
Fire	8,665	69	638	8,096
Police	9,583	93	35	9,641
Total	<u>18,248</u>	<u>162</u>	<u>673</u>	<u>17,737</u>
Human services:				
Health	78			78
Elderly and Family Services	15			15
Senior Center	1,002			1,002
Youth Services		445		445
Total	<u>1,095</u>	<u>445</u>	<u>-</u>	<u>1,540</u>
Recreation	<u>6,694</u>	<u>52</u>	<u>125</u>	<u>6,621</u>
Library	<u>1,775</u>			<u>1,775</u>
Education	<u>117,428</u>	<u>11,981</u>	<u>69</u>	<u>129,340</u>
Transfers between departments		<u>(1,854)</u>	<u>(1,854)</u>	<u>-</u>
Total	<u>\$ 263,721</u>	<u>\$ 14,917</u>	<u>\$ 2,060</u>	<u>\$ 276,578</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 EIGHT FISCAL YEARS
(In Thousands)

	<u>2009</u>	<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	\$ 104,570	\$ 85,637	\$ 89,227	\$ 68,196	\$ 56,406	\$ 10,349	\$ 15,196	\$ 6,003
Restricted	3,702	4,248	4,634	2,749	2,515	2,455	2,329	2,974
Unrestricted	(1,969)	17,822	(3,330)	(6,672)	(1,422)	(2,576)	(7,134)	1,446
Total governmental activities net assets	<u>106,303</u>	<u>107,707</u>	<u>90,531</u>	<u>64,273</u>	<u>57,499</u>	<u>10,228</u>	<u>10,391</u>	<u>10,423</u>
Business-type activities:								
Invested in capital assets, net of related debt	26,098	24,060	24,704	26,485	26,224	26,872	28,395	30,380
Unrestricted	18,590	30,569	29,208	25,672	21,773	21,817	19,675	17,701
Total business-type activities net assets	<u>44,688</u>	<u>54,629</u>	<u>53,912</u>	<u>52,157</u>	<u>47,997</u>	<u>48,689</u>	<u>48,070</u>	<u>48,081</u>
⑥ Primary government:								
Invested in capital assets, net of related debt	130,668	109,697	113,931	94,681	82,630	37,221	43,591	36,383
Restricted	3,702	4,248	4,634	2,749	2,515	2,455	2,329	2,974
Unrestricted	<u>16,621</u>	<u>48,391</u>	<u>25,878</u>	<u>19,000</u>	<u>20,351</u>	<u>19,241</u>	<u>12,541</u>	<u>19,147</u>
Total Primary Government Net Assets	<u>\$ 150,991</u>	<u>\$ 162,336</u>	<u>\$ 144,443</u>	<u>\$ 116,430</u>	<u>\$ 105,496</u>	<u>\$ 58,917</u>	<u>\$ 58,461</u>	<u>\$ 58,504</u>

*Restated - retroactive reporting of infrastructure

Notes:

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

TABLE 2

TOWN OF MANCHESTER, CONNECTICUT

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

	<u>2009</u>	<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	\$ 4,079	\$ 7,537	\$ 4,291	\$ 5,730	\$ 5,725	\$ 7,881	\$ 4,595	\$ 4,955
Public works	19,094	16,321	16,434	15,552	10,567	10,294	10,684	10,067
Public safety	32,588	37,270	27,214	25,374	25,185	24,203	23,384	22,569
Human services	5,213	5,246	4,176	4,389	4,044	5,303	4,170	3,852
Leisure services	6,288	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	125,273	135,716	103,790	98,998	90,410	90,925	85,578	80,781
Interest on long-term debt	3,580	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>196,115</u>	<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	8,525	6,725	6,862	6,196	6,266	6,196	6,909	5,847
Sewer	5,644	5,769	4,869	5,500	5,098	4,959	4,903	5,023
Sanitation	12,857	7,065	6,445	5,651	5,795	5,610	4,894	5,823
Total business-type services	<u>27,026</u>	<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>
Total primary government expenses	<u>223,141</u>	<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	921	1,066	1,386	1,788	1,500	1,369	1,234	835
Public works	784	934	1,357	1,195	1,652	1,065	1,032	1,107
Public safety	1,470	1,634	1,130	893	1,293	1,124	687	943
Human services	80	91	146	95	64	71	72	79
Leisure services	791	706	649	673	674	705	582	510
Education	2,780	2,493	2,333	2,515	3,330	3,633	3,047	3,206
Operating grants and contributions	45,599	73,278	44,596	42,944	37,806	39,921	36,798	36,532
Capital grants and contributions	8,224	20,105	21,937	5,253	3,283	2,408	2,053	1,392
Total governmental activities program revenues	<u>60,649</u>	<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	18,102	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	236	264	238		65	1,277		
Total business-type activities program revenues	<u>18,338</u>	<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>78,987</u>	<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	(131,466)	(110,830)	(97,493)	(107,866)	(98,263)	(99,838)	(93,845)	(88,856)
Business-type activities	<u>(8,688)</u>	<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>(140,154)</u>	<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 EIGHT FISCAL YEARS
(In Thousands)

	<u>2009</u>	<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	\$ 122,923	\$ 118,916	\$ 115,112	\$ 107,059	\$ 98,738	\$ 93,719	\$ 87,474	\$ 83,355
Grants and contributions not restricted to specific purposes	4,916	4,686	4,775	4,600	4,571	4,382	5,186	6,339
Unrestricted investment earnings	298	2,159	2,676	1,380	945	424	465	773
Miscellaneous	215	591	572	1,085	499	400	288	1,072
Total governmental activities	<u>128,352</u>	<u>126,352</u>	<u>123,135</u>	<u>114,124</u>	<u>104,753</u>	<u>98,925</u>	<u>93,413</u>	<u>91,539</u>
Business-type activities:								
Unrestricted investment earnings	457	1,917	1,185	663	675	310	338	616
Miscellaneous				3,048	92			
Total business-type activities	<u>457</u>	<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>128,809</u>	<u>128,269</u>	<u>124,320</u>	<u>117,835</u>	<u>105,520</u>	<u>99,235</u>	<u>93,751</u>	<u>92,155</u>
Changes in net assets:								
Governmental activities	(1,404)	17,176	26,986	6,774	7,053	(163)	(32)	3,306
Business-type activities	<u>(9,941)</u>	<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>\$ (11,345)</u>	<u>\$ 17,893</u>	<u>\$ 28,741</u>	<u>\$ 10,934</u>	<u>\$ 6,361</u>	<u>\$ 456</u>	<u>\$ (43)</u>	<u>\$ 4,505</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to allocate employee benefits and other category to appropriate function in fiscal year 2008.

TABLE 3

TOWN OF MANCHESTER, CONNECTICUT

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:								
Reserved	\$ 1,787	\$ 2,328	\$ 1,045	\$ 1,561	\$ 1,347	\$ 1,211	\$ 2,007	\$ 1,582
Unreserved	<u>14,490</u>	<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>16,277</u>	<u>18,644</u>	<u>17,343</u>	<u>15,390</u>	<u>11,938</u>	<u>9,171</u>	<u>7,926</u>	<u>9,535</u>
All other governmental funds:								
72 Reserved	4,234	6,638	10,947	33,567	9,533	3,540	3,825	7,878
Unreserved, reported in:								
Special revenue funds	5,922	5,605	4,452	3,791	3,211	3,176	2,732	2,606
Capital project funds	<u>(7,341)</u>	<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>2,815</u>	\$ <u>16,156</u>	\$ <u>(4,640)</u>	\$ <u>(4,715)</u>	\$ <u>5,059</u>	\$ <u>10,337</u>	\$ <u>724</u>	\$ <u>3,925</u>

Notes:

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

TABLE 4

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

	<u>2009</u>	<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	\$ 122,423	\$ 119,165	\$ 114,568	\$ 107,098	\$ 99,321	\$ 94,287	\$ 87,261	\$ 83,515
Intergovernmental revenue	62,680	96,007	68,869	52,109	46,406	47,332	44,506	44,046
Investment and interest income	169	1,806	2,365	1,656	1,243	483	476	613
Licenses, permits and fines	1,700	1,922	3,291	2,801	2,759	2,368	2,031	1,869
Charges for goods and services	5,154	5,001	3,664	3,893	4,281	4,573	3,822	3,805
Other	624	686	2,212	674	1,151	1,004	847	2,652
Total revenues	<u>192,750</u>	<u>224,587</u>	<u>194,969</u>	<u>168,231</u>	<u>155,161</u>	<u>150,047</u>	<u>138,943</u>	<u>136,500</u>
Expenditures:								
General government	5,180	5,230	5,075	5,004	5,031	4,789	4,796	4,575
Public works	12,378	11,822	11,273	10,329	9,650	9,116	9,389	8,797
Public safety	28,305	27,628	27,224	25,115	24,292	23,029	22,311	22,447
Human services	4,287	3,803	3,972	4,162	4,098	4,982	3,881	3,617
Leisure services	5,478	5,477	5,196	5,108	4,774	4,712	4,628	4,566
Employee benefits	2,473	2,467	2,365	2,123	1,775	1,468	1,358	1,330
Education	114,157	133,564	103,878	98,454	90,198	89,430	83,265	79,126
Inernal service fund charges	4,738	4,629	3,772	3,059	2,923	2,569	2,290	1,963
Other	918	1,341	1,178	670	579	815	861	1,257
Debt service:								
Principal	5,850	4,044	3,240	3,255	2,550	2,880	2,650	1,935
Interest	3,564	2,941	1,942	1,889	1,833	1,435	1,538	1,580
Capital outlay	22,840	40,438	43,191	16,501	10,602	7,915	12,527	8,467
Total expenditures	<u>210,168</u>	<u>243,384</u>	<u>212,306</u>	<u>175,669</u>	<u>158,305</u>	<u>153,140</u>	<u>149,494</u>	<u>139,660</u>
Excess of revenue over (under) expenditures	<u>(17,418)</u>	<u>(18,797)</u>	<u>(17,337)</u>	<u>(7,438)</u>	<u>(3,144)</u>	<u>(3,093)</u>	<u>(10,551)</u>	<u>(3,160)</u>
Other financing sources (uses):								
Transfers in	5,111	6,650	5,793	3,457	4,092	3,598	3,822	3,762
Transfers out	(3,401)	(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>1,710</u>	<u>40,894</u>	<u>19,039</u>	<u>1,116</u>	<u>633</u>	<u>12,876</u>	<u>451</u>	<u>623</u>
Net Change in Fund Balances	<u>\$ (15,708)</u>	<u>\$ 22,097</u>	<u>\$ 1,702</u>	<u>\$ (6,322)</u>	<u>\$ (2,511)</u>	<u>\$ 9,783</u>	<u>\$ (10,100)</u>	<u>\$ (2,537)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>4.69%</u>	<u>3.46%</u>	<u>3.06%</u>	<u>3.23%</u>	<u>2.97%</u>	<u>2.97%</u>	<u>3.06%</u>	<u>0.00%</u>

Notes:

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

TABLE 5

TOWN OF MANCHESTER, CONNECTICUT

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

Fiscal Year	Real Property			Persaonl 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	Industrial							
2009	\$ 2,445,731	\$ 1,058,813	\$ 214,657	\$ 326,072	\$ 317,059	\$ 962,332	\$ 3,836,742	32.98	\$ 7,358,998	52.14%
2008	2,430,203	1,053,170	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%

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
2007 AND 1997
(In Thousands)

<u>Taxpayer</u>	<u>October 1, 2007</u>			<u>October 1, 1997</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	\$ 125,926	1	3.28			
J.C Penney Properties, Inc	62,800	2	1.64	\$ 51,313	1	1.94
Northland Pavilions, LLC	60,260	3	1.57			
Connecticut Light and Power Co.	43,323	4	1.13	23,698	3	0.90
Manchester Developers, LLC	36,068	5	0.94			
Plaza at Buckland Hills LLC	26,044	6	0.68			
Gateway Lauren, LLC	25,486	7	0.66			
California State Teacher's Retirement System	21,299	8	0.55	14,584	5	0.55
Walmart/Sam's Club	20,245	9	0.53	13,758	6	0.52
Federated/May Dept Stores	19,673	10	0.51			
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	\$ 441,124			\$ 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
2009	32.98	\$ 122,386	\$ 120,113	98.14	\$	\$ 120,113	98.14%
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%

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		Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Capital Leases	Sewer	Total Primary Government		
2009	\$ 78,470	\$ 1,987	\$ 1,713	\$ 82,170		\$ 1,471.08
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

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, 2009

(In Thousands)

Total tax collections (including interest and lien fees) received for year ended June 30, 2009					\$ 122,467
Reimbursement for revenue loss on:					
Tax relief for elderly - freeze					<u>9</u>
BASE					<u>\$ 122,476</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	\$ 275,571	\$	\$	\$	\$
4-1/2 times base		551,142			
3-3/4 times base			459,285		
3-1/4 times base				398,047	
3 times base					<u>367,428</u>
Total debt limitation	<u>275,571</u>	<u>551,142</u>	<u>459,285</u>	<u>398,047</u>	<u>367,428</u>
Indebtedness:					
Bonds payable	30,741	47,729	1,713		
Bonds anticipation notes	346		700		
Debt authorized but unissued	9,360	4,644	700		
School construction grants receivable		<u>(623)</u>			
Net indebtedness	<u>40,447</u>	<u>51,750</u>	<u>3,113</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 235,124</u>	<u>\$ 499,392</u>	<u>\$ 456,172</u>	<u>\$ 398,047</u>	<u>\$ 367,428</u>

Note (1): In no case shall total indebtedness exceed \$857,332 (seven times annual base for debt limitation computations).

Note (2): Bond anticipation notes payable do not include water bond anticipation notes of \$6,690, which are considered to be self-financing.

TABLE 10

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

Fiscal Year	General Obligation Bonds	(b) Percentage of Estimated Actual Taxable Value of Property	(a) Debt Per Capita
2009	\$ 80,183	1.09%	\$ 1,435.50
2008	86,990	1.28%	1,560.69
2007	52,609	0.82%	946.68
2006	45,340	0.79%	816.01
2005	43,063	0.82%	777.46
2004	45,896	1.02%	829.48
2003	37,454	0.93%	676.57
2002	36,182	1.01%	657.57
2001	38,841	1.05%	708.27
2000	30,316	1.01%	553.32

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

(a) See Table 12 for population figures

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

TABLE 11

TOWN OF MANCHESTER, CONNECTICUT

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

	<u>2009</u>	<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>
Debt limitation	\$ 857,332	\$ 834,302	\$ 803,306	\$ 750,659	\$ 696,367	\$ 662,305	\$ 613,508	\$ 584,717	\$ 548,751	\$ 516,425
Total net debt applicable to limit	<u>95,310</u>	<u>93,663</u>	<u>93,399</u>	<u>38,860</u>	<u>41,306</u>	<u>62,839</u>	<u>50,505</u>	<u>53,570</u>	<u>48,947</u>	<u>42,623</u>
Legal Debt Margin	<u>\$ 762,022</u>	<u>\$ 740,639</u>	<u>\$ 709,907</u>	<u>\$ 711,799</u>	<u>\$ 655,061</u>	<u>\$ 599,466</u>	<u>\$ 563,003</u>	<u>\$ 531,147</u>	<u>\$ 499,804</u>	<u>\$ 473,802</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.12%	11.23%	11.63%	5.18%	5.93%	9.49%	8.23%	9.16%	8.92%	8.25%

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)
2009	55,857	\$ 25,989	36.5	7,284	8.50%
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%

(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 13

TOWN OF MANCHESTER, CONNECTICUT

PRINCIPAL EMPLOYERS

2009 AND 1999

Employer	Nature of Business	2009			Employer	Nature of Business	1999		
		Employees	Rank	Percentage of Total Town Employment			Employees	Rank	Percentage of Total Town Employment
Town of Manchester	Local Gov/Board of Ed	1,696	1	5.77%	J.C. Penney Company	Warehouse/Distribution	1,710	1	6.00%
Smiths Aerospace	Parts Manufacturer	1,208	2	4.11%	Town of Manchester	Local Gov/Board of Ed	1,528	2	5.36%
J.C. Penney Company	Warehouse/Distribution	1,200	3	4.08%	Manchester Mem Hospital	General Hospital	1,052	3	3.69%
Eastern CT Health Network	Management Services	1,200	3	4.08%	Allied Printing Services	General Printing Services	300	4	1.05%
Journal Publishing Co.	Newspapers	560	5	1.90%	Journal Publishing Co.	Newspapers	280	5	0.98%
Manchester Health Care	Medical Offices	500	6	1.70%	Lydall, Inc.	Engineered Fiber Materials	262	6	0.92%
Wal Mart Stores	Department Store	400	7	1.36%	Gunver Manufacturing	Sheet Metal Fabrication	223	7	0.78%
Cox Communications	Broadcasting, Cable TV	375	8	1.28%	Dynamic Metal Works	Sheet Metal Aircraft Parts	211	8	0.74%
Allied Printing	Commercial Printing	331	9	1.13%	Gerber Scientific Products	Research and Development	200	9	0.70%
Teleflex Inc.	Plating & Polishing	322	10	1.09%	Fuss & O'Neil	Engineering	180	10	0.63%
		<u>7,792</u>		<u>26.49%</u>			<u>5,946</u>		<u>20.87%</u>

Source: Town of Manchester Planning Department and Official Statements

2009 Percentage based on total employed population of 31,071 per the State of Connecticut Department of Labor

TABLE 14

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>2009</u>	<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>
General government	90.25	93.50	92.50	92.25	97.25	97.25	95.50	97.00	92.00	97.50
Police	158.50	158.50	158.50	157.50	156.50	155.50	154.50	153.50	148.50	152.00
Fire	82.00	82.00	82.00	83.00	81.00	85.00	82.00	80.00	78.00	80.00
Sanitation	11.10	9.05	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00
Other public works	149.40	149.45	149.75	151.15	151.50	157.50	160.75	163.00	160.00	158.00
Recreation	9.50	9.50	9.50	9.50	9.00	9.00	9.00	9.00	9.00	9.00
Library	27.00	27.00	27.00	27.00	26.00	27.00	28.00	28.00	26.00	27.00
Education	<u>1,161.25</u>	<u>1,156.00</u>	<u>1,129.00</u>	<u>1,109.00</u>	<u>1,133.00</u>	<u>1,073.00</u>	<u>1,024.00</u>	<u>1,039.00</u>	<u>990.00</u>	<u>1,013.00</u>
TOTAL	<u>1,689.00</u>	<u>1,685.00</u>	<u>1,657.25</u>	<u>1,638.40</u>	<u>1,663.25</u>	<u>1,613.25</u>	<u>1,562.75</u>	<u>1,577.50</u>	<u>1,511.50</u>	<u>1,544.50</u>

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

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

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

	<u>2009</u>	<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>Function/Program</u>										
General government:										
Building permits issued	3,166	2,926	3,340	3,744	4,160	3,618	2,752	2,181	2,126	2,383
Building inspections conducted	6,829	6,797	7,769	9,017	9,275	7,270	8,030	7,581	6,119	6,728
Police:										
Physical arrests	3,525	3,548	4,121	3,862	3,887	3,309	2,853	2,859	2,702	3,269
Parking violations (unavailable pre FY06)	2,078	2,897	3,220	2,467						
Traffic violations	6,885	7,233	6,367	4,587	4,587	4,339	4,763	4,000	4,292	4,391
Fire:										
Emergency responses	7,902	7,674	7730	6,456	7705	7,696	7,678	7,376	7,214	6,863
Structure Fires (fires extinguished)	24	42	53	36	49	43	52	50	58	60
Inspections	1,858	989	650	610	1079	977	895	800	858	1,370
Refuse collection:										
Refuse collected (tons per day)	41.40	40.15	44	45	44	43	43			
Recyclables collected (tons per day)	10.4	12.3	10	10	10	10	11			
Other public works:										
Street resurfacing (miles)	10.80	6.00	6.36	6.36	5.69	5.58	2.51	2.08	5.36	4.97
Potholes repaired (unavailable)										
Parks and recreation:										
Athletic field permits issued (unavailable)										
Community center admissions (unavailable prior to 08)	104,000	79,000								
Library:										
Volumes in collection (thousands)	238.4	228.8	221.8	215.1	210.8	208.7	201.0	199.4	196.4	199
Total volumes borrowed (thousands)	834.5	797.1	747.1	739.4	769.0	859.8	886.7	866.3	800.4	772.6
Water:										
New connections	45	16	72	97	209	58	60	58	58	158
Water main breaks	10	12	14	4	13	14	6	9	12	15
Average daily consumption (thousands of gallons)	5,320	5,560	5,500	4,666	4,709	4,490	4,588	4,752	4,707	4,789
Peak daily consumption (thousands of gallons)	7,750	8,070	8,130	7,130	9,100	7,990	7,280	8,320	9,620	8,840
Wastewater:										
Average daily sewage treatment (thousands of gallons)	6,465	5,560	5,500	4,666	4,709	4,490	4,588	4,752	4,707	4,789
Sewer Enterprises:										
Average Daily Sewage Treatment (000)	5,320	5,560	5,500	4,666	4,709	4,490	4,588	4,752	4,707	4,789

Source: Internal Department Tracking Reports

TABLE 16

TOWN OF MANCHESTER, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<u>Function/Program</u>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	3	3	3	3	3	3	3	3	3
Patrol units	8	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)	217.0	214.0	213.1	197.7	197.7	197.3	196.09	195.73	193.35	193.35
Streetlights	4,698	4,674	4,688	4,672	4,624	4,594	4,570	143	143	143
Traffic signals	51	51	50	50	49	49	49	48	51	52
Parks and recreation:										
Acreage	677	677	677	677	677	677	655	655	655	655
Playgrounds	23	23	23	22	22	22	22	22	22	22
Baseball/softball diamonds	23	23	23	23	23	22	22	22	22	20
Soccer/football fields	13	13	13	13	13	13	13	13	13	13
Water:										
Water mains (miles)	278	255	255	254	243	242	242	240	238	236
Fire hydrants	1,970	1,954	1,876	1,812	1,812	1,788	1,761	1,745	1,710	1,672
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)	166	164	161	181.5	181.5	181.5	181.5	181.5	181.5	181.5
Storm sewers (miles)	163	163	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	3	1	1	1	1	1	1	1	1	1

Sources:

Police Department annual reports

Public Works and Recreation Town records

TABLE 16

TOWN OF MANCHESTER, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<u>Function/Program</u>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	3	3	3	3	3	3	3	3	3
Patrol units	8	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)	217.0	214.0	213.1	197.7	197.7	197.3	196.09	195.73	193.35	193.35
Streetlights	4,698	4,674	4,688	4,672	4,624	4,594	4,570	143	143	143
Traffic signals	51	51	50	50	49	49	49	48	51	52
Parks and recreation:										
Acreage	677	677	677	677	677	677	655	655	655	655
Playgrounds	23	23	23	22	22	22	22	22	22	22
Baseball/softball diamonds	23	23	23	23	23	22	22	22	22	20
Soccer/football fields	13	13	13	13	13	13	13	13	13	13
Water:										
Water mains (miles)	278	255	255	254	243	242	242	240	238	236
Fire hydrants	1,970	1,954	1,876	1,812	1,812	1,788	1,761	1,745	1,710	1,672
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)	166	164	161	181.5	181.5	181.5	181.5	181.5	181.5	181.5
Storm sewers (miles)	163	163	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	3	1	1	1	1	1	1	1	1	1

Sources:

Police Department annual reports

Public Works and Recreation Town records