

# **Annual Comprehensive Financial Report**

## **Town of Manchester Connecticut**

Fiscal Year Ended June 30, 2025



Office of the Director of Finance

# **Annual Comprehensive Financial Report**

of the

## **Town of Manchester Connecticut**

Fiscal Year Ended June 30, 2025

Department of Finance  
Kimberly Lord  
Director of Finance

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## **INTRODUCTORY SECTION**



STEVE STEPHANOU, TOWN MANAGER  
KASIA PURCIELLO, ASSISTANT TOWN MANAGER

JAY MORAN, MAYOR  
SARAH JONES, DEPUTY MAYOR  
PAMELA FLOYD-CRANFORD, SECRETARY

# Town of Manchester

41 Center Street • P.O. Box 191  
Manchester, Connecticut 06045-0191  
[www.manchesterct.gov](http://www.manchesterct.gov)

DIRECTORS  
ED BOLAND  
PETER CONYERS  
JERALD LENTINI  
JESSEE MUNIZ POLAND  
ZACHARY REICHELT  
DENNIS SCHAIN

December 10, 2025

To the Honorable Mayor, Members of the Board of Directors, Town Manager, and Citizens of the Town of Manchester:

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Town of Manchester, Connecticut, for the fiscal year ended June 30, 2025. This report is presented in accordance with Generally Accepted Accounting Principles (GAAP) and the requirements of the Governmental Accounting Standards Board (GASB). Preparation of this report represents the Town's commitment to accountability and transparency in financial reporting.

The Finance Department prepared this ACFR, and management assumes full responsibility for the accuracy, completeness, and fairness of the information contained herein. To the best of our knowledge, the enclosed data are presented accurately in all material respects and fairly reflect the financial position and results of operations of the Town. All disclosures necessary to enable a reader to gain a clear understanding of the Town's financial affairs have been included.

The Town is required to undergo an annual independent audit in accordance with both federal and state single audit requirements. This includes compliance with the Single Audit Act, Uniform Guidance (2 CFR Part 200), and the Connecticut Single Audit Act. The audited financial statements, auditors' opinions, and schedules related to federal and state grant activity are issued herein.

In addition, GAAP requires that management provide a narrative overview and analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which immediately follows the independent auditors' report.

## **Profile of the Government**

The Town of Manchester, incorporated in 1823, is an independent, full-service municipality operating under the Council-Manager form of government since 1947. Legislative authority is vested in a nine-member Board of Directors, elected biennially, which sets policy and adopts budgets. The Town Manager, appointed by the Board, serves as the Chief Executive Officer and is responsible for day-to-day administration. A separately elected nine-member Board of Education oversees the public school system through the appointment of a Superintendent.

Manchester is centrally located in Connecticut, approximately 10 miles east of Hartford and within two hours of both Boston and New York City. The Town covers 27.2 square miles with a population of 59,452. As a regional hub, Manchester provides a full array of municipal services including public safety, public works, education, recreation, human services, libraries, cultural programming, and utilities.

The Honorable Mayor, Members of the Board of Directors,  
Town Manager, and Citizens of the Town of Manchester  
December 10, 2025

### **Local Economic Condition and Outlook**

Manchester serves as the economic and service center of eastern Hartford County, with a diverse tax base including retail, manufacturing, health care, higher education, and professional services. The historic downtown district continues to attract investment in restaurants, cultural facilities, and small businesses, while the Buckland Hills commercial area remains a major retail and entertainment destination.

The Town's strategic location along Interstates 84, 384, and 291 provides direct connections to regional markets and transportation assets, including Bradley International Airport and freight rail. Manchester Memorial Hospital and Connecticut State College - Manchester further strengthens the local economy as major employers and service providers.

Manchester's demographic diversity, affordable housing, and strong quality of life continue to make the Town a desirable place to live, work, and do business. Looking ahead, economic development is expected to remain stable, supported by public infrastructure investment and private redevelopment.

### **Major Initiatives**

During fiscal year 2025, the Town of Manchester advanced several significant projects that reflect the community's commitment to sustainability, equity, and long-term quality of life:

- New Main Street Library – Planning, land acquisition, and design work continued for the construction of a new 21st-century public library at 1041 Main Street. Demolition and site preparation began in 2025, with groundbreaking scheduled for spring 2026.
- Downtown Revitalization – The Town acquired and began demolition of 942 Main Street, opening the site for redevelopment. Work also progressed on the Downtown “Complete Streets” plan, which will enhance safety, accessibility, and streetscape amenities while leveraging private investment.
- School Renewal (SMARTR2) – Keeney Elementary School reopened as Manchester's third net-zero school. The Town applied for over \$2 million in clean-energy tax credits through the federal Inflation Reduction Act, reducing long-term financing costs for the school construction program.
- Charter Oak Park West (The Oak) – Construction was completed on Phase I improvements, including a turf soccer field and new parking facilities. Phase II, featuring an all-wheel park and pump track, was completed in late summer 2025.
- Nathan Hale School Redevelopment – The former elementary school site moved forward for reuse as a 41-unit housing development. In conjunction, Spruce Street improvements, including traffic calming, lighting, and a pocket park, were designed and constructed to support neighborhood revitalization,
- Community Engagement – The Town conducted public hearings through its Charter Revision Commission and gathered resident input on federal block grant allocations, reinforcing Manchester's commitment to inclusive and transparent governance.

The Honorable Mayor, Members of the Board of Directors,  
Town Manager, and Citizens of the Town of Manchester  
December 10, 2025

### **Long-Term Financial Planning and Policies**

The FY2026 budget was developed under the theme “*Moving Manchester Forward*”, balancing community needs with fiscal responsibility. The Town maintained its long-standing practice of aligning budget decisions with adopted policies, including:

- Maintaining unassigned General Fund balance between 10% and 15% of annual revenues.
- Using reserves strategically to mitigate state aid uncertainties and fund one-time capital items.
- Supporting education, public safety, sustainability, and technology investments while avoiding structural imbalances.
- Encouraging economic growth through targeted tax abatement agreements and redevelopment partnerships.

Through prudent financial management, Manchester preserved its fiscal stability while investing in transformative projects that will benefit residents for decades to come.

### **Budgeting and Financial Management**

The Board of Directors annually adopts both an operating budget and a six-year capital improvement program. The operating budget is legally enacted at the category level, with financial controls maintained at the object account level through a full encumbrance system. The Town’s accounting structure follows fund accounting principles, with separate self-balancing funds for governmental, proprietary, and fiduciary activities.

Internal controls are designed to safeguard assets, ensure reliable financial reporting, promote efficiency, and ensure compliance with laws and regulations. The Town recognizes that cost-effective internal controls provide reasonable, though not absolute, assurance of financial integrity.

### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town of Manchester for its ACFR for the fiscal year ended June 30, 2024. This was the Town’s 29th consecutive year receiving the award. We believe this FY2025 report continues to meet the program’s high standards, and it has been submitted to GFOA for consideration.

Preparation of this report reflects the dedication of the Finance Department staff, particularly the Accounting Division. I extend sincere appreciation to Accounting Manager Heather Boudreaux, Accountant Susan Alaimo, Payroll Manager Laura LaBrecque, Senior Account Associates Jennifer Dudzik and April Marchiano, and Executive Assistant Amy McCrystal. Our sincere thanks go to the Board of Directors, Board of Education, and the Town Manager for their continued partnership and shared commitment to building a strong and financially resilient community.

Respectfully submitted,



Kimberly Lord, CPFO  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Manchester  
Connecticut**

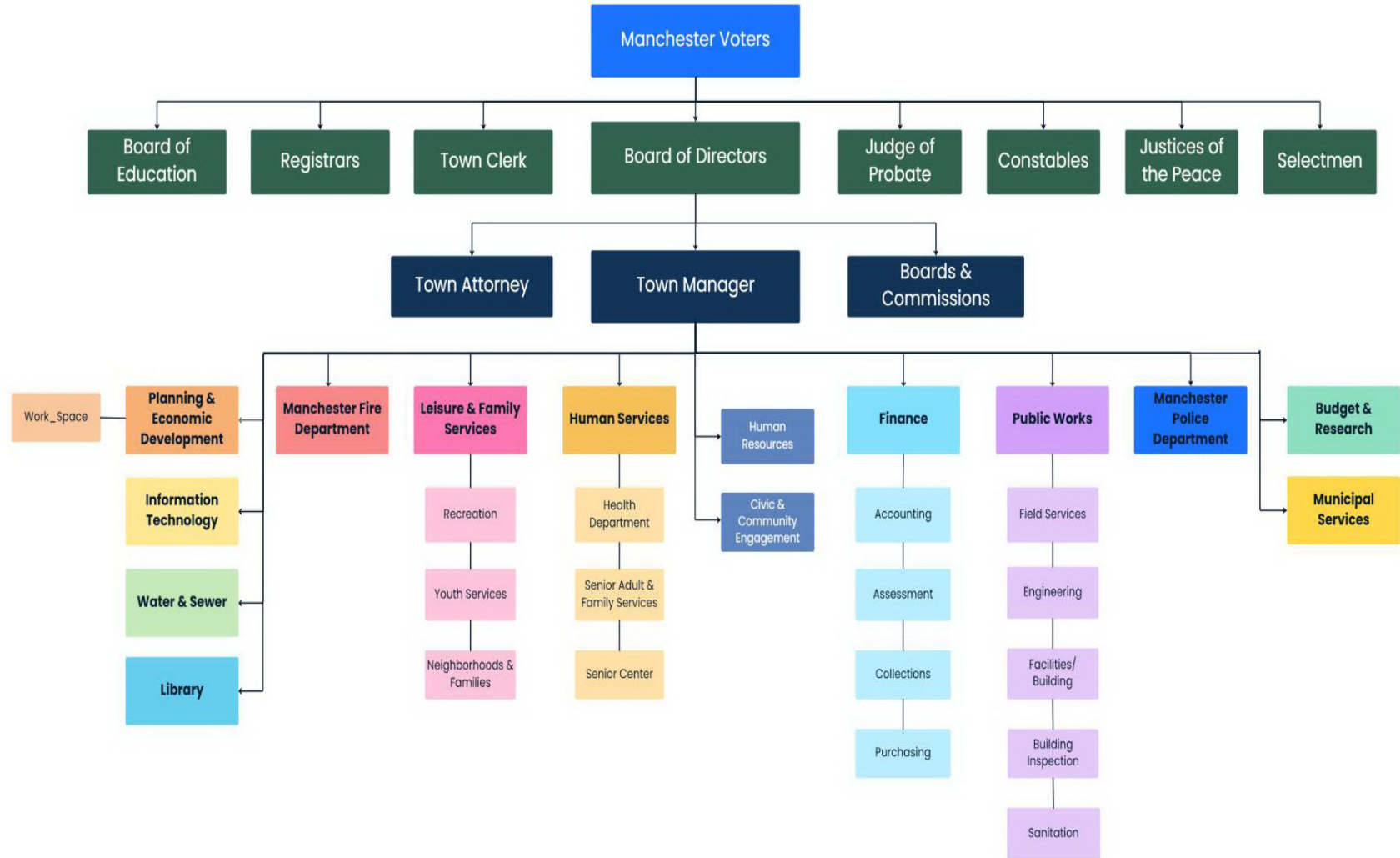
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

# TOWN OF MANCHESTER ORGANIZATION CHART



**TOWN OF MANCHESTER, CONNECTICUT**

**LISTING OF PRINCIPAL OFFICIALS as of June 30, 2025**

**Board of Directors**

Jay Moran, Mayor	Sarah Jones, Deputy Mayor
Jerald Lentini	Zachary Reichelt
Pamela Floyd- Cranford	Peter Conyers
Jessee Muniz-Poland	Ed Boland
Dennis Schain	

**General Government Appointed Officials**

Town Manager	Steve Stephanou
Assistant Town Manager	Kasia Purciello
Town Clerk	Dr. Maria Cruz
Town Attorney	Ryan Barry
Director of Finance	Kimberly Lord
Chief of Police	William Darby
Fire Chief	Daniel French
Director of Planning	Gary Anderson
Budget Director	Brian Wolverton
Director of Information Systems	Karen Freund
Director of Public Works	Tim Bockus
Water and Sewer Administrator	Shannon Miles
Library Director	Doug McDonough
Director of Leisure, Family and Recreation	Chris Silver
Director of Human Resources	Tricia Catania
Director of Human Services	Joel Cox

**Board of Education**

Tracy Patterson, Chair	David Eisenthal, Secretary
Bob Spada	Elizabeth Mix
Kwasi Ntem-Mensah	Michael Orsene
Heather Doucette	Donna Meier
Chris Pattacini	

**Board of Education Appointed Officials**

Superintendent of Schools	Matthew Geary
Deputy Superintendent	Amy Radikas
Asst. Supt. Human Capital	Nicholas Jones
Asst. Supt. Finance	Karen Clancy

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Town of Manchester, Connecticut

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Manchester, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Manchester, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Manchester, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Manchester, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Manchester, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Manchester, Connecticut's basic financial statements. The supplemental, combining, and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplemental combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***


Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Directors  
Town of Manchester, Connecticut

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, on our consideration of the Town of Manchester, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Manchester, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Manchester, Connecticut's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
December 10, 2025

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

Management of the Town of Manchester, Connecticut presents this Management's Discussion and Analysis (MD&A) for the fiscal year ended June 30, 2025. This narrative overview provides readers with a clear and accessible summary of the Town's financial performance, significant events, and economic conditions affecting the year's results. The MD&A is a required component of the Town's Annual Comprehensive Financial Report (ACFR) under Governmental Accounting Standards Board (GASB) Statement No. 34, with additional interpretive guidance from GASB Statement No. 103.

The purpose of this MD&A is to enhance the usefulness of the financial statements by offering management's perspective on the Town's financial condition. It highlights key financial results, provides context for changes in net position, discusses long-term financial trends, and explains material variances between fiscal years. It also outlines the Town's capital and debt activity, budgetary performance, and the broader economic factors that influenced fiscal decision-making during FY25.

This report should be read in conjunction with the accompanying government-wide and fund financial statements, notes to the financial statements, required supplementary information, and the transmittal letter. Together, these documents provide a comprehensive, transparent view of the Town's financial stewardship and accountability to taxpayers, residents, investors, and other stakeholders.

The fiscal year ended June 30, 2025 was marked by several notable events impacting the Town's finances, including a major property tax appeal settlement for Buckland Hills Mall, the bankruptcy filing of Manchester Memorial Hospital's parent company, strong investment performance in pension and OPEB funds, continued implementation of long-term financial sustainability initiatives, and the advancement of significant capital projects such as the new Main Street Library. Despite external pressures, the Town's financial position improved overall, with an increase in total net position and continued progress in reducing long-term liabilities such as OPEB obligations.

The Town remains committed to prudent fiscal management, strategic investment in community infrastructure, and the long-term sustainability of essential public services. This MD&A reflects that commitment by providing a transparent account of the year's financial results and the underlying factors shaping them.

## **FINANCIAL HIGHLIGHTS**

The following financial highlights summarize the Town of Manchester's overall financial activity for the fiscal year ended June 30, 2025. These highlights reflect notable trends, material events, and significant factors influencing both government-wide and fund-level results. All amounts are presented in thousands unless otherwise noted.

### **GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS**

- Total net position increased by \$24.8 million, improving from \$(35.2) million in FY24 to \$(10.4) million in FY25. This represents a substantial improvement in overall financial condition.
- Governmental activities experienced a positive change in net position of \$28 million, reflecting improved operational efficiency, strong investment performance, and reduced costs associated with public safety following the fire district consolidation.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

- Business-type activities decreased by \$3.3 million, primarily due to an increase in the estimated landfill closure liability and higher operating costs, partially offset by strong returns on investments and stable user charge collections.
- Fiduciary net position increased by \$17.9 million, driven by:
  - Favorable investment earnings in pension and OPEB trust funds.
  - Reductions in OPEB liability resulting from long-term plan changes and actuarial updates.

**REVENUE AND EXPENDITURE HIGHLIGHTS**

- Total government-wide revenues were \$364.3 million, a slight decrease from FY24, reflecting:
  - Lower capital grant activity.
  - The impact of the Buckland Hills Mall tax appeal settlement.
  - Delayed hospital property tax revenue due to the Prospect Medical Holdings bankruptcy.
- Program expenses totaled \$339.5 million, led by:
  - Education (\$192.8 million)
  - Public Safety (\$48.5 million)
  - Public Works (\$24.8 million)
- Total cost of all governmental programs was \$301 million.

**GENERAL FUND HIGHLIGHTS**

- The General Fund reported a year-end fund balance of \$33.4 million, a planned decrease of \$8.0 million aligned with the Town's strategy to stabilize revenue impacts resulting from:
  - The Buckland Hills Mall tax settlement.
  - Delayed hospital tax receipts.
- General Fund revenues were \$5.7 million under budget due to tax appeal and bankruptcy impacts; however, property tax collection rates remained strong.
- General Fund expenditures were \$5.1 million under budget due to:
  - Public safety efficiencies from the fire district consolidation.
  - A mild winter resulting in lower public works expenditures.
  - Personnel savings.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**BUSINESS-TYPE ACTIVITY HIGHLIGHTS**

- Total business-type revenue was \$33.4 million, while expenses totaled \$35.0 million.
- The Water Fund experienced operating losses related to increased capital and maintenance needs.
- Sewer Fund operations remained stable and continued to generate positive operating results.

**CAPITAL AND DEBT HIGHLIGHTS**

- The Town invested \$33.5 million in capital assets during FY25, including:
  - Continued construction of the new Main Street Library.
  - Roadway and sidewalk improvements.
  - Water and sewer system upgrades.
- The Town issued \$25 million in new general obligation bonds to support capital improvements.
- Outstanding governmental debt increased from \$152.0 million to \$164.3 million.

**OVERALL FINANCIAL OUTLOOK**

The Town ended the fiscal year in a stronger financial position than the prior year, with significant progress made on long-term liabilities, service efficiency, and capital reinvestment. Despite external challenges in the tax base, the Town's financial management practices continue to provide stability, resilience, and long-term sustainability.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Town's annual financial report consists of three primary components: government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This structure provides both a broad overview and a detailed, fund-specific view of the Town's financial position.

***Government-Wide Financial Statements***

Government-wide statements are designed to provide readers with a long-term, macro-level perspective on the Town's financial health. They are prepared using the accrual basis of accounting, similar to private-sector financial reporting.

The Statement of Net Position presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the Town's financial position is improving or deteriorating.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

The Statement of Activities presents information showing how the Town's net position changed during the fiscal year. All revenues and expenses are recognized at the time they are earned or incurred, regardless of when cash transactions occur. This statement highlights the relative financial burden or benefit of each major program on the Town's taxpayers.

Government-wide statements separate activities into two categories:

- **Governmental Activities** – These include the Town's basic services such as education, public safety, public works, human services, leisure services, and general government. These activities are primarily supported by property taxes, grants, and service charges.
- **Business-Type Activities** – These include the Water, Sewer, and Sanitation operations, which are intended to recover their costs through user fees or commercial tipping fees.

***Fund Financial Statements***

These funds focus on near-term inflows, outflows, and balances of spendable resources. They use the modified accrual basis of accounting. Readers may use the governmental fund statements to evaluate the Town's short-term financial requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, reconciliation schedules are included to help readers understand the long-term impact of short-term activities.

**Proprietary Funds:**

These funds include both enterprise funds and internal service funds. They use the accrual basis of accounting, mirroring the format of the government-wide statements.

- Enterprise Funds account for operations financed primarily through user charges, namely the Water, Sewer, and Sanitation funds.
- Internal Service Funds support the Town's operations by providing services such as information technology and employee health insurance.
- These funds charge service fees to departments based on usage.

**Fiduciary Funds:**

These funds account for resources held in trust for others and do not appear in the government-wide statements. The Town's fiduciary activity includes the Pension and OPEB Trust Funds, which report on financial resources restricted for employee benefits.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide essential disclosures and detail that are fundamental to understanding the financial statements. They include information on accounting policies, detailed schedules, capital assets, pension and OPEB plans, long-term liabilities, budgetary compliance, and other key elements.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

Following the basic financial statements, RSI includes budgetary comparison schedules, pension and OPEB trend data, and funding progress information that further supports the financial statements.

Together, these components provide a comprehensive financial picture and ensure transparency and accountability in the Town's financial reporting.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Government-wide financial analysis provides a comprehensive view of the Town's financial condition by examining changes in assets, liabilities, and overall net position. The analysis in this section is based on the government-wide financial statements prepared using the accrual basis of accounting, which captures all revenues earned and expenses incurred during the fiscal year, regardless of the timing of related cash flows.

**OVERVIEW OF NET POSITION (Tables 1 and 2)**

As reflected in the government-wide Statement of Net Position, the Town's total net position improved from \$(35.2) million in FY24 to \$(10.5) million in FY25—an improvement of \$24.8 million. This change is primarily attributable to strong investment earnings, reductions in long-term OPEB liabilities, and operational efficiencies achieved through consolidation initiatives.

**Governmental Activities:**

- Governmental activities reported an increase in net position of \$28 million.
- Capital assets increased significantly due to continued investment in public infrastructure and construction of the new Main Street Library.
- Deferred outflows of resources related to pension and OPEB obligations decreased due to favorable actuarial valuations and updated assumptions.
- The Town continued to make progress reducing long-term liabilities, particularly OPEB obligations, which have decreased by \$125 million since FY17 due to strategic benefit plan reforms.

**Business-Type Activities:**

Business-type activities experienced a net decrease of \$3.3 million.

- This decline reflects the impact of updated landfill closure cost estimates for the Sanitation Fund, which significantly increased long-term liabilities.
- Water and Sewer operations remained stable, supported by rate structures designed to ensure long-term sustainability. However, the Water Fund experienced operating losses due to increased infrastructure requirements and rising operational costs.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**REVENUES**

Government-wide revenues totaled \$364.3 million, a slight decrease from FY24. Key revenue sources included:

- Property taxes: \$186.8 million
- Operating grants and contributions: \$111.8 million
- Capital grants and contributions: \$11.2 million
- Charges for services: \$41.5 million
- Investment earnings: \$6.7 million

Property tax revenue increased modestly due to mill rate adjustments, although total collections were affected by the Buckland Hills Mall tax settlement and delayed collections resulting from the Prospect Medical Holdings bankruptcy.

**EXPENSES**

Total expenses increased to \$339.5 million, led by:

- Education: \$192.8 million
- Public Safety: \$48.5 million
- Public Works: \$24.8 million

Education continued to represent the Town's most significant governmental program, accounting for over 63% of governmental expenses. Public Safety expenditures decreased due to efficiencies gained through the consolidation of the Town's fire services.

**NET PROGRAM COSTS (Table 3)**

Table 3 (presented earlier in the MD&A) highlights the net costs of major governmental programs after accounting for program revenues. Key trends include:

- A \$21.3 million increase in the net cost of Education due to reductions in state and federal grant funding.
- A decrease in the net cost of Public Safety resulting from operational efficiencies and staffing realignments.
- Continued investment in Public Works and infrastructure maintenance.

**OVERALL ANALYSIS**

The Town's government-wide results reflect continued financial strength, effective management of long-term liabilities, and strategic investment in critical infrastructure. Despite external pressures on the tax base and rising service delivery costs, the Town's net position improved significantly, demonstrating resilience and strong fiscal stewardship.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**TABLE 1  
NET POSITION  
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets:</b>						
Current and Other Assets	\$ 153,679	\$ 156,746	\$ 72,581	\$ 71,175	\$ 226,260	\$ 227,921
Capital Assets	325,560	308,815	89,519	93,461	415,079	402,276
Total Assets	<u>479,239</u>	<u>465,561</u>	<u>162,100</u>	<u>164,636</u>	<u>641,339</u>	<u>630,197</u>
<b>Deferred Outflows of Resources:</b>						
Deferred Outflows of Resources Related to Pensions	13,646	19,037	136	296	13,782	19,333
Deferred Outflows of Resources Related to OPEB	2,537	14,258	-	-	2,537	14,258
Deferred Charge on Refunding	328	509	-	-	328	509
Total Deferred Outflows of Resources	<u>16,511</u>	<u>33,804</u>	<u>136</u>	<u>296</u>	<u>16,647</u>	<u>34,100</u>
<b>Liabilities:</b>						
Long-Term Debt Outstanding	444,335	460,187	55,741	54,904	500,076	515,091
Other Liabilities	25,027	37,557	17,301	17,404	42,328	54,961
Total Liabilities	<u>469,362</u>	<u>497,744</u>	<u>73,042</u>	<u>72,308</u>	<u>542,404</u>	<u>570,052</u>
<b>Deferred Inflows of Resources:</b>						
Advance Property Tax Collections	6,663	7,402	-	-	6,663	7,402
Lease Receivable	3,019	3,073	2,191	2,345	5,210	5,418
Deferred Inflows of Resources Related to Pensions	3,428	3,375	120	112	3,548	3,487
Deferred Inflows of Resources Related to OPEB	110,624	113,151	-	-	110,624	113,151
Total Deferred Inflows of Resources	<u>123,734</u>	<u>127,001</u>	<u>2,311</u>	<u>2,457</u>	<u>126,045</u>	<u>129,458</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	160,899	156,937	58,355	58,962	219,254	215,899
Restricted	70,837	62,875	-	-	70,837	62,875
Unrestricted	<u>(329,082)</u>	<u>(345,192)</u>	<u>28,528</u>	<u>31,205</u>	<u>(300,554)</u>	<u>(313,987)</u>
Total Net Position	<u>\$ (97,346)</u>	<u>\$ (125,380)</u>	<u>\$ 86,883</u>	<u>\$ 90,167</u>	<u>\$ (10,463)</u>	<u>\$ (35,213)</u>

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**TABLE 2  
CHANGES IN NET POSITION  
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 8,238	\$ 6,828	\$ 33,222	\$ 32,012	\$ 41,460	\$ 38,840
Operating Grants and Contributions	111,775	105,125	-	-	111,775	105,125
Capital Grants and Contributions	9,496	28,723	1,748	135	11,244	28,858
General Revenues:						
Property Taxes	186,789	182,391	-	-	186,789	182,391
Grants and Contributions Not Restricted to Specific Purposes	4,525	4,399	-	-	4,525	4,399
Unrestricted Investment						
Earnings (Loss)	4,881	5,862	1,784	1,115	6,665	6,977
Other General Revenues	1,306	1,367	512	518	1,818	1,885
Total Revenues	<u>327,010</u>	<u>334,695</u>	<u>37,266</u>	<u>33,780</u>	<u>364,276</u>	<u>368,475</u>
<b>Program Expenses:</b>						
General Government	15,987	17,967	-	-	15,987	17,967
Public Safety	48,499	62,418	-	-	48,499	62,418
Public Works	24,844	17,633	-	-	24,844	17,633
Human Services	5,928	5,819	-	-	5,928	5,819
Leisure Services	9,714	7,810	-	-	9,714	7,810
Education	192,803	189,099	-	-	192,803	189,099
Interest on Long-Term Debt	2,960	2,929	-	-	2,960	2,929
Water	-	-	13,850	8,085	13,850	8,085
Sewer	-	-	11,885	9,311	11,885	9,311
Sanitation	-	-	13,056	4,714	13,056	4,714
Total Program Expenses	<u>300,735</u>	<u>303,675</u>	<u>38,791</u>	<u>22,110</u>	<u>339,526</u>	<u>325,785</u>
<b>Excess (Deficiency) Before Special Items and Transfers</b>	26,275	31,020	(1,525)	11,670	24,750	42,690
Special Item - Transfer of Operations	-	9,225	-	49	-	9,274
Transfers	1,759	1,886	(1,759)	(1,886)	-	-
<b>Change in Net Position</b>	28,034	42,131	(3,284)	9,833	24,750	51,964
Beginning Net Position	<u>(125,380)</u>	<u>(167,511)</u>	<u>90,167</u>	<u>80,334</u>	<u>(35,213)</u>	<u>(87,177)</u>
<b>Ending Net Position</b>	<u>\$ (97,346)</u>	<u>\$ (125,380)</u>	<u>\$ 86,883</u>	<u>\$ 90,167</u>	<u>\$ (10,463)</u>	<u>\$ (35,213)</u>

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

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

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Education	\$ 192,803	\$ 189,099	\$ 93,527	\$ 72,231
Public Safety	48,499	62,418	45,790	60,400
Public Works	24,844	17,633	17,668	14,647
Leisure Services	9,714	7,810	9,052	7,183
General Government	15,987	17,967	(1,227)	3,131
All Others	8,888	8,748	6,416	5,407
Total	<u>\$ 300,735</u>	<u>\$ 303,675</u>	<u>\$ 171,226</u>	<u>\$ 162,999</u>

**TOWN FUNDS FINANCIAL ANALYSIS**

Fund financial statements provide detailed information about the Town's most significant funds, focusing on current financial resources, budgetary compliance, and short-term fiscal accountability. This perspective differs from the government-wide analysis, which presents long-term economic resources. The following discussion analyzes the financial performance of the Town's governmental, proprietary, and internal service funds for the fiscal year ended June 30, 2025.

**GOVERNMENTAL FUNDS**

Governmental funds reported a combined ending fund balance of \$21.9 million, representing a decrease of \$5.4 million from the prior year. This decline reflects planned use of fund balance to manage the financial impact of the Buckland Hills Mall tax appeal settlement and delayed tax collections associated with the Manchester Memorial Hospital bankruptcy.

**Key Governmental Fund Results:**

- General Fund – The General Fund ended the year with a balance of \$33.4 million, a planned decrease of \$8.0 million. The Town strategically used designated fund balance to offset the revenue impacts caused by the mall tax settlement and hospital bankruptcy. Despite lower revenues, expenditures were managed effectively, with most departments finishing under budget due to public safety efficiencies, mild winter conditions, and positive performance in self-insurance funds.
- Capital Projects Fund – The Capital Projects Fund increased by \$1.7 million, reflecting reimbursements from the State for Buckley School construction, ongoing library construction, and infrastructure investments.
- ARPA COVID Fund – The ARPA Fund increased by \$433 thousand, driven primarily by investment earnings on unspent federal awards.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**Budgetary Highlights (General Fund):**

- Revenues were \$5.7 million below budget, driven by:
  - The Buckland Hills Mall assessment appeal settlement.
  - Delayed payments related to the hospital bankruptcy.
- Expenditures were \$5.1 million below budget due to:
  - Public safety cost savings following the fire district merger.
  - Lower winter maintenance costs due to mild weather
  - Favorable claims experience in internal service funds.

Overall, governmental fund results remained consistent with the Town's long-term financial strategy of maintaining adequate reserves, funding capital needs, and mitigating revenue volatility.

**PROPRIETARY FUNDS**

Proprietary funds consist of enterprise funds (Water, Sewer, Sanitation) and internal service funds. These funds use the accrual basis of accounting and provide both long-term and short-term financial perspectives.

**Enterprise Funds:**

Combined enterprise fund net position was \$86.9 million at year-end, a decrease of \$3.3 million from FY24. The primary drivers included:

- Increased landfill closure liability in the Sanitation Fund.
- Water Fund operating losses resulting from infrastructure needs and increased operating costs.
- Stable and strong performance in the Sewer Fund, supported by effective rate management and operational controls.

**Internal Service Funds:**

Internal service funds reported a combined net position increase of \$6.8 million. Key contributors included:

- Strong investment performance in internal insurance reserves.
- Better-than-expected claims experience in the Town's health insurance and risk management programs.
- Effective cost containment strategies across all self-insured programs.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

Overall, the proprietary funds demonstrate strong financial health and operational stability, with continued emphasis on long-term planning to maintain system integrity and support sustainable service delivery.

**SUMMARY**

The Town's fund-level results demonstrate adherence to disciplined budget management, effective cost control, and maintenance of strong reserves. Despite revenue pressures, the Town successfully preserved financial flexibility and continued to make progress on major capital and operational initiatives.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

Capital asset and debt administration are critical components of the Town's long-term financial stability. This section provides an overview of Manchester's capital investments, asset maintenance strategies, and outstanding debt obligations for the fiscal year ended June 30, 2025.

**CAPITAL ASSETS**

As of June 30, 2025, the Town's capital assets totaled \$415.2 million (net of depreciation), representing an increase of \$13.9 million from the prior fiscal year. Capital assets include land, buildings, machinery and equipment, infrastructure such as roads, sidewalks, bridges, and utility systems, and construction in progress.

Major capital additions during FY25 included:

- \$21.6 million in building improvements and the continued construction of the new Main Street Library.
- \$1.2 million in pavement replacement and roadway infrastructure enhancements.
- \$2.9 million in water and sewer pipe upgrades across key areas of the Town.
- Ongoing work on school modernizations, public facilities upgrades, and open space preservation.

Table 4 in this MD&A provides detailed information on capital assets by category for both governmental and business-type activities. These investments reflect the Town's ongoing commitment to maintaining safe, efficient, and modern infrastructure for residents, businesses, and visitors.

**Capital Project Planning:**

Manchester employs a long-term Capital Improvement Plan (CIP) that prioritizes projects based on community need, regulatory compliance, lifecycle cost-benefit analysis, and long-term planning objectives.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

The CIP ensures that resources are allocated efficiently and that critical infrastructure receives timely investment.

**DEBT ADMINISTRATION**

As of June 30, 2025, the Town's total outstanding debt amounted to \$195.2 million, consisting of \$164.3 million in governmental general obligation bonds and \$30.8 million in business-type debt (primarily Clean Water Fund loans and Water/Sewer improvements).

**Debt Activity in FY25:**

- The Town issued \$25 million in new general obligation bonds to support construction of the Main Street Library, roadway improvements, school construction, and other capital projects.
- Principal repayments reduced outstanding debt in accordance with the Town's established amortization schedules.
- Business-type debt decreased as a result of scheduled payments on Clean Water Fund obligations.

**Bond Ratings:**

Manchester maintains an AA+ rating from both Standard & Poor's and Fitch Ratings. These high credit ratings reflect:

- Long-term financial stability
- Strong fund balance reserves
- Prudent fiscal management
- Diversified tax base

**Debt Limits:**

Under Connecticut General Statutes, municipalities are subject to debt limits based on the value and classification of taxable property. Manchester's outstanding debt remains significantly below the State's statutory debt limit, which exceeds \$1.081 billion for the Town. This ample borrowing capacity ensures continued flexibility in funding critical capital projects.

**Long-Term Liability Management:**

In addition to bonded debt, the Town manages long-term liabilities such as:

- OPEB obligations — significantly reduced through plan restructuring
- Pension obligations — well-funded through disciplined contribution practices
- Compensated absences and accrued benefits

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**SUMMARY**

The Town's capital and debt management practices demonstrate a strong commitment to maintaining financial stability and ensuring that essential public infrastructure is funded responsibly. Investment in long-term capital assets, combined with conservative debt management, positions the Town well for continued growth and future community needs.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 20.8	\$ 20.4	\$ 1.3	\$ 1.3	\$ 22.1	\$ 21.7
Buildings and Improvements	181.4	159.8	38.0	41.1	219.4	200.9
Machinery and Equipment	11.7	11.3	5.9	6.2	17.6	17.5
Right-to-Use Building and Equipment	0.9	0.2	0.2	-	1.1	0.2
Subscription Assets	2.0	0.7	-	-	2.0	1
Infrastructure	83.6	82.4	41.2	39.5	124.8	121.9
Construction in Progress	25.3	33.3	2.9	5.1	28.2	38.4
Total	<u>\$ 325.7</u>	<u>\$ 308.1</u>	<u>\$ 89.5</u>	<u>\$ 93.2</u>	<u>\$ 415.2</u>	<u>\$ 401.3</u>

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds (Backed by the Town)	\$ 164.3	\$ 152.0	\$ 13.6	\$ 13.7	\$ 178.0	\$ 165.7
Clean Water Notes	-	-	17.2	20.0	17.2	20.0
Total	<u>\$ 164.3</u>	<u>\$ 152.0</u>	<u>\$ 30.8</u>	<u>\$ 33.8</u>	<u>\$ 195.2</u>	<u>\$ 185.7</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Manchester's economic environment forms a critical foundation for evaluating the Town's fiscal status and the decisions that shape the annual budget. The fiscal year ended June 30, 2025 was marked by ongoing economic resilience, tempered by structural challenges that required strategic planning and conservative fiscal management. This section provides an overview of the key economic factors influencing the Town and outlines the major assumptions underlying the fiscal year 2025–2026 budget.

**ECONOMIC CONDITIONS AND OUTLOOK**

Manchester continues to benefit from a well-diversified local economy, stable employment base, and strong regional connectivity within the Greater Hartford metropolitan area. Despite external pressures, the Town's financial indicators demonstrate resilience and adaptability.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**Key Economic Strengths:**

- A diverse Grand List that includes residential, commercial, industrial, and mixed-use property.
- Strategic redevelopment and private investment activity occurring in targeted corridors, including:
  - The Parkade redevelopment site
  - Main Street revitalization projects
  - Spruce Street mixed-use initiatives
- Healthy commercial activity supported by the Town's central location and transportation access.
- Strong budgetary performance over recent years, supporting adequate reserves and financial flexibility.

**Challenges Impacting the Economic Outlook:**

- Buckland Hills Mall continues to face structural market challenges common to retail centers nationwide. While the tax appeal settlement has resolved valuation disputes for the near term, long-term revenue stability remains uncertain.
- Prospect Medical Holdings' bankruptcy delayed receipt of property taxes from Manchester Memorial Hospital. A proposed acquisition by Hartford HealthCare is pending state approval, which could stabilize future revenues through PILOT grants available to nonprofit hospitals.
- Rising healthcare, energy, and long-term pension/OPEB costs continue to pressure municipal budgets.
- Labor market constraints remain a challenge for recruitment and retention of skilled municipal staff.

**FY 2025–2026 BUDGET**

The Town's adopted General Fund budget for FY26 totals \$247.4 million, representing a 2.4% increase from the prior year. Budget development was guided by goals of maintaining essential services, strengthening long-term financial sustainability, and investing in community priorities.

**Key Drivers of the FY26 Budget:**

- Wage growth and mandated contractual increases.
- Rising healthcare and insurance costs.
- State grant uncertainties and shifts in education cost sharing.
- Infrastructure investment needs related to aging public buildings and utilities.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**Mill Rate:**

- The FY26 budget establishes a mill rate of 39.82, up from 38.68 in FY25.
- The motor vehicle mill rate remains capped at 32.46 under Connecticut law.
- Despite modest increases in taxation, the Town continues to maintain a competitive mill rate relative to neighboring communities.

**Business-Type Funds:**

- Water and Sewer rates continue to follow a long-term financial plan designed to maintain system reliability while ensuring affordability and financial stability.
- The Water Fund maintains a target working capital reserve equivalent to 180 days of operating expenses, ensuring resilience against economic fluctuations and unforeseen infrastructure needs.

**STRATEGIC FINANCIAL MANAGEMENT**

Manchester's long-term financial planning emphasizes:

- Maintaining adequate fund balance reserves.
- Investing in capital assets through a disciplined Capital Improvement Plan (CIP).
- Leveraging state and federal funding opportunities, including Inflation Reduction Act clean energy tax incentives.
- Aligning operational expenditures with long-term service delivery goals.

**SUMMARY**

Although economic uncertainties remain, the Town has positioned itself well through strong financial management, balanced budgeting, and targeted reinvestment in infrastructure and community services. Manchester's forward-looking strategies ensure the sustainability of municipal operations and support a resilient, vibrant local economy for years to come.

**TOWN OF MANCHESTER, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2025**

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This Annual Comprehensive Financial Report is intended to provide residents, taxpayers, investors, policymakers, and all other interested parties with a clear and comprehensive understanding of the Town of Manchester's financial condition and stewardship of public resources.

The Town is committed to maintaining the highest standards of financial reporting and transparency. If you have questions about this report, need clarification on specific financial information, or would like additional details regarding the Town's financial operations, budget, or long-term planning efforts, please contact:

Town of Manchester  
Finance Department  
494 Main Street  
Manchester, Connecticut 06040  
Phone: (860) 647-3130  
Website: [www.manchesterct.gov](http://www.manchesterct.gov)

Staff in the Finance Department are available to assist with inquiries related to:

- Government-wide and fund financial statements
- Budget preparation and long-term financial planning
- Capital improvement programming
- Tax collection and assessment information
- Pension and OPEB trust fund reporting
- Grants administration and regulatory compliance

The Town appreciates the engagement and support of its residents and stakeholders and remains dedicated to responsible financial management, transparency, and the continued delivery of high-quality public services.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF MANCHESTER, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**  
**(IN THOUSANDS)**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 55,481	\$ 19,581	\$ 75,062
Investments	37,382	19,981	57,363
Receivables, Net	70,102	10,311	80,413
Internal Balances	(20,320)	20,320	-
Due from Fiduciary Funds	9,578	-	9,578
Supplies	97	2,380	2,477
Prepaid Items	1,359	8	1,367
Capital Assets:			
Assets Not Being Depreciated/Amortized	46,007	4,249	50,256
Assets Being Depreciated/Amortized, Net	279,553	85,270	364,823
Total Assets	<u>479,239</u>	<u>162,100</u>	<u>641,339</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to Pensions	13,646	136	13,782
Deferred Outflows of Resources Related to OPEB	2,537	-	2,537
Deferred Charge on Refunding	328	-	328
Total Deferred Outflows of Resources	<u>16,511</u>	<u>136</u>	<u>16,647</u>
<b>LIABILITIES</b>			
Accounts and Other Payables	15,199	3,010	18,209
Accrued Liabilities	4,562	213	4,775
Bond Anticipation Notes	-	13,633	13,633
Unearned Revenue	5,266	445	5,711
Noncurrent Liabilities:			
Due Within One Year	23,783	3,138	26,921
Due in More than One Year	420,552	52,603	473,155
Total Liabilities	<u>469,362</u>	<u>73,042</u>	<u>542,404</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advance Property Tax Collections	6,663	-	6,663
Lease receivable	3,019	2,191	5,210
Deferred Inflows of Resources Related to Pensions	3,428	120	3,548
Deferred Inflows of Resources Related to OPEB	110,624	-	110,624
Total Deferred Inflows of Resources	<u>123,734</u>	<u>2,311</u>	<u>126,045</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	160,899	58,355	219,254
Restricted:			
Trust Purposes:			
Expendable	4,070	-	4,070
Grants	61,474	-	61,474
Other	5,293	-	5,293
Unrestricted	(329,082)	28,528	(300,554)
Total Net Position	<u>\$ (97,346)</u>	<u>\$ 86,883</u>	<u>\$ (10,463)</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 15,987	\$ 2,177	\$ 13,294	\$ 1,743	\$ 1,227	\$ -	\$ 1,227
Public Safety	48,499	1,936	754	19	(45,790)	-	(45,790)
Public Works	24,844	1,909	712	4,555	(17,668)	-	(17,668)
Leisure Services	9,714	613	49	-	(9,052)	-	(9,052)
Human Services	5,928	116	2,301	55	(3,456)	-	(3,456)
Education	192,803	1,487	94,665	3,124	(93,527)	-	(93,527)
Interest on Long-Term Debt	2,960	-	-	-	(2,960)	-	(2,960)
Total Governmental Activities	300,735	8,238	111,775	9,496	(171,226)	-	(171,226)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	13,850	10,962	-	-	-	(2,888)	(2,888)
Sewer	11,885	12,403	-	1,748	-	2,266	2,266
Sanitation	13,056	9,857	-	-	-	(3,199)	(3,199)
Total Business-Type Activities	38,791	33,222	-	1,748	-	(3,821)	(3,821)
Total	\$ 339,526	\$ 41,460	\$ 111,775	\$ 11,244	(171,226)	(3,821)	(175,047)
<b>GENERAL REVENUES</b>							
Property Taxes					186,789	-	186,789
Grants and Contributions Not Restricted to Specific Programs					4,525	-	4,525
Unrestricted Investment Earnings					4,881	1,784	6,665
Miscellaneous					1,306	512	1,818
Transfers					1,759	(1,759)	-
Total General Revenues and Transfers					199,260	537	199,797
<b>CHANGE IN NET POSITION</b>							
					28,034	(3,284)	24,750
Net Position - Beginning of Year					(125,380)	90,167	(35,213)
<b>NET POSITION - END OF YEAR</b>							
					\$ (97,346)	\$ 86,883	\$ (10,463)

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025  
(IN THOUSANDS)**

	General	Capital Projects	ARPA COVID Fund	Education Special Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,213	\$ 36,582	\$ -	\$ -	\$ 10,562	\$ 48,357
Investments	14,863	-	4,351	-	8,620	27,834
Receivables, Net	8,423	58,560	-	720	1,691	69,394
Supplies	-	-	-	-	97	97
Due from Fiduciary Funds	71,065	-	-	-	-	71,065
Other Assets	101	-	1,197	-	2	1,300
	<u>95,665</u>	<u>95,142</u>	<u>5,548</u>	<u>720</u>	<u>20,972</u>	<u>218,047</u>
Total Assets	<u>\$ 95,665</u>	<u>\$ 95,142</u>	<u>\$ 5,548</u>	<u>\$ 720</u>	<u>\$ 20,972</u>	<u>\$ 218,047</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts and Other Payables	\$ 6,076	\$ 6,902	\$ 709	\$ 346	\$ 706	\$ 14,739
Accrued Liabilities	2,001	-	-	-	19	2,020
Intergovernmental Payables	29	-	-	-	-	29
Interfund Payables	40,320	60,112	1,061	118	195	101,806
Unearned Revenue	53	824	3,113	234	1,042	5,266
Total Liabilities	<u>48,479</u>	<u>67,838</u>	<u>4,883</u>	<u>698</u>	<u>1,962</u>	<u>123,860</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Property Taxes	4,550	-	-	-	-	4,550
Unavailable Revenue - Sewer Assessments	217	-	-	-	-	217
Unavailable Revenue - Loans Receivable	-	-	-	-	22	22
Unavailable Revenue - Grants Receivable	-	57,846	-	-	-	57,846
Unavailable Revenue - Lease Receivable	2,350	669	-	-	-	3,019
Advance Property Tax Collections	6,663	-	-	-	-	6,663
Total Deferred Inflows of Resources	<u>13,780</u>	<u>58,515</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>72,317</u>
<b>FUND BALANCES</b>						
Nonspendable	101	-	1,197	-	99	1,397
Restricted	-	18,366	-	22	12,969	31,357
Committed	1,181	-	-	-	5,878	7,059
Assigned	5,263	-	-	-	-	5,263
Unassigned	26,861	(49,577)	(532)	-	42	(23,206)
Total Fund Balances	<u>33,406</u>	<u>(31,211)</u>	<u>665</u>	<u>22</u>	<u>18,988</u>	<u>21,870</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 95,665</u>	<u>\$ 95,142</u>	<u>\$ 5,548</u>	<u>\$ 720</u>	<u>\$ 20,972</u>	<u>\$ 218,047</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2025  
(IN THOUSANDS)**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances - Governmental Funds (Exhibit III)	\$	21,870
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Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental Capital Assets		588,621
Less: Accumulated Depreciation		(263,565)
Net Capital Assets		325,056

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		3,535
Interest Receivable on Property Taxes		1,015
Assessment Receivables		217
Housing Rehabilitation and Commercial Entity Loans		22
Grants Receivable Greater than 60 Days		57,846
Deferred Outflows of Resources Related to Pensions		13,646
Deferred Outflows of Resources Related to OPEB		2,537

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

28,149

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

Total LOSAP Pension Liability		(373)
Net OPEB Liability		(144,297)
Net Pension Liability		(104,955)
Bonds and Notes Payable		(164,330)
Bond Premiums		(9,549)
Interest Payable on Bonds and Notes		(2,543)
Compensated Absences		(8,895)
Lease Payable		(971)
Subscriptions Payable		(1,602)
Deferred Inflows of Resources Related to Pensions		(3,428)
Deferred Inflows of Resources Related to OPEB		(110,624)
Deferred Charge on Refunding		328
		328

Net Position of Governmental Activities (Exhibit I)	\$	(97,346)
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See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2025**  
**(IN THOUSANDS)**

	General	Capital Projects	ARPA COVID Fund	Education Special Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 184,392	\$ 38	\$ -	\$ -	\$ 86	\$ 184,516
Intergovernmental	64,993	2,338	9,391	30,826	7,788	115,336
Investment Earnings	1,253	492	510	-	1,007	3,262
Licenses, Permits and Fines	3,180	-	-	-	-	3,180
Charges for Goods and Services	2,590	49	-	-	2,455	5,094
Other	245	354	-	-	674	1,273
Total Revenues	<u>256,653</u>	<u>3,271</u>	<u>9,901</u>	<u>30,826</u>	<u>12,010</u>	<u>312,661</u>
<b>EXPENDITURES</b>						
Current:						
General Government	7,461	-	9,228	-	895	17,584
Public Works	15,056	-	-	-	117	15,173
Public Safety	40,099	-	-	-	1,913	42,012
Human Services	3,589	-	-	-	2,169	5,758
Leisure Services	6,807	-	-	-	418	7,225
Employee Benefits	14,987	-	-	-	-	14,987
Education	151,584	-	-	30,826	6,198	188,608
Internal Service Fund Charges	3,950	-	-	-	-	3,950
Other	40	-	-	-	55	95
Debt Service	16,319	1,876	-	-	-	18,195
Capital Outlay	3,819	31,632	-	-	60	35,511
Total Expenditures	<u>263,711</u>	<u>33,508</u>	<u>9,228</u>	<u>30,826</u>	<u>11,825</u>	<u>349,098</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(7,058)	(30,237)	673	-	185	(36,437)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	1,759	5,338	-	-	357	7,454
Transfers Out	(5,450)	-	(240)	-	-	(5,690)
Issuance of Bond	-	25,000	-	-	-	25,000
Issuance of Lease Payable	245	-	-	-	-	245
Issuance of Subscriptions Payable	2,420	-	-	-	-	2,420
Bond Premium	-	1,639	-	-	-	1,639
Total Other Financing Sources (Uses)	<u>(1,026)</u>	<u>31,977</u>	<u>(240)</u>	<u>-</u>	<u>357</u>	<u>31,068</u>
<b>NET CHANGE IN FUND BALANCES</b>	(8,084)	1,740	433	-	542	(5,369)
Fund Balance - Beginning	<u>41,490</u>	<u>(32,951)</u>	<u>232</u>	<u>22</u>	<u>18,446</u>	<u>27,239</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 33,406</u>	<u>\$ (31,211)</u>	<u>\$ 665</u>	<u>\$ 22</u>	<u>\$ 18,988</u>	<u>\$ 21,870</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change In Fund Balances - Governmental Funds (Exhibit IV) \$ (5,369)

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

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	35,098
Depreciation Expense	(17,597)

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

(709)

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

Property Tax Receivable - Accrual Basis Change	1,941
Property Tax Interest and Lien Revenue - Accrual Basis Change	333
Grants Receivable - Accrual Basis Change	7,037
Change in Deferred Outflows of Resources Related to Pensions	(5,391)
Change in Deferred Outflows of Resources Related to OPEB	(11,721)

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

Issuance of Bonds and Notes	(25,000)
Premium on Bonds	(1,639)
Bond Principal Payments	12,650
Amortization of Deferred Charge on Refunding	(181)
Amortization of Premiums	1,427
Issuance of Leases	(245)
Principal Payments on Lease Payable	391
Subscriptions Based Technology Arrangements	(2,420)
Principal Payments on Subscriptions Payable	1,216

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	475
Accrued Interest	(267)
Change in Total LOSAP Pension Liability	35
Change in Net Pension Liability	3,664
Change in Net OPEB Liability	25,054
Change in Deferred Inflows of Resources Related to Pensions	(53)
Change in Deferred Inflows of Resources Related to OPEB	2,527

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.

6,778

Change in Net Position of Governmental Activities (Exhibit II)

\$ 28,034

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2025  
(IN THOUSANDS)**

	Business-Type Activities			Total Business-Type Activities	Governmental Activities
	Major Funds				Internal Service Fund
	Water	Sewer	Sanitation		
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 6,660	\$ 6,301	\$ 6,620	\$ 19,581	\$ 7,124
Investments	-	-	19,981	19,981	9,548
Receivables, Net	5,201	4,092	947	10,240	708
Assessment Receivable	-	71	-	71	-
Supplies	1,556	824	-	2,380	-
Interfund Receivable	-	-	20,320	20,320	20,000
Prepaid Expenses	3	4	1	8	59
Total Current Assets	<u>13,420</u>	<u>11,292</u>	<u>47,869</u>	<u>72,581</u>	<u>37,439</u>
Noncurrent Assets:					
Capital Assets, Net	32,873	46,806	9,840	89,519	504
Total Assets	<u>46,293</u>	<u>58,098</u>	<u>57,709</u>	<u>162,100</u>	<u>37,943</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources Related to Pensions	91	23	22	136	-
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts and Other Payables	1,543	574	893	3,010	431
Accrued Liabilities	108	95	10	213	-
Claims Payable	-	-	-	-	4,713
Unearned Revenue	-	71	-	71	-
Customer Deposits	-	204	170	374	-
Bond Anticipation Notes	7,474	6,159	-	13,633	-
Lease Payables	24	-	-	24	-
Clean Water Fund Notes	158	2,726	-	2,884	-
Compensated Absences	125	88	17	230	78
Total Current Liabilities	<u>9,432</u>	<u>9,917</u>	<u>1,090</u>	<u>20,439</u>	<u>5,222</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT  
STATEMENT OF NET POSITION (CONTINUED)  
PROPRIETARY FUNDS  
JUNE 30, 2025  
(IN THOUSANDS)**

	Business-Type Activities			Total Business-Type Activities	Governmental Activities
	Major Funds				Internal Service Fund
	Water	Sewer	Sanitation		
<b>LIABILITIES</b>					
Noncurrent Liabilities:					
Compensated Absences	\$ 163	\$ 81	\$ 4	\$ 248	\$ 126
Claims Payable	-	-	-	-	4,446
Lease Payables	180	-	-	180	-
Clean Water Fund Notes	2,602	11,712	-	14,314	-
Landfill Liability	-	-	33,915	33,915	-
Net Pension Liability	2,625	679	642	3,946	-
Total Noncurrent Liabilities	<u>5,570</u>	<u>12,472</u>	<u>34,561</u>	<u>52,603</u>	<u>4,572</u>
Total Liabilities	15,002	22,389	35,651	73,042	9,794
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources Lease Receivable	2,191	-	-	2,191	-
Deferred Inflows of Resources Related to Pensions	80	21	19	120	-
Total Deferred inflows of Resources	<u>2,271</u>	<u>21</u>	<u>19</u>	<u>2,311</u>	<u>-</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	22,306	26,209	9,840	58,355	504
Unrestricted	<u>6,805</u>	<u>9,502</u>	<u>12,221</u>	<u>28,528</u>	<u>27,645</u>
Total Net Position	<u>\$ 29,111</u>	<u>\$ 35,711</u>	<u>\$ 22,061</u>	<u>\$ 86,883</u>	<u>\$ 28,149</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2025**  
**(IN THOUSANDS)**

	Business-Type Activities				Governmental
	Major Funds			Total	Activities
	Water	Sewer	Sanitation	Business-Type	Internal
			Activities	Service Fund	
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 10,962	\$ 12,403	\$ 9,857	\$ 33,222	\$ 40,654
Other	86	80	23	189	2,408
Total Operating Revenues	11,048	12,483	9,880	33,411	43,062
<b>OPERATING EXPENSES</b>					
Administrative	1,715	892	1,017	3,624	-
General Operating	9,822	7,464	7,334	24,620	4,854
Claims Expense	-	-	-	-	32,934
Depreciation and Amortization	2,139	3,491	938	6,568	110
Pension Expense	174	38	2	214	-
Total Operating Expenses	13,850	11,885	9,291	35,026	37,898
<b>OPERATING INCOME (LOSS)</b>	(2,802)	598	589	(1,615)	5,164
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Gain (Loss) on Disposal of Capital Assets	10	5	-	15	-
Intergovernmental Revenue	-	1,748	-	1,748	-
Income on Investments	349	191	2,168	2,708	1,619
Interest Expense	(364)	(560)	-	(924)	-
Lease Revenue	329	-	-	329	-
Change in Estimate for Closure/Post closure Costs	-	-	(3,765)	(3,765)	-
Debt Issuance Costs	(1)	(20)	-	(21)	-
Total Nonoperating Revenues (Expenses)	323	1,364	(1,597)	90	1,619
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(2,479)	1,962	(1,008)	(1,525)	6,783
<b>TRANSFERS</b>					
Transfers In	1,714	3,629	-	5,343	-
Transfers Out	(2,193)	(4,544)	(365)	(7,102)	(5)
<b>CHANGE IN NET POSITION</b>	(2,958)	1,047	(1,373)	(3,284)	6,778
Net Position - Beginning of Year	32,069	34,664	23,434	90,167	21,371
<b>NET POSITION - END OF YEAR</b>	<u>\$ 29,111</u>	<u>\$ 35,711</u>	<u>\$ 22,061</u>	<u>\$ 86,883</u>	<u>\$ 28,149</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2025**  
**(IN THOUSANDS)**

	Business-Type Activities				Governmental
	Major Funds			Total	Activities
	Water	Sewer	Sanitation	Business-Type	Internal
			Activities	Service Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers and Users	\$ 10,613	\$ 11,974	\$ 9,492	\$ 32,079	\$ 42,982
Cash Received from Insurance Proceeds	-	-	-	-	119
Other Operating Receipts	86	80	23	189	-
Cash Paid to Suppliers for Goods and Services	(6,971)	(4,775)	(6,526)	(18,272)	(3,477)
Cash Paid to Employees	(4,473)	(3,666)	(1,756)	(9,895)	(1,357)
Cash Paid for Insurance Claims and Premiums	-	-	-	-	(33,613)
Net Cash Provided (Used) by Operating Activities	(745)	3,613	1,233	4,101	4,654
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	1,714	3,629	-	5,343	-
Transfers Out	(2,193)	(4,544)	(365)	(7,102)	-
Cash Paid to Other Funds	-	-	521	521	(15,005)
Net Cash Provided (Used) by Noncapital Financing Activities	(479)	(915)	156	(1,238)	(15,005)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Lease Payments Received	329	-	-	329	-
Proceeds from Sale of Capital Assets	10	5	-	15	-
Purchase of Capital Assets and Construction	(839)	(887)	(900)	(2,626)	(63)
Principal Payment - Clean Water Fund Notes	(171)	(2,671)	-	(2,842)	-
Principal Payment - Bond Anticipation Notes	(7,244)	(6,477)	-	(13,721)	-
Principal Payment - Leases	(2)	-	(1)	(3)	-
Principal Payment - Subscriptions	-	-	(5)	(5)	-
Proceeds from Bond Anticipation Notes	7,474	6,159	-	13,633	-
Issuance Costs paid on Bond Anticipation Notes	(1)	(20)	-	(21)	-
Interest Paid	(364)	(560)	-	(924)	-
Capital Grants	-	1,748	-	1,748	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(808)	(2,703)	(906)	(4,417)	(63)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	349	191	2,168	2,708	1,619
Purchase of Investments	-	-	(1,098)	(1,098)	(571)
Net Cash Provided (Used) by Investing Activities	349	191	1,070	1,610	1,048
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,683)	186	1,553	56	(9,366)
Cash and Cash Equivalents - Beginning of Year	8,343	6,115	5,067	19,525	16,490
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,660</u>	<u>\$ 6,301</u>	<u>\$ 6,620</u>	<u>\$ 19,581</u>	<u>\$ 7,124</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND (CONTINUED)  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

	Business-Type Activities			Total Business-Type Activities	Governmental
	Major Funds		Sanitation		Internal
	Water	Sewer			Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income	\$ (2,802)	\$ 598	\$ 589	\$ (1,615)	\$ 5,164
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	2,139	3,491	938	6,568	110
Change in Asset and Liabilities:					
(Increase) Decrease in Accounts Receivable	(195)	(433)	(355)	(983)	39
(Increase) Decrease in Supplies and Prepaid Items	29	181	-	210	-
(Increase) Decrease in Deferred					
Outflows of Resources	103	28	29	160	-
Increase (Decrease) in Accounts Payable	168	(227)	72	13	(415)
Increase (Decrease) in Accrued Expenses	(9)	(13)	-	(22)	-
Increase (Decrease) in Customer Deposits	-	4	(10)	(6)	-
Increase (Decrease) in Compensated Absences Payable	(95)	(27)	(4)	(126)	16
Increase (Decrease) in Claims Payable	-	-	-	-	(260)
Increase (Decrease) in Net Pension Liability	65	9	(26)	48	-
Increase (Decrease) in Deferred Leases	(154)	-	-	(154)	-
Increase (Decrease) in Deferred					
Inflows of Resources	6	2	-	8	-
Total Adjustments	2,057	3,015	644	5,716	(510)
Net Cash Provided (Used) by Operating Activities	<u>\$ (745)</u>	<u>\$ 3,613</u>	<u>\$ 1,233</u>	<u>\$ 4,101</u>	<u>\$ 4,654</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Lease Assets	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>
SBITA Assets	<u>\$ 5</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>
Capital Related Accounts Payable and Retainage	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129</u>	<u>\$ 22</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2025**  
**(IN THOUSANDS)**

	Pension and Other Employee Benefit Trust Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 499
Investments:	
Mutual Funds	210,200
Alternative Investments	67,147
Accounts Receivable	2
Total Assets	277,848
 <b>LIABILITIES</b>	
Accounts Payable	9,578
 <b>NET POSITION</b>	
Restricted for OPEB Benefits	5,441
Restricted for Pension Benefits	262,829
 Total Net Position	\$ 268,270

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

	Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 20,040
Plan Members	4,236
Total Contributions	24,276
Investment Income:	
Net Change in Fair Value of Investments	22,426
Interest and Dividends	4,543
Income from Real Estate Investments	480
Total Investment Income (Loss)	27,449
Total Additions	51,725
<b>DEDUCTIONS:</b>	
Benefits	33,470
Administration	404
Total Deductions	33,874
<b>CHANGE IN NET POSITION</b>	17,851
Net Position - Beginning of Year	250,419
<b>NET POSITION - END OF YEAR</b>	\$ 268,270

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Manchester, Connecticut (the Town) have been prepared in conformity with generally accepted accounting principles 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.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS), a 401(a) Defined Compensation Plan and a post-retirement retiree health plan (OPEB) to provide retirement benefits and post-retirement health care benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board which oversees each plan and is required to make contributions to the pension and OPEB plans and can impose its will.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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 tax revenues to be available if they are collected within 60 days of the end of the current fiscal period, and other revenues to be available if they are collected within 120 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.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

The Town reports the following major governmental funds:

**General Fund**

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.

**Capital Projects Fund**

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

**ARPA COVID Fund**

The ARPA COVID fund accounts for the COVID response grants. The major source of revenue for this fund is federal grants.

**Education Special Grants Fund**

The Education Special Grants fund accounts for the financial activity of various education federal and state grants.

The Town reports the following major proprietary funds:

**Water Fund**

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

**Sewer Fund**

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

**Sanitation Fund**

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

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Additionally, the Town reports the following fund types:

**The Internal Service Funds**

Information Systems Fund

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

Manchester Self-Insurance Program

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

Town of Manchester Medical Insurance Fund

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

**Trust Funds**

Pension, Defined Contribution, and Other Employee Benefit Trust Funds

The Pension, Defined Contribution, and Other Employee Benefit Trust Funds account for the activities of the Public Employees' Retirement System, which accumulates resources for pension benefit payments to qualified Town employees, 401(a) Plan activity, and the activities of the Other Postemployment Benefits (OPEB) Trust, to irrevocably segregate assets to fund the liability associated with postemployment benefits.

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.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

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

**D. Deposits and Investments**

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3 and Note 4.

Investments for the Town are reported at fair value.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. All trade and property tax receivables are shown net of an allowance for uncollectible.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Property Taxes**

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 \$1,000 (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 1.5% per month. Delinquent taxes receivable at June 30 in the funds statements are recorded as unavailable 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.

**G. Supplies and Prepaid Items**

All supplies are valued at cost using the first-in/first-out (FIFO) method. Supplies 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.

**H. Lease Receivable**

The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Entity's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guaranteed payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Town recognized payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Lease Receivable (Continued)**

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**I. Capital Assets**

Capital assets, which include property, plant, equipment, right to use equipment, and infrastructure assets (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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of donation.

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

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

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

Buildings	45 Years
Buildings Improvements	20 Years
Improvements Other than Building	20 Years
Vehicles	6 to 15 Years
Office Equipment	10 to 15 Years
Computer Equipment	7 Years
Right to Use Machinery and Equipment	6 to 15 years
Infrastructure	12 to 70 Years

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs, difference in projected to actual earnings, change in the employer's proportional share of contributions or contributions made to the plan after the measurement date. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

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

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Compensated Absences**

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

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

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

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**L. Net Pension Liability**

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

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Net OPEB Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**N. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

**O. Fund Balance**

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

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

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

*Unrestricted Net Position* – This component consists of net position that does not meet the definition of restricted or net investment in capital assets.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Fund Balance (Continued)**

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

*Nonspendable Fund Balance* – This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts) or are legally or contractually required to be maintained intact (e.g., permanent fund principal).

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

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

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

*Unassigned Fund Balance* – This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance. The Town's policy stipulates a goal of unassigned fund balance as of year-end not less than 10% and not more than 15% of general fund revenues.

**P. Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Adoption of New Accounting Standards**

Effective July 1, 2024, the Town implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The implementation of this standard did not affect beginning net position.

Effective July 1, 2024, the Town implemented GASB Statement No. 102, *Certain Risk Disclosures*. This statement requires disclosure of essential information about vulnerabilities due to concentrations and constraints. The implementation of this standard did not have a material effect on the financial statements.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

**General Fund**

**Nonmajor Governmental Funds**

Downtown Special Services Fund, Police Private Duty Fund, Work Space Fund, and Park and Recreation Activity Fund

**Enterprise Funds**

Water Fund, Sewer Fund, and Sanitation Fund

**Internal Service Funds**

Information Systems Fund

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

- No later than March 13, the Town 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).
- No later than March 23, a public hearing is conducted by the Board of Directors to obtain taxpayer comments.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

**Internal Service Funds (Continued)**

- 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.
- 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.
- The Town 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 \$3,097 were approved during the year for the General Fund with no changes to estimated revenues. Formal budgetary integration is employed as a management control device during the year.
- Except for encumbrance accounting, all budgets are prepared on the modified accrual basis.
- Generally, the unexpended and unencumbered portion of appropriations lapse at year-end, except those of the capital projects funds. Appropriations for the foregoing are continued until completion of the project, even when projects extend beyond one fiscal year.

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

**B. Deficit Fund Balance**

The Capital Projects Fund, a major governmental fund, had a fund deficit of \$31,211, which will be funded through future recognition of grants revenue and the issuance of debt.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**C. Expenditures Over Appropriations**

The following departments within the General Fund Budget indicated expenditures that exceeded their appropriations:

Department	Final Budget	Actual	Variance
Education	\$ 126,365	\$ 126,461	\$ 96
Internal Service Fund Charges	3,949	3,950	1
Debt Service	16,318	16,319	1

**NOTE 3 CASH AND CASH EQUIVALENTS**

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

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

**A. Deposits**

Deposit Custodial Credit Risk

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

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**NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)**

**A. Deposits (Continued)**

Deposit Custodial Credit Risk (Continued)

Based on the criteria described in GASB Statement No. 40, *Deposits, and Investment Risk Disclosures*, \$24,925 of the Town's bank balance of \$41,914 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	20,770
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name		4,155
Total Amount Subject to Custodial Credit Risk	\$	24,925

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, 2025, the Town's cash equivalents amounted to \$36,628. 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.

		Standard and Poor's
State Short-Term Investment Fund (STIF) Money Market Funds*		AAAm

\* Not Rated

STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

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**NOTE 4 INVESTMENTS**

Investments as of June 30, 2025 in all funds are as follows:

	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More than 10
<b>Interest-Bearing Investments:</b>				
Certificates of Deposit*	\$ 10,641	\$ 2,276	\$ 8,365	\$ -
U.S. Government Securities	999	499	500	-
U.S. Government Agencies	10,642	4,045	6,597	-
Municipal Bonds	9,776	3,008	6,768	-
Corporate Bonds	6,732	829	5,903	-
<b>Other Investments:</b>				
Mutual Funds	225,479	-	-	-
Common Stock	2,815	-	-	-
Alternative Investments	67,147	-	-	-
Annuity Contracts	479	-	-	-
<b>Total Investments</b>	<b>\$ 334,710</b>	<b>\$ 10,657</b>	<b>\$ 28,133</b>	<b>\$ -</b>

\* Subject to coverage by Federal Depository Insurance and Collateralization

Presented below is the rating of investments for each debt investment type:

Average Rating	Corporate Bonds	U.S. Government Securities	U.S. Government Agencies	Certificates of Deposit	Municipal Bonds
Aaa	\$ -	\$ -	\$ 10,642	\$ -	\$ 480
Aa1	-	-	-	-	394
Aa2	331	-	-	-	877
Aa3	421	-	-	-	3,149
A1	1,138	-	-	-	633
A2	1,236	-	-	-	945
A3	906	-	-	-	-
Baa1	1,159	-	-	-	-
Baa2	1,541	-	-	-	-
Baa3	-	-	-	-	-
Not Rated	-	999	-	10,641	3,298
<b>Total</b>	<b>\$ 6,732</b>	<b>\$ 999</b>	<b>\$ 10,642</b>	<b>\$ 10,641</b>	<b>\$ 9,776</b>

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2025:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities:				
U.S. Government Securities	\$ 999	\$ 999	\$ -	\$ -
U.S. Government Agencies	10,642	10,642	-	-
Corporate Bonds	6,732	-	6,732	-
Municipal Bonds	9,776	9,776	-	-
Equity Securities:				
Mutual Funds	225,479	225,479	-	-
Common Stock	2,815	2,815	-	-
Total Investments by Fair Value Level	256,443	\$ 249,711	\$ 6,732	\$ -
Investments Measured at Net Asset Value (NAV):				
Alternative Investments	67,147			
Total Investments Measured at Fair Value	323,590			
Investments Not Recorded at Fair Value:				
Certificates of Deposit	10,641			
Annuity Contracts	479			
Total Investments	\$ 334,710			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Pension and OPEB Trust Funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships; infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

NAV per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable fair values and take the form of limited partnerships. The Town values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

The following table summarizes all investments recorded using NAV as a practical expedient to fair value:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Alternative Investments	\$ 43,377	\$ 9,344	N/A	N/A
Alternative Investments	12,702	-	Quarterly	60 days
Alternative Investments	5,564	-	Semi-Annual	95 days
Alternative Investments	5,504	-	Varies	30-90 days
Total	\$ 67,147			

Private equity funds include limited partnership funds. These investments can never be redeemed with funds. Instead, the nature of the investments in this type is that distributions are received through liquidation of the underlying assets of the fund capital. As of June 30, 2025, it is probable that all of the investments in this type will be sold at an amount different from NAV per share (or its equivalent) of the Plan’s ownership interest in partners’ capital. Therefore, the fair values of the investments in this type have been determined using recent observation transaction information for similar investments and nonbinding bids received from potential buys of the investments.

Real estate funds include real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalents) of the Plan’s ownership interest in partners’ capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. Because it is not probable that any individual investments will be sold, the fair value of each individual investments has been determined using the NAV per share (or its equivalents) of the Plan’s ownership interest in partners’ capital.

**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.

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**NOTE 4 INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

The Town does not have an investment policy that limits an investment in any one issuer in excess of 5% 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, 2025, 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.

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

**NOTE 5 RECEIVABLES**

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

	General	Capital Projects	Education Special Grants	Water	Sewer	Sanitation	Nonmajor and Other Funds	Total
Receivables:								
Taxes	\$ 6,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,554
Interest	1,022	-	-	-	-	-	-	1,022
Accounts	564	-	-	3,484	4,806	1,022	1,149	11,025
Intergovernmental	48	57,856	720	-	71	-	1,212	59,907
Special Assessments	217	-	-	-	-	-	-	217
Loans	-	-	-	-	-	-	40	40
Leases	2,432	704	-	2,254	-	-	-	5,390
Gross Receivables	10,837	58,560	720	5,738	4,877	1,022	2,401	84,155
Less: Allowance for Uncollectibles	(2,414)	-	-	(537)	(714)	(75)	-	(3,740)
Total Receivables, Net	<u>\$ 8,423</u>	<u>\$ 58,560</u>	<u>\$ 720</u>	<u>\$ 5,201</u>	<u>\$ 4,163</u>	<u>\$ 947</u>	<u>\$ 2,401</u>	<u>\$ 80,415</u>

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 20,404	\$ 353	\$ -	\$ -	\$ 20,757
Construction In Progress	33,284	20,849	-	(28,883)	25,250
Total Capital Assets Not Being Depreciated	53,688	21,202	-	(28,883)	46,007
Capital Assets Being Depreciated and Amortized:					
Buildings and Improvements	299,592	6,364	(3,479)	25,872	328,349
Improvements Other than Buildings	15,249	7	(270)	-	14,986
Machinery and Equipment	46,830	2,685	(1,805)	55	47,765
Right to Use Leased Building	490	130	(191)	-	429
Right to Use Leased Equipment	1,171	115	(10)	-	1,276
Subscription Assets	2,084	2,420	(442)	-	4,062
Infrastructure	146,002	2,238	(430)	2,766	150,576
Total Capital Assets Being Depreciated and Amortized	511,418	13,959	(6,627)	28,693	547,443
Less: Accumulated Depreciation and Amortization for:					
Buildings and Improvements	(147,513)	(9,606)	2,994	-	(154,125)
Improvements Other than Buildings	(7,523)	(551)	225	-	(7,849)
Machinery and Equipment	(35,568)	(2,341)	1,647	190	(36,072)
Right to Use Leased Building	(266)	(153)	191	-	(228)
Right to Use Leased Equipment	(303)	(258)	10	-	(551)
Subscription Assets	(1,410)	(1,131)	442	-	(2,099)
Infrastructure	(63,708)	(3,667)	409	-	(66,966)
Total Accumulated Depreciation and Amortization	(256,291)	(17,707)	5,918	190	(267,890)
Total Capital Assets Being Depreciated, Net	255,127	(3,748)	(709)	28,883	279,553
Governmental Activities Capital Assets, Net	<u>\$ 308,815</u>	<u>\$ 17,454</u>	<u>\$ (709)</u>	<u>\$ -</u>	<u>\$ 325,560</u>

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 6 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 1,317	\$ -	\$ -	\$ -	\$ 1,317
Construction in Progress	5,081	2,139	-	(4,288)	2,932
Total Capital Assets Not Being Depreciated	6,398	2,139	-	(4,288)	4,249
Capital Assets Being Depreciated and Amortized:					
Buildings and Improvements	77,639	-	-	-	77,639
Improvements Other than Buildings	9,064	921	-	-	9,985
Machinery and Equipment	21,879	622	(334)	190	22,357
Right to use Leased Equipment	230	20	-	-	250
Subscription Assets	35	12	-	-	47
Infrastructure	95,418	3,227	(208)	-	98,437
Total Capital Assets Being Depreciated	204,265	4,802	(542)	190	208,715
Less: Accumulated Depreciation and Amortization for:					
Buildings and Improvements	(43,800)	(3,468)	-	-	(47,268)
Improvements Other than Buildings	(1,770)	(569)	-	-	(2,339)
Machinery and Equipment	(15,656)	(939)	326	(190)	(16,459)
Right to use Lease Equipment	(25)	(26)	-	-	(51)
Subscription Assets	(30)	(17)	-	-	(47)
Infrastructure	(55,922)	(1,549)	190	-	(57,281)
Total Accumulated Depreciation	(117,203)	(6,568)	516	(190)	(123,445)
Total Capital Assets Being Depreciated, Net	87,062	(1,766)	(26)	-	85,270
Business-Type Activities Capital Assets, Net	\$ 93,460	\$ 373	\$ (26)	\$ (4,288)	\$ 89,519

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 6 CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:	
General Government	\$ 1,445
Public Works	4,510
Public Safety	1,477
Human Services	137
Recreation	217
Library	71
Education	<u>9,850</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u><u>\$ 17,707</u></u>
Business-Type Activities:	
Water	\$ 2,139
Sewer	3,491
Sanitation	<u>938</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 6,568</u></u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2025. The projects include renovations to School Facilities, and various public works and bond referendum projects.

The following is a summary of significant capital projects at June 30, 2025:

The following capital projects are being financed by a combination of state and federal grants and general obligation bonds: 2013 Bond Referendum, 2014 School Bond, 2016 Bond Land Acquisition and 2019 School Bond. Capital projects financed primarily by general obligation bonds include Broad Street Redevelopment, 2012 School Bond, 2019 Public Works Bond, 2022 Public Works Bond and 2023 Public Works Bond. 2017 Public Works Bond is being financed through a combination of general obligation bonds and transfers from the Water Fund.

<u>Project</u>	<u>Authorized Amount</u>	<u>Expended and Encumbered</u>	<u>Unencumbered Balance</u>
2012 School Bond	\$ 5,489	\$ 3,943	\$ 1,546
2013 Bond Referendum	12,308	11,851	457
2014 School Bond	84,226	78,535	5,691
2015 Bond Referendum	12,152	11,848	304
2016 Bond Land Acq and Hist Pres	4,450	2,879	1,571
2017 Public Works Bond	13,510	13,376	134
2019 School Bond	102,200	98,744	3,456
2019 Public Works Bond	16,269	15,855	414
2022 Public Works Bond	16,975	16,909	66
New Main Library Branch	47,000	17,635	29,365
2023 Public Works Bond	19,000	12,648	6,352
Total	<u><u>\$ 333,579</u></u>	<u><u>\$ 284,223</u></u>	<u><u>\$ 49,356</u></u>

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2025 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Capital Projects	\$ 60,112
General Fund	ARPA COVID Fund	1,061
General Fund	Education Special Grants	118
General Fund	Pension Trust Fund	9,578
Sanitation Fund	General Fund	20,320
Internal Service Fund	General Fund	20,000
General Fund	Nonmajor Governmental Funds	195

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

Interfund transfers that occurred during the year ended June 30, 2025 are as follows:

	Transfers In					Total Transfers Out
	General	Capital Projects	Nonmajor Governmental	Water	Sewer	
Transfers:						
General Fund	\$ -	\$ -	\$ 357	\$ 1,464	\$ 3,629	\$ 5,450
ARPA Covid	-	240	-	-	-	240
Water	729	1,464	-	-	-	2,193
Sewer	665	3,629	-	250	-	4,544
Sanitation	365	-	-	-	-	365
Internal Service	-	5	-	-	-	5
Total Transfers In	<u>\$ 1,759</u>	<u>\$ 5,338</u>	<u>\$ 357</u>	<u>\$ 1,714</u>	<u>\$ 3,629</u>	<u>\$ 12,797</u>

General Fund transfers are made in accordance with budget appropriations and authorized allocation transfers. The General Fund transfers to other funds are primarily for the purpose of establishing local funding for capital projects to reduce bonding. Transfers are used to move unrestricted general fund revenues to fund various programs that must be accounted for separately in accordance with budgetary authorizations. The General Fund receives reimbursements from other town funds for the services provided such as accounting, human resources, building maintenance and shared engineering costs.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 8 LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 128,165	\$ 25,000	\$ (10,090)	\$ 143,075	\$ 11,395
Deferred Amounts for Issuance Premiums	8,140	1,639	(1,246)	8,533	-
General Obligation Bonds - Direct Placement	23,815	-	(2,560)	21,255	2,520
Deferred Amounts for Issuance Premiums - Direct Placement	1,197	-	(181)	1,016	-
<b>Total</b>	<b>161,317</b>	<b>26,639</b>	<b>(14,077)</b>	<b>173,879</b>	<b>13,915</b>
<b>Other Liabilities:</b>					
Claims and Judgments	9,419	32,934	(33,194)	9,159	4,713
Compensated Absences	9,558	-	(459)	9,099	4,225
Lease Payable	1,117	245	(391)	971	302
Subscriptions Payable	398	2,420	(1,216)	1,602	628
Total LOSAP Pension Liability	408	-	(35)	373	-
Net Pension Liability	108,619	-	(3,664)	104,955	-
Net OPEB Liability	169,351	-	(25,054)	144,297	-
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 460,187</b>	<b>\$ 62,238</b>	<b>\$ (78,090)</b>	<b>\$ 444,335</b>	<b>\$ 23,783</b>
<b>Business-Type Activities:</b>					
Clean Water Notes	\$ 20,040	\$ -	\$ (2,842)	\$ 17,198	\$ 2,884
Lease Payable	207	20	(23)	204	24
Subscriptions Payable	5	12	(17)	-	-
Landfill	30,150	3,765	-	33,915	-
Compensated Absences	604	-	(126)	478	230
Net Pension Liability	3,898	48	-	3,946	-
<b>Total Business-Type Activities Long-Term Liabilities</b>	<b>\$ 54,904</b>	<b>\$ 3,845</b>	<b>\$ (3,008)</b>	<b>\$ 55,741</b>	<b>\$ 3,138</b>

The net pension liability and net OPEB liability for governmental funds are normally liquidated by the General Fund.

The change in the compensated absence liability is presented as a net change.

**Bonds Payable**

The annual requirements to amortize bonds payable as of June 30, 2025 are as follows:

<u>Fiscal Year Ending June 30.</u>	Governmental Activities Publicly Sold		Governmental Activities Direct Placements	
	Principal	Interest	Principal	Interest
	2026	\$ 11,395	\$ 5,505	\$ 2,520
2027	11,450	4,950	2,490	450
2028	10,540	4,425	2,105	394
2029	8,800	4,009	2,080	344
2030	8,400	3,651	2,055	293
2031-2035	42,490	13,257	6,505	831
2036-2040	34,250	6,240	2,500	338
2041-2045	15,750	1,558	1,000	30
<b>Total</b>	<b>\$ 143,075</b>	<b>\$ 43,595</b>	<b>\$ 21,255</b>	<b>\$ 3,191</b>

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 8 LONG-TERM DEBT (CONTINUED)**

**Bonds Payable (Continued)**

Governmental fund bonds bear interest at rates ranging from 2.0% to 5.0% and mature in fiscal years ending 2026 through 2045. These obligations are direct obligations and pledge the full faith and credit of the government and will be paid from General Fund revenues. During the year, general obligation bonds totaling \$25,000 were issued.

A schedule of bond indebtedness as of June 30, 2025 is as follows:

Issue	Interest Rate %	Original Issue	Date of Issue	Date of Maturity	Balance Outstanding
Series 2015A Refunding Bonds	5.000%	\$ 27,680	09/23/2015	08/01/2027	\$ 7,095
Series 2016A General Obligation Bonds	2.125% - 5.000%	17,190	02/23/2016	02/01/2036	9,460
Series 2017A General Obligation Bonds	3.000% - 5.000%	14,500	02/22/2017	02/01/2037	8,700
Series 2017B Refunding Bonds	2.750% - 4.000%	4,365	02/22/2017	07/15/2028	1,865
Series 2018A General Obligation Bonds	3.000% - 5.000%	20,000	02/21/2018	02/01/2038	14,705
Series 2019A General Obligation Bonds	3.000% - 5.000%	15,000	02/20/2019	02/01/2039	10,500
Series 2020A General Obligation Bonds	2.000% - 5.000%	15,000	02/19/2020	02/01/2040	11,250
Series 2021A General Obligation Bonds	3.000% - 5.000%	11,775	05/13/2021	08/01/2041	9,215
Series 2021B Refunding Bonds	0.600% - 2.200%	15,620	05/13/2021	08/01/2032	12,040
Series 2022 General Obligation Bonds	2.375% - 5.000%	15,000	02/17/2022	02/01/2042	12,750
Series 2023 General Obligation Bonds	3.000% - 5.000%	20,000	02/16/2023	02/01/2043	18,000
Series 2024 General Obligation Bonds	4.000% - 5.000%	25,000	02/15/2024	02/01/2044	23,750
Series 2025 General Obligation Bonds	4.000% - 5.000%	25,000	02/13/2025	02/01/2045	25,000
Total Governmental Activities		<u>\$ 226,130</u>			<u>\$ 164,330</u>

**Clean Water Fund Loans**

During 2013, 2016, 2017, 2021, and 2024, the Town entered into a total of five project loan agreements with the state of Connecticut for Clean Water Projects. As of June 30, 2025, the Town has received total financing of \$41,864. At the completion of the respective projects the notes above were converted to Project Loan Obligations at 2% interest with the latest note maturing in 2044. The balance outstanding as of June 30, 2025 is \$17,198 and is included in business-type activities in the table above. The annual requirements to amortize clean water notes as of June 30, 2025 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 2,884	\$ 317
2027	2,942	259
2028	3,001	200
2029	3,062	140
2030	3,124	78
2031-2035	1,148	150
2036-2040	778	63
2041-2045	259	8
Total	<u>\$ 17,198</u>	<u>\$ 1,215</u>

The Town's outstanding clean water notes contain a provision that, in event of default, the State may declare, by notice to the Town, that the principal and interest accrued on any outstanding amounts are immediately due and payable in full, automatically, without further notices or demand of any kind.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 8 LONG-TERM DEBT (CONTINUED)**

**Lease Liability**

The Town leases equipment and buildings for various terms under long-term, noncancelable, lease agreements. These leases expire at various dates through 2033. The future minimum lease payments under lease agreements are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 302	\$ 27	\$ 24	\$ 5
2027	274	18	25	4
2028	282	8	25	4
2029	54	2	26	3
2030	21	1	27	2
2031-2033	38	1	77	3
Total	<u>\$ 971</u>	<u>\$ 57</u>	<u>\$ 204</u>	<u>\$ 21</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities	Business-Type Activities
Buildings	\$ 429	\$ -
Equipment	1,276	250
Less: Accumulated Depreciation	(779)	(51)
Total	<u>\$ 926</u>	<u>\$ 199</u>

**Subscription-Based Information Technology Arrangements**

The Town has entered into subscription based-information technology arrangements (SBITAs). The SBITA arrangements expire at various dates through 2029 and provide for renewal options.

As of June 30, 2025, SBITA assets net of the related accumulated amortization totaled \$1,963 and \$-0- for Governmental activities and Business-type activities, respectively.

The future subscription payments under SBITA agreements are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 628	\$ 45	\$ -	\$ -
2027	399	28	-	-
2028	348	17	-	-
2029	227	7	-	-
Total	<u>\$ 1,602</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 8 LONG-TERM DEBT (CONTINUED)**

**Bond Anticipation Notes**

The following is a schedule of bond anticipation note activity for the year ended June 30, 2025:

	Business-Type Activities		
	Water	Sewer	Total
Balance - July 1, 2024	\$ 7,244	\$ 6,477	\$ 13,721
Issued	7,474	6,159	13,633
Retired	(7,244)	(6,477)	(13,721)
Balance - June 30, 2025	<u>\$ 7,474</u>	<u>\$ 6,159</u>	<u>\$ 13,633</u>

The above notes carry an interest rate of 4.00% and mature on February 12, 2026. The business-type activities short-term financing was issued for various water system and quality improvements, water system meters, and wastewater treatment system.

**Debt Limitation**

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

Category	Debt Limit	Indebtedness	Balance
General Purpose	\$ 409,833	\$ 127,840	\$ 281,993
Schools	819,666	20,945	798,721
Sewers	683,055	-	683,055
Urban Renewal	591,981	-	591,981
Pension Deficit	546,444	-	546,444

The total overall statutory debt limit for the Town is equal to seven times the prior year annual receipts from taxation, or \$1,275,036. At June 30, 2025, authorized and unissued debt amounted to \$42,311 including several public works projects, school renovations, and the Broad Street redevelopment.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 9 FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2025 are as follows:

	Major Funds					Total
	General	Capital Projects	ARPA COVID Fund	Education Special Grants Fund	Nonmajor Governmental Funds	
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 97	97
Prepaid Expenditures	101	-	1,197	-	2	1,300
Restricted for:						
Unspent Grant Balances	-	-	-	22	3,628	3,650
Capital Projects	-	18,366	-	-	-	18,366
Recreation Activities	-	-	-	-	23	23
Libraries	-	-	-	-	7,569	7,569
Cemeteries	-	-	-	-	1,518	1,518
Education Programs	-	-	-	-	231	231
Committed to:						
Education	683	-	-	-	-	683
LOSAP Pension Benefits	498	-	-	-	-	498
Climate Resiliency	-	-	-	-	1,400	1,400
Police Special Services	-	-	-	-	1,055	1,055
Workspace	-	-	-	-	198	198
Municipal Innovation	-	-	-	-	498	498
Recreation	-	-	-	-	287	287
Student Activities	-	-	-	-	792	792
School Food Service	-	-	-	-	1,287	1,287
Senior Center Activities	-	-	-	-	128	128
Downtown District	-	-	-	-	210	210
Police Department Health and Welfare	-	-	-	-	23	23
Assigned to:						
Subsequent Year's Budget	2,500	-	-	-	-	2,500
Purchases on Order	26	-	-	-	-	26
Legal Fees	200	-	-	-	-	200
Revaluation	600	-	-	-	-	600
DPW Vehicles and Equipment	200	-	-	-	-	200
Assessment Appeals	1,000	-	-	-	-	1,000
Retros/Collective Bargaining	100	-	-	-	-	100
Other CIP	155	-	-	-	-	155
Police Cruisers	282	-	-	-	-	282
DPW Snow Contingency	200	-	-	-	-	200
Unassigned	26,861	(49,577)	(532)	-	42	(23,206)
Total Fund Balances	<u>\$ 33,406</u>	<u>\$ (31,211)</u>	<u>\$ 665</u>	<u>\$ 22</u>	<u>\$ 18,988</u>	<u>\$ 21,870</u>

Significant encumbrances of \$21 and \$5 at June 30, 2025 for public safety and public works, respectively at June 30, 2025 are contained in the above table in the assigned category of the General Fund.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 10 TAX ABATEMENTS**

As of June 30, 2025, the Town provides tax abatements through multiple programs:

- 434 Tolland Turnpike Abatement Agreement
- 619 Hartford Road Tax Abatement Agreement

The 434 Tolland Turnpike tax abatement agreement provides a real property tax abatement to promote capital expenditures for the relocation of company headquarters to the Town. Under the terms of the agreement, a minimum of \$20,000 must be spent on the property for capital improvements. The company shall also use best efforts to employ at least 326 full-time jobs within Connecticut. In doing so, the property owner shall receive an abatement of 100% for grand list years 2017 through 2019, 90% for the 2020 grand list, 80% for the 2021 grand list, 75% for the 2022 grand list and 70% for the 2023 grand list. For the fiscal year ended June 30, 2025, taxes abated through this program totaled \$326. In the event of default in accordance with the terms of the agreement, the agreement shall be considered null and void with all abated taxes to date due back to the Town. No other commitments have been made by the Town to the abatement recipient under this program.

The 619 Hartford Road tax abatement agreement was created to provide a real property tax abatement for the development of moderate income senior living within the Town pursuant of Connecticut General Statutes Section 12-65b. Under the terms of the agreement, the property has been built to include a forty-four-unit senior living complex by the owner of the property. The property owner receives an abatement of approximately a third of the regular assessed value. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the Town has consented thereto. For the fiscal year ended June 30, 2025, taxes abated through this program total \$22. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this program.

**NOTE 11 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. The Town has contracted with CIGNA for stop loss and has an individual stop loss for claims over \$500.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 11 RISK MANAGEMENT (CONTINUED)**

**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, 2025 and 2024, for the TOMMIF and MSIP funds are as follows:

	2024 TOMMIF	2025 TOMMIF	2024 MSIP	2025 MSIP
Unpaid Claims - July 1	\$ 2,961	\$ 3,563	\$ 5,040	\$ 5,856
Incurred Claims (Including IBNR)	30,945	27,278	4,453	5,656
Claim Payments	(30,343)	(28,743)	(3,637)	(4,451)
Unpaid Claims - June 30	<u>\$ 3,563</u>	<u>\$ 2,098</u>	<u>\$ 5,856</u>	<u>\$ 7,061</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.

**NOTE 12 CONTINGENT LIABILITIES**

**Litigation and Unasserted Claims**

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

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 12 CONTINGENT LIABILITIES (CONTINUED)**

**Federal and State Assistance Programs – Compliance Audits**

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

**NOTE 13 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. 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 \$14 to CREOC during the year ended June 30, 2025.

**NOTE 14 LANDFILL CLOSURE AND POST CLOSURE CARE COSTS**

The Town owns and operates a landfill site located off Olcott Street. State and federal law will require the Town to close the landfill once its capacity is reached and to monitor and maintain the site for 30 years subsequent to closure. Under the provisions of Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs*, the Town recognizes a portion of the closure and post closure 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, 2025, the Town had recorded a liability of \$33,915 in the Sanitation Enterprise Fund that represents the amount of costs reported to date based on the estimated 95% of landfill capacity used to date. The remaining estimated liability for these costs is \$1,785 that will be recognized as the remaining capacity is used (estimated to reach capacity in 2030 based on usage in the past calendar year). The estimated costs of closure and post closure care are subject to changes such as the effects of inflation, revision of laws and other variables.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS**

**Post-Retirement Medical Program**

**A. Plan Description**

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

At July 1, 2024, plan membership consisted of the following:

Active Employees	1,484
Retirees	802
Beneficiaries	26
Spouses of Retirees	366
Total	2,678

**B. Summary of Significant Accounting Policies**

**Basis of Accounting**

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

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

**Funding Policy**

The Town funding and payment of postemployment benefits were accounted for in both the General Fund and in an Internal Service Fund on a pay-as-you-go basis through June 30, 2009. On June 15, 2009, the Town established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. As of June 30, 2009, an initial deposit of \$100 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.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Post-Retirement Medical Program (Continued)**

**B. Summary of Significant Accounting Policies (Continued)**

Funding Policy (Continued)

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 (amounts not rounded).

**C. Investments**

Investment Policy

The RMP’s policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The fund is currently invested solely in U.S. Treasury securities as the Town is not fully prefunding its OPEB benefits and is currently serving as a pass-through for paying current OPEB benefits.

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**D. Net OPEB Liability of the Town**

The Town’s net OPEB liability was measured as of June 30, 2025. The components of the net OPEB liability of the Town at June 30, 2025, were as follows:

Total OPEB Liability	\$	149,738
Plan Fiduciary Net Position		5,441
Net OPEB Liability		144,297

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		3.63%
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**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Post-Retirement Medical Program (Continued)**

**D. Net OPEB Liability of the Town (Continued)**

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary Increases	Graded by Age; Scale Varies by Group
Discount Rate	3.93%, Linked to the Municipal Bond Index

Mortality assumption was updated to use the MP-2021 Ultimate Scale.

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The target allocation and best estimate of arithmetic real rate of return for the major asset class as of June 30, 2025 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	6.36 %	0.83 %
U.S. Core Fixed Income	37.46	2.35
US Broad Equity Market	51.50	5.48
Global Equity	4.68	6.05
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20% and is based on the municipal bond index. Under GASB Statement 75, the use of a 20-year quality municipal bond yield or index rate may be used in periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to cover future benefit payments of current plan members and the municipal bond-based rate was utilized.

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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Post-Retirement Medical Program (Continued)**

**E. Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances - July 1, 2024	\$ 174,210	\$ 4,859	\$ 169,351
Changes for the Year:			
Service Cost	5,860	-	5,860
Interest	6,913	-	6,913
Effect of Assumption Changes or Inputs	(26,245)	-	(26,245)
Benefit Payments	(8,422)	(8,422)	-
Net Investment Income	-	527	(527)
Employer Contributions	-	8,422	(8,422)
Employee Contributions	-	87	(87)
Administrative Expenses	-	(32)	32
Net Changes	<u>(24,472)</u>	<u>582</u>	<u>(25,054)</u>
Balances - June 30, 2025	<u>\$ 149,738</u>	<u>\$ 5,441</u>	<u>\$ 144,297</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	4.20%	(5.20%)	(6.20%)
Net OPEB Liability	\$ 162,230	\$ 144,297	\$ 129,358

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
	Net OPEB Liability	\$ 126,756	\$ 144,297

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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Post-Retirement Medical Program (Continued)**

**F. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the Town recognized OPEB expense (revenue) of \$(7,438). At June 30, 2025, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,537	\$ 16,308
Change in Assumptions or Other Inputs	-	93,919
Net Difference Between Projected and Actual Earnings	-	397
Total	\$ 2,537	\$ 110,624

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

Year Ending June 30,	Amount
2026	\$ (29,597)
2027	(29,752)
2028	(29,701)
2029	(6,048)
2030	(4,340)
Thereafter	(8,649)
Total	\$ (108,087)

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan**

**A. Plan Description**

Teachers, principals, superintendents, or supervisors engaged in service of public schools plus professional employees at state schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the state statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan**  
**(Continued)**

**B. Benefit Provisions (Amounts Not Rounded)**

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A and B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A and B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A and B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees, and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**C. Survivor Health Care Coverage (Amounts Not Rounded)**

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB Sponsored Medicare Supplement Plans, as long as they do not remarry.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan**  
**(Continued)**

**D. Eligibility**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

**E. Contributions**

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the state of Connecticut are approved, amended, and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The state contributions are not currently actuarially funded. The state appropriates from the General Fund one third of the annual costs of the plan. Administrative costs of the plan are financed by the state. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the state will pay for any long-term shortfall arising from insufficient active member contributions.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan (Continued)**

**E. Contributions (Continued)**

Employer (School Districts)

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

For the year ended June 30, 2025, the amount of “on-behalf” contributions made by the state was \$268 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers’ pay for one-third of the plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**F. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2025, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s Proportionate Share of the Net OPEB Liability	\$	-
State’s Proportionate Share of the Net OPEB Liability Associated with the Town		39,869
Total	\$	39,869

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2025, the Town recognized OPEB expense and revenue of \$552 in Exhibit II.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan**  
**(Continued)**

**G. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	Local Coverage – 6.25% for 2024, decreasing to an ultimate rate of 4.50% by 2031. Retiree Healthcare – Medicare rates known for 2025, 4.50% increase for all subsequent years
Salary increases	3.00% to 6.50%, Including Inflation
Investment rate of return	3.00%, Net of OPEB Plan Investment Expense, Including Inflation
Year fund net position will be depleted	2027

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 3.64% to 3.93%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan expense. Spouse coverage election assumptions were also updated with this change;
- Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan’s current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense, and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan  
(Continued)**

**G. Actuarial Assumptions (Continued)**

The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is 1.26%.

**H. Discount Rate**

The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2023, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**I. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate**

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the state of Connecticut.

**J. OPEB Plan Fiduciary Net Position**

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at [www.ct.gov](http://www.ct.gov).

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan  
(Continued)**

**K. Other Information**

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

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Pension Trust Fund**

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

**A. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**B. Plan Description and Benefits Provided**

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

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Pension Trust Fund (Continued)**

**B. Plan Description and Benefits Provided (Continued)**

At July 1, 2024, plan membership consisted of the following:

Retirees and Beneficiaries	781
Terminated Vested and Other Inactives	89
Active Members	337
Total	1,207

**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. Investments**

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2025 (see the discussion of the pension plan’s investment policy) are summarized in the following table.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Pension Trust Fund (Continued)**

**D. Investments (Continued)**

Investment Policy (Continued)

The following was the Board's adopted asset allocation policy and long-term expected real rate of return as of June 30, 2025:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Core Fixed Income (Aggregate)	25.00 %	2.35 %
US TIPS (Inflation-Indexed Bonds)	2.00	1.82
US High Yield Bonds	3.00	4.03
US Large & Mid Cap Growth Equity	9.80	5.49
US Large & Mid Cap Value Equity	11.20	5.34
US Small Cap Growth Equity	3.50	7.17
US Small Cap Value Equity	5.50	6.44
Non-US Equity	7.00	7.24
Foreign Developed Equity	7.00	6.61
Emerging Markets Equity	6.00	8.78
Private Real Estate Property - Core	6.00	5.99
Private Equity	5.00	10.43
Farmland	4.00	5.12
Hedge Funds - MultiStrategy	5.00	4.05
Total	<u>100.00 %</u>	

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**E. Net Pension Liability of the Town**

The components of the net pension liability of the Town at June 30, 2025 were as follows:

Total Pension Liability	\$ 277,959
Plan Fiduciary Net Position	<u>194,699</u>
Net Pension Liability	<u>\$ 83,260</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.05%
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**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Pension Trust Fund (Continued)**

**E. Net Pension Liability of the Town (Continued)**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Projected Salary Increases	Graded by Age, varies by group
Amortization Growth Rate	3.25%
Cost-of-Living Adjustments	None
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Pub-2010 Mortality Table (Safety variant for Police, General for others) with generational projection per MP-2021 Ultimate Scale.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Pension Trust Fund (Continued)**

**F. Changes in the Net Pension Liability**

**Discount Rate (Continued)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2024	\$ 272,004	\$ 185,194	\$ 86,810
Changes for the Year:			
Service Cost	3,774	-	3,774
Interest on Total Pension Liability	18,619	-	18,619
Effect of Plan Changes	-	-	-
Differences Between Expected and Actual Experience	3,469	-	3,469
Changes in Assumptions	-	-	-
Employer Contributions	-	9,062	(9,062)
Member Contributions	-	1,459	(1,459)
Net Investment Income	-	18,978	(18,978)
Benefit Payments, Including Refund to Employee Contributions	(19,907)	(19,907)	-
Administrative Expenses	-	(87)	87
Net Changes	<u>5,955</u>	<u>9,505</u>	<u>(3,550)</u>
Balances - June 30, 2025	<u>\$ 277,959</u>	<u>\$ 194,699</u>	<u>\$ 83,260</u>

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability	\$ 112,536	\$ 83,260	\$ 58,417

**TOWN OF MANCHESTER, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Pension Trust Fund (Continued)**

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2025, the Town recognized pension expense of \$9,238. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	Business-Type Activities			Total
		Water Fund	Sewer Fund	Sanitation Fund	
<b>Deferred Outflows of Resources:</b>					
Differences Between Expected and Actual Experience	\$ 2,731	\$ 91	\$ 23	\$ 22	\$ 2,867
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-	-	-
Changes of Assumptions	-	-	-	-	-
<b>Total</b>	<b>\$ 2,731</b>	<b>\$ 91</b>	<b>\$ 23</b>	<b>\$ 22</b>	<b>\$ 2,867</b>
<b>Deferred Inflows of Resources:</b>					
Differences Between Expected and Actual Experience	\$ 868	\$ 29	\$ 7	\$ 7	\$ 911
Net Difference Between Projected and Actual Earning on Pension Plan Investments	1,500	50	13	12	\$ 1,575
Changes of Assumptions	38	1	1	-	40
<b>Total</b>	<b>\$ 2,406</b>	<b>\$ 80</b>	<b>\$ 21</b>	<b>\$ 19</b>	<b>\$ 2,526</b>

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

Year Ending June 30,	Governmental Activities	Business-Type Activities			Total
		Water Fund	Sewer Fund	Sanitation Fund	
2026	\$ 5,369	\$ 179	\$ 46	\$ 43	\$ 5,637
2027	(1,820)	(61)	(16)	(15)	(1,912)
2028	(2,014)	(67)	(17)	(16)	(2,114)
2029	(1,210)	(40)	(11)	(9)	(1,270)
<b>Total</b>	<b>\$ 325</b>	<b>\$ 11</b>	<b>\$ 2</b>	<b>\$ 3</b>	<b>\$ 341</b>

**Connecticut Municipal Employees' Retirement System**

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

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Municipal Employees' Retirement System (Continued)**

**A. Benefit Provisions**

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

**Normal Retirement (Amounts Not Rounded)**

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1.5% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

**Early Retirement**

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

**Disability Retirement – Service Connected**

This applies to employees who are totally and permanently disabled, and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

**Disability Retirement – Non-Service Connected**

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

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Municipal Employees' Retirement System (Continued)**

**A. Benefit Provisions (Continued)**

Pre-Retirement Death Benefit

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

**B. Contributions**

Member

Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3.25% of compensation up to the social security taxable wage base plus 6%, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. member. The Town's required contribution rate for the year ended June 30, 2025, was 25.28 percent of annual payroll. Contributions to the pension plan from the Town were \$2,992 for the year ended June 30, 2025.

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

At June 30, 2025, the Town reports a liability of \$25,641 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2024. The actuarial assumptions used in the June 30, 2024 valuation was based on results of an actuarial experience study for the period July 1, 2017 through June 30, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2025, the Town's proportion was 1.95%. The increase in proportion from 2024 proportion of 1.82% was 0.13%.

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Municipal Employees' Retirement System (Continued)**

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2025, the Town recognized pension expense of \$5,371. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,267	\$ -
Changes of Assumptions	2,452	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	412
Change in Employer Proportional Share	2,144	235
Contributions After the Measurement Date	2,992	-
Total	\$ 10,855	\$ 647

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Deferred outflows and inflows not related to contributions made after the measurement date will be recognized in pension expense as follows:

Year Ending June 30,	Governmental Activities
2026	\$ 2,290
2027	3,444
2028	1,116
2029	285
2030	81
Total	\$ 7,216

**D. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.50% to 9.50%, Including Inflation
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation

**TOWN OF MANCHESTER, CONNECTICUT**  
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**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Municipal Employees' Retirement System (Continued)**

**D. Actuarial Assumptions (Continued)**

Mortality rates were based on:

- Pub-2010 Mortality Tables set-forward one year (except Active Employees) are projected generationally with scale MP-2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00 %	6.80 %
Public Credit	2.00	2.90
Core Fixed Income	13.00	0.40
Liquidity Fund	1.00	(0.40)
Risk Mitigation	5.00	0.10
Private Equity	15.00	11.20
Private Credit	10.00	6.10
Real Estate	10.00	6.30
Infra. and Natural Resources	7.00	7.70
Total	100.00 %	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
(AMOUNTS EXPRESSED IN THOUSANDS)

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Municipal Employees' Retirement System (Continued)**

**D. Actuarial Assumptions (Continued)**

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability	\$ 37,084	\$ 25,641	\$ 16,090

**Connecticut Teachers Retirement System – Pension**

**A. Plan Description**

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

**B. Benefit Provisions**

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

Normal Retirement

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

Early Retirement

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

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension**

**B. Benefit Provisions (Continued)**

Disability Retirement

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

**C. Contributions**

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

Employer (School Districts)

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

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

For the year ended June 30, 2025, the amount of "on-behalf" contributions made by the state was \$19,157 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
(AMOUNTS EXPRESSED IN THOUSANDS)

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

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

At June 30, 2025, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town’s Proportionate Share of the Net Pension Liability	\$	-
State’s Proportionate Share of the Net Pension Liability Associated with the Town		194,356
Total	<u>\$</u>	<u>194,356</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2025, the Town recognized pension expense and revenue of \$22,293 in Exhibit II.

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.00% to 6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2024 valuation was based on the results of an actuarial experience study for the five-year period ended June 30, 2019.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

**E. Actuarial Assumptions (Continued)**

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

**Cost-of-Living Allowance**

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
(AMOUNTS EXPRESSED IN THOUSANDS)

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

**E. Actuarial Assumptions (Continued)**

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer’s Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Global Equity	6.80 %	37.00 %
Public Credit	2.90	2.00
Core Fixed Income Fund	0.40	13.00
Liquidity Fund	(0.40)	1.00
Risk Mitigation	0.10	5.00
Private Equity	11.20	15.00
Private Credit	6.10	10.00
Real Estate	6.20	10.00
Infrastructure and Natural Resources	7.70	7.00
Total		<u>100.00 %</u>

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that state contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Connecticut Teachers Retirement System – Pension (Continued)**

**H. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**I. Other Information**

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

**Defined Contribution Plans**

**A. 401(a) Plan**

The Town established a defined contribution 401(a) plan effective July 1, 2000 to provide benefits at retirement to certain employees of the Town and Board of Education. As of June 30, 2025, the 401(a) plan is the retirement plan offered to all employees, other than uniformed police, uniformed fire, and certified Board of Education employees. The Town Pension Board administers this single employer defined contribution benefit 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, 2025 is \$68,131. There were 1,293 participants as of June 30, 2025. During the fiscal year ended June 30, 2025, employees contributed \$1,327 (exclusive of lump-sum conversion amounts and including non-matched contribution up to 3% allowed under the Teamster's contract) and the Town contributed a matching employer contribution of \$1,309. Covered payroll totaled \$22,444. 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.

**B. 457 Plan**

In addition, the Town has a 457 deferred compensation plan available to all employees. The value of the plan at June 30, 2025 is \$43,959. There were 474 participants as of June 30, 2025, and employee contributions to the plan for the year ended June 30, 2025 were \$2,163. 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.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Defined Benefit Service Award Program (LOSAP)**

The Town is the administrator of a single-employer defined benefit deferred compensation plan. This plan is open to all members of the Eighth Utilities District Fire Department of the Town of Manchester as long as they have completed one year of firefighting service and are of age eighteen. The assets of the plan are not accumulated in a trust and are subject to claims of the Town's general creditors. The assets are reported in General Fund financial statements. The Board of Directors of the Town has authority to establish and amend benefit provisions.

Eligibility:	All members who earn a Year of Credited Service Minimum Age – 18 Years with minimum service of 1 year
Plan Entry Date:	First day of the year of satisfaction of eligibility requirements.
Entitlement Date:	Normal – 1st of the month coincident with or following attainment of age 65 and completion of one year of service.
Benefits at Entitlement Date:	\$5 per month multiplied by total Years of Credited Service prior to July 1, 2006. \$10 per month multiplied by total Years of Credited Service after July 1, 2006. Total years of credited service not to exceed 30 years. Service prior to July 1, 1999, is limited to 5 years.
Normal Form Benefits:	Monthly payments are a life annuity with payments guaranteed for at least 10 years.
Death Benefit:	Greater of insurance face amount or present valued of accrued benefits.
Accrued Benefit:	\$5 per month multiplied by total Years of Credited Service prior to July 1, 2006. \$10 per month multiplied by total Years of Credited Service after July 1, 2006. Service prior to July 1, 1999, is limited to 5 years. Accrued Benefit is payable beginning at Entitlement Date.
Vesting Schedule:	0% vesting for less than 10 years, 100% thereafter.

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
(AMOUNTS EXPRESSED IN THOUSANDS)

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Defined Benefit Service Award Program (LOSAP) (Continued)**

**A. Plan Membership**

As of date of the latest valuation, memberships consisted of the following:

Retirees and Beneficiaries	20
Terminated Vested and Other Inactives	39
Active Members	-
Total	59

**B. Actuarial Methods and Significant Assumptions**

The following actuarial methods and assumptions were used in the July 1, 2025 valuation with a measurement date of June 30, 2025.

Inflation Rate	3.00%
Discount Rate	4.71%
Retirement Age	65
Mortality Table	RP-2000 Combined Table – Unisex

Changes in assumptions include a change in discount rate from 3.97% to 4.71%.

**C. Discount Rate**

The discount rate used to measure the total pension liability was 4.71%. The discount rate is based solely upon municipal bond yields. This is the yield or index rate of 20-year tax exempt general obligation municipal bond with an average rating of AA/Aa or higher. The discount rate was based upon the Fidelity 20-Year GO AA Bond Index.

**Changes in the Total Pension Liability**

	Total Pension Liability
Balances - July 1, 2024	\$ 408
Changes for the Year:	
Interest Cost	16
Differences Between Expected and Actual Experience	4
Changes in Assumptions	(41)
Benefit Payments	(14)
Administrative Expenses	-
Net Changes	(35)
Balances - June 30, 2025	\$ 373

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
(AMOUNTS EXPRESSED IN THOUSANDS)

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Defined Benefit Service Award Program (LOSAP) (Continued)**

**D. Sensitivity Analysis**

The following presents the total pension liability of the Town, calculated using the current discount rate, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (3.71%)	Current Discount Rate (4.71%)	1% Increase (5.71%)
Total LOSAP Pension Liability	\$ 430	\$ 373	\$ 328

**E. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended June 30, 2025, the total pension expense (revenue) recognized was \$(47). As of June 30, 2025, the Town reported deferred inflows and outflows of resources related to pensions from the following sources.

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4	\$ 157
Changes of Assumptions	56	218
Total	\$ 60	\$ 375

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

Year Ending June 30.	Governmental Activities
2026	\$ (56)
2027	(19)
2028	(19)
2029	(19)
2030	(19)
Thereafter	(183)
Total	\$ (315)

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
(AMOUNTS EXPRESSED IN THOUSANDS)

**NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Aggregated Pension Information**

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2025:

Plan	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Public Employee Retirement System:				
Governmental Activities	\$ 79,314	\$ 2,731	\$ 2,406	\$ 8,800
Business-Type Activities	3,946	136	120	438
Municipal Employees' Retirement System:				
Governmental Activities	25,641	10,855	647	5,371
LOSAP Pension Plan				
Governmental Activities	373	60	375	39
Connecticut Teachers Retirement System:				
Governmental Activities	-	-	-	22,293
Total	<u>\$ 109,274</u>	<u>\$ 13,782</u>	<u>\$ 3,548</u>	<u>\$ 36,941</u>
Governmental Activities	\$ 105,328	\$ 13,646	\$ 3,428	\$ 36,503
Business-Type Activities	3,946	136	120	438
Total	<u>\$ 109,274</u>	<u>\$ 13,782</u>	<u>\$ 3,548</u>	<u>\$ 36,941</u>

**NOTE 17 PENSION AND OPEB TRUST FUND STATEMENTS**

	Pension Trust Fund	Defined Contribution 401 Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Assets:				
Cash and Cash Equivalents	\$ 308	\$ -	\$ 191	\$ 499
Investments	203,966	68,131	5,250	277,347
Accounts Receivable	2	-	-	2
Total Assets	<u>204,276</u>	<u>68,131</u>	<u>5,441</u>	<u>277,848</u>
Liabilities:				
Accounts Payable	<u>9,578</u>	<u>-</u>	<u>-</u>	<u>9,578</u>
Net Position:				
Restricted for OPEB Benefits	-	-	5,441	5,441
Restricted for Pensions	<u>194,698</u>	<u>68,131</u>	<u>-</u>	<u>262,829</u>
Total Net Position	<u>\$ 194,698</u>	<u>\$ 68,131</u>	<u>\$ 5,441</u>	<u>\$ 268,270</u>

**TOWN OF MANCHESTER, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 17 PENSION AND OPEB TRUST FUND STATEMENTS (CONTINUED)**

	Pension Trust Fund	Defined Contribution 401 Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 9,062	\$ 2,556	\$ 8,422	\$ 20,040
Plan Members	1,459	2,690	87	4,236
Total Contributions	<u>10,521</u>	<u>5,246</u>	<u>8,509</u>	<u>24,276</u>
<b>Investment Income (Loss):</b>				
<b>Net Change in Fair Value of</b>				
Investments	15,985	6,005	436	22,426
Interest and Dividends	2,513	1,904	126	4,543
Income from Real Estate				
Investments	480	-	-	480
Total Investment Income	<u>18,978</u>	<u>7,909</u>	<u>562</u>	<u>27,449</u>
Total Additions	29,499	13,155	9,071	51,725
<b>Deductions:</b>				
Benefits	19,907	5,141	8,422	33,470
Administration	86	251	67	404
Total Deductions	<u>19,993</u>	<u>5,392</u>	<u>8,489</u>	<u>33,874</u>
Change in Net Position	9,506	7,763	582	17,851
Net Position - Beginning of Year	<u>185,192</u>	<u>60,368</u>	<u>4,859</u>	<u>250,419</u>
Net Position - End of Year	<u>\$ 194,698</u>	<u>\$ 68,131</u>	<u>\$ 5,441</u>	<u>\$ 268,270</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF MANCHESTER, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2025  
(NON-GAAP BUDGETARY BASIS)  
(IN THOUSANDS)**

	General Fund			
	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes, Interest and Lien Fees	\$ 191,240	\$ 191,240	\$ 184,392	\$ (6,848)
Intergovernmental Revenue	39,100	39,100	39,674	574
Investment and Interest Income	800	800	1,234	434
Licenses, Permits, and Fines	3,216	3,216	3,180	(36)
Charges for Goods and Services	1,761	1,761	2,015	254
Other	1,107	1,107	1,016	(91)
Total Revenues	<u>237,224</u>	<u>237,224</u>	<u>231,511</u>	<u>(5,713)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	7,938	7,939	7,460	479
Public Works	15,929	16,057	14,878	1,179
Public Safety	41,463	42,021	39,554	2,467
Human Services	3,747	3,753	3,583	170
Leisure Services	7,325	7,325	6,807	518
Employee Benefits	15,210	15,210	14,972	238
Education	126,365	126,365	126,461	(96)
Internal Service Fund Charges	3,945	3,949	3,950	(1)
Other	200	200	40	160
Debt Service	16,318	16,318	16,319	(1)
Capital Outlay	2,686	5,086	5,086	-
Total Expenditures	<u>241,126</u>	<u>244,223</u>	<u>239,110</u>	<u>5,113</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,902)</b>	<b>(6,999)</b>	<b>(7,599)</b>	<b>(600)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,766	1,766	1,759	(7)
Transfers Out	(364)	(364)	(364)	-
Total Other Financing Sources (Uses)	<u>1,402</u>	<u>1,402</u>	<u>1,395</u>	<u>(7)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>\$ (2,500)</u></b>	<b><u>\$ (5,597)</u></b>	<b>(6,204)</b>	<b><u>\$ (607)</u></b>
Fund Balances - Beginning of Year			<u>38,403</u>	
<b>FUND BALANCES - END OF YEAR</b>			<b><u>\$ 32,199</u></b>	

**TOWN OF MANCHESTER, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

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

	<u>General Fund</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>	
Non-GAAP Budgetary Basis - RSI-1	\$ 233,270
State of Connecticut State Teachers' Retirement System Pension on-behalf contribution for Town teachers is not budgeted.	19,157
State of Connecticut State Teachers' Retirement System OPEB on-behalf contribution for Town teachers is not budgeted.	268
Excess cost grant revenue is budgeted as a credit to education expenditures.	5,698
The Town does not budget for the proceeds from the issuance of leases payable	2,665
LOSAP Interest revenue are not budgeted	<u>19</u>
GAAP Basis - Exhibit IV	<u><u>\$ 261,077</u></u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>	
Non-GAAP Budgetary Basis - RSI-1	\$ 239,474
State of Connecticut State Teachers' Retirement System Pension on-behalf contribution for Town teachers is not budgeted.	19,157
State of Connecticut State Teachers' Retirement System OPEB on-behalf contribution for Town teachers is not budgeted.	268
Excess cost grant revenue is budgeted as a credit to education expenditures.	5,698
Bond issuance costs on refunding are not budgeted.	
Special Education not budgeted	1,154
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, 2024	756
June 30, 2025	(26)
LOSAP plan expenditures are not budgeted	
The Town budgets for transfers that are eliminated for GAAP purposes	15
The Town does not budget for the capital outlay related to the issuance of leases payable	<u>2,665</u>
GAAP Basis - Exhibit IV	<u><u>\$ 269,161</u></u>

**TOWN OF MANCHESTER, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**POST-RETIREMENT MEDICAL PROGRAM**  
**LAST NINE FISCAL YEARS**  
**(IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	\$ 5,860	\$ 5,272	\$ 5,563	\$ 8,105	\$ 12,444	\$ 9,639	\$ 8,212	\$ 9,091	\$ 10,676
Interest	6,913	6,505	6,226	4,625	8,106	10,045	10,755	10,027	8,667
Effect of Plan Changes	-	-	-	-	(2,015)	-	(381)	-	-
Effect of Economic/Demographic Gains or Losses	(2,578)	-	4,123	-	(37,423)	-	(17,334)	-	-
Effect of Assumption Changes or Inputs	(26,245)	(6,171)	(5,020)	(39,865)	(120,518)	65,561	15,493	(12,007)	(33,108)
Benefit Payments, Including Refunds of Member Contributions	(8,422)	(8,597)	(7,924)	(9,260)	(8,637)	(7,797)	(10,297)	(6,570)	(10,771)
Net Change in Total OPEB Liability	(24,472)	(2,991)	2,968	(36,395)	(148,043)	77,448	6,448	541	(24,536)
Total OPEB Liability - Beginning	174,210	177,201	174,233	210,628	358,671	281,223	274,775	274,234	298,770
Total OPEB Liability - Ending	149,738	174,210	177,201	174,233	210,628	358,671	281,223	274,775	274,234
Plan Fiduciary Net Position:									
Contributions - Employer	8,422	8,597	7,924	9,260	8,637	7,797	12,297	8,313	8,558
Contributions - Member	87	86	49	37	16	-	-	-	1,051
Net Investment Income	527	590	391	(518)	855	244	165	296	13
Benefit Payments, Including Refunds of Member Contributions	(8,422)	(8,597)	(7,924)	(9,260)	(8,637)	(7,797)	(10,297)	(6,570)	(9,209)
Administrative Expense	(32)	(33)	-	-	(24)	(29)	-	-	(83)
Net Change in Plan Fiduciary Net Position	582	643	440	(481)	847	215	2,165	2,039	330
Plan Fiduciary Net Position - Beginning	4,859	4,216	3,776	4,257	3,410	3,195	1,030	(1,009)	(1,339)
Plan Fiduciary Net Position - Ending	5,441	4,859	4,216	3,776	4,257	3,410	3,195	1,030	(1,009)
Net OPEB Liability - Ending	<u>\$ 144,297</u>	<u>\$ 169,351</u>	<u>\$ 172,985</u>	<u>\$ 170,457</u>	<u>\$ 206,371</u>	<u>\$ 355,261</u>	<u>\$ 278,028</u>	<u>\$ 273,745</u>	<u>\$ 275,243</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.63%	2.79%	2.38%	2.17%	2.02%	0.95%	1.14%	0.37%	-0.37%
Covered Payroll	\$ 120,812	\$ 113,753	\$ 113,753	\$ 117,104	\$ 117,104	\$ 105,387	\$ 105,387	\$ 104,340	\$ 95,663
Net OPEB Liability as a Percentage of Covered Payroll	119.44%	148.88%	152.07%	145.56%	176.23%	337.10%	263.82%	262.36%	287.72%

## Notes to Schedule:

## Effect of Plan Changes:

None

## Effect of Changes of Assumptions:

Updated medical trend and dependent election assumptions to better reflect anticipated future experience.

Updated the retirement, termination and disability assumptions for firefighters based on the June 30, 2024 Connecticut Municipal Employees Retirement System valuation.

Discount rate increased from 3.54% to 3.93% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2024.

\*Note - This schedule is intended to show information for 10 years. Additional information will be added as it becomes available.

**TOWN OF MANCHESTER, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POST-RETIREMENT MEDICAL PROGRAM  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 18,591	\$ 17,339	\$ 20,154	\$ 18,919	\$ 24,823	\$ 23,319	\$ 26,339	\$ 24,771	\$ 17,205	\$ 16,016
Contributions in Relation to the Actuarially Determined Contribution	8,422	8,597	7,924	9,260	8,637	7,797	12,297	8,313	10,120	9,702
Contribution Deficiency (Excess)	\$ 10,169	\$ 8,742	\$ 12,230	\$ 9,659	\$ 16,186	\$ 15,522	\$ 14,042	\$ 16,458	\$ 7,085	\$ 6,314
Covered Payroll	\$ 120,812	\$ 113,753	\$ 113,753	\$ 117,104	\$ 117,104	\$ 105,387	\$ 104,340	\$ 95,663	\$ 90,703	\$ 54,957
Contributions as a Percentage of Covered Payroll	6.97%	7.56%	6.97%	7.91%	7.38%	7.40%	11.79%	8.69%	11.16%	17.65%

Notes to Schedule

Valuation Date: July 1, 2024  
 Measurement Date: June 30, 2025  
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	13 Years as of July 1, 2024
Amortization Growth Rate	3.50%
Asset Valuation Method	Fair Value
Inflation	2.50%
Salary Increases	Graded by Age; Scale Varies by Group
Investment Rate of Return	3.93%, Net of Investment Expense

**TOWN OF MANCHESTER, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
POST-RETIREMENT MEDICAL PROGRAM  
LAST NINE FISCAL YEARS\***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.77%	13.91%	10.28%	-12.11%	24.34%	7.66%	5.77%	7.96%	0.85%

\*Note - This schedule is intended to show information for 10 years. Additional information will be added as it becomes available.

**TOWN OF MANCHESTER, CONNECTICUT  
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHERS RETIREMENT PLAN  
 LAST EIGHT FISCAL YEARS\*  
 (IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018
Town's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	39,869	20,866	21,671	21,254	36,737	33,490	33,100	44,841
Total	<u>\$ 39,869</u>	<u>\$ 20,866</u>	<u>\$ 21,671</u>	<u>\$ 21,254</u>	<u>\$ 36,737</u>	<u>\$ 33,490</u>	<u>\$ 33,100</u>	<u>\$ 44,841</u>
Town's Covered Payroll	\$ 49,730	\$ 48,220	\$ 49,041	\$ 50,386	\$ 47,133	\$ 45,675	\$ 45,264	\$ 42,868
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in Benefit Terms  
 Changes of Assumptions

There were no changes to benefit terms since the prior Measurement Date  
 Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024;  
 Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan expense. Spouse coverage election assumptions were also updated with this change; and  
 Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.

Actuarial Cost Method  
 Amortization Method  
 Remaining Amortization Period  
 Asset Valuation Method  
 Investment Rate of Return  
 Price Inflation

Entry Age  
 Level Percent of Payroll Over an Open Period  
 30 Years  
 Fair Value of Assets  
 3.54%, Net of Investment-Related Expense Including Price Inflation  
 2.50%

- This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

**TOWN OF MANCHESTER, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**PUBLIC EMPLOYEE-RETIREMENT SYSTEM PENSION PLAN**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 3,774	\$ 3,921	\$ 4,076	\$ 4,156	\$ 4,194	\$ 4,196	\$ 4,200	\$ 4,156	\$ 4,225	\$ 4,428
Interest	18,619	18,470	17,580	17,507	17,553	16,209	16,019	15,625	15,274	14,860
Effect of Plan Changes	-	1,954	-	722	-	-	-	-	-	-
Differences Between Expected and Actual Experience	3,469	(2,733)	10,191	(3,825)	(2,974)	2,477	(1,427)	1,055	(832)	1,621
Changes of Assumptions	-	-	(644)	-	(2,935)	12,029	2,978	2,719	-	2,537
Benefit Payments, Including Refunds of Member Contributions	(19,907)	(18,775)	(17,904)	(16,972)	(15,976)	(15,454)	(14,624)	(13,975)	(13,527)	(12,688)
Net Change in Total Pension Liability	5,955	2,837	13,299	1,588	(138)	19,457	7,146	9,580	5,140	10,758
Total Pension Liability - Beginning	272,004	269,167	255,868	254,280	254,418	234,961	227,815	218,235	213,095	202,337
Total Pension Liability - Ending	277,959	272,004	269,167	255,868	254,280	254,418	234,961	227,815	218,235	213,095
Plan Fiduciary Net Position:										
Contributions - Employer	9,062	8,676	7,310	7,214	6,569	6,202	5,868	6,100	5,734	5,244
Contributions - Member	1,459	1,600	1,957	1,982	2,071	2,181	2,248	2,348	2,370	2,414
Net Investment Income (Expenses)	18,978	16,339	15,570	(24,164)	44,946	1,000	8,472	11,709	18,830	(1,414)
Benefit Payments, Including Refunds of Member Contributions	(19,907)	(18,775)	(17,904)	(16,972)	(15,976)	(15,454)	(14,624)	(13,975)	(13,527)	(12,688)
Administrative Expense	(87)	(84)	(117)	(117)	(170)	(120)	(44)	(36)	(345)	(317)
Net Change in Plan Fiduciary Net Position	9,505	7,756	6,816	(32,057)	37,440	(6,191)	1,920	6,146	13,062	(6,761)
Plan Fiduciary Net Position - Beginning	185,194	177,438	170,622	202,679	165,239	171,430	169,510	163,364	150,302	157,063
Plan Fiduciary Net Position - Ending	194,699	185,194	177,438	170,622	202,679	165,239	171,430	169,510	163,364	150,302
Net Pension Liability - Ending	\$ 83,260	\$ 86,810	\$ 91,729	\$ 85,246	\$ 51,601	\$ 89,179	\$ 63,531	\$ 58,305	\$ 54,871	\$ 62,793
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.05%	68.09%	65.92%	66.68%	79.71%	64.95%	72.96%	74.41%	74.86%	70.53%
Covered Payroll	\$ 27,581	\$ 29,597	\$ 29,091	\$ 30,971	\$ 32,225	\$ 32,334	\$ 33,094	\$ 33,760	\$ 35,091	\$ 34,913
Net Pension Liability as a Percentage of Covered Payroll	301.87%	293.31%	315.32%	275.24%	160.13%	275.81%	191.97%	172.70%	156.37%	179.86%

**TOWN OF MANCHESTER, CONNECTICUT  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN  
 LAST TEN FISCAL YEARS\*  
 (IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 9,062	\$ 8,672	\$ 7,310	\$ 7,214	\$ 6,569	\$ 6,202	\$ 5,850	\$ 6,100	\$ 5,734	\$ 5,244
Contributions in Relation to the Actuarially Determined Contribution	9,062	8,676	7,310	7,214	6,569	6,202	5,868	6,100	5,734	5,244
Contribution Deficiency (Excess)	\$ -	\$ (4)	\$ -	\$ -	\$ -	\$ -	\$ (18)	\$ -	\$ -	\$ -
Covered Payroll	\$ 27,581	\$ 29,597	\$ 29,091	\$ 30,971	\$ 32,225	\$ 32,334	\$ 33,094	\$ 33,760	\$ 35,091	\$ 34,913
Contributions as a Percentage of Covered Payroll	32.86%	29.31%	25.13%	23.29%	20.38%	19.18%	17.73%	18.07%	16.34%	15.02%

Notes to Schedule

Valuation Date: July 1, 2024  
 Measurement Date: June 30, 2025  
 Valuation Timing: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to

Determine Contribution Rates:

- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level Percentage of Payroll, Closed
- Remaining Amortization Period: 15 Years
- Amortization Growth Rate: 3.25%
- Asset Valuation Method: Five-year Asymptotic, 20% Corridor
- Inflation: 2.60%
- Salary Increases: Graded by Age, varies by group
- Investment Rate of Return: 7.00%
- Retirement Age: Graded by Age, varies by group
- Turnover: Rates Based on Service for Police; Age Based Rates for Town and Board of Education
- Mortality: Pub-2010 Mortality Table with Generational Projection per MP-2021 Ultimate Scale

Change in Assumptions: None

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.44%	9.44%	9.27%	-12.04%	27.38%	0.59%	5.02%	7.21%	12.42%	-0.90%

**TOWN OF MANCHESTER, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	194,356	222,717	247,447	195,080	246,310	214,743	165,580	174,213	183,796	129,613
Total	<u>\$ 194,356</u>	<u>\$ 222,717</u>	<u>\$ 247,447</u>	<u>\$ 195,080</u>	<u>\$ 246,310</u>	<u>\$ 214,743</u>	<u>\$ 165,580</u>	<u>\$ 174,213</u>	<u>\$ 183,796</u>	<u>\$ 129,613</u>
Town's Covered Payroll	\$ 49,730	\$ 48,220	\$ 49,041	\$ 50,386	\$ 47,133	\$ 45,675	\$ 45,264	\$ 42,868	\$ 50,964	\$ 45,263
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Changes in Benefit Terms	None
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent Amortization Period	25.9 years
Asset Valuation Method	Four-Year Smoothed Fair
Inflation	2.50%
Salary Increase	3.00%-6.50%, including inflation
Investment Rate of Return	6.90%, Net of Investment Related Expense

- The measurement date is one year earlier than the employer's reporting date.

**TOWN OF MANCHESTER, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's Proportion of the Net Pension Liability	1.95%	1.82%	1.51%	1.58%	1.48%	1.49%	1.51%	1.57%	1.57%	1.52%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 25,641	\$ 25,707	\$ 20,819	\$ 11,187	\$ 16,459	\$ 16,022	\$ 13,974	\$ (3,894)	\$ (2,857)	\$ (4,642)
Town's Covered Payroll	\$ 10,466	\$ 8,253	\$ 9,669	\$ 9,188	\$ 8,396	\$ 8,596	\$ 8,758	\$ 8,224	\$ 7,781	\$ 7,464
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	<u>244.99%</u>	<u>311.49%</u>	<u>215.32%</u>	<u>121.76%</u>	<u>196.03%</u>	<u>186.39%</u>	<u>159.56%</u>	<u>-47.35%</u>	<u>-36.72%</u>	<u>-62.19%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.85%	69.54%	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%

## \*Notes:

- The measurement date is one year earlier than the employer's reporting date.

**TOWN OF MANCHESTER, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 2,992	\$ 2,459	\$ 2,197	\$ 2,014	\$ 2,020	\$ 1,316	\$ 1,483	\$ 1,485	\$ 1,162	\$ 1,169
Contributions in Relation to the Actuarially Determined Contribution	<u>2,992</u>	<u>2,459</u>	<u>2,197</u>	<u>2,014</u>	<u>2,020</u>	<u>1,316</u>	<u>1,483</u>	<u>1,485</u>	<u>1,162</u>	<u>1,169</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,836	\$ 10,466	\$ 8,253	\$ 9,669	\$ 9,188	\$ 8,396	\$ 8,596	\$ 8,758	\$ 8,224	\$ 7,781
Contributions as a Percentage of Covered Payroll	25.28%	23.50%	26.62%	20.83%	21.99%	15.67%	17.25%	16.96%	14.13%	15.02%

Notes to Schedule

Valuation Date: June 30, 2024

Measurement Date: June 30, 2024

The actuarially determined contributions are calculated as of June 30, for the fiscal year ending two years after the valuation date.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Single Equivalent Amortization Period	Blended 23.4 to 23.5 years depending on Tier
Asset Valuation Method	Fair Value on the measurement date. Plan's fiduciary net position also included the present value of receivable initial liability payments established by participating employers upon entry into MERS
Inflation	2.50%
Salary Increases	3.50% to 9.50%, Including Inflation
Investment Rate of Return	7.00%, Net of Investment-Related Expense

Change in Assumptions: None

**TOWN OF MANCHESTER, CONNECTICUT**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS**  
**DEFINED BENEFIT SERVICE AWARD PROGRAM**  
**LAST FIVE FISCAL YEARS\***  
**(IN THOUSANDS)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total LOSAP Liability:					
Service Cost	\$ -	\$ 10	\$ 6	\$ 29	\$ 36
Interest on Total Pension Liability	16	17	15	13	17
Difference Between Expected and Actual Experience	4	(37)	(30)	(71)	(93)
Effect of Assumption Changes or Inputs	(41)	(7)	34	(214)	35
Benefit Payments, Including Refunds of Benefit Payments	(14)	(14)	(14)	(16)	(17)
Net Change in Total LOSAP Liability	<u>(35)</u>	<u>(31)</u>	<u>11</u>	<u>(259)</u>	<u>(22)</u>
Total LOSAP Liability - Beginning	<u>408</u>	<u>439</u>	<u>428</u>	<u>687</u>	<u>709</u>
Total LOSAP Liability - Ending	<u><u>\$ 373</u></u>	<u><u>\$ 408</u></u>	<u><u>\$ 439</u></u>	<u><u>\$ 428</u></u>	<u><u>\$ 687</u></u>
Covered employee Payroll	N/A	N/A	N/A	N/A	N/A
Town LOSAP Liability as a Percentage of Covered employee Payroll	N/A	N/A	N/A	N/A	N/A

Notes:

\*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

There are no assets that are being accumulated in a trust that meets the criteria in GASB 73 to pay benefits.

**SUPPLEMENTAL, COMBINING, AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

The General Fund is the principal operating fund of the Town. It is used to account for the general operations of the Town except those required to be accounted for in another fund.

**TOWN OF MANCHESTER, CONNECTICUT  
REPORT OF TAX COLLECTOR  
GENERAL FUND  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

Grand List	Uncollected Taxes July 1, 2024	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2025
		Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2023	\$ 184,969	\$ 1,002	\$ 4,028	\$ 888	\$ 181,055	\$ 175,975	\$ 613	\$ 71	\$ 176,659	\$ 5,080
2022	2,889	51	1,450	713	777	184	367	41	592	593
2021	401	31	1,274	63	(905)	(1,037)	150	51	(836)	132
2020	161	4	-	22	143	41	55	17	113	102
2019	117	1	-	-	118	20	24	7	51	98
2018	130	-	-	-	130	23	18	3	44	107
2017	113	1	-	-	114	23	25	3	51	91
2016	92	-	-	-	92	12	22	3	37	80
2015	72	-	-	-	72	8	24	3	35	64
2014	68	-	-	-	68	7	23	2	32	61
2013	58	-	-	-	58	7	13	1	21	51
2012	45	-	-	-	45	7	12	1	20	38
2011	25	-	-	-	25	3	12	1	16	22
2010	22	-	-	-	22	4	9	-	13	18
2009	20	-	-	-	20	3	10	-	13	17
<b>Total</b>	<b>\$ 189,182</b>	<b>\$ 1,090</b>	<b>\$ 6,752</b>	<b>\$ 1,686</b>	<b>\$ 181,834</b>	<b>175,280</b>	<b>1,377</b>	<b>204</b>	<b>176,861</b>	<b>\$ 6,554</b>
						<b>489</b>	<b>249</b>	<b>-</b>	<b>738</b>	
						<b>\$ 175,769</b>	<b>\$ 1,626</b>	<b>\$ 204</b>	<b>\$ 177,599</b>	

**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
Municipal Innovation Fund	Various Sources	Municipal Innovation Programs
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
Student Activity Fund	Charges for Services	After School Activities
Senior Center Activity Fund	Charges for Services	Senior Citizen's Activities
Downtown District Fund	Property Taxes and Charges for Service	Downtown District Activities
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
Climate Resiliency Fund	Surplus funds from General fund and Sanitation fund	Storm Emergency Reserve
Miscellaneous Projects	Various Sources	Miscellaneous Projects
Levi Drake Fund	Trust and Investment Income	Library Purposes
Emergency Employment Fund	Trust and Investment Income	General Social Welfare
Mary Cheney Library Fund	Trust and Investment Income	Purchase of Books for the Library
Whiton Library Fund	Trust and Investment Income	Support of Library
Manchester Police Department Health and Welfare Fund	Trust and Investment Income	Needy Manchester Police and/or Their Survivors
Library Appreciation Fund	Trust and Investment Income	Library Purposes
Foulds Family Foundation	Trust and Investment Income	Recreational Programs
R. B. Bagley Memorial Book Fund	Trust and Investment Income	Purchase of Books for the Library
Trust Funds – Board of Education	Trust and Investment Income	Education Related Purposes
Wilma D. Marlow Fund	Trust and Investment Income	General Support of Library
Newton B. Taggart Fund	Trust and Investment Income	Purchase of Books
East Cemetery Trust Fund	Trust and Investment Income	Perpetual Care
Consolidated Cemetery Trust Fund	Trust and Investment Income	Perpetual Care
Trust Funds Held at the Board of Education	Trust and Investment Income	Education Related Purposes
Library Trust Fund	Trust and Investment Income	Purchase of Books for the Library

### Permanent Funds

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

Fund	Funding Source	Function
Jarvis Library Fund	Trust and Investment Income	Perpetual Care

**TOWN OF MANCHESTER, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2025  
(IN THOUSANDS)**

	Special Revenue Funds												
	Police Special Services Fund	Work Space Fund	Municipal Innovation Fund	Recreation Activities	COVID Fund	Special Projects Fund	Cafeteria Fund	Student Activity Fund	Senior Center Activity Fund	Downtown District Fund	Community Use of Schools	Community Development Block Grant Fund	Housing Rehab
<b>ASSETS</b>													
Cash and Cash Equivalents	\$ 729	\$ 205	\$ 498	\$ 310	\$ 69	\$ 4,423	\$ 797	\$ 792	\$ 128	\$ 230	\$ 13	\$ -	\$ 117
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	340	-	-	-	-	-	71	-	-	-	25	-	40
Intergovernmental Receivables	-	-	-	-	-	302	722	-	-	-	-	188	-
Supplies	-	-	-	-	-	-	97	-	-	-	-	-	-
Other Assets	-	-	-	-	-	2	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,069</b>	<b>\$ 205</b>	<b>\$ 498</b>	<b>\$ 310</b>	<b>\$ 69</b>	<b>\$ 4,727</b>	<b>\$ 1,687</b>	<b>\$ 792</b>	<b>\$ 128</b>	<b>\$ 230</b>	<b>\$ 38</b>	<b>\$ 188</b>	<b>\$ 157</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>													
<b>Liabilities:</b>													
Accounts and Other Payable	\$ -	\$ 6	\$ -	\$ 2	\$ 3	\$ 328	\$ 302	\$ -	\$ -	\$ 7	\$ -	\$ 51	\$ 5
Accrued Liabilities	14	1	-	3	-	1	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-	1	-	-	-	-	133	-
Unearned Revenue	-	-	-	18	-	1,011	-	-	-	13	-	-	-
<b>Total Liabilities</b>	<b>14</b>	<b>7</b>	<b>-</b>	<b>23</b>	<b>3</b>	<b>1,340</b>	<b>303</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>184</b>	<b>5</b>
<b>Deferred Inflows of Resources:</b>													
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-	-	-	-	-	-	-	22
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>
<b>Fund Balances:</b>													
Nonspendable	-	-	-	-	-	2	97	-	-	-	-	-	-
Restricted	-	-	-	-	66	3,385	-	-	-	-	-	-	130
Committed	1,055	198	498	287	-	-	1,287	792	128	210	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	38	4	-
<b>Total Fund Balances</b>	<b>1,055</b>	<b>198</b>	<b>498</b>	<b>287</b>	<b>66</b>	<b>3,387</b>	<b>1,384</b>	<b>792</b>	<b>128</b>	<b>210</b>	<b>38</b>	<b>4</b>	<b>130</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,069</b>	<b>\$ 205</b>	<b>\$ 498</b>	<b>\$ 310</b>	<b>\$ 69</b>	<b>\$ 4,727</b>	<b>\$ 1,687</b>	<b>\$ 792</b>	<b>\$ 128</b>	<b>\$ 230</b>	<b>\$ 38</b>	<b>\$ 188</b>	<b>\$ 157</b>

**TOWN OF MANCHESTER, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2025  
(IN THOUSANDS)**

	Special Revenue Funds								
	Neighborhood Housing Predevelopment Fund	Climate Resiliency Fund	Miscellaneous Projects	Levi Drake Fund	Whiton Library Fund	Police Department Health and Welfare Fund	Library Appreciation Fund	Foulds Family Foundation	R.B. Bagley Memorial Book Fund
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 47	\$ 1,400	\$ -	\$ 77	\$ 157	\$ 29	\$ 9	\$ 23	\$ 5
Investments	-	-	-	-	1,521	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-
Intergovernmental Receivables	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 47</b>	<b>\$ 1,400</b>	<b>\$ -</b>	<b>\$ 77</b>	<b>\$ 1,678</b>	<b>\$ 29</b>	<b>\$ 9</b>	<b>\$ 23</b>	<b>\$ 5</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>									
Liabilities:									
Accounts and Other Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	6	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Inflows of Resources:									
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	47	-	-	77	1,678	-	9	23	5
Committed	-	1,400	-	-	-	23	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>47</b>	<b>1,400</b>	<b>-</b>	<b>77</b>	<b>1,678</b>	<b>23</b>	<b>9</b>	<b>23</b>	<b>5</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 47</b>	<b>\$ 1,400</b>	<b>\$ -</b>	<b>\$ 77</b>	<b>\$ 1,678</b>	<b>\$ 29</b>	<b>\$ 9</b>	<b>\$ 23</b>	<b>\$ 5</b>

**TOWN OF MANCHESTER, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2025  
(IN THOUSANDS)**

	Special Revenue Funds							Permanent Fund	Total Nonmajor Governmental Funds	
	Trust Funds - Board of Education	Wilma D. Marlow Fund	Newton B. Taggart Fund	East Cemetery Trust Fund	Consolidated Cemetery Trust Fund	Trust Funds Held at the Board of Education	Library Trust Fund	Jarvis Library Fund		
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 101	\$ 8	\$ 10	\$ 222	\$ 3	\$ 125	\$ 8	\$ 10,535	\$ 27	\$ 10,562
Investments	-	-	1,537	886	411	-	186	4,541	4,079	8,620
Accounts Receivable	-	-	-	3	-	-	-	479	-	479
Intergovernmental Receivables	-	-	-	-	-	-	-	1,212	-	1,212
Supplies	-	-	-	-	-	-	-	97	-	97
Other Assets	-	-	-	-	-	-	-	2	-	2
<b>Total Assets</b>	<b>\$ 101</b>	<b>\$ 8</b>	<b>\$ 1,547</b>	<b>\$ 1,111</b>	<b>\$ 414</b>	<b>\$ 125</b>	<b>\$ 194</b>	<b>\$ 16,866</b>	<b>\$ 4,106</b>	<b>\$ 20,972</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>										
Liabilities:										
Accounts and Other Payable	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ 706	\$ -	\$ 706
Accrued Liabilities	-	-	-	-	-	-	-	19	-	19
Interfund Payable	-	-	14	-	5	-	-	159	36	195
Unearned Revenue	-	-	-	-	-	-	-	1,042	-	1,042
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>2</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>1,926</b>	<b>36</b>	<b>1,962</b>
Deferred Inflows of Resources:										
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-	-	22	-	22
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>22</b>
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	99	-	99
Restricted	101	8	1,533	1,109	409	125	194	8,899	4,070	12,969
Committed	-	-	-	-	-	-	-	5,878	-	5,878
Unassigned	-	-	-	-	-	-	-	42	-	42
<b>Total Fund Balances</b>	<b>101</b>	<b>8</b>	<b>1,533</b>	<b>1,109</b>	<b>409</b>	<b>125</b>	<b>194</b>	<b>14,918</b>	<b>4,070</b>	<b>18,988</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 101</b>	<b>\$ 8</b>	<b>\$ 1,547</b>	<b>\$ 1,111</b>	<b>\$ 414</b>	<b>\$ 125</b>	<b>\$ 194</b>	<b>\$ 16,866</b>	<b>\$ 4,106</b>	<b>\$ 20,972</b>

**TOWN OF MANCHESTER, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

	Special Revenue Funds												
	Police Special Services Fund	Work Space Fund	Municipal Innovation Fund	Recreation Activities	COVID Fund	Special Projects Fund	Cafeteria Fund	Student Activity Fund	Senior Center Activity Fund	Downtown District Fund	Community Use of Schools	Community Development Block Grant Fund	Housing Rehab
<b>REVENUE</b>													
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	65	2,632	4,596	-	-	-	-	495	-
Investment Income (Loss)	27	-	-	11	-	-	-	-	-	9	-	-	-
Charges for Goods and Services	814	173	-	224	-	44	253	714	29	55	136	-	-
Other	-	12	-	-	-	431	(5)	-	-	-	-	224	-
<b>Total Revenues</b>	<b>841</b>	<b>185</b>	<b>-</b>	<b>235</b>	<b>65</b>	<b>3,107</b>	<b>4,844</b>	<b>714</b>	<b>29</b>	<b>150</b>	<b>136</b>	<b>719</b>	<b>-</b>
<b>EXPENDITURES</b>													
Current:													
General Government	-	221	47	-	-	178	-	-	-	169	-	280	-
Public Works	-	-	-	-	-	117	-	-	-	-	-	-	-
Public Safety	936	-	-	-	3	974	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	1,905	-	-	26	-	-	238	-
Recreation	-	-	-	205	-	84	-	-	-	-	-	-	-
Library	-	-	-	-	-	1	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	5,433	688	-	-	77	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>936</b>	<b>221</b>	<b>47</b>	<b>205</b>	<b>3</b>	<b>3,259</b>	<b>5,433</b>	<b>688</b>	<b>26</b>	<b>169</b>	<b>77</b>	<b>518</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(95)</b>	<b>(36)</b>	<b>(47)</b>	<b>30</b>	<b>62</b>	<b>(152)</b>	<b>(589)</b>	<b>26</b>	<b>3</b>	<b>(19)</b>	<b>59</b>	<b>201</b>	<b>-</b>
<b>OTHER FINANCING SOURCES</b>													
Transfers In	-	80	-	-	-	277	-	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(95)</b>	<b>44</b>	<b>(47)</b>	<b>30</b>	<b>62</b>	<b>125</b>	<b>(589)</b>	<b>26</b>	<b>3</b>	<b>(19)</b>	<b>59</b>	<b>201</b>	<b>-</b>
Fund Balances - Beginning of Year	1,150	154	545	257	4	3,262	1,973	766	125	229	(21)	(197)	130
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 1,055</b>	<b>\$ 198</b>	<b>\$ 498</b>	<b>\$ 287</b>	<b>\$ 66</b>	<b>\$ 3,387</b>	<b>\$ 1,384</b>	<b>\$ 792</b>	<b>\$ 128</b>	<b>\$ 210</b>	<b>\$ 38</b>	<b>\$ 4</b>	<b>\$ 130</b>

**TOWN OF MANCHESTER, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

	Special Revenue Funds									
	Neighborhood Housing Predevelopment Fund	Climate Resiliency Fund	Miscellaneous Projects	Levi Drake Fund	Whiton Library Fund	Police Department Health and Welfare Fund	Library Appreciation Fund	Foulds Family Foundation	R.B. Bagley Memorial Book Fund	Trust Funds - Board of Education
<b>REVENUE</b>										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Investment Income (Loss)	-	-	-	4	176	-	1	-	-	-
Charges for Goods and Services	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	2	-	-	-	-
Total Revenues	-	-	-	4	176	2	1	-	-	-
<b>EXPENDITURES</b>										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	10	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	10	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	4	166	2	1	-	-	-
<b>OTHER FINANCING SOURCES</b>										
Transfers In	-	-	-	-	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	4	166	2	1	-	-	-
Fund Balances - Beginning of Year	47	1,400	-	73	1,512	21	8	23	5	101
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 47</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ 77</u>	<u>\$ 1,678</u>	<u>\$ 23</u>	<u>\$ 9</u>	<u>\$ 23</u>	<u>\$ 5</u>	<u>\$ 101</u>

**TOWN OF MANCHESTER, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

	Special Revenue Funds						Permanent Fund		Total Nonmajor Governmental Funds
	Wilma D. Marlow Fund	Newton B. Taggart Fund	East Cemetery Trust Fund	Consolidated Cemetery Trust Fund	Trust Funds Held at the Board of Education	Library Trust Fund	Jarvis Library Fund	Interfund Eliminations	
<b>REVENUE</b>						Total			
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86	\$ -	\$ -	\$ 86
Intergovernmental	-	-	-	-	-	7,788	-	-	7,788
Investment Income (Loss)	-	170	95	45	-	556	451	-	1,007
Charges for Goods and Services	-	-	13	-	-	2,455	-	-	2,455
Other	-	-	-	-	-	674	-	-	674
Total Revenues	-	170	108	45	-	11,559	451	-	12,010
<b>EXPENDITURES</b>									
Current:									
General Government	-	-	-	-	-	895	-	-	895
Public Works	-	-	-	-	-	117	-	-	117
Public Safety	-	-	-	-	-	1,913	-	-	1,913
Human Services	-	-	-	-	-	2,169	-	-	2,169
Recreation	-	-	-	-	-	289	-	-	289
Library	-	10	-	-	-	27	102	-	129
Education	-	-	-	-	-	6,198	-	-	6,198
Other	-	38	12	3	2	55	-	-	55
Capital Outlay	-	-	56	4	-	60	-	-	60
Total Expenditures	-	48	68	7	2	11,723	102	-	11,825
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	122	40	38	(2)	(164)	349	-	185
<b>OTHER FINANCING SOURCES</b>									
Transfers In	-	-	-	-	-	357	-	-	357
<b>NET CHANGE IN FUND BALANCES</b>	-	122	40	38	(2)	193	349	-	542
Fund Balances - Beginning of Year	8	1,411	1,069	371	127	14,725	3,721	-	18,446
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 8</u>	<u>\$ 1,533</u>	<u>\$ 1,109</u>	<u>\$ 409</u>	<u>\$ 125</u>	<u>\$ 14,918</u>	<u>\$ 4,070</u>	<u>\$ -</u>	<u>\$ 18,988</u>

**TOWN OF MANCHESTER, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

**Downtown Special Services District Fund**

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes, Interest and Lien Fees	\$ 86	\$ 86	\$ 86	\$ -
Charges for Goods and Services	106	106	55	(51)
Interest	-	-	9	9
Total Revenues	<u>192</u>	<u>192</u>	<u>150</u>	<u>(42)</u>
<b>EXPENDITURES</b>				
Current:				
Operating Expenses	<u>211</u>	<u>211</u>	<u>169</u>	<u>42</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (19)</u>	<u>\$ (19)</u>	<u>(19)</u>	<u>\$</u>
Fund Balances - Beginning of Year			<u>229</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 210</u>	

**Work Space Fund**

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for Goods and Services	\$ 168	\$ 168	\$ 185	\$ 17
<b>EXPENDITURES</b>				
Current:				
Operating Expenses	<u>257</u>	<u>257</u>	<u>221</u>	<u>36</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(89)	(89)	(36)	53
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>80</u>	<u>80</u>	<u>80</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (9)</u>	<u>\$ (9)</u>	<u>44</u>	<u>\$ 53</u>
Fund Balances - Beginning of Year			<u>154</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 198</u>	

**TOWN OF MANCHESTER, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
YEAR ENDED JUNE 30, 2025  
(IN THOUSANDS)**

**Police Special Service Fund**

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for Goods and Services	\$ 1,350	\$ 1,350	\$ 814	\$ (536)
Interest	-	-	27	27
Total Revenues	<u>1,350</u>	<u>1,350</u>	<u>841</u>	<u>(509)</u>
<b>EXPENDITURES</b>				
Current:				
Operating Expenses	<u>1,350</u>	<u>1,550</u>	<u>936</u>	<u>614</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$</u>	<u>\$ (200)</u>	<u>(95)</u>	<u>\$ 105</u>
Fund Balances - Beginning of Year			<u>1,150</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 1,055</u>	

**Recreation Activities Fund**

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for Goods and Services	\$ 310	\$ 310	\$ 224	\$ (86)
Interest	-	-	11	11
Total Revenues	<u>310</u>	<u>310</u>	<u>235</u>	<u>(75)</u>
<b>EXPENDITURES</b>				
Current:				
Operating Expenses	<u>310</u>	<u>310</u>	<u>205</u>	<u>105</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$</u>	<u>\$</u>	<u>30</u>	<u>\$ 30</u>
Fund Balances - Beginning of Year			<u>257</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 287</u>	

**INTERNAL SERVICE FUNDS**

## **INTERNAL SERVICE FUNDS**

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

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 prorate contributions from the Town's General, Water, Sewer, Sanitation, Fire and Data Processing Funds.

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

**TOWN OF MANCHESTER, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2025**  
**(IN THOUSANDS)**

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 3,207	\$ 2,898	\$ 1,019	\$ 7,124
Investments	-	-	9,548	9,548
Receivables	-	80	628	708
Interfund Receivables	-	10,000	10,000	20,000
Prepaid Expenses	47	12	-	59
Total Current Assets	<u>3,254</u>	<u>12,990</u>	<u>21,195</u>	<u>37,439</u>
Noncurrent Assets:				
Capital Assets, Net	504	-	-	504
Total Assets	<u>3,758</u>	<u>12,990</u>	<u>21,195</u>	<u>37,943</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts and Other Payables	47	369	15	431
Claims Payable	-	2,615	2,098	4,713
Compensated Absences Payable	57	21	-	78
Total Current Liabilities	<u>104</u>	<u>3,005</u>	<u>2,113</u>	<u>5,222</u>
Noncurrent Liabilities:				
Claims Payable	-	4,446	-	4,446
Compensated Absences Payable	96	30	-	126
Total Noncurrent Liabilities	<u>96</u>	<u>4,476</u>	<u>-</u>	<u>4,572</u>
Total Liabilities	<u>200</u>	<u>7,481</u>	<u>2,113</u>	<u>9,794</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	504	-	-	504
Unrestricted	<u>3,054</u>	<u>5,509</u>	<u>19,082</u>	<u>27,645</u>
Total Net Position	<u>\$ 3,558</u>	<u>\$ 5,509</u>	<u>\$ 19,082</u>	<u>\$ 28,149</u>

**TOWN OF MANCHESTER, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2025**  
**(IN THOUSANDS)**

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 3,075	\$ 4,256	\$ 33,323	\$ 40,654
Other	-	119	2,289	2,408
Total Operating Revenues	<u>3,075</u>	<u>4,375</u>	<u>35,612</u>	<u>43,062</u>
<b>OPERATING EXPENSES</b>				
General Operating	2,487	223	2,144	4,854
Claims Expense	-	5,656	27,278	32,934
Depreciation Expense	110	-	-	110
Total Operating Expenses	<u>2,597</u>	<u>5,879</u>	<u>29,422</u>	<u>37,898</u>
<b>OPERATING GAIN (LOSS)</b>	478	(1,504)	6,190	5,164
<b>NONOPERATING REVENUES</b>				
Interest on Investments	140	533	946	1,619
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	618	(971)	7,136	6,783
Transfers Out	-	(5)	-	(5)
<b>CHANGE IN NET POSITION</b>	618	(976)	7,136	6,778
Net Position - Beginning of Year	<u>2,940</u>	<u>6,485</u>	<u>11,946</u>	<u>21,371</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,558</u>	<u>\$ 5,509</u>	<u>\$ 19,082</u>	<u>\$ 28,149</u>

**TOWN OF MANCHESTER, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2025**  
**(IN THOUSANDS)**

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Users	\$ 3,043	\$ 4,271	\$ 35,668	\$ 42,982
Cash Received from Insurance Proceeds	-	119	-	119
Cash Paid to Suppliers for Goods and Services	(1,083)	(221)	(2,173)	(3,477)
Cash Paid to Employees	(1,357)	-	-	(1,357)
Cash Paid for Insurance Claims and Premiums	-	(4,870)	(28,743)	(33,613)
Net Cash Provided (Used) by Operating Activities	<u>603</u>	<u>(701)</u>	<u>4,752</u>	<u>4,654</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash Paid to Other Funds	-	(5,005)	(10,000)	(15,005)
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>(5,005)</u>	<u>(10,000)</u>	<u>(15,005)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Fixed Assets	(63)	-	-	(63)
Net Cash Used by Capital and Related Financing Activities	<u>(63)</u>	<u>-</u>	<u>-</u>	<u>(63)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	140	533	946	1,619
Purchase of Investments	-	-	(571)	(571)
Net Cash Provided by Investing Activities	<u>140</u>	<u>533</u>	<u>375</u>	<u>1,048</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	680	(5,173)	(4,873)	(9,366)
Cash and Cash Equivalents - Beginning of Year	<u>2,527</u>	<u>8,071</u>	<u>5,892</u>	<u>16,490</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,207</u>	<u>\$ 2,898</u>	<u>\$ 1,019</u>	<u>\$ 7,124</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 478	\$ (1,504)	\$ 6,190	\$ 5,164
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	110	-	-	110
(Increase) Decrease in Accounts Receivable and Other Prepaid Assets:	(32)	15	56	39
Increase (Decrease) in Accounts Payable	33	(419)	(29)	(415)
Increase (Decrease) in Claims Payable	-	1,205	(1,465)	(260)
Increase (Decrease) in Compensated Absences Payable	14	2	-	16
Increase (Decrease) in Unearned Revenue	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 603</u>	<u>\$ (701)</u>	<u>\$ 4,752</u>	<u>\$ 4,654</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Capital Related Accounts Payable and Retainage	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</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 annual comprehensive financial reports for the relevant year

**TOWN OF MANCHESTER, CONNECTICUT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 160,899	\$ 156,937	\$ 121,013	\$ 108,876	\$ 108,876	\$ 120,216	\$ 111,717	\$ 105,818	\$ 101,085	\$ 89,755
Restricted	70,837	62,875	44,882	26,771	21,917	2,909	2,934	2,878	2,761	2,485
Unrestricted	<u>(329,082)</u>	<u>(345,192)</u>	<u>(333,406)</u>	<u>(330,862)</u>	<u>(334,712)</u>	<u>(311,807)</u>	<u>(284,527)</u>	<u>(273,273)</u>	<u>(260,007)</u>	<u>(18,082)</u>
Total Governmental Activities Net Position	<u>(97,346)</u>	<u>(125,380)</u>	<u>(167,511)</u>	<u>(195,215)</u>	<u>(203,919)</u>	<u>(188,682)</u>	<u>(169,876)</u>	<u>(164,577)</u>	<u>(156,161)</u>	<u>74,158</u>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	58,355	58,962	54,934	52,594	52,945	55,799	56,818	55,775	24,194	24,080
Unrestricted	<u>28,528</u>	<u>31,205</u>	<u>25,400</u>	<u>39,086</u>	<u>39,809</u>	<u>37,342</u>	<u>39,455</u>	<u>39,684</u>	<u>68,940</u>	<u>36,181</u>
Total Business-Type Activities Net Position	<u>86,883</u>	<u>90,167</u>	<u>80,334</u>	<u>91,680</u>	<u>92,754</u>	<u>93,141</u>	<u>96,273</u>	<u>95,459</u>	<u>93,134</u>	<u>60,261</u>
<b>Primary Government:</b>										
Net Investment in Capital Assets	219,254	215,899	175,947	161,470	161,821	176,015	168,535	161,593	125,279	113,835
Restricted	70,837	62,875	44,882	26,771	21,917	2,909	2,934	2,878	2,761	2,485
Unrestricted	<u>(300,554)</u>	<u>(313,987)</u>	<u>(308,006)</u>	<u>(291,776)</u>	<u>(294,903)</u>	<u>(274,465)</u>	<u>(245,072)</u>	<u>(233,589)</u>	<u>(191,067)</u>	<u>18,099</u>
Total Primary Government Net Position	<u>\$ (10,463)</u>	<u>\$ (35,213)</u>	<u>\$ (87,177)</u>	<u>\$ (103,535)</u>	<u>\$ (111,165)</u>	<u>\$ (95,541)</u>	<u>\$ (73,603)</u>	<u>\$ (69,118)</u>	<u>\$ (63,027)</u>	<u>\$ 134,419</u>

## Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) Fiscal year 2017 restated for GASB No. 75 and capital asset restatement. Information prior to this year has not been restated.

**TOWN OF MANCHESTER, CONNECTICUT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)  
(UNAUDITED)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>EXPENSES</b>										
Governmental Activities:										
General Government	\$ 15,987	\$ 17,967	\$ 9,994	\$ 7,786	\$ 8,963	\$ 16,164	\$ 13,645	\$ 13,259	\$ 9,855	\$ 10,809
Public Works	24,844	17,633	22,082	24,763	20,479	23,085	22,722	19,795	22,936	20,310
Public Safety	48,499	62,418	43,725	43,404	45,110	55,808	60,164	45,395	43,579	43,086
Human Services	5,928	5,819	5,344	5,017	4,534	4,325	5,003	5,698	4,502	4,934
Leisure Services	9,714	7,810	7,896	7,878	6,872	7,460	7,520	7,396	7,295	7,314
Education	192,803	189,099	196,480	182,349	197,724	182,575	162,410	167,457	161,085	148,446
Interest on Long-Term Debt	2,960	2,929	2,255	2,701	3,592	4,063	3,875	3,405	3,655	3,231
Total Governmental Activities Expenses	300,735	303,675	287,776	273,898	287,274	293,480	275,339	262,405	252,907	238,130
Business-Type Activities:										
Water	13,850	8,085	12,357	7,464	9,394	9,699	9,105	8,302	7,643	7,439
Sewer	11,885	9,311	9,815	7,612	8,515	10,210	7,562	8,445	9,323	7,824
Sanitation	13,056	4,714	18,256	11,468	9,635	8,005	5,589	8,498	7,549	6,220
Total Business-Type Services	38,791	22,110	40,428	26,544	27,544	27,914	22,256	25,245	24,515	21,483
Total Primary Government Expenses	339,526	325,785	328,204	300,442	314,818	321,394	297,595	287,650	277,422	259,613
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services:										
General Government	2,177	2,121	2,552	1,923	1,844	1,440	1,144	1,300	2,704	1,277
Public Safety	1,936	1,694	1,349	1,555	1,615	1,481	1,867	2,311	2,088	1,990
Public Works	1,909	1,366	1,488	1,542	1,648	1,395	1,702	1,230	1,276	1,515
Leisure Services	613	579	493	445	222	235	587	580	661	603
Human Services	116	116	107	110	78	89	95	70	63	87
Education	1,487	952	918	808	275	629	2,278	2,420	4,996	2,633
Operating Grants and Contributions	111,775	105,125	107,648	90,160	97,205	79,570	62,198	75,448	70,433	64,083
Capital Grants and Contributions	9,496	28,723	20,121	5,933	1,296	17,678	28,150	9,073	6,957	1,229
Total Governmental Activities Program Revenues	129,509	140,676	134,676	102,476	104,183	102,517	98,021	92,432	89,178	73,417
Business-Type Activities:										
Charges for Services:										
Water	10,962	10,061	9,491	9,093	9,591	8,872	8,905	8,933	8,966	9,000
Sewer	12,403	11,788	10,347	9,627	10,161	9,091	8,974	8,727	8,641	8,418
Sanitation	9,857	10,163	10,295	9,762	8,685	8,002	9,214	11,433	9,350	10,502
Operating Grants and Contributions	-	-	-	-	-	-	706	-	6	-
Capital Grants and Contributions	1,748	135	-	-	256	-	-	-	-	1,066
Total Business-Type Activities Program Revenues	34,970	32,147	30,133	28,482	28,693	25,965	27,799	29,093	26,963	28,986
Total Primary Government Program Revenues	164,479	172,823	164,809	130,958	132,876	128,482	125,820	121,525	116,141	102,403

**TABLE 2  
(CONTINUED)**

**TOWN OF MANCHESTER, CONNECTICUT  
CHANGES IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)  
(UNAUDITED)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>NET (EXPENSE) REVENUE</b>										
Governmental Activities	\$ (171,226)	\$ (162,999)	\$ (153,100)	\$ (171,422)	\$ (183,091)	\$ (190,963)	\$ (177,318)	\$ (169,973)	\$ (163,729)	\$ (164,713)
Business-Type Activities	(3,821)	10,037	(10,295)	1,938	1,149	(1,949)	5,543	3,848	2,448	7,503
Total Primary Government Net Expense	(175,047)	(152,962)	(163,395)	(169,484)	(181,942)	(192,912)	(171,775)	(166,125)	(161,281)	(157,210)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>										
Governmental Activities:										
Property Taxes	186,789	182,391	169,092	165,853	164,938	162,944	158,781	153,519	152,067	150,594
Grants and Contributions Not Restricted to Specific Purposes	4,525	4,399	4,430	4,422	4,003	4,035	3,568	3,865	4,907	3,705
Unrestricted Investment Earnings	4,881	5,862	4,026	(2,020)	3,190	2,480	3,372	2,076	2,148	567
Miscellaneous	1,306	1,367	1,642	3,205	735	688	865	790	1,433	124
Special Item - Transfer of Operations	-	9,225	-	-	-	-	-	-	-	-
Transfers	1,759	1,886	1,614	1,336	1,328	2,010	5,433	1,307	2,813	1,333
Total Governmental Activities	199,260	205,130	180,804	172,796	174,194	172,157	172,019	161,557	163,368	156,323
Business-Type Activities:										
Unrestricted Investment Earnings	1,784	1,115	90	(2,139)	(418)	473	410	(712)	(1,040)	529
Miscellaneous	512	518	473	463	210	354	294	496	322	(154)
Special Item - Transfer of Operations	-	49	-	-	-	-	-	-	-	-
Transfers	(1,759)	(1,886)	(1,614)	(1,336)	(1,328)	(2,010)	(5,433)	(1,307)	(2,813)	(1,333)
Total Business-Type Activities	537	(204)	(1,051)	(3,012)	(1,536)	(1,183)	(4,729)	(1,523)	(3,531)	(958)
Total Primary Government	199,797	204,926	179,753	169,784	172,658	170,974	167,290	160,034	159,837	155,365
<b>CHANGES IN NET ASSETS</b>										
Governmental Activities	28,034	42,131	27,704	1,374	(8,897)	(18,806)	(5,299)	(8,416)	(361)	(8,390)
Business-Type Activities	(3,284)	9,833	(11,346)	(1,074)	(387)	(3,132)	814	2,325	(1,083)	6,545
Total Primary Government	\$ 24,750	\$ 51,964	\$ 16,358	\$ 300	\$ (9,284)	\$ (21,938)	\$ (4,485)	\$ (6,091)	\$ (1,444)	\$ (1,845)

**TOWN OF MANCHESTER, CONNECTICUT**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund:										
Nonspendable	\$ 101	\$ 35	\$ 30	\$ 38	\$ 38	\$ 7	\$ 29	\$ 8	\$ 102	\$ 22
Restricted	-	-	-	-	-	-	-	-	10	910
Committed	1,181	2,331	2,060	2,355	2,355	2,500	-	-	-	2
Assigned	5,263	9,206	6,213	4,701	4,701	3,612	6,281	4,704	2,606	1,180
Unassigned	26,861	29,918	24,976	22,638	27,126	23,916	21,449	20,966	22,066	21,892
Total General Fund	<u>\$ 33,406</u>	<u>\$ 41,490</u>	<u>\$ 33,279</u>	<u>\$ 29,732</u>	<u>\$ 34,220</u>	<u>\$ 30,035</u>	<u>\$ 27,759</u>	<u>\$ 25,678</u>	<u>\$ 24,784</u>	<u>\$ 24,006</u>
All Other Governmental Funds:										
Nonspendable	\$ 1,296	\$ 1,377	\$ 177	\$ 207	\$ 125	\$ 144	\$ 103	\$ 73	\$ 64	\$ 63
Restricted	31,357	31,747	12,792	9,795	11,252	9,526	9,444	8,974	8,499	8,429
Committed	5,878	6,440	8,199	8,143	5,735	11,151	5,534	4,816	4,047	5,646
Assigned	-	-	-	-	-	-	75	75	75	75
Unassigned	(50,067)	(53,815)	(28,936)	(12,570)	(3,151)	(301)	(111)	-	(3,197)	-
Total All Other Governmental Funds	<u>\$ (11,536)</u>	<u>\$ (14,251)</u>	<u>\$ (7,768)</u>	<u>\$ 5,575</u>	<u>\$ 13,961</u>	<u>\$ 20,520</u>	<u>\$ 15,045</u>	<u>\$ 13,938</u>	<u>\$ 9,488</u>	<u>\$ 14,213</u>

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

**TOWN OF MANCHESTER, CONNECTICUT**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>REVENUES</b>										
Property Taxes, Interest and Lien Fees	\$ 184,516	\$ 182,092	\$ 170,646	\$ 166,822	\$ 165,095	\$ 163,507	\$ 159,216	\$ 153,931	\$ 151,811	\$ 151,407
Intergovernmental Revenue	115,336	123,616	109,808	100,380	81,709	86,494	79,164	88,140	82,253	67,511
Investment and Interest Income	3,262	4,340	2,929	(1,164)	2,162	1,697	2,329	1,743	1,622	257
Licenses, Permits and Fines	3,180	2,406	3,349	3,103	2,761	2,702	2,737	2,446	2,209	2,514
Charges for Goods and Services	5,094	4,452	3,589	3,369	2,478	2,626	4,973	5,527	8,019	5,388
Other	1,273	1,347	1,615	3,183	729	696	869	894	1,451	1,757
<b>Total Revenues</b>	<b>312,661</b>	<b>318,253</b>	<b>291,936</b>	<b>275,693</b>	<b>254,934</b>	<b>257,722</b>	<b>249,288</b>	<b>252,681</b>	<b>247,365</b>	<b>228,834</b>
<b>EXPENDITURES</b>										
General Government	17,584	15,066	8,430	6,958	6,517	6,344	6,075	5,922	5,692	5,801
Public Works	15,173	13,103	12,612	13,148	12,560	12,695	13,295	13,409	13,578	13,232
Public Safety	42,012	46,145	41,329	40,703	39,338	38,762	37,897	35,901	36,905	34,657
Human Services	5,758	5,719	5,277	4,978	4,496	4,311	4,908	5,614	4,415	4,581
Leisure Services	7,225	6,735	6,580	6,374	5,473	6,067	6,515	6,352	6,404	6,390
Employee Benefits	14,987	6,361	4,949	4,855	4,641	4,412	3,261	3,106	2,887	2,845
Education	188,608	185,123	180,586	177,482	157,947	155,103	144,007	154,496	151,600	140,528
Internal Service Fund Charges	3,950	3,856	3,507	3,632	3,395	3,251	3,181	3,193	3,276	2,613
Other	95	499	303	484	482	235	246	256	301	646
Debt Service:										
Principal	13,041	11,687	11,486	10,278	21,920	4,585	3,820	3,640	7,875	7,470
Interest	5,154	4,685	4,311	4,004	(7,242)	9,019	8,796	8,300	3,775	3,284
Capital Outlay	35,511	53,070	46,228	33,524	19,780	23,240	35,665	29,415	31,530	12,318
<b>Total Expenditures</b>	<b>349,098</b>	<b>352,049</b>	<b>325,598</b>	<b>306,420</b>	<b>269,307</b>	<b>268,024</b>	<b>267,666</b>	<b>269,604</b>	<b>268,238</b>	<b>234,365</b>
<b>EXCESS OF REVENUE UNDER EXPENDITURES</b>	<b>(36,437)</b>	<b>(33,796)</b>	<b>(33,662)</b>	<b>(30,727)</b>	<b>(14,373)</b>	<b>(10,302)</b>	<b>(18,378)</b>	<b>(16,923)</b>	<b>(20,873)</b>	<b>(5,531)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In	7,454	8,505	9,586	9,811	6,839	7,058	10,821	6,299	6,419	7,271
Transfers Out	(5,690)	(6,614)	(8,272)	(8,870)	(5,503)	(5,496)	(5,338)	(4,794)	(5,189)	(5,938)
Other	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	25,000	25,000	20,000	15,000	10,000	15,000	15,000	20,000	14,500	17,190
Issuance of Lease Payable	245	1,023	-	1,015	-	-	-	-	-	-
Issuance of Subscriptions Payable	2,420	753	1,208	-	-	-	-	-	-	-
Issuance of Bond Refunding	-	-	-	-	17,395	-	-	-	4,365	27,680
Premium on Bond Refunding	-	-	-	-	212	-	-	-	345	4,491
Payments to Escrow Agent	-	-	-	-	(17,527)	-	-	-	(4,680)	(32,087)
Bond Premium	1,639	2,141	1,344	1,334	1,549	1,491	1,083	772	1,156	2,003
<b>Total Other Financing Sources</b>	<b>31,068</b>	<b>30,808</b>	<b>23,866</b>	<b>18,290</b>	<b>12,965</b>	<b>18,053</b>	<b>21,566</b>	<b>22,277</b>	<b>16,916</b>	<b>20,610</b>
Special Item - Transfer of Operations	-	4,716	-	-	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (5,369)</b>	<b>\$ 1,728</b>	<b>\$ (9,796)</b>	<b>\$ (12,437)</b>	<b>\$ (1,408)</b>	<b>\$ 7,751</b>	<b>\$ 3,188</b>	<b>\$ 5,354</b>	<b>\$ (3,957)</b>	<b>\$ 15,079</b>
Debt Service as a Percentage of Noncapital Expenditures	5.79%	5.59%	5.54%	4.66%	5.81%	5.45%	5.26%	4.94%	4.86%	4.84%

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

**TOWN OF MANCHESTER, CONNECTICUT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax-Exempt Property*	Total Taxable Assessed Value	Total Town Tax Rate**	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Residential	Commercial	Industrial							
2025	\$ 2,700,321	\$ 1,561,653	\$ 224,279	\$ 574,955	\$ 507,176	\$ 578,581	\$ 4,989,803	38.68 %	\$ 9,723,134	51.32 %
2024	2,694,571	1,546,722	224,261	538,707	512,953	600,963	4,916,251	37.20	8,507,028	57.79
2023*	2,684,469	1,553,949	222,482	518,866	475,918	587,944	4,867,740	36.12	6,974,260	69.80
2022	2,121,254	1,510,320	195,963	506,477	375,793	580,775	4,129,032	41.93	7,068,661	58.41
2021	2,109,649	1,505,739	195,387	473,169	359,397	571,765	4,071,576	41.87	6,434,918	63.27
2020	2,109,894	1,497,185	187,035	453,692	349,338	569,430	4,027,714	41.70	6,078,718	66.26
2019	2,105,258	1,486,801	187,825	426,472	343,951	550,023	4,000,284	40.91	6,186,247	64.66
2018 *	2,103,389	1,470,320	187,552	412,451	342,427	530,567	3,985,572	39.75	5,706,117	69.85
2017	2,147,033	1,433,419	192,535	424,272	337,489	589,944	3,944,804	39.68	5,549,612	71.08
2016	2,143,382	1,425,166	192,399	408,973	333,291	580,233	3,922,978	39.40	5,623,495	69.76

Source: Town of Manchester Office of Assessment and Collection

Notes: Estimated Actual Taxable Value is the Equalized Net Grand List (ENGL), which represents the value of taxable property at 100% of fair value.

This is available at [https://data.ct.gov/Local-Government/Equalized-Net-Grand-List-by-Town-2011-2023-GL-/8rr8-a322/about\\_data](https://data.ct.gov/Local-Government/Equalized-Net-Grand-List-by-Town-2011-2023-GL-/8rr8-a322/about_data)

The statewide assessment rate of 70%. Revaluations every 5 years recalibrate values to align with this.

\* Indicates Revaluation Year

\*\* Town District Mill Rate is used for this chart. The Eighth District portion of town had a higher rate until it was merged with the Town District in FY2024/GL2022

**TOWN OF MANCHESTER, CONNECTICUT  
PRINCIPAL PROPERTY TAXPAYERS  
GRAND LIST YEARS 2023 AND 2014  
(IN THOUSANDS)  
(UNAUDITED)**

Taxpayer	October 1, 2023			October 1, 2014		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Eversource/CT Light and Power	\$ 152,250	1	3.05 %	\$ 103,545	2	2.64 %
Shoppes at Buckland Hills, LLC	86,431	2	1.73	117,010	1	2.98
CAM HGI Pavilions LP	66,650	3	1.34	-	-	-
MPT of Manchester PMH, LLC	51,581	4	1.03	-	-	-
PPF WE 1139 Tolland Turnpike LLC	50,634	5	1.01	-	-	-
Manchester Developers LLC/Buckland Developers LLC	35,734	6	0.72	39,512	5	1.01
Vintage at the Grove Owner LLC	31,635	7	0.63	-	6	-
Catherine's Way Owner LLC	26,393	8	0.53	-	-	-
Lofts Mills Owner LLC	26,089	9	0.52	-	-	-
Ryder Truck Rental LT	23,893	10	0.48	-	-	-
J.C. Penney Properties, LLC	-	-	-	59,581	3	1.52
Northland Pavilions LLC	-	-	-	57,076	10	1.46
Walmart/Sam's Club	-	-	-	26,876	7	0.69
Manchester Tolland Development Co.	-	-	-	25,963	8	0.66
TGM Waterford LLC	-	-	-	22,140	-	0.56
Plaza at Buckland Hills	-	-	-	21,047	-	0.54
Manchester Tarragon LLC	-	-	-	20,182	9	0.51
<b>Total Taxable Grand List</b>	<b>\$ 551,290</b>			<b>\$ 492,932</b>		

Source: Town of Manchester, Office of Assessment and Collection

**TOWN OF MANCHESTER, CONNECTICUT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)  
(UNAUDITED)**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town:										
General	38.68 %	37.20 %	37.16 %	41.93 %	41.87 %	41.70 %	40.91 %	39.75 %	39.68 %	39.40 %
Special Services District:	2.94	2.87	2.88	2.82	2.88	3.05	6.06	5.85	5.83	5.80
Special Services District	41.62	40.07	40.04	44.81	44.75	44.75	46.97	45.60	45.51	45.20

Source: Town of Manchester Finance Department

**TOWN OF MANCHESTER, CONNECTICUT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)  
(UNAUDITED)**

Grand List Year	Tax Rate in Mills	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2023	38.68	\$ 182,806	\$ 178,384	97.58 %	\$ -	\$ 178,384	97.58%
2022	37.20	181,484	177,850	98.00	1,569	179,419	98.86%
2021	36.12	164,432	161,826	98.42	2,735	164,561	100.08%
2020	41.93	160,761	157,984	98.27	1,825	159,809	99.41%
2019	41.87	161,986	161,890	99.94	783	162,673	100.42%
2018	41.70	158,076	155,796	98.56	1,337	157,133	99.40%
2017	40.91	152,861	150,433	98.41	2,050	152,483	99.75%
2016	39.75	147,963	144,831	97.88	3,214	148,045	100.06%
2015	39.68	143,948	140,888	97.87	2,023	142,911	99.28%
2014	39.40	142,927	140,499	98.30	2,216	142,715	99.85%

Source: Tax Collector's Report; Annual Comprehensive Financial Report

Note: General Fund Tax Rate, South Fire District Tax Rate for Grand List years 2012-2021 are combined in this report.

**TOWN OF MANCHESTER, CONNECTICUT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(IN THOUSANDS, EXCEPT PER CAPITA)  
(UNAUDITED)**

Fiscal Year	Governmental Activities				Business-Type Activities				Total Direct Debt	Total Direct Debt Per Capita	Ratio of Total Direct Debt to Net Taxable Grand List	Ratio of Total Direct Debt to Full Value
	General Obligation Bonds	Deferred Amount on Premium	Lease Liability	SBITA Liability	Water Loans	Sewer Loans	Lease Liability	SBITA Liability				
2025	\$ 164,330	\$ 9,549	\$ 971	\$ 1,602	\$ 2,760	\$ 14,438	\$ 204	\$ -	\$ 193,854	\$ 3,231	3.89 %	1.99 %
2024	151,980	9,337	1,117	398	2,915	17,109	207	5	183,068	3,051	3.72	2.15
2023	138,370	8,593	391	427	1,854	19,728	2	10	169,375	2,920	3.48	2.43
2022	129,530	8,833	717	-	1,954	22,295	29	-	163,358	2,817	3.35	2.31
2021	141,055	10,276	-	-	2,054	24,811	-	-	178,196	3,072	4.38	2.77
2020	123,435	10,116	-	-	904	27,278	-	-	161,733	2,789	4.02	2.66
2019	117,420	9,366	-	-	950	29,695	-	-	157,431	2,714	3.94	2.54
2018	119,719	9,079	-	-	1,014	33,039	-	-	162,851	2,808	4.09	2.85
2017	107,816	9,136	-	-	1,039	34,388	-	-	152,379	2,627	3.86	2.75
2016	92,090	8,328	-	-	74	-	-	-	100,492	1,733	2.56	1.79

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

Note: The Town does not have any overlapping debt.

**TOWN OF MANCHESTER, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**YEAR ENDED JUNE 30, 2025**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

Total Tax Collections (Including Interest and Lien Fees) for the Prior Year	\$ 181,132						
Reimbursement for Revenue Loss on:							
State Owned and Private Tax Exempt Properties	980						
Property Tax Relief	36						
Base for Debt Limitation Computation	\$ 182,148						
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">General Purposes</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Schools</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Sewers</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Urban Renewal</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Pension Deficit</th> </tr> </thead> </table>		General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit		
Debt Limitation:							
2 1/4 Times Base	\$ 409,833	\$ -	\$ -	\$ -	\$ -		
4 1/2 Times Base	-	819,666	-	-	-		
3 3/4 Times Base	-	-	683,055	-	-		
3 1/4 Times Base	-	-	-	591,981	-		
3 Times Base	-	-	-	-	546,444		
Total Debt Limitation	409,833	819,666	683,055	591,981	546,444		
Indebtedness:							
Bonds and Serial Notes Payable	100,865	63,465	-	-	-		
Debt Authorized but Unissued	26,975	15,336	-	-	-		
Grants Receivable	-	(57,856)	-	-	-		
Total Indebtedness	127,840	20,945	-	-	-		
Debt Limitation in Excess of Outstanding and Authorized Debt							
	\$ 281,993	\$ 798,721	\$ 683,055	\$ 591,981	\$ 546,444		

Note 1: In no event shall the total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$1,275,036.

Note 2: Bonds and serial notes payable do not include Water serial notes of \$2,760 and Sewer serial notes of \$14,438 as they are self-supporting debt.

Note 3: Sewer bonds authorized and unissued of \$1,621 are excluded from the analysis above as they are self-supporting debt.

**TOWN OF MANCHESTER, CONNECTICUT**  
**RATIOS OF NET DIRECT AND TOTAL OVERALL NET DEBT**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

Fiscal Year	Total Direct Debt	Less Self-Supporting Water and Sewer Debt	Net Direct Debt	Net Direct Debt Per Capita	Ratio of Net Direct Debt to Net Taxable Grand List	Ratio of Net General Bonded Debt to the Estimated Actual Value of Taxable
2025	\$ 193,854	\$ (20,024)	\$ 173,830	\$ 2,897.17	3.48 %	1.99 %
2024	183,068	(21,582)	161,486	2,691.43	3.28	2.15
2023	169,375	(42,635)	140,188	2,336.47	2.88	2.43
2022	163,358	(41,666)	121,692	2,028.20	2.95	2.31
2021	178,196	(47,647)	130,549	2,250.84	3.21	2.77
2020	161,733	(51,186)	110,547	1,905.98	2.74	2.66
2019	157,431	(50,644)	106,787	1,841.16	2.67	2.54
2018	162,851	(17,206)	145,645	2,511.12	3.65	2.85
2017	152,379	(17,209)	135,170	2,330.52	3.43	2.75
2016	100,492	(19,190)	81,302	1,401.76	2.07	1.79

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

Note: The Town does not have any overlapping debt.

(a) See Table 13 for Population Figures

(b) See Table 5 for Estimated Actual Taxable Value of Property

**TOWN OF MANCHESTER, CONNECTICUT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)  
(UNAUDITED)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt Limitation	\$ 1,275,036	\$ 1,163,225	\$ 1,081,913	\$ 1,154,657	\$ 1,121,449	\$ 1,088,668	\$ 1,039,241	\$ 1,007,293	\$ 1,012,480	\$ 962,633
Total Net Debt Applicable to Limit	148,785	167,741	177,690	204,114	164,652	184,339	180,549	159,321	155,248	149,594
Legal Debt Margin	<u>\$ 1,126,251</u>	<u>\$ 995,484</u>	<u>\$ 904,223</u>	<u>\$ 950,543</u>	<u>\$ 956,797</u>	<u>\$ 904,329</u>	<u>\$ 858,692</u>	<u>\$ 847,972</u>	<u>\$ 857,232</u>	<u>\$ 813,039</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.67%	14.42%	16.42%	17.68%	14.68%	16.93%	17.37%	15.82%	15.33%	15.54%

Source: Annual Comprehensive Financial Report - Statement of Debt Limitation

Note: See Table 10 for Calculation of Current Year Debt Limitation.

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

Calendar Year	Population (1)	Personal Income (2) (in Thousands)	Per Capita Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2024	59,948	\$ 2,979,056	\$ 49,694	35.4	6,048	4.60 %
2023	59,452	2,397,996	40,335	36.8	5,944	3.60
2022	59,461	2,399,549	40,355	36.8	6,135	3.50
2021	59,693	2,461,262	41,232	36.9	6,153	4.40
2020	57,805	2,162,601	37,412	35.7	6,044	7.60
2019	57,699	2,073,702	35,940	34.9	5,925	3.60
2018	58,172	1,992,042	34,244	36.9	6,169	4.20
2017	57,932	1,907,064	32,919	36.9	6,181	4.50
2016	58,241	2,127,427	36,528	37.1	5,964	5.30
2015	58,007	2,011,857	34,683	36.9	6,239	5.43

(1) Source: State of Connecticut Department of Health

(2) Source: City-Data.com

(3) Source: Official Statement Town of Manchester

(4) Source: Connecticut Department of Labor

Note: This information is based upon the calendar year, and reflects information as of December 31.

**TOWN OF MANCHESTER, CONNECTICUT  
PRINCIPAL EMPLOYERS  
2025 AND 2016  
(UNAUDITED)**

		2025			2016				
Employer	Nature of Business	Employees	Rank	Percentage of Total Town Employment	Employer	Nature of Business	Employees	Rank	Percentage of Total Town Employment
Town of Manchester	Local Gov/Board of Education	1,892	1	6.09 %	Town of Manchester	Local Gov/Board of Education	1,669	1	5.67 %
Manchester Community College	Higher Education	659	2	2.12	Manchester Memorial Hospital	Hospital	1,500	2	5.10
Amazon	Distribution Center	500	3	1.61	J.C. Penney Company	Warehouse/Distribution	750	3	2.55
Allied Printing	Commercial Printing	430	4	1.38	Manchester Community College	Higher Education	725	4	2.47
Manchester Memorial Hospital	Healthcare	400	5	1.29	Target	Retail	400	5	1.36
Wal-Mart	Retail	360	6	1.16	GE Aviation	Parts Manufacturer	400	6	1.36
Paradigm	Industrial	350	7	1.13	Super Stop and Shop	Supermarket	381	7	1.30
Stop & Shop Supermarket	Retail	300	8	0.97	J.C. Penney Company	Retail	350	8	1.19
Target	Retail	300	9	0.97	Allied Printing	Commercial Printing	330	9	1.12
Marc Inc.	Non-Profit	267	10	0.86	Big Y World Class Market	Supermarket	300	10	1.02
<b>Total</b>		<b>5,458</b>		<b>17.57 %</b>	GE Aviation	Parts Manufacturer	<b>6,805</b>		<b>23.14 %</b>

Source: Town of Manchester Planning Department and Official Statements  
 Percentage based on total employed population of 31,072 per the Connecticut Department of Labor - Labor Market Information 2025.

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

	Full-Time-Equivalent Employees as of June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government	109	85	85	82	85	82	81	80	84	83
Police	152	156	153	153	162	154	140	140	139	153
Fire	116	93	86	85	87	85	85	82	82	82
Sanitation	11	13	13	13	14	12	12	12	9	12
Other Public Works	117	144	144	140	133	144	145	145	142	145
Recreation	17	16	16	16	17	16	8	8	9	13
Library	25	25	25	25	28	25	25	25	22	25
Education	<u>1,345</u>	<u>1,390</u>	<u>1,398</u>	<u>1,383</u>	<u>1,304</u>	<u>1,289</u>	<u>1,330</u>	<u>1,181</u>	<u>1,183</u>	<u>1,155</u>
Total	<u><u>1,892</u></u>	<u><u>1,921</u></u>	<u><u>1,918</u></u>	<u><u>1,897</u></u>	<u><u>1,828</u></u>	<u><u>1,806</u></u>	<u><u>1,826</u></u>	<u><u>1,673</u></u>	<u><u>1,670</u></u>	<u><u>1,667</u></u>

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

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government:										
Building Permits Issued	4,224	3,804	3,696	3,587	3,673	3,279	3,372	3,304	3,325	3,713
Building Inspections Conducted	6,218	4,976	6,354	6,256	5,131	5,565	6,227	6,218	7,397	6,395
Police:										
Physical Arrests	3,310	3,026	2,842	2,375	1,331	2,138	3,303	3,372	3,541	3,943
Parking Violations	136	160	453	1,355	755	1,324	3,411	1,968	2,414	2,194
Traffic Violations	5,854	3,730	3,071	4,000	2,509	6,154	7,229	8,324	10,534	6,117
Fire:										
Emergency Responses	10,659	10,395	9,968	8,863	7,642	8,165	9,073	9,276	8,834	8,457
Structure Fires (Fires Extinguished)	49	21	38	72	33	26	27	34	39	22
Inspections	1,320	1,530	928	1,188	889	752	648	810	2,230	2,958
Refuse Collection:										
Refuse Collected (Tons Per Day)	54	50.55	41.02	43.09	56.58	67.86	46.86	51.49	51.17	50.83
Recyclables Collected (Tons Per Day)	14	12.81	9.50	10.15	16.34	15.41	15.75	15.49	16.62	17.38
Other Public Works:										
Street Resurfacing (Miles)	18.50	17	15	6	17	15.1	16	11	19	13.53
Potholes Repaired (Man Hours)	1,912	2,695	2,290	2,360	3,132	3,096	3,240	3,744	3,240	2,968
Parks And Recreation:										
Athletic Field Permits Issued (Unavailable)	135	108	108	89	74	42	55	53	50	50
Community Center Admissions (Thousands)	101	97.2	90.3	94.7	46.7	90.3	118	123.5	129	130
Library:										
Volumes In Collection (Thousands)	225	231.1	230.7	228.2	225.5	216.8	221.7	227.9	234.9	238.2
Total Volumes Borrowed (Thousands)	637	640.6	631.0	601.1	623.8	629.0	729.3	656.4	690.6	720.0
Water:										
New Connections	25	25	27	31	29	29	34	23	29	13
Water Main Breaks	21	15	18	34	45	48	20	20	17	8
Average Daily Production (Thousands of Gallons)	4,956	5,814	5,024	4,494	5,147	4,766	4,597	4,526	4,703	4,849
Peak Daily Production (Thousands of Gallons)	6,600	6,920	6,920	6,810	7,480	7,670	6,580	6,640	6,860	7,730
Sewer Enterprises:										
Average Daily Sewage Treatment (Thousands of Gallons)	5,445	4,514	4,400	4,877	5,920	4,540	6,544	4,200	4,750	4,991

Source: Internal Department Tracking Reports

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	8	8	8	8	8	8	8	8	8
Fire Stations	7	7	5	5	5	5	5	5	5	5
Other Public Works:										
Streets (Miles)	208.61	208.61	220.3	219.2	219.2	219.2	218.6	218.6	218.1	218.1
Streetlights	5,049	5,049	5,081	4,982	4,982	4,982	4,903	4,896	4,913	4,851
Traffic Signals	53	53	52	52	52	52	52	52	53	53
Parks and Recreation:										
Acreage	687	687	687	687	687	687	687	687	685	685
Playgrounds	27	28	27	27	27	27	27	27	27	25
Baseball/Softball Diamonds	24	24	22	22	22	22	22	23	23	23
Soccer/Football Fields	18	14	14	14	14	14	14	14	14	14
Water:										
Water Mains (Miles)	259	259	260	260	260	260	259	259	259	259
Fire Hydrants	2,107	2,107	2,101	2,088	2,063	2,063	2,063	2,057	2,053	2,039
Storage Capacity (Thousands of Gallons)	7,179	8,250	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179
Wastewater:										
Sanitary Sewers (Miles)	167	167	203	170	168	168	167	167	167	167
Storm Sewers (Miles)	151	151	150	149	146	146	146	146	144	144
Treatment Capacity (Thousands of Gallons)	8,250	8,250	8,250	7,179	7,179	8,200	8,200	8,200	8,200	8,200

Sources:  
Police Department, Public Works  
Water and Sewer Department