

Annual Comprehensive Financial Report

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2023



Office of the Director of Finance

Annual Comprehensive Financial Report

of the

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2023

Department of Finance
Kimberly Lord
Director of Finance

**TOWN OF MANCHESTER, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	I	
GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	VII	
GENERAL GOVERNMENT ORGANIZATIONAL CHART	VIII	
LISTING OF PRINCIPAL OFFICIALS	IX	

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1	
MANAGEMENT'S DISCUSSION AND ANALYSIS	5	

BASIC FINANCIAL STATEMENTS

EXHIBITS

GOVERNMENT-WIDE FINANCIAL STATEMENTS		
STATEMENT OF NET POSITION	I	17
STATEMENT OF ACTIVITIES	II	18
FUND FINANCIAL STATEMENTS		
GOVERNMENTAL FUNDS		
BALANCE SHEET	III	19
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	IV	21
PROPRIETARY FUNDS		
STATEMENT OF NET POSITION	V	23
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	VI	25
STATEMENT OF CASH FLOWS	VII	26
FIDUCIARY FUNDS		
STATEMENT OF NET POSITION	VIII	29

**TOWN OF MANCHESTER, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

STATEMENT OF CHANGES IN NET POSITION	IX	30
NOTES TO FINANCIAL STATEMENTS		31

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	RSI-1	93
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION		94
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – POST-RETIREMENT MEDICAL PROGRAM	RSI-2	95
SCHEDULE OF EMPLOYER CONTRIBUTIONS – POST- RETIREMENT MEDICAL PROGRAM	RSI-3	96
SCHEDULE OF INVESTMENT RETURNS – POST- RETIREMENT MEDICAL PROGRAM	RSI-4	97
SCHEDULE OF THE TOWN’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – TEACHERS RETIREMENT PLAN	RSI-5	98
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN	RSI-6	99
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN	RSI-7	100
SCHEDULE OF INVESTMENT RETURNS – PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN	RSI-8	101
SCHEDULE THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – TEACHERS RETIREMENT SYSTEM	RSI-9	102
SCHEDULE OF THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – MUNICIPAL EMPLOYEES RETIREMENT SYSTEM	RSI-10	103
SCHEDULE OF EMPLOYER CONTRIBUTIONS – MUNICIPAL EMPLOYEES RETIREMENT SYSTEM	RSI-11	104

**TOWN OF MANCHESTER, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

SUPPLEMENTAL, COMBINING, AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

REPORT OF TAX COLLECTOR	A-1	107
-------------------------	-----	-----

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET	B-1	110
-------------------------	-----	-----

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	B-2	113
--	-----	-----

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FIRE DISTRICT FUND	B-3	116
---	-----	-----

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION	C-1	119
-------------------------------------	-----	-----

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION	C-2	120
---	-----	-----

COMBINING STATEMENT OF CASH FLOWS	C-3	121
-----------------------------------	-----	-----

STATISTICAL SECTION

TABLES

FINANCIAL TRENDS

NET POSITION BY COMPONENT	1	124
---------------------------	---	-----

CHANGES IN NET POSITION	2	125
-------------------------	---	-----

FUND BALANCES – GOVERNMENTAL FUNDS	3	127
------------------------------------	---	-----

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4	128
---	---	-----

REVENUE CAPACITY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	5	129
--	---	-----

PRINCIPAL PROPERTY TAXPAYERS	6	130
------------------------------	---	-----

DIRECT AND OVERLAPPING PROPERTY TAX RATES	7	131
---	---	-----

PROPERTY TAX LEVIES AND COLLECTIONS	8	132
-------------------------------------	---	-----

DEBT CAPACITY

**TOWN OF MANCHESTER, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

RATIOS OF OUTSTANDING DEBT BY TYPE	9	133
SCHEDULE OF DEBT LIMITATION	10	134
RATIOS OF NET DIRECT AND TOTAL OVERALL NET DEBT	11	135
LEGAL DEBT MARGIN INFORMATION	12	136
DEMOGRAPHIC AND ECONOMIC STATISTICS		
DEMOGRAPHIC AND ECONOMIC STATISTICS	13	137
PRINCIPAL EMPLOYERS	14	138
OPERATING INFORMATION		
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	15	139
OPERATING INDICATORS BY FUNCTION/PROGRAM	16	140
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	17	141

INTRODUCTORY SECTION



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

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

STEVE STEPHANOU, TOWN MANAGER
KASIA PURCIELLO, ASSISTANT TOWN MANAGER

January 24, 2024

Mr. Steve Stephanou, Town Manager
Town of Manchester
41 Center Street
Manchester, Connecticut

Dear Mr. Stephanou:

The Annual Comprehensive Financial Report for the Town of Manchester for the fiscal year ended June 30, 2023, is submitted herewith.

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

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as the Connecticut Single Audit Act. Information related to these single audits, including the schedule of expenditures of federal awards and State financial assistance, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are issued under separate cover and are not included in this report. Copies of the reports are on file in the Town Clerk's office, and on the Town's website.

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

Town of Manchester Government

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

The Town Manager is responsible for the implementation of policies established by the Board of Directors. An elected nine-member Board of Education appoints a Superintendent of Schools, who administers the education system of the Town.

The Town is located in central Connecticut and is approximately ten miles east of the City of Hartford, the State capital. The Town is also bordered by the towns of East Hartford, South Windsor, Vernon, Bolton, and Glastonbury. It is approximately eighty-five miles southwest of Boston and 115 miles northeast of New York City. The Town encompasses 27.2 square miles and has a population of 59,461 people.

The Town provides a comprehensive range of municipal services including education, human services, public safety (including full-time paid fire and emergency medical rescue services), public works, recreation, library, landfill, water and sewer, cultural and historic activities, transportation, environmental, and planning.

Local Economic Condition and Outlook

Manchester is a thriving small city and the business, residential and service hub of the Greater Hartford region east of the Connecticut River. A community of over 59,000 people, Manchester has achieved a diverse mix in terms of demographics, housing, land use, income, and economy. Projected to be the largest community in the region outside of Hartford by 2025, Manchester has a range of housing types and prices, an eclectic mix of residential neighborhoods and a median age of thirty-seven, much lower than the region and Connecticut as a whole.

Manchester has a variety of commercial and mixed-use districts, and neighborhood, community, and regional shopping destinations. The historic central business district is within walking distance of the redevelopment area and is transitioning to a strong office, restaurant, arts and culture, niche retail and service destination. Additionally, Manchester is a center of industrial activity including aerospace and medical related precision manufacturing, warehousing, and distribution businesses. The Buckland Hills District at the far north side of town is a superregional commercial area with over 3 million square feet of retail and entertainment uses, dozens of restaurants, and hundreds of hotel rooms.

A full range of services, amenities and institutions complement these strengths. Residents and visitors have access to thousands of acres of park, watershed, and open space land. Manchester Memorial Hospital is a full-service, 249 bed, acute care facility which serves as a healthcare destination for the region and employs hundreds of residents. Manchester Community College is the largest of Connecticut's community colleges, serving over 15,000 students annually at a modern and highly accessible campus.

Manchester has a superior locational advantage along Interstates I-84, I-384 and I-291. Ten miles east of Connecticut's capital city of Hartford, mid-way between New York and Boston, Manchester is a major regional destination and a desirable place to live, work and recreate. Local transportation infrastructure includes hundreds of miles of local roads, local and express bus service routes, CTFAstrak bus rapid transit service, and freight rail, Bradley International Airport and miles of sidewalks, multi-use paths and hiking trails including the East Coast Greenway, Case Mountain Recreation Area, and Hockanum River Linear Park system.

Major Initiatives

The Town of Manchester is committed to maintaining and improving infrastructure and services as guided by several master plans approved by the town's legislative body, with funding provided by a combination of bonding, operating transfers, and grants:

- The Eighth Utilities Fire and Sewer District merged with the Town of Manchester effective July 1, 2023. Following several public meetings outlining the proposed service model, on February 1, 2023, voters of Eighth Utilities District formally voted to merge with the Town of Manchester. After the District vote, the Town's Board of Directors approved the merger agreement. With the unification of the town fire departments and merging of sewer and administrative programs, the Town demonstrated a commitment to providing high quality services to all town residents in the most efficient and effective manner.
- SMARTR2 (Phase II of the Elementary School Renewal Plan) continued. During FY23, Construction was substantially completed at Bowers School, becoming the second net-zero school in the Manchester. Construction began on Keeney School, the final school to be renovated as new under SMARTR2. All three renovated schools will be re-built as net-zero sustainable buildings, and a project labor agreement has been added for Bowers and Keeney school projects to address equity goals within the Town. In the SMARTR 2 plan, three elementary schools will be renovated as new, and three decommissioned elementary schools will be re-purposed.
- Manchester Next, the Town of Manchester's comprehensive Plan of Conservation and Development was adopted in 2023.
- In November of 2022, Manchester voters approved the funding to build a new main library at 1041 Main Street and the Board of Directors established the Library Building Committee dedicated to the planning and oversight of the project. The town plans to create a 21st-century public library that serves as a vibrant hub for learning, culture, and connection, and as a repository of knowledge and information, enhancing the public library's pivotal role in the Manchester community.
- The Downtown Manchester Improvements project seeks to transform the Main Street corridor between Center Street and Hartford Road into an accessible, vibrant, and equitable Complete Street through a comprehensive design that includes traffic and pedestrian/bicycle safety improvements, additional public gathering spaces, and enhanced streetscape complemented with strategic private development.

Long-Term Financial Planning and Polices

During FY23, the Town expanded services, and continued with the ongoing recovery from the COVID-19 pandemic. Federal funding, including American Rescue Plan Act and Elementary and Secondary School Emergency Relief funds, were appropriated to a variety of projects to ensure an equitable recovery for all residents. The Town responded to this unprecedented arrival of federal funding by developing long-term budget and expenditure plans to leverage the federal aid in sustainable way, which will help those in our community most affected by the pandemic. By focusing on transformative infrastructure projects, direct aid to residents, businesses and non-profit agencies, Manchester will ensure it can meet the needs of the community for many years to come, as the Town moves from pandemic recovery to long-term resiliency and prosperity.

The Town continued the practice of using fund balance to support, among other items, funding for property tax appeals, payments for accrued leave to employees and various capital related items that could potentially require funding. In FY23, planned use of designated fund balance, including a transfer to the Storm Emergency Fund, allowed the Town to address vital needs while keeping the fund balance within the fund balance policy range of 10-15 % of annual revenues.

The Town participates in tax agreements/ abatements as disclosed in the notes to the financial statements. A tax abatement is an agreement between a local government and a property owner to exempt part of the taxes owed in return for improvements to the property. Tax abatements reduce the cost to property owners of new development. This can help new businesses move to the region or help existing businesses expand. In return, the local government gets increased property values that will raise the tax base and, possibly, provide new jobs.

Manchester has dealt with budgetary uncertainty at the State level by budgeting for use of reserves, which mitigates the impact of this uncertainty on taxpayers. The town will continue to respond to economic issues with a thoughtful approach, by continuously monitoring staffing and expenditures, and building upon its substantial commercial tax base with business-friendly policies.

Budgeting and Accounting

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

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

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

The following governmental funds are appropriated annually by the Board of Directors: General Fund; Downtown Special Services Fund; Police Private Duty Fund; Workspace Fund; Park and Recreation Activity Fund. The following proprietary funds are appropriated annually by the Board of Directors: Water Fund; Sewer Fund; Sanitation Fund, Information Systems Fund, and the Manchester Self-Insurance Fund.

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

Accounting and Internal Control

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

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

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

General Fund Undesignated and Unreserved Fund Balance

General Fund Undesignated Unreserved Fund Balance (budgetary non-GAAP basis) represents that portion of fund balance which is available for appropriation. When evaluating an entity’s credit, the rating agencies generally look for this amount to be 10% to 20% of locally generated revenues. Management, in conjunction with the legislative body, approved a fund balance policy in June 2019 to maintain undesignated reserves of 10% to 15% of annual revenues. The following table shows the Town’s operating results and unassigned fund balance position for the past five years:

	FY19	FY20	FY21	FY22	FY23
Revenue (000’s)	187,002	189,648	207,686	191,714	202,367
Expenditures	183,644	186,762	201,774	194,430	198,466
Operating Results	2,264	2,245	3,747	(3,277)	3,901
Unassigned FB	21,476	23,916	26,665	23,179	25,536
Percent of Revenue	11.49	12.61	13.06	12.09	12.61

Other Information

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

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

In FY20, the Town solicited proposals from qualified auditing firms to provide audit services for the two-year period FY2022 to FY2023 with the option to renew for two additional two-year terms. The firm of CliftonLarsonAllen LLP was selected as the Town’s independent auditors for the initial two-year period.

The Town’s audit includes an audit of all federal grants in accordance with the Single Audit Act and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which provides that all state and local governments which receive more than \$750,000 in federal financial assistance must have a federal single audit for the fiscal year. The federal single audit consists of a financial audit, an internal control review, and a compliance audit. The federal single audit is in lieu of any financial and compliance audit requirement by any federal agency. The auditors’ reports for the internal control review and compliance audit have been furnished separately to the Town.

The Town's FY23 audit includes an audit of all state financial assistance in compliance with the State Single Audit Act pursuant to CGS Section 4-230 to 236, inclusive (Chapter 55b). Each municipality receiving more than \$100,000 in combined state and federal financial assistance must have a state single audit. An audit conducted in accordance with sections 4-230 to 4-236 inclusive shall be in lieu of any financial or financial and compliance audit of an individual state assistance program. The auditors' reports for the internal control review and compliance audit have been furnished separately to the Town.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Manchester for its comprehensive annual financial report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Town of Manchester has received the Certificate of Achievement each fiscal year since 1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

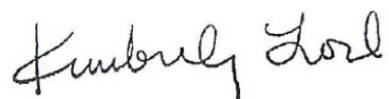
Acknowledgments

The preparation of this report could not be accomplished without the effort and dedicated services of the entire staff of the Finance Department. The preparation of the Comprehensive Annual Financial Report though requires a particularly intense effort from all the Accounting Division staff. I would like to express my appreciation to the Accounting Team:

Heather Boudreaux, Senior Accountant, Susan Alaimo, Accountant, Laura LaBrecque, Payroll Manager, Jennifer Dudzik, Senior Account Associate, April Marchigiano, Senior Account Associate, and Amy McCrystal, Administrative Assistant.

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

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**

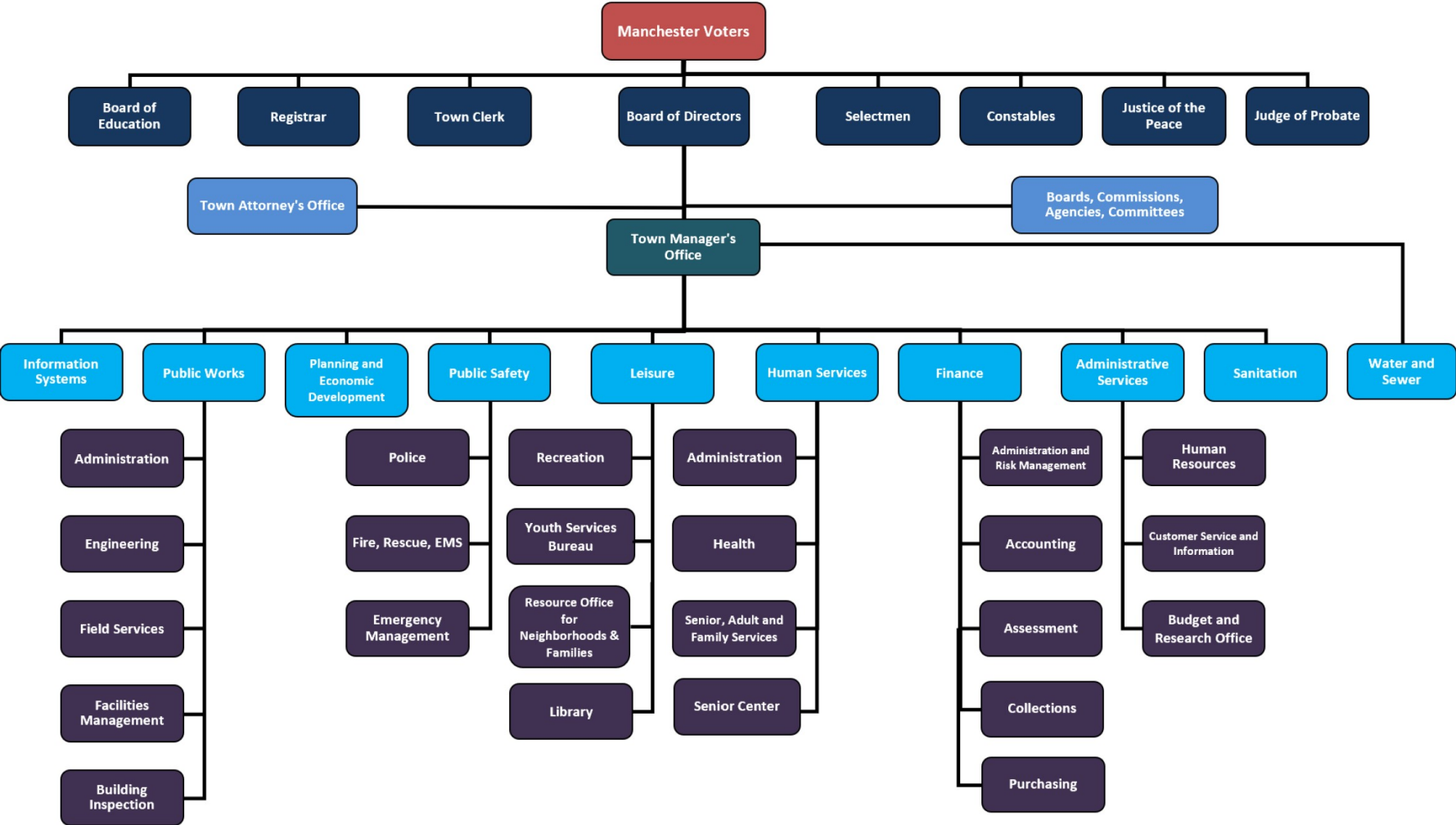
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

TOWN OF MANCHESTER ORGANIZATION CHART



TOWN OF MANCHESTER, CONNECTICUT

LISTING OF PRINCIPAL OFFICIALS

Board of Directors

Jay Moran, Mayor	Sarah Jones
Tim Bergin	Jacqueline Crespan
Pamela Floyd- Cranford	Zachary Reichelt
Jessee Muniz-Poland	Peter Conyers
Dennis Schain	

General Government Appointed Officials

Town Manager	Steve Stephanou
Deputy Town Manager	Kasia Purciello
Town Clerk	Darryl. E. Thames, Sr.
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	Pat Kearney
Library Director	Doug McDonough
Director of Leisure, Family and Recreation	Chris Silver
Director of Communication	Brianna Smith
Director of Human Resources	Tricia Catania
Director of Human Services	Joel Cox

Board of Education

Chris Pattacini, Chair	Richard Kohls
Peter Meggers	Elizabeth Mix
Kwasi Ntem-Mensah	Michael Orsene
Heather Doucette	David Eisenthal
Tracy Patterson	

Board of Education Appointed Officials

Superintendent of Schools	Matthew Geary
Deputy Superintendent	Amy Radikas
Asst. Supt. Human Capital	Iris Gomero
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, 2023, 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, 2023, 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 generally accepted auditing standards 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 generally accepted accounting principles 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 January 24, 2024, 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
January 24, 2024

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

This discussion and analysis of the Town of Manchester, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read this Management Discussion & Analysis (MD&A) in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The Town's net position increased by \$16.3 million as a result of this year's operations. Net position of the business-type activities decreased by \$11.3 million, due to an increase in landfill closure liability and inflationary pressures. Net position of the governmental activities increased by \$27.7 million. The post-employment health care (OPEB) long term liability increased by \$2.9 million but the resulting deferred inflows are amortized over eight years, minimizing the impact to net position. The Pension Trust fund saw an increase in net position of \$14.1 million due to investment earnings. The overall increase in net position is attributed to better-than-expected investment and grant revenues and expenditure savings due to a mild winter and personnel vacancies. Overall net position was impacted by deferred inflows of State grant payments for school construction.
- During the year, the Town's governmental funds had expenses that were \$33.6 million more than the \$292 million generated in tax and other revenues for governmental programs. This was primarily caused by school construction expense and deferred inflows of grants.
- In the Town's business-type activity funds, revenues were \$30.3 million, and expenses were \$30.8 million for an operating loss of \$581 thousand. Non-operating expenses and transfers and a change in the estimate for landfill closure costs, led to a \$11.3 million decrease in net position.
- Total cost of all the Town's programs was \$325 million.
- The General Fund reported a fund balance this year of \$33.27 million, an increase of \$3.5 million. The increase in fund balance is attributed to increases in investment income and grants and expenditure savings.
- Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

Government-Wide Financial Statements

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

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town. The town's net position was restated for GASB No. 75 (OPEB liability) in 2017, which caused a significant decrease in net position due to reporting of OPEB as a long-term liability. Due to structural changes in OPEB benefits, the town's OPEB liability has decreased by \$182 million since FY20.

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* – Most of the Town's basic services are reported here, including education, public safety, public works, human services, leisure services, employee benefits and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Water Fund, Sewer Fund and Sanitation Fund are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Directors establishes many other funds to help control and manage financial activities for particular purposes (such as the Special Taxing District - Downtown Special Services Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received and recorded in the COVID Fund, Education Special Grants Fund, and the Community Development Block Grant Fund). The Town's funds are divided into three categories: governmental, proprietary, and fiduciary.

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position decreased from (\$103.5) million to (\$87.2) million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	\$ 133,183	\$ 124,413	\$ 72,195	\$ 70,827	\$ 205,378	\$ 195,240
Capital Assets	275,993	253,753	90,812	89,929	366,805	343,682
Total Assets	409,176	378,166	163,007	160,756	572,183	538,922
Deferred Outflows of Resources:						
Deferred Outflows of Resources Related to Pensions	22,609	20,802	1,466	719	24,075	21,521
Deferred Outflows of Resources Related to OPEB	28,283	38,358	-	-	28,283	38,358
Deferred Charge on Refunding	689	873	-	-	689	873
Total Deferred Outflows of Resources	51,581	60,033	1,466	719	53,047	60,752
Liabilities:						
Long-Term Debt Outstanding	442,504	421,487	64,876	53,049	507,380	474,536
Other Liabilities	42,566	36,729	17,623	15,542	60,189	52,271
Total Liabilities	485,070	458,216	82,499	68,591	567,569	526,807
Deferred Inflows of Resources:						
Advance Property Tax Collections	988	3,948	-	-	988	3,948
Lease Receivable	2,474	1,553	1,354	972	3,828	2,525
Deferred Inflows of Resources Related to Pensions	3,686	10,170	286	232	3,972	10,402
Deferred Inflows of Resources Related to OPEB	136,050	159,527	-	-	136,050	159,527
Total Deferred Inflows of Resources	143,198	175,198	1,640	1,204	144,838	176,402
Net Position:						
Net Investment in Capital Assets	121,013	108,876	54,934	52,594	175,947	161,470
Restricted	44,882	26,771	-	-	44,882	26,771
Unrestricted	(333,406)	(330,862)	25,400	39,086	(308,006)	(291,776)
Total Net Position	<u>\$ (167,511)</u>	<u>\$ (195,215)</u>	<u>\$ 80,334</u>	<u>\$ 91,680</u>	<u>\$ (87,177)</u>	<u>\$ (103,535)</u>

Net position of the Town's governmental activities increased primarily due to construction of capital assets. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from (\$291.8) million on June 30, 2022, to (\$306) million at the end of this year. Beginning in FY18, GASB 75 required the full OPEB (Other Post-Employment Benefits) liability to be recognized immediately on the balance sheet. OPEB is the long-term liability for retiree health-care benefits. The OPEB liability appears on the balance sheet in Long-term Debt Outstanding, which has had a significant impact on the Town's overall net position.

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

Other elements of the change in unrestricted governmental net position resulted from more long-term debt as related to school construction projects and an increase in landfill closure liability. In the General Fund, the revenue side of the budget saw an increase in investment earnings and an increase in State grants. On the expenditure side, a mild winter, and delays in filling vacancies in all functions played a large role in providing favorable results. Planned use of designated fund balance to capital funds took place, keeping the general fund balance at year-end within the range required by the Fund Balance policy. In the Capital Projects Fund, \$46.5 million was expended for improvements; most of these improvements were for roads/sidewalks and the renovation of Bowers Elementary School. These capital expenses were partially funded bond issuance of \$20 million, and transfers in of \$4 million and intergovernmental grants of \$4.3 million. The net position of business-type activities decreased to \$80.3 million compared to \$91.7 million in 2022. This net position cannot be used for the governmental activities. The Town generally can only use this net position to finance the continuing operations of the Water, Sewer, and Sanitation Funds. Sanitation Operations experienced a decrease in net position of \$8.4 million in the current year due to an increase in landfill post-closure costs, which was impacted by inflation. Water and Sewer experienced a net decrease in net position of \$2.9 million, due to an increase in operating expenses. The governmental activities Internal Service net position decreased \$.3 million mainly due to increased healthcare claims in TOMMIF.

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,907	\$ 6,383	\$ 30,133	\$ 28,482	\$ 37,040	\$ 34,865
Operating Grants and Contributions	107,648	90,160	-	-	107,648	90,160
Capital Grants and Contributions	20,121	5,933	-	-	20,121	5,933
General Revenues:						
Property Taxes	169,092	165,853	-	-	169,092	165,853
Grants and Contributions Not Restricted to Specific Purposes	4,430	4,422	-	-	4,430	4,422
Unrestricted Investment Earnings (Loss)	4,026	(2,020)	90	(2,139)	4,116	(4,159)
Other General Revenues	1,642	3,205	473	463	2,115	3,668
Total Revenues	<u>313,866</u>	<u>273,936</u>	<u>30,696</u>	<u>26,806</u>	<u>344,562</u>	<u>300,742</u>
Program Expenses:						
General Government	9,994	7,786	-	-	9,994	7,786
Public Safety	43,725	43,404	-	-	43,725	43,404
Public Works	22,082	24,763	-	-	22,082	24,763
Human Services	5,344	5,017	-	-	5,344	5,017
Leisure Services	7,896	7,878	-	-	7,896	7,878
Education	196,480	182,349	-	-	196,480	182,349
Interest on Long-Term Debt	2,255	2,701	-	-	2,255	2,701
Water	-	-	12,357	7,464	12,357	7,464
Sewer	-	-	9,815	7,612	9,815	7,612
Sanitation	-	-	18,256	11,468	18,256	11,468
Total Program Expenses	<u>287,776</u>	<u>273,898</u>	<u>40,428</u>	<u>26,544</u>	<u>328,204</u>	<u>300,442</u>
Excess (Deficiency) Before Transfers	26,090	38	(9,732)	262	16,358	300
Transfers	1,614	1,336	(1,614)	(1,336)	-	-
Change in Net Position	27,704	1,374	(11,346)	(1,074)	16,358	300
Beginning Net Position	(195,215)	(196,589)	91,680	92,754	(103,535)	(103,835)
Ending Net Position	<u>\$ (167,511)</u>	<u>\$ (195,215)</u>	<u>\$ 80,334</u>	<u>\$ 91,680</u>	<u>\$ (87,177)</u>	<u>\$ (103,535)</u>

The Town's total revenues (Governmental and Business-Type) were \$344.7 million. The total cost of all programs and services (Governmental and Business-Type) was \$328.2 million. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The increase in Governmental Activities net position was \$27.7 million. The amount of net investment in capital assets decreased to \$118.9 million. Operating grants and contributions were \$107.6 million, while capital grants and contributions were \$20.1 million. Property taxes increased \$3.1 million over the prior year due primarily to grand list growth.

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) increased by \$3.9 million, and expenses increased by \$13.9 million. The increase in revenue was predominantly the result of investment earnings and rate increases. The increase in expenses is primarily due to use of Sanitation Fund balance for various projects.

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

Table 3 presents the cost of each of the Town's five largest programs - public safety, general government, public works, education, and leisure services - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions. The decrease in net cost of services for Education is the result of an increase in State and Federal Grants. The increase in net cost of services for Public Safety is the result of planned use of designated fund balance transfers for capital expenditures.

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Education	\$ 196,480	\$ 182,349	\$ 79,214	\$ 90,118
Public Safety	43,725	43,404	42,061	40,955
Public Works	22,082	24,763	19,188	22,300
Leisure Services	7,896	7,878	7,348	7,375
General Government	9,994	7,786	219	5,299
All Others	7,599	7,718	5,070	5,375
Total	<u>\$ 287,776</u>	<u>\$ 273,898</u>	<u>\$ 153,100</u>	<u>\$ 171,422</u>

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$25.5 million, which is a decrease of \$9.8 million from last year's total. Included in this year's total change in fund balance is an increase of \$3.5 million in the Town's General Fund, due to expenditure savings; a decrease in the Capital Projects fund balance of \$16 million due to construction costs for Buckley, Bowers, and Keeney School, pending reimbursement from the State. The ARPA COVID fund had an increase in fund balance of \$24 thousand, due to unrealized gains in the investment portfolio. The Education Special Grants fund had an increase in fund balance of \$1.6 million due to grants received in FY23.

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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

- 1) General Fund revenues came in over budget (\$3.3 million) due to Municipal Revenue Sharing Grant from the State, and investment earnings. Overall, tax collections remained strong.
- 2) General operating expenses were kept under budget in all functional areas primarily due to vacancies in certain positions and a mild winter. Total expenses were under budget by \$4 million.

The Town's General Fund balance of \$33.2 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$30.8 million reported in the budgetary comparison in the required supplementary information. This is because budgetary fund balance includes \$400 thousand of outstanding encumbrances at year-end that are reported as expenditures for budgetary purposes, and \$2 million of committed fund balance.

Proprietary Funds

As the Town completed the year, its proprietary funds (as presented in the statement of net position - Exhibit V) reported combined net position of \$80.3 million, which is a decrease of \$11.4 million from last year's total of \$91.7 million. Included in this year's total change in net position is the impact of an actuarial valuation of landfill closure costs which increased due to inflation.

In the internal service funds, the self-insurance funds experienced a combined net decrease of \$386 thousand. Net position in the Medical Insurance Fund decreased by \$1.8 million due to an increase in the cost of medical claims.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2023, the Town had \$366.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines – Table 4. This amount represents a net increase of \$23.2 million (including additions and deductions) over last year, primarily due to the infrastructure program and school construction.

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 18.0	\$ 17.8	\$ 1.3	\$ 1.3	\$ 19.3	\$ 19.1
Buildings and Improvements	138.5	124.0	38.7	42.2	177.2	166.2
Equipment	9.1	9.3	6.6	5.2	15.7	14.5
Right to use Machinery and Equipment	0.4	0.5	-	-	0.4	1
Subscription Assets	0.8	-	-	-	0.8	-
Infrastructure	75.2	78.2	39.7	40.6	114.9	118.8
Construction in Progress	34.1	24.0	4.5	0.6	38.6	24.6
Total	<u>\$ 276.1</u>	<u>\$ 253.8</u>	<u>\$ 90.8</u>	<u>\$ 89.9</u>	<u>\$ 366.9</u>	<u>\$ 343.7</u>

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

School Renovations:	\$21.1
Pavement Replacement:	\$3.2

The Town's fiscal-year 2023-24 capital budget plans for the completion of Phase 2 of the School Renovation Project, with completion of Keeney School scheduled for summer 2024, the construction of a new main library branch starting in the fall of 2024, as well as continuation of the public infrastructure program improvements, and acquisition of open space.

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

Long-Term Debt

On June 30, 2023, the Town had \$138.4 million in bonds outstanding from governmental activities versus \$129.5 million last year - as shown in Table 5. The Town issued \$20 million in new bonds for school construction, and infrastructure programs in FY23. Outstanding bonds were reduced by principal payments in 2023.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds (Backed by the Town)	\$ 138.4	\$ 129.5	\$ 14.3	\$ 13.1	\$ 152.7	\$ 142.6
Clean Water Notes	-	-	21.6	24.3	21.6	24.3
Total	<u>\$ 138.4</u>	<u>\$ 129.5</u>	<u>\$ 35.9</u>	<u>\$ 37.4</u>	<u>\$ 174.3</u>	<u>\$ 166.9</u>

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

Town's general obligation bond rating is AA+ (S&P) and AAA (Fitch), a rating that has been assigned by national rating agencies. The State limits the amount of general obligation debt that towns can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$1.081 billion state-imposed limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year budget 2023-2024, General Fund appropriations total \$229.4 million. This is an increase of \$2.9 million or 2.5% over 2022-2023. For fiscal year 2024, the South Fire Special Taxing District and Eighth Utilities Fire Special Taxing District merged into the Town of Manchester Fire Department and all fire operations are funded by the General Fund. The increase in General Fund appropriations is being funded with a 2.48% increase in the property tax levy, anticipated use of fund balance, as well as additional anticipated state and federal grants. The mill rate increased from 36.12 (Town and South Fire) to 37.20 (Town post FD merger).

For the business-type activities, the Town has set related fees to offset the cost of operations. For the Water fund, as part of an adopted long-term rate setting plan, the Town has kept the working capital in the Water Fund to 180 days of operating costs. Rate increases to cover the cost of operations and related debt service are in place for several years and reviewed annually against actual results.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 37.20 and business-type fees for the 2023-2024 fiscal year. The Town desires a stable level of service delivery and adopted a mill rate that reflects that drive for stability.

The Town has shown great resiliency in its recovery from the COVID-19 pandemic. The onset of the global public health crisis in February 2020, and subsequent economic downturn, created immediate effects on the Town's revenue streams, impacted local businesses, and altered service delivery across all town functions. Federal funding through the American Rescue Plan Act (ARPA) and the Elementary and Secondary School Emergency Relief Fund (ESSER) helped to bridge revenue and expenditure gaps in FY23, but the Town will be dealing with outcomes from the pandemic for the next several years. Town leadership will continue to react quickly as new challenges arise related to the pandemic recovery and will continue to assess community needs and coordinate sustainability efforts across all town departments.

The Town also sees a continued challenge in dealing with inflationary pressures driving up the cost of supplies and equipment and with salary increases that are directly or indirectly affected by wage inflation and binding arbitration. Along with this salary structural difficulty is the challenge of funding continued annual increases in employee and retiree health benefits. Addressing changes to the climate and dealing with stronger storms continues to be an area of focus. A climate and storm emergency fund has been established, which is funded by Public Works operating surpluses each year. At the end of fiscal year 2023, \$1.4 million was held in reserve in this fund to address infrastructure damages arising from future storms. Structural changes made to post-employment benefits in fiscal year 2023 have gone a long way towards reducing the long-term OPEB liability.

**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

Overall, financial results for the 2023 fiscal year were impacted by inflationary pressures but strong revenues and responsible spending resulted an operating surplus and increase to the unassigned General Fund balance. Over the previous years, the Town had strengthened its position by continuing to add to General Fund balance each year. The resulting relatively strong fund balance position is assisting the Town in addressing challenges created pandemic recovery and the Town's long-term liability costs. During FY23, management initiated planned use of General Fund reserves to meet the capital needs of the Town without impacting taxpayers and stayed within the range of fund balance required by the Town's Fund Balance Policy. The State of Connecticut's biennial budget has maintained funding to municipalities, but funding remains at risk as the State attempts to manage its long-term liabilities and address immediate public health and social service needs. The Town's management and elected officials will have to work together to devise strategies to mitigate the impacts of the state economy on the Town's financial position. On a positive note, the General Fund, Fiduciary Funds and Enterprise Funds ended the year in a strong position, due to reduced spending because of staffing vacancies, despite inflationary pressures on actuarially determined liabilities. Overall economic outlook for the Town is stable as the Town works through economic impacts created by economic downturns and inflation. The Town continues to operate its Sanitation Fund conservatively, building up a significant fund balance that can be used to offset reductions in state aid, and assist with capital needs in the coming years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Manchester, 494 Main Street, Manchester, Connecticut 06040.

BASIC FINANCIAL STATEMENTS

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2023
(IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 59,379	\$ 31,719	\$ 91,098
Investments	40,929	18,155	59,084
Receivables, Net	43,390	7,442	50,832
Internal Balances	(12,727)	12,727	-
Due from Fiduciary Funds	1,749	-	1,749
Supplies	160	2,151	2,311
Prepaid Items	303	1	304
Capital Assets:			
Assets Not Being Depreciated	52,040	5,785	57,825
Assets Being Depreciated, Net	223,953	85,027	308,980
Total Assets	<u>409,176</u>	<u>163,007</u>	<u>572,183</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	22,609	1,466	24,075
Deferred Outflows of Resources Related to OPEB	28,283	-	28,283
Deferred Charge on Refunding	689	-	689
Total Deferred Outflows of Resources	<u>51,581</u>	<u>1,466</u>	<u>53,047</u>
LIABILITIES			
Accounts and Other Payables	15,129	2,556	17,685
Accrued Liabilities	3,682	262	3,944
Bond Anticipation Notes	-	14,296	14,296
Unearned Revenue	23,755	509	24,264
Noncurrent Liabilities:			
Due Within One Year	20,660	3,006	23,666
Due in More than One Year	421,844	61,870	483,714
Total Liabilities	<u>485,070</u>	<u>82,499</u>	<u>567,569</u>
DEFERRED INFLOWS OF RESOURCES			
Advance Property Tax Collections	988	-	988
Lease receivable	2,474	1,354	3,828
Deferred Inflows of Resources Related to Pensions	3,686	286	3,972
Deferred Inflows of Resources Related to OPEB	136,050	-	136,050
Total Deferred Inflows of Resources	<u>143,198</u>	<u>1,640</u>	<u>144,838</u>
NET POSITION			
Net Investment in Capital Assets	121,013	54,934	175,947
Restricted:			
Trust Purposes:			
Expendable	3,395	-	3,395
Grants	37,045	-	37,045
Other	4,442	-	4,442
Unrestricted	(333,406)	25,400	(308,006)
Total Net Position	<u>\$ (167,511)</u>	<u>\$ 80,334</u>	<u>\$ (87,177)</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(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
GOVERNMENTAL ACTIVITIES							
General Government	\$ 9,994	\$ 2,552	\$ 7,021	\$ 202	\$ (219)	\$ -	\$ (219)
Public Safety	43,725	1,349	243	72	(42,061)	-	(42,061)
Public Works	22,082	1,488	714	692	(19,188)	-	(19,188)
Leisure Services	7,896	493	55	-	(7,348)	-	(7,348)
Human Services	5,344	107	2,145	277	(2,815)	-	(2,815)
Education	196,480	918	97,470	18,878	(79,214)	-	(79,214)
Interest on Long-Term Debt	2,255	-	-	-	(2,255)	-	(2,255)
Total Governmental Activities	287,776	6,907	107,648	20,121	(153,100)	-	(153,100)
BUSINESS-TYPE ACTIVITIES							
Water	12,357	9,491	-	-	-	(2,866)	(2,866)
Sewer	9,815	10,347	-	-	-	532	532
Sanitation	18,256	10,295	-	-	-	(7,961)	(7,961)
Total Business-Type Activities	40,428	30,133	-	-	-	(10,295)	(10,295)
Total	\$ 328,204	\$ 37,040	\$ 107,648	\$ 20,121	(153,100)	(10,295)	(163,395)
GENERAL REVENUES:							
Property Taxes					169,092	-	169,092
Grants and Contributions Not Restricted to Specific Programs					4,430	-	4,430
Unrestricted Investment Earnings					4,026	90	4,116
Miscellaneous					1,642	473	2,115
Transfers					1,614	(1,614)	-
Total General Revenues and Transfers					180,804	(1,051)	179,753
CHANGE IN NET POSITION							
					27,704	(11,346)	16,358
Net Position - Beginning of Year					(195,215)	91,680	(103,535)
NET POSITION - END OF YEAR							
					\$ (167,511)	\$ 80,334	\$ (87,177)

See accompanying Notes to Financial Statements.

TOWN OF MANCHESTER, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(IN THOUSANDS)

	General	Capital Projects	ARPA COVID Fund	Education Special Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 2,797	\$ 16,381	\$ 10,226	\$ -	\$ 11,522	\$ 40,926
Investments	13,215	-	12,088	-	7,422	32,725
Receivables, Net	4,801	34,116	-	2,361	1,362	42,640
Supplies	-	-	-	-	160	160
Interfund Receivables	35,255	-	-	-	-	35,255
Other Assets	30	19	-	-	17	66
Total Assets	<u>\$ 56,098</u>	<u>\$ 50,516</u>	<u>\$ 22,314</u>	<u>\$ 2,361</u>	<u>\$ 20,483</u>	<u>\$ 151,772</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 3,517	\$ 9,622	\$ 331	\$ 622	\$ 778	\$ 14,870
Accrued Liabilities	1,627	-	-	-	26	1,653
Intergovernmental Payables	14	-	-	-	-	14
Interfund Payables	12,727	31,757	-	1,279	470	46,233
Unearned Revenue	55	821	22,361	439	33	23,709
Total Liabilities	<u>17,940</u>	<u>42,200</u>	<u>22,692</u>	<u>2,340</u>	<u>1,307</u>	<u>86,479</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	2,194	-	-	-	-	2,194
Unavailable Revenue - Loans Receivable	-	-	-	-	22	22
Unavailable Revenue - Grants Receivable	-	33,252	-	852	-	34,104
Unavailable Revenue - Lease Receivable	1,697	777	-	-	-	2,474
Advance Property Tax Collections	988	-	-	-	-	988
Total Deferred Inflows of Resources	<u>4,879</u>	<u>34,029</u>	<u>-</u>	<u>852</u>	<u>22</u>	<u>39,782</u>
FUND BALANCES						
Nonspendable	30	-	-	-	177	207
Restricted	-	2,014	-	-	10,778	12,792
Committed	2,060	-	-	-	8,199	10,259
Assigned	6,213	-	-	-	-	6,213
Unassigned	24,976	(27,727)	(378)	(831)	-	(3,960)
Total Fund Balances	<u>33,279</u>	<u>(25,713)</u>	<u>(378)</u>	<u>(831)</u>	<u>19,154</u>	<u>25,511</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 56,098</u>	<u>\$ 50,516</u>	<u>\$ 22,314</u>	<u>\$ 2,361</u>	<u>\$ 20,483</u>	<u>\$ 151,772</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III)	\$ 25,511
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	508,071
Less: Accumulated Depreciation	<u>(232,358)</u>
Net Capital Assets	275,713
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	1,563
Interest Receivable on Property Taxes	631
Housing Rehabilitation and Commercial Entity Loans	22
Grants Receivable Greater than 60 Days	34,104
Deferred Outflows of Resources Related to Pensions	22,609
Deferred Outflows of Resources Related to OPEB	28,283
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.	
	19,412
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net OPEB Liability	(172,985)
Net Pension Liability	(103,805)
Bonds and Notes Payable	(138,370)
Bond Premiums	(8,593)
Interest Payable on Bonds and Notes	(2,029)
Compensated Absences	(9,712)
Lease Payable	(391)
Subscriptions Payable	(427)
Deferred Inflows of Resources Related to Pensions	(3,686)
Deferred Inflows of Resources Related to OPEB	(136,050)
Deferred Charge on Refunding	<u>689</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ (167,511)</u>

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, 2023
(IN THOUSANDS)

	General	Capital Projects	ARPA COVID Fund	Education Special Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 154,615	\$ 27	\$ -	\$ -	\$ 16,004	\$ 170,646
Intergovernmental	63,360	4,297	2,367	32,426	7,358	109,808
Investment Earnings	1,681	244	31	-	973	2,929
Licenses, Permits and Fines	3,349	-	-	-	-	3,349
Charges for Goods and Services	882	49	-	-	2,658	3,589
Other	446	602	-	-	567	1,615
Total Revenues	<u>224,333</u>	<u>5,219</u>	<u>2,398</u>	<u>32,426</u>	<u>27,560</u>	<u>291,936</u>
EXPENDITURES						
Current:						
General Government	6,237	-	1,624	-	569	8,430
Public Works	12,579	-	-	-	33	12,612
Public Safety	22,729	4	-	-	18,596	41,329
Human Services	3,300	-	-	-	1,977	5,277
Leisure Services	6,212	-	-	-	368	6,580
Employee Benefits	4,949	-	-	-	-	4,949
Education	143,880	-	-	30,829	5,877	180,586
Internal Service Fund Charges	2,735	-	-	-	772	3,507
Other	260	-	-	-	43	303
Debt Service	13,893	1,904	-	-	-	15,797
Capital Outlay	1,504	44,687	-	-	37	46,228
Total Expenditures	<u>218,278</u>	<u>46,595</u>	<u>1,624</u>	<u>30,829</u>	<u>28,272</u>	<u>325,598</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,055	(41,376)	774	1,597	(712)	(33,662)
OTHER FINANCING SOURCES (USES)						
Transfers In	1,715	4,030	-	-	3,841	9,586
Transfers Out	(5,431)	-	(750)	-	(2,091)	(8,272)
Issuance of Bond	-	20,000	-	-	-	20,000
Subscriptions Payable Proceeds	1,208	-	-	-	-	1,208
Bond Premium	-	1,344	-	-	-	1,344
Total Other Financing Sources (Uses)	<u>(2,508)</u>	<u>25,374</u>	<u>(750)</u>	<u>-</u>	<u>1,750</u>	<u>23,866</u>
NET CHANGE IN FUND BALANCES	3,547	(16,002)	24	1,597	1,038	(9,796)
Fund Balances - Beginning of Year	<u>29,732</u>	<u>(9,711)</u>	<u>(402)</u>	<u>(2,428)</u>	<u>18,116</u>	<u>35,307</u>
FUND BALANCES - END OF YEAR	<u>\$ 33,279</u>	<u>\$ (25,713)</u>	<u>\$ (378)</u>	<u>\$ (831)</u>	<u>\$ 19,154</u>	<u>\$ 25,511</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, 2023
(IN THOUSANDS)

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change In Fund Balances - Governmental Funds (Exhibit IV) \$ (9,796)

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	40,653
Depreciation Expense	(16,787)

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.

(1,453)

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	(8)
Property Tax Interest and Lien Revenue - Accrual Basis Change	57
Grants Receivable - Accrual Basis Change	15,344
Change in Deferred Outflows of Resources Related to Pensions	1,807
Change in Deferred Outflows of Resources Related to OPEB	(10,075)

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	(20,000)
Premium on Bonds	(1,344)
Bond Principal Payments	11,160
Amortization of Deferred Charge on Refunding	(184)
Amortization of Premiums	1,584
Principal Payments on Lease Payable	326
Subscriptions Based Technology Arrangements	(1,208)
Principal Payments on Subscriptions Payable	781

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	1,005
Accrued Interest	(127)
Change in Net Pension Liability	(11,078)
Change in Net OPEB Liability	(2,528)
Change in Deferred Inflows of Resources Related to Pensions	6,484
Change in Deferred Inflows of Resources Related to OPEB	23,477

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.

(386)

Change in Net Position of Governmental Activities (Exhibit II)	\$ 27,704
--	-----------

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(IN THOUSANDS)**

	Business-Type Activities				Governmental
	Major Funds			Total	Activities
	Water	Sewer	Sanitation	Business-Type Activities	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 7,444	\$ 4,958	\$ 19,317	\$ 31,719	\$ 18,453
Investments	-	-	18,155	18,155	8,204
Receivables, Net	3,573	2,929	869	7,371	750
Assessment Receivable	-	71	-	71	-
Supplies	1,169	982	-	2,151	-
Interfund Receivable	-	-	12,727	12,727	-
Prepaid Expenses	-	-	1	1	237
Total Current Assets	<u>12,186</u>	<u>8,940</u>	<u>51,069</u>	<u>72,195</u>	<u>27,644</u>
Noncurrent Assets:					
Capital Assets, Net	<u>34,051</u>	<u>52,348</u>	<u>4,413</u>	<u>90,812</u>	<u>280</u>
Total Assets	<u>46,237</u>	<u>61,288</u>	<u>55,482</u>	<u>163,007</u>	<u>27,924</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pensions	943	325	198	1,466	-
LIABILITIES					
Current Liabilities:					
Accounts and Other Payables	989	600	967	2,556	245
Accrued Liabilities	134	119	9	262	-
Claims Payable	-	-	-	-	4,871
Unearned Revenue	-	71	-	71	46
Customer Deposits	-	198	240	438	-
Bond Anticipation Notes	7,598	6,698	-	14,296	-
Lease Payables	-	-	1	1	-
Subscription Payable	-	-	5	5	-
Clean Water Fund Notes	103	2,619	-	2,722	-
Compensated Absences	155	105	18	278	84
Total Current Liabilities	<u>8,979</u>	<u>10,410</u>	<u>1,240</u>	<u>20,629</u>	<u>5,246</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2023
(IN THOUSANDS)**

	Business-Type Activities			Total Business-Type Activities	Governmental Activities
	Major Funds				Internal Service Fund
	Water	Sewer	Sanitation		
LIABILITIES					
Noncurrent Liabilities:					
Compensated Absences	264	106	11	381	136
Claims Payable	-	-	-	-	3,130
Lease Payables	-	-	1	1	-
Subscription Payable	-	-	5	5	-
Clean Water Fund Notes	1,751	17,109	-	18,860	-
Landfill Liability	-	-	33,880	33,880	-
Net Pension Liability	5,627	1,937	1,179	8,743	-
Total Noncurrent Liabilities	<u>7,642</u>	<u>19,152</u>	<u>35,076</u>	<u>61,870</u>	<u>3,266</u>
 Total Liabilities	 16,621	 29,562	 36,316	 82,499	 8,512
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Lease Receivable	1,354		-	1,354	-
Deferred Inflows of Resources Related to Pensions	184	63	39	286	-
Total Deferred inflows of Resources	<u>1,538</u>	<u>63</u>	<u>39</u>	<u>1,640</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	24,599	25,922	4,413	54,934	280
Unrestricted	4,422	6,066	14,912	25,400	19,132
Total Net Position	<u>\$ 29,021</u>	<u>\$ 31,988</u>	<u>\$ 19,325</u>	<u>\$ 80,334</u>	<u>\$ 19,412</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, 2023
(IN THOUSANDS)

	Business-Type Activities			Total Business-Type Activities	Governmental Activities
	Major Funds				Internal Service Fund
	Water	Sewer	Sanitation		
OPERATING REVENUES					
Charges for Services	\$ 9,491	\$ 10,347	\$ 10,295	\$ 30,133	\$ 35,106
Other	67	72	33	172	1,783
Total Operating Revenues	<u>9,558</u>	<u>10,419</u>	<u>10,328</u>	<u>30,305</u>	<u>36,889</u>
OPERATING EXPENSES					
Administrative	1,415	660	1,098	3,173	-
General Operating	6,060	4,572	6,662	17,294	4,553
Claims Expense	-	-	-	-	33,926
Depreciation	2,143	3,443	488	6,074	193
Pension Expense	2,739	1,140	466	4,345	-
Total Operating Expenses	<u>12,357</u>	<u>9,815</u>	<u>8,714</u>	<u>30,886</u>	<u>38,672</u>
OPERATING INCOME (LOSS)	(2,799)	604	1,614	(581)	(1,783)
NONOPERATING REVENUE (EXPENSE)					
Gain (Loss) on Disposal of Capital Assets	7	3	-	10	-
Income on Investments	204	114	628	946	1,097
Interest Expense	(264)	(592)	-	(856)	-
Lease Revenue	312	-	-	312	-
Change in Estimate for Closure/Post closure Costs	-	-	(9,542)	(9,542)	-
Premiums on Debt Issuance	(1)	(20)	-	(21)	-
Total Nonoperating Revenues (Expenses)	<u>258</u>	<u>(495)</u>	<u>(8,914)</u>	<u>(9,151)</u>	<u>1,097</u>
INCOME (LOSS) BEFORE TRANSFERS	(2,541)	109	(7,300)	(9,732)	(686)
TRANSFERS					
Transfers In	475	375	-	850	305
Transfers Out	(643)	(703)	(1,118)	(2,464)	(5)
CHANGE IN NET POSITION	(2,709)	(219)	(8,418)	(11,346)	(386)
Net Position - Beginning of Year	<u>31,730</u>	<u>32,207</u>	<u>27,743</u>	<u>91,680</u>	<u>19,798</u>
NET POSITION - END OF YEAR	<u>\$ 29,021</u>	<u>\$ 31,988</u>	<u>\$ 19,325</u>	<u>\$ 80,334</u>	<u>\$ 19,412</u>

See accompanying Notes to Financial Statements.

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Business-Type Activities				Governmental
	Major Funds			Total	Activities
	Water	Sewer	Sanitation	Business-Type Activities	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers and Users	\$ 9,600	\$ 10,375	\$ 10,296	\$ 30,271	\$ 37,328
Cash Received from Insurance Proceeds	-	-	-	-	56
Other Operating Receipts	67	72	33	172	-
Cash Paid to Suppliers for Goods and Services	(3,697)	(2,186)	(6,146)	(12,029)	(3,158)
Cash Paid for Interfund Services Provided	-	-	-	-	-
Cash Paid to Employees	(3,600)	(2,991)	(1,582)	(8,173)	(1,427)
Cash Paid for Insurance Claims and Premiums	-	-	-	-	(34,156)
Net Cash Provided (Used) by Operating Activities	2,370	5,270	2,601	10,241	(1,357)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	475	375	-	850	-
Transfers Out	(643)	(703)	(1,118)	(2,464)	-
Cash Received from Leases	312	-	-	312	-
Cash Received from Other Funds	-	-	-	-	305
Cash Paid to Other Funds	-	-	(12,727)	(12,727)	(5)
Net Cash Provided (Used) by Noncapital Financing Activities	144	(328)	(13,845)	(14,029)	300
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Sale of Capital Assets	10	3	47	60	-
Purchase of Capital Assets and Construction	(2,168)	(2,939)	(1,890)	(6,997)	(20)
Principal Payment - Clean Water Fund Notes	(101)	(2,567)	-	(2,668)	-
Principal Payment - Bond Anticipation Notes	(7,399)	(5,686)	-	(13,085)	-
Principal Payment - Leases	(26)	-	(1)	(27)	-
Proceeds from Bond Anticipation Notes	7,598	6,698	-	14,296	-
Premium on Bond Anticipation Note Sale	(1)	(20)	-	(21)	-
Interest Paid	(264)	(592)	-	(856)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,351)	(5,103)	(1,844)	(9,298)	(20)

See accompanying Notes to Financial Statements.

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Business-Type Activities			Total Business-Type Activities	Governmental Activities Internal Service Fund
	Major Funds				
	Water	Sewer	Sanitation		
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	\$ 204	\$ 114	\$ 628	\$ 946	\$ 1,097
Proceeds from Sale of Investments	-	-	-	-	-
Purchase of Investments	-	-	(1,834)	(1,834)	(454)
Net Cash Provided (Used) by Investing Activities	204	114	(1,206)	(888)	643
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	367	(47)	(14,294)	(13,974)	(434)
Cash and Cash Equivalents - Beginning of Year	7,077	5,005	33,611	45,693	18,887
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,444</u>	<u>\$ 4,958</u>	<u>\$ 19,317</u>	<u>\$ 31,719</u>	<u>\$ 18,453</u>

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Business-Type Activities				Governmental Activities Internal Service Fund
	Major Funds			Total Business-Type Activities	
	Water	Sewer	Sanitation		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income	\$ (2,799)	\$ 604	\$ 1,614	\$ (581)	\$ (1,783)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	2,143	3,443	488	6,074	193
Change in Asset and Liabilities:					
(Increase) Decrease in Accounts Receivable	(273)	27	112	(134)	449
(Increase) Decrease in Supplies and Prepaid Items	(338)	(308)	(1)	(647)	-
(Increase) Decrease in Deferred Outflows of Resources	(467)	(205)	(75)	(747)	-
Increase (Decrease) in Accounts Payable	514	319	38	871	23
Increase (Decrease) in Accrued Expenses	56	53	-	109	-
Increase (Decrease) in Customer Deposits	-	1	(111)	(110)	-
Increase (Decrease) in Compensated Absences Payable	(54)	(8)	(5)	(67)	9
Increase (Decrease) in Claims Payable	-	-	-	-	(294)
Increase (Decrease) in Unearned Revenue	-	-	-	-	46
Increase (Decrease) in Net Pension Liability	3,175	1,320	542	5,037	-
Increase (Decrease) in Deferred Leases	382	-	-	382	-
Increase (Decrease) in Deferred Inflows of Resources	31	24	(1)	54	-
Total Adjustments	<u>5,169</u>	<u>4,666</u>	<u>987</u>	<u>10,822</u>	<u>426</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,370</u>	<u>\$ 5,270</u>	<u>\$ 2,601</u>	<u>\$ 10,241</u>	<u>\$ (1,357)</u>

Schedule of noncash financing and investment activities:

Noncash financing of \$26 related to subscriptions payable is reported for the Sanitation Fund.

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023
(IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 188
Investments:	
Mutual Funds	159,322
Alternative Investments	72,339
Accounts Receivable	60
Prepaid Expenses	1,514
Total Assets	233,423
LIABILITIES	
Accounts and Other Payables	1
Interfund Payable	1,749
Total Liabilities	1,750
NET POSITION	
Restricted for OPEB Benefits	4,216
Restricted for Pension Benefits	227,457
Total Net Position	\$ 231,673

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	<u>Pension and Other Employee Benefit Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer	\$ 17,262
Plan Members	4,160
Total Contributions	<u>21,422</u>
Investment Income:	
Net Change in Fair Value of Investments	16,475
Interest and Dividends	4,836
Income from Real Estate Investments	516
Total Investment Income (Loss)	<u>21,827</u>
Total Additions	43,249
DEDUCTIONS:	
Benefits	28,798
Administration	329
Total Deductions	<u>29,127</u>
CHANGE IN NET POSITION	14,122
Net Position - Beginning of Year	<u>217,551</u>
NET POSITION - END OF YEAR	<u><u>\$ 231,673</u></u>

See accompanying Notes to Financial Statements.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2023
(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, 2023
(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, 2023
(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, 2023
(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, 2023
(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 \$400 (amount not rounded), payable in two equal installments on July 1 and January 1. Motor vehicle taxes are billed, and due July 1 and motor vehicle supplement taxes are billed and due January 1. Certificates of continuing lien are filed against the real estate represented by delinquent real estate taxes within the year in which the tax is due. Taxes not paid within 30 days of the due date are subject to an interest charge of 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 Entity 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 Entity has elected to recognize 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, 2023
(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, 2023
(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, 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, 2023
(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.

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

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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2023
(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, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Town adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

General Fund

Special Revenue Funds

Special Taxing District – Fire

Enterprise Funds

Water Fund

Sewer Fund

Sanitation Fund

Internal Service Funds

Information Systems Fund

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

- 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).

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- No later than March 23, a public hearing is conducted by the Board of Directors to obtain taxpayer comments.
- 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 \$936 were approved during the year for the General Fund. Additional appropriation of \$1,455 for the Fire Special Taxing District were approved during the year 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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balance

The Capital Projects Fund, a major governmental fund, had a fund deficit of \$25,713, which will be funded through future recognition of grants revenue and the issuance of debt. The ARPA COVID Fund, a major governmental fund, had a deficit of \$378 which is expected to be funded by future investment earnings. The Education Special Grants Fund, a major governmental fund, had a fund deficit of \$831 which is expected to be funded by future grant funding.

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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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*, \$27,573 of the Town's bank balance of \$42,763 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	23,316
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name		4,257
Total Amount Subject to Custodial Credit Risk	\$	27,573

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, 2023, the Town's cash equivalents amounted to \$52,438. 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)		AAAm
Money Market Funds*		

* 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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 4 INVESTMENTS

Investments as of June 30, 2023 in all funds are as follows:

	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More than 10
Interest-Bearing Investments:				
Certificates of Deposit*	\$ 11,204	\$ 3,915	\$ 7,289	\$ -
U.S. Government Securities	472	-	472	-
U.S. Government Agencies	15,023	2,654	11,876	493
Municipal Bonds	10,167	2,345	7,822	-
Corporate Bonds	5,395	455	4,940	-
Other Investments:				
Mutual Funds	173,336	-	-	-
Common Stock	2,809	-	-	-
Alternative Investments	72,339	-	-	-
Total Investments	\$ 290,745	\$ 9,369	\$ 32,399	\$ 493

* Subject to coverage by Federal Depository Insurance and Collateralization

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

Average Rating	Corporate	U.S.	U.S.	Certificates	Municipal
	Bonds	Government Securities	Government Agencies	of Deposit	Bonds
Aaa	\$ 149	\$ -	\$ 13,591	\$ -	\$ -
Aa1	-	-	-	-	-
Aa2	312	-	-	-	290
Aa3	149	-	-	-	5,087
A1	856	-	-	-	414
A2	879	-	-	-	200
A3	893	-	-	-	-
Baa1	974	-	-	-	-
Baa2	1,117	-	-	-	-
Baa3	66	-	-	-	-
Not Rated	-	472	1,432	11,204	4,176
Total	\$ 5,395	\$ 472	\$ 15,023	\$ 11,204	\$ 10,167

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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, 2023:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities:				
U.S. Government Securities	\$ 472	\$ 472	\$ -	\$ -
U.S. Government Agencies	15,023	15,023	-	-
Corporate Bonds	5,395	-	5,395	-
Municipal Bonds	10,167	10,167	-	-
Equity Securities:				
Mutual Funds	173,336	173,336	-	-
Common Stock	2,809	2,809	-	-
Alternative Investments	72,339	-	72,339	-
Total Investments by Fair Value Level	279,541	\$ 201,807	\$ 77,734	\$ -
Investments Not Recorded at Fair Value:				
Certificates of Deposit	11,204			
Total Investments	\$ 290,745			

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. Alternative investments valued at Level 2 are primarily pooled, common and collective funds which are not regularly priced but can be determined upon request. Alternative investments classified as Level 3 are managed assets with multiple pricing options available, however, the majority are not publicly traded (or are thinly traded). For these alternative investment pricing is determined using valuations or appraisal methodologies.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments

As indicated above, state statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Town does not have an investment policy that limits an investment in any one issuer in excess of 5% of the Town's total investments.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 4 INVESTMENTS (CONTINUED)

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, 2023, 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	\$ 3,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,776
Interest	631	-	-	-	-	-	-	631
Accounts	359	-	-	2,595	3,440	944	1,026	8,364
Intergovernmental	46	34,116	2,361	-	71	-	1,046	37,640
Loans	-	-	-	-	-	-	40	40
Leases	1,723	-	-	1,376	-	-	60	3,159
Gross Receivables	<u>6,535</u>	<u>34,116</u>	<u>2,361</u>	<u>3,971</u>	<u>3,511</u>	<u>944</u>	<u>2,172</u>	<u>53,610</u>
Less: Allowance for Uncollectibles	<u>(1,734)</u>	<u>-</u>	<u>-</u>	<u>(398)</u>	<u>(511)</u>	<u>(75)</u>	<u>-</u>	<u>(2,718)</u>
Total Receivables, Net	<u>\$ 4,801</u>	<u>\$ 34,116</u>	<u>\$ 2,361</u>	<u>\$ 3,573</u>	<u>\$ 3,000</u>	<u>\$ 869</u>	<u>\$ 2,172</u>	<u>\$ 50,892</u>

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 17,768	\$ 217	\$ -	\$ -	\$ 17,985
Construction In Progress	24,044	31,661	(463)	(21,187)	34,055
Total Capital Assets Not Being Depreciated	41,812	31,878	(463)	(21,187)	52,040
Capital Assets Being Depreciated:					
Buildings and Improvements	244,590	4,134	(2,417)	21,187	267,494
Improvements Other than Buildings	14,391	445	(377)	-	14,459
Machinery and Equipment	37,312	2,162	(948)	-	38,526
Right to use Lease Asset	873	-	(195)	-	678
Subscription Assets	-	1,500	-	-	1,500
Infrastructure	137,311	554	(20)	-	137,845
Total Capital Assets Being Depreciated	434,477	8,795	(3,957)	21,187	460,502
Less: Accumulated Depreciation for:					
Buildings and Improvements	(128,414)	(9,817)	1,584	-	(136,647)
Improvements Other than Buildings	(6,521)	(577)	264	-	(6,834)
Machinery and Equipment	(27,979)	(2,338)	904	-	(29,413)
Right to use Lease Asset	(363)	(97)	195	-	(265)
Subscription Assets	-	(716)	-	-	(716)
Infrastructure	(59,259)	(3,435)	20	-	(62,674)
Total Accumulated Depreciation	(222,536)	(16,980)	2,967	-	(236,549)
Total Capital Assets Being Depreciated, Net	211,941	(8,185)	(990)	21,187	223,953
Governmental Activities Capital Assets, Net	<u>\$ 253,753</u>	<u>\$ 23,693</u>	<u>\$ (1,453)</u>	<u>\$ -</u>	<u>\$ 275,993</u>

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 6 CAPITAL ASSETS(CONTINUED)

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 1,315	\$ -	\$ -	\$ -	\$ 1,315
Construction in Progress	614	4,470	(3)	(611)	4,470
Total Capital Assets Not Being Depreciated	1,929	4,470	(3)	(611)	5,785
Capital Assets Being Depreciated:					
Buildings and Improvements	77,493	-	-	-	77,493
Improvements Other than Buildings	2,577	127	-	-	2,704
Machinery and Equipment	20,339	2,386	(1,303)	-	21,422
Right to use Lease Asset	56	-	(53)	-	3
Subscription Assets	-	24	-	-	24
Infrastructure	91,733	-	(19)	611	92,325
Total Capital Assets Being Depreciated	192,198	2,537	(1,375)	611	193,971
Less: Accumulated Depreciation for:					
Buildings and Improvements	(36,685)	(3,508)	-	-	(40,193)
Improvements Other than Buildings	(1,149)	(111)	-	-	(1,260)
Machinery and Equipment	(15,217)	(876)	1,256	-	(14,837)
Right to use Lease Asset	(27)	(27)	53	-	(1)
Subscription Assets	-	(14)	-	-	(14)
Infrastructure	(51,120)	(1,538)	19	-	(52,639)
Total Accumulated Depreciation	(104,198)	(6,074)	1,328	-	(108,944)
Total Capital Assets Being Depreciated, Net	88,000	(3,537)	(47)	611	85,027
Business-Type Activities Capital Assets, Net	<u>\$ 89,929</u>	<u>\$ 933</u>	<u>\$ (50)</u>	<u>\$ -</u>	<u>\$ 90,812</u>

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	\$ 612
Public Works	4,144
Public Safety	1,332
Human Services	83
Recreation	202
Library	78
Education	10,529
Total Depreciation Expense - Governmental Activities	\$ 16,980
Business-Type Activities:	
Water	\$ 2,143
Sewer	3,443
Sanitation	488
Total Depreciation Expense - Business-Type Activities	\$ 6,074

Construction Commitments

The Town has active construction projects as of June 30, 2023. 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, 2023:

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 and 2022 Public Works Bond. 2017 Public Works Bond is being financed through a combination of general obligation bonds and transfers from the Water Fund.

Project	Authorized Amount	Expended and Encumbered	Unencumbered Balance
2012 School Bond	\$ 4,900	\$ 3,943	\$ 957
2013 Bond Referendum	12,308	11,854	454
2014 School Bond	84,226	78,535	5,691
2015 Bond Referendum	12,152	11,883	269
2016 Bond Land Acq and Hist Pres	4,450	2,629	1,821
2017 Public Works Bond	13,147	12,906	241
2019 School Bond	97,200	66,722	30,478
2019 Public Works Bond	16,269	15,026	1,243
2022 Public Works Bond	16,975	14,524	2,451
Total	\$ 261,627	\$ 218,022	\$ 43,605

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Capital Projects	\$ 31,757
General Fund	Education Special Grants	1,279
General Fund	Pension Trust Fund	1,749
Sanitation Fund	General Fund	12,727
General Fund	Nonmajor Governmental Funds	470

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

Interfund transfers that occurred during the year ended June 30, 2023 are as follows:

	Transfers In						Total Transfers Out
	General	Capital Projects	Nonmajor Governmental	Water	Sewer	Internal Service	
Transfers:							
General Fund	\$ -	\$ 1,985	\$ 3,141	\$ -	\$ -	\$ 305	\$ 5,431
ARPA Covid	-	-	-	375	375	-	750
Nonmajor Governmental	351	1,740	-	-	-	-	2,091
Water	643	-	-	-	-	-	643
Sewer	603	-	-	100	-	-	703
Sanitation	118	300	700	-	-	-	1,118
Internal Service	-	5	-	-	-	-	5
Total Transfers In	<u>\$ 1,715</u>	<u>\$ 4,030</u>	<u>\$ 3,841</u>	<u>\$ 475</u>	<u>\$ 375</u>	<u>\$ 305</u>	<u>\$ 10,741</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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 8 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 102,400	\$ 20,000	\$ (10,105)	\$ 112,295	\$ 9,130
Deferred Amounts for Issuance Premiums	7,214	1,344	(1,359)	7,199	-
General Obligation Bonds - Direct Placement	27,130	-	(1,055)	26,075	2,260
Deferred Amounts for Issuance Premiums - Direct Placement	1,619	-	(225)	1,394	-
Total	138,363	21,344	(12,744)	146,963	11,390
Other Liabilities:					
Claims and Judgments	8,295	33,926	(34,220)	8,001	4,871
Compensated Absences	10,928	3,208	(4,204)	9,932	3,972
Lease Payable	717	-	(326)	391	121
Subscriptions Payable	-	1,208	(781)	427	306
Net Pension Liability	92,727	11,078	-	103,805	-
Net OPEB Liability	170,457	-	2,528	172,985	-
Total Governmental Activities Long-Term Liabilities	\$ 421,487	\$ 70,764	\$ (49,747)	\$ 442,504	\$ 20,660
Business-Type Activities:					
Clean Water Notes	\$ 24,250	\$ -	\$ (2,668)	\$ 21,582	\$ 2,722
Lease Payable	29	-	(27)	2	1
Subscriptions Payable	-	26	(16)	10	5
Landfill	24,338	9,542	-	33,880	-
Compensated Absences	726	-	(67)	659	278
Net Pension Liability	3,706	5,037	-	8,743	-
Total Business-Type Activities Long-Term Liabilities	\$ 53,049	\$ 14,605	\$ (2,778)	\$ 64,876	\$ 3,006

The liability for the governmental activities compensated absences is liquidated normally by the General Fund at 75%, and the Fire District at 23%. The remaining 2% is liquidated by other governmental funds and the internal service funds. The net pension liability and net OPEB liability for governmental funds are normally liquidated by the General Fund.

Bonds Payable

The annual requirements to amortize bonds payable as of June 30, 2023 are as follows:

Fiscal Year Ending June 30	Governmental Activities Publicly Sold		Governmental Activities Direct Placements	
	Principal	Interest	Principal	Interest
	2024	\$ 9,130	\$ 4,208	\$ 2,260
2025	8,840	3,802	2,560	567
2026	8,895	3,368	2,520	511
2027	8,950	2,938	2,490	450
2028	8,040	2,538	2,105	695
2029-2033	30,090	8,976	9,640	1,228
2034-2038	28,100	4,101	2,500	488
2039-2043	10,250	875	2,000	120
Total	\$ 112,295	\$ 30,806	\$ 26,075	\$ 4,677

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Governmental fund bonds bear interest at rates ranging from 2.0% to 5.5% and mature in fiscal years ending 2024 through 2043. 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 \$20,000 were issued.

Clean Water Fund Loans

During 2013, 2016, 2017 and 2021, the Town entered into a total of four project loan agreements with the state of Connecticut for Clean Water Projects. As of June 30, 2023, the Town has received total financing of \$40,683. 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 2037. The balance outstanding as of June 30, 2023 is \$21,582 and is included in business-type activities in the table above. The annual requirements to amortize clean water notes as of June 30, 2023 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,722	\$ 407
2025	2,776	352
2026	2,832	295
2027	2,889	238
2028	2,948	180
2029-2033	6,685	237
2034-2038	552	43
2039-2043	178	4
Total	<u>\$ 21,582</u>	<u>\$ 1,756</u>

Lease Liability

The Town leases equipment and buildings for various terms under long-term, noncancelable, lease agreements. These leases expire at various dates through August 2028. The future minimum lease payments under lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 121	\$ 5	\$ 1	-
2025	108	4	1	-
2026	43	3	-	-
2027	21	2	-	-
2028	19	2	-	-
Thereafter	79	4	-	-
Total	<u>\$ 391</u>	<u>\$ 20</u>	<u>\$ 2</u>	<u>\$ -</u>

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 8 LONG-TERM DEBT (CONTINUED)

Lease Liability (Continued)

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

	Governmental Activities	Business-Type Activities
Buildings	\$ 244	\$ -
Equipment	434	3
Less: Accumulated Depreciation	(265)	(1)
Total	\$ 413	\$ 2

Subscription-Based Information Technology Arrangements

The Town has entered into subscription based-information technology arrangements (SBITAs). The SBITA arrangements expire at various dates through 2026 and provide for renewal options.

As of June 30, 2023, SBITA assets net of the related accumulated amortization totaled \$784 and \$10 for Governmental activities and Business-type activities, respectively.

The future subscription payments under SBITA agreements are as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 306	\$ 10	\$ 5	\$ -
2025	113	2	5	-
2026	8	-	-	-
Total	\$ 427	\$ 12	\$ 10	\$ -

General Obligation Bonds – Advance Refunding

In a prior year, the town refunded debt by issuing Refunding bonds whose proceeds were deposited in an irrevocable trust fund under an escrow agreement between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the Town for payment of the refunded bonds. As of June 30, 2023, the amount of defeated debt outstanding from this refunding was \$3,050, and the escrow balance is \$3,110. This amount is removed from the governmental activities' column of the statement of net position.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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, 2023:

	Business-Type Activities		
	Water	Sewer	Total
Balance - July 1, 2022	\$ 7,399	\$ 5,686	\$ 13,085
Issued	7,598	6,698	14,296
Retired	(7,399)	(5,686)	(13,085)
Balance - June 30, 2023	<u>\$ 7,598</u>	<u>\$ 6,698</u>	<u>\$ 14,296</u>

The above notes carry an interest rate of 3.75% and mature on February 15, 2024. 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	\$ 347,758	\$ 119,879	\$ 227,879
Schools	695,516	57,811	637,705
Sewers	579,596	-	579,596
Urban Renewal	502,317	-	502,317
Pension Deficit	463,677	-	463,677

The total overall statutory debt limit for the Town is equal to seven times the prior year annual receipts from taxation, or \$1,081,913. At June 30, 2023, authorized and unissued debt amounted to \$73,436, including several public works projects, school renovations and the Broad Street redevelopment.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 9 FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2023 are as follows:

	Major Funds					Total
	General	Capital Projects	ARPA COVID Fund	Education Special Grants Fund	Nonmajor Governmental Funds	
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 160	160
Prepaid Expenditures	30	-	-	-	17	47
Restricted for:						
Unspent Grant Balances	-	-	-	-	2,941	2,941
Capital Projects	-	2,014	-	-	-	2,014
Recreation Activities	-	-	-	-	23	23
Libraries	-	-	-	-	6,285	6,285
Cemeteries	-	-	-	-	1,296	1,296
Education Programs	-	-	-	-	233	233
Committed to:						
Education	2,060	-	-	-	-	2,060
Fire District Operations	-	-	-	-	1,904	1,904
Climate Resiliency	-	-	-	-	700	700
Police Special Services	-	-	-	-	975	975
Workspace	-	-	-	-	112	112
Municipal Innovation	-	-	-	-	310	310
Recreation	-	-	-	-	168	168
Student Activities	-	-	-	-	777	777
School Food Service	-	-	-	-	2,852	2,852
Senior Center Activities	-	-	-	-	112	112
Downtown District	-	-	-	-	225	225
Emergency Employment	-	-	-	-	37	37
Police Department Health and Welfare	-	-	-	-	21	21
Community Use of Schools	-	-	-	-	6	6
Assigned to:						
Subsequent Year's Budget	2,500	-	-	-	-	2,500
Purchases on Order	338	-	-	-	-	338
Education	600	-	-	-	-	600
Legal Ads and Fees	175	-	-	-	-	175
Revaluation	250	-	-	-	-	250
DPW Vehicles and Equipment	200	-	-	-	-	200
Assessment Appeals	500	-	-	-	-	500
Retros/Collective Bargaining	500	-	-	-	-	500
DPW Snow Contingency	150	-	-	-	-	150
Potential State Reimbursement Loss	1,000	-	-	-	-	1,000
Unassigned	24,976	(27,727)	(378)	(831)	-	(3,960)
Total Fund Balances	\$ 33,279	\$ (25,713)	\$ (378)	\$ (831)	\$ 19,154	\$ 25,511

Significant encumbrances of \$78, \$31, \$223 and \$6 at June 30, 2023 for General Government, public works, public safety and Human Services, respectively at June 30, 2023 are contained in the above table in the assigned category of the General Fund.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 10 TAX ABATEMENTS

As of June 30, 2023, the Town provides tax abatements through multiple programs:

- 444 Tolland Turnpike Abatement Agreement
- 61 Chapel 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 a company headquarters to the Town. Under the terms of the agreement, a minimum of \$20,000 must be spent on the property for the 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, 2023, taxes abated through this program totaled \$232. 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 61 Chapel Road tax abatement agreement provides a real property tax abatement to promote capital expenditures for the expansion of the warehouse and distribution center. Under the terms of the agreement, \$13,000 was estimated to be spent on the property for capital improvements. The company also projected to generate 50 new jobs. In doing so, the property owner shall receive a fixed assessment of the property for four years for grand list years 2019 through 2022. For the fiscal year ended June 30, 2023, taxes abated through this program totaled \$55. 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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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.

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, 2023 and 2022, for the TOMMIF and MSIP funds are as follows:

	2022 <u>TOMMIF</u>	2023 <u>TOMMIF</u>	2022 <u>MSIP</u>	2023 <u>MSIP</u>
Unpaid Claims - July 1	\$ 2,923	\$ 2,892	\$ 7,027	\$ 5,403
Incurred Claims (Including IBNR)	29,945	31,268	1,517	2,658
Claim Payments	<u>(29,976)</u>	<u>(31,199)</u>	<u>(3,141)</u>	<u>(3,021)</u>
Unpaid Claims - June 30	<u>\$ 2,892</u>	<u>\$ 2,961</u>	<u>\$ 5,403</u>	<u>\$ 5,040</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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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.

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, 2023.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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, 2023, the Town had recorded a liability of \$33,880 in the Sanitation Enterprise Fund that represents the amount of costs reported to date based on the estimated 88% of landfill capacity used to date. The remaining estimated liability for these costs is \$4,620 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.

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, 2022, plan membership consisted of the following:

Active Employees	1,453
Retirees	793
Beneficiaries	31
Spouses of Retirees	376
Total	2,653

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Post-Retirement Medical Program (Continued)

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.

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).

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Post-Retirement Medical Program (Continued)

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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.28%. 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, 2023. The components of the net OPEB liability of the Town at June 30, 2023, were as follows:

Total OPEB Liability	\$ 177,201
Plan Fiduciary Net Position	4,216
Net OPEB Liability	<u>\$ 172,985</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.38%
--	-------

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, 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	3.65%, Linked to the Municipal Bond Index

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Post-Retirement Medical Program (Continued)

D. Net OPEB Liability of the Town (Continued)

Actuarial Assumptions (Continued)

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, 2023 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	2.21 %	0.21 %
U.S. Core Fixed Income	36.37	1.95
U.S. Large Cap Equity	48.75	5.57
Global Equity	12.67	6.40
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% 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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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, 2022	\$ 174,233	\$ 3,776	\$ 170,457
Changes for the Year:			
Service Cost	5,563	-	5,563
Interest	6,226	-	6,226
Effect of Assumption Changes or Inputs	(5,020)	-	(5,020)
Benefit Payments	(7,924)	(7,924)	-
Net Investment Income	-	391	(391)
Employer Contributions	-	7,924	(7,924)
Employee Contributions	-	49	(49)
Administrative Expenses	-	-	-
Net Changes	<u>2,968</u>	<u>440</u>	<u>2,528</u>
Balances - June 30, 2023	<u>\$ 177,201</u>	<u>\$ 4,216</u>	<u>\$ 172,985</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 (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 197,791	\$ 172,985	\$ 152,772

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	\$ 150,050	\$ 172,985	\$ 201,702

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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, 2023, the Town recognized OPEB expense (revenue) of \$(2,950). At June 30, 2023, 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	\$ 3,595	\$ 27,390
Change in Assumptions or Other Inputs	24,688	108,643
Net Difference Between Projected and Actual Earnings	-	17
Total	\$ 28,283	\$ 136,050

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

Year Ending June 30,		
2024	\$	(14,538)
2025		(15,481)
2026		(25,215)
2027		(25,370)
2028		(25,318)
Thereafter		(1,845)
Total	\$	(107,767)

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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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, 2023, the amount of “on-behalf” contributions made by the state was \$276 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, 2023, 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		21,671
Total	\$	21,671

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the Town recognized OPEB expense and revenue of \$1,306 in Exhibit II.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	Known increases until calendar year 2024 then general trend decreasing to an Ultimate rate of 4.50% by 2031
Salary increases	3.00% to 6.50%, Including Inflation
Investment rate of return	3.53%, 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, 2022 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 2.17% to 3.53%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated;
- Long-term health care cost trend rates were updated; and
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

The changes in the benefit terms since the prior year are as follows:

- There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

G. Actuarial Assumptions (Continued)

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. 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 (0.98%).

H. Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. 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, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022, 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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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.

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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

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.

At July 1, 2022, plan membership consisted of the following:

Retirees and Beneficiaries	760
Terminated Vested and Other Inactives	67
Active Members	<u>405</u>
Total	<u><u>1,232</u></u>

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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

D. Investments (Continued)

Investment Policy (Continued)

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, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table.

The following was the Board's adopted asset allocation policy and long-term expected real rate of return as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	37.50 %	1.95 %
U.S. Broad Equity Market	23.00	5.70
Global Equity	4.50	6.49
Non-U.S. Equity	22.00	7.90
Private Real Estate Property	6.00	4.88
Private Equity	3.00	10.92
Hedge Funds - MultiStrategy	4.00	4.28
Total	100.00 %	

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

E. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2023 were as follows:

Total Pension Liability	\$ 269,167
Plan Fiduciary Net Position	177,438
Net Pension Liability	<u>\$ 91,729</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.92%
--	--------

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2022	\$ 255,868	\$ 170,622	\$ 85,246
Changes for the Year:			
Service Cost	4,076	-	4,076
Interest on Total Pension Liability	17,580	-	17,580
Differences Between Expected and Actual Experience	10,191	-	10,191
Changes in Assumptions	(644)	-	(644)
Employer Contributions	-	7,310	(7,310)
Member Contributions	-	1,957	(1,957)
Net Investment Income	-	15,570	(15,570)
Benefit Payments, Including Refund to Employee Contributions	(17,904)	(17,904)	-
Administrative Expenses	-	(117)	117
Net Changes	<u>13,299</u>	<u>6,816</u>	<u>6,483</u>
Balances - June 30, 2023	<u>\$ 269,167</u>	<u>\$ 177,438</u>	<u>\$ 91,729</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	\$ 121,440	\$ 91,729	\$ 67,394

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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, 2023, the Town recognized pension expense of \$12,629. At June 30, 2023, 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	
Deferred Outflows of Resources:					
Differences Between Expected and Actual Experience	\$ 6,338	\$ 430	\$ 148	\$ 90	\$ 7,006
Net Difference Between Projected and Actual Earning on Pension Plan Investments	7,574	513	177	108	8,372
Changes of Assumptions	-	-	-	-	-
Total	<u>\$ 13,912</u>	<u>\$ 943</u>	<u>\$ 325</u>	<u>\$ 198</u>	<u>\$ 15,378</u>
Deferred Inflows of Resources:					
Differences Between Expected and Actual Experience	\$ 1,873	\$ 127	\$ 43	\$ 27	\$ 2,070
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-	-	-
Changes of Assumptions	844	57	20	12	933
Total	<u>\$ 2,717</u>	<u>\$ 184</u>	<u>\$ 63</u>	<u>\$ 39</u>	<u>\$ 3,003</u>

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	
2024	\$ 2,811	\$ 191	\$ 66	\$ 40	\$ 3,108
2025	2,381	161	56	34	2,632
2026	6,716	455	157	95	7,423
2027	(713)	(48)	(17)	(10)	(788)
Total	<u>\$ 11,195</u>	<u>\$ 759</u>	<u>\$ 262</u>	<u>\$ 159</u>	<u>\$ 12,375</u>

Municipal Employees' Retirement System

Manchester firefighters participate in the Municipal Employees' Retirement System (MERS). MERS 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 MERS benefits, member contribution rates and other plan provisions. MERS 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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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 fifty-five are eligible to retire with twenty-five 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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 5% of compensation; for members covered by social security, 2.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base. Effective July 1, 2019, member contribution rates are set to increase by 0.5% of compensation each year for six years.

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, 2023, was 26.62 percent of annual payroll. Contributions to the pension plan from the Town were \$2,197 for the year ended June 30, 2023.

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

At June 30, 2023, the Town reports a liability of \$20,819 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2022. The actuarial assumptions used in the June 30, 2022 valuation was based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. 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, 2023, the Town's proportion was 1.51%. The decrease in proportion from 2022 proportion of 1.58% was 0.07%.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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, 2023, the Town recognized pension expense of \$4,192. At June 30, 2023, 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	\$ 3,960	\$ 359
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	2,540	-
Change in Employer Proportional Share	-	610
Contributions After the Measurement Date	2,197	-
Total	\$ 8,697	\$ 969

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:

<u>Year Ending June 30,</u>	Governmental Activities
2024	\$ 1,445
2025	1,235
2026	942
2027	1,909
Total	\$ 5,531

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

D. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.50% to 10.00%, Including Inflation
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on:

- RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees.
- RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.
- For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

D. Actuarial Assumptions (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00 %	6.90 %
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	6.20
Real Estate	10.00	6.30
Infra. & 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, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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	\$ 28,788	\$ 20,819	\$ 14,136

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.

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 including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2023, the amount of "on-behalf" contributions made by the state was \$19,509 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 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, 2023
(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, 2023, 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		247,447
Total	\$	<u>247,447</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized pension expense and revenue of \$23,916 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, 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, 2022 valuation was based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

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, 2023
(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
Domestic Equity Fund	5.40 %	2.00 %
Developed Market Intl. Stock Fund	6.40	11.00
Emerging Market Intl. Stock Fund	8.60	9.00
Core Fixed Income Fund	0.80	13.00
Private Credit	6.50	5.00
Emerging Market Debt Fund	3.80	5.00
High Yield Bond Fund	3.40	3.00
Real Estate Fund	5.20	19.00
Private Equity	9.40	10.00
Alternative Investments	3.10	3.00
Liquidity Fund	(0.40)	2.00
Total		100.00 %

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, 2023
(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.

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.

Aggregated Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2023:

Plan	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Public Employee Retirement System:				
Governmental Activities	\$ 82,986	\$ 13,912	\$ 2,717	\$ 11,425
Business-Type Activities	8,743	1,466	286	1,204
Municipal Employees' Retirement System:				
Governmental Activities	20,819	8,697	969	4,192
Connecticut Teachers Retirement System:				
Governmental Activities	-	-	-	23,916
Total	<u>\$ 112,548</u>	<u>\$ 24,075</u>	<u>\$ 3,972</u>	<u>\$ 40,737</u>
Governmental Activities	\$ 103,805	\$ 22,609	\$ 3,686	\$ 39,533
Business-Type Activities	8,743	1,466	286	1,204
Total	<u>\$ 112,548</u>	<u>\$ 24,075</u>	<u>\$ 3,972</u>	<u>\$ 40,737</u>

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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 unaffiliated employees of the Town and Board of Education, and members of the residual and supervisory unions of the Town. The Town Pension Board administers this single employer defined contribution benefit plan. Employees eligible to participate in the defined contribution plan who had an accrued benefit under the defined benefit plan were given the ability to elect to convert the funds to which they were entitled to the defined contribution plan. For these employees, the value of the accrued benefit was converted to a lump sum and transferred to the member's account balance under the defined contribution plan. Employees are required to contribute 6% of covered salary, which are matched by employer contributions of 6% of covered salary. Employees are fully vested in employee contributions and are fully vested after five years in employer contributions.

The value of the plan at June 30, 2023 is \$50,019. There were 990 participants as of June 30, 2023. During the fiscal year ended June 30, 2023, employees contributed \$1,081 (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$1,081. Covered payroll totaled \$18,304. 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-plan available to all employees. The value of the plan at June 30, 2023 is \$37,070. There were 436 participants as of June 30, 2023, and employee contributions to the plan for the year ended June 30, 2023 were \$1,727. 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, 2023
(AMOUNTS EXPRESSED IN THOUSANDS)

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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Cash Equivalents	\$ 94	\$ -	\$ 94	\$ 188
Investments	177,520	50,019	4,122	231,661
Accounts Receivable	60	-	-	60
Prepaid Expenses	1,514	-	-	1,514
Total Assets	<u>179,188</u>	<u>50,019</u>	<u>4,216</u>	<u>233,423</u>
LIABILITIES				
Accounts and Other Payables	1	-	-	1
Interfund Payable	1,749	-	-	1,749
Total Liabilities	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>1,750</u>
NET POSITION				
Restricted for OPEB Benefits	-	-	4,216	4,216
Restricted for Pensions	177,438	50,019	-	227,457
Total Net Position	<u>\$ 177,438</u>	<u>\$ 50,019</u>	<u>\$ 4,216</u>	<u>\$ 231,673</u>

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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
ADDITIONS				
Contributions:				
Employer	\$ 7,310	\$ 2,028	\$ 7,924	\$ 17,262
Plan Members	1,957	2,154	49	4,160
Total Contributions	<u>9,267</u>	<u>4,182</u>	<u>7,973</u>	<u>21,422</u>
Investment Income (Loss):				
Net Change in Fair Value of Investments	12,310	3,844	321	16,475
Interest and Dividends	2,744	1,994	98	4,836
Income from Real Estate Investments	516	-	-	516
Total Investment Income	<u>15,570</u>	<u>5,838</u>	<u>419</u>	<u>21,827</u>
Total Additions	24,837	10,020	8,392	43,249
DEDUCTIONS				
Benefits	17,904	2,970	7,924	28,798
Administration	117	184	28	329
Total Deductions	<u>18,021</u>	<u>3,154</u>	<u>7,952</u>	<u>29,127</u>
CHANGE IN NET POSITION	6,816	6,866	440	14,122
Net Position - Beginning of Year	<u>170,622</u>	<u>43,153</u>	<u>3,776</u>	<u>217,551</u>
NET POSITION - END OF YEAR	<u>\$ 177,438</u>	<u>\$ 50,019</u>	<u>\$ 4,216</u>	<u>\$ 231,673</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, 2023
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)**

	General Fund			
	Original Budget	Revised Budget	Actual	Variance Over (Under)
REVENUES				
Property Taxes, Interest and Lien Fees	\$ 155,335	\$ 155,335	\$ 154,615	\$ (720)
Intergovernmental Revenue	37,647	37,647	39,466	1,819
Investment and Interest Income	930	930	1,893	963
Licenses, Permits, and Fines	2,485	2,485	3,349	864
Charges for Goods and Services	626	626	629	3
Other	134	134	481	347
Total Revenues	<u>197,157</u>	<u>197,157</u>	<u>200,433</u>	<u>3,276</u>
EXPENDITURES				
Current:				
General Government	6,676	6,676	6,233	443
Public Works	13,983	14,011	12,577	1,434
Public Safety	26,516	26,841	25,563	1,278
Human Services	3,420	3,428	3,271	157
Leisure Services	6,633	6,652	6,162	490
Employee Benefits	4,997	4,997	4,949	48
Education	120,193	120,193	120,186	7
Internal Service Fund Charges	2,734	3,040	3,040	-
Other	575	570	260	310
Debt Service	13,850	13,850	13,893	(43)
Capital Outlay	1,728	1,978	1,978	-
Total Expenditures	<u>201,305</u>	<u>202,236</u>	<u>198,112</u>	<u>4,124</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,148)	(5,079)	2,321	7,400
OTHER FINANCING SOURCES (USES)				
Transfers In	1,922	1,922	1,934	12
Transfers Out	(275)	(280)	(280)	-
Total Other Financing Sources (Uses)	<u>1,647</u>	<u>1,642</u>	<u>1,654</u>	<u>12</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,501)</u>	<u>\$ (3,437)</u>	3,975	<u>\$ 7,412</u>
Fund Balances - Beginning of Year			<u>26,906</u>	
FUND BALANCES - END OF YEAR			<u>\$ 30,881</u>	

**TOWN OF MANCHESTER, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2023
(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>
REVENUES AND OTHER FINANCING SOURCES	
Non-GAAP Budgetary Basis - RSI-1	\$ 202,367
State of Connecticut State Teachers' Retirement System Pension on-behalf contribution for Town teachers is not budgeted.	19,509
State of Connecticut State Teachers' Retirement System OPEB on-behalf contribution for Town teachers is not budgeted.	276
Excess cost grant revenue is budgeted as a credit to education expenditures.	3,921
The Town does not budget for the proceeds from the issuance of leases payable	1,208
Prior year encumbrances cancelled.	<u>(25)</u>
GAAP Basis - Exhibit IV	<u><u>\$ 227,256</u></u>
EXPENDITURES AND OTHER FINANCING USES	
Non-GAAP Budgetary Basis - RSI-1	\$ 198,392
State of Connecticut State Teachers' Retirement System Pension on-behalf contribution for Town teachers is not budgeted.	19,509
State of Connecticut State Teachers' Retirement System OPEB on-behalf contribution for Town teachers is not budgeted.	276
Excess cost grant revenue is budgeted as a credit to education expenditures.	3,921
Bond issuance costs on refunding are not budgeted.	
Special Education not budgeted	295
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, 2022	446
June 30, 2023	(338)
The Town budgets for transfers that are eliminated for GAAP purposes	
The Town does not budget for the capital outlay related to the issuance of leases payable	<u>1,208</u>
GAAP Basis - Exhibit IV	<u><u>\$ 223,709</u></u>

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 5,563	\$ 8,105	\$ 12,444	\$ 9,639	\$ 8,212	\$ 9,091	\$ 10,676
Interest	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	4,123	-	(37,423)	-	(17,334)	-	-
Effect of Assumption Changes or Inputs	(5,020)	(39,865)	(120,518)	65,561	15,493	(12,007)	(33,108)
Benefit Payments, Including Refunds of Member Contributions	(7,924)	(9,260)	(8,637)	(7,797)	(10,297)	(6,570)	(10,771)
Net Change in Total OPEB Liability	2,968	(36,395)	(148,043)	77,448	6,448	541	(24,536)
Total OPEB Liability - Beginning	174,233	210,628	358,671	281,223	274,775	274,234	298,770
Total OPEB Liability - Ending	177,201	174,233	210,628	358,671	281,223	274,775	274,234
Plan Fiduciary Net Position:							
Contributions - Employer	7,924	9,260	8,637	7,797	12,297	8,313	8,558
Contributions - Member	49	37	16	-	-	-	1,051
Net Investment Income	391	(518)	855	244	165	296	13
Benefit Payments, Including Refunds of Member Contributions	(7,924)	(9,260)	(8,637)	(7,797)	(10,297)	(6,570)	(9,209)
Administrative Expense	-	-	(24)	(29)	-	-	(83)
Net Change in Plan Fiduciary Net Position	440	(481)	847	215	2,165	2,039	330
Plan Fiduciary Net Position - Beginning	3,776	4,257	3,410	3,195	1,030	(1,009)	(1,339)
Plan Fiduciary Net Position - Ending	4,216	3,776	4,257	3,410	3,195	1,030	(1,009)
Net OPEB Liability - Ending	<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	2.38%	2.17%	2.02%	0.95%	1.14%	0.37%	-0.37%
Covered Payroll	\$ 113,753	\$ 117,104	\$ 117,104	\$ 105,387	\$ 105,387	\$ 104,340	\$ 95,663
Net OPEB Liability as a Percentage of Covered Payroll	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:

For all groups, mortality assumption was updated to use the MP-2021 Ultimate Scale.

Healthcare cost trend rates were updated to better reflect anticipated experience

Interest rate increased from 2.21% to 3.54% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2022.

*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)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 20,154	\$ 18,919	\$ 24,823	\$ 23,319	\$ 26,339	\$ 24,771	\$ 17,205	\$ 16,016	\$ 1,844	\$ 16,825
Contributions in Relation to the Actuarially Determined Contribution	<u>7,924</u>	<u>9,260</u>	<u>8,637</u>	<u>7,797</u>	<u>12,297</u>	<u>8,313</u>	<u>10,120</u>	<u>9,702</u>	<u>11,416</u>	<u>11,053</u>
Contribution Deficiency (Excess)	<u>\$ 12,230</u>	<u>\$ 9,659</u>	<u>\$ 16,186</u>	<u>\$ 15,522</u>	<u>\$ 14,042</u>	<u>\$ 16,458</u>	<u>\$ 7,085</u>	<u>\$ 6,314</u>	<u>\$ (9,572)</u>	<u>\$ 5,772</u>
Covered Payroll	\$ 113,753	\$ 117,104	\$ 117,104	\$ 105,387	\$ 104,340	\$ 95,663	\$ 90,703	\$ 54,957	\$ 54,957	\$ 36,149
Contributions as a Percentage of Covered Payroll	6.97%	7.91%	7.38%	7.40%	11.79%	8.69%	11.16%	17.65%	20.77%	30.58%

Notes to Schedule

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2023
 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	15 Years as of July 1, 2022
Amortization Growth Rate	3.50%
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	Graded by Age; Scale Varies by Group
Investment Rate of Return	3.54%, (prior 2.21%) Net of Investment Expense

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

	<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	10.28%	-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 SIX FISCAL YEARS*
 (IN THOUSANDS)**

	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%
Town's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	21,671	21,254	36,737	33,490	33,100	44,841
Total	<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	\$ 49,041	\$ 50,386	\$ 47,133	\$ 45,264	\$ 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%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in Benefit Terms
 Changes of Assumptions

There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440. Based on the procedure described in GASB 74, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2022 was updated to equal the SEIR of 3.53% as of June 30, 2022; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience; The assumed age-related annual percentage increases in expected annual per capita health care claims costs were updated; Long-term health care cost trend rates were updated; and The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll Over an Open Period
Remaining Amortization Period	30 Years
Asset Valuation Method	Fair Value of Assets
Investment Rate of Return	3.54%, Net of Investment-Related Expense Including Price Inflation
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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 4,076	\$ 4,156	\$ 4,194	\$ 4,196	\$ 4,200	\$ 4,156	\$ 4,225	\$ 4,428	\$ 4,260	\$ 4,408
Interest	17,580	17,507	17,553	16,209	16,019	15,625	15,274	14,860	14,331	13,895
Differences Between Expected and Actual Experience	10,191	(3,825)	(2,974)	2,477	(1,427)	1,055	(832)	1,621	1,090	(469)
Changes of Assumptions	(644)	722	(2,935)	12,029	2,978	2,719	-	2,537	2,103	-
Benefit Payments, Including Refunds of Member Contributions	(17,904)	(16,972)	(15,976)	(15,454)	(14,624)	(13,975)	(13,527)	(12,688)	(12,206)	(11,649)
Net Change in Total Pension Liability	13,299	1,588	(138)	19,457	7,146	9,580	5,140	10,758	9,578	6,185
Total Pension Liability - Beginning	255,868	254,280	254,418	234,961	227,815	218,235	213,095	202,337	192,759	186,574
Total Pension Liability - Ending	269,167	255,868	254,280	254,418	234,961	227,815	218,235	213,095	202,337	192,759
Plan Fiduciary Net Position:										
Contributions - Employer	7,310	7,214	6,569	6,202	5,868	6,100	5,734	5,244	5,116	5,124
Contributions - Member	1,957	1,982	2,071	2,181	2,248	2,348	2,370	2,414	2,459	2,330
Net Investment Income (Expenses)	15,570	(24,164)	44,946	1,000	8,472	11,709	18,830	(1,414)	4,033	20,493
Benefit Payments, Including Refunds of Member Contributions	(17,904)	(16,972)	(15,976)	(15,454)	(14,624)	(13,975)	(13,527)	(12,688)	(12,206)	(11,649)
Administrative Expense	(117)	(117)	(170)	(120)	(44)	(36)	(345)	(317)	(372)	(389)
Net Change in Plan Fiduciary Net Position	6,816	(32,057)	37,440	(6,191)	1,920	6,146	13,062	(6,761)	(970)	15,909
Plan Fiduciary Net Position - Beginning	170,622	202,679	165,239	171,430	169,510	163,364	150,302	157,063	158,033	142,124
Plan Fiduciary Net Position - Ending	177,438	170,622	202,679	165,239	171,430	169,510	163,364	150,302	157,063	158,033
Net Pension Liability - Ending	\$ 91,729	\$ 85,246	\$ 51,601	\$ 89,179	\$ 63,531	\$ 58,305	\$ 54,871	\$ 62,793	\$ 45,274	\$ 34,726
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.92%	66.68%	79.71%	64.95%	72.96%	74.41%	74.86%	70.53%	77.62%	81.98%
Covered Payroll	\$ 29,091	\$ 30,971	\$ 32,225	\$ 32,334	\$ 33,094	\$ 33,760	\$ 35,091	\$ 34,913	\$ 34,496	\$ 33,572
Net Pension Liability as a Percentage of Covered Payroll	315.32%	275.24%	160.13%	275.81%	191.97%	172.70%	156.37%	179.86%	131.24%	103.44%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 7,310	\$ 7,214	\$ 6,569	\$ 6,202	\$ 5,850	\$ 6,100	\$ 5,734	\$ 5,244	\$ 5,116	\$ 5,124
Contributions in Relation to the Actuarially Determined Contribution	7,310	7,214	6,569	6,202	5,868	6,100	5,734	5,244	5,116	5,124
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (18)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 29,091	\$ 30,971	\$ 32,225	\$ 32,334	\$ 33,094	\$ 33,760	\$ 35,091	\$ 34,913	\$ 34,496	\$ 33,572
Contributions as a Percentage of Covered Payroll	25.13%	23.29%	20.38%	19.18%	17.73%	18.07%	16.34%	15.02%	14.83%	15.26%

Notes to Schedule

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2023
 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	17 Years
Asset Valuation Method	Five-year Asymptotic, 20% Corridor
Inflation	2.50%
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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.27%	-12.04%	27.38%	0.59%	5.02%	7.21%	12.42%	-0.90%	2.42%	14.19%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
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%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	<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>	<u>119,801</u>
Total	<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>	<u>\$ 119,801</u>
Town's Covered Payroll	\$ 49,041	\$ 50,386	\$ 47,133	\$ 45,675	\$ 45,264	\$ 42,868	\$ 50,964	\$ 45,263	\$ 45,410
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in Benefit Terms	Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.
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	27.8 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

- 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 THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS*
(IN THOUSANDS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability	1.51%	1.58%	1.48%	1.49%	1.51%	1.57%	1.57%	1.52%	1.54%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,819	\$ 11,187	\$ 16,459	\$ 16,022	\$ 13,974	\$ (3,894)	\$ (2,857)	\$ (4,642)	\$ (5,464)
Town's Covered Payroll	<u>\$ 9,669</u>	<u>\$ 9,188</u>	<u>\$ 8,396</u>	<u>\$ 8,596</u>	<u>\$ 8,758</u>	<u>\$ 8,224</u>	<u>\$ 7,781</u>	<u>\$ 7,464</u>	<u>\$ 7,492</u>
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	<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>	<u>-72.93%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

*Notes:

- 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 EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*
(IN THOUSANDS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 2,197	\$ 2,014	\$ 2,020	\$ 1,316	\$ 1,483	\$ 1,485	\$ 1,162	\$ 1,169	\$ 1,199	\$ 1,200
Contributions in Relation to the Actuarially Determined Contribution	<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>	<u>1,199</u>	<u>1,200</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	\$ 8,253	\$ 9,669	\$ 9,188	\$ 8,396	\$ 8,596	\$ 8,758	\$ 8,224	\$ 7,781	\$ 7,464	\$ 7,492
Contributions as a Percentage of Covered Payroll	26.62%	20.83%	21.99%	15.67%	17.25%	16.96%	14.13%	15.02%	16.06%	16.02%

Notes to Schedule

Valuation Date: June 30, 2022
 Measurement Date: June 30, 2022
 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
Amortization Method	Level Dollar, Closed
Single Equivalent Amortization Period	20 Years
Asset Valuation Method	Five-Year Smoothed Fair Value (20% Write-Up)
Inflation	3.25%
Salary Increases	4.25% to 11.00%, Including Inflation
Investment Rate of Return	8.00%, Net of Investment-Related Expense

Change in Assumptions:

In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2019 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the experience study for the System for the five-year period ended June 30, 2017.

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, 2023
(IN THOUSANDS)**

Grand List	Uncollected Taxes	Lawful Corrections		Transfers To	Adjusted Taxes	Collections				Uncollected Taxes
	July 1, 2022	Additions	Deductions	Suspense	Collectible	Taxes	Interest	Lien Fees	Total	June 30, 2023
2021	\$ 165,146	\$ 866	\$ 1,576	\$ 280	\$ 164,156	\$ 161,802	\$ 659	\$ 41	\$ 162,502	\$ 2,354
2020	2,183	67	61	530	1,659	1,174	257	48	1,479	485
2019	406	31	5	36	396	205	68	4	277	191
2018	245	-	-	17	228	79	34	2	115	149
2017	165	-	-	3	162	32	36	3	71	130
2016	110	-	-	1	109	15	7	1	23	94
2015	80	-	-	1	79	5	2	-	7	74
2014	80	-	-	-	80	3	2	-	5	77
2013	62	-	-	-	62	2	2	-	4	60
2012	53	-	-	-	53	1	2	-	3	52
2011	27	-	-	-	27	2	2	-	4	25
2010	22	-	-	-	22	1	2	-	3	21
2009	22	-	-	-	22	-	-	-	-	22
2008	25	-	-	-	25	2	-	-	2	23
2007	19	-	-	-	19	-	-	-	-	19
Total	\$ 168,645	\$ 964	\$ 1,642	\$ 868	\$ 167,099	163,323	1,073	99	164,495	\$ 3,776
						Suspense Collections	370	218	69	657
						Total Collections	\$ 163,693	\$ 1,291	\$ 168	\$ 165,152

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
	Trust and Investment Income	
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 and Investment Income	
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, 2023
(IN THOUSANDS)**

	Special Revenue Funds													
	Police Special Services Fund	Work Space Fund	Fire District 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
ASSETS														
Cash and Cash Equivalents	\$ 808	\$ 121	\$ 1,919	\$ 312	\$ 186	\$ 2	\$ 2,715	\$ 2,569	\$ 777	\$ 112	\$ 242	\$ (8)	\$ -	\$ 115
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	167	-	44	-	-	5	-	41	-	-	2	14	-	40
Intergovernmental Receivables	-	-	-	-	-	-	162	773	-	-	-	-	111	-
Supplies	-	-	-	-	-	-	-	160	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	17	-	-	-	-	-	-	-
Total Assets	\$ 975	\$ 121	\$ 1,963	\$ 312	\$ 186	\$ 7	\$ 2,894	\$ 3,543	\$ 777	\$ 112	\$ 244	\$ 6	\$ 111	\$ 155
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES														
Liabilities:														
Accounts and Other Payable	\$ -	\$ 8	\$ 40	\$ 2	\$ 1	\$ -	\$ 116	\$ 526	\$ -	\$ -	\$ 6	\$ -	\$ 76	\$ 2
Accrued Liabilities	-	1	19	-	2	-	4	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-	-	5	-	-	-	-	30	1
Unearned Revenue	-	-	-	-	15	-	5	-	-	-	13	-	-	-
Total Liabilities	-	9	59	2	18	-	125	531	-	-	19	-	106	3
Deferred Inflows of Resources:														
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	22
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	22
Fund Balances:														
Nonspendable	-	-	-	-	-	-	17	160	-	-	-	-	-	-
Restricted	-	-	-	-	-	7	2,752	-	-	-	-	-	5	130
Committed	975	112	1,904	310	168	-	-	2,852	777	112	225	6	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	975	112	1,904	310	168	7	2,769	3,012	777	112	225	6	5	130
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 975	\$ 121	\$ 1,963	\$ 312	\$ 186	\$ 7	\$ 2,894	\$ 3,543	\$ 777	\$ 112	\$ 244	\$ 6	\$ 111	\$ 155

**TOWN OF MANCHESTER, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

Special Revenue Funds											
	Neighborhood Housing Predevelopment Fund	Climate Resiliency Fund	Miscellaneous Projects	Levi Drake Fund	Emergency Employment Fund	Mary Cheney Library Fund	Whiton Library Fund	Police Department Health and Welfare Fund	Library Appreciation Fund	Foulds Family Foundation	R.B. Bagley Memorial Book Fund
ASSETS											
Cash and Cash Equivalents	\$ 47	\$ 700	\$ -	\$ 71	\$ 37	\$ 1	\$ 7	\$ 27	\$ 8	\$ 23	\$ 5
Investments	-	-	-	-	-	-	1,336	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Receivables	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 47</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ 37</u>	<u>\$ 1</u>	<u>\$ 1,343</u>	<u>\$ 27</u>	<u>\$ 8</u>	<u>\$ 23</u>	<u>\$ 5</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities:											
Accounts and Other Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-	-	6	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	6	-	-	-
Deferred Inflows of Resources:											
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	47	-	-	71	-	1	1,343	-	8	23	5
Committed	-	700	-	-	37	-	-	21	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>47</u>	<u>700</u>	<u>-</u>	<u>71</u>	<u>37</u>	<u>1</u>	<u>1,343</u>	<u>21</u>	<u>8</u>	<u>23</u>	<u>5</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 47</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ 37</u>	<u>\$ 1</u>	<u>\$ 1,343</u>	<u>\$ 27</u>	<u>\$ 8</u>	<u>\$ 23</u>	<u>\$ 5</u>

**TOWN OF MANCHESTER, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

	Special Revenue Funds							Permanent Fund		
	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	Total	Jarvis Library Fund	Total Nonmajor Governmental Funds
ASSETS										
Cash and Cash Equivalents	\$ 101	\$ 8	\$ 6	\$ 252	\$ 1	\$ 127	\$ 215	\$ 11,506	\$ 16	\$ 11,522
Investments	-	-	1,383	710	330	-	-	3,759	3,663	7,422
Accounts Receivable	-	-	-	3	-	-	-	316	-	316
Intergovernmental Receivables	-	-	-	-	-	-	-	1,046	-	1,046
Supplies	-	-	-	-	-	-	-	160	-	160
Other Assets	-	-	-	-	-	-	-	17	-	17
Total Assets	\$ 101	\$ 8	\$ 1,389	\$ 965	\$ 331	\$ 127	\$ 215	\$ 16,804	\$ 3,679	\$ 20,483
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities:										
Accounts and Other Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 778	\$ -	\$ 778
Accrued Liabilities	-	-	-	-	-	-	-	26	-	26
Interfund Payable	-	-	105	-	-	-	39	186	284	470
Unearned Revenue	-	-	-	-	-	-	-	33	-	33
Total Liabilities	-	-	105	-	-	-	40	1,023	284	1,307
Deferred Inflows of Resources:										
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-	-	22	-	22
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	22	-	22
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	177	-	177
Restricted	101	8	1,284	965	331	127	175	7,383	3,395	10,778
Committed	-	-	-	-	-	-	-	8,199	-	8,199
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	101	8	1,284	965	331	127	175	15,759	3,395	19,154
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 101	\$ 8	\$ 1,389	\$ 965	\$ 331	\$ 127	\$ 215	\$ 16,804	\$ 3,679	\$ 20,483

**TOWN OF MANCHESTER, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Special Revenue Funds													
	Police Special Services Fund	Work Space Fund	Fire District 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
REVENUE														
Property Taxes	\$ -	\$ -	\$ 15,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84	\$ -	\$ -	\$ -
Intergovernmental	-	13	-	-	-	202	1,995	4,776	-	-	-	-	372	-
Investment Income (Loss)	17	-	141	-	3	-	-	-	-	-	6	-	-	-
Charges for Goods and Services	802	155	489	-	246	-	45	163	589	22	78	57	-	-
Other	-	12	-	-	4	-	411	40	-	-	-	-	13	-
Total Revenues	819	180	16,550	-	253	202	2,451	4,979	589	22	168	57	385	-
EXPENDITURES														
Current:														
General Government	-	194	-	31	-	-	86	-	-	-	158	-	100	-
Public Works	-	-	-	-	-	-	33	-	-	-	-	-	-	-
Public Safety	678	-	17,189	-	-	166	563	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	1,677	-	-	16	-	-	284	-
Recreation	-	-	-	-	171	-	28	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	3	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	5,279	540	-	-	58	-	-
Internal Service Fund Charges	-	-	772	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	678	194	17,961	31	171	166	2,390	5,279	540	16	158	58	384	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	141	(14)	(1,411)	(31)	82	36	61	(300)	49	6	10	(1)	1	-
OTHER FINANCING SOURCES														
Transfers In	-	15	2,856	-	-	-	270	-	-	-	-	-	-	-
Transfers Out	-	-	(2,091)	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	15	765	-	-	-	270	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	141	1	(646)	(31)	82	36	331	(300)	49	6	10	(1)	1	-
Fund Balances - Beginning of Year	834	111	2,550	341	86	(29)	2,438	3,312	728	106	215	7	4	130
FUND BALANCES - END OF YEAR	\$ 975	\$ 112	\$ 1,904	\$ 310	\$ 168	\$ 7	\$ 2,769	\$ 3,012	\$ 777	\$ 112	\$ 225	\$ 6	\$ 5	\$ 130

**TOWN OF MANCHESTER, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

Special Revenue Funds												
	Neighborhood Housing Predevelopment Fund	Climate Resiliency Fund	Miscellaneous Projects	Levi Drake Fund	Emergency Employment Fund	Mary Cheney Library 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
REVENUE												
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income (Loss)	-	-	-	-	1	-	145	-	-	-	-	-
Charges for Goods and Services	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	1	-	-	-	-
Total Revenues	-	-	-	-	1	-	145	1	-	-	-	-
EXPENDITURES												
Current:												
General Government	-	-	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	8	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-	-
Internal Service Fund Charges	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	8	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	1	-	137	1	-	-	-	-
OTHER FINANCING SOURCES												
Transfers In	-	700	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	700	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	700	-	-	1	-	137	1	-	-	-	-
Fund Balances - Beginning of Year	47	-	-	71	36	1	1,206	20	8	23	5	101
FUND BALANCES - END OF YEAR	\$ 47	\$ 700	\$ -	\$ 71	\$ 37	\$ 1	\$ 1,343	\$ 21	\$ 8	\$ 23	\$ 5	\$ 101

**TOWN OF MANCHESTER, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023
(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	Total	Jarvis Library Fund	Interfund Eliminations	
REVENUE										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,004	\$ -	\$ -	\$ 16,004
Intergovernmental	-	-	-	-	-	-	7,358	-	-	7,358
Investment Income (Loss)	-	150	77	36	-	-	576	397	-	973
Charges for Goods and Services	-	-	12	-	-	-	2,658	-	-	2,658
Other	-	-	-	-	-	86	567	-	-	567
Total Revenues	-	150	89	36	-	86	27,163	397	-	27,560
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	569	-	-	569
Public Works	-	-	-	-	-	-	33	-	-	33
Public Safety	-	-	-	-	-	-	18,596	-	-	18,596
Human Services	-	-	-	-	-	-	1,977	-	-	1,977
Recreation	-	-	-	-	-	-	199	-	-	199
Library	-	8	-	-	-	27	46	123	-	169
Education	-	-	-	-	-	-	5,877	-	-	5,877
Internal Service Fund Charges	-	-	-	-	-	-	772	-	-	772
Other	-	35	5	3	-	-	43	-	-	43
Capital Outlay	-	-	37	-	-	-	37	-	-	37
Total Expenditures	-	43	42	3	-	27	28,149	123	-	28,272
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	107	47	33	-	59	(986)	274	-	(712)
OTHER FINANCING SOURCES										
Transfers In	-	-	-	-	-	-	3,841	-	-	3,841
Transfers Out	-	-	-	-	-	-	(2,091)	-	-	(2,091)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	1,750	-	-	1,750
NET CHANGE IN FUND BALANCES	-	107	47	33	-	59	764	274	-	1,038
Fund Balances - Beginning of Year	8	1,177	918	298	127	116	14,995	3,121	-	18,116
FUND BALANCES - END OF YEAR	\$ 8	\$ 1,284	\$ 965	\$ 331	\$ 127	\$ 175	\$ 15,759	\$ 3,395	\$ -	\$ 19,154

TOWN OF MANCHESTER, CONNECTICUT
FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL FIRE DISTRICT FUND
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)

	Fire District Fund			Variance Over (Under)
	Original Budget	Revised Budget	Actual	
REVENUES				
Property Taxes, Interest and Lien Fees	\$ 14,317	\$ 14,317	\$ 14,317	\$ -
Intergovernmental Revenue	1,603	1,603	1,603	-
Investment and Interest Income	10	10	141	131
Licenses, Permits and Fines			-	-
Charges for Goods and Services	575	575	489	(86)
Other	-	-	-	-
Total Revenues	<u>16,505</u>	<u>16,505</u>	<u>16,550</u>	<u>45</u>
EXPENDITURES				
Current:				
Public Safety	17,607	18,062	17,187	875
Internal Service Fund Charges	772	772	772	-
Capital Outlay	740	1,740	1,740	-
Total Expenditures	<u>19,119</u>	<u>20,574</u>	<u>19,699</u>	<u>875</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,614)	(4,069)	(3,149)	920
OTHER FINANCING SOURCES (USES)				
Transfers In	2,856	2,856	2,856	-
Transfers Out	352	352	(351)	703
Total Other Financing Sources (Uses)	<u>3,208</u>	<u>3,208</u>	<u>2,505</u>	<u>703</u>
NET CHANGE IN FUND BALANCES	<u>\$ 594</u>	<u>\$ (861)</u>	<u>(644)</u>	<u>\$ 1,623</u>
Fund Balances - Beginning of Year			<u>2,550</u>	
FUND BALANCES - END OF YEAR			<u>\$ 1,906</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, 2023
(IN THOUSANDS)

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,305	\$ 11,214	\$ 4,934	\$ 18,453
Investments	-	-	8,204	8,204
Receivables	-	-	750	750
Prepaid Expenses	18	6	213	237
Total Current Assets	<u>2,323</u>	<u>11,220</u>	<u>14,101</u>	<u>27,644</u>
Noncurrent Assets:				
Capital Assets, Net	280	-	-	280
Total Assets	<u>2,603</u>	<u>11,220</u>	<u>14,101</u>	<u>27,924</u>
LIABILITIES				
Current Liabilities:				
Accounts and Other Payables	3	215	27	245
Claims Payable	-	1,910	2,961	4,871
Compensated Absences Payable	64	20	-	84
Unearned Revenue	-	-	46	46
Total Current Liabilities	<u>67</u>	<u>2,145</u>	<u>3,034</u>	<u>5,246</u>
Noncurrent Liabilities:				
Claims Payable	-	3,130	-	3,130
Compensated Absences Payable	106	30	-	136
Total Noncurrent Liabilities	<u>106</u>	<u>3,160</u>	<u>-</u>	<u>3,266</u>
Total Liabilities	<u>173</u>	<u>5,305</u>	<u>3,034</u>	<u>8,512</u>
NET POSITION				
Net Investment in Capital Assets	280	-	-	280
Unrestricted	2,150	5,915	11,067	19,132
Total Net Position	<u>\$ 2,430</u>	<u>\$ 5,915</u>	<u>\$ 11,067</u>	<u>\$ 19,412</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
OPERATING REVENUES				
Charges for Services	\$ 2,142	\$ 4,018	\$ 28,946	\$ 35,106
Other	-	56	1,727	1,783
Total Operating Revenues	<u>2,142</u>	<u>4,074</u>	<u>30,673</u>	<u>36,889</u>
OPERATING EXPENSES				
General Operating	2,108	457	1,988	4,553
Claims Expense	-	2,658	31,268	33,926
Depreciation Expense	193	-	-	193
Total Operating Expenses	<u>2,301</u>	<u>3,115</u>	<u>33,256</u>	<u>38,672</u>
OPERATING GAIN (LOSS)	(159)	959	(2,583)	(1,783)
NONOPERATING REVENUES				
Interest (Loss) on Investments	<u>72</u>	<u>281</u>	<u>744</u>	<u>1,097</u>
INCOME (LOSS) BEFORE TRANSFERS	(87)	1,240	(1,839)	(686)
Transfers In	305	-	-	305
Transfers Out	-	(5)	-	(5)
Total Transfers	<u>305</u>	<u>(5)</u>	<u>-</u>	<u>300</u>
CHANGE IN NET POSITION	218	1,235	(1,839)	(386)
Net Position - Beginning of Year	<u>2,212</u>	<u>4,680</u>	<u>12,906</u>	<u>19,798</u>
NET POSITION - END OF YEAR	<u>\$ 2,430</u>	<u>\$ 5,915</u>	<u>\$ 11,067</u>	<u>\$ 19,412</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Users	\$ 2,130	\$ 4,015	\$ 31,183	\$ 37,328
Cash Received from Insurance Proceeds	-	56	-	56
Cash Paid to Suppliers for Goods and Services	(881)	(297)	(1,980)	(3,158)
Cash Paid to Employees	(1,270)	(157)	-	(1,427)
Cash Paid for Insurance Claims and Premiums	-	(2,957)	(31,199)	(34,156)
Net Cash Provided (Used) by Operating Activities	<u>(21)</u>	<u>660</u>	<u>(1,996)</u>	<u>(1,357)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Provided by Other Funds	305	-	-	305
Cash Paid to Other Funds	-	(5)	-	(5)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>305</u>	<u>(5)</u>	<u>-</u>	<u>300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Fixed Assets	(20)	-	-	(20)
Net Cash Used by Capital and Related Financing Activities	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>(20)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	72	281	744	1,097
Purchase of Investments	-	-	(454)	(454)
Net Cash Provided by Investing Activities	<u>72</u>	<u>281</u>	<u>290</u>	<u>643</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	336	936	(1,706)	(434)
Cash and Cash Equivalents - Beginning of Year	1,969	10,278	6,640	18,887
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,305</u>	<u>\$ 11,214</u>	<u>\$ 4,934</u>	<u>\$ 18,453</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (159)	\$ 959	\$ (2,583)	\$ (1,783)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	193	-	-	193
(Increase) Decrease in Accounts Receivable and Other Prepaid Assets:				
Increase (Decrease) in Accounts Payable	(12)	(3)	464	449
Increase (Decrease) in Claims Payable	(49)	64	8	23
Increase (Decrease) in Claims Payable	-	(363)	69	(294)
Increase (Decrease) in Compensated Absences Payable	6	3	-	9
Increase (Decrease) in Unearned Revenue	-	-	46	46
Net Cash Provided (Used) by Operating Activities	<u>\$ (21)</u>	<u>\$ 660</u>	<u>\$ (1,996)</u>	<u>\$ (1,357)</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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 121,013	\$ 108,876	\$ 108,876	\$ 120,216	\$ 111,717	\$ 105,818	\$ 101,085	\$ 89,755	\$ 102,486	\$ 104,535
Restricted	44,882	26,771	21,917	2,909	2,934	2,878	2,761	2,485	2,598	2,673
Unrestricted	(333,406)	(330,862)	(334,712)	(311,807)	(284,527)	(273,273)	(260,007)	(18,082)	(30,063)	(29,194)
Total Governmental Activities Net Position	(167,511)	(195,215)	(203,919)	(188,682)	(169,876)	(164,577)	(156,161)	74,158	75,021	78,014
Business-Type Activities:										
Net Investment in Capital Assets	54,934	52,594	52,945	55,799	56,818	55,775	24,194	24,080	27,721	34,104
Unrestricted	25,400	39,086	39,809	37,342	39,455	39,684	68,940	36,181	25,995	15,977
Total Business-Type Activities Net Position	80,334	91,680	92,754	93,141	96,273	95,459	93,134	60,261	53,716	50,081
Primary Government:										
Net Investment in Capital Assets	175,947	161,470	161,821	176,015	168,535	161,593	125,279	113,835	130,207	138,639
Restricted	44,882	26,771	21,917	2,909	2,934	2,878	2,761	2,485	2,598	2,673
Unrestricted	(308,006)	(291,776)	(294,903)	(274,465)	(245,072)	(233,589)	(191,067)	18,099	(4,068)	(13,217)
Total Primary Government Net Position	\$ (87,177)	\$ (103,535)	\$ (111,165)	\$ (95,541)	\$ (73,603)	\$ (69,118)	\$ (63,027)	\$ 134,419	\$ 128,737	\$ 128,095

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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental Activities:										
General Government	\$ 9,994	\$ 7,786	\$ 8,963	\$ 16,164	\$ 13,645	\$ 13,259	\$ 9,855	\$ 10,809	\$ 7,292	\$ 7,321
Public Works	22,082	24,763	20,479	23,085	22,722	19,795	22,936	20,310	21,410	20,796
Public Safety	43,725	43,404	45,110	55,808	60,164	45,395	43,579	43,086	38,626	36,259
Human Services	5,344	5,017	4,534	4,325	5,003	5,698	4,502	4,934	4,450	4,510
Leisure Services	7,896	7,878	6,872	7,460	7,520	7,396	7,295	7,314	6,889	6,944
Education	196,480	182,349	197,724	182,575	162,410	167,457	161,085	148,446	145,615	137,355
Interest on Long-Term Debt	2,255	2,701	3,592	4,063	3,875	3,405	3,655	3,231	3,322	3,254
Total Governmental Activities Expenses	<u>287,776</u>	<u>273,898</u>	<u>287,274</u>	<u>293,480</u>	<u>275,339</u>	<u>262,405</u>	<u>252,907</u>	<u>238,130</u>	<u>227,604</u>	<u>216,439</u>
Business-Type Activities:										
Water	12,357	7,464	9,394	9,699	9,105	8,302	7,643	7,439	9,290	8,561
Sewer	9,815	7,612	8,515	10,210	7,562	8,445	9,323	7,824	8,686	6,829
Sanitation	18,256	11,468	9,635	8,005	5,589	8,498	7,549	6,220	7,027	5,029
Total Business-Type Services	<u>40,428</u>	<u>26,544</u>	<u>27,544</u>	<u>27,914</u>	<u>22,256</u>	<u>25,245</u>	<u>24,515</u>	<u>21,483</u>	<u>25,003</u>	<u>20,419</u>
Total Primary Government Expenses	<u>328,204</u>	<u>300,442</u>	<u>314,818</u>	<u>321,394</u>	<u>297,595</u>	<u>287,650</u>	<u>277,422</u>	<u>259,613</u>	<u>252,607</u>	<u>236,858</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	2,552	1,923	1,844	1,440	1,144	1,300	2,704	1,277	1,078	971
Public Safety	1,349	1,555	1,615	1,481	1,867	2,311	2,088	1,990	1,619	1,373
Public Works	1,488	1,542	1,648	1,395	1,702	1,230	1,276	1,515	1,185	984
Leisure Services	493	445	222	235	587	580	661	603	600	671
Human Services	107	110	78	89	95	70	63	87	133	132
Education	918	808	275	629	2,278	2,420	4,996	2,633	2,508	2,391
Operating Grants and Contributions	107,648	90,160	97,205	79,570	62,198	75,448	70,433	64,083	61,633	60,066
Capital Grants and Contributions	20,121	5,933	1,296	17,678	28,150	9,073	6,957	1,229	2,157	4,705
Total Governmental Activities Program Revenues	<u>134,676</u>	<u>102,476</u>	<u>104,183</u>	<u>102,517</u>	<u>98,021</u>	<u>92,432</u>	<u>89,178</u>	<u>73,417</u>	<u>70,913</u>	<u>71,293</u>
Business-Type Activities:										
Charges for Services:										
Water	9,491	9,093	9,591	8,872	8,905	8,933	8,966	9,000	8,588	8,291
Sewer	10,347	9,627	10,161	9,091	8,974	8,727	8,641	8,418	8,036	7,775
Sanitation	10,295	9,762	8,685	8,002	9,214	11,433	9,350	10,502	10,219	8,433
Operating Grants and Contributions	-	-	-	-	706	-	6	-	-	-
Capital Grants and Contributions	-	-	256	-	-	-	-	1,066	927	2,080
Total Business-Type Activities Program Revenues	<u>30,133</u>	<u>28,482</u>	<u>28,693</u>	<u>25,965</u>	<u>27,799</u>	<u>29,093</u>	<u>26,963</u>	<u>28,986</u>	<u>27,770</u>	<u>26,579</u>
Total Primary Government Program Revenues	<u>164,809</u>	<u>130,958</u>	<u>132,876</u>	<u>128,482</u>	<u>125,820</u>	<u>121,525</u>	<u>116,141</u>	<u>102,403</u>	<u>98,683</u>	<u>97,872</u>

**TABLE 2
(CONTINUED)**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NET (EXPENSE) REVENUE										
Governmental Activities	\$ (153,100)	\$ (171,422)	\$ (183,091)	\$ (190,963)	\$ (177,318)	\$ (169,973)	\$ (163,729)	\$ (164,713)	\$ (156,691)	\$ (145,146)
Business-Type Activities	(10,295)	1,938	1,149	(1,949)	5,543	3,848	2,448	7,503	2,767	6,160
Total Primary Government Net Expense	<u>(163,395)</u>	<u>(169,484)</u>	<u>(181,942)</u>	<u>(192,912)</u>	<u>(171,775)</u>	<u>(166,125)</u>	<u>(161,281)</u>	<u>(157,210)</u>	<u>(153,924)</u>	<u>(138,986)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental Activities:										
Property Taxes	169,092	165,853	164,938	162,944	158,781	153,519	152,067	150,594	146,468	141,608
Grants and Contributions Not Restricted to Specific Purposes	4,430	4,422	4,003	4,035	3,568	3,865	4,907	3,705	3,996	4,130
Unrestricted Investment Earnings	4,026	(2,020)	3,190	2,480	3,372	2,076	2,148	567	160	1,443
Miscellaneous	1,642	3,205	735	688	865	790	1,433	124	425	507
Transfers	1,614	1,336	1,328	2,010	5,433	1,307	2,813	1,333	1,449	1,630
Total Governmental Activities	<u>180,804</u>	<u>172,796</u>	<u>174,194</u>	<u>172,157</u>	<u>172,019</u>	<u>161,557</u>	<u>163,368</u>	<u>156,323</u>	<u>152,498</u>	<u>149,318</u>
Business-Type Activities:										
Unrestricted Investment Earnings	90	(2,139)	(418)	473	410	(712)	(1,040)	529	402	492
Miscellaneous	473	463	210	354	294	496	322	(154)	1,915	285
Transfers	(1,614)	(1,336)	(1,328)	(2,010)	(5,433)	(1,307)	(2,813)	(1,333)	(1,449)	(1,630)
Total Business-Type Activities	<u>(1,051)</u>	<u>(3,012)</u>	<u>(1,536)</u>	<u>(1,183)</u>	<u>(4,729)</u>	<u>(1,523)</u>	<u>(3,531)</u>	<u>(958)</u>	<u>868</u>	<u>(853)</u>
Total Primary Government	<u>179,753</u>	<u>169,784</u>	<u>172,658</u>	<u>170,974</u>	<u>167,290</u>	<u>160,034</u>	<u>159,837</u>	<u>155,365</u>	<u>153,366</u>	<u>148,465</u>
CHANGES IN NET ASSETS										
Governmental Activities	27,704	1,374	(8,897)	(18,806)	(5,299)	(8,416)	(361)	(8,390)	(4,193)	4,172
Business-Type Activities	(11,346)	(1,074)	(387)	(3,132)	814	2,325	(1,083)	6,545	3,635	5,307
Total Primary Government	<u>\$ 16,358</u>	<u>\$ 300</u>	<u>\$ (9,284)</u>	<u>\$ (21,938)</u>	<u>\$ (4,485)</u>	<u>\$ (6,091)</u>	<u>\$ (1,444)</u>	<u>\$ (1,845)</u>	<u>\$ (558)</u>	<u>\$ 9,479</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Nonspendable	\$ 30	\$ 38	\$ 38	\$ 7	\$ 29	\$ 8	\$ 102	\$ 22	\$ 65	\$ 23
Restricted	-	-	-	-	2,014	-	10	910	910	1,009
Committed	2,060	2,355	2,355	2,500	-	-	-	2	10	17
Assigned	6,213	4,701	4,701	3,612	6,281	4,704	2,606	1,180	1,806	4,410
Unassigned	24,976	22,638	27,126	23,916	21,449	20,966	22,066	21,892	17,820	13,887
Total General Fund	<u>\$ 33,279</u>	<u>\$ 29,732</u>	<u>\$ 34,220</u>	<u>\$ 30,035</u>	<u>\$ 29,773</u>	<u>\$ 25,678</u>	<u>\$ 24,784</u>	<u>\$ 24,006</u>	<u>\$ 20,611</u>	<u>\$ 19,346</u>
All Other Governmental Funds:										
Nonspendable	\$ 177	\$ 207	\$ 125	\$ 144	\$ 103	\$ 73	\$ 64	\$ 63	\$ 832	\$ 826
Restricted	12,792	9,795	11,252	9,526	9,444	8,974	8,499	8,429	7,635	8,308
Committed	8,199	8,143	5,735	11,151	5,534	4,816	4,047	5,646	3,569	3,083
Assigned	-	-	-	-	75	75	75	75	-	-
Unassigned	(28,936)	(12,570)	(3,151)	(301)	(111)	-	(3,197)	-	(9,507)	(12,788)
Total All Other Governmental Funds	<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>	<u>\$ 2,529</u>	<u>\$ (571)</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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Property Taxes, Interest and Lien Fees	\$ 170,646	\$ 166,822	\$ 165,095	\$ 163,507	\$ 159,216	\$ 153,931	\$ 151,811	\$ 151,407	\$ 146,500	\$ 142,053
Intergovernmental Revenue	109,808	100,380	81,709	86,494	79,164	88,140	82,253	67,511	66,799	67,888
Investment and Interest Income	2,929	(1,164)	2,162	1,697	2,329	1,743	1,622	257	47	869
Licenses, Permits and Fines	3,349	3,103	2,761	2,702	2,737	2,446	2,209	2,514	2,096	1,801
Charges for Goods and Services	3,589	3,369	2,478	2,626	4,973	5,527	8,019	5,388	4,781	4,475
Other	1,615	3,183	729	696	869	894	1,451	1,757	1,560	1,331
Total Revenues	291,936	275,693	254,934	257,722	249,288	252,681	247,365	228,834	221,783	218,417
EXPENDITURES										
General Government	8,430	6,958	6,517	6,344	6,075	5,922	5,692	5,801	5,679	5,429
Public Works	12,612	13,148	12,560	12,695	13,295	13,409	13,578	13,232	13,835	13,565
Public Safety	41,329	40,703	39,338	38,762	37,897	35,901	36,905	34,657	33,469	32,526
Human Services	5,277	4,978	4,496	4,311	4,908	5,614	4,415	4,581	4,354	4,145
Leisure Services	6,580	6,374	5,473	6,067	6,515	6,352	6,404	6,390	6,213	5,839
Employee Benefits	4,949	4,855	4,641	4,412	3,261	3,106	2,887	2,845	3,045	2,949
Education	180,586	177,482	157,947	155,103	144,007	154,496	151,600	140,528	138,043	130,704
Internal Service Fund Charges	3,507	3,632	3,395	3,251	3,181	3,193	3,276	2,613	2,639	2,554
Other	303	484	482	235	246	256	301	646	674	708
Debt Service:										
Principal	11,486	10,278	21,920	4,585	3,820	3,640	7,875	7,470	6,794	6,653
Interest	4,311	4,004	(7,242)	9,019	8,796	8,300	3,775	3,284	3,394	3,268
Capital Outlay	46,228	33,524	19,780	23,240	35,665	29,415	31,530	12,318	13,723	15,892
Total Expenditures	325,598	306,420	269,307	268,024	267,666	269,604	268,238	234,365	231,862	224,232
EXCESS OF REVENUE UNDER EXPENDITURES	(33,662)	(30,727)	(14,373)	(10,302)	(18,378)	(16,923)	(20,873)	(5,531)	(10,079)	(5,815)
OTHER FINANCING SOURCES (USES)										
Transfers In	9,586	9,811	6,839	7,058	10,821	6,299	6,419	7,271	6,212	6,191
Transfers Out	(8,272)	(8,870)	(5,503)	(5,496)	(5,338)	(4,794)	(5,189)	(5,938)	(4,763)	(4,561)
Other	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	20,000	15,000	10,000	15,000	15,000	20,000	14,500	17,190	12,600	6,500
Issuance of Lease Payable	1,208	1,015	-	-	-	-	-	-	-	-
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	1,344	1,334	1,549	1,491	1,083	772	1,156	2,003	395	780
Total Other Financing Sources	23,866	18,290	12,965	18,053	21,566	22,277	16,916	20,610	14,444	8,910
NET CHANGE IN FUND BALANCES	\$ (9,796)	\$ (12,437)	\$ (1,408)	\$ 7,751	\$ 3,188	\$ 5,354	\$ (3,957)	\$ 15,079	\$ 4,365	\$ 3,095
Debt Service as a Percentage of Noncapital Expenditures	4.85%	4.66%	5.81%	5.45%	5.26%	4.94%	4.86%	4.84%	4.67%	4.76%

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							
2023*	\$ 2,642,844	\$ 795,629	\$ 220,573	\$ 518,300	\$ 476,713	\$ 169,495	\$ 4,871,668	36.12 %	\$ 7,201,661	67.65 %
2022	2,121,254	1,510,320	195,963	506,477	375,793	580,775	4,129,032	41.93	9,268,409	44.55
2021	2,109,649	1,502,937	195,387	473,169	359,397	571,594	4,071,576	41.87	8,376,178	48.61
2020	2,109,894	1,497,185	187,035	453,692	349,338	570,097	4,027,048	41.70	7,869,459	51.17
2019	2,105,258	1,486,801	187,825	426,472	343,951	550,023	4,000,284	40.91	8,051,748	49.50
2018 *	2,103,389	1,470,320	187,552	412,451	342,427	530,567	3,985,572	39.75	7,393,643	53.91
2017	2,147,033	1,433,421	192,535	424,272	337,487	589,947	3,944,801	39.68	7,085,236	55.37
2016	2,143,382	1,425,166	192,399	408,973	333,291	580,233	3,922,978	39.40	7,234,406	54.23
2015	2,139,303	1,416,315	192,862	374,905	336,969	567,891	3,892,463	38.65	6,856,020	56.77
2014	2,135,785	1,443,682	197,697	381,797	328,511	569,913	3,917,559	37.44	7,009,677	55.89

Source: Town of Manchester Office of Assessment and Collection

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

* Indicates Revaluation Year

General Fund Tax Rate, South Fire District Tax Rate and Special Services District Tax Rate are combined in this report.

**TOWN OF MANCHESTER, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
GRAND LIST YEARS 2021 AND 2012
(IN THOUSANDS)
(UNAUDITED)**

Taxpayer	October 1, 2021			October 1, 2012		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Eversouce/CT Light and Power	\$ 143,932	1	2.95 %	\$ 90,019	2	2.30 %
Shoppes at Buckland Hills, LLC	91,406	2	1.88	114,159	1	2.92
Northland Pavilions LLC	74,176	3	1.52	57,009	4	1.46
MPT of Manchester PMH, LLC	56,202	4	1.15	-	-	-
PPF WE 1139 Tolland Turnpike LLC	50,634	5	1.04	-	-	-
Manchester Developers LLC/Buckland Developers	45,636	6	0.94	39,352	5	1.00
Manchester Tolland Development Co.	31,820	7	0.65	26,059	6	0.67
Brixmor	28,650	8	0.59	-	-	-
Waterford Realty LLC	26,417	9	0.54	-	-	-
Manchester Tarragon LLC	26,274	10	0.54	-	-	-
J.C. Penney Properties, LLC	-	-	-	69,481	3	1.77
Gateway Lauren, LLC	-	-	-	24,334	7	0.62
TGM Waterford LLC	-	-	-	22,194	8	0.57
Wal-Mart/Sam's Club	-	-	-	21,641	9	0.55
Plaza at Buckland Hills	-	-	-	21,048	10	0.54
Total Taxable Grand List	\$ 575,147			\$ 485,296		

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town:										
General	37.16 %	41.93 %	41.87 %	41.70 %	40.91 %	39.75 %	39.68 %	39.40 %	38.65 %	37.44 %
Special Services District:	2.88	2.82	2.88	3.05	6.06	5.85	5.83	5.80	5.79	5.69
Special Services District	40.04	44.81	44.75	44.75	46.97	45.60	45.51	45.20	43.13	43.13

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
2021	36.12	\$ 164,432	\$ 161,826	98.42 %	\$ -	\$ 161,826	98.42%
2020	41.93	160,761	157,984	98.27	1,256	159,240	99.05%
2019	41.87	161,986	161,890	99.94	1,552	163,442	100.90%
2018	41.7	158,076	155,796	98.56	718	156,514	99.01%
2017	40.91	152,861	150,433	98.41	1,323	151,756	99.28%
2016	39.75	147,963	144,831	97.88	2,021	146,852	99.25%
2015	39.68	143,948	140,888	98.30	3,199	144,087	100.10%
2014	39.40	142,927	140,499	98.30	2,004	142,503	99.70%
2013	38.65	136,376	133,806	98.12	2,206	136,012	99.73%
2012	37.44	137,283	134,726	98.14	2,177	136,903	99.72%

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

Note: General Fund Tax Rate, South Fire District Tax Rate and Special Services District Tax Rate 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			Leases	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						
2023	\$ 138,370	\$ 8,593	\$ 830	\$ 147,793	\$ 2,548	3.03 %	1.84 %	
2022	129,530	8,833	746	139,109	2,386	3.35	1.72	
2021	141,055	10,276	-	151,331	2,609	3.72	1.88	
2020	123,435	10,116	-	133,551	2,303	3.32	1.66	
2019	117,420	9,366	-	126,786	2,186	3.15	1.57	
2018	119,719	9,079	-	128,798	2,221	3.22	1.74	
2017	107,816	9,136	-	116,952	2,016	2.93	1.65	
2016	92,090	8,328	-	100,418	1,731	2.55	1.39	
2015	84,875	2,323	-	87,198	1,503	2.24	1.27	
2014	81,246	2,111	-	83,357	1,437	2.13	1.19	

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, 2023
(IN THOUSANDS)
(UNAUDITED)

Total Tax Collections (Including Interest and Lien Fees) for the Prior Year					\$ 153,536
Reimbursement for Revenue Loss on:					
State Owned and Private Tax Exempt Properties					980
Property Tax Relief					<u>43</u>
Base for Debt Limitation					<u>\$ 154,559</u>
Computation					<u><u>\$ 154,559</u></u>
	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban</u>	<u>Pension</u>
	<u>Purposes</u>			<u>Renewal</u>	<u>Deficit</u>
Debt Limitation:					
2 1/4 Times Base	\$ 347,758	\$ -	\$ -	\$ -	\$ -
4 1/2 Times Base	-	695,516	-	-	-
3 3/4 Times Base	-	-	579,596	-	-
3 1/4 Times Base	-	-	-	502,317	-
3 Times Base	-	-	-	-	463,677
Total Debt Limitation	<u>347,758</u>	<u>695,516</u>	<u>579,596</u>	<u>502,317</u>	<u>463,677</u>
Indebtedness:					
Bonds and Serial Notes Payable	72,279	66,091	-	-	-
Debt Authorized but Unissued	47,600	25,836	-	-	-
Grants Receivable	-	(34,116)	-	-	-
Total Indebtedness	<u>119,879</u>	<u>57,811</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 227,879</u>	<u>\$ 637,705</u>	<u>\$ 579,596</u>	<u>\$ 502,317</u>	<u>\$ 463,677</u>

Note 1: In no event shall the total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$1,081,913.

Note 2: Bonds and serial notes payable do not include Water serial notes of \$1,854 and Sewer serial notes of \$19,728 as they are self-supporting debt.

Note 3: Sewer bonds authorized and unissued of \$1,400 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	Net General Bonded 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 Property
2023	\$ 146,963	\$ (21,582)	\$ 125,381	\$ 2,306.17	2.57 %	2.04 %
2022	138,363	(42,635)	140,188	2,336.47	3.39	1.51
2021	151,331	(41,666)	109,665	1,890.78	2.69	1.36
2020	133,551	(47,647)	85,904	1,481.10	2.15	1.07
2019	126,786	(51,186)	75,600	1,303.45	1.90	1.02
2018	128,798	(50,644)	78,154	1,347.48	1.98	1.10
2017	116,952	(17,206)	99,746	1,719.76	2.54	1.38
2016	100,418	(17,209)	83,209	1,434.64	2.14	1.21
2015	87,198	(19,190)	68,008	1,172.55	1.74	0.97
2014	83,357	(15,886)	67,471	1,163.29	1.74	0.95

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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limitation	\$ 1,081,913	\$ 1,154,657	\$ 1,121,449	\$ 1,088,668	\$ 1,039,241	\$ 1,007,293	\$ 1,012,480	\$ 962,633	\$ 968,408	\$ 885,927
Total Net Debt Applicable to Limit	177,690	204,114	164,652	184,339	180,549	159,321	155,248	149,594	112,488	116,436
Legal Debt Margin	<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>	<u>\$ 855,920</u>	<u>\$ 769,491</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.42%	17.68%	14.68%	16.93%	17.37%	15.82%	15.33%	15.54%	11.62%	13.14%

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)
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
2014	58,106	2,015,290	34,683	36.9	6,212	6.55
2013	58,211	1,955,307	33,590	36.9	6,181	6.89
2012	58,289	1,903,019	32,648	36.9	6,225	7.88

(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
2023 AND 2014
(UNAUDITED)**

		2023					2014		
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	1,918	1	6.10 %	Town of Manchester	Local Gov/Board of Education	1,669	1	5.67 %
Prospect ECHN	Hospital	1,500	2	4.77	Manchester Memorial Hospital	Hospital	1,500	2	5.10
Manchester Community College	Higher Education	960	3	3.05	J.C. Penney Company	Warehouse/Distribution	750	3	2.55
Ahold Delhaize USA	Distribution Center	550	4	1.75	Manchester Community College	Higher Education	725	4	2.47
Amazon	Distribution Center	500	5	1.59	GE Aviantioni	Parts Manufacturer	400	5	1.36
Allied Printing	Commercial Printing	362	6	1.15	Target	Retail	400	6	1.36
Flex Ltd	Industrial	355	7	1.13	Super Stop and Shop	Supermarket	381	7	1.30
Paradigm	Industrial	350	8	1.11	J.C. Penney Company	Retail	350	8	1.19
Macy's Department Store	Retail	300	9	0.95	Allied Printing	Commercial Printing	330	9	1.12
Wal-Mart	Retail	300	10	0.95	Big Y World Class Market	Supermarket	300	10	1.02
Total		<u>7,095</u>		<u>22.56 %</u>			<u>6,805</u>		<u>23.14 %</u>

Source: Town of Manchester Planning Department and Official Statements
 Percentage based on total employed population of 31,454 per the Connecticut Department of Labor - Labor Market Information 2023.

**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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	85	82	85	82	81	80	84	83	81	81
Police	153	153	162	154	140	140	139	153	153	153
Fire	86	85	87	85	85	82	82	82	82	82
Sanitation	13	13	14	12	12	12	9	12	12	12
Other Public Works	144	140	133	144	145	145	142	145	145	145
Recreation	16	16	17	16	8	8	9	13	13	13
Library	25	25	28	25	25	25	22	25	25	25
Education	<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>	<u>1,155</u>	<u>1,155</u>
Total	<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>	<u><u>1,666</u></u>	<u><u>1,666</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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Building Permits Issued	3,696	3,587	3,673	3,279	3,372	3,304	3,325	3,713	2,958	3,528
Building Inspections Conducted	6,354	6,256	5,131	5,565	6,227	6,218	7,397	6,395	6,184	5,984
Police:										
Physical Arrests	2,842	2,375	1,331	2,138	3,303	3,372	3,541	3,943	2,654	3,510
Parking Violations	453	1,355	755	1,324	3,411	1,968	2,414	2,194	1,965	1,550
Traffic Violations	3,071	4,000	2,509	6,154	7,229	8,324	10,534	6,117	4,489	4,316
Fire:										
Emergency Responses	9,968	8,863	7,642	8,165	9,073	9,276	8,834	8,457	7,822	7,573
Structure Fires (Fires Extinguished)	38	72	33	26	27	34	39	22	36	30
Inspections	928	1,188	889	752	648	810	2,230	2,958	1,986	2,064
Refuse Collection:										
Refuse Collected (Tons Per Day)	41.02	43.09	56.58	67.86	46.86	51.49	51.17	50.83	49.88	50.00
Recyclables Collected (Tons Per Day)	9.50	10.15	16.34	15.41	15.75	15.49	16.62	17.38	17.46	17.50
Other Public Works:										
Street Resurfacing (Miles)	15	6	17	15.1	16	11	19	13.53	0.54	7.52
Potholes Repaired (Man Hours)	2,290	2,360	3,132	3,096	3,240	3,744	3,240	2,968	-	3,990
Parks And Recreation:										
Athletic Field Permits Issued (Unavailable)	108	89	74	42	55	53	50	50	43	-
Community Center Admissions (Thousands)	90.3	94.7	46.7	90.3	118	123.5	129	130	104	108
Library:										
Volumes In Collection (Thousands)	230.7	228.2	225.5	216.8	221.7	227.9	234.9	238.2	237.3	243.7
Total Volumes Borrowed (Thousands)	631.0	601.1	623.8	629.0	729.3	656.4	690.6	720.0	756.7	759.3
Water:										
New Connections	27	31	29	29	34	23	29	13	6	22
Water Main Breaks	18	34	45	48	20	20	17	8	20	25
Average Daily Production (Thousands of Gallons)	5,024	4,494	5,147	4,766	4,597	4,526	4,703	4,849	5,088	4,832
Peak Daily Production (Thousands of Gallons)	6,920	6,810	7,480	7,670	6,580	6,640	6,860	7,730	7,150	6,600
Sewer Enterprises:										
Average Daily Sewage Treatment (Thousands of Gallons)	4,400	4,877	5,920	4,540	6,544	4,200	4,750	4,991	5,947	6,211

Source: Internal Department Tracking Reports

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	3	3	3	3	3	3	3	3	3	3
Patrol Units	8	8	8	8	8	8	8	8	8	8
Fire Stations	5	5	5	5	5	5	5	5	5	5
Other Public Works:										
Streets (Miles)	220.3	219.2	219.2	219.2	218.6	218.6	218.1	218.1	218.1	218.1
Streetlights	5,081	4,982	4,982	4,982	4,903	4,896	4,913	4,851	4,846	4,846
Traffic Signals	52	52	52	52	52	52	53	53	53	53
Parks and Recreation:										
Acreage	687	687	687	687	687	687	685	685	677	677
Playgrounds	27	27	27	27	27	27	27	25	23	23
Baseball/Softball Diamonds	22	22	22	22	22	23	23	23	23	23
Soccer/Football Fields	14	14	14	14	14	14	14	14	14	14
Water:										
Water Mains (Miles)	260	260	260	260	259	259	259	259	259	258
Fire Hydrants	2,101	2,088	2,063	2,063	2,063	2,057	2,053	2,039	2,039	2,037
Storage Capacity (Thousands of Gallons)	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179
Wastewater:										
Sanitary Sewers (Miles)	203	170	168	168	167	167	167	167	167	167
Storm Sewers (Miles)	150	149	146	146	146	146	144	144	144	143
Treatment Capacity (Thousands of Gallons)	8,250	7,179	7,179	8,200	8,200	8,200	8,200	8,200	8,200	8,200

Sources:
Police Department, Public Works
Water and Sewer Department