

Annual Comprehensive Financial Report

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2021



Office of the Director of Finance

Annual Comprehensive Financial Report

of the

Town of Manchester Connecticut

Fiscal Year Ended June 30, 2021

Department of Finance
Kimberly Lord
Director of Finance

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**TOWN OF MANCHESTER, CONNECTICUT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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JUNE 30, 2021**

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Introductory Section

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Town of Manchester

41 Center Street • P.O. Box 191
Manchester, Connecticut 06045-0191
www.manchesterct.gov

JAY MORAN, MAYOR
SARAH JONES, DEPUTY
MAYOR
YOLANDA CASTILLO,
SECRETARY
DIRECTORS
TIM BERGIN
PETER CONYERS
ELLEN DOUGAN
PAMELA FLOYD-CRANFORD
BRIAN MAROIS
DENNIS SCHAIN

January 20, 2022

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

Dear Mr. Stephanou:

The Comprehensive Annual Financial Report for the Town of Manchester for the fiscal year ended June 30, 2021 is submitted herewith.

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

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and 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 General Manager is appointed by the Board of Directors to serve as the Town's Chief Executive Officer with appointive and removal authority over department directors and other employees of the Town.

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

The Town is located in central Connecticut and is approximately 10 miles east of the City of Hartford, the State capital. The Town is also bordered by the towns of East Hartford, South Windsor, Vernon, Bolton and Glastonbury. It is approximately 85 miles southwest of Boston and 115 miles northeast of New York City. The Town encompasses 27.2 square miles and has a population of 57,805 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 57,000 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 35, 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:

- SMARTR2 (Phase II of the Elementary School Renewal Plan) During FY21, Construction began on Buckley School. Design and planning work began on Bowers School. Renovated schools will be re-built as net-zero sustainable buildings, and a project labor agreement has been added for Bowers School 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.
- Community Engagement Initiative. The Town of Manchester, in collaboration with KJR Consulting, developed an integrated strategy, implementation framework, and action plan to enable the Town to reach its goal of increasing inclusive community engagement in Manchester. Diversity, Equity and Inclusion (DEI) workshops were expanded to all employees, and new positions, including a DEI Coordinator and a DEI Programs Manager, were funded by the Town.
- The Sustainability Task Force worked to analyze and make recommendations to initiate or improve Town polices, programs, and practices that promote sustainability actions to ensure the Manchester remains a thriving, efficient, healthy and vibrant place for its residents of today and tomorrow. During FY21, the Town began a Solar Map project with CT Green Bank to install solar panels, and enter into power purchase agreements, on ten Town buildings. The Town entered into an energy audit program with Eversource and benefited from Eversource grants and credits to install energy-efficient LED lighting in all town buildings. Work was done to expand Landfill capacity and extend the DEEP permit though 2028, which will allow the Town to offer municipal waste collection at no cost to the residents for several additional years.
- A Parks and Facilities Master Plan was developed, with a focus on community engagement in all aspects of planning. The Town retained the services of BerryDunn to work collaboratively with Town staff to complete the Plan which articulated how to best meet the future parks, trails, open space, and recreation needs of its citizens, and to build economic and cultural value in the community. The goal of the Plan was to provide a clear vision supported by goals, policies, and objectives that give direction to Town boards, commissions and staff for development, re-development, expansion, and enhancement of Manchester's parks, recreation programs, and assets. This Plan will help guide Town goals and priorities for the next 15-plus years.
- Several major construction projects, such as storm drain improvements, road and sidewalk reconstruction, parking lot replacements, Cheney Rail Trail improvements, water and sewer infrastructure projects were completed in accordance with the Town's Capital Improvement Plan.

Long-Term Financial Planning and Polices

During FY21, the Town expanded services while dealing with the ongoing COVID-19 pandemic. The Town's Health Department continued to be a regional leader, mobilizing vaccine clinics and working with surrounding communities to address short-term and long-term impacts from the health crisis. Federal funding, including American Rescue Plan Act and Elementary and Secondary School Emergency Relief funds, arrived in the spring of 2021. 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, 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 the past, 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 recorded as budgetary expenditures and reported as a reservation of fund balance.

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

The budget is integrated into the accounting system, and 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:

	FY17	FY18	FY19	FY20	FY21
Revenue (000's)	182,077	183,510	187,002	189,648	207,686
Expenditures	177,507	182,274	183,644	186,762	201,774
Operating Results	4,570	1,236	2,264	2,245	3,747
Unassigned FB	21,116	20,966	21,476	23,916	27,126
Percent of Revenue	11.59	11.43	11.49	12.61	13.06

Other Information

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

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

During FY16, the Town solicited proposals from qualified auditing firms to provide audit services for the two-year period FY2016 to FY2017 with the option to renew for two additional two-year terms, FY2018-FY2019 and FY2020-FY2021. The firm of Blum, Shapiro & Company, Certified Public Accountants, was selected as the Town's independent auditors for the initial two-year period; the contract was extended through FY2021. In FY2021, Blum, Shapiro & Company merged with CliftonLarsonAllen LLP.

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 FY21 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, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

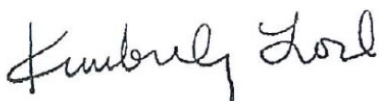
Acknowledgments

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 of the Accounting Division staff. I would like to express my appreciation to the staff members:

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 CAFR is the result of the diligent efforts of Town staff, it would not be possible without the ongoing support of the Board of Directors, Board of Education, and General 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**

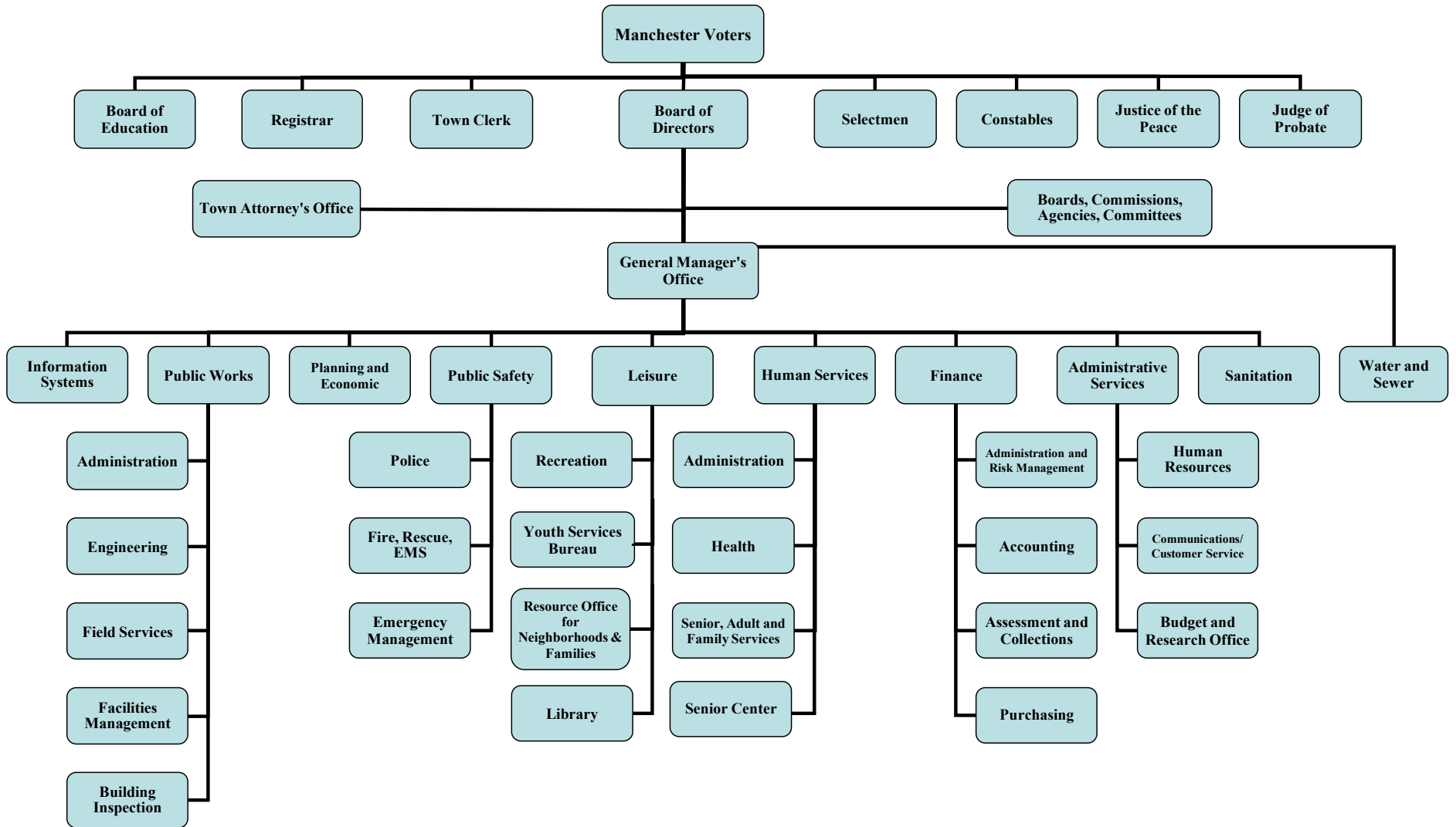
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

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 L. Jones
Yolanda Castillo	Pamela Floyd-Cranford
Ellen Dougan	Brian Marois
Peter Conyers	Dennis Schain
Tim Bergin	
General Manager	Scott Shanley
Town Clerk	Joseph Camposeo
Town Attorney	Ryan Barry
Director of Finance	Kimberly Lord
Director of Planning and Economic Development	Gary Anderson
Chief of Police	William Darby
Fire Chief	Daniel French
Budget Director	Brian Wolverton

Board of Education

Darryl Thames, Sr., Chairman	Chris Pattacini
Tracy Patterson	Mark Gundersen
Campfield Heinrich	Scott Hughes
Peter Meggers	Emily Luna
Melanie Stephanovicz	
Superintendent of Schools	Matthew Geary

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Financial Section

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Independent Auditors' Report

To the Board of Directors
Town of Manchester, Connecticut

Report on the Financial Statements

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, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of June 30, 2021 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.

Emphasis of a Matter

During fiscal year ended June 30, 2021, the Town of Manchester, Connecticut adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Town of Manchester, Connecticut reported a restatement for the change in accounting principle. In addition, there was a restatement in the Capital Projects Fund due to state grant funding not yet received (see Note 18). Our auditors' opinion was not modified with respect to the restatements.

Other Matters

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, 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 auditing standards generally accepted in the United States of America, 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.

Other 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2022 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 the Town of Manchester, Connecticut's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
January 20, 2022

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**TOWN OF MANCHESTER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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, 2021. 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 decreased by \$9.3 million as a result of this year's operations. Net position of the business-type activities decreased by \$.4 million. Net position of the governmental activities decreased by \$8.9 million. The post-employment health care (OPEB) long term liability decreased significantly by \$148.9 million and pension liabilities decreased by \$33 million, but the resulting deferred inflows are amortized over eight years, minimizing the impact to net position. The Town anticipates a school construction grant reimbursement from the State of \$12 million for SMARTR 1, which also affected the operating net position of June 30, 2021.
- During the year, the Town's governmental funds had expenses that were \$8.9 million more than the \$277 million generated in tax and other revenues for governmental programs. This was primarily caused by school construction expense.
- In the Town's business-type activity funds, revenues were \$28.5 million, and expenses were \$28.2 million for an operation income of \$317 thousand. Non-operating expenses and transfers, and a change in the estimate for landfill closure costs led to a \$1 million decrease in net position.
- Total cost of all the Town's programs decreased by \$6 million to \$287 million.
- The General Fund reported a fund balance this year of \$33.8 million, an increase of \$3.7 million.
- 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.

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.

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 Education Special Grants Fund and the Community Development Block Grant Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net 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. During the fiscal year ended June 30, 2021, The Town of Manchester adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the Town of Manchester reported a restatement for the change in accounting principle.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position decreased from (\$94.6) million to (\$103.8) 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.

TABLE 1
NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 123,744	\$ 116,202	\$ 71,348	\$ 66,208	\$ 195,092	\$ 182,410
Capital assets	244,593	242,752	94,611	97,904	339,204	340,656
Total assets	<u>368,337</u>	<u>358,954</u>	<u>165,959</u>	<u>164,112</u>	<u>534,296</u>	<u>523,066</u>
Deferred outflows of resources related to pensions	12,413	26,107	621	2,219	13,034	28,326
Deferred outflows of resources related to OPEB	51,680	65,175			51,680	65,175
Deferred charge on refunding	1,108	1,593			1,108	1,593
Total deferred outflows of resources	<u>65,201</u>	<u>92,875</u>	<u>621</u>	<u>2,219</u>	<u>65,822</u>	<u>95,094</u>
Long-term debt outstanding	424,427	607,196	53,607	56,691	478,034	663,887
Other liabilities	27,975	15,095	17,848	16,431	45,823	31,526
Total liabilities	<u>452,402</u>	<u>622,291</u>	<u>71,455</u>	<u>73,122</u>	<u>523,857</u>	<u>695,413</u>
Advance property tax collections	5,785	903			5,785	903
Deferred inflows of resources related to pensions	22,648	1,233	2,371	68	25,019	1,301
Deferred inflows of resources related to OPEB	149,292	16,084			149,292	16,084
Total deferred inflows of resources	<u>177,725</u>	<u>18,220</u>	<u>2,371</u>	<u>68</u>	<u>180,096</u>	<u>18,288</u>
Net Position:						
Net investment in capital assets	116,206	120,216	52,945	55,799	169,151	176,015
Restricted	21,917	2,909			21,917	2,909
Unrestricted	<u>(334,712)</u>	<u>(311,807)</u>	<u>39,809</u>	<u>37,342</u>	<u>(294,903)</u>	<u>(274,465)</u>
Total Net Position	<u>\$ (196,589)</u>	<u>\$ (188,682)</u>	<u>\$ 92,754</u>	<u>\$ 93,141</u>	<u>\$ (103,835)</u>	<u>\$ (95,541)</u>

Net position of the Town's governmental activities decreased primarily due to long-term liabilities. 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 (\$274.5) million on June 30, 2020, to (\$294.9) 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. Benefit and assumption changes implemented in FY21 reduced the net liability for OPEB by \$148.9 million. However, those deferred inflows are amortized over eight years.

Other elements of the change in unrestricted governmental net position resulted from more long-term debt as related to school construction projects. In the General Fund, most of the revenue side of the budget had positive results caused primarily from the adoption of strengthened tax collection policies, and strong investment earnings. On the expenditure side, a mild winter, and delays in filling vacancies in all functions played a large role in providing favorable results. In the Capital Projects Fund, \$19.6 million was expended for improvements; most of these improvements were for roads/sidewalks and school infrastructure repairs. These capital expenses were partially funded bond issuance of \$10 million, and transfers in of \$2.2 million and intergovernmental grants of \$1.2 million. The net position of business-type activities decreased to \$92.1 million compared to \$93.1 million in 2020. 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 an increase in net position of \$1.7 million in the current year due to strong operating revenues. Water and Sewer experienced a net decrease in net position of \$400 thousand, due a decrease in investment income. The governmental activities Internal Service net position increased \$1.6 mainly due to good results in the Manchester Self Insurance Fund.

TABLE 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,682	\$ 5,269	\$ 28,437	\$ 25,965	\$ 34,119	\$ 31,234
Operating grants and contributions	97,205	79,570			97,205	79,570
Capital grants and contributions	1,296	17,678	256		1,552	17,678
General revenues:						
Property taxes	164,938	162,944			164,938	162,944
Grants and contributions not restricted to specific purposes	4,003	4,035			4,003	4,035
Unrestricted investment earnings (loss)	3,190	2,480	(418)	473	2,772	2,953
Other general revenues	735	688	210	354	945	1,042
Total revenues	<u>277,049</u>	<u>272,664</u>	<u>28,485</u>	<u>26,792</u>	<u>305,534</u>	<u>299,456</u>
Program expenses:						
General government	8,963	16,164			8,963	16,164
Public safety	45,110	55,808			45,110	55,808
Public works	20,479	23,085			20,479	23,085
Human services	4,534	4,325			4,534	4,325
Leisure services	6,872	7,460			6,872	7,460
Education	197,724	182,575			197,724	182,575
Interest on long-term debt	3,592	4,063			3,592	4,063
Water			9,394	9,699	9,394	9,699
Sewer			8,515	10,210	8,515	10,210
Sanitation			9,635	8,005	9,635	8,005
Total program expenses	<u>287,274</u>	<u>293,480</u>	<u>27,544</u>	<u>27,914</u>	<u>314,818</u>	<u>321,394</u>
Excess (deficiency) before transfers	(10,225)	(20,816)	941	(1,122)	(9,284)	(21,938)
Transfers	1,328	2,010	(1,328)	(2,010)	-	-
Change in Net Position	(8,897)	(18,806)	(387)	(3,132)	(9,284)	(21,938)
Beginning Net Position	(188,682)	(169,876)	93,141	96,273	(94,551)	(73,603)
Restatement	990					
Beginning Net Position - Restated	<u>(187,692)</u>					
Ending Net Position	\$ <u>(196,589)</u>	\$ <u>(188,682)</u>	\$ <u>92,754</u>	\$ <u>93,141</u>	\$ <u>(103,835)</u>	\$ <u>(95,541)</u>

The Town's total revenues (Governmental and Business-Type) were \$305.5 million. The total cost of all programs and services (Governmental and Business-Type) was \$314.8 million. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The decrease in Governmental Activities net position was \$8.9 million. The amount of net investment in capital assets remained stable. Operating grants and contributions increased by \$17.6 million while capital grants and contributions decreased by \$16.1 million, pending State reimbursement for school projects. Property taxes increased \$2 million over the prior year due primarily by the increase in the fire district mill rate, and strong delinquent tax collections.

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) increased by \$1.7 million, and expenses decreased by \$370 thousand. The increase in revenue was predominantly the result of a modest rate increase. The decrease in expenses is primarily due to decreased usage.

**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 increase in net cost of services for Education is the result of an increase in long-term liabilities associated with the Teacher's pension fund and increased staffing in response to the Covid pandemic, which was offset by Federal Grants.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Education	\$ 197,724	\$ 182,575	\$ 104,270	\$ 94,373
Public safety	45,110	55,808	41,948	52,644
Public works	20,479	23,085	17,301	15,612
Leisure services	6,872	7,460	6,575	7,196
General government	8,963	16,164	7,110	14,712
All others	<u>8,126</u>	<u>8,388</u>	<u>5,887</u>	<u>6,426</u>
Totals	\$ <u>287,274</u>	\$ <u>293,480</u>	\$ <u>183,091</u>	\$ <u>190,963</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 \$47.7 million, which is a decrease of \$1.4 million from last year's total. Included in this year's total change in fund balance is an increase of \$3.7 million in the Town's General Fund. The primary reason for the General Fund's increase is operational savings, despite lower revenues. For the Capital Projects fund, the decrease in the fund balance is due to construction costs for Buckley School.

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 slightly under budget (\$367 thousand) due to the ongoing Covid-19 pandemic. Tax Collections remained strong despite 90-day tax due date deferrals in July and January in response to the economic downturn. In May 2021, the Town received the first of two payments from the American Rescue Plan Act which was deposited to a special revenue fund. Revenue losses due to the pandemic are included as eligible uses of those funds. The Board will allocate those funds over the course of FY22 and FY23.
- 2) General operating expenses were kept under budget in all functional areas primarily due to vacancies in certain positions, service changes due to the pandemic, and a mild winter. Total expenses were under budget by \$7.7 million. \$2.4 million of that variance was due to Board of Education savings. The Board of Directors enacted a memorandum of understanding with Board of Education to allow the Board of Education to use those funds for capital expenditures in FY23, as allowed under state statute.

The Town's General Fund balance of \$33.8 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$33.3 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$443 thousand of outstanding encumbrances at year-end that are reported as expenditures for budgetary purposes.

The Fire District budgetary fund balance decreased by \$252 thousand, due to a reduction in receivables related to ambulance bills, which are collected through a third-party vendor.

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 \$92.8 million, which is a decrease of \$.3 million from last year's total of \$93.1 million. Included in this year's total change in net position is the impact of landfill closure costs and a decrease in interest earnings.

In the internal service funds, the self-insurance funds experienced a combined net increase of \$1.6 million. Net position in the Self-Insurance Fund increased by \$1.5 million due to settlement of worker's comp claims in FY20 and reduced claim activity. Claims in the Medical Insurance fund returned to normal as the pandemic lockdowns were lifted in the summer of 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2021, the Town had \$339.3 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 decrease of \$2 million (including additions and deductions) over last year, primarily due to depreciation of existing assets in the enterprise funds.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 17.7	\$ 17.6	\$ 1.3	\$ 1.3	\$ 19.0	\$ 18.9
Buildings and improvements	134.9	114.5	45.8	49.4	180.7	163.9
Equipment	10.2	9.9	5.8	5.8	16.0	15.7
Infrastructure	73.9	70.1	41.1	41.4	115.0	111.5
Construction in progress	8.0	30.7	0.6	0.0	8.6	30.7
Total	\$ <u>244.7</u>	\$ <u>242.8</u>	\$ <u>94.6</u>	\$ <u>97.9</u>	\$ <u>339.3</u>	\$ <u>340.7</u>

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

School Renovations:	\$8.2
Pavement Replacement:	\$2.1

The Town's fiscal-year 2021-21 capital budget plans for the planning and engineering of Phase 2 of the School Renovation Project, with renovation/construction of Bowers School scheduled for spring 2022, 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, 2021, the Town had \$124.5 million in bonds outstanding from governmental activities versus \$123.4 million last year - as shown in Table 5. The Town issued \$10 million in new bonds for school construction in FY21. Outstanding bonds were reduced by principal payments and a refunding in 2021.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds (Backed by the Town)	\$ 124.2	\$ 123.4	\$ 14.8	\$ 13.9	\$ 139.0	\$ 137.3
Clean water notes			28.7	28.2	28.7	28.2
	\$ <u>124.2</u>	\$ <u>123.4</u>	\$ <u>43.5</u>	\$ <u>42.1</u>	\$ <u>167.7</u>	\$ <u>165.5</u>

The 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 \$1.121 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 2021-2022, General Fund appropriations total \$198 million. This is an increase of \$3.6 million or 1.87% over 2020-2021. The increase in General Fund appropriations is being funded with a 1.4% increase in the property tax levy, anticipated use of fund balance, as well as additional anticipated state and federal grants. The mill rate did not increase due to modest Grand List growth.

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 36.52 (Town), 5.41 (Fire District) and business-type fees for the 2020-2021 fiscal year. The town's 36.52 mill rate represented no mill increase from the previous year. The Town desires a stable level of service delivery and adopted a mill rate that reflects that drive for stability.

The most immediate challenge faced by the Town is the ongoing 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 FY21, but the Town will be dealing with long-term outcomes from the pandemic for the next several years. Town leadership reacted quickly as new challenges related to the pandemic materialized daily and continues to assess community needs and coordinate recovery 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 binding arbitration. Along with this salary structural difficulty is the challenge of funding continued annual increases in employee and retiree health benefits. Also, accounting requirements are now in effect which require the Town to have a plan to pre-fund future post-employment benefits over time; this presents a significant undertaking to the Town in the years to come. Structural changes made to post-employment benefits in FY22 will go a long way towards addressing the long-term liabilities, but a pre-funding plan should be implemented to increase earning assumptions and reduce the liabilities further.

Overall, financial results for the 2021 fiscal year were impacted by the continuing pandemic and associated economic fallout. 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 by the ongoing public health crisis and the Town's long-term liability costs. 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 investment earnings and reduced spending. Total governmental fund balance decreased by \$1.4 million due primarily to ongoing school construction, with \$13 million due from the State for completed projects; overall economic outlook for the Town is stable as the Town works through economic impacts created by the pandemic and subsequent economic downturn. 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

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TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021
(In Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 74,101	\$ 47,422	\$ 121,523
Investments	28,383	17,264	45,647
Receivables, net	20,917	5,333	26,250
Supplies	125	1,329	1,454
Prepaid items	218		218
Capital assets:			
Assets not being depreciated	25,666	1,939	27,605
Assets being depreciated, net	218,927	92,672	311,599
Total assets	368,337	165,959	534,296
Deferred Outflows of Resources:			
Deferred outflows of resources related to pensions	12,413	621	13,034
Deferred outflows of resources related to OPEB	51,680		51,680
Deferred charge on refunding	1,108		1,108
Total deferred outflows of resources	65,201	621	65,822
Liabilities:			
Accounts and other payables	9,173	2,356	11,529
Accrued liabilities	3,930	77	4,007
Bond anticipation notes		14,801	14,801
Unearned revenue	14,872	614	15,486
Noncurrent liabilities:			
Due within one year	19,978	2,941	22,919
Due in more than one year	404,449	50,666	455,115
Total liabilities	452,402	71,455	523,857
Deferred Inflows of Resources:			
Advance property tax collections	5,785		5,785
Deferred inflows of resources related to pensions	22,648	2,371	25,019
Deferred inflows of resources related to OPEB	149,292		149,292
Total deferred inflows of resources	177,725	2,371	180,096
Net Position:			
Net investment in capital assets	116,206	52,945	169,151
Restricted for:			
Trust purposes:			
Expendable	3,680		3,680
Grants	13,636		13,636
Other	4,601		4,601
Unrestricted	(334,712)	39,809	(294,903)
Total Net Position	\$ (196,589)	\$ 92,754	\$ (103,835)

The accompanying notes are an integral part of the financial statements

**TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(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	\$ 8,963	\$ 1,844	\$ 9	\$	\$ (7,110)	\$	\$ (7,110)
Public safety	45,110	1,615	1,137	410	(41,948)		(41,948)
Public works	20,479	1,648	644	886	(17,301)		(17,301)
Leisure services	6,872	222	75		(6,575)		(6,575)
Human services	4,534	78	2,161		(2,295)		(2,295)
Education	197,724	275	93,179		(104,270)		(104,270)
Interest on long-term debt	3,592				(3,592)		(3,592)
Total governmental activities	<u>287,274</u>	<u>5,682</u>	<u>97,205</u>	<u>1,296</u>	<u>(183,091)</u>	<u>-</u>	<u>(183,091)</u>
Business-type activities:							
Water	9,394	9,591		162		359	359
Sewer	8,515	10,161				1,646	1,646
Sanitation	9,635	8,685		94		(856)	(856)
Total business-type activities	<u>27,544</u>	<u>28,437</u>	<u>-</u>	<u>256</u>	<u>-</u>	<u>1,149</u>	<u>1,149</u>
	<u>\$ 314,818</u>	<u>\$ 34,119</u>	<u>\$ 97,205</u>	<u>\$ 1,552</u>	<u>(183,091)</u>	<u>1,149</u>	<u>(181,942)</u>
General revenues:							
Property taxes					164,938		164,938
Grants and contributions not restricted to specific programs					4,003		4,003
Unrestricted investment earnings					3,190	(418)	2,772
Miscellaneous					735	210	945
Transfers					1,328	(1,328)	-
Total general revenues and transfers					<u>174,194</u>	<u>(1,536)</u>	<u>172,658</u>
Change in Net Position					(8,897)	(387)	(9,284)
Net Position at Beginning of Year, as Restated					<u>(187,692)</u>	<u>93,141</u>	<u>(94,551)</u>
Net Position at End of Year					<u>\$ (196,589)</u>	<u>\$ 92,754</u>	<u>\$ (103,835)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(In Thousands)

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>COVID Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 10,927	\$ 2,448	\$ 21,551	\$ 12,935	\$ 8,247	\$ 56,108
Investments	12,129				7,599	19,728
Receivables, net	4,016	237	13,972		1,964	20,189
Supplies					125	125
Interfund receivables	21,191					21,191
Other assets	38					38
Total Assets	<u>\$ 48,301</u>	<u>\$ 2,685</u>	<u>\$ 35,523</u>	<u>\$ 12,935</u>	<u>\$ 17,935</u>	<u>\$ 117,379</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 3,657	\$ 231	\$ 2,969	\$ 19	\$ 1,831	\$ 8,707
Accrued liabilities	1,953	34		2	16	2,005
Intergovernmental payables	11		149			160
Interfund payables			20,996		195	21,191
Unearned revenue			766	12,921	1,185	14,872
Total liabilities	<u>5,621</u>	<u>265</u>	<u>24,880</u>	<u>12,942</u>	<u>3,227</u>	<u>46,935</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	3,113					3,113
Unavailable revenue - loans receivable					22	22
Unavailable revenue - grants receivable			13,781			13,781
Advance property tax collections	5,785					5,785
Total deferred inflows of resources	<u>8,898</u>	<u>-</u>	<u>13,781</u>	<u>-</u>	<u>22</u>	<u>22,701</u>
Fund Balances:						
Nonspendable	38				125	163
Restricted					11,252	11,252
Committed	2,000	2,420			3,315	7,735
Assigned	4,618					4,618
Unassigned	27,126		(3,138)	(7)	(6)	23,975
Total fund balances	<u>33,782</u>	<u>2,420</u>	<u>(3,138)</u>	<u>(7)</u>	<u>14,686</u>	<u>47,743</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,301</u>	<u>\$ 2,685</u>	<u>\$ 35,523</u>	<u>\$ 12,935</u>	<u>\$ 17,935</u>	<u>\$ 117,379</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 47,743
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 444,547	
Less accumulated depreciation	<u>(200,513)</u>	
Net capital assets		244,034

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

Property tax receivables greater than 60 days	2,390
Interest receivable on property taxes	723
Housing rehabilitation and commercial entity loans	1,871
Grants receivable greater than 60 days	11,932
Deferred outflows of resources related to pensions	12,413
Deferred outflows of resources related to OPEB	51,680

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.

17,578

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	(206,371)
Net pension liability	(62,892)
Bonds and notes payable	(124,510)
Bond premiums	(9,016)
Interest payable on bonds and notes	(1,925)
Compensated absences	(11,407)
Deferred inflows of resources related to pensions	(22,648)
Deferred inflows of resources related to OPEB	(149,292)
Deferred charge on refunding	<u>1,108</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ (196,589)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>COVID Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 150,443	\$ 14,557	\$ 20	\$	\$ 75	\$ 165,095
Intergovernmental	53,460		1,297	797	26,155	81,709
Investment earnings	343	7	43		1,769	2,162
Licenses, permits and fines	2,761					2,761
Charges for goods and services	455	486			1,537	2,478
Other	224		88		417	729
Total revenues	<u>207,686</u>	<u>15,050</u>	<u>1,448</u>	<u>797</u>	<u>29,953</u>	<u>254,934</u>
Expenditures:						
Current:						
General government	5,843				674	6,517
Public works	12,487				73	12,560
Public safety	20,899	16,288		528	1,623	39,338
Human services	2,846				1,650	4,496
Leisure services	5,256				217	5,473
Employee benefits	4,641					4,641
Education	133,588				24,359	157,947
Internal service fund charges	2,724	671				3,395
Other	448				34	482
Debt service	13,042	104	1,532			14,678
Capital outlay			19,615		165	19,780
Total expenditures	<u>201,774</u>	<u>17,063</u>	<u>21,147</u>	<u>528</u>	<u>28,795</u>	<u>269,307</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,912</u>	<u>(2,013)</u>	<u>(19,699)</u>	<u>269</u>	<u>1,158</u>	<u>(14,373)</u>
Other Financing Sources (Uses):						
Transfers in	1,708	2,532	2,255		344	6,839
Transfers out	(3,953)	(813)	(677)		(60)	(5,503)
Issuance of bond			10,000			10,000
Issuance of refunding bond	17,395					17,395
Premium on bond refunding	212					212
Payments to escrow agents	(17,527)					(17,527)
Bond premium			1,549			1,549
Total other financing sources (uses)	<u>(2,165)</u>	<u>1,719</u>	<u>13,127</u>	<u>-</u>	<u>284</u>	<u>12,965</u>
Net Change in Fund Balances	3,747	(294)	(6,572)	269	1,442	(1,408)
Fund Balances at Beginning of Year, as Restated	<u>30,035</u>	<u>2,714</u>	<u>3,434</u>	<u>(276)</u>	<u>13,244</u>	<u>49,151</u>
Fund Balances at End of Year	<u>\$ 33,782</u>	<u>\$ 2,420</u>	<u>\$ (3,138)</u>	<u>\$ (7)</u>	<u>\$ 14,686</u>	<u>\$ 47,743</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (1,408)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	16,595
Depreciation expense	(13,997)

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. (950)

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	(181)
Property tax interest and lien revenue - accrual basis change	24
Housing and commercial entity loan repayment	444
Grants receivable - accrual basis change	(10,710)
Change in deferred outflows of resources related to pensions	(13,694)
Change in deferred outflows of resources related to OPEB	(13,495)

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	(10,000)
Premium on bonds	(1,549)
Bond principal payments	9,775
Issuance of refunding bonds	(17,395)
Payment to escrow agent on refunded bond issuance	16,545
Premium on refunded bonds	(212)
Amortization of deferred charge on refunding	(485)
Amortization of premiums	2,724

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	170
Accrued interest	55
Change in net pension liability	32,931
Change in net OPEB liability	148,890
Change in deferred inflows of resources related to pensions	(21,415)
Change in deferred inflows of resources related to OPEB	(133,208)

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.

1,649

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (8,897)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021
(In Thousands)

	Business-Type Activities					Total Business-Type Activities	Governmental Activities Internal Service Fund
			Sanitation Fund		Total		
	Water	Sewer	Operations	Landfill Closure			
Assets:							
Current assets:							
Cash and cash equivalents	\$ 9,057	\$ 5,530	\$ 30,346	\$ 2,489	\$ 32,835	\$ 47,422	\$ 17,993
Investments				17,264	17,264	17,264	8,655
Receivables, net	2,039	2,572	651		651	5,262	728
Assessment receivable		71			-	71	
Supplies	664	665			-	1,329	
Prepaid expenses					-	-	180
Total current assets	<u>11,760</u>	<u>8,838</u>	<u>30,997</u>	<u>19,753</u>	<u>50,750</u>	<u>71,348</u>	<u>27,556</u>
Noncurrent assets:							
Capital assets, net	<u>35,358</u>	<u>55,864</u>	<u>3,389</u>		<u>3,389</u>	<u>94,611</u>	<u>559</u>
Total assets	<u>47,118</u>	<u>64,702</u>	<u>34,386</u>	<u>19,753</u>	<u>54,139</u>	<u>165,959</u>	<u>28,115</u>
Deferred outflows of resources:							
Deferred outflows of resources related to pensions	<u>371</u>	<u>169</u>	<u>81</u>		<u>81</u>	<u>621</u>	<u>-</u>
Liabilities:							
Current liabilities:							
Accounts and other payables	443	752	1,161		1,161	2,356	306
Accrued liabilities	37	31	9		9	77	
Claims payable					-	-	5,569
Unearned revenue		71			-	71	
Customer deposits		197	346		346	543	
Bond anticipation notes	9,542	5,259			-	14,801	
Clean water fund notes	95	2,516			-	2,611	
Compensated absences	184	116	30		30	330	112
Total current liabilities	<u>10,301</u>	<u>8,942</u>	<u>1,546</u>	<u>-</u>	<u>1,546</u>	<u>20,789</u>	<u>5,987</u>
Noncurrent liabilities:							
Compensated absences	340	155	41		41	536	169
Claims payable					-	-	4,381
Clean water fund notes	1,959	22,295			-	24,254	
Landfill liability				20,708	20,708	20,708	
Net pension liability	<u>3,085</u>	<u>1,408</u>	<u>675</u>		<u>675</u>	<u>5,168</u>	
Total noncurrent liabilities	<u>5,384</u>	<u>23,858</u>	<u>716</u>	<u>20,708</u>	<u>21,424</u>	<u>50,666</u>	<u>4,550</u>
Total liabilities	<u>15,685</u>	<u>32,800</u>	<u>2,262</u>	<u>20,708</u>	<u>22,970</u>	<u>71,455</u>	<u>10,537</u>
Deferred inflows of resources:							
Deferred inflows of resources related to pensions	<u>1,415</u>	<u>646</u>	<u>310</u>		<u>310</u>	<u>2,371</u>	<u>-</u>
Net Position:							
Net investment in capital assets	23,762	25,794	3,389		3,389	52,945	559
Unrestricted	<u>6,627</u>	<u>5,631</u>	<u>28,506</u>	<u>(955)</u>	<u>27,551</u>	<u>39,809</u>	<u>17,019</u>
Total Net Position	<u>\$ 30,389</u>	<u>\$ 31,425</u>	<u>\$ 31,895</u>	<u>\$ (955)</u>	<u>\$ 30,940</u>	<u>\$ 92,754</u>	<u>\$ 17,578</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	Business-Type Activities					Total Business-Type Activities	Governmental Activities Internal Service Fund
	Sanitation Fund				Total		
	Water	Sewer	Operations	Landfill Closure			
Operating Revenues:							
Charges for services	\$ 9,591	\$ 10,161	\$ 8,685	\$ -	\$ 8,685	\$ 28,437	\$ 33,208
Intergovernmental revenue					-	-	
Other	159	3	61		61	223	1,739
Total operating revenues	<u>9,750</u>	<u>10,164</u>	<u>8,746</u>	<u>-</u>	<u>8,746</u>	<u>28,660</u>	<u>34,947</u>
Operating Expenses:							
Administrative	1,418	245	881	40	921	2,584	
General operating	5,688	4,744	5,825		5,825	16,257	3,748
Claims expense					-		30,476
Depreciation	2,288	3,526	385		385	6,199	94
Total operating expenses	<u>9,394</u>	<u>8,515</u>	<u>7,091</u>	<u>40</u>	<u>7,131</u>	<u>25,040</u>	<u>34,318</u>
Operating Income (Loss)	<u>356</u>	<u>1,649</u>	<u>1,655</u>	<u>(40)</u>	<u>1,615</u>	<u>3,620</u>	<u>629</u>
Nonoperating Revenue (Expense):							
Loss on disposal of capital assets	(5)				-	(5)	
Intergovernmental revenue	162		94		94	256	
Income on investments	11	7	36	262	298	316	1,028
Interest expense	(160)	(574)			-	(734)	
Change in estimate for closure/ post closure costs				(2,504)	(2,504)	(2,504)	
Premiums on debt issuance	(2)	(6)			-	(8)	
Total nonoperating revenues (expenses)	<u>6</u>	<u>(573)</u>	<u>130</u>	<u>(2,242)</u>	<u>(2,112)</u>	<u>(2,679)</u>	<u>1,028</u>
Income (Loss) Before Transfers	<u>362</u>	<u>1,076</u>	<u>1,785</u>	<u>(2,282)</u>	<u>(497)</u>	<u>941</u>	<u>1,657</u>
Transfers In	80				-	80	
Transfers Out	(635)	(660)	(113)		(113)	(1,408)	(8)
Change in Net Position	<u>(193)</u>	<u>416</u>	<u>1,672</u>	<u>(2,282)</u>	<u>(610)</u>	<u>(387)</u>	<u>1,649</u>
Net Position at Beginning of Year	<u>30,582</u>	<u>31,009</u>	<u>30,223</u>	<u>1,327</u>	<u>31,550</u>	<u>93,141</u>	<u>15,929</u>
Net Position at End of Year	<u>\$ 30,389</u>	<u>\$ 31,425</u>	<u>\$ 31,895</u>	<u>\$ (955)</u>	<u>\$ 30,940</u>	<u>\$ 92,754</u>	<u>\$ 17,578</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	Business-Type Activities					Total Business-Type Activities	Governmental Activities Internal Service Fund
	Sanitation Fund			Total			
	Water	Sewer	Operations				
Cash Flows from Operating Activities:							
Cash received from customers and users	\$ 9,646	\$ 10,268	\$ 8,630	\$ 8,630	\$ 28,544	\$ 34,964	
Cash received from insurance proceeds				-	-	193	
Cash received from other governments				-	-		
Other operating receipts	159	3	61	61	223		
Cash paid to suppliers for goods and services	(4,136)	(1,626)	(4,614)	(40)	(4,654)	(2,251)	
Cash paid to employees	(3,239)	(3,393)	(1,623)		(1,623)	(1,557)	
Cash paid for insurance claims and premiums					-	(31,625)	
Net cash provided by (used in) operating activities	<u>2,430</u>	<u>5,252</u>	<u>2,454</u>	<u>(40)</u>	<u>2,414</u>	<u>(276)</u>	
Cash Flows from Noncapital Financing Activities:							
Transfers in	80				80		
Transfers out	(635)	(660)	(113)		(1,408)		
Cash paid to other funds					-	(8)	
Net cash provided by (used in) noncapital financing activities	<u>(555)</u>	<u>(660)</u>	<u>(113)</u>	<u>-</u>	<u>(1,328)</u>	<u>(8)</u>	
Cash Flows from Capital and Related Financing Activities:							
Purchase of capital assets and construction	(1,086)	(1,800)	(23)		(2,909)	(287)	
Principal payment - clean water fund notes	(75)	(2,466)			(2,541)		
Principal payment - bond anticipation notes	(9,374)	(4,549)			(13,923)		
Proceeds from clean water fund notes	1,225				1,225		
Proceeds from bond anticipation notes	9,542	5,259			14,801		
Premium on bond anticipation note sale	(2)	(6)			(8)		
Debt issuance costs					-		
Interest paid	(160)	(574)			(734)		
Capital grants	162		94		256		
Net cash provided by (used in) capital and related financing activities	<u>232</u>	<u>(4,136)</u>	<u>71</u>	<u>-</u>	<u>(3,833)</u>	<u>(287)</u>	
Cash Flows from Investing Activities:							
Interest received	11	7	36	262	298	1,028	
Proceeds from sale of investments				(795)	(795)		
Net cash provided by (used in) investing activities	<u>11</u>	<u>7</u>	<u>36</u>	<u>(533)</u>	<u>(497)</u>	<u>162</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,118</u>	<u>463</u>	<u>2,448</u>	<u>(573)</u>	<u>1,875</u>	<u>(409)</u>	
Cash and Cash Equivalents at Beginning of Year	<u>6,939</u>	<u>5,067</u>	<u>27,898</u>	<u>3,062</u>	<u>30,960</u>	<u>18,402</u>	
Cash and Cash Equivalents at End of Year	<u>\$ 9,057</u>	<u>\$ 5,530</u>	<u>\$ 30,346</u>	<u>\$ 2,489</u>	<u>\$ 32,835</u>	<u>\$ 17,993</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ 356	\$ 1,649	\$ 1,655	\$ (40)	\$ 1,615	\$ 629	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	2,288	3,526	385		385	94	
Change in asset and liabilities:							
(Increase) decrease in accounts receivable	55	140	(63)		(63)	210	
(Increase) decrease in supplies and prepaid items	(39)	18			-	(21)	
(Increase) decrease in deferred outflows of resources	846	547	205		205	1,598	
Increase (decrease) in accounts payable	(281)	467	504		504	(319)	
Increase (decrease) in accrued expenses	(88)	(40)	(1)		(1)	(129)	
Increase (decrease) in customer deposits		(33)	8		8	(25)	
Increase (decrease) in compensated absences payable	(26)	(29)	(6)		(6)	(61)	
Increase (decrease) in claims payable					-	(841)	
Increase (decrease) in net pension liability	(2,059)	(1,617)	(534)		(534)	(4,210)	
Increase (decrease) in deferred inflows of resources	1,378	624	301		301	2,303	
Total adjustments	<u>2,074</u>	<u>3,603</u>	<u>799</u>	<u>-</u>	<u>799</u>	<u>(905)</u>	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,430</u>	<u>\$ 5,252</u>	<u>\$ 2,454</u>	<u>\$ (40)</u>	<u>\$ 2,414</u>	<u>\$ (276)</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Assets:	
Cash and cash equivalents	\$ 1,579
Investments:	
Mutual funds	230,404
Alternative investments	<u>27,168</u>
Total assets	<u>259,151</u>
Liabilities:	
Accounts and other payables	25
Interfund payable	
Deposits held for others	
Total liabilities	<u>25</u>
Net Position:	
Restricted for OPEB Benefits	4,257
Restricted for Pension Benefits	<u>254,869</u>
Total Net Position	<u>\$ 259,126</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)**

	Pension and Other Employee Trust Funds
Additions:	
Contributions:	
Employer	\$ 16,804
Plan members	3,685
Total contributions	<u>20,489</u>
Investment income:	
Net change in fair value of investments	54,115
Interest and dividends	3,695
Income from real estate investments	409
Total investment income	<u>58,219</u>
Total additions	<u>78,708</u>
Deductions:	
Benefits	26,360
Administration	309
Total deductions	<u>26,669</u>
Change in Net Position	52,039
Net Position at Beginning of Year, as Restated	<u>207,087</u>
Net Position at End of Year	<u>\$ 259,126</u>

The accompanying notes are an integral part of the financial statements

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TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Amounts Expressed in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The Town is a political subdivision of the State of Connecticut. It is governed by an elected board of nine directors.

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 postretirement 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.

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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(Amounts Expressed in Thousands)

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.

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

The Town reports the following major governmental funds:

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

The Fire District fund accounts for the financial activity of the South Manchester Fire District. The major source of revenue for this fund is tax collections.

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.

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

The Town reports the following major proprietary funds:

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

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

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

Additionally, the Town reports the following fund types:

The internal service funds:

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

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

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

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.

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.

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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 uncollectibles. An amount of \$1,372 has been established as an allowance for uncollectible taxes.

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 one and one-half percent per month. Delinquent taxes receivable at June 30 in the funds statements are recorded as deferred revenue to the extent that they have not been collected within 60 days, since they are not considered to be available to liquidate liabilities of the current year.

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.

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H. Capital Assets

Capital assets, which include property, plant, 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:

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

I. 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 position or fund balance that applies to a future period or 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 position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the

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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 and grants receivable. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. 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.

K. 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.

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L. 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.

M. 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 payable 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.

N. Fund Equity

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."

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).

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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.

O. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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.

P. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through January 20, 2022, the date that the financial statements were available to be issued.

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

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Enterprise Funds

Water Fund
Sewer Fund
Sanitation Fund

Internal Service Funds

Information Systems Fund

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

- (1) No later than March 13, the General Manager prepares and submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The legal level of control for the budget is represented by the following categories: general government, public works, public safety, human services, leisure services, employee benefits, education, debt service, other and interfund transfers (including payments to internal service funds).
- (2) No later than March 23, a public hearing is conducted by the Board of Directors to obtain taxpayer comments.
- (3) No later than April 16, the budget must be adopted by the Board of Directors. If the Board fails to adopt the budget, the tentative budget submitted by the General Manager is deemed to be adopted.
- (4) The Charter provides for a budget referendum by petition. If a petition to reject the budget is signed by at least 7% of registered voters, and filed with and certified by the Town Clerk within ten days of budget adoption, a budget referendum is to be held. If the budget adopted by the Board of Directors is rejected at the referendum, the Board of Directors must adopt a revised budget. Only one budget referendum may be held per year and the revised budget adopted by the Board of Directors takes effect on July 1.
- (5) The General Manager is authorized to transfer budgeted amounts within appropriations for each category noted above; however, any transfer between appropriations for these categories or additional appropriations must be approved by the Board of Directors. Additional appropriations of \$1,336 were approved during the year for the General Fund with an increase in estimated revenues and transfers in of \$60. Additional appropriation of \$332 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.
- (6) Except for encumbrance accounting, all budgets are prepared on the modified accrual basis.
- (7) Generally, the unexpended and unencumbered portion of appropriations lapse at year end, except those of the capital projects funds. Appropriations for the foregoing are continued until completion of the project, even when projects extend beyond one fiscal year.

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

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B. Deficit Fund Equity

The Capital Projects Fund, a major governmental fund, had a fund deficit of \$744, which will be funded through future recognition of grants revenue and the issuance of debt. The COVID Fund, a major governmental fund, had a deficit of \$7 which is expected to be funded by future grant funding. The Recreation Activities Fund, a non-major governmental fund, had a fund deficit of \$6 which is expected to be funded by a combination of future program fees and grant funding. The landfill closure fund had a deficit of \$955 which will be funded through future transfers and investment income.

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.

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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$13,125 of the Town’s bank balance of \$27,724 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,374
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,751</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 13,125</u>

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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, 2021, the Town's cash equivalents amounted to \$114,765. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF) Money Market Funds*	AAAm

* Not rated

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

4. INVESTMENTS

Investments as of June 30, 2021 in all funds are as follows:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
Certificates of deposit*	\$ 8,816	\$ 2,423	\$ 5,878	\$ 515
U.S. Government agencies	4,832	253	4,057	522
Municipal bonds	10,478	2,010	7,961	507
Corporate bonds	5,521	1,144	4,212	165
Other investments:				
Mutual funds	243,270			
Common stock	3,134			
Alternative investments	27,168			
Total Investments	\$ <u>303,219</u>	\$ <u>5,830</u>	\$ <u>22,108</u>	\$ <u>1,709</u>

* Subject to coverage by Federal Depository Insurance and Collateralization

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

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Agencies</u>	<u>Certificates of Deposit</u>	<u>Municipal Bonds</u>
AAA	\$ 376	\$ 4,832	\$	\$
Aa1	160			710
Aa2	309			341
Aa3				5,175
A1	1,015			
A2	1,153			100
A3	1,043			
Baa1	947			
Baa2	518			
Not Rated			8,816	4,152
	<u>\$ 5,521</u>	<u>\$ 4,832</u>	<u>\$ 8,816</u>	<u>\$ 10,478</u>

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, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Debt securities:				
U.S. Government agencies	\$ 4,832	\$ 4,832	\$	\$
Municipal bonds	10,478	10,478		
Corporate bonds	5,521	5,521		
Equity securities:				
Mutual funds	243,270	188,728	54,542	
Common stock	3,134	3,134		
Alternative investments	27,168		12,137	15,031
Total investments by fair value level	294,403	<u>\$ 212,693</u>	<u>\$ 66,679</u>	<u>\$ 15,031</u>
Investments not recorded at fair value:				
Certificates of deposit	8,816			
Total Investments	<u>\$ 303,219</u>			

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.

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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 five percent of the Town's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2021, 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.

5. RECEIVABLES

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

	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes	\$ 4,302	\$	\$	\$	\$	\$	\$	\$ 4,302
Interest	724							724
Accounts	340	237		2,293	2,865	726	1,064	7,525
Intergovernmental	22		13,972		71		1,588	15,653
Special assessments								
Loans							40	40
Pension contribution								
Gross receivables	<u>5,388</u>	<u>237</u>	<u>13,972</u>	<u>2,293</u>	<u>2,936</u>	<u>726</u>	<u>2,692</u>	<u>28,244</u>
Less allowance for uncollectibles	<u>(1,372)</u>	<u></u>	<u></u>	<u>(254)</u>	<u>(293)</u>	<u>(75)</u>	<u></u>	<u>(1,994)</u>
Net Total Receivables	<u>\$ 4,016</u>	<u>\$ 237</u>	<u>\$ 13,972</u>	<u>\$ 2,039</u>	<u>\$ 2,643</u>	<u>\$ 651</u>	<u>\$ 2,692</u>	<u>\$ 26,250</u>

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6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 17,618	\$ 75	\$	\$	\$ 17,693
Construction in progress	30,695	6,158	(2,772)	(26,108)	7,973
Total capital assets not being depreciated	<u>48,313</u>	<u>6,233</u>	<u>(2,772)</u>	<u>(26,108)</u>	<u>25,666</u>
Capital assets being depreciated:					
Buildings and improvements	212,770	2,128	(314)	27,057	241,641
Improvements other than buildings	14,259	78	(42)	8	14,303
Machinery and equipment	35,167	2,587	(905)	53	36,902
Infrastructure	125,597	5,856		(1,010)	130,443
Total capital assets being depreciated	<u>387,793</u>	<u>10,649</u>	<u>(1,261)</u>	<u>26,108</u>	<u>423,289</u>
Less accumulated depreciation for:					
Buildings and improvements	(107,202)	(8,064)	124		(115,142)
Improvements other than buildings	(5,359)	(603)	35		(5,927)
Machinery and equipment	(25,295)	(2,256)	807		(26,744)
Infrastructure	(55,498)	(3,168)	2,117		(56,549)
Total accumulated depreciation	<u>(193,354)</u>	<u>(14,091)</u>	<u>3,083</u>	<u>-</u>	<u>(204,362)</u>
Total capital assets being depreciated, net	<u>194,439</u>	<u>(3,442)</u>	<u>1,822</u>	<u>26,108</u>	<u>218,927</u>
Governmental Activities Capital Assets, Net	<u>\$ 242,752</u>	<u>\$ 2,791</u>	<u>\$ (950)</u>	<u>\$ -</u>	<u>\$ 244,593</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,315	\$	\$	\$	\$ 1,315
Construction in progress	-	624			624
Total capital assets not being depreciated	<u>1,315</u>	<u>624</u>	<u>-</u>	<u>-</u>	<u>1,939</u>
Capital assets being depreciated:					
Buildings and improvements	77,464	29			77,493
Improvements other than buildings	2,518	24			2,542
Machinery and equipment	19,864	1,046	(541)		20,369
Infrastructure	89,563	1,186	(44)		90,705
Total capital assets being depreciated	<u>189,409</u>	<u>2,285</u>	<u>(585)</u>	<u>-</u>	<u>191,109</u>
Less accumulated depreciation for:					
Buildings and improvements	(29,668)	(3,492)			(33,160)
Improvements other than buildings	(943)	(102)			(1,045)
Machinery and equipment	(14,031)	(1,092)	541		(14,582)
Infrastructure	(48,178)	(1,513)	41		(49,650)
Total accumulated depreciation	<u>(92,820)</u>	<u>(6,199)</u>	<u>582</u>	<u>-</u>	<u>(98,437)</u>
Total capital assets being depreciated, net	<u>96,589</u>	<u>(3,914)</u>	<u>(3)</u>	<u>-</u>	<u>92,672</u>
Business-Type Activities Capital Assets, Net	<u>\$ 97,904</u>	<u>\$ (3,290)</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ 94,611</u>

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

Governmental activities:	
General government	\$ 466
Public works	3,886
Public safety	1,238
Human services	66
Recreation	219
Library	75
Education	<u>8,141</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 14,091</u>
Business-type activities:	
Water	\$ 2,288
Sewer	3,526
Sanitation	<u>385</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 6,199</u>

Construction Commitments

The Town has active construction projects as of June 30, 2021. 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, 2021:

<u>Project</u>	<u>Authorized Amount</u>	<u>Expended and Encumbered</u>	<u>Unencumbered Balance</u>
Broad Street Redevelopment	\$ 11,110	\$ 10,862	\$ 248
Whiton Library	1,124	1,081	43
2012 School Bond	4,900	3,942	958
2013 Bond Referendum	12,308	11,852	456
2014 School Bond	84,226	78,444	5,782
2015 Bond Referendum	12,129	11,786	343
2016 Bond Land Acq and Hist Pres	4,150	1,960	2,190
2017 Public Works Bond	13,027	12,174	853
2019 School Bond	93,000	2,651	90,349
2019 Public Works Bond	<u>16,515</u>	<u>10,902</u>	<u>5,613</u>
Total	<u>\$ 252,489</u>	<u>\$ 145,654</u>	<u>\$ 106,835</u>

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 and 2019 Public Works Bond. Whiton Library is being financed by a combination of grants and contributions from the Library Trust. 2017 Public Works Bond is being financed through a combination of general obligation bonds and transfers from the Water Fund.

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7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 20,996
	Nonmajor Governmental Funds	<u>195</u>
		<u>\$ 21,191</u>

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

Interfund transfers that occurred during the year ended June 30, 2021 are as follows:

	<u>Transfers In</u>					<u>Total Transfers Out</u>
	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	
Transfers:						
General Fund	\$	\$ 2,532	\$ 1,077	\$ 344	\$	\$ 3,953
Fire District	338		475			813
Capital Projects	677					677
Nonmajor Governmental			60			60
Water			635			635
Sewer	580				80	660
Sanitation	113					113
Internal Service			8			8
Total Transfers In	\$ <u>1,708</u>	\$ <u>2,532</u>	\$ <u>2,255</u>	\$ <u>344</u>	\$ <u>80</u>	\$ <u>6,919</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.

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8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 123,435	\$	\$ (26,320)	\$ 97,115	\$ 9,715
Deferred amounts for issuance premiums	9,979		(2,724)	7,255	
General obligation bonds - direct placement		27,395		27,395	265
Deferred amounts for issuance premiums - direct placement		1,761		1,761	
Total	<u>133,414</u>	<u>29,156</u>	<u>(29,044)</u>	<u>133,526</u>	<u>9,980</u>
Other liabilities:					
Claims and judgments	10,791	39,548	(40,389)	9,950	5,569
Compensated absences	11,907	4,413	(4,632)	11,688	4,429
Net pension liability	95,823		(32,931)	62,892	
Net OPEB liability	<u>355,261</u>		<u>(148,890)</u>	<u>206,371</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 607,196</u>	<u>\$ 73,117</u>	<u>\$ (255,886)</u>	<u>\$ 424,427</u>	<u>\$ 19,978</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Clean water notes	\$ 28,182	\$ 1,225	\$ (2,542)	\$ 26,865	\$ 2,611
Landfill	18,204	2,504		20,708	
Compensated absences	927	272	(333)	866	330
Net pension liability	<u>9,378</u>		<u>(4,210)</u>	<u>5,168</u>	
Total Business-Type Activities Long-Term Liabilities	<u>\$ 56,691</u>	<u>\$ 4,001</u>	<u>\$ (7,085)</u>	<u>\$ 53,607</u>	<u>\$ 2,941</u>

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.

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Bonds Payable

The annual requirements to amortize bonds payable and clean water notes as of June 30, 2021 are as follows:

Fiscal Year	Publicly Sold		Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 9,715	\$ 3,719	\$ 265	\$ 491
2023	9,355	3,290	1,055	663
2024	7,380	2,881	2,260	618
2025	7,090	2,528	2,560	567
2026	7,145	2,180	2,520	511
2027-2031	26,370	6,844	10,765	1,725
2032-2036	21,415	3,166	4,970	684
2037-2041	8,645	468	2,500	262
2042-2046			500	8
Total	<u>\$ 97,115</u>	<u>\$ 25,076</u>	<u>\$ 27,395</u>	<u>\$ 5,529</u>

Governmental fund bonds bear interest at rates ranging from 2.0% to 5.5% and mature in fiscal years ending 2022 through 2046. 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, direct placement general obligation bonds and refunding bonds totaling \$27,395 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, 2021, 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, 2021 is \$26,865 and is included in business-type activities in the table above.

General Obligation Bonds - Advance Refunding

On April 29, 2021, the Town issued \$17,395 of general obligation refunding bonds with an interest rate of 0.2-5%. The bonds were issued to refund outstanding principal amounts of the 2011 and 2014 issue of general obligation bonds. The net proceeds of \$17,527 (after an original issue premium of \$212 and payment of \$116 in underwriter's fees and other issuance costs) 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. The Town refunded the above bonds to reduce total debt service payments over the next 12 years by \$1,011 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$911. As of June 30, 2021, the amount of defeased debt outstanding from this refunding was \$16,545, and the escrow balance is \$17,527. This amount is removed from the governmental activities column of the statement of net position.

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Bond Anticipation Notes

The following is a schedule of bond anticipation note activity for the year ended June 30, 2021:

	Business-Type Activities		
	Water	Sewer	Total
Balance, July 1, 2020	\$ 9,374	\$ 4,549	\$ 13,923
Issued	9,542	5,259	14,801
Retired	(9,374)	(4,549)	(13,923)
Balance, June 30, 2021	<u>\$ 9,542</u>	<u>\$ 5,259</u>	<u>\$ 14,801</u>

The above notes carry an interest rate of 0.53% and mature on February 17, 2022. The business-type activities short-term financing was issued for various water system and quality improvements, water system meters and wastewater treatment system.

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	\$ 360,466	\$ 78,736	\$ 281,730
Schools	720,932	85,916	635,016
Sewers	600,776		600,776
Urban renewal	520,673		520,673
Pension deficit	480,621		480,621

The total overall statutory debt limit for the Town is equal to seven times the prior year annual receipts from taxation, or \$1,121,449. At June 30, 2021, authorized and unissued debt amounted to \$54,114, including several public works projects, school renovations and the Broad Street redevelopment.

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9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	<u>Major Special Revenue Funds</u>				<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>COVID Fund</u>		
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	125	\$ 125
Prepaid expenditures	38					38
Restricted for:						
Unspent grant balances					2,971	2,971
Recreation activities					23	23
Libraries					6,631	6,631
Cemeteries					1,393	1,393
Education programs					234	234
Committed to:						
Subsequent year's budget	2,000					2,000
Fire district operations		2,420				2,420
Police special services					730	730
Municipal innovation					363	363
Student activities					673	673
School food service					1,155	1,155
Senior center activities					99	99
Downtown district					242	242
Emergency employment					36	36
Police department health and welfare					17	17
Assigned to:						
Purchases on order	443					443
Accrued leave	75					75
POCD	300					300
Revaluation	300					300
DPW vehicles and equipment	200					200
Assessment appeals	1,500					1,500
Retros/collective bargaining	100					100
PD Women's Lockers	500					500
LED lights	250					250
DPW snow contingency	250					250
Microsoft 360	400					400
Potential state reimbursement loss	300					300
Unassigned	<u>27,126</u>		<u>(3,138)</u>	<u>(7)</u>	<u>(6)</u>	<u>23,975</u>
Total Fund Balances	<u>\$ 33,782</u>	<u>\$ 2,420</u>	<u>\$ (3,138)</u>	<u>\$ (7)</u>	<u>\$ 14,686</u>	<u>\$ 47,743</u>

Significant encumbrances of \$443 and \$43 at June 30, 2021 are contained in the above table in the assigned category of the General Fund and the committed category of the Fire District Fund, respectively.

10. TAX ABATEMENTS

As of June 30, 2021, the Town provides tax abatements through multiple programs:

- 619 Hartford Road Tax Abatement Agreement
- 515 Middle Turnpike West Abatement Agreement
- 48 Spencer Street Abatement Agreement
- Haynes Street Abatement Agreement
- 444 Tolland Turnpike Abatement Agreement

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The 619 Hartford Road tax abatement agreement was created to provide a real property tax abatement for the development of moderate income senior living within the Town pursuant of Connecticut General Statutes Section 12-65b. Under the terms of the agreement, the property has been built to include a forty-four-unit senior living complex by the owner of the property. The property owner receives an abatement of approximately a third of the regular assessed value. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the Town has consented thereto. For the fiscal year ended June 30, 2021, taxes abated through this program total \$65. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this program.

The 515 Middle Turnpike West tax abatement agreement provides a real property tax abatement to encourage the development of a formerly unutilized property into a medical office building under Connecticut General Statutes Section 12-65b. Under the terms of the agreement, the new construction was to be built meeting the terms of the initial agreement and replace the previously unused building. The property owner receives a reduction of the assessed value by approximately 17%. For the fiscal year ended June 30, 2021, taxes abated through this program total \$22. There are no provisions to recapture abated taxes under this program; however, the terms of the agreement are null and void in the event of a property sale. No other commitments have been made by the Town to the abatement recipient under this program.

The 48 Spencer Street tax abatement agreement was created to provide a real property tax abatement for the development of low income housing within the Town pursuant of Connecticut General Statutes Section 8-215 and Town ordinance article II, sections 285-30 through 285-31. Under the terms of the agreement, the property must be utilized to provide low income housing and be evidenced to the Town annually. The property owner receives an abatement to an agreed-upon value of varying amounts from grand list year 2015 through 2030. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the Town has consented thereto. Furthermore, if the property is sold, the owner shall pay the town 5% of the purchase price, if any, in excess of the \$81,000 that is net of the conveyance tax due to the Town and the state. For the fiscal year ended June 30, 2021, taxes abated through this program total \$94. No other commitments have been made by the Town to the abatement recipient under this program.

The Haynes Street tax abatement agreements provide a real property tax abatement to assist with the transition from a not-for-profit entity to a for-profit entity and to further promote capital expenditures towards the hospital at the location pursuant of Connecticut General Statutes Section 12-65b. Under the terms of the agreement a minimum of \$10,000 must be spent on the property for the improvement or benefit of the hospital over a three-year period. In doing so, the property owner shall be taxed on a reduced assessment on the property at \$20,932 for grand list years 2016 through 2018. For the fiscal year ended June 30, 2021, taxes abated through this program total \$880. 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 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

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2023 grand list. For the fiscal year ended June 30, 2021, taxes abated through this program totaled \$501. 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.

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 CT Prime, a regional stop-loss collective, 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, 2021 and 2020, for the TOMMIF and MSIP funds are as follows:

	<u>2020</u> <u>TOMMIF</u>		<u>2021</u> <u>TOMMIF</u>		<u>2020</u> <u>MSIP</u>		<u>2021</u> <u>MSIP</u>
Unpaid claims, July 1	\$ 2,650	\$	2,686	\$	7,051	\$	8,105
Incurred claims (including IBNR)	25,663		28,499		4,765		1,977
Claim payments	<u>(25,627)</u>		<u>(28,262)</u>		<u>(3,711)</u>		<u>(3,055)</u>
Unpaid Claims, June 30	<u>\$ 2,686</u>	\$	<u>2,923</u>	\$	<u>8,105</u>	\$	<u>7,027</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.

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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.

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 \$15 to CREOC during the year ended June 30, 2021.

14. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town owns and operates a landfill site located off Olcott Street. State and federal law will require the Town to close the landfill once its capacity is reached and to monitor and maintain the site for 30 years subsequent to closure. Under the provisions of Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the Town recognizes a portion of the closure and postclosure care costs in each operating period even though actual payments will not occur until the landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the balance sheet date. As of June 30, 2021, the Town had recorded a liability of \$20,708 in the Sanitation Enterprise Fund that represents the amount of costs reported to date based on the estimated 82% of landfill capacity used to date. The remaining estimated liability for these costs is \$3,762 that will be recognized as the remaining capacity is used (estimated to reach capacity in June 2029 based on usage in the past calendar year). The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws and other variables.

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15. OTHER POSTEMPLOYMENT BENEFITS

A. Post-Retirement Medical Program

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, 2020, plan membership consisted of the following:

Active employees	1,519
Retirees	789
Beneficiaries	17
Spouses of retirees	<u>390</u>
Total	<u><u>2,715</u></u>

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.

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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).

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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 24.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The Town’s net OPEB liability was measured as of June 30, 2021. The components of the net OPEB liability of the Town at June 30, 2021, were as follows:

Total OPEB liability	\$	210,628
Plan fiduciary net position		<u>4,257</u>
Net OPEB Liability	\$	<u><u>206,371</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		2.02%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	Graded by age; scale varies by group
Discount rate	2.16%, linked to the municipal bond index
Healthcare cost trend rates	4.80% -4.10% over 53 years

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Mortality rates were based on the RP-2000 mortality tables adjusted for participant position with the Town.

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, 2021 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	0.41%	-0.07%
U.S. Core Fixed Income	34.94%	1.36%
U.S. Large Caps	58.66%	4.55%
Global Equity	<u>5.99%</u>	5.59%
	<u><u>100.00%</u></u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16% and is based on the municipal bond index. Under GASB Statement 75, the use of a 20-year quality municipal bond yield or index rate may be used in periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to cover future benefit payments of current plan members and the municipal bond-based rate was utilized.

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Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2020	\$ 358,671	\$ 3,410	\$ 355,261
Changes for the year:			
Service cost	12,444		12,444
Interest	8,106		8,106
Effect of plan changes	(2,015)		(2,015)
Effect of economic/demographic gains or losses	(37,423)		(37,423)
Effect of assumption changes or inputs	(120,518)		(120,518)
Benefit payments	(8,637)	(8,637)	-
Net investment income		855	(855)
Employer contributions		8,637	(8,637)
Employee contributions		16	(16)
Administrative expenses		(24)	24
Net changes	<u>(148,043)</u>	<u>847</u>	<u>(148,890)</u>
Balances as of June 30, 2021	<u>\$ 210,628</u>	<u>\$ 4,257</u>	<u>\$ 206,371</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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
	Net OPEB Liability	\$ 244,005	\$ 206,371

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 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (3.80% - 3.10%)	Current Trend Rate (4.80% - 4.10%)	1% Increase (5.80% - 5.10%)
	Net OPEB Liability	\$ 172,709	\$ 206,371

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OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$6,450. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 42,079
Change in assumptions or other inputs	51,680	106,545
Net difference between projected and actual earnings	<u> </u>	<u>668</u>
Total	<u>\$ 51,680</u>	<u>\$ 149,292</u>

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

Year Ending June 30

2022	\$ (10,227)
2023	(9,083)
2024	(9,065)
2025	(10,009)
2026	(19,743)
Thereafter	<u>(39,485)</u>
	<u>\$ (97,612)</u>

B. Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

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 post employment 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.

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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 & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 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 and has not increased since July 1996. A subsidy amount of \$220 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 \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & 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 & 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.

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 \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

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.

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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 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

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.

Employer (School Districts)

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$444 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.

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

At June 30, 2021, 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		<u>36,373</u>
Total	\$	<u><u>36,373</u></u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$1,697 in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

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

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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 (0.41%).

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that 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 will be made at the current member contribution rate and that 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 to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

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.

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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

16. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. 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.

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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.

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, 2020, Plan membership consisted of the following:

Retirees and beneficiaries	723
Terminated vested and other inactives	72
Active members	<u>479</u>
	<u><u>1,274</u></u>

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.

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.

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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, 2021 (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, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Interm Bonds	18.00%	0.97%
US High Yield Bonds	5.00%	4.07%
Global Bonds	2.00%	0.60%
US Large Caps	25.00%	4.55%
US Small Caps	6.00%	6.17%
Foreign Developed Equity	18.00%	6.35%
Emerging Markets Equity	10.00%	8.40%
Private Real Estate Property	6.00%	3.85%
Private Equity	6.00%	9.55%
Hedge Funds - MultiStrategy	4.00%	3.32%
Total	<u>100.00%</u>	

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2021 were as follows:

Total pension liability	\$ 254,280
Plan fiduciary net position	<u>202,679</u>
Net Pension Liability	<u>\$ 51,601</u>
Plan fiduciary net position as a percentage of the total pension liability	79.71%

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Projected salary increases	Graded by age
Amortization growth rate	3.50%
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 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2020	\$ 254,418	\$ 165,239	\$ 89,179
Changes for the year:			
Service cost	4,194		4,194
Interest on total pension liability	17,553		17,553
Differences between expected and actual experience	(2,974)		(2,974)
Changes in assumptions	(2,935)		(2,935)
Employer contributions		6,569	(6,569)
Member contributions		2,071	(2,071)
Net investment income		44,946	(44,946)
Benefit payments, including refund to employee contributions	(15,976)	(15,976)	
Administrative expenses		(170)	170
Net changes	(138)	37,440	(37,578)
Balances as of June 30, 2021	\$ 254,280	\$ 202,679	\$ 51,601

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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 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Net Pension Liability	\$ 79,480	\$ 51,601	\$ 28,646

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Town recognized pension expense of \$6,923. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>			<u>Total</u>
		<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	
Deferred Outflows of Resources					
Differences between expected and actual experience	\$ 879	\$ 58	\$ 26	\$ 13	\$ 976
Changes of assumptions	<u>4,711</u>	<u>313</u>	<u>143</u>	<u>68</u>	<u>5,235</u>
	<u>\$ 5,590</u>	<u>\$ 371</u>	<u>\$ 169</u>	<u>\$ 81</u>	<u>\$ 6,211</u>
Deferred Inflows of Resources					
Differences between expected and actual experience	\$ 2,147	\$ 143	\$ 65	\$ 31	\$ 2,386
Net difference between projected and actual earning on pension plan investments	17,717	1,146	58	251	19,172
Changes of assumptions	<u>1,443</u>	<u>126</u>	<u>523</u>	<u>28</u>	<u>2,120</u>
	<u>\$ 21,307</u>	<u>\$ 1,415</u>	<u>\$ 646</u>	<u>\$ 310</u>	<u>\$ 23,678</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>			<u>Total</u>
		<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	
2022	\$ (827)	\$ (55)	\$ (25)	\$ (12)	\$ (919)
2023	(3,818)	(253)	(115)	(55)	(4,241)
2024	(5,017)	(335)	(154)	(74)	(5,580)
2025	(6,055)	(401)	(183)	(88)	(6,727)
Total	\$ <u>(15,717)</u>	\$ <u>(1,044)</u>	\$ <u>(477)</u>	\$ <u>(229)</u>	\$ <u>(17,467)</u>

B. 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.

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 5 years of continuous active service, or 15 years of active non-continuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

Normal Retirement (Amounts Not Rounded)

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% 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 6.0% 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 5 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.

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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.

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.

Contributions

Member

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member.

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

At June 30, 2021, the Town reports a liability of \$16,459 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2020. The actuarial assumptions used in the June 30, 2020 valuation were 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, 2021, the Town's proportion was 1.48%. The decrease in proportion from 2020 proportion of 0.07% was 0.2%.

**TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts Expressed in Thousands)

For the year ended June 30, 2021, the Town recognized pension expense of \$3,322. At June 30, 2021, 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	\$ 949	\$ 207
Changes of assumptions	2,291	
Net difference between projected and actual earning on pension plan investments	1,534	
Change in employer proportional share	29	1,134
Contributions after the measurement date	<u>2,020</u>	
Total	<u>\$ 6,823</u>	<u>\$ 1,341</u>

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>	<u>Governmental Activities</u>
2022	\$ 1,337
2023	1,560
2024	400
2025	<u>165</u>
Total	<u>\$ 3,462</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(Amounts Expressed in Thousands)

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%.

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>
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bond	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	<u>100.0%</u>	

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, 2021
(Amounts Expressed in Thousands)

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 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's Proportionate Share of the Net Pension Liability	\$ 23,456	\$ 16,459	\$ 10,597

C. Connecticut Teachers Retirement System - Pension

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-employer 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.

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 3 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.

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.

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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(Amounts Expressed in Thousands)

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, 2021, the amount of "on-behalf" contributions made by the State was \$15,799 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.

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

At June 30, 2021, 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		<u>246,310</u>
Total	\$	<u><u>246,310</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the Town recognized pension expense and revenue of \$35,283 in Exhibit II.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Amounts Expressed in Thousands)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, 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, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending 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%.

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:

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Amounts Expressed in Thousands)

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.60 %	20.00
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		100.00

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.

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.

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.

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.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Amounts Expressed in Thousands)

D. Aggregated Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2021:

Plan	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Public Employee Retirement System:				
Governmental Activities	\$ 46,433	\$ 5,590	\$ 21,307	\$ 6,230
Business-Type Activities	5,168	621	2,371	693
Municipal Employees' Retirement System:				
Governmental Activities	16,459	6,823	1,341	3,322
Connecticut Teachers Retirement System:				
Governmental Activities				35,283
	<u>\$ 68,060</u>	<u>\$ 13,034</u>	<u>\$ 25,019</u>	<u>\$ 45,528</u>
Governmental Activities	\$ 62,892	\$ 12,413	\$ 22,648	\$ 44,835
Business-Type Activities	<u>5,168</u>	<u>621</u>	<u>2,371</u>	<u>693</u>
	<u>\$ 68,060</u>	<u>\$ 13,034</u>	<u>\$ 25,019</u>	<u>\$ 45,528</u>

E. Defined Contribution Plans

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, 2021 is \$52,190. There were 761 participants as of June 30, 2021. During the fiscal year ended June 30, 2021, employees contributed \$1,598 (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$1,598. Covered payroll totaled \$16,309. 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, 2021

(Amounts Expressed in Thousands)

457 Plan

In addition, the Town has a 457 plan available to all employees. The value of the plan at June 30, 2021 is \$45,480. There were 428 participants as of June 30, 2021, and employee contributions to the plan for the year ended June 30, 2021 were \$1,767,047. 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.

17. PENSION AND OPEB TRUST FUND STATEMENTS

	Pension Trust Fund	Defined Contribution 401 Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Assets:				
Cash and cash equivalents	\$ 1,561	\$	\$ 18	\$ 1,579
Investments	<u>201,143</u>	<u>52,190</u>	<u>4,239</u>	<u>257,572</u>
Total assets	<u>202,704</u>	<u>52,190</u>	<u>4,257</u>	<u>259,151</u>
Liabilities:				
Accounts and other payables	25			25
Interfund payable	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
Net Position:				
Net Position Restricted for OPEB Benefits			4,257	4,257
Net Position Restricted for Pensions	<u>202,679</u>	<u>52,190</u>	<u> </u>	<u>254,869</u>
Total Net Position	<u>\$ 202,679</u>	<u>\$ 52,190</u>	<u>\$ 4,257</u>	<u>\$ 259,126</u>

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Amounts Expressed in Thousands)

	<u>Pension Trust Fund</u>	<u>Defined Contribution 401 Pension Trust Fund</u>	<u>Retiree Health Care Trust Fund</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>
Additions:				
Contributions:				
Employer	\$ 6,569	\$ 1,598	\$ 8,637	\$ 16,804
Plan members	2,071	1,598	16	3,685
Total contributions	<u>8,640</u>	<u>3,196</u>	<u>8,653</u>	<u>20,489</u>
Investment income:				
Net change in fair value of investments	43,068	11,047		54,115
Interest and dividends	1,469	1,371	855	3,695
Income from real estate investments	409			409
Total investment income	<u>44,946</u>	<u>12,418</u>	<u>855</u>	<u>58,219</u>
Total additions	<u>53,586</u>	<u>15,614</u>	<u>9,508</u>	<u>78,708</u>
Deductions:				
Benefits	15,976	1,747	8,637	26,360
Administration	170	115	24	309
Total deductions	<u>16,146</u>	<u>1,862</u>	<u>8,661</u>	<u>26,669</u>
Change in Net Position	37,440	13,752	847	52,039
Net Position at Beginning of Year, as Restated	<u>165,239</u>	<u>38,438</u>	<u>3,410</u>	<u>207,087</u>
Net Position at End of Year	<u>\$ 202,679</u>	<u>\$ 52,190</u>	<u>\$ 4,257</u>	<u>\$ 259,126</u>

18. GASB 84 - RESTATEMENT

The Town previously reported the activities of the Plan Deposit Fund, Student Activity Fund, Senior Center Activities Fund, Maintenance Bond Fund and Redevelopment Agency Fund as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting changes: The activities of the Plan Deposit Fund, the Redevelopment Fund and the Maintenance Bond fund will be reported in the General Fund. Accordingly, the Town increased the beginning assets and liabilities of the General Fund by \$813, and thus no effect to the beginning fund balance. The Town created new special revenue funds for the Student Activity Fund, the Senior Center Activity Fund, and the Downtown District Fund, thus increasing assets and fund balance of \$990. The Defined Contribution Plan of the Town will now be brought into the reporting entity, increasing net position of the Pension Trust Fund of \$38,4378. Additionally, the Town reassessed prior year accounts receivable in the Capital Projects Fund, and identified \$2,394 that had previously been recognized as revenue, but it unavailable. Accordingly, the Town restated beginning balances of the assets, liabilities, fund balance and net position as follows:

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Amounts Expressed in Thousands)

Governmental Funds:	Governmental Activities Net Position	Capital Project Funds Fund Balance	Nonmajor Governmental Funds Fund Balance
Balance as previously reported June 30, 2020	\$ (188,682)	\$ 5,828	\$ 12,254
Adjustment:			
Prior year accounts receivable deemed unavailable		(2,394)	
Downtown District Fund now reported as a Special Revenue Fund	227		227
Student Activity Fund now reported as a Special Revenue Fund	671		671
Senior Center Activity Fund now reported as a Special Revenue Fund	92		92
Balance as restated July 1, 2020	<u>\$ (187,692)</u>	<u>\$ 3,434</u>	<u>\$ 13,244</u>

Fiduciary Funds:	Agency Funds	Pension and Other Employee Benefit Trust Funds
Balance as previously reported June 30, 2020	\$ 1,576	\$ 168,649
Adjustments:		
Defined contribution 401 pension now reported as a Pension Trust Fund		38,438
Plan Deposit Fund now reported in the General Fund	(23)	
Student Activity Fund now reported as a Special Revenue Fund	(671)	
Senior Center Activity Fund now reported as a Special Revenue Fund	(92)	
Maintenance Bond Fund now reported in the General Fund	(786)	
Redevelopment Agency Fund now reported in the GF	(4)	
Balance as restated July 1, 2020	<u>\$ -</u>	<u>\$ 207,087</u>

Required Supplementary Information

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**TOWN OF MANCHESTER, CONNECTICUT
GENERAL FUND AND FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)**

	General Fund				Fire District Fund			
	Original Budget	Revised Budget	Actual	Variance Over (Under)	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:								
Property taxes, interest and lien fees	\$ 150,703	\$ 150,703	\$ 150,443	\$ (260)	\$ 14,543	\$ 14,543	\$ 14,557	\$ 14
Intergovernmental revenue	35,738	35,738	35,459	(279)				-
Investment and interest income	790	790	343	(447)	70	70	7	(63)
Licenses, permits and fines	2,196	2,196	2,761	565				-
Charges for goods and services	451	451	455	4	725	725	486	(239)
Other	142	142	192	50				-
Total revenues	<u>190,020</u>	<u>190,020</u>	<u>189,653</u>	<u>(367)</u>	<u>15,338</u>	<u>15,338</u>	<u>15,050</u>	<u>(288)</u>
Expenditures:								
Current:								
General government	6,250	6,254	5,839	415				-
Public works	14,079	14,089	12,516	1,573				-
Public safety	22,052	22,295	21,014	1,281	16,455	16,787	16,246	541
Human services	3,150	3,150	2,855	295				-
Leisure services	5,977	5,992	5,238	754				-
Employee benefits	4,697	4,752	4,641	111				-
Education	118,269	118,269	115,759	2,510				-
Internal service fund charges	2,724	2,724	2,724	-	668	668	671	(3)
Other	414	1,253	448	805				-
Debt service	12,962	12,962	12,962	-	104	104	104	-
Capital outlay	1,078	1,078	1,078	-	475	475	475	-
Total expenditures	<u>191,652</u>	<u>192,818</u>	<u>185,074</u>	<u>7,744</u>	<u>17,702</u>	<u>18,034</u>	<u>17,496</u>	<u>538</u>
Excess (deficiency) of revenues over expenditures	<u>(1,632)</u>	<u>(2,798)</u>	<u>4,579</u>	<u>7,377</u>	<u>(2,364)</u>	<u>(2,696)</u>	<u>(2,446)</u>	<u>250</u>
Other financing sources (uses):								
Transfers in	1,846	1,906	1,912	6	2,532	2,532	2,532	-
Transfers out	<u>(2,716)</u>	<u>(2,886)</u>	<u>(2,875)</u>	<u>11</u>	<u>(338)</u>	<u>(338)</u>	<u>(338)</u>	<u>-</u>
Total other financing sources (uses)	<u>(870)</u>	<u>(980)</u>	<u>(963)</u>	<u>17</u>	<u>2,194</u>	<u>2,194</u>	<u>2,194</u>	<u>-</u>
Net Change in Fund Balances	\$ <u>(2,502)</u>	\$ <u>(3,778)</u>	3,616	\$ <u>7,394</u>	\$ <u>(170)</u>	\$ <u>(502)</u>	(252)	\$ <u>250</u>
Fund Balances, Beginning of Year			<u>29,723</u>				<u>2,672</u>	
Fund Balances, End of Year			\$ <u>33,339</u>				\$ <u>2,420</u>	

**TOWN OF MANCHESTER, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2021
(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>	<u>Fire District</u>
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Non-GAAP budgetary basis - RSI-1	\$ 191,565	\$ 17,582
State of Connecticut State Teachers' Retirement System Pension on-behalf contribution for Town teachers is not budgeted.	15,799	
State of Connecticut State Teachers' Retirement System OPEB on-behalf contribution for Town teachers is not budgeted.	381	
Excess cost grant revenue is budgeted as a credit to education expenditures	1,649	
Proceeds from bond refunding are not budgeted	17,395	
Premium recognized on bond refunding is not budgeted	<u>212</u>	
GAAP Basis - Exhibit IV	<u>\$ 227,001</u>	<u>\$ 17,582</u>
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
Non-GAAP budgetary basis - RSI-1	\$ 187,949	\$ 17,834
State of Connecticut State Teachers' Retirement System Pension on-behalf contribution for Town teachers is not budgeted.	15,799	
State of Connecticut State Teachers' Retirement System OPEB on-behalf contribution for Town teachers is not budgeted.	381	
Excess cost grant revenue is budgeted as a credit to education expenditures	1,649	
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, 2020	233	42
June 30, 2021	(364)	
Issuance costs on refunding bonds are not budgeted	80	
Payments to escrow agents during bond refunding are not budgeted	<u>17,527</u>	
GAAP Basis - Exhibit IV	<u>\$ 223,254</u>	<u>\$ 17,876</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:					
Service cost	\$ 12,444	\$ 9,639	\$ 8,212	\$ 9,091	\$ 10,676
Interest	8,106	10,045	10,755	10,027	8,667
Effect of plan changes	(2,015)		(381)		
Effect of economic/demographic gains or losses	(37,423)		(17,334)		
Effect of assumption changes or inputs	(120,518)	65,561	15,493	(12,007)	(33,108)
Benefit payments, including refunds of member contributions	(8,637)	(7,797)	(10,297)	(6,570)	(10,771)
Net change in total OPEB liability	(148,043)	77,448	6,448	541	(24,536)
Total OPEB liability - beginning	358,671	281,223	274,775	274,234	298,770
Total OPEB liability - ending	<u>210,628</u>	<u>358,671</u>	<u>281,223</u>	<u>274,775</u>	<u>274,234</u>
Plan fiduciary net position:					
Contributions - employer	8,637	7,797	12,297	8,313	8,558
Contributions - member	16				1,051
Net investment income	855	244	165	296	13
Benefit payments, including refunds of member contributions	(8,637)	(7,797)	(10,297)	(6,570)	(9,209)
Administrative expense	(24)	(29)			(83)
Net change in plan fiduciary net position	847	215	2,165	2,039	330
Plan fiduciary net position - beginning	3,410	3,195	1,030	(1,009)	(1,339)
Plan fiduciary net position - ending	<u>4,257</u>	<u>3,410</u>	<u>3,195</u>	<u>1,030</u>	<u>(1,009)</u>
Net OPEB Liability - Ending	<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	2.02%	0.95%	1.14%	0.37%	-0.37%
Covered payroll	\$ 117,104	\$ 105,387	\$ 105,387	\$ 104,340	\$ 95,663
Net OPEB liability as a percentage of covered payroll	176.23%	337.10%	263.82%	262.36%	287.72%

Notes to Schedule:

Effect of plan changes:

Firefighters hired after July 1, 2022 will only be able to enroll in the HDHP.

Firefighters hired prior to January 14, 2021 will contribute \$400 annually towards the OPEB plan. Firefighters hired after January 14, 2021 will contribute 1.5% of their annual salary.

Teamster employees hired after June 15, 2020 will only be able to enroll in the HDHP.

Custodians and Secretaries hired after October 31, 2018 are no longer eligible for OPEB.

Nurses hired after July 1, 2016 are no longer eligible for OPEB.

Effect of changes of assumptions:

Medical trend (previously 5.60% - 4.60% over 67 years) decreases from 4.80% to 4.10% over 53 years Pre-Medicare; changes from -1.88% to 4.10% over 53 years Post-Medicare.

Town, Police and Non-certified BOE retirement, termination and salary scale assumptions were updated based on the results of the experience study completed in 2020. Assumptions for Certified employees were updated to reflect the assumptions used in the June 30, 2020 Actuarial Valuation Report for the Connecticut State Teachers' Retirement System.

For all groups except Certified, Pub-2010 mortality table was adopted with generational projection of future improvements per the MP-2019 Ultimate Table.

Interest rate assumption decreased from 3.87% to 2.21% based on the bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2020.

*Note - This schedule is intended to show information for ten 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 24,823	\$ 23,319	\$ 26,339	\$ 24,771	\$ 17,205	\$ 16,016	\$ 1,844	\$ 16,825	\$ 15,593	\$ 14,583
Contributions in relation to the actuarially determined contribution	<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>	<u>11,711</u>	<u>10,172</u>
Contribution Deficiency (Excess)	\$ <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>	\$ <u>3,882</u>	\$ <u>4,411</u>
Covered payroll	\$ 117,104	\$ 105,387	\$ 104,340	\$ 95,663	\$ 90,703	\$ 54,957	\$ 54,957	\$ 36,149	\$ 36,149	\$ 38,148
Contributions as a percentage of covered payroll	7.38%	7.40%	11.79%	8.69%	11.16%	17.65%	20.77%	30.58%	32.40%	26.66%

Notes to Schedule

Valuation date: July 1, 2020

Measurement date: June 30, 2021

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	17 years as of July 1, 2020
Amortization growth rate	3.50%
Asset valuation method	Market value
Inflation	2.60%
Healthcare cost trend rates	4.80% -4.10% over 53 years pre-Medicare -1.88% -4.10% over 53 years post-Medicare
Salary increases	Graded by age; scale varies by group
Investment rate of return	2.16%, net of investment expense

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

	<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	24.34%	7.66%	5.77%	7.96%	0.85%

*Note - This schedule is intended to show information for ten 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 FOUR FISCAL YEARS*
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	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	<u>36,737</u>	<u>33,490</u>	<u>33,100</u>	<u>44,841</u>
Total	<u>\$ 36,737</u>	<u>\$ 33,490</u>	<u>\$ 33,100</u>	<u>\$ 44,841</u>
Town's covered payroll	\$ 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%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms None

Changes of assumptions Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020;
Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
Long-term health care cost trend rates were updated;
The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan
The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:
- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
- Decrease payroll growth assumption from 3.25% to 3.00%.
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated 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 3.00%, net of investment-related expense including price inflation
Price inflation 2.75%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:								
Service cost	\$ 4,194	\$ 4,196	\$ 4,200	\$ 4,156	\$ 4,225	\$ 4,428	\$ 4,260	\$ 4,408
Interest	17,553	16,209	16,019	15,625	15,274	14,860	14,331	13,895
Differences between expected and actual experience	(2,974)	2,477	(1,427)	1,055	(832)	1,621	1,090	(469)
Changes of assumptions	(2,935)	12,029	2,978	2,719		2,537	2,103	
Benefit payments, including refunds of member contributions	(15,976)	(15,454)	(14,624)	(13,975)	(13,527)	(12,688)	(12,206)	(11,649)
Net change in total pension liability	(138)	19,457	7,146	9,580	5,140	10,758	9,578	6,185
Total pension liability - beginning	254,418	234,961	227,815	218,235	213,095	202,337	192,759	186,574
Total pension liability - ending	254,280	254,418	234,961	227,815	218,235	213,095	202,337	192,759
Plan fiduciary net position:								
Contributions - employer	6,569	6,202	5,868	6,100	5,734	5,244	5,116	5,124
Contributions - member	2,071	2,181	2,248	2,348	2,370	2,414	2,459	2,330
Net investment income (expenses)	44,946	1,000	8,472	11,709	18,830	(1,414)	4,033	20,493
Benefit payments, including refunds of member contributions	(15,976)	(15,454)	(14,624)	(13,975)	(13,527)	(12,688)	(12,206)	(11,649)
Administrative expense	(170)	(120)	(44)	(36)	(345)	(317)	(372)	(389)
Net change in plan fiduciary net position	37,440	(6,191)	1,920	6,146	13,062	(6,761)	(970)	15,909
Plan fiduciary net position - beginning	165,239	171,430	169,510	163,364	150,302	157,063	158,033	142,124
Plan fiduciary net position - ending	202,679	165,239	171,430	169,510	163,364	150,302	157,063	158,033
Net Pension Liability - Ending	\$ <u>51,601</u>	\$ <u>89,179</u>	\$ <u>63,531</u>	\$ <u>58,305</u>	\$ <u>54,871</u>	\$ <u>62,793</u>	\$ <u>45,274</u>	\$ <u>34,726</u>
Plan fiduciary net position as a percentage of the total pension liability	79.71%	64.95%	72.96%	74.41%	74.86%	70.53%	77.62%	81.98%
Covered payroll	\$ 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	160.13%	275.81%	191.97%	172.70%	156.37%	179.86%	131.24%	103.44%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 6,569	\$ 6,202	\$ 5,850	\$ 6,100	\$ 5,734	\$ 5,244	\$ 5,116	\$ 5,124	\$ 4,929	\$ 5,038
Contributions in relation to the actuarially determined contribution	<u>6,569</u>	<u>6,202</u>	<u>5,868</u>	<u>6,100</u>	<u>5,734</u>	<u>5,244</u>	<u>5,116</u>	<u>5,124</u>	<u>4,929</u>	<u>5,038</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(18)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 32,225	\$ 32,334	\$ 33,094	\$ 33,760	\$ 35,091	\$ 34,913	\$ 34,496	\$ 33,572	\$ 36,222	\$ 30,490
Contributions as a percentage of covered payroll	20.38%	19.18%	17.73%	18.07%	16.34%	15.02%	14.83%	15.26%	13.61%	16.52%

Notes to Schedule

Valuation date: July 1, 2020
 Measurement date: June 30, 2021
 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: 19 years
 Asset valuation method: 5-year Asymptotic, no corridor
 Inflation: 2.60%
 Salary increases: Graded by age
 Investment rate of return: 7.00%
 Retirement age: 65
 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-2019 Ultimate Scale.

Change in assumptions: Inflation was 2.75% in the prior year
 Retirement age changed from:
 General Employees: Age 65 with 5 years of contributory service, or special retirement (age 62 with 25 years of contributory service). Rule of 80 employees: Earlier of the above or age plus years of contributory service of at least 80 or age 62 if hired before 7/1/1995. Early Retirement: Age 55 and 5 years of contributory service.
 Police Employees: Earlier of age 50 or 25 years of service.

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

	<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	27.38%	0.59%	5.02%	7.21%	12.42%	-0.90%	2.42%	14.19%

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

TOWN OF MANCHESTER, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS*
(In Thousands)

	<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	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>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>\$ 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	\$ 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%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms None

Changes of assumptions The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019:
- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
- Decrease payroll growth assumption from 3.25% to 3.00%.
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Actuarial cost method Entry age
Amortization method Level percent of pay, closed
Single equivalent amortization period 30 years
Asset valuation method 4-year smoothed fair
Inflation 2.50%
Salary increase 3.25%-6.50%, including inflation
Investment rate of return 6.90%, net of investment related expense

- This schedule is intended to show information for ten 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 SEVEN FISCAL YEARS*
(In Thousands)

	<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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability (asset)	\$ 16,459	\$ 16,022	\$ 13,974	\$ (3,894)	\$ (2,857)	\$ (4,642)	\$ (5,464)
Town's covered payroll	\$ 8,396	\$ 8,596	\$ 8,758	\$ 8,224	\$ 7,781	\$ 7,464	\$ 7,492
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<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	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

*Notes:

- This schedule is intended to show information for ten 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)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 2,020	\$ 1,316	\$ 1,483	\$ 1,485	\$ 1,162	\$ 1,169	\$ 1,199	\$ 1,200	\$ 1,141	\$ 1,119
Contributions in relation to the actuarially determined contribution	<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>	<u>1,141</u>	<u>1,119</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	\$ 9,188	\$ 8,396	\$ 8,596	\$ 8,758	\$ 8,224	\$ 7,781	\$ 7,464	\$ 7,492	\$ 7,325	\$ 7,179
Contributions as a percentage of covered payroll	21.99%	15.67%	17.25%	16.96%	14.13%	15.02%	16.06%	16.02%	15.58%	15.59%

Notes to Schedule

Valuation date: June 30, 2020

Measurement date: June 30, 2020

The actuarially determined contributions are calculated as of June 30, each biennium for the fiscal years ending two and three 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	21 years
Asset valuation method	5-year smoothed fair value (20% write-up)
Inflation	3.25%
Salary increases	4.25% - 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.

Combining and Individual Fund Statements and Schedules

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General Fund

GENERAL FUND

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

**TOWN OF MANCHESTER, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)**

Grand List	Uncollected Taxes July 1, 2020	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2021
		Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2019	\$ 164,093	\$ 171	\$ 601	\$ 256	\$ 163,407	\$ 161,084	\$ 530	\$ 6	\$ 161,620	\$ 2,323
2018	2,483	44	392	226	1,909	906	253	14	1,173	1,003
2017	963	31	70	365	559	232	12	7	251	327
2016	266	1	1	13	253	76	74	12	162	177
2015	144		2	3	139	34	51	8	93	105
2014	110			1	109	35	35	6	76	74
2013	93		1		92	15	29	5	49	77
2012	77	1			78	18	27	4	49	60
2011	49				49	15	24	3	42	34
2010	42				42	14	24	3	41	28
2009	33				33	5	13	2	20	28
2008	36				36	5	12	1	18	31
2007	28				28	5	9	1	15	23
2006	16				16	4	10	1	15	12
Total	\$ <u>168,433</u>	\$ <u>248</u>	\$ <u>1,067</u>	\$ <u>864</u>	\$ <u>166,750</u>	162,448	1,103	73	163,624	\$ <u>4,302</u>
						296			296	
						\$ <u>162,744</u>	\$ <u>1,103</u>	\$ <u>73</u>	\$ <u>163,920</u>	

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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 services	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
Miscellaneous Projects	Various sources	Miscellaneous projects
Levi Drake Fund	Trust and investment income	Library purposes
Emergency Employment Fund	Trust and investment income	General social welfare
Mary Cheney Library Fund	Trust and investment income	Purchase of books for the library
Whiton Library Fund	Trust and investment income	Support of library
Manchester Police Department Health and Welfare Fund	Trust and investment income	Needy Manchester Police and/or their survivors
Library Appreciation Fund	Trust and investment income	Library purposes
Foulds Family Foundation	Trust and investment income	Recreational programs
R. B. Bagley Memorial Book Fund	Trust and investment income	Purchase of books for the library
Trust Funds - Board of Education	Trust and investment income	Education related purposes
Wilma D. Marlow Fund	Trust and investment income	General support of library
Newton B. Taggart Fund	Trust and investment income	Purchase of books
East Cemetery Trust Fund	Trust and investment income	Perpetual care
Consolidated Cemetery Trust Fund	Trust and investment income	Perpetual care
Trust Funds Held at the Board of Education	Trust and investment income	Education related purposes
Library Trust Fund	Trust and investment income	Purchase of books for the library

Permanent Funds

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

Fund	Funding Source	Function
Jarvis Library Fund	Trust and investment income	Perpetual care

TOWN OF MANCHESTER, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (In Thousands)

EXHIBIT B-1

	Special Revenue Funds											
	Police Special Services Fund	Municipal Innovation Fund	Recreation Activities	Education Special Grants 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	\$ 535	\$ 363	\$ 15	\$ 1,907	\$ 2,627	\$ 711	\$ 673	\$ 99	\$ 259	\$	\$	113
Investments												
Accounts receivable	199			130	4							40
Intergovernmental receivables				670	262	571				85		
Supplies						125						
Other assets												
Total Assets	\$ 734	\$ 363	\$ 15	\$ 2,707	\$ 2,893	\$ 1,407	\$ 673	\$ 99	\$ 259	\$ -	\$ 85	\$ 153
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts and other payable	\$	\$	\$ 1	\$ 1,507	\$ 128	\$ 122	\$	\$	\$ 17	\$	\$ 53	\$ (1)
Accrued liabilities	4		4	6	2							
Interfund payable						5				27		1
Unearned revenue			16	1,165	4							
Total liabilities	4	-	21	2,678	134	127	-	-	17	-	80	-
Deferred Inflows of Resources:												
Unavailable revenue - loans receivable												22
Unavailable revenue - grants receivable												
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	22
Fund Balances:												
Nonspendable						125						
Restricted				29	2,759					5		131
Committed	730	363				1,155	673	99	242			
Unassigned			(6)									
Total fund balances	730	363	(6)	29	2,759	1,280	673	99	242	-	5	131
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 734	\$ 363	\$ 15	\$ 2,707	\$ 2,893	\$ 1,407	\$ 673	\$ 99	\$ 259	\$ -	\$ 85	\$ 153

(Continued on next page)

**TOWN OF MANCHESTER, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (In Thousands)**

EXHIBIT B-1

	Special Revenue Funds									
	Neighborhood Housing Predevelopment 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	\$	\$ 71	\$ 36	\$ 1	\$ 16	\$ 23	\$ 8	23	\$ 5
Investments						1,368				
Accounts receivable										
Intergovernmental receivables										
Supplies										
Other assets										
Total Assets	\$ 47	\$ -	\$ 71	\$ 36	\$ 1	\$ 1,384	\$ 23	\$ 8	23	\$ 5
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										
Unavailable revenue - grants receivable										
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted	47		71		1	1,384		8	23	5
Committed				36			17			
Unassigned										
Total fund balances	47	-	71	36	1	1,384	17	8	23	5
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 47	\$ -	\$ 71	\$ 36	\$ 1	\$ 1,384	\$ 23	\$ 8	23	\$ 5

(Continued on next page)

**TOWN OF MANCHESTER, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021
(In Thousands)**

EXHIBIT B-1

	Special Revenue Funds							Permanent Fund	Total Nonmajor Governmental Funds	
	Trust Funds - Board of Education	Wilma D. Marlow Fund	Newton B. Taggart Fund	East Cemetery Trust Fund	Consolidated Cemetery Trust Fund	Trust Funds Held at the Board of Education	Library Trust Fund	Total		Jarvis Library Fund
ASSETS										
Cash and cash equivalents	\$ 101	\$ 8	\$ 15	\$ 320	\$ 3	\$ 128	\$ 101	\$ 8,208	\$ 39	\$ 8,247
Investments			1,414	728	339			3,849	3,750	7,599
Accounts receivable				3				376		376
Intergovernmental receivables								1,588		1,588
Supplies								125		125
Other assets								-		-
Total Assets	\$ 101	\$ 8	\$ 1,429	\$ 1,051	\$ 342	\$ 128	\$ 101	\$ 14,146	\$ 3,789	\$ 17,935
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts and other payable	\$	\$ (1)	\$ 2	\$	\$	\$	\$	\$ 1,828	\$ 3	\$ 1,831
Accrued liabilities								16		16
Interfund payable		1	42				7	89	106	195
Unearned revenue								1,185		1,185
Total liabilities	-	-	44	-	-	-	7	3,118	109	3,227
Deferred Inflows of Resources:										
Unavailable revenue - loans receivable								22		22
Unavailable revenue - grants receivable								-		-
Total deferred inflows of resources	-	-	-	-	-	-	-	22	-	22
Fund Balances:										
Nonspendable								125		125
Restricted	101	8	1,385	1,051	342	128	94	7,572	3,680	11,252
Committed								3,315		3,315
Unassigned								(6)		(6)
Total fund balances	101	8	1,385	1,051	342	128	94	11,006	3,680	14,686
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 101	\$ 8	\$ 1,429	\$ 1,051	\$ 342	\$ 128	\$ 101	\$ 14,146	\$ 3,789	\$ 17,935

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

EXHIBIT B-2

	Special Revenue Funds											
	Police Special Services Fund	Municipal Innovation Fund	Recreation Activities	Education Special Grants 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	\$	\$	\$	\$	\$	\$	\$	\$	75	\$	\$	\$
Intergovernmental				21,601	1,723	2,311					520	
Investment earnings	1											1
Charges for goods and services	1,049		100		38	15	239	7	67			
Other			15		388	2						
Total revenues	<u>1,050</u>	<u>-</u>	<u>115</u>	<u>21,601</u>	<u>2,149</u>	<u>2,328</u>	<u>239</u>	<u>7</u>	<u>142</u>	<u>-</u>	<u>520</u>	<u>1</u>
Expenditures:												
Current:												
General government		37			244			127			266	
Public works					73							
Public safety	1,086				537							
Human services					1,397						253	
Recreation			96		3							
Library					5							
Education				21,603		2,513	237			6		
Other												
Capital outlay					165							
Total expenditures	<u>1,086</u>	<u>37</u>	<u>96</u>	<u>21,603</u>	<u>2,424</u>	<u>2,513</u>	<u>237</u>	<u>-</u>	<u>127</u>	<u>6</u>	<u>519</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(36)	(37)	19	(2)	(275)	(185)	2	7	15	(6)	1	1
Other financing sources:												
Transfers in					344							
Transfers out	(60)											
Total other financing sources (uses)	<u>(60)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(96)	(37)	19	(2)	69	(185)	2	7	15	(6)	1	1
Fund balances, beginning of year, as Restated	826	400	(25)	31	2,690	1,465	671	92	227	6	4	130
Fund Balances, End of Year	<u>\$ 730</u>	<u>\$ 363</u>	<u>\$ (6)</u>	<u>\$ 29</u>	<u>\$ 2,759</u>	<u>\$ 1,280</u>	<u>\$ 673</u>	<u>\$ 99</u>	<u>\$ 242</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 131</u>

(Continued on next page)

TOWN OF MANCHESTER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)

EXHIBIT B-2

	Special Revenue Funds									
	Neighborhood Housing Predevelopment 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
Revenue:										
Property taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental										
Investment earnings						316				
Charges for goods and services										
Other							1			
Total revenues	-	-	-	-	-	316	1	-	-	-
Expenditures:										
Current:										
General government										
Public works										
Public safety										
Human services										
Recreation										
Library						8				
Education										
Other										
Capital outlay										
Total expenditures	-	-	-	-	-	8	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	308	1	-	-	-
Other financing sources:										
Transfers in										
Transfers out										
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	308	1	-	-	-
Fund balances, beginning of year, as Restated	47	-	71	36	1	1,076	16	8	23	101
Fund Balances, End of Year	\$ 47	\$ -	\$ 71	\$ 36	\$ 1	\$ 1,384	\$ 17	\$ 8	\$ 23	\$ 101

(Continued on next page)

**TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)**

EXHIBIT B-2

	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	\$	\$	\$	\$	\$	\$	75	\$	\$	75
Intergovernmental							26,155			26,155
Investment earnings		327	183	77			905	864		1,769
Charges for goods and services			22				1,537			1,537
Other						11	417			417
Total revenues	<u>-</u>	<u>327</u>	<u>205</u>	<u>77</u>	<u>-</u>	<u>11</u>	<u>29,089</u>	<u>864</u>	<u>-</u>	<u>29,953</u>
Expenditures:										
Current:										
General government							674			674
Public works							73			73
Public safety							1,623			1,623
Human services							1,650			1,650
Recreation							99			99
Library		9				3	25	93		118
Education							24,359			24,359
Other		27	5	2			34			34
Capital outlay							165			165
Total expenditures	<u>-</u>	<u>36</u>	<u>5</u>	<u>2</u>	<u>-</u>	<u>3</u>	<u>28,702</u>	<u>93</u>	<u>-</u>	<u>28,795</u>
Excess (deficiency) of revenues over expenditures	-	291	200	75	-	8	387	771	-	1,158
Other financing sources:										
Transfers in							344			344
Transfers out							(60)			(60)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284</u>	<u>-</u>	<u>-</u>	<u>284</u>
Net change in fund balances	-	291	200	75	-	8	671	771	-	1,442
Fund balances, beginning of year, as Restated	<u>8</u>	<u>1,094</u>	<u>851</u>	<u>267</u>	<u>128</u>	<u>86</u>	<u>10,335</u>	<u>2,909</u>	<u>-</u>	<u>13,244</u>
Fund Balances, End of Year	<u>\$ 8</u>	<u>\$ 1,385</u>	<u>\$ 1,051</u>	<u>\$ 342</u>	<u>\$ 128</u>	<u>\$ 94</u>	<u>\$ 11,006</u>	<u>\$ 3,680</u>	<u>\$ -</u>	<u>\$ 14,686</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 prorata contributions from the Town's General, Water, Sewer, Sanitation, Fire and Data Processing Funds.

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

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021
(In Thousands)

	Information Systems Fund	Manchester Self- Insurance Program	Town of Manchester Medical Insurance Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,816	\$ 9,161	\$ 7,016	\$ 17,993
Investments			8,655	8,655
Receivables		84	644	728
Prepaid expenses	6	5	169	180
Total current assets	<u>1,822</u>	<u>9,250</u>	<u>16,484</u>	<u>27,556</u>
Noncurrent assets:				
Capital assets, net	559			559
Total assets	<u>2,381</u>	<u>9,250</u>	<u>16,484</u>	<u>28,115</u>
Liabilities and Net Pension				
Liabilities:				
Current liabilities:				
Accounts and other payables	30	268	8	306
Claims payable		2,646	2,923	5,569
Compensated absences payable	94	18		112
Total current liabilities	<u>124</u>	<u>2,932</u>	<u>2,931</u>	<u>5,987</u>
Noncurrent liabilities:				
Claims payable		4,381		4,381
Compensated absences payable	143	26		169
Total noncurrent liabilities	<u>143</u>	<u>4,407</u>	<u>-</u>	<u>4,550</u>
Total liabilities	<u>267</u>	<u>7,339</u>	<u>2,931</u>	<u>10,537</u>
Net Position:				
Net investment in capital assets	559			559
Unrestricted	1,555	1,911	13,553	17,019
Total Net Position	<u>\$ 2,114</u>	<u>\$ 1,911</u>	<u>\$ 13,553</u>	<u>\$ 17,578</u>

**TOWN OF MANCHESTER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)**

	<u>Information Systems Fund</u>	<u>Manchester Self- Insurance Program</u>	<u>Town of Manchester Medical Insurance Fund</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 2,028	\$ 3,521	\$ 27,659	\$ 33,208
Other		193	1,546	1,739
Total operating revenues	<u>2,028</u>	<u>3,714</u>	<u>29,205</u>	<u>34,947</u>
Operating Expenses:				
General operating	1,566	281	1,901	3,748
Claims expense		1,977	28,499	30,476
Depreciation expense	94			94
Total operating expenses	<u>1,660</u>	<u>2,258</u>	<u>30,400</u>	<u>34,318</u>
Operating Gain (Loss)	368	1,456	(1,195)	629
Nonoperating Revenues:				
Interest on investments	<u>3</u>	<u>13</u>	<u>1,012</u>	<u>1,028</u>
Income (Loss) Before Transfers	371	1,469	(183)	1,657
Transfers Out		(8)		(8)
Total transfers	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>
Change in Net Position	371	1,461	(183)	1,649
Net Position at Beginning of Year	<u>1,743</u>	<u>450</u>	<u>13,736</u>	<u>15,929</u>
Net Position at End of Year	<u>\$ 2,114</u>	<u>\$ 1,911</u>	<u>\$ 13,553</u>	<u>\$ 17,578</u>

TOWN OF MANCHESTER, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	<u>Information Systems Fund</u>	<u>Manchester Self- Insurance Program</u>	<u>Town of Manchester Medical Insurance Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received from users	\$ 2,022	\$ 3,468	\$ 29,474	\$ 34,964
Cash received from insurance proceeds		193		193
Cash paid to suppliers for goods and services	(210)	(143)	(1,898)	(2,251)
Cash paid to employees	(1,425)	(132)		(1,557)
Cash paid for insurance claims and premiums		(3,363)	(28,262)	(31,625)
Net cash provided by (used in) operating activities	<u>387</u>	<u>23</u>	<u>(686)</u>	<u>(276)</u>
Cash Flows from Noncapital Financing Activities:				
Cash paid to other funds	-	(8)		(8)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of fixed assets	<u>(287)</u>			<u>(287)</u>
Cash Flows from Investing Activities:				
Interest received	3	13	1,012	1,028
Purchase of investments			(866)	(866)
Net cash provided by (used in) investing activities	<u>3</u>	<u>13</u>	<u>146</u>	<u>162</u>
Net Increase (Decrease) in Cash and Cash Equivalents	103	28	(540)	(409)
Cash and Cash Equivalents at Beginning of Year	<u>1,713</u>	<u>9,133</u>	<u>7,556</u>	<u>18,402</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,816</u>	<u>\$ 9,161</u>	<u>\$ 7,016</u>	<u>\$ 17,993</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Operating income (loss)	\$ 368	\$ 1,456	\$ (1,195)	\$ 629
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	94			94
(Increase) decrease in accounts receivable and other prepaid assets	(6)	(53)	269	210
Increase (decrease) in accounts payable	(14)	(308)	3	(319)
Increase (decrease) in claims payable		(1,078)	237	(841)
Increase (decrease) in compensated absences payable	(55)	6		(49)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 387</u>	<u>\$ 23</u>	<u>\$ (686)</u>	<u>\$ (276)</u>

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Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF MANCHESTER, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities:										
Net investment in capital assets	\$ 116,206	\$ 120,216	\$ 111,717	\$ 105,818	\$ 101,085	\$ 89,755	\$ 102,486	\$ 104,535	\$ 100,236	\$ 103,203
Restricted	21,917	2,909	2,934	2,878	2,761	2,485	2,598	2,673	2,310	2,036
Unrestricted	(334,712)	(311,807)	(284,527)	(273,273)	(260,007)	(18,082)	(30,063)	(29,194)	6,314	3,386
Total governmental activities net position	<u>(196,589)</u>	<u>(188,682)</u>	<u>(169,876)</u>	<u>(164,577)</u>	<u>(156,161)</u>	<u>74,158</u>	<u>75,021</u>	<u>78,014</u>	<u>108,860</u>	<u>108,625</u>
Business-type activities:										
Net investment in capital assets	52,945	55,799	56,818	55,775	24,194	24,080	27,721	34,104	34,397	33,007
Unrestricted	<u>39,809</u>	<u>37,342</u>	<u>39,455</u>	<u>39,684</u>	<u>68,940</u>	<u>36,181</u>	<u>25,995</u>	<u>15,977</u>	<u>13,520</u>	<u>7,550</u>
Total business-type activities net position	<u>92,754</u>	<u>93,141</u>	<u>96,273</u>	<u>95,459</u>	<u>93,134</u>	<u>60,261</u>	<u>53,716</u>	<u>50,081</u>	<u>47,917</u>	<u>40,557</u>
Primary government:										
Net investment in capital assets	169,151	176,015	168,535	161,593	125,279	113,835	130,207	138,639	134,633	136,210
Restricted	21,917	2,909	2,934	2,878	2,761	2,485	2,598	2,673	2,310	2,036
Unrestricted	<u>(294,903)</u>	<u>(274,465)</u>	<u>(245,072)</u>	<u>(233,589)</u>	<u>(191,067)</u>	<u>18,099</u>	<u>(4,068)</u>	<u>(13,217)</u>	<u>19,834</u>	<u>10,936</u>
Total Primary Government Net Position	<u>\$ (103,835)</u>	<u>\$ (95,541)</u>	<u>\$ (73,603)</u>	<u>\$ (69,118)</u>	<u>\$ (63,027)</u>	<u>\$ 134,419</u>	<u>\$ 128,737</u>	<u>\$ 128,095</u>	<u>\$ 156,777</u>	<u>\$ 149,182</u>

Notes:

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

TOWN OF MANCHESTER, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses:										
Governmental activities:										
General government	\$ 8,963	\$ 16,164	\$ 13,645	\$ 13,259	\$ 9,855	\$ 10,809	\$ 7,292	\$ 7,321	\$ 6,171	\$ 6,134
Public works	20,479	23,085	22,722	19,795	22,936	20,310	21,410	20,796	21,309	22,705
Public safety	45,110	55,808	60,164	45,395	43,579	43,086	38,626	36,259	35,564	35,008
Human services	4,534	4,325	5,003	5,698	4,502	4,934	4,450	4,510	4,480	4,499
Leisure services	6,872	7,460	7,520	7,396	7,295	7,314	6,889	6,944	6,682	6,910
Employee benefits										
Education	197,724	182,575	162,410	167,457	161,085	148,446	145,615	137,355	130,554	129,950
Interest on long-term debt	3,592	4,063	3,875	3,405	3,655	3,231	3,322	3,254	3,277	3,155
Total governmental activities expenses	<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>	<u>208,037</u>	<u>208,361</u>
Business-type activities:										
Water	9,394	9,699	9,105	8,302	7,643	7,439	9,290	8,561	7,654	8,223
Sewer	8,515	10,210	7,562	8,445	9,323	7,824	8,686	6,829	6,074	6,593
Sanitation	9,635	8,005	5,589	8,498	7,549	6,220	7,027	5,029	7,422	12,783
Total business-type services	<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>	<u>21,150</u>	<u>27,599</u>
Total primary government expenses	<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>	<u>229,187</u>	<u>235,960</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,844	1,440	1,144	1,300	2,704	1,277	1,078	971	942	854
Public safety	1,615	1,481	1,867	2,311	2,088	1,990	1,619	1,373	1,594	1,309
Public works	1,648	1,395	1,702	1,230	1,276	1,515	1,185	984	963	1,024
Leisure services	222	235	587	580	661	603	600	671	665	862
Human services	78	89	95	70	63	87	133	132	169	135
Education	275	629	2,278	2,420	4,996	2,633	2,508	2,391	2,253	2,439
Operating grants and contributions	97,205	79,570	62,198	75,448	70,433	64,083	61,633	60,066	55,558	57,418
Capital grants and contributions	1,296	17,678	28,150	9,073	6,957	1,229	2,157	4,705	3,598	7,934
Total governmental activities program revenues	<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>	<u>65,742</u>	<u>71,975</u>
Business-type activities:										
Charges for services:										
Water	9,591	8,872	8,905	8,933	8,966	9,000	8,588	8,291	8,156	7,749
Sewer	10,161	9,091	8,974	8,727	8,641	8,418	8,036	7,775	7,389	7,010
Sanitation	8,685	8,002	9,214	11,433	9,350	10,502	10,219	8,433	7,380	7,035
Operating grants and contributions			706		6				680	3,791
Capital grants and contributions						1,066	927	2,080	7,302	1,113
Total business-type activities program revenues	<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>	<u>30,907</u>	<u>26,698</u>
Total primary government program revenues	<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>	<u>96,649</u>	<u>98,673</u>
Net (expense) revenue:										
Governmental activities	(183,091)	(190,963)	(177,318)	(169,973)	(163,729)	(164,713)	(156,691)	(145,146)	(142,295)	(136,386)
Business-type activities	1,149	(1,949)	5,543	3,848	2,448	7,503	2,767	6,160	9,757	(901)
Total primary government net expense	<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>	<u>(132,538)</u>	<u>(137,287)</u>

(Continued on next page)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	\$ 164,938	\$ 162,944	\$ 158,781	\$ 153,519	\$ 152,067	\$ 150,594	\$ 146,468	\$ 141,608	\$ 134,465	\$ 132,767
Grants and contributions not restricted to specific purposes	4,003	4,035	3,568	3,865	4,907	3,705	3,996	4,130	4,064	4,544
Unrestricted investment earnings	3,190	2,480	3,372	2,076	2,148	567	160	1,443	985	238
Miscellaneous	735	688	865	790	1,433	124	425	507	497	439
Premiums on bond issuance										
Transfers	<u>1,328</u>	<u>2,010</u>	<u>5,433</u>	<u>1,307</u>	<u>2,813</u>	<u>1,333</u>	<u>1,449</u>	<u>1,630</u>	<u>2,519</u>	<u>(290)</u>
Total governmental activities	<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>	<u>142,530</u>	<u>137,698</u>
Business-type activities:										
Unrestricted investment earnings	(418)	473	410	(712)	(1,040)	529	402	492	(129)	888
Miscellaneous	210	354	294	496	322	(154)	1,915	285	251	68
Premiums on bond issuance										
Transfers	<u>(1,328)</u>	<u>(2,010)</u>	<u>(5,433)</u>	<u>(1,307)</u>	<u>(2,813)</u>	<u>(1,333)</u>	<u>(1,449)</u>	<u>(1,630)</u>	<u>(2,519)</u>	<u>290</u>
Total business-type activities	<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>	<u>(2,397)</u>	<u>1,246</u>
Total primary government	<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>	<u>140,133</u>	<u>138,944</u>
Changes in net position:										
Governmental activities	(8,897)	(18,806)	(5,299)	(8,416)	(361)	(8,390)	(4,193)	4,172	235	1,312
Business-type activities	<u>(387)</u>	<u>(3,132)</u>	<u>814</u>	<u>2,325</u>	<u>(1,083)</u>	<u>6,545</u>	<u>3,635</u>	<u>5,307</u>	<u>7,360</u>	<u>345</u>
Total Primary Government	<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>	<u>\$ 7,595</u>	<u>\$ 1,657</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) Enterprise funds charges for services broken out starting in fiscal year 2012.

**TOWN OF MANCHESTER, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:										
Nonspendable	\$ 38	\$ 7	\$ 29	\$ 8	\$ 102	\$ 22	\$ 65	\$ 23	\$ 37	\$ 147
Restricted					10	910	910	1,009		
Committed	2,000	2,500				2	10	17	24	32
Assigned	4,618	3,612	6,281	4,704	2,606	1,180	1,806	4,410	2,764	3,310
Unassigned	<u>27,126</u>	<u>23,916</u>	<u>21,449</u>	<u>20,966</u>	<u>22,066</u>	<u>21,892</u>	<u>17,820</u>	<u>13,887</u>	<u>11,823</u>	<u>10,636</u>
Total General Fund	<u>\$ 33,782</u>	<u>\$ 30,035</u>	<u>\$ 27,759</u>	<u>\$ 25,678</u>	<u>\$ 24,784</u>	<u>\$ 24,006</u>	<u>\$ 20,611</u>	<u>\$ 19,346</u>	<u>\$ 14,648</u>	<u>\$ 14,125</u>
All other governmental funds:										
Nonspendable	\$ 125	\$ 144	\$ 103	\$ 73	\$ 64	\$ 63	\$ 832	\$ 826	\$ 1,144	\$ 1,148
Restricted	11,252	9,526	9,444	8,974	8,499	8,429	7,635	8,308	6,816	6,626
Committed	5,735	11,151	5,534	4,816	4,047	5,646	3,569	3,083	3,421	3,962
Assigned			75	75	75	75				
Unassigned	<u>(3,151)</u>	<u>(301)</u>	<u>(111)</u>		<u>(3,197)</u>		<u>(9,507)</u>	<u>(12,788)</u>	<u>(10,349)</u>	<u>(12,174)</u>
Total All Other Governmental Funds	<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>	<u>\$ 1,032</u>	<u>\$ (438)</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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Property taxes, interest and lien fees	\$ 165,095	\$ 163,507	\$ 159,216	\$ 153,931	\$ 151,811	\$ 151,407	\$ 146,500	\$ 142,053	\$ 133,330	\$ 131,951
Intergovernmental revenue	81,709	86,494	79,164	88,140	82,253	67,511	66,799	67,888	62,472	68,968
Investment and interest income	2,162	1,697	2,329	1,743	1,622	257	47	869	726	109
Licenses, permits and fines	2,761	2,702	2,737	2,446	2,209	2,514	2,096	1,801	1,788	1,814
Charges for goods and services	2,478	2,626	4,973	5,527	8,019	5,388	4,781	4,475	4,544	4,308
Other	729	696	869	894	1,451	1,757	1,560	1,331	1,260	1,722
Total revenues	<u>254,934</u>	<u>257,722</u>	<u>249,288</u>	<u>252,681</u>	<u>247,365</u>	<u>228,834</u>	<u>221,783</u>	<u>218,417</u>	<u>204,120</u>	<u>208,872</u>
Expenditures:										
General government	6,517	6,344	6,075	5,922	5,692	5,801	5,679	5,429	5,445	5,417
Public works	12,560	12,695	13,295	13,409	13,578	13,232	13,835	13,565	13,189	12,215
Public safety	39,338	38,762	37,897	35,901	36,905	34,657	33,469	32,526	32,612	31,700
Human services	4,496	4,311	4,908	5,614	4,415	4,581	4,354	4,145	4,129	4,152
Leisure services	5,473	6,067	6,515	6,352	6,404	6,390	6,213	5,839	5,912	6,215
Employee benefits	4,641	4,412	3,261	3,106	2,887	2,845	3,045	2,949	2,876	2,951
Education	157,947	155,103	144,007	154,496	151,600	140,528	138,043	130,704	125,423	125,193
Internal service fund charges	3,395	3,251	3,181	3,193	3,276	2,613	2,639	2,554	2,613	2,561
Other	482	235	246	256	301	646	674	708	717	661
Debt service:										
Principal	21,920	4,585	3,820	3,640	7,875	7,470	6,794	6,653	6,659	6,745
Interest	(7,242)	9,019	8,796	8,300	3,775	3,284	3,394	3,268	2,915	2,510
Capital outlay	19,780	23,240	35,665	29,415	31,530	12,318	13,723	15,892	12,381	20,239
Total expenditures	<u>269,307</u>	<u>268,024</u>	<u>267,666</u>	<u>269,604</u>	<u>268,238</u>	<u>234,365</u>	<u>231,862</u>	<u>224,232</u>	<u>214,871</u>	<u>220,559</u>
Excess of revenue under expenditures	<u>(14,373)</u>	<u>(10,302)</u>	<u>(18,378)</u>	<u>(16,923)</u>	<u>(20,873)</u>	<u>(5,531)</u>	<u>(10,079)</u>	<u>(5,815)</u>	<u>(10,751)</u>	<u>(11,687)</u>
Other financing sources (uses):										
Transfers in	6,839	7,058	10,821	6,299	6,419	7,271	6,212	6,191	5,938	4,706
Transfers out	(5,503)	(5,496)	(5,338)	(4,794)	(5,189)	(5,938)	(4,763)	(4,561)	(3,419)	(4,990)
Other										
Issuance of debt	10,000	15,000	15,000	20,000	14,500	17,190	12,600	6,500	9,505	5,990
Issuance of bond refunding	17,395				4,365	27,680				8,225
Premium on bond refunding	212				345	4,491				890
Payments to escrow agent	(17,527)				(4,680)	(32,087)				(9,010)
Bond premium	1,549	1,491	1,083	772	1,156	2,003	395	780	721	83
Total other financing sources	<u>12,965</u>	<u>18,053</u>	<u>21,566</u>	<u>22,277</u>	<u>16,916</u>	<u>20,610</u>	<u>14,444</u>	<u>8,910</u>	<u>12,745</u>	<u>5,894</u>
Net Change in Fund Balances	<u>\$ (1,408)</u>	<u>\$ 7,751</u>	<u>\$ 3,188</u>	<u>\$ 5,354</u>	<u>\$ (3,957)</u>	<u>\$ 15,079</u>	<u>\$ 4,365</u>	<u>\$ 3,095</u>	<u>\$ 1,994</u>	<u>\$ (5,793)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	5.81%	5.45%	5.26%	4.94%	4.86%	4.84%	4.67%	4.76%	4.73%	4.62%

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)

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							
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	39.4	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%
2013 *	2,133,582	1,445,633	199,148	347,844	330,040	568,575	3,887,672	35.83	7,128,391	54.54%
2012	2,464,487	1,541,457	211,699	331,365	311,384	578,803	4,281,589	31.98	7,252,709	59.03%

Source: Town of Manchester Office of Assessment & 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 2019 AND 2010
(In Thousands)**

Taxpayer	October 1, 2019			October 1, 2010		
	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	\$ 137,455	1	3.41%	\$ 64,857	3	1.52%
Shoppes at Buckland Hills, LLC	122,732	2	3.05%	135,697	1	3.19%
Northland Pavilions LLC	65,687	3	1.63%	65,857	2	1.55%
Manchester Developers LLC/Buckland Developers	42,780	4	1.06%	40,904	5	0.96%
MPT of Manchester PMH, LLC	41,213	5	1.02%			
Manchester Tolland Development Co.	30,988	6	0.77%	26,543	8	0.62%
PPF WE 1139 Tolland Turnpike LLC	29,050	7	0.72%			
Brixmor	28,504	8	0.71%			
Waterford Realty LLC	25,946	9	0.64%			
Wal-Mart/Sam's Club	23,567	10	0.59%			
J.C. Penney Properties, LLC				58,015	4	1.36%
Gateway Lauren, LLC				28,925	6	0.68%
Plaza at Buckland Hills				27,704	7	0.65%
TGM Waterford LLC				24,398	9	0.57%
Manchester Tarragon LLC				24,309	10	0.57%
TOTAL	\$ 547,922			\$ 497,209		

Source: Town of Manchester, Office of Assessment & Collection

**TOWN OF MANCHESTER, CONNECTICUT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Town:										
General	41.87	41.70	40.91	39.75	39.68	39.40	38.65	37.44	35.83	31.98
Special Services District:	2.88	3.05	6.06	5.85	5.83	5.80	5.79	5.69	5.54	4.98
Special Services District	44.75	44.75	46.97	45.60	45.51	45.20	43.13	43.13	41.37	36.96

Source: Town of Manchester Finance Department

TABLE 8

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

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
2019	41.87	\$ 161,986	\$ 161,890	99.94%	\$	\$	
2018	41.7	158,076	155,796	98.56%	203	155,999	98.69%
2017	40.91	152,861	150,433	98.41%	1,190	151,623	99.19%
2016	39.75	147,963	144,831	97.88%	1,966	146,797	99.21%
2015	39.68	143,948	140,888	98.30%	3,176	144,064	100.08%
2014	39.40	142,927	140,499	98.30%	1,991	142,490	99.69%
2013	38.65	136,376	133,806	98.12%	2,193	135,999	99.72%
2012	37.44	137,283	134,726	98.14%	2,168	136,894	99.72%
2011	35.83	127,784	125,048	97.86%	1,830	126,878	99.29%
2010	31.98	123,354	120,953	98.05%	1,994	122,947	99.67%

Source: Tax Collector's Report; Comprehensive annual 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)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Direct Debt	Total Direct Debt Per Capita	Ratio of Total Direct Debt to Net Taxable Grand List	Ratio of Total Direct Debt to Full Value
	General Obligation Bonds	Deferred Amount on Premium	Capital Leases	Water Loans	Sewer Loans				
2021	\$ 124,510	9,016	\$	\$ 2,054	\$ 24,811	\$ 160,391	\$ 2,765	3.94%	1.99%
2020	123,435	9,979		904	27,278	161,596	2,786	4.01%	2.01%
2019	117,420	9,366		950	29,695	157,431	2,714	3.91%	1.96%
2018	119,719	9,079		1,014	33,039	162,851	2,808	4.07%	2.20%
2017	107,816	9,136		1,039	34,388	152,379	2,627	3.82%	2.15%
2016	92,090	8,328		74		100,492	1,733	2.55%	1.39%
2015	84,875	2,323		77		87,275	1,505	2.24%	1.27%
2014	81,246	2,111		81		83,438	1,439	2.13%	1.19%
2013	79,375	1,493				80,868	1,394	2.08%	1.13%
2012	76,205	893	324			77,098	1,329	1.80%	1.06%
2011	76,615	336	636			76,951	1,327	1.81%	0.96%

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
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)**

Total tax collections (including interest and lien fees) for the prior year	\$ 158,755
Revenue under Mashantucket Pequot / Mohegan Fund Grant	412
Reimbursement for revenue loss on:	
State owned and private tax exempt properties	980
Property tax relief	<u>60</u>
Base for Debt Limitation Computation	<u>\$ 160,207</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 360,466	\$	\$	\$	\$
4 1/2 times base		720,932			
3 3/4 times base			600,776		
3 1/4 times base				520,673	
3 times base					480,621
	<u>360,466</u>	<u>720,932</u>	<u>600,776</u>	<u>520,673</u>	<u>480,621</u>
Total debt limitation					
Indebtedness:					
Bonds and serial notes payable	75,041	49,469			
Debt authorized but unissued	3,695	50,419			
Grants receivable		(13,972)			
	<u>78,736</u>	<u>85,916</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness					
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 281,730</u>	<u>\$ 635,016</u>	<u>\$ 600,776</u>	<u>\$ 520,673</u>	<u>\$ 480,621</u>

Note 1: In no event shall the total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$1,121,449.

Note 2: Bonds and serial notes payable do not include Water serial notes of \$2,054 and Sewer serial notes of \$24,811 as they are self supporting debt.

Note 3: Sewer bonds authorized and unissued of \$2,693 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)

Fiscal Year	Total Direct Debt	Less: Self-Supporting Water and Sewer Debt	Net Direct Debt	Net Direct Debt Per Capita	Ratio of Net Direct Debt to Net Taxable Grand List	Ratio of Net Direct Debt to Full Value
2021	\$ 160,391	\$ (41,666)	\$ 118,725	\$ 2,046.98	2.97%	\$ 1.47%
2020	161,596	(47,647)	113,949	1,964.64	2.85%	1.42%
2019	157,431	(51,186)	106,245	1,831.81	2.67%	1.44%
2018	162,851	(50,644)	112,207	1,934.60	2.84%	1.58%
2017	152,379	(17,206)	135,173	2,330.57	3.45%	1.87%
2016	100,492	(17,209)	83,283	1,435.91	2.14%	1.21%
2015	87,275	(19,190)	68,085	1,173.88	1.74%	0.97%
2014	83,438	(15,886)	67,552	1,164.69	1.74%	0.95%
2013	80,868	(17,893)	62,975	1,085.78	1.47%	0.87%
2012	77,098	(19,740)	57,358	988.93	1.35%	0.72%

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)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limitation	\$ 1,121,449	\$ 1,088,668	\$ 1,039,241	\$ 1,007,293	\$ 1,012,480	\$ 962,633	\$ 968,408	\$ 885,927	\$ 862,722	\$ 877,422
Total net debt applicable to limit	<u>164,652</u>	<u>184,339</u>	<u>180,549</u>	<u>159,321</u>	<u>155,248</u>	<u>149,594</u>	<u>112,488</u>	<u>116,436</u>	<u>112,488</u>	<u>109,094</u>
Legal Debt Margin	<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>	<u>\$ 750,234</u>	<u>\$ 768,328</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.68%	16.93%	17.37%	15.82%	15.33%	15.54%	11.62%	13.14%	13.04%	12.43%

Source: Comprehensive annual 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**

<u>Calendar Year</u>	<u>Population(1)</u>	<u>Personal Income(2) (in Thousands)</u>	<u>Per Capita Income(2)</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
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%
2011	58,287	1,679,307	28,811	36.5	6,394	8.12%

(1) Source: State of CT Dept of Health

(2) Source: City-Data.com

(3) Source: Official Statement Town of Manchester

(4) Source: Connecticut Department of Labor

Note: This information based upon calendar year, and reflects information as of December 31st

TABLE 14

**TOWN OF MANCHESTER, CONNECTICUT
PRINCIPAL EMPLOYERS
2021 AND 2012**

Employer	Nature of Business	2021			Employer	Nature of Business	2012		
		Employees	Rank	Percentage of Total Town Employment			Employees	Rank	Percentage of Total Town Employment
Town of Manchester	Local Gov/Board of Ed	1,828	1	5.82%	Town of Manchester	Local Gov/Board of Ed	1,714	1	5.74%
Prospect ECHN	Hospital	1,028	2	3.27%	Manchester Memorial Hosp.	Hospital	1,610	2	5.27%
Manchester Community College	Higher Education	516	3	1.59%	GE Aviantioni	Parts Manufacturer	1208	3	4.11%
Ahold Delhaize USA	Distribution Center	500	4	1.59%	J.C. Penney Company	Warehouse/Distribution	1000	4	3.40%
Amazon	Distribution Center	500	5	1.15%	Journal Publishing Co.	Newspapers	560	5	1.90%
Allied Printing	Commercial Printing	362	6	1.11%	Manchester Health Care	Medical Offices	500	6	1.50%
Flex Ltd	Industrial	355	7	0.95%	Cox Communications	Cable Television	442	7	1.50%
Paradigm	Industrial	350	8	0.95%	Wal-Mart Stores	Department Store	400	8	1.36%
Macy's Department Store	Retail	300	9	0.00%	Allied Printing	Commercial Printing	331	9	1.13%
Wal- Mart	Retail	300	10	0.00%	Silktown Roofing	Roofing	250	10	0.85%
		<u>6,039</u>		<u>16.45%</u>			<u>8,015</u>		<u>26.76%</u>

Source: Town of Manchester Planning Department and Official Statements

Percentage based on total employed population of 31,415 per the Connecticut Department of Labor - Labor Market Information 2021

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

<u>Function/Program</u>	<u>Full-Time-Equivalent Employees as of June 30,</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>	<u>2013</u>	<u>2012</u>
General government	85	82	81	80	84	83	81	81	80	80
Police	162	154	140	140	139	153	153	153	155	155
Fire	87	85	85	82	82	82	82	82	82	82
Sanitation	14	12	12	12	9	12	12	12	12	12
Other public works	133	144	145	145	142	145	145	145	147	148
Recreation	17	16	8	8	9	13	13	13	14	14
Library	28	25	25	25	22	25	25	25	25	25
Education	<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>	<u>1,158</u>	<u>1,198</u>
Total	<u>1,828</u>	<u>1,806</u>	<u>1,826</u>	<u>1,673</u>	<u>1,670</u>	<u>1,667</u>	<u>1,666</u>	<u>1,666</u>	<u>1,674</u>	<u>1,714</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**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government:										
Building permits issued	3,673	3,279	3,372	3,304	3,325	3,713	2,958	3,528	3,003	3,018
Building inspections conducted	5,131	5,565	6,227	6,218	7,397	6,395	6,184	5,984	4,986	6,498
Police:										
Physical arrests	1,331	2,138	3,303	3,372	3,541	3,943	2,654	3,510	3,391	4,157
Parking violations	755	1,324	3,411	1,968	2,414	2,194	1,965	1,550	1,863	1,096
Traffic violations	2,509	6,154	7,229	8,324	10,534	6,117	4,489	4,316	1,617	2,281
Fire:										
Emergency responses	7,642	8,165	9,073	9,276	8,834	8,457	7,822	7,573	7,790	8,373
Structure Fires (fires extinguished)	33	26	27	34	39	22	36	30	30	39
Inspections	889	752	648	810	2,230	2,958	1,986	2,064	1,394	956
Refuse collection:										
Refuse collected (tons per day)	56.58	67.86	46.86	51.49	51.17	50.83	49.88	50.00	50.11	52.85
Recyclables collected (tons per day)	16.34	15.41	15.75	15.49	16.62	17.38	17.46	17.50	18.23	19.48
Other public works:										
Street resurfacing (miles)	17	15.1	16	11	19	13.53	0.54	7.52	8.3	6.8
Potholes repaired (man hours)	3,132	3,096	3,240	3,744	3,240	2,968		3,990		
Parks and recreation:										
Athletic field permits issued (unavailable)	74	42	55	53	50	50	43			
Community center admissions (in thousands)	46.7	90.3	118	123.5	129	130	104	108	105	112
Library:										
Volumes in collection (thousands)	225.5	216.8	221.7	227.9	234.9	238.2	237.3	243.7	242.3	243.2
Total volumes borrowed (thousands)	623.8	629.0	729.3	656.4	690.6	720.0	756.7	759.3	777.9	825.4
Water:										
New connections	29	29	34	23	29	13	6	22	5	8
Water main breaks	45	48	20	20	17	8	20	25	17	15
Average daily production (thousands of gallons)	5,147	4,766	4,597	4,526	4,703	4,849	5,088	4,832	4,972	5,019
Peak daily production (thousands of gallons)	7,480	7,670	6,580	6,640	6,860	7,730	7,150	6,600	7,480	8,220
Sewer Enterprises:										
Average daily sewage treatment (thousands of gallons)	5,920	4,540	6,544	4,200	4,750	4,991	5,947	6,211	6,200	6,835

Source: Internal Department Tracking Reports

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

<u>Function/Program</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>	<u>2013</u>	<u>2012</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	3	3	3	3	3	3	3	3	3	3
Patrol units	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)	219.2	219.2	218.6	218.6	218.1	218.1	218.1	218.1	218.1	218
Streetlights	4,982	4,982	4,903	4,896	4,913	4,851	4,846	4,846	4,820	4,717
Traffic signals	52	52	52	52	53	53	53	53	52	52
Parks and recreation:										
Acreage	687	687	687	687	685	685	677	677	677	677
Playgrounds	27	27	27	27	27	25	23	23	23	23
Baseball/softball diamonds	22	22	22	23	23	23	23	23	23	23
Soccer/football fields	14	14	14	14	14	14	14	14	14	14
Water:										
Water mains (miles)	260	260	259	259	259	259	259	258	258	258
Fire hydrants	2,063	2,063	2,063	2,057	2,053	2,039	2,039	2,037	2,026	2,021
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)	168	168	167	167	167	167	167	167	167	166
Storm sewers (miles)	146	146	146	146	144	144	144	143	143	142
Treatment capacity (thousands of gallons)	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200

Sources:

Police Department, Public Works

Water and Sewer Department