

**CITY OF MANCHESTER, TENNESSEE  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

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# CITY OF MANCHESTER, TENNESSEE

## TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION</u>	
Title Page	1
Table of Contents	2-3
Listing of Principal Officials	4
<u>FINANCIAL SECTION</u>	5
Independent Auditors' Report	6-10
Management's Discussion and Analysis	11-20
<u>BASIC FINANCIAL STATEMENTS:</u>	21
Government-Wide Statements:	
Statement of Net Position	22-24
Statement of Activities	25
Fund Financial Statements:	
Balance Sheet – Governmental Funds	26-27
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position	28
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Position – Proprietary Fund	31-32
Statement of Revenue, Expenses and Changes in Net Position – Proprietary Fund	33-37
Statement of Cash Flows – Proprietary Fund	38
Statements of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
General Fund	39
General Purpose School Fund	40
Debt Service Fund	41
Notes to Financial Statements	42-82
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	83
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan Of TCRS	84
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS	85
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS	86
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS	87
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Plan of TCRS	88
Schedule of Funding Progress – Other Postemployment Benefit Plan	89
Notes to the Required Supplementary Information	90

# CITY OF MANCHESTER, TENNESSEE

## TABLE OF CONTENTS

	Page
<u>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:</u>	91
Non-major Governmental Funds:	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	93-94
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual:	
Recreation Fund	95
Tourism and Community Development Fund	96
School Federal Projects Fund	97
Central Cafeteria Fund	98
Community Policing Fund	99
Sanitation Fund	100
Drug Control Fund	101
Miscellaneous Schedules:	
Schedule of Changes in Long-term Debt	102
Schedule of Long-term Debt Requirements by Year	103-106
Schedule of Transfers	107
Schedule of Detailed Revenues - All Governmental Fund Types	108-115
Schedule of Detailed Expenditures - All Governmental Fund Types	116-140
<u>SUPPLEMENTARY INFORMATION SECTION</u>	141
Schedule of Assessed Property Tax Values, Property Tax Rates and Changes in Property Taxes Receivable	142
Schedule of Utility Rate Structure and Number of Customers	143
AWWA Reporting Work Sheet	144-145
<u>SINGLE AUDIT SECTION</u>	146
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	147-148
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	149-151
Schedule of Expenditures of Federal Awards and State Grants	152
Schedule of Audit Findings Not Corrected	153
Schedule of Audit Findings and Questioned Costs	154-162

CITY OF MANCHESTER, TENNESSEE  
LISTING OF PRINCIPAL OFFICIALS (UNAUDITED)  
JUNE 30, 2015

OFFICIALS

Board of Mayor and Aldermen

Lonnie Norman, Mayor	Ryan French, Vice Mayor
Russell Bryan, Alderman	Tim Kilgore, Alderman
Tim Pauley, Alderman	Lana Sain, Alderwoman
Cheryl Swan, Alderwoman	

Manchester City School Board

Mike Lewis, Chairman	Susan Parsley, Member
Lisa Gregory, Member	Travis Hillis, Member
Susan Wood, Member	

Appointed Officials

Bridget Anderson, Finance Director/CFO

Mark Yother, Chief of Police

George Chambers, Fire Chief

Bryan Pennington, Director of Water and Sewer

Bonnie Gamble, Director of Parks & Recreation

Brent Carter, Director of Public Works

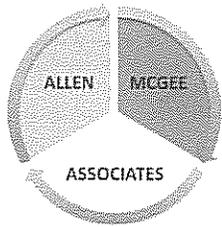
Jamie Sain, Director of Building and Codes

Sandra Morris, Director of Schools

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# FINANCIAL SECTION

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### INDEPENDENT AUDITORS' REPORT

January 14, 2016

To the Board of Mayor and Aldermen  
City of Manchester, Tennessee  
200 West Fort Street  
Manchester, Tennessee 37355

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, and the fund information of the City of Manchester, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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.

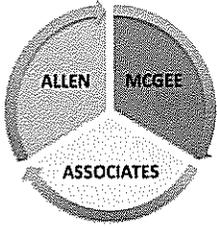
#### Auditor's Responsibility

Our responsibility is to express an opinion 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 auditor's 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

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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.

### Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
General Purpose School Fund	Qualified
Debt Service Fund	Unmodified
Water and Sewer Fund	Qualified
Aggregate Remaining Fund Information	Qualified

### **Basis for Qualified Opinion on Governmental Activities, Business-Type Activities and The Water and Sewer Fund a Proprietary Fund**

Management has not placed sufficient controls over fixed assets, and, accordingly, sufficient assurance over the capital assets cannot be obtained. Accounting principles generally accepted in the United States of America require that adequate controls be put over the safeguarding and reporting of capital assets, which would decrease assets, net position and change the expenses. The amount by which this departure would affect the assets, net position, and expenses of the city wide financial statements has not been determined.

### **Basis for Qualified Opinion on General Purpose School Fund, Aggregate Remaining Fund Information, School Federal Projects Fund and Central Cafeteria Fund**

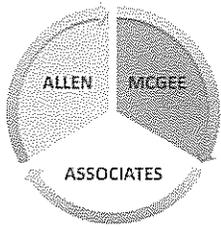
During the period under examination our tests disclosed that no supporting documentation was maintained at the School Board for disbursements made by the General Purpose School Fund, School Federal Projects Fund, and the Central Cafeteria Fund for disbursements of monies made during the month of May 2015, therefore we were unable to determine if these disbursements were properly accounted for and were made for a Manchester City School purpose. The amount by which this departure would affect the assets, fund balance and expenditures of these funds has not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on the Governmental Activities, Business-Type Activities and The Water and Sewer Fund a Proprietary Fund" and "Basis for Qualified Opinion on General Purpose School Fund, Aggregate Remaining Fund Information, School Federal Projects Fund and Central Cafeteria Fund" paragraph, the financial statements referred to above present

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fairly, in all material respects, the financial position of the City of Manchester, Tennessee, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United State of America.

### Unmodified Opinions

In our opinion, the financial statements of the referred to above present fairly, in all material respects, the respective financial position of the General Fund and Debt Service Fund of the City of Manchester, Tennessee, as of June 30, 2015, and the respective changes in financial position, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As described in Note 15 the City of Manchester, Tennessee has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

### Emphasis of Matter

We draw attention to Note 15 to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$2,173,430 and increasing the Business-type Activities net position by \$57,128 on the Government-wide Statement of Activities. Of this restatement in the Governmental Activities \$1,898,374 of the decrease in net position and \$28,825 of the increase in the Business-type activities were necessary because of the transitional requirement of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The remaining decrease of \$275,056 in the Net Position of Governmental Activities and the remaining increase of \$28,303 in the Business-type activities were to correct reporting errors in the prior financial report as disclosed in Note 15.

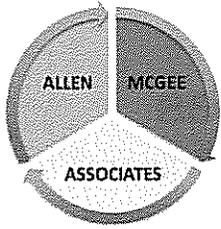
### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents on pages 11 through 20 and pages 84 through 90 respectively 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

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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*

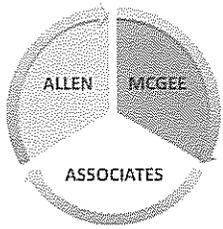
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manchester's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison schedules of non-major governmental fund and the combining and individual fund financial statements, miscellaneous schedules, and the supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, and the budgetary comparison schedules of non-major governmental funds 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. 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, except for the effects of the matters described in the "Basis for Qualified Opinion on General Purpose School Fund, Aggregate Remaining Fund Information, School Federal Projects Fund and Central Cafeteria Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Manchester, Tennessee, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Information described in the "Supplementary Information Section" in the table of contents as the Schedule of Changes in Property Taxes Receivable, Schedule of Tax Rates and Assessments and the Schedule of Utility Rate Structure and Number of Customers is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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

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other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the Table of Contents in the "Supplementary Information Section" as the Schedule of Changes in Property Taxes Receivable, Schedule of Tax Rates and Assessments and the Schedule of Utility Rate Structure and Number of Customers is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information described in the "Supplementary Information Section" as the AWWA Reporting Work Sheet has 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.

Information described in the "Single Audit Section" in the table of contents as the Schedule of Expenditures of Federal Awards and State Grants is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information described in the Table of Contents in the "Single Audit Section" as the Schedule of Expenditures of Federal Awards and State Grants is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016, on our consideration of the City of Manchester, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Allen, McGee and Associates, LLC*

*Certified Public Accountants*

*January 14, 2016*

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## Management's Discussion and Analysis

As management of the City of Manchester, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

### Financial Highlights:

- The assets of the City of Manchester exceeded its liabilities at the close of the most recent year by \$33,614,741. Of this amount, \$7,948,173 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Recreation Center received a Diabetes Grant A from the Department of Health in the amount of \$150,000 each year with a City match of \$30,000 for three years.
- The Recreation Center received a LPRF grant for Manchester Sports Park-Soccer Complex Phase I in the amount of \$87,500 each year for two years. Phase 1 has been completed.
- The Recreation Center received a Diabetes Grant B from the Department of Health in the amount of \$15,000. This grant was completed in June 2015.
- The City of Manchester completed the Safe Route to Schools Project for sidewalks using a TDOT grant for funding.
- The City of Manchester Police Department also received a grant from the Governor's Highway Safety in the amount of \$31,726 for Saturation Overtime and patrol equipment.
- The City of Manchester completed the Greenway Extension Project for the Downtown area with a portion of the funding coming from grant money from TDOT, STP funds, and local match from City of Manchester and Tourism.
- The City of Manchester received a CDBG grant for drainage improvements in the amount of \$315,000.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,104,892.
- The Government Accounting Standards Board issued Statement 54: Fund Balance Reporting and Governmental Fund Type Definitions. The implementation date for this standard is for periods beginning after June 15, 2010, which means FYE June 30, 2011. Governmental accounting standards now require the reporting of five classifications of fund balance: Non-Spendable, Restricted, Committed, Assigned and Unassigned. The City's audited financial statement addresses four categories: Non-spendable \$80,209; Restricted \$873,437; Committed \$4,372,729; Assigned \$164,186; and Unassigned \$3,614,331. The Unassigned Fund Balance is available for spending at the government's discretion.

## **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the City of Manchester's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Manchester include general government, public works, public safety, state street aid, public welfare and recreation and schools. The business-type activities of the City include Water and Sewer services.

The government-wide financial statements can be found on pages 12-15 of this report.

Fund Financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Manchester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may be better to understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and General Purpose School Fund which are considered to be major funds. Data for the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report beginning on page 36.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with this budget, as well as for the non-major funds.

The basic governmental fund financial statements can be found on pages 16-20 and 29-31 of this report.

Proprietary Funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for Water and Sewer operations which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 21-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-82 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found beginning on page 36 of this report.

## Financial Analysis of the Financial Statements

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Manchester, assets exceeded liabilities by \$33,614,741 at the close of this fiscal year.

By far the largest portion of the City's assets (73.76%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Manchester's Net Position

	Governmental 2015	Activities 2014	Business type 2015	Activities 2014
Current and other assets	\$17,307,372	\$15,876,229	\$13,981,722	\$13,610,919
Capital Assets	30,211,836	29,993,818	33,397,386	34,661,767
<b>Total Assets</b>	<b>47,519,208</b>	<b>45,870,047</b>	<b>47,379,108</b>	<b>48,272,686</b>
Long-term liabilities outstanding	24,161,174	24,572,498	25,331,191	26,481,561
Other Liabilities	11,066,127	6,985,266	1,869,745	1,816,405
<b>Total Liabilities</b>	<b>35,227,301</b>	<b>31,557,764</b>	<b>27,200,936</b>	<b>28,297,966</b>
<b>Net Position</b>				
Net Investment in Capital Assets	7,786,088	7,238,907	17,007,043	17,451,822
Restricted	873,437	962,252		
Unrestricted	4,749,076	6,111,124	3,199,097	2,522,898
<b>Total net position</b>	<b>\$13,408,601</b>	<b>\$14,312,283</b>	<b>\$20,206,140</b>	<b>\$19,974,720</b>

Changes in net position. Governmental activities decreased the City's net position by \$903,682. Business-type activities net position increased by \$231,420.

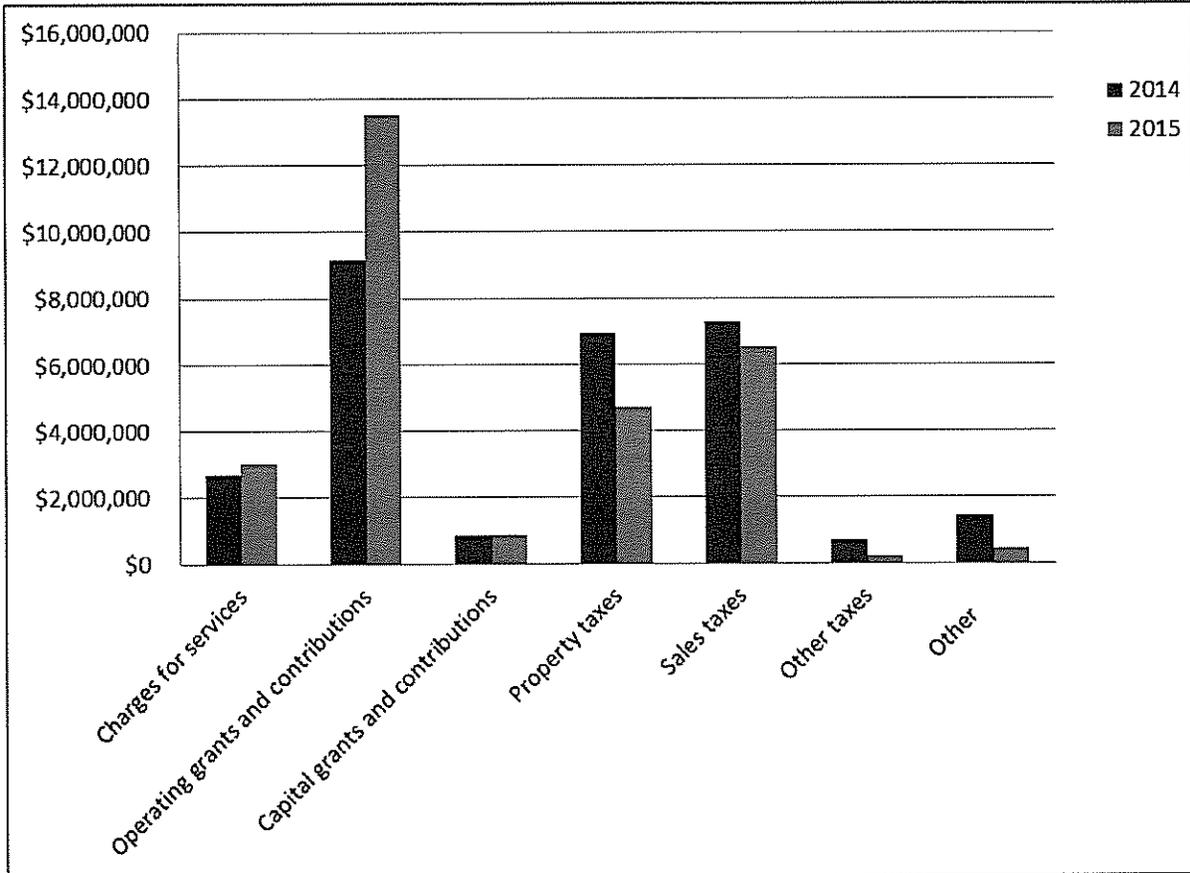
The table below provides a summary of the City's net assets broken down by governmental and business-type activities.

## City of Manchester's Changes in Net Position

	Governmental Activities		Business-type Activities	
<u>Revenues</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Program revenues</u>				
Charges for services	\$3,039,580	\$2,708,613	\$5,892,440	\$6,595,727
Operating grants and contributions	13,530,052	9,148,064	17,400	
Capital grants and contributions	901,333	842,588		
<u>General Revenues</u>				
Property taxes	4,732,611	6,937,605		
Sales taxes	6,533,641	7,281,715		
Other taxes	231,301	721,917		
Other	446,835	1,452,998	130,254	13,060
Total revenues	<u>\$29,415,353</u>	<u>\$29,093,500</u>	<u>\$6,040,094</u>	<u>\$6,608,787</u>
<u>Governmental Activities</u>				
General Government	\$1,780,477	\$2,251,271		
Public Safety	4,903,113	4,611,333		
Public Works	2,850,491	2,790,580		
Health, Welfare, Culture and Recreation	2,226,175	2,038,688		
Economic Development and Assistance	55,325	46,460		
Education	15,410,104	15,982,884		
Debt Service	919,919	893,842		
Water & Sewer			5,865,802	5,770,952
Total expenses	<u>\$28,145,604</u>	<u>\$28,615,058</u>	<u>\$5,865,802</u>	<u>\$5,770,952</u>
Change in Net Position	1,269,749	478,441	174,292	837,835
Net Position, as previously reported	14,312,282	14,486,761	19,974,720	19,270,677
Restatement from prior year	(2,173,430)	(652,920)	57,128	(133,792)
Net Position, beg. Of year as restated		13,833,841		19,136,885
Net Position, end of year	<u>\$13,408,601</u>	<u>\$14,312,283</u>	<u>\$20,206,140</u>	<u>\$19,974,720</u>

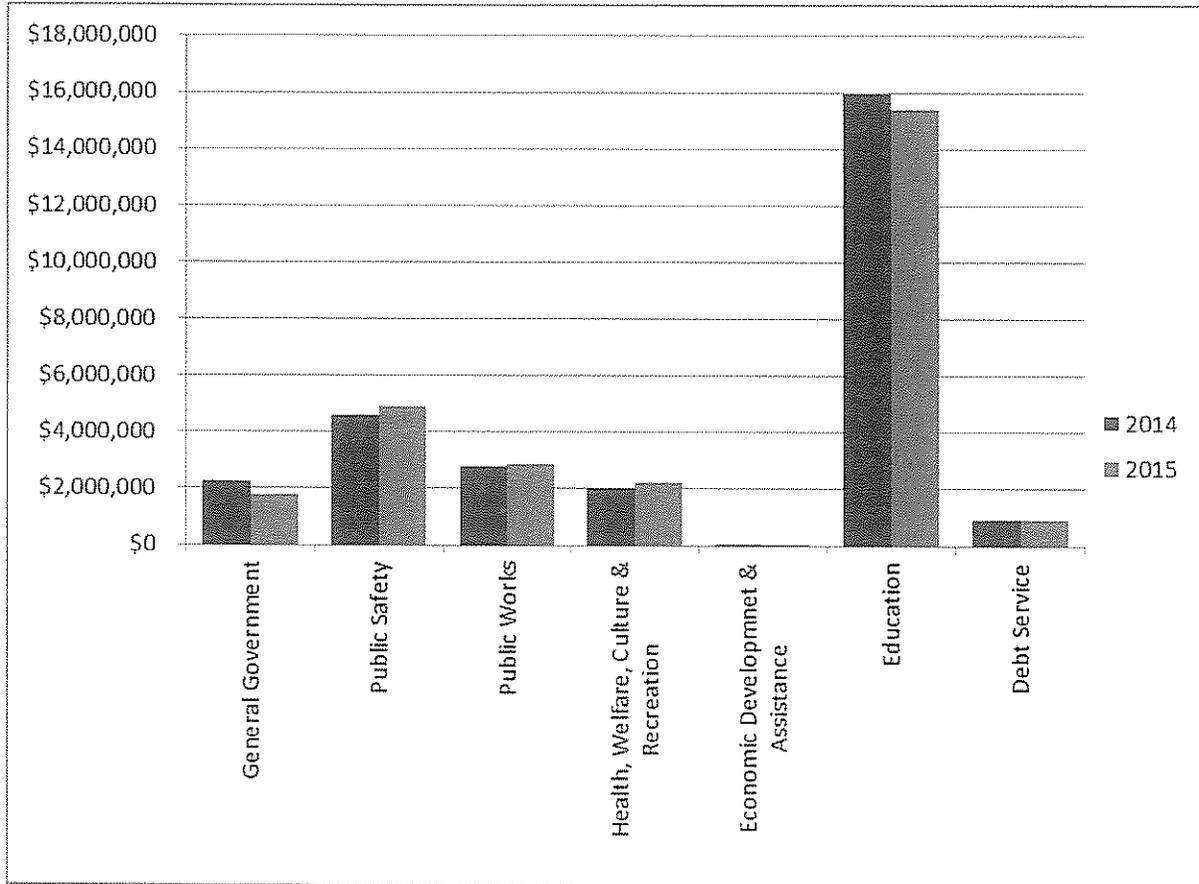
## Revenues by Source – Governmental Activities

### Revenues



## Expenditures – Governmental Activities

### Expenditures



Significant variances in Governmental Activities revenues and expenditures from that of the prior year were as follows:

- The overall expenditures decreased by approximately \$469,454. The decrease is due to budgetary cuts and being resourceful with available funds.
- Education expenditures decreased by \$572,780 due to budgetary cuts.

### **Business-type Activities**

Business-type activities accounted for revenue of \$6,040,094 which includes contributed capital.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the City of Manchester's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,104,892, a decrease of \$414,642 in comparison with the prior year. Within the governmental funds, \$69,288 is restricted for Inventory and Prepaid Costs in the General Fund. In the General Purpose School Fund, \$83,377 is committed for Non-Instructional Services.

The general fund is the chief operation fund of the City of Manchester, Tennessee. Due to the compliance of GASB 54, the general fund recognizes "unassigned" fund balance instead of "unreserved" fund balance. At the end of this fiscal year, this amount is \$3,669,034. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 38.15% of total general fund expenditures.

The City's general fund had a positive Net Change in Fund Balance of \$697,138.

### **Proprietary funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Assets at the end of the year for the Water and Sewer Fund amounted to \$3,199,097. This represents total Net Assets at June 30, 2015 of \$20,206,140.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were as follows: changes to revenues were as follows: General Fund – increase of \$663,913; General Purpose School Fund – decrease of \$119,876; School Federal and State Programs – no change; changes to appropriations of General Fund increase \$574,595; General Purpose School Fund – increase \$19,687; School Federal and State Programs – no change.

Specific Revenue increases for the General Fund and General Purpose School Fund were as follows:

General Fund	Budgeted Amounts	
	Original	Final
Revenues:		
Total Taxes Revenue	\$ 9,648,246	\$9,794,646
General Purpose School Fund:		
Revenues	\$ 11,444,488	\$11,324,612
Operating Transfer-General Fund	\$ 1,678,467	\$1,678,467

### Capital Assets

The City of Manchester's investment in capital assets from its governmental and business-type activities at June 30, 2015, amounts to \$63,609,223 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total of the City's investment in capital assets for the current fiscal year decreased in the amount of \$1,046,361 (a net increase of \$218,018 for governmental activities and a net decrease of \$1,264,379 for business-type activities).

### City of Manchester's Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	\$ 4,711,324	\$ 210,937	\$ 4,922,261
Buildings/land improvement and utility plant	27,642,718	49,030,789	76,673,507
Equipment and furniture	2,129,610	1,221,532	3,351,142
Infrastructure	25,570,010		25,570,010
Vehicles	4,139,878		4,139,878
Construction in progress	143,326	1,144,462	1,287,788
	64,336,866	51,607,720	115,944,586
Less Accumulated Depreciation	34,125,030	18,210,333	52,335,363
Net Capital Assets	\$30,211,836	\$33,397,387	\$63,609,223

Additional information on the City of Manchester's capital assets can be found in the notes to the financial statements section of this report.

### Long-term Debt

At the end of the current year, the City of Manchester had bonded debt outstanding of \$47,241,683. Of this amount, \$1,811,183 is due in the next fiscal year.

### City of Manchester's Outstanding Debt

	Governmental Activities	Business-type Activities	Total
Principal due in the next fiscal year	\$ 648,572	1,162,611	<u>1,811,183</u>

The City of Manchester's combined total bonded debt decreased in the amount of \$2,858,173 during the current fiscal year.

Additional information on the City of Manchester's debt can be found in the notes to the financial statements section of this report.

### Currently Known Factors Affecting Future Years

The unemployment rate for the Coffee County at the end of the fiscal year was 6.0%. This compares to the State's average unemployment rate of 6.3% and the national average rate of 5.5%. Due to the economic situation, the City used the conservative approach in the preparation of next year's budget. Property tax collection and local option sales tax were increased slightly in an anticipation of a slow economy.

### Requests for Information

This financial report is designed to provide a general overview of the City of Manchester, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director/Chief Financial Officer, 200 West Fort Street, Manchester, TN 37355.

# BASIC FINANCIAL STATEMENTS

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City of Manchester, Tennessee  
Statement of Net Position  
June 30, 2015

	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 522,076	\$ 1,189,800	\$ 1,711,876
Investment in Pooled Cash	8,402,826	2,280,956	10,683,782
Accounts Receivable	305,851	353,388	659,239
Allowance for Uncollectible	(78,844)	(27,680)	(106,524)
Unbilled Water and Sewer	-	149,664	149,664
Due from Other Governments	2,178,984	-	2,178,984
Internal Balances	53,391	-	53,391
Property Taxes Receivable	5,307,434	-	5,307,434
Allowance for Uncollectible Property Taxes	(75,902)	-	(75,902)
Other Taxes Receivable	302,828	-	302,828
Inventories	80,209	167,053	247,262
Current Portion of Notes Receivable from DRUC	-	315,000	315,000
Net Pension Asset	308,519	38,541	347,060
Capital Assets:			
Assets Not Being Depreciated:			
Land	4,711,324	210,937	4,922,261
Construction in Progress	143,326	1,144,462	1,287,788
Assets Net of Accumulated Depreciation:			
Land Improvements	251,572	-	251,572
Buildings	15,231,164	140,699	15,371,863
Vehicles	1,719,607	-	1,719,607
Heavy Equipment	138,697	-	138,697
Other Equipment	315,363	157,953	473,316
Water Plant	-	6,879,453	6,879,453
Sewer Plant	-	24,863,882	24,863,882

The accompanying notes are an integral part of this statement.

City of Manchester, Tennessee  
Statement of Net Position (Cont.)

	<u>Primary Government</u>		
	Governmental Activities	Business-type Activities	Total

ASSETS (CONT.)

Capital Assets (Cont.):			
Assets Net of Accumulated Depreciation (Cont.):			
Infrastructure	7,700,783	-	7,700,783
Long-term Portion of Note Receivable DRUC	-	9,515,000	9,515,000
Total Assets	\$ 47,519,208	\$ 47,379,108	\$ 94,898,316

DEFERRED OUTFLOWS OF RESOURCES

Pension Changes in Contributions after Measurement Date	\$ 892,131	\$ 27,968	\$ 920,099
Pension Changes in Experience	69,601	-	69,601
Pensions Other Deferrals	154,962	-	154,962
Total Deferred Outflows of Resources	\$ 1,116,694	\$ 27,968	\$ 1,144,662

LIABILITIES

Accounts Payable	\$ 809,353	\$ 209,921	\$ 1,019,274
Accrued Payroll	1,002,363	18,723	1,021,086
Payroll Deductions Payable	514,985	1,319	516,304
Accrued Interest Payable	66,481	36,383	102,864
Other Payables	42,133	1,690	43,823
Internal Balances	-	53,391	53,391
Due to State of Tennessee	480	18,354	18,834
Duck River Utility Commission Surcharge	-	2,437	2,437
Customer Deposits	-	338,211	338,211
Surcharge Fee Payable	-	615	615
Unearned Revenues	85,071	-	85,071
Pooled Cash Overdraft	84,208	-	84,208

The accompanying notes are an integral part of this statement.

City of Manchester, Tennessee  
Statement of Net Position (Cont.)

LIABILITIES (CONT.)

Noncurrent Liabilities:

Due Within One Year 1,889,708  
 Due in More Than One Year 49,492,365  
 Total Liabilities \$ 54,668,191

DEFERRED INFLOWS OF RESOURCES

Deferred Property Taxes	\$ 5,182,364	\$ -	\$ 5,182,364
Pension Changes in Experience	29,045	4,000	33,045
Pension Changes in Investment Earnings	2,522,547	22,090	2,544,637
Other Deferred/Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	\$ 7,733,956	\$ 26,090	\$ 7,760,046

NET POSITION

Net Investment in Capital Assets	\$ 7,786,088	\$ 17,007,043	\$ 24,793,131
Restricted for:			
Tourism and Community Development	183,303	-	183,303
Drug Control and Investigation	502,844	-	502,844
Education	3,772	-	3,772
Operation of Non-instructional Services	183,518	-	183,518
Unrestricted	4,749,076	3,199,097	7,948,173
Total Net Position	\$ 13,408,601	\$ 20,206,140	\$ 33,614,741

Primary Government  
Governmental Business-type  
Activities Activities Total

	727,097	1,162,611	1,889,708
	24,161,174	25,331,191	49,492,365
\$	\$ 27,493,345	\$ 27,174,846	\$ 54,668,191

City of Manchester, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Position	
					Governmental Activities	Business-type Activities
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 1,780,477	\$ 96,957	\$ -	\$ 199,122	\$ (1,484,398)	\$ -
Public Safety	4,903,113	378,904	164,887	-	(4,359,322)	-
Public Works	2,850,491	908,955	346,332	-	(1,595,204)	-
Health, Welfare, Culture and Recreation	2,226,175	1,319,399	34,462	245,885	(626,429)	-
Economic Development and Assistance	55,325	-	2,500	456,326	403,501	-
Education	15,410,104	335,365	12,981,871	-	(2,092,868)	-
Debt Service	919,919	-	-	-	(919,919)	-
<b>Total Governmental Activities</b>	<b>\$ 28,145,604</b>	<b>\$ 3,039,580</b>	<b>\$ 13,530,052</b>	<b>\$ 901,333</b>	<b>\$ (10,674,639)</b>	<b>\$ -</b>
<b>Business-type Activities</b>						
Water and Sewer	5,865,802	5,892,440	17,400	-	44,038	44,038
<b>Total Primary Government</b>	<b>\$ 34,011,406</b>	<b>\$ 8,932,020</b>	<b>\$ 13,547,452</b>	<b>\$ 901,333</b>	<b>\$ (10,674,639)</b>	<b>\$ (4,038)</b>
<b>General Revenues</b>						
Property Taxes				\$ 4,531,008	\$ -	\$ 4,531,008
Interest and Penalty on Taxes				76,615	-	76,615
In-Lieu of Taxes				124,988	-	124,988
Local Sales Tax				3,928,653	-	3,928,653
Wholesale Beer Tax				502,246	-	502,246
Wholesale Liquor Tax				222,445	-	222,445
Business Taxes				306,798	-	306,798
Cable TV Franchise Tax				134,958	-	134,958
Room Occupancy Tax				672,460	-	672,460
State Sales Tax				766,081	-	766,081
Other State Taxes - Unrestricted				231,301	-	231,301
Licenses and Permits				70,965	-	70,965
Grants and Contributions Not Restricted to Specific Programs				62,727	-	62,727
Other Local Revenues - Unrestricted				154,669	-	154,669
Unrestricted Investment Earnings and Rental Income				43,350	130,254	173,604
Gain on Sale of Capital Assets				115,124	-	115,124
<b>Total General Revenues</b>				<b>\$ 11,944,388</b>	<b>\$ 130,254</b>	<b>\$ 12,074,642</b>
<b>Change in Net Position</b>				<b>\$ 1,269,749</b>	<b>\$ 174,292</b>	<b>\$ 1,444,041</b>
<b>Net Position Beginning of Year as Previously Reported</b>				<b>14,312,282</b>	<b>19,974,720</b>	<b>34,287,002</b>
<b>Restatements (Note 15)</b>				<b>(2,173,430)</b>	<b>57,128</b>	<b>(2,116,302)</b>
<b>Net Position - End of Year</b>				<b>\$ 13,408,601</b>	<b>\$ 20,206,140</b>	<b>\$ 33,614,741</b>

City of Manchester, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2015

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	General Purpose School	Debt Service	Other Governmental Funds		
\$	-	\$ 6,091	\$ -	\$ 515,985	\$	522,076
Investment in Pooled Cash	2,958,216	2,518,988	2,191,568	734,054		8,402,826
Accounts Receivable	11,784	207,051	-	87,016		305,851
Allowance for Uncollectible	(10,992)	-	-	(67,852)		(78,844)
Due from Other Governments	1,099,263	804,606	-	275,115		2,178,984
Due from Other Funds	1,496	-	-	53,391		54,887
Property Taxes Receivable	5,307,434	-	-	-		5,307,434
Allowance for Uncollectible Property Taxes	(75,902)	-	-	-		(75,902)
Other Taxes Receivable	256,601	-	-	46,227		302,828
Inventories	69,288	-	-	10,921		80,209
Total Assets	\$ 9,617,188	\$ 3,536,736	\$ 2,191,568	\$ 1,654,857	\$	17,000,349

ASSETS

Cash	
Investment in Pooled Cash	
Accounts Receivable	
Allowance for Uncollectible	
Due from Other Governments	
Due from Other Funds	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Other Taxes Receivable	
Inventories	

LIABILITIES

Accounts Payable	\$ 555,334	\$ 18,268	\$ -	\$ 235,751	\$	809,353
Accrued Payroll	101,430	807,992	-	92,941		1,002,363
Payroll Deductions Payable	7,775	505,096	-	2,114		514,985
Other Payables	1,710	-	-	40,423		42,133
Due to Other Funds	-	1,496	-	-		1,496
Due to State of Tennessee	456	24	-	-		480
Unearned Revenues	-	-	-	85,071		85,071
Pooled Cash Overdraft	-	-	-	84,208		84,208
Total Liabilities	\$ 666,705	\$ 1,332,876	\$ -	\$ 540,508	\$	2,540,089

City of Manchester, Tennessee  
 Balance Sheet  
 Governmental Funds (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Purpose School	Debt Service	Other Governmental Funds		
Deferred Property Taxes	\$ 5,182,364	\$ -	\$ -	\$ -	\$ -	\$ 5,182,364
Other Deferred/Unavailable Revenue	-	173,004	-	-	-	173,004
Total Deferred Inflows of Resources	\$ 5,182,364	\$ 173,004	\$ -	\$ -	\$ -	\$ 5,355,368
Nonspendable:	\$ 69,288	\$ -	\$ -	\$ 10,921	\$ -	\$ 80,209
Inventory	-	-	-	183,303	-	183,303
Restricted:	-	-	-	502,844	-	502,844
Restricted for Tourism and Community Development	-	-	-	752	-	3,772
Restricted for Drug Control and Investigation	-	3,020	-	183,518	-	183,518
Restricted for Education	-	-	-	-	-	-
Restricted for Operation of Non-instructional Services	-	-	-	-	-	-
Committed:	-	-	-	-	-	-
Committed for Information Systems	1,554	-	-	-	-	1,554
Committed for General Government & Buildings	9,844	-	-	-	-	9,844
Committed for Police Department	13,402	-	-	-	-	13,402
Committed for Public Works	4,997	-	-	-	-	4,997
Committed for Recreation Centers	-	-	-	121,888	-	121,888
Committed for Park Areas	-	-	-	1,640	-	1,640
Committed for Education	-	1,409,005	-	-	-	1,409,005
Committed for Operation of Non-instructional Services	-	83,377	-	-	-	83,377
Committed for Debt Service	-	535,454	2,191,568	-	-	2,727,022
Assigned	-	-	-	164,186	-	164,186
Unassigned	3,669,034	-	-	(54,703)	-	3,614,331
Total Fund Balances	\$ 3,768,119	\$ 2,030,856	\$ 2,191,568	\$ 1,114,349	\$ -	\$ 9,104,892
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,617,188	\$ 3,536,736	\$ 2,191,568	\$ 1,654,857	\$ -	\$ 17,000,349

DEFERRED INFLOWS OF RESOURCES

FUND BALANCES

Total Liabilities, Deferred Inflows of Resources and Fund Balances

City of Manchester, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - balance sheet - governmental funds		\$ 9,104,892
 (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Land	\$ 4,711,324	
Construction in Progress	143,326	
Land Improvements	251,572	
Buildings	15,231,164	
Vehicles	1,719,607	
Heavy Equipment	138,697	
Other Equipment	315,363	
Infrastructure	<u>7,700,783</u>	30,211,836
 (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued Interest Payable	\$ (66,481)	
Due Within One Year	(727,097)	
Due in More Than One Year	<u>(24,161,174)</u>	(24,954,752)
 (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recongnized as components of pension expense in furture years.		
Deferred outflows of resources related to pensions	\$ 1,116,694	
Deferred inflows of resources related to pensions	(2,551,592)	(1,434,898)
 (4) Net pension assets of the city agent plan are not current financial resources and are therefore not reported in the governmental funds.		
		308,519
 (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>173,004</u>
Net position of governmental activities		<u><u>\$ 13,408,601</u></u>

City of Manchester, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	General Purpose School	Debt Service	Other Governmental Funds	
<u>Revenues</u>					
Local Taxes	\$ 10,094,596	\$ -	\$ -	\$ 280,587	\$ 10,375,183
Licenses and Permits	70,965	-	-	-	70,965
Charges for Current Services	21,066	151,300	-	2,314,927	2,487,293
Fines, Forfeitures and Penalties	247,158	-	-	70,170	317,328
Other Local Revenue	187,040	43,719	39,272	218,332	488,363
Intergovernmental	1,818,752	11,249,469	-	2,227,535	15,295,756
Total Revenues	\$ 12,439,577	\$ 11,444,488	\$ 39,272	\$ 5,111,551	\$ 29,034,888
<u>Expenditures</u>					
General Government	\$ 1,866,109	\$ -	\$ -	\$ -	\$ 1,866,109
Public Safety	4,447,129	-	-	217,568	4,664,697
Public Works	1,616,182	-	-	1,182,883	2,799,065
Health, Welfare, Culture and Recreation	142,949	-	-	2,136,054	2,279,003
Economic Development and Assistance	-	-	-	621,547	621,547
Education	-	13,973,180	-	1,721,790	15,694,970
Debt Service	-	-	1,490,670	-	1,490,670
Total Expenditures	\$ 8,072,369	\$ 13,973,180	\$ 1,490,670	\$ 5,879,842	\$ 29,416,061
Excess (Deficiency) of Revenues	\$ 4,367,208	\$ (2,528,692)	\$ (1,451,398)	\$ (768,291)	\$ (381,173)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ -	\$ 1,678,467	\$ 1,488,279	\$ 603,701	\$ 3,770,447
Transfers Out	(3,670,070)	-	-	(100,377)	(3,770,447)
Capitalized Lease Proceeds	-	-	-	241,587	241,587
Total other Financing Sources	\$ (3,670,070)	\$ 1,678,467	\$ 1,488,279	\$ 744,911	\$ 241,587
Net Change in Fund Balance	\$ 697,138	\$ (850,225)	\$ 36,881	\$ (23,380)	\$ (139,586)
Fund Balance, July 1, 2014	3,070,981	3,066,953	2,154,687	1,226,913	9,519,534
Prior Period Adjustment	-	(185,872)	-	(89,184)	(275,056)
Fund Balance, June 30, 2015	\$ 3,768,119	\$ 2,030,856	\$ 2,191,568	\$ 1,114,349	\$ 9,104,892

The notes to the financial statements are an integral part of this statement.

City of Manchester, Tennessee  
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 are different because:

Net change in fund balances - total governmental funds	\$	(139,586)
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Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expenses. The difference between capital outlays and depreciation is itemized as follows:

Add: capital assets purchased in the current period	\$	1,486,980	
Less: current-year depreciation expense		(1,476,422)	10,558

The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.

Less: book value of capital assets disposed	\$	(27,500)	
Add: donations of capital assets		209,980	
Add: confiscations of capital assets placed in service		24,979	207,459

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

Add: other deferred/unavailable revenue June 30, 2015			173,004
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The issuance of long-term debt (e.g. bonds, notes, capitalized leases and other loans) 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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar item when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.

Add: principal payment on long-term debt	\$	637,232	
Less: capitalized lease proceeds		(241,587)	395,645

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.

Change in accrued interest payable	\$	(66,481)	
Change in compensated absences payable		(49,252)	
Change in net pension asset		2,206,893	
Change in deferred outflows of resources related to pensions		935,907	
Change in deferred inflows of resources related to pensions		(2,370,803)	
Change in other postemployment benefits liability		(33,595)	<u>622,669</u>

Change in net position of governmental activities			<u><u>1,269,749</u></u>
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City of Manchester, Tennessee  
Water and Sewer Fund  
Statement of Net Position  
For the Year Ended June 30, 2015

ASSETS

Cash	\$ 1,189,800
Investment in Pooled Cash	2,280,956
Accounts Receivable	353,388
Allowance for Uncollectible	(27,680)
Unbilled Water and Sewer	149,664
Inventories	167,053
Current Portion of Notes Receivable from DRUC	315,000
Net Pension Asset Account	38,541
Capital Assets:	
Assets Not Being Depreciated:	
Land	210,937
Construction in Progress	1,144,462
Assets Net of Accumulated Depreciation:	
Buildings	140,699
Equipment	157,953
Water Plant	6,879,453
Sewer Plant	24,863,882
Notes Receivable from DRUC	9,515,000
Total Assets	<u>\$ 47,379,108</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Changes in Contributions after Measurement Date	\$ 27,968
Total Deferred Outflows of Resources	<u>\$ 27,968</u>

LIABILITIES

Accounts Payable	\$ 209,921
Accrued Payroll	18,723
Payroll Deductions Payable	1,319
Refunds Payable	1,690
Accrued Interest Payable	36,383
Due to Other Funds	53,391
Due to State of Tennessee	18,354
DRUC Water Surcharge	2,437
Customer Deposits	338,211
Surcharge Fee Payable	615
Noncurrent Liabilities:	
Due Within One Year	1,162,611
Due in More Than One Year	25,331,191
Total Liabilities	<u>\$ 27,174,846</u>

City of Manchester, Tennessee  
Water and Sewer Fund  
Statement of Net Position (Cont.)

DEFERRED INFLOWS OF RESOURCES

Pension Changes in Experience	\$ 4,000
Pension Changes in Investment Earnings	22,090
Total Deferred Inflows of Resources	<u>\$ 26,090</u>

NET POSITION

Net Investment in Capital Assets	\$ 17,007,043
Unrestricted	<u>3,199,097</u>
Net Position	<u>\$ 20,206,140</u>

**City of Manchester, Tennessee**  
**Water and Sewer Fund**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2015**

**Operating Revenues**

**Water Revenues**

Inside Residential/Metered Water Sales	\$ 749,345	
Inside Commercial/Metered Water Sales	556,285	
Inside Industrial/Metered Water Sales	135,209	
Outside Residential/Metered Water Sales	726,943	
Outside Commercial/Metered Water Sales	116,961	
Outside Industrial/Metered Water Sales	381,356	
Ready to Serve	13,841	
Sprinkler System/Fire Protection	55,377	
Sales to Hillsville Utility District	508,631	
Forfeited Discounts/Penalties	98,139	
Water Service Calls	53,504	
Water Tap Fees	31,070	
Miscellaneous - Water	30,959	
	<hr/>	
Total Water Revenues		\$ 3,457,620

**Sewer Revenues**

Sewer Charges - Inside Residential	\$ 884,316	
Sewer Charges - Inside Commercial	638,265	
Sewer Charges - Inside Industrial	264,258	
Sewer Charges - Outside Residential	4,344	
Sewer Charges - Outside Commercial	46,988	
Sewer Charges - Outside Industrial	468,396	
Hillsville Sewer	15,860	
Pretreatment Fees	64,572	
Sewer Tap Fees	15,900	
	<hr/>	
Total Sewer Revenues		2,402,899

**Other Revenues from Operations**

Billing Administration Fees	\$ 31,898	
Bad Debt Collections	23	
	<hr/>	
Total Other Revenues from Operations		31,921

Total Operating Revenues \$ 5,892,440

City of Manchester, Tennessee

Water and Sewer Fund

Statement of Revenue, Expenses and Changes in Net Position (Cont.)

Operating Expenses

Water Distribution

Electric	\$ 77,439	
Telephone and Telegraph	11,272	
Water Purchased for Resale	1,179,665	
Provision for Depreciation	316,095	
Total Water Distribution		\$ 1,584,471

Shop & Maintenance

Regular Employee Salaries	\$ 832,553	
Salaries - Overtime	42,780	
Accrued Benefits	8,390	
OASI Employer Share	65,061	
Employee Health Insurance	251,507	
Retirement - TCRS	13,909	
Retirement - ING	24,179	
Employee Dental Insurance	13,010	
Employee Life Insurance	1,737	
Worker's Compensation Insurance	22,272	
Unemployment Insurance	1,211	
Education/Training	240	
Electric	3,825	
Telephone and Telegraph	2,468	
Architectural Engineering Service	30,691	
Other Professional Service	42,687	
Repair & Maintenance - Motor Vehicle	13,435	
Repair & Maintenance - Other Machinery	27,557	
Repair & Maintenance Grounds I	637	
Repair & Maintenance - Buildings	2,107	
Repair/Maintenance - Water	98,416	
Repair/Maintenance - Sewer	28,737	
Small Items of Equipment	4,110	
Household & Janitorial Supplies	215	
Clothing and Uniforms	1,266	
Other Operating Supplies	4,864	
Gas, Oil, Diesel, Fuel, Grease	30,908	
Repair Parts - Water/Sewer	8,977	
General Liability Insurance	11,198	
Machinery And Equipment	416	
Provision for Depreciation	15,258	
State - Annual Maintenance	9,775	
Total Shop & Maintenance		1,614,396

**City of Manchester, Tennessee**  
**Water and Sewer Fund**  
**Statement of Revenue, Expenses and Changes in Net Position (Cont.)**

**Operating Expenses (Cont.)**

**Customer Account & Collection**

Regular Employee Salaries	\$ 135,425	
Salaries - Overtime	176	
Accrued Benefits	1,224	
OASI Employers Share	10,123	
Employee Insurance	47,441	
Retirement - ING	8,968	
Dental Insurance	2,448	
Death Benefits Plan	302	
Workman's Comp - Employer	236	
Unemployment Insurance	288	
Education/Training	4,138	
Postage	27,649	
Printing, Duplication, Typing	6,333	
Publication Legal Notice	1,287	
Telephone and Telegraph	475	
Other Utility Services	5,819	
Accounting/Audit Services	8,100	
Architectural/Engineering	270	
Data Processing Support	8,125	
Other Professional Services	1,827	
Repair and Maintenance - Bldg./F	204	
Repair and Maintenance - Computer Equip	3,010	
Office Supplies	2,237	
Small Item of Equipment	165	
Gas, Oil, Diesel, Fuel, Grease	7,608	
General Liability	1,244	
Professional Liability/Surety Bonds	300	
Machinery & Equipment Co	108	
Provision for Depreciation	3,660	
Bad Debt Expense	7,352	
Total Customer Account & Collection		296,542

**Sewer Treatment & Disposal**

Regular Employee Salaries	\$ 121,727
Salaries - Overtime	14,902
Accrued Benefits	2,448
OASI Employer Share	10,178
Employee Health Insurance	41,807
Retirement- ING	9,543
Employee Dental Insurance	2,281
Employee Life Insurance	255
Workers Compensation Insurance	2,662

City of Manchester, Tennessee  
Water and Sewer Fund  
Statement of Revenue, Expenses and Changes in Net Position (Cont.)

Operating Expenses (Cont.)

Sewer Treatment & Disposal (Cont.)

Unemployment Insurance	162	
Education/Training	1,787	
Dues and Subscriptions	45	
Electric	305,514	
Telephone and Telegraph	1,977	
Repair & Maintenance - Other Machinery	35,671	
Small Items of Equipment	15	
Chemical, Lab & Med Supplies	34,029	
Gas, Oil, Diesel, Fuel and Grease	6,509	
Waste Water Pretreatment	33,631	
Sewer General Liability	18,664	
Provision for Depreciation	1,033,848	
State - Annual Maintenance	9,158	
Total Sewer Treatment & Disposal		1,686,813

Mechanical Maintenance

Regular Employee Salaries	\$ 67,488	
Salaries - Overtime	14,908	
Accrued Benefits	612	
OASI Employers Share	6,157	
Employee Health Insurance	19,172	
Retirement- TCRS	2,465	
Employee Dental Insurance	972	
Employee Life Insurance	153	
Unemployment Insurance	162	
Other Operating Supplies	2,607	
Gas, Oil, Diesel, Fuel and Grease	828	
Total Mechanical Maintenance		115,524

Total Operation Expenses \$ 5,297,746

Total Operating Income \$ 594,694

City of Manchester, Tennessee

Water and Sewer Fund

Statement of Revenue, Expenses and Changes in Net Position (Cont.)

Non-operating Revenues (Expenses)

Interest Earnings	\$ 10,969	
Water Tower Leases	119,285	
Coffee County Industrial Park Contract	17,400	
Interest Expense	(567,135)	
Bank Service Charges/Fiscal Agent Fees	(921)	
Total Non-operating Revenues (Expenses)		<u>(420,402)</u>
Change in Net Position	\$ 174,292	
Net Position, Beginning of Year as Previously Reported		19,974,720
Restatement (Note 15)		<u>57,128</u>
Net Position 6/30/2015		<u>\$ 20,206,140</u>

City of Manchester, Tennessee  
Water and Sewer Fund  
Statement of Cash Flow  
For the Year Ended June 30, 2015

Cash Flows from Operating Activities

Cash received from customers	\$ 5,992,312
Cash paid to employees for services	(1,821,071)
Cash paid to suppliers of goods and services	(2,272,970)
Net Cash provided by operating activities	<u>\$ 1,898,271</u>

Cash Flows from Capital and Related Financing Activities

Acquisitions of capital assets	\$ (104,481)
Interest paid on capital debt	(530,752)
Principal paid on capital debt	(819,602)
Net Cash used by capital and related Financing Activities	<u>\$ (1,454,835)</u>

Cash Flows from Investing Activities

Interest received	\$ 10,969
Other non operating receipts	135,764
Net Cash provided by Investing Activities	<u>\$ 146,733</u>

Net Increase in Cash	\$ 590,169
Cash, Beginning of Year	<u>2,880,587</u>
Cash, End of Year	<u><u>\$ 3,470,756</u></u>

**Reconciliation of Operating Income to Net Cash Provided by Operations**

Operating Income	\$ 594,694
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,315,705
(Increase) Decrease in Accounts Receivable	71,569
(Increase) Decrease in Inventories	(14,234)
(Increase) Decrease in Deferred Outflows Related to Pension	(11,594)
Increase (Decrease) in Accounts Payable	(57,869)
Net Cash Provided by Operating Activities	<u>\$ 1,898,271</u>

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 07/01/14	Add: Encumbrances 06/30/15	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 10,094,596	\$ -	\$ -	\$ 10,094,596	\$ 9,648,246	\$ 9,794,646	\$ 299,950
Licenses and Permits	70,965	-	-	70,965	87,000	72,000	(1,035)
Charges for Current Services	21,066	-	-	21,066	17,150	17,350	3,716
Fines, Forfeitures and Penalties	247,158	-	-	247,158	251,000	251,000	(3,842)
Other Local Revenue	187,040	-	-	187,040	77,300	179,298	7,742
Intergovernmental	1,818,752	-	-	1,818,752	1,575,200	2,005,515	(186,763)
<b>Total Revenues</b>	<b>\$ 12,439,577</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,439,577</b>	<b>\$ 11,655,896</b>	<b>\$ 12,319,809</b>	<b>\$ 119,768</b>
<b>Expenditures</b>							
<b>General Government</b>							
City Court	\$ 12,000	\$ -	\$ -	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Board of Mayor and Aldermen	311,210	-	-	311,210	326,261	348,018	36,808
Financial Administration	330,682	-	-	330,682	350,225	350,225	19,543
Information Systems	93,108	-	1,554	94,662	124,982	102,457	7,795
Planning and Zoning	270,207	-	-	270,207	307,020	310,520	40,313
General Government and Buildings	848,902	(2,276)	9,844	856,470	761,500	1,235,964	379,494
<b>Public Safety</b>							
Police Department	2,586,157	(3,302)	13,402	2,596,257	2,741,179	2,719,381	123,124
Fire Department	1,860,972	-	-	1,860,972	1,873,940	1,945,909	84,937
<b>Public Works</b>							
Public Works Department	1,616,182	(575)	4,997	1,620,604	1,710,310	1,757,538	136,934
Health, Welfare, Culture and Recreation							
Contributions to Other Agencies	142,949	-	-	142,949	142,737	142,737	(212)
<b>Total Expenditures</b>	<b>\$ 8,072,369</b>	<b>\$ (6,153)</b>	<b>\$ 29,797</b>	<b>\$ 8,096,013</b>	<b>\$ 8,350,154</b>	<b>\$ 8,924,749</b>	<b>\$ 828,736</b>
<b>Excess (Deficiency) of Revenues</b>	<b>\$ 4,367,208</b>	<b>\$ 6,153</b>	<b>\$ (29,797)</b>	<b>\$ 4,343,564</b>	<b>\$ 3,305,742</b>	<b>\$ 3,395,060</b>	<b>\$ 948,504</b>
<b>Other Financing Sources (Uses)</b>							
Transfers Out	(3,670,070)	-	-	(3,670,070)	(3,670,070)	(3,670,070)	-
<b>Total Other Financing Sources</b>	<b>\$ (3,670,070)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,670,070)</b>	<b>\$ (3,670,070)</b>	<b>\$ (3,670,070)</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ 697,138</b>	<b>\$ 6,153</b>	<b>\$ (29,797)</b>	<b>\$ 673,494</b>	<b>\$ (364,328)</b>	<b>\$ (275,010)</b>	<b>\$ 948,504</b>
<b>Fund Balance, July 1, 2014</b>	<b>3,070,981</b>	<b>(6,153)</b>	<b>-</b>	<b>3,064,828</b>	<b>3,044,806</b>	<b>3,044,806</b>	<b>20,022</b>
<b>Fund Balance, June 30, 2015</b>	<b>\$ 3,768,119</b>	<b>\$ -</b>	<b>\$ (29,797)</b>	<b>\$ 3,738,322</b>	<b>\$ 2,680,478</b>	<b>\$ 2,769,796</b>	<b>\$ 968,526</b>

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Purpose School Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 151,300	\$ 152,000	\$ 153,000	\$ (1,700)
Other Local Revenues	43,719	12,500	12,071	31,648
Intergovernmental	11,249,469	15,303,688	11,159,541	89,928
Total Revenues	\$ 11,444,488	\$ 11,444,488	\$ 11,324,612	\$ 119,876
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 7,329,382	\$ 7,475,334	\$ 7,515,222	\$ 185,840
Alternative Instruction Program	61,938	58,080	62,152	214
Special Education Program	1,477,855	1,469,142	1,522,216	44,361
Student Body Education Program	19,501	21,500	20,000	499
<u>Support Services</u>				
Attendance	101,520	113,485	105,313	3,793
Health Services	161,542	161,242	161,615	73
Other Student Support	237,635	231,465	236,752	(883)
Regular Instruction Program	561,000	591,488	571,039	10,039
Special Education Program	277,794	292,297	285,315	7,521
Board of Education	304,689	288,811	304,322	(367)
Office of the Superintendent	211,397	271,591	265,259	53,862
Office of the Principal	707,598	743,349	719,012	11,414
Fiscal Services	388,117	308,503	310,133	(77,984)
Operation of Plant	833,013	896,181	868,746	35,733
Maintenance of Plant	411,570	422,615	419,877	8,307
Transportation	32,917	37,570	36,076	3,159
Central and Other	278,156	273,755	278,395	239
<u>Operation of Non-instructional Services</u>				
Community Services	299,369	190,800	184,721	(114,648)
Early Childhood Education	277,457	277,456	277,456	(1)
<u>Capital Outlay</u>				
Regular Capital Outlay	730	-	730	-
Total Expenditures	\$ 13,973,180	\$ 14,124,664	\$ 14,144,351	\$ 171,171
Excess (Deficiency) of Revenues	\$ (2,528,692)	\$ (2,680,176)	\$ (2,819,739)	\$ 291,047
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,678,467	\$ 1,678,467	\$ 1,678,467	\$ -
Total Other Financing Sources	\$ 1,678,467	\$ 1,678,467	\$ 1,678,467	\$ -
Net Change in Fund Balance	\$ (850,225)	\$ (1,001,709)	\$ (1,141,272)	\$ 291,047
Fund Balance, July 1, 2014	3,066,953	2,448,879	2,448,879	618,074
Prior Period Adjustment	(185,872)	-	-	(185,872)
Fund Balance, June 30, 2015	\$ 2,030,856	\$ 1,447,170	\$ 1,307,607	\$ 723,249

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Debt Service Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 39,272	\$ 45,700	\$ 39,875	\$ (603)
Total Revenues	\$ 39,272	\$ 45,700	\$ 39,875	\$ (603)
<u>Expenditures</u>				
Debt Service	\$ 1,490,670	\$ 1,478,598	\$ 1,493,128	\$ 2,458
Total Expenditures	\$ 1,490,670	\$ 1,478,598	\$ 1,493,128	\$ 2,458
Excess (Deficiency) of Revenues	\$ (1,451,398)	\$ (1,432,898)	\$ (1,453,253)	\$ 1,855
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,488,279	\$ 1,478,598	\$ 1,490,334	\$ 2,055
Total Other Financing Sources	\$ 1,488,279	\$ 1,478,598	\$ 1,490,334	\$ 2,055
Net Change in Fund Balance	\$ 36,881	\$ 45,700	\$ 37,081	\$ 3,910
Fund Balance, July 1, 2014	2,154,687	2,212,885	2,212,885	(58,198)
Fund Balance, June 30, 2015	\$ 2,191,568	\$ 2,258,585	\$ 2,249,966	\$ (54,288)

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Manchester, Tennessee (the City) operates under a Mayor-Alderman form of government. The City's major operations include the following departments: general government, public safety, public school system, highways and streets, health and social services, recreation, public improvements, and planning and zoning. In addition, the City owns and provides water and sewer services.

The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The GASB periodically updates its codification of the existing Governmental Accounting Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the City are described below.

A. Reporting Entity

The City, for financial purposes, includes all the funds relevant to the operations of the City of Manchester, Tennessee (the primary government). The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operational or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of Manchester has no component units.

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. However, when applicable, inter-fund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. *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. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity 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 the 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The City of Manchester issues all debt for the Manchester City Schools. There were no debt issues contributed by the City to the City Schools during the year ended June 30, 2015.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). However, July and August 2015 property tax collections have been included in revenues. All other revenue items are considered to be measurable and available only when the City receives cash.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

General Purpose School Fund – The General Purpose School Fund is used to account for the primary activities of the schools of the City of Manchester.

Debt Service – The Debt Service Fund is used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than payable from the Proprietary Fund.

The City reports the following major proprietary fund:

Water & Sewer Fund - The Water & Sewer Fund accounts for revenues and expenses related to potable water and waste water services provided to customers of the system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the government's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 Water Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise fund 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 non-operating revenues and expenses.

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

D. DEPOSITS AND INVESTMENTS

State statutes authorize the City to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the City's own legally issued bonds or notes.

The City's Financial Officer maintains a cash and internal investment pool that is used by all funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Investment in Pooled Cash.

Cash consists of cash-on-hand and on-deposit with financial institutions. For purposes of reporting cash on the Statement of Net Position, the City considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash is reported on the Statement of Cash Flows as "Cash". At June 30, 2015, the City had no cash equivalents.

Investments – All investments are stated at fair value for all funds. At June 30, 2015, the City had no investments.

E. RECEIVABLES AND PAYABLES

All property taxes are shown with an allowance for un-collectibles. Allowance for un-collectibles are based on historical collection data.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**E. RECEIVABLES AND PAYABLES (CONT.)**

Property taxes are levied as of October 1. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

**F. INVENTORIES**

Inventories of the School Fund consists of food and supplies and is valued at cost and recorded using purchase and consumption methods for fund and governmental activities statement presentation.

Inventory of the Water and Sewer Funds, principally materials, supplies, and replacement parts, is valued at the lower of cost, first-in, first-out, or market.

Inventory of the General Fund, principally materials and gasoline, is valued at cost and recorded as an expenditure at the time individual inventory items are purchased.

**G. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The City's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

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

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

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

G. CAPITAL ASSETS (CONT.)

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

	<u>Estimated Useful Life</u>
Buildings	25-50 Years
Infrastructure (roads, bridges)	50 Years
Distribution Systems	10-50 Years
Equipment	3-10 Years
Furniture and Fixtures	3-10 Years

H. 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 consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**I. COMPENSATED ABSENCES**

The City provides for the accumulation of unused vacation. Accumulated vacation and sick leave vest with the employee and may be taken, or paid to the employee upon termination or retirement. For Governmental Fund accounting and reporting purposes, no amounts accrued at June 30, 2015 are expected to be liquidated with expendable available financial resources; accordingly, a liability is not recorded in the fund statements. Compensated absences are accrued when incurred in the governmental activities and proprietary fund financial statements.

**J. LONG-TERM OBLIGATIONS**

In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt or other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other post-employment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**K. RETIREMENT**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement (TCRS) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

L. INTERNAL ACTIVITY (DUE FROM/TO OTHER FUNDS)

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" (the non-current portion of interfund loans) or "advances to/from other funds" (the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." These balances are eliminated within the governmental activities funds and within the business-type activities funds. Any residual balances outstanding are reported in the government-wide financial statements as "internal balances."

M. NET POSITION AND FUND BALANCE

In the government-wide financial statements, equity is classified as net position and may be displayed in the following components:

Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation. It should be noted that no outstanding long-term debt exists for this entity.

Restricted net position – Consists of net position with constraints placed on the use either by (A) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (B) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

Governmental funds utilize a fund balance presentation of equity. Fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned.

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in a spendable form (such as inventory or prepaid) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance - Includes amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed fund balance - Includes amounts that can be used only for specific purposes imposed by a formal action of the government's highest level of decision-making authority. The Board of Alderman is the highest level of decision making authority for the Town that can,

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**N. NET POSITION AND FUND BALANCE (CONT.)**

by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance - Is intended to be used by the City for specific purposes but do not meet the classification as committed. This limitation can be imposed by a designee of the Board of Aldermen. The Board of Aldermen 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. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance - Is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

Fund Balance Flow Assumption - When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Town that committed fund balances would be reduced first, followed by assigned amounts, and then unassigned amounts.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position**

The Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position on page of this report includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)**

- B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities on page of this report includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets and Budgetary Accounting - General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements, which govern the City's operations.

The City is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the City Board and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

Subsequently the budget is enacted through vote of the Aldermen with an operative date of July 1. Budgets, as adopted and amended, are adopted for the General Fund, and Special Revenue Funds, on a basis consistent with generally accepted accounting principles. These formal budgets are adopted on a departmental basis. The City Mayor is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations that are not expended lapse at year end.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONT.)**

The City's budgetary basis of accounting is consistent GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

**4. DEPOSITS AND INVESTMENTS**

The City of Manchester participates in an internal cash and investment pool through the City Finance Director's office. The city financial officer is responsible for receiving, disbursing, and investing most city funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Investment in Pooled Cash. Cash reflected on the balance sheets or statements of net position represents non-pooled amounts held separately by individual funds.

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105% of the average daily balance of public deposits held.

Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105% of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the City.

CITY OF MANCHESTER, TENNESSEE  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)

5. RECEIVABLES

ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2015 consist of the following:

	General Fund	General Purpose School Fund	Other Governmental Funds	Water and Sewer Fund
Customers	\$ 11,784	\$ -	\$ 87,016	\$ 353,388
Allowance for Uncollectable	(10,992)	-	(67,852)	(27,680)
Due from National Institute for Excellence in Teaching – Teacher Incentive Fund Grant	-	207,051	-	-
Total	<u>\$ 208</u>	<u>\$ 207,051</u>	<u>\$ 19,164</u>	<u>\$ 355,708</u>

OTHER TAXES RECEIVABLE

Other Taxes Receivable at June 30, 2015 consist of the following:

	General Fund	Other Governmental Funds
Wholesale Beer Tax	\$ 116,232	\$ -
Wholesale Liquor Tax	41,036	-
Cable TV Franchise Tax	34,560	-
Room Occupancy Tax	64,773	46,227
Total	<u>\$ 256,601</u>	<u>\$ 46,227</u>

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**5. RECEIVABLES (CONT.)**

**DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2015, consist of the following:

	General Fund	General Purpose School Fund	Other Governmental Funds
Due from Coffee County:			
Court Fines	\$ -	\$ -	\$ 2,693
Coffee County Shared Revenues:			
Current Property Taxes	-	69,902	-
Trustee's Collections Prior Years	-	10,455	-
Clerk and Mater Property Tax Collections	-	8,705	-
Interest and Penalty on Property Taxes	-	2,173	-
Payments in Lieu of Taxes	-	91	-
Local Option Sales Tax	-	322,896	-
Interstate Telecommunications Tax	-	47	-
Marriage Licenses	-	67	-
Due from State of Tennessee:	-	-	-
Local Option Sales Tax	724,472	-	-
State Sales Tax	137,460	-	-
State Income Tax	112,565	-	-
State Mixed Drink Tax	6,373	-	-
State Gas and Motor Fuel Tax	48,874	-	-
Early Childhood Education	-	182,117	-
Other State Education Funds	-	65,238	-
Coordinated School Health	-	19,898	-
Alcoholic Beverage Tax	-	181	-
LEAPS Grant	-	122,836	-
Title I Grant	-	-	6,726
English Language Acquisition Grant	-	-	84
Special Education Grants to States	-	-	128,060
Eisenhower Professional Development Grant	-	-	2,244
National School Lunch Program	-	-	32,562
School Breakfast Program	-	-	12,089
City Streets and Transportation	3,430	-	-
State Highway Maintenance Contract	26,776	-	-
CDBG Grant	39,313	-	-
Project Diabetes Implementation Grant	-	-	58,239
Local Parks and Recreation Fund Grant	-	-	32,418
<b>Total</b>	<b>\$ 1,099,263</b>	<b>\$ 804,606</b>	<b>\$ 275,115</b>

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

<u>Governmental Activities</u>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,396,424	\$ 314,900	\$ -	\$ 4,711,324
Construction in Progress	1,008,575	143,326	1,008,575	143,326
Total Not Being Depreciated	<u>\$ 5,404,999</u>	<u>\$ 458,226</u>	<u>\$ 1,008,575</u>	<u>\$ 4,854,650</u>
<u>Capital assets being depreciated:</u>				
Buildings	\$27,068,945	\$ 170,105	\$ -	\$ 27,239,050
Land Improvements	403,668			403,668
Infrastructure	23,769,245	1,800,765	-	25,570,010
Other Equipment	1,420,889	23,934	-	1,444,823
Heavy Equipment	676,812	18,275	10,300	684,787
Vehicles	4,123,009	259,209	242,340	4,139,878
Total Being Depreciated	<u>\$ 57,462,568</u>	<u>\$ 2,272,288</u>	<u>\$252,640</u>	<u>\$ 59,482,216</u>
<u>Accumulated Depreciation</u>				
Buildings	\$11,236,731	\$771,156	\$ 0	\$12,007,887
Land Improvements	136,044	16,052		152,096
Infrastructure	17,568,187	301,040	0	17,869,227
Heavy Equipment	531,418	24,973	10,300	546,090
Other Equipment	1,029,796	99,663	-	1,129,459
Vehicles	2,371,573	263,538	214,840	2,420,271
Total Accumulated Depreciation	<u>\$32,873,749</u>	<u>\$1,476,422</u>	<u>\$ 225,140</u>	<u>\$34,125,030</u>
Net Capital Assets Being Depreciated	<u>\$24,588,819</u>	<u>\$ 795,866</u>	<u>\$ 27,500</u>	<u>\$25,357,186</u>
Net Capital Assets	<u>\$29,993,818</u>	<u>\$1,254,092</u>	<u>\$ 1,036,075</u>	<u>\$30,211,836</u>

Depreciation expense was charged to the following locations:

General government	\$ 44,255
Public Safety	60,915
Fire Dept	102,162
Drug Fund	132,301
Public Works	427,479
Sanitation	29,613
Recreation	270,502
Schools	409,195
Total	<u>\$1,476,422</u>

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**6. CAPITAL ASSETS (CONT)**

<u>Business-type Activities</u>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Capital assets not being depreciated:</u>				
Land	\$ 210,937	\$ -	\$ -	\$ 210,937
Construction in Progress	1,615,534	214,917	685,989	1,144,462
Total Not Being Depreciated	<u>\$ 1,826,471</u>	<u>\$ 214,917</u>	<u>\$ 685,989</u>	<u>\$ 1,355,399</u>
<u>Capital assets being depreciated:</u>				
Buildings	\$ 407,201	\$ -	\$ -	\$ 407,201
Other Equipment	1,221,532	-	-	1,221,532
Utility Plant	48,048,035	575,553	-	48,623,588
Total Being Depreciated	<u>\$ 49,676,768</u>	<u>\$ 575,553</u>	<u>\$ -</u>	<u>\$ 50,252,321</u>
<u>Accumulated Depreciation</u>				
Buildings	\$ 260,034	\$ 6,467	\$ -	\$ 266,501
Other Equipment	1,028,048	35,531	-	1,063,579
Utility Plant	15,553,390	1,326,863	-	16,880,253
Total Accumulated Depreciation	<u>\$ 16,841,472</u>	<u>\$ 1,368,861</u>	<u>\$ -</u>	<u>\$18,210,333</u>
Net Capital Assets Being Depreciated	<u>\$ 32,835,296</u>	<u>\$ (793,308)</u>	<u>\$ -</u>	<u>\$32,041,988</u>
Net Capital Assets	<u>\$ 34,661,767</u>	<u>\$ 578,391</u>	<u>\$ 685,989</u>	<u>\$33,397,387</u>

During 2015, depreciation in the amount of \$1,368,861 was charged to operations.

**7. INTERFUND TRANSACTIONS**

The composition of inter-fund balances as of June 30, 2015 was as follows:

	<u>Due To</u>	<u>Due From</u>
General	\$ -	\$ 1,496
General Purpose Schools	1,496	
Sanitation	53,391	0
Water and Sewer	<u>0</u>	<u>53,391</u>
Total	<u>\$ 54,887</u>	<u>\$ 54,887</u>

CITY OF MANCHESTER, TENNESSEE  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)

8. LONG-TERM OBLIGATIONS

Governmental Activities

General Obligation Bonds, Capital Outlay Notes and Other Loans

The City issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government.

General obligation bonds, capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 30 years for bonds and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2015, will be retired from the Debt Service Fund.

General obligation bonds capital outlay notes and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-2015
Capital Outlay Notes	3.85%	2019	\$ 550,000	\$ 236,340
General Obligation Bonds	2.91% to 4.70%	2038	21,790,000	20,880,000
Other Loans	3.90%	2021	1,460,000	1,010,000

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following table:

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**8. LONG-TERM OBLIGATIONS (Cont.)**

**Governmental Activities (Cont.)**

**General Obligation Bonds, Capital Outlay Notes and Other Loans (Cont.)**

Year Ending June 30	Principal	Interest	Total
2016	\$ 648,572	\$ 836,786	\$ 485,358
2017	673,572	822,253	1,495,825
2018	698,570	790,483	1,489,053
2019	670,626	769,036	1,439,662
2020	680,000	740,359	1,420,359
2021-2025	3,790,000	3,389,793	7,179,793
2026-2030	4,525,000	2,752,905	7,277,905
2031-2035	6,060,000	1,949,569	8,009,569
2036-2038	4,380,000	445,250	4,825,250
<b>Total</b>	<b>\$22,126,340</b>	<b>\$12,496,434</b>	<b>\$34,622,774</b>

Long-term obligation activity for the year ended June 30, 2015, was as follows:

	Capital Outlay Notes	General Obligation Bonds	Other Loans
Balance, July 1, 2014	\$ 314,912	\$ 21,310,000	\$ 1,130,000
Additions	-	-	-
Reductions	78,572	430,000	120,000
Balance, June 30, 2015	<u>\$ 236,340</u>	<u>\$ 20,880,000</u>	<u>\$ 1,010,000</u>
Balance Due Within One Year	<u>\$ 78,572</u>	<u>\$ 435,000</u>	<u>\$ 135,000</u>

**Capitalized Leases**

On January 26, 2015 the City of Manchester entered into a capital lease agreement with Municipal Asset Management, Inc. for the lease of cardio equipment for the Manchester Recreation Center. This agreement requires a monthly payment of \$2,347 with no stipulation of the interest rate for the lease of this equipment. The discount rate of interest used for the equipment is 2.81% and the discounted value on the date of the lease was \$80,942 which exceeded 90% of the estimated value of this equipment on the date of the lease, therefore,

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

8. LONG-TERM OBLIGATIONS (Cont.)

Business-type Activities (Cont.)

this lease has been treated as a capital lease in the financial statements of this report. The principal balance as of June 30, 2015 was \$72,282.

In June 2015 the City of Manchester entered into a capital lease agreement for the purchase of a leaf loader. This agreement required a monthly payment of \$1,054 which includes interest and principal. The lease purchase agreement has a stipulated interest rate of 2.81%. The principal balance of this lease purchase agreement on June 30, 2015 was \$35,895.

In June 2015 the City of Manchester entered into a capital lease agreement for the purchase of a knuckle-boom truck. This agreement required a monthly payment of \$3,664 which includes interest and principal. The lease purchase agreement has a stipulated interest rate of 2.81%. The principal balance of this lease purchase agreement on June 30, 2015 was \$124,750.

General Obligation and Revenue Bonds, and Other Loans

The City issues general obligation and revenue bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the Water and Sewer System.

General obligation and revenue bonds, and other loans are issued pledging the revenue of the Manchester Water and Sewer system and the full faith and credit of the government. These bonds and other loans outstanding were issued for original terms of up to 50 years for bonds and up to 30 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. These bonds and the State Revolving Loan Fund loan as of June 30, 2015, will be retired from the Water and Sewer Fund.

The local Government Improvement Bonds-Series Z-1-B-DRUC Portion and Public Building Authority of Coffee County, TN-Utility Revenue and tax Bonds-Series 2006-DRUC were used by the Duck River Utility Commission to construct their facilities and improvements to utility plant through an agreement between the City of Tullahoma and the City of Manchester. As a result, Duck River Utility Commission (DRUC) is to be primarily responsible for the repayment of the loans. The receivable from DRUC at June 30, 2015, was \$9,830,000. These loans will be retired by the Duck River Utility Commission.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**8. LONG-TERM OBLIGATIONS (Cont.)**

**Business-type Activities (Cont.)**

**General Obligation and Revenue Bonds, and Other Loans (Cont.)**

General obligation and revenue bonds and other loans outstanding as of June 30, 2015, for business-type activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-2015</u>
General Obligation and Revenue Bonds	3.00% to 4.25%	2050	11,413,000	10,222,761
Other Loans	2.16% to 4.74%	2038	18,005,000	1,010,000

The annual requirements to amortize all bonds and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following table:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,162,611	\$ 921,982	\$ 2,081,593
2017	1,196,472	886,153	2,082,625
2018	1,235,543	845,301	2,080,844
2019	1,274,828	803,379	2,078,207
2020	1,329,333	759,736	2,089,069
2021-2025	7,637,333	3,088,108	10,725,441
2026-2030	7,306,076	1,697,727	9,003,803
2031-2035	2,815,883	816,522	3,632,405
2036-2040	1,778,606	251,122	2,029,728
2041-2045	242,321	55,183	297,504
2046-2050	241,336	16,352	257,686
Total	<u>\$26,220,342</u>	<u>\$10,141,565</u>	<u>\$36,361,905</u>

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**8. LONG-TERM OBLIGATIONS (Cont.)**

**Business-type Activities (Cont.)**

**General Obligation and Revenue Bonds, and Other Loans (Cont.)**

Long-term obligation activity for the year ended June 30, 2015, was as follows:

	General Obligation Bonds	Other Loans
Balance, July 1, 2014	\$ 10,717,787	\$ 16,627,157
Additions	-	-
Reductions	495,026	120,000
Balance, June 30, 2015	\$ 10,222,761	\$ 1,010,000
Balance Due Within One Year	\$ 515,955	\$ 646,656

Compensated absences and other post-employment benefits will be paid from the employing funds, primarily the General and Schools Funds.

**9. EXPENDITURES IN EXCESS OF BUDGET**

The City's actual expenditures exceeded the amount appropriated in the final budget. This is contrary to state statutes, which require all expenditures of the general and special revenue funds to be authorized by the governing body.

Total expenditures of the Recreation Fund exceeded appropriations by \$234,733 due to encumbrances for uncompleted contracts for construction in progress.

Expenditures of the General Purpose School Fund exceed appropriations at the level of control for Fiscal Services (\$77,984) and Community Services (114,648).

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS**

**Teacher Legacy Pension Plan of TCRS**

*Plan description.* Teachers with membership in the Tennessee consolidated Retirement System (TCRS) before July 1, 2014 of Manchester City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS.

**Teacher Legacy Pension Plan of TCRS (Cont.)**

The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted.

Employer contributions by Manchester City Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$892,131 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

*Pension asset.* At June 30, 2014, the Manchester City Schools reported an asset of \$28,669 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Manchester City Schools' proportion of the net pension liability was based on Manchester City Schools' employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Manchester City Schools' proportion was 0.176430 percent. The proportion measured as of June 30, 2013 was 0.010312 percent.

*Pension expense.* For the year ended June 30, 2015, Manchester City Schools recognized a pension expense of \$1,240.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Manchester City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	69,601	-
Net difference between projected and actual earnings on pension plan investments		2,362,145
Changes in proportion of Net Pension Liability (Asset)	154,962	-
LEA's contributions subsequent to the measurement date of June 30, 2014	892,131	(not applicable)
Total	1,116,694	2,362,145

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Teacher Legacy Pension Plan of TCRS (Cont.)**

Manchester City Schools employer contributions of \$892,131, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and

deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (553,109)
2017	(553,109)
2018	(553,109)
2019	(553,109)
2020	37,427
Thereafter	37,427

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

10. RETIREMENT PLANS (CONT.)

**Teacher Legacy Pension Plan of TCRS (Cont.)**

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as 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. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above. *Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Teacher Legacy Pension Plan of TCRS (Cont.)**

investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The following presents Manchester City School's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Manchester City School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Manchester City School's proportionate share of the net pension liability (asset)	\$4,835,355	\$(28,669)	\$(4,055,554)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

At June 30, 2015, Manchester City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester City Schools Teacher Retirement Plan**

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Manchester City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under

Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester City Schools Teacher Retirement Plan (Cont.)**

Contributions for teachers are established in the statutes governing the TCRS and may not only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, the employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were \$4,532, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Since the measurement date is June 30, 2014, Manchester City Schools did not recognize a pension expense at June 30, 2015.

For the year ended June 30, 2015, Manchester City Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
State Department of Education's contributions subsequent to the measurement date of June 30, 2014	\$ 4,532	<i>(not applicable)</i>

State Department of Education's employer contributions of \$4,532 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester City Schools Teacher Retirement Plan (Cont.)**

At June 30, 2015, State Department of Education reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**Manchester General Government Retirement Plan**

*Plan description.* Employees of Manchester are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

*Employees covered by benefit terms.* At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	30
Active employees	127
	157

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Manchester makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Manchester were \$231,047 based on a rate of 5.25 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Manchester's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Manchester's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as 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. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Manchester will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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 (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/13</b>	2,314,659	2,316,484	(1,825)
<b>Changes for the year:</b>			
Service cost		392,551	392,551
Interest		202,268	202,268
Differences between expected and actual experience		(36,349)	(36,349)
Contributions-employer		236,299	(236,299)
Contributions-employees		225,047	(225,047)
Net investment income		418,209	(418,209)
Benefit payments, including refunds of employee contributions	(20,597)	(20,597)	-
Administrative expense		(4,520)	4,520
<b>Net changes</b>	<b>537,873</b>	<b>854,438</b>	<b>(316,565)</b>
<b>Balance at 6/30/14</b>	<b>2,852,532</b>	<b>3,170,922</b>	<b>(318,390)</b>

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of Manchester calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Manchester's net pension liability (asset)	\$263,317	\$(318,390)	\$(777,034)

*Pension expense.* For the year ended June 30, 2015, Manchester recognized pension expense of \$135,270.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Manchester reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	33,045
Net difference between projected and actual earnings on pension plan investments	-	182,491
Contributions subsequent to the measurement date of June 30, 2014	231,047	<i>(not applicable)</i>
Total	231,047	215,536

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

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

<b>Year Ended June 30:</b>	
2016	(48,927)
2017	(48,927)
2018	(48,927)
2019	(48,927)
2020	(3,304)
Thereafter	(16,520)

At June 30, 2015, *Manchester* reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description

Manchester City Schools participates in the state-administered Local Government Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan are agent multiple-employer defined OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership or partnership preferred provider organization (PPO) plan for healthcare benefits subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.htm>].

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

**11. OTHER POSTEMPLOYMENT BENEFITS (CONT.)**

own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 members in the Medicare Supplement Plan. Manchester City Schools recognized expenditures of \$65,216 respectively, for postemployment health care during the year ended June 30, 2015. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate was seven percent for fiscal year 2015. The trend will decrease to 6.5 percent in fiscal year 2016 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**11. OTHER POSTEMPLOYMENT BENEFITS (CONT.)**

Annual OPEB Cost and Net OPEB Obligation

	<b>Employee Group Plan</b>
ARC	\$ 149,000
INTEREST ON THE NOPEBO	17,573
ADJUSTMENT TO THE ARC	(17,121)
ANNUAL OPEB COST	149,452
AMOUNT OF CONTRIBUTION	(65,216)
INCREASE /DECREASE IN NOPEBO	84,236
NET OPEB OBLIGATION, 7-1-14	614,816
Net OPEB OBLIGATION 6/30/2015	<u>\$ 699,052</u>

FISCAL YEAR	ANNUAL OPEB COST	% OF ANNUAL NET OPEB OBLIGATION	
		OPEB COST CONTRIBUTED	AT YEAR END
06/30/12	\$ 97,048	47%	\$ 340,296
06/30/13	98,166	42%	397,024
06/30/14	81,616	48%	439,340
06/30/15	65,216	44%	523,576

Actuarial present value of benefits	
Active Participants	\$ 2,323,907
Retired Participants	316,281
Total Actuarial Present Value of Benefits	<u>\$ 2,640,188</u>

Actuarial Accrued Liability	
Active Participants	\$ 1,093,000
Retired Participants	307,000
Total Actuarial Accrued Liability	<u>\$ 1,400,000</u>

Normal Cost	\$ 85,000
Amortization of UAAL	59,000
Annual required contribution for FYE 6/30/2014	<u>\$ 144,000</u>

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

11. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 was as follows:

Actuarial valuation date		07/01/13
Actuarial accrued liability (AAL)	\$	1,400,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	1,400,000
Actuarial value of assets as a % of the AAL		0%
Covered payroll (active plan members)	\$	7,038,157
UAAL as a % of covered payroll		19.89%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events for into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consist with tat perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate was seven percent for fiscal year 2015. The trend will decrease to 6.5 percent in fiscal year 2016 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rate include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**12. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, errors and omissions, damages to assets and injuries to employees. The City participates in the Tennessee Municipal League (TML) Risk Management Pool. The membership allows the Town to share liability and employee related risks.

The TML Risk Management Pool is a governmental entity organized by Tennessee cities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee cities. Emphasis is on risk management and controlling losses, as all costs are shared by the Pool member cities. An extensive program of loss prevention, employee training, and legal counsel supplements experienced claims processing for member cities.

The City is subject to additional assessments as a member of the pool, but such assessments have never been levied on the Town and are not expected. There are no claims or judgments pending and claims paid (settled) have not exceeded insurance coverage in the past three years.

**13. COMMITMENTS AND CONTINGENCIES**

Pending Lawsuits

The City of Manchester entered into a consent order with the US Department of Environment and Conservation. This order provides for the payment of \$265,200 in civil penalties over the next two years; as of June 30, 2015 the city has paid \$30,200 in accordance with the order. In accordance with this order the remaining \$235,000 of the penalty is waived if the city performs certain reporting and corrective actions. It is the opinion of the City Attorney and the Water and Sewer Director that the reporting and corrective actions will be completed.

The Tullahoma City School Board has initiated arbitration against the city seeking unpaid liquor tax revenue. The amount sought is \$83,360. The City Attorney believes that the City may get a partial offset due to the operation of the Manchester City school system.

**14. USE OF ESTIMATES**

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

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

15. PRIOR PERIOD ADJUSTMENTS

**Implementation of GASB Statement Numbers 68 and 71**

Effective for the fiscal year ended June 30, 2015, the district implemented the provisions for GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements' primary objective is to improve accounting and financial reporting for pensions. Among the requirements of GASB 68 are the recognition of a net pension liability or asset. The net pension liability or asset is measured as the portion of the actuarial present value of projected benefit payments that is attributed to past period of employee service, net of the pension plan's fiduciary net position. Accounting changes adopted to conform to the provisions of these statements are to be applied retroactively by restating financial statements. The effect on the beginning net position was a decrease of \$1,869,549.

Because the total pension liability has not previously been actuarially calculated, pro forma amounts for year ended June 30, 2014, are not readily determinable.

**Other restatements of beginning net position**

The beginning net position for the General Purpose School and School Federal Projects Funds was overstated in the amount of \$194,421 due to payroll deductions payable being understated and balances in payroll deduction cash clearing accounts being understated.

The beginning net position for the Sanitation Fund was overstated due to an accounting error in receivables (overstatement of \$41,865) and accounts payable for the amount due to the solid waste vendor (understatement of \$38,769) made in prior years the effect of these errors was an overstatement of net position of \$80,634.

The beginning net position for the Water and Sewer Fund was understated by 28,302. This was due to the overstatement of the liability for uncollected charges included in receivables for billings due to other entities in the amount of \$80,607. Also, it was due to the receivables for 6/30/2014 were overstated and the cash collection checking accounts were overstated by \$52,305.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**15. PRIOR PERIOD ADJUSTMENTS (CONT.)**

**Reconciliation of the restatement to the Statement of Activities**

Restatement due to Retirement	\$ (1,869,549)
Restatement due to Schools Payroll Deductions Payable	(194,421)
Restatement due to errors in the Sanitation Fund	(80,634)
Restatement due to errors in the Water and Sewer Fund	<u>28,302</u>
 Total Restatement of Net Position	 <u>\$ (2,116,302)</u>

**16. OTHER MATTERS**

**Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the district through October 31, 2014 (the date the financial statements were available to be issued) and concluded that no events should be disclosed as a subsequent event.

**Related Entity**

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations do not extend beyond making the appointment.

The following organizations are related organizations which have not been included in the reporting entity.

Manchester Housing Authority- The Board and Director of the Authority are appointed by the Mayor and Alderman, but the City does not provide funding, has no obligation for the debt issued by the Authority, and cannot impose its will upon the operations of the Authority.

Manchester Arts commission - The Board and Director of the Commission are appointed by the Mayor and Alderman. The Arts Commission is a Tennessee Chartered Non Profit Corporation. Further, the City has no obligation for any debt issued by the Commission, nor can it impose its will upon the operations of the Commission.

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

16. OTHER MATTERS (CONT.)

Joint Venture

The City, in conjunction with the city of Tullahoma, appoints the Board of the Duck River Utility Commission (DRUC), which operates a water treatment plant providing the citizens of the two cities with water. Each city elects three of the six-member board. Neither city has any other responsibility for the Commission. The City has no equity interest in the net resources of the Commission. Assets of the Utility are pledged to the cities to secure indebtedness to the State of Tennessee which is being repaid from earnings of the Utility. The Commission reported net position of \$2,142,262 in 2015. Complete financial statements of the Utility are available at the Finance Director's office at City Hall.

Manchester City Schools participates in the Volunteer State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Humphreys County, Marshall County, Maury County, Robertson, County, and Stewart County. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has coordinating district (Stewart County School Department) and a service provider to offer these services. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts; and an executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at large from the Representative Committee.

Complete financial statements for the Volunteer State Cooperative can be obtained from its administrative office at Volunteer State Cooperative, P O Box 433, 110 Natcor Drive, Dover, TN 37058.

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**REQUIRED SUPPLEMENTARY  
INFORMATION SECTION**

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City of Manchester, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
General Government Employees  
For the Fiscal Year Ended June 30, 2014

<b>Total Pension Liability (Asset)</b>	
Service Cost	\$ 392,551
Interest	202,268
Changes in Benefit Terms	-
Differences Between Actual and Expected Experience	(36,349)
Changes in Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(20,597)
Net Change in Total Pension Liability (Asset)	\$ 537,873
Total Pension Liability (Asset), Beginning	<u>2,314,659</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 2,852,532</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 236,299
Contributions - Employee	225,047
Net Investment Income	418,209
Benefit Payments, Including Refunds of Employee Contributions	(20,597)
Administrative Expense	(4,520)
Net Change in Plan Fiduciary Net Position	\$ 854,438
Plan Fiduciary Net Position, Beginning	<u>2,316,484</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 3,170,922</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (318,390)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.16%
Covered Employee Payroll	\$ 4,500,934
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	7.07%

Note: Ten years of data will be present when available.

City of Manchester, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
General Government Employees  
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 236,299	\$ 203,079
Less Contributions in Relation to the Actuarially Determined Contribution		
Contribution Deficiency (Excess)	<u>236,299</u>	<u>203,079</u>
	<u>\$ -</u>	<u>\$ -</u>
 Covered Employee Payroll	 \$ 4,500,934	 \$ 3,868,171
 Contributions as a Percentage of Covered Employee Payroll	 5.25%	 5.25%

Note: Ten years of data will be presented when available.

City of Manchester, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
For the Fiscal Year Ended June 30, 2015

	<u>2015</u>
Actuarially Determined Contributions	\$ 4,532
Less Contributions in Relation to the Actuarially Determined Contribution	4,532
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered Employee Payroll	\$ 113,300
Contributions as a Percentage of Covered Employee Payroll	4.00%

.....

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

.....

City of Manchester, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
For the Fiscal Year Ended June 30, 2015

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 614,927	\$ 689,052
Less Contributions in Relation to the Actuarially Determined Contribution	614,927	689,052
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered Employee Payroll	 \$ 6,924,857	 \$ 7,759,595
 Contributions as a Percentage of Covered Employee Payroll	 8.88%	 8.88%

Note: Ten years of data will be presented when available

City of Manchester, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
In the Teacher Legacy Pension Plan of TCRS  
For the Fiscal Year Ended June 30, 2014\*

Manchester City School's Proportion of the Net Pension Asset	<u>2014</u> 0.176430%
Manchester City School's Proportionate Share of the Net Pension Asset	28,669
Covered Employee Payroll	6,924,857
Manchester City School's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: Ten years of data will be presented when available

City of Manchester, Tennessee  
 Schedule of Funding Progress - Other Postemployment Benefit Plan  
 June 30, 2015

(Dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2010	\$ -	\$ 1,000	\$ 1,000	0.00%	\$ 8,306	12.04%
July 1, 2011	\$ -	\$ 1,863	\$ 1,863	0.00%	\$ 8,476	21.98%
July 1, 2013	\$ -	\$ 1,400	\$ 1,400	0.00%	\$ 8,773	16.00%

CITY OF MANCHESTER, TENNESSEE

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

*Valuation Date:* Actuarially determined contribution rate for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	4 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

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	Special Revenue Funds						Capital Projects Fund		Total Nonmajor Governmental Funds
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Community Policing	Sanitation	Drug Control	Education Capital Projects	
Cash	\$ 227,387	\$ -	\$ -	\$ 140,657	\$ -	\$ 147,941	\$ -	\$ -	\$ 515,985
Investment in Pooled Cash	3,461	168,540	-	-	58,175	-	503,401	477	734,054
Accounts Receivable	87,016	15,470	-	-	-	-	-	-	102,486
Allowance for Uncollectible	(67,852)	-	-	-	-	-	-	-	(67,852)
Due from Other Governments	90,657	-	137,114	44,651	-	-	2,693	-	275,115
Due from Other Funds	-	-	-	-	-	-	-	-	53,391
Other Taxes Receivable	-	-	-	-	-	53,391	-	-	30,757
Inventories	-	-	-	10,921	-	-	-	-	10,921
<b>Total Assets</b>	<b>\$ 371,426</b>	<b>\$ 184,010</b>	<b>\$ 137,114</b>	<b>\$ 196,229</b>	<b>\$ 58,175</b>	<b>\$ 201,332</b>	<b>\$ 506,094</b>	<b>\$ 477</b>	<b>\$ 1,654,857</b>

**ASSETS**

**LIABILITIES**

Accounts Payable	\$ 176,689	\$ 707	\$ -	\$ 1,790	\$ 3,222	\$ 51,617	\$ 1,726	\$ -	\$ 235,751
Accrued Payroll	38,266	-	52,154	-	-	2,521	-	-	92,941
Payroll Deductions Payable	2,114	-	-	-	-	-	-	-	2,114
Other Payables	461	-	-	-	-	38,438	1,524	-	40,423
Unearned Revenues	85,071	-	84,208	-	-	-	-	-	85,071
Pooled Cash Overdraft	-	-	-	-	-	-	-	-	84,208
<b>Total Liabilities</b>	<b>\$ 302,601</b>	<b>\$ 707</b>	<b>\$ 136,362</b>	<b>\$ 1,790</b>	<b>\$ 3,222</b>	<b>\$ 92,576</b>	<b>\$ 3,250</b>	<b>\$ -</b>	<b>\$ 540,508</b>

**FUND BALANCES**

Nonspendable:	\$ -	\$ -	\$ -	\$ 10,921	\$ -	\$ -	\$ -	\$ -	\$ 10,921
Inventories	-	-	-	-	-	-	-	-	-
Restricted:	-	183,303	-	-	-	-	-	-	183,303
Restricted for Tourism and Community Development	-	-	-	-	-	-	502,844	-	502,844
Restricted for Drug Control and Investigation	-	-	752	-	-	-	-	-	752
Restricted for Education	-	-	-	-	-	-	-	-	-
Restricted for Operation of Non-instructional Services	-	-	-	183,518	-	-	-	-	183,518
Committed:	-	-	-	-	-	-	-	-	-
Committed for Recreation Centers	121,888	-	-	-	-	-	-	-	121,888
Committed for Park Areas	1,640	-	-	-	-	-	-	-	1,640
Assigned	-	-	-	-	54,953	108,756	-	477	164,186
Unassigned	(54,703)	-	-	-	-	-	-	-	(54,703)
<b>Total Fund Balances</b>	<b>\$ 68,825</b>	<b>\$ 183,303</b>	<b>\$ 752</b>	<b>\$ 194,439</b>	<b>\$ 54,953</b>	<b>\$ 108,756</b>	<b>\$ 502,844</b>	<b>\$ 477</b>	<b>\$ 1,114,349</b>

Total Liabilities, and Fund Balances

<b>Total Liabilities, and Fund Balances</b>	<b>\$ 371,426</b>	<b>\$ 184,010</b>	<b>\$ 137,114</b>	<b>\$ 196,229</b>	<b>\$ 58,175</b>	<b>\$ 201,332</b>	<b>\$ 506,094</b>	<b>\$ 477</b>	<b>\$ 1,654,857</b>
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City of Manchester, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2015

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Community Policing	Sanitation	Drug Control	
<u>Revenues</u>								
Local Taxes	\$ 186,539	\$ 94,048	-	-	-	-	-	\$ 280,587
Licenses and Permits	-	-	-	-	-	-	-	-
Charges for Current Services	1,144,419	-	-	184,065	-	986,443	-	2,314,927
Fines, Forfeitures and Penalties	-	-	-	-	6,277	-	63,893	70,170
Other Local Revenues	25,823	2,500	9,075	179	23,591	-	157,164	218,332
Intergovernmental	260,885	456,326	972,948	537,376	-	-	-	2,227,535
Total Revenues	\$ 1,617,666	\$ 552,874	\$ 982,023	\$ 721,620	\$ 29,868	\$ 986,443	\$ 221,057	\$ 5,111,551
<u>Expenditures</u>								
<u>Public Safety</u>								
Drug Investigation and Control	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,278	\$ 189,278
Community Policing	-	-	-	-	28,290	-	-	28,290
<u>Public Works</u>								
Sanitation Services	-	-	-	-	-	1,182,883	-	1,182,883
<u>Health, Welfare, Cultural and Recreation</u>								
Recreation Administration	210,680	-	-	-	-	-	-	210,680
Recreation Centers	1,371,520	-	-	-	-	-	-	1,371,520
Park Areas	553,854	-	-	-	-	-	-	553,854
<u>Economic Development and Assistance</u>								
Tourism and Community Development	-	621,547	-	-	-	-	-	621,547
<u>Education</u>								
Instruction								
Regular Instruction Program	-	-	276,685	-	-	-	-	276,685
Special Education Program	-	-	396,501	-	-	-	-	396,501
<u>Support Services</u>								
Other Student Support	-	-	560	-	-	-	-	560
Regular Instruction Program	-	-	243,413	-	-	-	-	243,413
Special Education Program	-	-	60,559	-	-	-	-	60,559
Transportation	-	-	3,586	-	-	-	-	3,586
<u>Operation of Noninstructional Services</u>								
Food Service	-	-	-	740,486	-	-	-	740,486
Total Expenditures	\$ 2,136,054	\$ 621,547	\$ 981,304	\$ 740,486	\$ 28,290	\$ 1,182,883	\$ 189,278	\$ 5,879,842
Excess (Deficiency) Of Revenues Over Expenditures	\$ (518,388)	\$ (68,673)	\$ 719	\$ (18,866)	\$ 1,578	\$ (196,440)	\$ 31,779	\$ (768,291)

City of Manchester, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances (Cont.)

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Community Policing	Sanitation	Drug Control	
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 526,701	\$ -	\$ -	\$ -	\$ 2,000	\$ 75,000	\$ -	\$ 603,701
Transfers Out	(100,377)	-	-	-	-	-	-	(100,377)
Capitalized Lease Proceeds	80,942	-	-	-	-	160,645	-	241,587
Total Other Financing Sources (Uses)	\$ 507,266	\$ -	\$ -	\$ -	\$ 2,000	\$ 235,645	\$ -	\$ 744,911
Net Change in Fund Balance	\$ (11,122)	\$ (68,673)	\$ 719	\$ (18,866)	\$ 3,578	\$ 39,205	\$ 31,779	\$ (23,380)
Fund Balance, July 1, 2014	79,947	251,976	8,584	213,305	51,375	150,184	471,065	1,226,913
Prior Period Adjustment	-	-	(8,551)	-	-	(80,633)	-	(89,184)
Fund Balance, June 30, 2015	\$ 68,825	\$ 183,303	\$ 752	\$ 194,439	\$ 54,953	\$ 108,756	\$ 502,844	\$ 1,114,349

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Recreation Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final			
<b>Revenues</b>								
Local Taxes	\$ 186,539	\$ -	\$ -	\$ 186,539	\$ 150,000	\$ 150,000	\$	\$ 36,539
Charges for Current Services	1,144,419	-	-	1,144,419	1,136,500	1,140,500		3,919
Other Local Revenues	25,823	-	-	25,823	10,000	14,306		11,517
Intergovernmental	260,885	-	-	260,885	290,913	290,913		(30,028)
Total Revenues	\$ 1,617,666	\$ -	\$ -	\$ 1,617,666	\$ 1,587,413	\$ 1,595,719	\$	\$ 21,947
<b>Expenditures</b>								
<b>Health, Welfare, Culture and Recreation</b>								
Recreation Administration	\$ 210,680	\$ -	\$ -	\$ 210,680	\$ 217,330	\$ 219,430	\$	\$ 8,750
Recreation Centers	1,371,520	-	121,888	1,493,408	1,308,850	1,287,860		(205,548)
Park Areas	553,854	(72,526)	1,640	482,968	429,573	445,033		(87,935)
Total Expenditures	\$ 2,136,054	\$ (72,526)	\$ 123,528	\$ 2,187,056	\$ 1,955,753	\$ 1,952,323	\$	\$ (234,733)
Excess (Deficiency) of Revenues Over Expenditures	\$ (518,388)	\$ 72,526	\$ (123,528)	\$ (569,390)	\$ (368,340)	\$ (356,604)	\$	\$ (212,786)
<b>Other Financing Sources (Uses)</b>								
Transfers In	\$ 526,701	\$ -	\$ -	\$ 526,701	\$ 526,701	\$ 526,701	\$	\$ -
Transfers Out	(100,377)	-	-	(100,377)	(90,696)	(102,432)		(2,055)
Capital Lease Proceeds	80,942	-	-	80,942	-	80,942		-
Total other Financing Sources	\$ 507,266	\$ -	\$ -	\$ 507,266	\$ 436,005	\$ 505,211	\$	\$ (2,055)
Net Change in Fund Balance Fund Balance, July 1, 2014 Fund Balance, June 30, 2015	\$ (11,122)	\$ 72,526	\$ (123,528)	\$ (62,124)	\$ 67,665	\$ 148,607	\$	\$ (214,841)
	79,947	(72,526)	-	7,421	39,266	39,266		31,845
	\$ 68,825	\$ -	\$ (123,528)	\$ (54,703)	\$ 106,931	\$ 187,873	\$	\$ (182,996)

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Tourism and Community Development Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 94,048	\$ 75,000	\$ 75,000	\$ 19,048
Other Local Revenues	2,500	-	2,500	-
Intergovernmental	456,326	476,686	456,326	-
Total Revenues	\$ 552,874	\$ 551,686	\$ 533,826	\$ 19,048
<u>Expenditures</u>				
<u>Economic Development and Assistance</u>				
Tourism and Community Development	\$ 621,547	\$ 677,568	\$ 677,568	\$ 56,021
Total Expenditures	\$ 621,547	\$ 677,568	\$ 677,568	\$ 56,021
Excess (Deficiency) of Revenues Over Expenditures	\$ (68,673)	\$ (125,882)	\$ (143,742)	\$ 75,069
Net Change in Fund Balance	\$ (68,673)	\$ (125,882)	\$ (143,742)	\$ 75,069
Fund Balance, July 1, 2014	251,976	252,598	252,598	622
Fund Balance, June 30, 2015	\$ 183,303	\$ 126,716	\$ 108,856	\$ 75,691

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
School Federal Projects Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 9,075	\$ -	\$ -	\$ 9,075
Intergovernmental	972,948	1,170,039	1,170,039	(197,091)
<b>Total Revenues</b>	<b>\$ 982,023</b>	<b>\$ 1,170,039</b>	<b>\$ 1,170,039</b>	<b>\$ (188,016)</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 276,685	\$ 330,668	\$ 330,668	\$ 53,983
Special Education Program	396,501	459,611	457,363	60,862
Other Student Support	560	3,000	3,000	2,440
<u>Support Services</u>				
Regular Instruction Program	243,413	301,998	301,998	58,585
Special Education Program	60,559	67,854	70,102	9,543
Transportation	3,586	6,908	6,908	3,322
<b>Total Expenditures</b>	<b>\$ 981,304</b>	<b>\$ 1,170,039</b>	<b>\$ 1,170,039</b>	<b>\$ 188,735</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 719	\$ (0)	\$ -	\$ 719
Net Change in Fund Balance	\$ 719	\$ (0)	\$ -	\$ 719
Fund Balance, July 1, 2014	8,584	-	-	(8,584)
Prior Period Adjustment	(8,551)	-	-	8,551
<b>Fund Balance, June 30, 2015</b>	<b>\$ 752</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ 686</b>

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Central Cafeteria Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 184,065	\$ 220,075	\$ 220,075	\$ (36,010)
Other Local Revenues	179	1,710	1,710	(1,531)
Intergovernmental	537,376	559,100	559,100	(21,724)
Total Revenues	\$ 721,620	\$ 780,885	\$ 780,885	\$ (59,265)
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 740,486	\$ 780,885	\$ 780,885	\$ 40,399
Total Expenditures	\$ 740,486	\$ 780,885	\$ 780,885	\$ 40,399
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,866)	\$ -	\$ -	\$ (18,866)
Net Change in Fund Balance	\$ (18,866)	\$ -	\$ -	\$ (18,866)
Fund Balance, July 1, 2014	213,305	209,278	209,278	4,027
Fund Balance, June 30, 2015	\$ 194,439	\$ 209,278	\$ 209,278	\$ (14,839)

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Community Policing Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 6,277	\$ 7,000	\$ 7,000	\$ (723)
Other Local Revenues	23,591	25,000	25,000	(1,409)
<b>Total Revenues</b>	<b>\$ 29,868</b>	<b>\$ 32,000</b>	<b>\$ 32,000</b>	<b>\$ (2,132)</b>
<u>Expenditures</u>				
<u>Public Safety</u>				
Community Policing	\$ 28,290	\$ 39,000	\$ 39,250	\$ 10,960
<b>Total Expenditures</b>	<b>\$ 28,290</b>	<b>\$ 39,000</b>	<b>\$ 39,250</b>	<b>\$ 10,960</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,578	\$ (7,000)	\$ (7,250)	\$ 8,828
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
<b>Total other Financing Sources</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ -</b>
Net Change in Fund Balance	\$ 3,578	\$ (5,000)	\$ (5,250)	\$ 8,828
Fund Balance, July 1, 2014	51,375	51,523	51,523	148
<b>Fund Balance, June 30, 2015</b>	<b>\$ 54,953</b>	<b>\$ 46,523</b>	<b>\$ 46,273</b>	<b>\$ 8,976</b>

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Sanitation Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 986,443	\$ 961,000	\$ 961,000	\$ 25,443
Total Revenues	\$ 986,443	\$ 961,000	\$ 961,000	\$ 25,443
<u>Expenditures</u>				
<u>Public Works</u>				
Sanitation Services	\$ 1,182,883	\$ 1,061,960	\$ 1,220,060	\$ 37,177
Total Expenditures	\$ 1,182,883	\$ 1,061,960	\$ 1,220,060	\$ 37,177
Excess (Deficiency) of Revenues Over Expenditures	\$ (196,440)	\$ (100,960)	\$ (259,060)	\$ 62,620
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Capitalized Lease Proceeds	160,645	-	160,645	-
Total other Financing Sources	\$ 235,645	\$ 75,000	\$ 235,645	\$ -
Net Change in Fund Balance	\$ 39,205	\$ (25,960)	\$ (23,415)	\$ 62,620
Fund Balance, July 1, 2014	150,184	137,997	137,997	(12,187)
Prior Period Adjustment	(80,633)	-	-	(80,633)
Fund Balance, June 30, 2015	\$ 108,756	\$ 112,037	\$ 114,582	\$ 50,433

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 63,893	\$ 75,000	\$ 75,000	\$ (11,107)
Other Local Revenues	157,164	123,497	162,500	(5,336)
Intergovernmental	-	-	5,000	(5,000)
Total Revenues	<u>\$ 221,057</u>	<u>\$ 198,497</u>	<u>\$ 242,500</u>	<u>\$ (21,443)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Investigation and Control	\$ 189,278	\$ 238,303	\$ 238,723	\$ 49,445
Total Expenditures	<u>\$ 189,278</u>	<u>\$ 238,303</u>	<u>\$ 238,723</u>	<u>\$ 49,445</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 31,779</u>	<u>\$ (39,806)</u>	<u>\$ 3,777</u>	<u>\$ 28,002</u>
Net Change in Fund Balance	\$ 31,779	\$ (39,806)	\$ 3,777	\$ 28,002
Fund Balance, July 1, 2014	471,065	450,990		(471,065)
Fund Balance, June 30, 2015	<u>\$ 502,844</u>	<u>\$ 411,184</u>	<u>\$ 3,777</u>	<u>\$ (443,063)</u>

City of Manchester, Tennessee  
 Schedule of Changes in Long-Term Debt  
 For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Outstanding 7/1/2014	Issued During Period	Paid and/or	
					Matured During Period	Outstanding 6/30/2015
<u>Governmental Activities</u>						
<u>Capitalized Leases</u>						
Public Works Leaf Loader Lease	\$ 35,895	2.81%	\$ -	35,895	-	\$ 35,895
Public Works Knuckleboom Lease	\$ 124,750	2.81%	-	124,750	-	124,750
Recreation Cardio Equipment Lease	\$ 80,942	2.81%	-	80,942	8,660	72,282
Total Capitalized Leases			\$ -	241,587	8,660	232,927
<u>Capital Outlay Notes Payable</u>						
Vision Bank Capital Outlay Notes, Series 2010	\$ 275,000	3.85%	\$ 157,143	-	39,286	\$ 117,857
Coffee County Bank Capital Outlay Notes, Series 2010	\$ 275,000	3.85%	157,769	-	39,286	118,483
Total Capital Outlay Notes Payable			\$ 314,912	-	78,572	\$ 236,340
<u>Bonds Payable</u>						
General Obligation Refunding Bonds, Series 2010	\$ 10,600,000	4.70%	\$ -	-	10,000	\$ 10,590,000
General Obligation Refunding Bonds, Series 2013	\$ 9,690,000	2.91%	9,690,000	-	55,000	9,635,000
General Obligation Refunding Bonds Series 2014	\$ 1,480,000	3.67%	1,420,090	-	355,000	755,000
Total Bonds Payable			\$ 21,310,000	-	430,000	\$ 20,880,000
<u>Other Loans Payable</u>						
Public Building Authority of Coffee County, Series Z-4-A	\$ 1,460,000	3.90%	1,130,000	-	120,000	1,010,000
<u>Compensated Absences</u>						
General Government	\$ 1,205,402		\$ 89,097	\$ -	-	\$ 1,294,499
City Schools	575,299		-	-	39,845	535,454
Total Compensated Absences			\$ 1,780,701	\$ 89,097	\$ 39,845	\$ 1,829,953
<u>Other Post Employment Benefits</u>						
City School Employees Post-Employment Medical Insurance	\$ 665,457		\$ 33,595	\$ -	-	\$ 699,052
Total Governmental Activities			\$ 25,201,070	\$ 364,279	\$ 677,077	\$ 24,888,272
<u>Business-type Activities</u>						
<u>Bonds Payable</u>						
GO Refunding Bonds, Series 2010	\$ 5,630,000	3.89%	\$ 5,545,000	-	20,000	\$ 5,525,000
Water & Sewer Revenue & Tax Refunding Bonds, Series 2006	\$ 825,000	4.25%	690,000	-	15,000	675,000
General Obligation Refunding Bonds, Series 2014	\$ 3,120,000	3.94%	2,715,000	-	410,000	2,305,000
RDA Bonds, Series 2011	\$ 1,348,000	3.00%	1,295,029	-	20,926	1,274,103
RDA Bonds, Series 2014			472,758	-	29,100	443,658
Total Bonds Payable			\$ 10,717,787	\$ -	\$ 495,026	\$ 10,222,761
<u>Other Loans Payable</u>						
SPE Loan, Series 2011	\$ 7,500,000	2.16%	\$ 6,492,157	\$ -	324,576	\$ 6,167,581
Public Building Authority of Coffee County, TN Series Z-1-B DRUC	\$ 2,940,000	4.74%	2,920,000	-	-	2,920,000
Public Building Authority of Coffee County, TN Series 2006 DRUC	\$ 7,565,000	4.03%	7,215,000	-	305,000	6,910,000
Total Other Loans Payable			\$ 16,627,157	\$ -	\$ 629,576	\$ 15,997,581
<u>Compensated Absences</u>						
			261,218	12,242	-	273,460
Total Business-type Activities			\$ 27,606,162	\$ 12,242	\$ 1,124,602	\$ 26,493,802
Total			\$ 52,807,232	\$ 376,521	\$ 1,801,679	\$ 51,383,074

City of Manchester, Tennessee  
Schedule of Long-Term Debt Requirements By Year  
Governmental Activities

Fiscal Year Ending	General Obligation Refunding Bond, Series 2010		General Obligation Refunding Bond, Series 2013		General Obligation Refunding Bond, Series 2013		General Obligation Refunding Bond, Series 2013		First Vision Bank	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	10,000	493,705	55,000	261,794	370,000	26,500	39,286	5,361	39,286	5,361
2017	10,000	493,467	55,000	261,106	385,000	15,400	39,286	3,827	39,286	3,827
2018	10,000	493,205	450,000	260,419	-	-	39,285	2,302	39,285	2,302
2019	10,000	492,930	485,000	251,419	-	-	-	-	-	-
2020	10,000	492,630	480,000	232,119	-	-	-	-	-	-
2021	10,000	492,305	495,000	221,600	-	-	-	-	-	-
2022	10,000	491,980	725,000	205,287	-	-	-	-	-	-
2023	10,000	491,655	745,000	187,594	-	-	-	-	-	-
2024	10,000	491,305	765,000	166,556	-	-	-	-	-	-
2025	10,000	490,905	805,000	142,406	-	-	-	-	-	-
2026	10,000	490,505	830,000	117,506	-	-	-	-	-	-
2027	10,000	490,105	860,000	90,631	-	-	-	-	-	-
2028	10,000	489,705	895,000	62,663	-	-	-	-	-	-
2029	10,000	489,305	930,000	33,600	-	-	-	-	-	-
2030	10,000	488,885	960,000	-	-	-	-	-	-	-
2031	1,115,000	488,465	-	-	-	-	-	-	-	-
2032	1,155,000	441,635	-	-	-	-	-	-	-	-
2033	1,195,000	393,125	-	-	-	-	-	-	-	-
2034	1,265,000	340,844	-	-	-	-	-	-	-	-
2035	1,330,000	285,500	-	-	-	-	-	-	-	-
2036	1,380,000	219,000	-	-	-	-	-	-	-	-
2037	1,475,000	150,000	-	-	-	-	-	-	-	-
2038	1,525,000	76,250	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,590,000</b>	<b>9,767,411</b>	<b>9,535,000</b>	<b>2,494,700</b>	<b>755,000</b>	<b>41,900</b>	<b>117,857</b>	<b>11,490</b>	<b>117,857</b>	<b>11,490</b>

City of Manchester, Tennessee  
Schedule of Long-Term Debt Requirements By Year  
Governmental Activities

Fiscal Year	Coffee County Bank		Improvement Bonds series Z-		4-A PBA Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	39,286	5,361	135,000	44,065	648,572	836,786	648,572	836,786
2017	39,286	3,827	145,000	39,265	673,572	822,253	673,572	822,253
2018	39,285	2,302	160,000	28,428	698,570	790,483	698,570	790,483
2019	626	38	175,000	22,347	670,626	769,036	670,626	769,036
2020	-	-	190,000	15,610	680,000	740,359	680,000	740,359
2021	-	-	205,000	8,200	710,000	722,105	710,000	722,105
2022	-	-	-	-	735,000	697,267	735,000	697,267
2023	-	-	-	-	755,000	679,249	755,000	679,249
2024	-	-	-	-	775,000	657,861	775,000	657,861
2025	-	-	-	-	815,000	633,311	815,000	633,311
2026	-	-	-	-	840,000	608,011	840,000	608,011
2027	-	-	-	-	870,000	580,736	870,000	580,736
2028	-	-	-	-	905,000	552,368	905,000	552,368
2029	-	-	-	-	940,000	522,905	940,000	522,905
2030	-	-	-	-	970,000	488,885	970,000	488,885
2031	-	-	-	-	1,115,000	488,465	1,115,000	488,465
2032	-	-	-	-	1,155,000	441,635	1,155,000	441,635
2033	-	-	-	-	1,195,000	393,125	1,195,000	393,125
2034	-	-	-	-	1,265,000	340,844	1,265,000	340,844
2035	-	-	-	-	1,330,000	285,500	1,330,000	285,500
2036	-	-	-	-	1,380,000	219,000	1,380,000	219,000
2037	-	-	-	-	1,475,000	150,000	1,475,000	150,000
2038	-	-	-	-	1,525,000	76,250	1,525,000	76,250
<b>Total</b>	<b>118,483</b>	<b>11,528</b>	<b>1,010,000</b>	<b>157,915</b>	<b>22,126,340</b>	<b>12,496,434</b>	<b>22,126,340</b>	<b>12,496,434</b>

City of Manchester, Tennessee  
 Schedule of Long-Term Debt Requirements By Year  
 Business-type Activities

Fiscal Year Ending	General Obligation Refunding Bonds, Series 2010		Local Government Public Improvement Bonds Series 2010		Water & Sewer Revenue & Tax Refunding Bonds Series 2006 - DRUC		Water & Sewer Revenue & Tax Refunding Bonds Series 2006		General Obligation Refunding Bonds, Series 2014	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 20,000	\$ 207,600	\$ -	\$ 146,250	\$ 315,000	\$ 269,758	\$ 15,000	\$ 27,920	\$ 430,000	\$ 87,900
2017	20,000	207,125	-	146,250	325,000	256,958	15,000	27,320	445,000	75,000
2018	20,000	206,600	-	146,250	340,000	244,053	15,000	26,739	460,000	57,200
2019	20,000	205,050	-	146,250	350,000	231,058	20,000	26,078	475,000	38,800
2020	20,000	205,450	-	146,250	375,000	217,189	20,000	25,313	495,000	19,800
2021	595,000	204,800	-	146,250	385,000	202,463	20,000	24,538	-	-
2022	615,000	185,463	-	146,250	405,000	186,855	20,000	23,748	-	-
2023	635,000	165,475	-	146,250	420,000	170,355	20,000	22,948	-	-
2024	670,000	143,600	-	146,250	435,000	153,255	20,000	22,148	-	-
2025	685,000	116,800	-	146,250	455,000	135,455	20,000	21,348	-	-
2026	705,000	89,400	-	146,250	465,000	117,055	25,000	20,448	-	-
2027	745,000	61,200	-	146,250	485,000	98,055	25,000	19,448	-	-
2028	785,000	31,400	-	146,250	510,000	77,900	25,000	18,435	-	-
2029	-	-	-	146,250	530,000	56,580	30,000	17,410	-	-
2030	-	-	-	146,250	545,000	34,543	30,000	16,283	-	-
2031	-	-	-	146,250	570,000	11,678	30,000	15,053	-	-
2032	-	-	350,000	146,250	-	-	30,000	13,781	-	-
2033	-	-	375,000	128,750	-	-	30,000	12,469	-	-
2034	-	-	400,000	110,000	-	-	35,000	11,047	-	-
2035	-	-	425,000	90,000	-	-	35,000	9,516	-	-
2036	-	-	450,000	68,750	-	-	35,000	7,984	-	-
2037	-	-	450,000	46,250	-	-	35,000	6,453	-	-
2038	-	-	470,000	23,750	-	-	40,000	4,813	-	-
2039	-	-	-	-	-	-	40,000	3,063	-	-
2040	-	-	-	-	-	-	50,000	1,094	-	-
2041	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-
	\$ 5,525,000	\$ 2,030,963	\$ 2,920,000	\$ 2,953,750	\$ 6,910,000	\$ 2,463,240	\$ 675,000	\$ 425,390	\$ 2,305,000	\$ 278,700

City of Manchester, Tennessee  
 Schedule of Long-Term Debt Requirements By Year  
 Business-type Activities

Fiscal Year	SRF Loan Series 2011		RDA Bonds Series 2011		RDA Bonds Series 2014		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 331,656	\$ 130,477	\$ 21,362	\$ 38,036	\$ 29,393	\$ 13,951	\$ 1,162,611	\$ 921,892
2017	338,891	123,242	22,218	37,277	30,363	12,981	1,196,472	886,153
2018	346,285	115,848	22,894	36,601	31,364	11,980	1,235,543	845,301
2019	353,839	108,294	23,590	35,905	32,399	10,945	1,274,828	803,379
2020	361,558	100,575	24,308	35,284	33,468	9,876	1,329,333	759,736
2021	369,445	92,687	25,047	34,448	34,572	8,772	1,429,064	713,958
2022	377,504	84,627	25,809	33,686	35,712	7,632	1,479,026	668,260
2023	385,740	76,391	26,594	32,901	36,891	6,453	1,514,224	620,774
2024	394,154	67,976	27,403	32,180	38,108	5,236	1,584,665	570,645
2025	402,754	59,377	28,236	31,259	39,365	3,979	1,630,354	514,468
2026	411,540	50,591	29,095	30,400	40,663	2,681	1,676,298	456,824
2027	420,517	41,613	29,980	29,515	42,005	1,339	1,747,502	397,420
2028	429,691	32,439	30,892	28,681	43,355	152	1,799,938	335,257
2029	439,064	23,065	31,831	27,664	-	-	1,025,896	270,969
2030	448,643	13,486	32,800	26,696	-	-	1,056,442	237,257
2031	356,300	3,779	33,797	25,698	-	-	990,097	202,457
2032	-	-	34,825	24,737	-	-	414,825	184,768
2033	-	-	35,884	23,611	-	-	440,884	164,830
2034	-	-	36,976	22,520	-	-	471,976	143,566
2035	-	-	38,101	21,395	-	-	498,101	120,911
2036	-	-	39,259	20,291	-	-	524,259	97,025
2037	-	-	40,453	19,042	-	-	525,453	71,745
2038	-	-	41,684	17,812	-	-	551,684	46,374
2039	-	-	42,952	16,544	-	-	82,352	19,006
2040	-	-	44,258	15,278	-	-	94,258	16,372
2041	-	-	45,604	13,891	-	-	45,604	13,891
2042	-	-	46,991	12,504	-	-	46,991	12,504
2043	-	-	48,421	11,075	-	-	48,421	11,075
2044	-	-	49,894	9,628	-	-	49,894	9,628
2045	-	-	51,411	8,085	-	-	51,411	8,085
2046	-	-	52,975	6,521	-	-	52,975	6,521
2047	-	-	54,586	4,910	-	-	54,586	4,910
2048	-	-	56,246	3,258	-	-	56,246	3,258
2049	-	-	57,957	1,539	-	-	57,957	1,539
2050	-	-	19,570	124	-	-	19,570	124
	\$ 6,167,582	\$ 1,124,466	\$ 1,274,103	\$ 768,997	\$ 443,658	\$ 95,977	\$ 26,220,343	\$ 10,141,483

City of Manchester, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Purpose Schools	To Provide Funding for Operations	\$ 1,678,467
General	Debt Service	Retire Debt	1,387,902
General	Recreation	To Provide Funding for Operations	526,701
Recreation	Debt Service	Retire Debt	100,377
General	Sanitation	To Provide Funding for Operations	75,000
General	Community Policing	To Provide Funding for Operations	<u>2,000</u>
Total Transfers			<u>\$ 3,770,447</u>

City of Manchester, Tennessee  
 Schedule of Detailed Revenues  
 For the Year Ended June 30, 2015

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Local Taxes</u>						
<u>Property Taxes</u>						
Current Property Tax	\$ 4,295,275	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - 1st Prior Yr	123,758	-	-	-	-	-
Property Tax - Other Prior Yrs	111,975	-	-	-	-	-
Interesty & Penalty	76,615	-	-	-	-	-
<u>Other Taxes</u>						
Local Option Sales Tax	3,928,653	-	-	-	-	-
Wholesale Beer Tax	502,246	-	-	-	-	-
Wholesale Liquor Tax	222,445	-	-	-	-	-
Business Taxes	306,798	-	-	-	-	-
Cable TV Franchise Tax	134,958	-	-	-	-	-
Room Occupancy Tax	391,873	186,539	94,048	-	-	-
<b>Total Local Taxes</b>	<b>\$ 10,094,596</b>	<b>\$ 186,539</b>	<b>\$ 94,048</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<u>Licenses and Permits</u>						
Beer/Liquor by Drink Permits	\$ 15,845	\$ -	\$ -	\$ -	\$ -	\$ -
Building Permits	55,120	-	-	-	-	-
<b>Total Licenses and Permits</b>	<b>\$ 70,965</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<u>Charges for Current Services</u>						
<u>General Government - Charges for Services</u>						
Administrative Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Public Safety Charges for Services</u>						
Fees and Commissions	892	-	-	-	-	-
Accident Report Charges	705	-	-	-	-	-
<u>Public Works Charges for Services</u>						
Mowing	3,259	-	-	-	-	-
Concrete & Plastic Tile	14,175	-	-	-	-	-
Animal Control	2,035	-	-	-	-	-
<u>Sanitation - Charges for Service</u>						
Solid Waste Residential Collect	-	-	-	-	-	-
Solid Waste Debris Pickup	-	-	-	-	-	-
Solid Waste Surcharge - General	-	-	-	-	-	-
Refuse Recycling Charges	-	-	-	-	-	-
<u>Recreation - Charges for Service</u>						
Swimming Lessons Charges	-	36,748	-	-	-	-
Pool Rental	-	30,493	-	-	-	-
Activity Fees	-	35,990	-	-	-	-
Day Camp Charges	-	41,204	-	-	-	-
Fireworks	-	10,000	-	-	-	-

City of Manchester, Tennessee  
 Schedule of Detailed Revenues  
 For the Year Ended June 30, 2015

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Charges for Current Services (Cont.)</u>						
<u>Recreation - Charges for Service (Cont.)</u>						
Park and Recreation Concession	-	82,023	-	-	-	-
ADA Wright Center - Rental	-	9,691	-	-	-	-
Shelter Rentals	-	4,180	-	-	-	-
Membership and Dues - Yearly	-	550,505	-	-	-	-
Membership and Dues - Monthly	-	24,853	-	-	-	-
Membership and Dues - Daily	-	181,215	-	-	-	-
Recreation Complex Concessions	-	96,494	-	-	-	-
Athletic League	-	3,393	-	-	-	-
Silver & Fit	-	1,830	-	-	-	-
Sponsorships	-	15,344	-	-	-	-
Meeting Room Rental	-	20,456	-	-	-	-
Education Charges	-	-	-	20,325	-	-
Tuition - Regular Day Students	-	-	-	-	-	99,237
Lunch Payments Children	-	-	-	-	-	16,523
Lunch Payments Adults	-	-	-	-	-	13,511
Income from Breakfast	-	-	-	-	-	54,794
A la Carte Sales	-	-	-	5,173	-	-
Receipts From Individual Schools	-	-	-	125,802	-	-
Community Service Fees - Children	-	-	-	151,300	-	-
Total Charges for Current Services	\$ 21,066	\$ 1,144,419	\$ -	\$ 151,300	\$ -	\$ 184,065

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Fines, Forfeitures and Penalties</u>						
<u>City Court Revenue</u>						
Court Fines and Costs	\$ 246,158	\$ -	\$ -	\$ -	\$ -	\$ -
SOR Fees	1,000	-	-	-	-	-
Total Fines, Forfeitures and Penalties	\$ 247,158	\$ -	\$ -	\$ -	\$ -	\$ -

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Interest Earned	\$ -	\$ -	\$ -	\$ 3,899	\$ -	\$ 179
Lease of Property	-	-	-	-	-	-
Sale of Equipment	-	6,361	-	-	-	-
Sale of Vehicles	26,660	-	-	-	-	-
Sale of Materials and Supplies	-	-	-	433	-	-
Sale of Cemetery Lots	2,900	-	-	-	-	-
Insurance Recoveries	15,085	-	-	-	-	-
E-Rate Funding	-	-	-	7,168	-	-
Miscellaneous Refunds	16,320	-	-	20,871	9,075	-
Damages Recovered	-	-	-	2,844	-	-

City of Manchester, Tennessee  
 Schedule of Detailed Revenues  
 For the Year Ended June 30, 2015

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Contributions and Donations	61,257	7,000	2,500	4,415	-	-
Sale of Confiscated Vehicles	-	-	-	-	-	-
Sale of Other Contraband	-	-	-	-	-	-
TDOT - Ind. Park Access Road	59,013	-	-	-	-	-
Other Local Revenues	5,805	12,462	-	4,089	-	-
<b>Total Other Local Revenues</b>	<b>\$ 187,040</b>	<b>\$ 25,823</b>	<b>\$ 2,500</b>	<b>\$ 43,719</b>	<b>\$ 9,075</b>	<b>\$ 179</b>

Intergovernmental

<u>County Property Taxes</u>						
Current Property Tax	\$ -	\$ -	\$ -	2,234,125	\$ -	\$ -
Trustee's Collection Prior Year	-	-	-	82,194	-	-
Trustee's Collections Bankruptcy	-	-	-	861	-	-
Circuit Clerk/Clerk and Master Collections - Prior Years	-	-	-	35,622	-	-
Interest and Penalty	-	-	-	23,152	-	-
Payments in-Lieu-of Taxes - T.V.A.	-	-	-	146	-	-
Payments in-Lieu-of Taxes - Local Utilities	-	-	-	2,352	-	-
Payments in-Lieu-of Taxes - Other	-	-	-	741	-	-
<u>County Local Option Taxes</u>						
Local Option Sales Tax	-	-	-	1,684,408	-	-
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	-	-	-	708	-	-
<u>County Licenses and Permits</u>						
Marriage Licenses	-	-	-	543	-	-
<u>Federal Payments in Lieu of Tax</u>						
Housing Authority Payment in Lieu of Tax	7,904	-	-	-	-	-
TVA Payments in Lieu of Tax	117,084	-	-	-	-	-
<u>State Education Funds</u>						
Basic Education Program	-	-	-	6,060,000	-	-
Early Childhood Education	-	-	-	277,456	-	-
School Food Service	-	-	-	-	-	7,828
<u>Intergovernmental (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
Other State Education Funds	-	-	-	215,586	-	-
Career Ladder Program	-	-	-	56,320	-	-
Career Ladder Extended Contracts	-	-	-	21,445	-	-
<u>Other State Revenues</u>						
State Sales Tax	766,081	-	-	-	-	-
State Income Tax	112,565	-	-	-	-	-
State Beer Tax	4,831	-	-	-	-	-

City of Manchester, Tennessee  
 Schedule of Detailed Revenues  
 For the Year Ended June 30, 2015

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Intergovernmental (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
State Mix Drink Tax	38,187	-	-	-	-	-
Alcoholic Beverage Tax	-	-	-	1,101	-	-
State Gas and Motor Fuel Tax	182,859	-	-	-	-	-
State City Streets & Transport	20,608	-	-	-	-	-
State 3% Gas Tax	83,852	-	-	-	-	-
Corporate Excise Tax	113,905	-	-	-	-	-
State Hwy Maintenance Contract	75,230	-	-	-	-	-
Local Parks and Recreation Fund Grant	-	95,912	-	-	-	-
Diabetes Grant B Revenue	-	15,000	-	-	-	-
Diabetes Grant A Revenue	-	149,973	-	-	-	-
Other State Grants	34,200	-	-	1,701	-	-
<u>Federal Government Thru State of Tennessee</u>						
USDA School Lunch Program	-	-	-	-	-	337,818
USDA - Commodities	-	-	-	-	-	39,999
Breakfast	-	-	-	-	-	151,731
Title I Grants to Local Education Agencies	-	-	-	-	440,283	-
Special Education - Grants to States	-	-	-	30,364	425,580	-
Special Education Preschool Grants	-	-	-	16,675	26,711	-
English Language Acquisition Grants	-	-	-	-	9,497	-
Rural Education	-	-	-	-	28,857	-
Eisenhower Professional Development State Grants	-	-	-	-	42,020	-
Community Development Block Grant	39,313	-	-	-	-	-
Highway Planning and Construction Grants	125,609	-	456,326	-	-	-
Other Federal Thru State of Tennessee	28,924	-	-	-	-	-
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	-	-	-	503,969	-	-
<u>Grants or Contracts - Local Governments</u>						
Industrial Park Allocations for Fire Department	10,000	-	-	-	-	-
Industrial Park Allocation	57,600	-	-	-	-	-
Total Intergovernmental	\$ 1,818,752	\$ 260,885	\$ 456,326	\$ 11,249,469	\$ 972,948	\$ 537,376
Total	\$ 12,439,577	\$ 1,617,666	\$ 552,874	\$ 11,444,488	\$ 982,023	\$ 721,620

City of Manchester, Tennessee  
 Schedule of Detailed Revenues  
 For the Year Ended June 30, 2015

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Local Taxes</u>					
<u>Property Taxes</u>					
Current Property Tax	\$ -	\$ -	\$ -	\$ -	4,285,275
Property Tax - 1st Prior Yr	-	-	-	-	123,758
Property Tax - Other Prior Yrs	-	-	-	-	111,975
Interest & Penalty	-	-	-	-	76,615
<u>Other Taxes</u>					
Local Option Sales Tax	-	-	-	-	3,928,653
Wholesale Beer Tax	-	-	-	-	502,246
Wholesale Liquor Tax	-	-	-	-	222,445
Business Taxes	-	-	-	-	306,798
Cable TV Franchise Tax	-	-	-	-	134,958
Room Occupancy Tax	-	-	-	-	672,460
<b>Total Local Taxes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>10,375,183</b>
<u>Licenses and Permits</u>					
Beer/Liquor by Drink Permits	\$ -	\$ -	\$ -	\$ -	15,845
Building Permits	-	-	-	-	55,120
<b>Total Licenses and Permits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>70,965</b>
<u>Charges for Current Services</u>					
<u>General Government - Charges for Services</u>					
Administrative Services	\$ -	\$ -	\$ 96,957	\$ -	\$ 96,957
<u>Public Safety Charges for Services</u>					
Fees and Commissions	-	-	-	-	892
Accident Report Charges	-	-	-	-	705
<u>Public Works Charges for Services</u>					
Mowing	-	-	-	-	3,259
Concrete & Plastic Tile	-	-	-	-	14,175
Animal Control	-	-	-	-	2,035
<u>Sanitation - Charges for Service</u>					
Solid Waste Residential Collect	-	-	265,251	-	265,251
Solid Waste Debris Pickup	-	-	12,264	-	12,264
Solid Waste Surcharge - General	-	-	587,752	-	587,752
Refuse Recycling Charges	-	-	24,219	-	24,219
<u>Recreation - Charges for Service</u>					
Swimming Lessons Charges	-	-	-	-	36,748
Pool Rental	-	-	-	-	30,493
Activity Fees	-	-	-	-	35,990
Day Camp Charges	-	-	-	-	41,204
Fireworks	-	-	-	-	10,000

City of Manchester, Tennessee  
 Schedule of Detailed Revenues  
 For the Year Ended June 30, 2015

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Recreation - Charges for Service (Cont.)</u>					
Park and Recreation Concession	-	-	-	-	82,023
ADA Wright Center - Rental	-	-	-	-	9,691
Shelter Rentals	-	-	-	-	4,180
Membership and Dues - Yearly	-	-	-	-	550,505
Membership and Dues - Monthly	-	-	-	-	24,853
Membership and Dues - Daily	-	-	-	-	181,215
Recreation Complex Concessions	-	-	-	-	96,494
Athletic League	-	-	-	-	3,393
Silver & Fit	-	-	-	-	1,830
Sponsorships	-	-	-	-	15,344
Meeting Room Rental	-	-	-	-	20,456
<u>Education Charges</u>					
Tuition - Regular Day Students	-	-	-	-	20,325
Lunch Payments Children	-	-	-	-	99,237
Lunch Payments Adults	-	-	-	-	16,523
Income from Breakfast	-	-	-	-	13,511
A la Carte Sales	-	-	-	-	54,794
Receipts From Individual Schools	-	-	-	-	5,173
Community Service Fees - Children	-	-	-	-	125,802
Total Charges for Current Services	\$ -	\$ -	\$ 986,443	\$ -	\$ 2,487,293

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Fines, Forfeitures and Penalties</u>					
<u>City Court Revenue</u>					
Court Fines and Costs	\$ -	\$ 6,277	\$ -	\$ 63,893	\$ 316,328
SOR Fees	-	-	-	-	1,000
Total Fines, Forfeitures and Penalties	\$ -	\$ 6,277	\$ -	\$ 63,893	\$ 317,328

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Interest Earned	\$ 11,397	\$ -	\$ -	\$ -	\$ 15,475
Lease of Property	27,875	-	-	-	27,875
Sale of Equipment	-	-	-	31,919	38,280
Sale of Vehicles	-	-	-	20,548	47,208
Sale of Materials and Supplies	-	-	-	-	433
Sale of Cemetary Lots	-	-	-	-	2,900
Insurance Recoveries	-	-	-	-	15,085
E-Rate Funding	-	-	-	-	7,168
Miscellaneous Refunds	-	-	-	-	46,266
Damages Recovered	-	-	-	-	2,844

City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Contributions and Donations	-	23,591	-	44,772	143,535
Sale of Confiscated Vehicles	-	-	-	57,136	57,136
Sale of Other Contraband	-	-	-	2,789	2,789
TDOT - Ind. Park Access Road	-	-	-	59,013	59,013
Other Local Revenues	-	-	-	-	22,356
<b>Total Other Local Revenues</b>	<b>\$ 39,272</b>	<b>\$ 23,591</b>	<b>\$ -</b>	<b>\$ 157,164</b>	<b>\$ 488,363</b>
<u>Intergovernmental</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ -	\$ -	\$ -	\$ -	2,234,125
Trustee's Collection Prior Year	-	-	-	-	82,194
Trustee's Collections Bankruptcy	-	-	-	-	861
Circuit Clerk/Clerk and Master Collections - Prior Years	-	-	-	-	35,622
Interest and Penalty	-	-	-	-	23,152
Payments in-Lieu-of-Taxes - T.V.A.	-	-	-	-	146
Payments in-Lieu-of-Taxes - Local Utilities	-	-	-	-	2,352
Payments in-Lieu-of-Taxes - Other	-	-	-	-	741
<u>County Local Option Taxes</u>					
Local Option Sales Tax	-	-	-	-	1,684,408
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	-	-	-	-	708
<u>County Licenses and Permits</u>					
Marriage Licenses	-	-	-	-	543
<u>Federal Payments in Lieu of Tax</u>					
Housing Authority Payment in Lieu of Tax	-	-	-	-	7,904
TVA Payments in Lieu of Tax	-	-	-	-	117,084
<u>State Education Funds</u>					
Basic Education Program	-	-	-	-	6,060,000
Early Childhood Education	-	-	-	-	277,456
School Food Service	-	-	-	-	7,828
<u>Intergovernmental (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	-	-	-	-	215,586
Career Ladder Program	-	-	-	-	56,320
Career Ladder Extended Contracts	-	-	-	-	21,445
<u>Other State Revenues</u>					
State Sales Tax	-	-	-	-	766,081
State Income Tax	-	-	-	-	112,565
State Beer Tax	-	-	-	-	4,831

City of Manchester, Tennessee  
 Schedule of Detailed Revenues  
 For the Year Ended June 30, 2015

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Intergovernmental (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
State Mix Drink Tax	-	-	-	-	38,187
Alcoholic Beverage Tax	-	-	-	-	1,101
State Gas and Motor Fuel Tax	-	-	-	-	182,859
State City Streets & Transport	-	-	-	-	20,608
State 3% Gas Tax	-	-	-	-	83,852
Corporate Excise Tax	-	-	-	-	113,905
State Hwy Maintenance Contract	-	-	-	-	75,230
Local Parks and Recreation Fund Grant	-	-	-	-	95,912
Diabetes Grant B Revenue	-	-	-	-	15,000
Diabetes Grant A Revenue	-	-	-	-	149,973
Other State Grants	-	-	-	-	35,901
<u>Federal Government Thru State of Tennessee</u>					
USDA School Lunch Program	-	-	-	-	337,818
USDA - Commodities	-	-	-	-	39,999
Breakfast	-	-	-	-	151,731
Title I Grants to Local Education Agencies	-	-	-	-	440,283
Special Education - Grants to States	-	-	-	-	455,944
Special Education Preschool Grants	-	-	-	-	43,386
English Language Acquisition Grants	-	-	-	-	9,497
Rural Education	-	-	-	-	28,857
Eisenhower Professional Development State Grants	-	-	-	-	42,020
Community Development Block Grant	-	-	-	-	39,313
Highway Planning and Construction Grants	-	-	-	-	581,935
Other Federal Thru State of Tennessee	-	-	-	-	28,924
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	-	-	-	-	503,969
<u>Grants or Contracts - Local Governments</u>					
Industrial Park Allocations for Fire Department	-	-	-	-	10,000
Industrial Park Allocation	-	-	-	-	57,600
Total Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 15,295,756
Total	\$ 39,272	\$ 29,868	\$ 986,443	\$ 221,057	\$ 29,034,888

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2015

General Fund  
General Government

City Court

Legal Services	\$ 12,000	
Total City Court	<u>                    </u>	\$ 12,000

Board of Mayor and Aldermen

Regular Employee Salaries	\$ 107,095	
OASI Employers Share	7,927	
Employee Health Insurance	44,785	
Retirement - ING	5,563	
Employee Dental Insurance	1,790	
Employee Life Insurance	201	
Unemployment Insurance	103	
Education/Training	5,906	
Election Officials and C	1,724	
Postage	331	
Postage/Off Supplies - HIS	20	
Printing, Duplicating, Typing	954	
Publication and Legal Notices	3,536	
Subscription Newspaper/Period	464	
Public Relations	13,097	
Dues and Subscription	3,615	
Telephone	8,498	
Legal Services	86,108	
Architectural/Engineering	9,771	
Christmas Parade Expense	3,621	
Repairs & Maintenance - Vehicles	16	
Office Supplies	967	
Small Item of Equipment	1,452	
Clothing & Uniform	202	
Gas, Oil, Grease, and Auto Repairs	1,277	
Meeting Expense	888	
Machinery & Equipment - Copier	<u>1,299</u>	
Total Board of Mayor & Alderman		311,210

Financial Administration

Regular Employee Salaries	\$ 201,962
Salaries - Overtime	1,032
OASI Employers Share	15,542
Retirement - TCRS	46,024
Retirement - ING	2,878
Employee Dental Insurance	1,548
Employee Life Insurance	289

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Financial Administration (Cont.)

Unemployment Insurance	316	
Education/Training	6,751	
Postage	3,262	
Printing, Duplicating, Typing	2,924	
Publication and Legal Notices	1,032	
Dues and Subscription	420	
Telephone and Telegraph	478	
Accounting/Auditing Services	22,791	
Data Processing Support	16,476	
Vehicle Maintenance	16	
Office Supplies	4,735	
Small Items of Equipment	956	
Gas, Oil, Diesel, and Fuel	23	
Meeting Expense	138	
Professional Liability/Surety Bonds	1,089	
Total Financial Administration		330,682

Information Systems

Regular Employee Salaries	\$ 67,263	
OASI Employers Share	5,327	
Employee Health Insurance	7,786	
Retirement - TCRS	3,564	
Employee Dental Insurance	327	
Employee Life Insurance	106	
Unemployment Insurance	76	
Education/Training	6,790	
Printing, Duplicating, Typing	51	
Telephone	1,276	
Data Processing Support	140	
Repairs & Maintenance - Computer	105	
Small Items of Equipment	116	
Clothing & Uniforms	181	
Total Information Systems		93,108

Planning and Zoning

Regular Employee Salaries	\$ 170,951
OASI Employers Share	13,237
Employee Health Insurance	39,012
Retirement -TCRS	8,937
Employee Dental Insurance	1,982
Employee Life Insurance	292
Unemployment Insurance	212

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Planning and Zoning (Cont.)

Education/Training	1,144	
Postage	88	
Printing, Duplication, Typing	175	
Publication and Legal Notices	801	
Manuals and Code Updates	1,057	
Dues and Subscriptions	3,524	
Telephone and Telegraph	1,894	
Other Professional Service	18,987	
Repairs and Maintenance - Vehicles	612	
Office Supplies	665	
Clothing and Uniforms	129	
Gas, Oil, Diesel, Fuel, Grease	2,128	
Tires, Tubes Etc.	364	
Meeting Expense	107	
City Cemetery Expense	3,217	
Machinery & Equipment - Copier	692	
Total Planning & Zoning		270,207

General Government & Buildings

Retirement Expense	\$ 25
Other Employee Benefits	66,124
Radio and Cable Services	1,803
Electric	50,587
Water	7,062
Gas	18,661
Telephone and Telegraph	42,789
Medical Services	7,620
Other Professional Service	11,553
Repair & Maintenance Buildings	22,073
Janitorial Services	25,380
Office Supplies	1,162
Household & Janitorial	2,010
General Liability	135,926
Workers Compensation Ins	193,669
Building Insurance	5,630
Machinery/Equip-Computer	6,708
Machinery/Equip-Stamp Machine	1,644
Machinery & Equip - Copier	753
CDBG Grant (Drainage) Expense	44,184
Spring House Repairs	6,500
Westwood Grant Expenses	120,409
Additions to Fixed Asset	76,630

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government & Buildings (Cont.)

Total General Government & Buildings 848,902

Total General Government \$ 1,866,109

Public Safety

Police Department

Regular Employee Salaries	\$ 1,575,363	
Salaries - Overtime	71,697	
Holiday	56,471	
OASI Employers Share	130,221	
Employee Health Insurance	418,553	
Retirement - TCRS	56,040	
Retirement - ING	38,324	
Employee Dental Insurance	20,527	
Employee Life Insurance	3,015	
Unemployment Insurance	2,285	
Ed. & Train. SWAT Team	2,708	
Education/Training	15,316	
Postage	509	
Automobile Licenses & Titles	129	
Radio Cable Services	1,366	
Printing, Duplicating, Typing	395	
Publication and Legal Notices	619	
Dues and Subscription	976	
Telephone and Telegraph	8,568	
Information System Support	10,717	
Repair & Maintenance - Motor Vehicle	28,975	
Repair and Maintenance - Comp Equip	129	
Other Rep & Maintenance Service	438	
SOR Police Miscellaneous	220	
Office Supplies - Court	3,084	
Office Supplies	5,437	
Small Items of Equipment	19,390	
Trustee Expenses	1,029	
Clothing and Uniforms	7,368	
Fire Arm Supplies	2,872	
Gas, Oil, Diesel, Fuel, Grease	72,723	
Tires, Tubes, Etc.	3,210	
Machinery & Equip - Copier	524	
Computer Equipment and Supplies	<u>26,959</u>	
Total Police Department		\$ 2,586,157

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Fire Department

Regular Employee Salaries	\$ 1,085,255	
Salaries - Overtime	53,819	
Holiday	45,613	
OASI Employers Share	90,719	
Employers Health Insurance	339,082	
Retirement - TCRS	51,079	
Retirement - ING	12,433	
Employee Dental Insurance	16,894	
Employee Life Insurance	1,030	
Unemployment Insurance	1,895	
Education/Training	5,609	
Postage	22	
Radio and Cable Services	3,421	
Calendar Expense	100	
Publication and Legal Notices	621	
Public Relations	561	
Dues Subscriptions	1,038	
Telephone and Telegraph	4,199	
Repair & Maintenance - Motor Vehicle	9,914	
Repairs & Maintenance - (HVAC)	3,250	
Repairs & Maintenance - Buildings	7,963	
Other Repairs & Maintenance	1,141	
Volunteer Firemen	11,201	
Office Supplies	449	
Small Items of Equipment	12,306	
Household & Janitorial Supplies	2,073	
PPE Turnout Gear	35,704	
Clothing and Uniforms	7,755	
Educational Supplies	924	
Other Operation Supplies	1,417	
Gas, Oil, Diesel, Fuel, Grease	15,639	
Tires, Tubes, Etc.	3,803	
Safety Supplies	450	
Machinery & Equip - Copiers	437	
Inspection/Testing	8,211	
Additions to Fixed Asset	24,945	
Total Fire Department		<u>1,860,972</u>

Total Public Safety

4,447,129

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Works

Public Works Department

Regular Employee Salaries	\$ 600,030
Salaries - Overtime	23,354
OASI Employers Share	45,690
Employee Health Insurance	201,638
Retirement - TCRS	18,187
Retirement - ING	13,058
Employee Dental Insurance	9,999
Employee Life Insurance	1,310
Unemployment Insurance	1,025
Education/Training/Travel	1,228
Postage	403
Automobile License & Titles	36
Radio and Cable Services	3,671
Public and Legal Notices	931
Dues and Subscription	169
Water	2,462
Telephone and Telegraph	10,017
Street Lighting	228,242
Veterinary and Animal Expense	471
Other Professional Services	2,319
Repair & Maintenance - Vehicle	13,849
Repairs & Maintenance - Other Machinery	8,381
Repair & Maintenance Traffic Lights	12,550
Repair and Maintenance Buildings	7,232
Repair & Maintenance - Road/Streets	4,620
Office Supplies	2,572
Small Items of Equipment	10,404
Chemical, Lab & Med Supplies	9,603
Trustee Expenses	13,394
Household & Janitorial Supplies	3,407
Clothing and Uniforms	510
Gas, Oil, Diesel, Fuel, Grease	43,812
Tires, Tubes, Etc.	6,840
Sign Parts and Supplies	15,761
Salt Purchases	7,899
Safety Supplies	798
Crushed Stone	6,245
Tile & Pipe	8,329
Asphalt and Asphalt Fill	10,735
Machine and Equipment Copier	8
Roads & Streets	218,153

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Works (Cont.)

Public Works Department (Cont.)

Roads & Streets - Stripping	24,943	
Other Machinery & Equipment	3,249	
Capital Repairs - Street	18,648	
Total Public Works Department		<u>\$ 1,616,182</u>

Total Public Works 1,616,182

Health, Welfare, Culture and Recreation

Contributions to Other Agencies

Vocational Training Center	\$ 11,000	
Manchester Child Care	2,500	
South Central Human Resource Agency	1,616	
Manchester Library	12,000	
Coffee County Senior Center	1,250	
Manchester Senior Center	1,250	
Keep Coffee County Beautiful	1,000	
Manchester/Coffee Co. Conference Center	90,215	
Children's Advocacy Center	6,500	
TN's Backroads Heritage	1,000	
South Central TN Dev District	2,118	
Chamber of Commerce	12,500	
Total Contributions to Other Agencies		<u>\$ 142,949</u>

Total Health, Welfare, Culture and Recreation 142,949

Total General Fund \$ 8,072,369

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Recreation Fund

Health, Welfare, Culture and Recreation

Recreation Administration

Regular Employee Salaries	\$ 143,801	
Salaries - Overtime	289	
OASI Employers Share	10,783	
Employee Health Insurance	40,861	
Retirement TCRS	3,447	
Retirement ING	2,639	
Employee Dental Insurance	2,218	
Employee Life Insurance	247	
Unemployment Insurance	154	
Education/Training	2,262	
Postage	787	
Printing, Duplication And	985	
Dues and Subscriptions	782	
Office Supplies & Materials	1,425	
Total Recreation Administration		\$ 210,680

Recreation Centers

Regular Employee Salaries	\$ 167,270
Salaries - Overtime	3,166
Wages - Permanent/Regular	249,530
OASI Employers Share	33,469
Employee Health Insurance	56,366
Retirement - TCRS	6,661
Retirement - ING	758
Employee Dental Insurance	2,913
Employee Life Insurance	408
Workers Compensation Ins	8,608
Unemployment Insurance	2,007
Education/Training	2,561
Radio and Cable Services	1,426
Electric	267,675
Water	25,182
Gas	69,872
Telephone	4,052
Data Processing Support	7,951
Repair & Maintenance - Vehicle	1,640
Repair & Maintenance O	39,024
Repair & Maintenance - O	642
Repair & Maintenance - G	694
Repair & Maintenance - B	22,197
Contracted Recreation Services	1,002

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Recreation Fund (Cont.)

Health, Welfare, Culture and Recreation (Cont.)

Recreation Centers (Cont.)

Program Equipment	436	
Chemical and Medical Supplies	24,581	
Food - Program Meals	605	
Food Concessions	46,467	
Recreation Supplies	15,557	
Uniforms	2,239	
Diabetes Grant B Expense	12,278	
Diabetes Grant A - Expense	151,355	
Operating Supplies	5	
Community Foundation Grant	1,300	
Gas, Oil, Diesel, Fuel, & Grease	859	
General Liability	19,872	
Machinery & Equip Rental	881	
Machinery/Equip Copier	3,792	
General Purpose Equipment	12,320	
Capital Repairs - Building	22,957	
Additions to Capital Assets	80,942	
Total 44420 - Recreation Centers		1,371,520

Park Areas

Regular Employee Salaries	\$ 54,300
Salaries - Overtime	1,516
Wages - Permeant/Regular	92,676
OASI Employer Share	12,092
Employee Health Insurance	22,475
Retirement - TCRS	2,926
Employee Dental Insurance	950
Employee Life Insurance	163
Workers Compensation Ins	2,268
Unemployment Insurance	604
Publication and Legal Notices	2,854
Electric	27,097
Water	22,946
Gas	2,583
Telephone	1,725
Other Prof. Services - Fireworks	10,150
Repairs & Maintenance - Vehicle	1,931
Repair & Maintenance - O	9,201
Repair & Maintenance - G	25,291
Repair & Maintenance - B	7,197
Contracted Recreational	2,727

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Recreation Fund (Cont.)

Health, Welfare, Culture and Recreation (Cont.)

Park Areas (Cont.)

Food Concessions	48,441
Janitorial Supplies	29,406
Recreation Supplies	7,571
Recreation Uniforms	1,128
Gas, Oil, Diesel Fuel	5,835
Tire and Tube	26
General Liability - Parks	5,605
Machinery & Equip Rental	143
Repair & Maintenance - Ground	9,950
Add. to Fixed Asset - Soccer Complex	56,872
Additions to Fixed Asset	85,205

Total Park Areas	553,854
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Total Recreation Fund	\$ 2,136,054
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Tourism and Community Development Fund

Economic Development and Assistance

Tourism and Community Development

Travel	\$ 703
Local Activity Support	16,191
Brochures, Flyers, and Ads	7,305
Manchester Chamber - Tourism Development	21,000
Public Relations	3,495
South Central TN Tourism	400
Christmas Lighting and Banners	6,047
Other Operation Supplies	150
Downtown Renovation Project	566,256

Total Tourism and Community Development	\$ 621,547
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Total Tourism and Community Development Fund	\$ 621,547
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City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund

Education

Instruction

Regular Instruction Program

Teachers	\$ 4,587,466	
Career Ladder Program	25,426	
Career Ladder Extended Contract	10,000	
Clerical Personnel	151,232	
Aides	236,983	
Bonus Payments	16,565	
Certified Substitute Teachers	56,307	
Non-certified Substitute Teachers	64,523	
Social Security	303,507	
State Retirement	412,266	
Life Insurance	2,998	
Medical Insurance	838,446	
Dental Insurance	41,475	
Unemployment Compensation	6,936	
Local Retirement	14,822	
Employer Medicare Liability	71,137	
Other Fringe Benefits	42,959	
Maintenance and Repair Services	6,587	
Other Contracted Services	208,014	
Instructional Supplies	70,801	
Textbooks	85,602	
Other Supplies and Material	10,224	
Other Charges	12	
Regular Instruction Equipment	65,094	
Total Regular Instruction Program		\$ 7,329,382

Alternative Instruction Program

Teachers	\$ 46,632	
Social Security	2,891	
State Retirement	4,216	
Life Insurance	35	
Medical Insurance	6,649	
Dental Insurance	428	
Unemployment Compensation	42	
Employer Medicare Liability	676	
Other Fringe Benefits	369	
Total Alternative Instruction Program		61,938

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Instruction (Cont.)

Special Education

Teachers	\$ 657,452	
Career Ladder Program	7,000	
Career Ladder Extended Contract	400	
Aides	181,725	
Speech Pathologist	137,662	
Other Salaries & Wages	30,781	
Social Security	59,219	
State Retirement	76,719	
Life Insurance	916	
Medical Insurance	231,768	
Dental Insurance	10,905	
Unemployment Compensation	1,750	
Local Retirement	6,314	
Employer Medicare Liability	13,850	
Other Fringe Benefits	7,922	
Other Contracted Services	47,669	
Instructional Supplies	4,573	
Other Supplies and Material	587	
Other Charges	154	
Special Education Equipment	489	
Total Special Education		1,477,855

Student Body Education Program

499 Other Supplies and Material	\$ 17,000	
599 Other Charges	2,501	
Total Student Body Education Program		19,501

Support Services

Attendance

Supervisor/Director	\$ 73,582	
Social Security	4,298	
State Retirement	6,652	
Life Insurance	36	
Medical Insurance	8,386	
Dental Insurance	437	
Unemployment	53	
Employer Medicare Liability	1,005	
Other Fringe Benefits	500	
Travel	1,974	
Other Contracted Services	523	

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Attendance (Cont.)

In-Service/Staff Development	2,129	
Administration Equipment	1,945	
Total Attendance		101,520

Health Services

Medical Personnel	\$ 123,450	
Social Security	7,161	
State Retirement	4,185	
Life Insurance	108	
Medical Insurance	18,672	
Dental Insurance	1,312	
Unemployment	162	
Local Retirement	3,040	
Employer Medicare Liability	1,675	
Other Supplies & Materials	1,288	
In-Service/Staff Development	489	
Total Health Services		161,542

Other Student Support

Career Ladder Program	\$ 4,083	
Guidance Personnel	162,273	
Career Ladder Extended Contract	4,000	
Pupil Personnel	6,237	
Social Security	10,171	
State Retirement	15,964	
Life Insurance	111	
Medical Insurance	28,040	
Dental Insurance	1,348	
Unemployment Compensation	216	
Employer Medicare Liability	2,379	
Other Fringe Benefits	1,500	
Evaluation and Testing	1,167	
Other Supplies and Material	146	
Total Other Student Support		237,635

Regular Instruction Program

Supervisor/Director	\$ 195,160	
Career Ladder Program	1,000	
Librarians	148,223	
Social Security	19,519	

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)  
Education (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

State Retirement	28,775	
Life Insurance	236	
Medical Insurance	96,391	
Dental Insurance	2,867	
Unemployment Compensation	384	
Employer Medicare Liability	4,565	
Other Fringe Benefits	2,734	
Travel	3,236	
Other Contracted Services	2,100	
Library Books/Media	8,881	
Other Supplies and Material	3,098	
In-Service/Staff Development	41,538	
Other Charges	173	
Other Equipment	2,120	
Total Regular Instruction Program		561,000

Special Education Program

Supervisor/Director	\$ 64,769	
Career Ladder Program	5,000	
Psychological Personnel	52,711	
Assessment Personnel	60,690	
Clerical Personnel	25,732	
Social Security	12,670	
State Retirement	17,209	
Life Insurance	108	
Medical Insurance	27,143	
Dental Insurance	1,312	
Unemployment Compensation	189	
Local Retirement	1,801	
Employer Medicare Liability	2,963	
Other Fringe Benefits	1,500	
Communication	1,052	
Maintenance and Repair Services	305	
Travel	1,354	
Other Supplies and Material	491	
In-Service/Staff Development	795	
Total Special Education Program		277,794

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	1,406	
Social Security	87	
Life Insurance	1	
Medical Insurance	179	
Dental Insurance	12	
Unemployment Compensation	1	
Local Retirement	98	
Employer Medicare Liability	20	
Advertising	184	
Audit Services	17,100	
Dues and Memberships	8,797	
Legal Services	48,952	
Legal Notices Recording	284	
Rentals	46,242	
Travel	12,482	
Other Contracted Services	2,625	
Uniforms	27	
Liability Insurance	14,297	
Premiums on Corporate Surety Bonds	733	
Trustee's Commission	58,020	
Worker's Compensation Insurance	72,270	
In-Service /Staff Development	8,741	
Refund to Applicant for Criminal Investigation	294	
Other Charges	11,837	
Total Board of Education		304,689

Office of the Superintendent

County Official/Administrative Officer	\$ 77,852
Secretary	51,815
Social Security	7,807
State Retirement	8,124
Life Insurance	62
Medical Insurance	13,385
Dental Insurance	754
Unemployment	107
Local Retirement	3,627
Employer Medicare Liability	2,001
Other Fringe Benefits	12,361
Communication	10,229
Dues and Memberships	4,769

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)  
Education (Cont.)

Support Services (Cont.)

Office of the Superintendent (Cont.)

Postal Charges	3,147	
Travel	4,638	
Other Contracted Services	6,243	
Office Supplies	3,180	
Periodicals	387	
In-Service/Staff Development	499	
Other Charges	10	
Administration Equipment	400	
Total Office of the Superintendent		211,397

Office of the Principal

Principals	\$ 226,648	
Career Ladder Program	5,000	
Career Ladder Extended	4,000	
Assistant Principal	174,619	
Secretary	106,989	
Social Security	30,232	
State Retirement	38,896	
Life Insurance	325	
Medical Insurance	85,530	
Dental Insurance	3,947	
Unemployment Compensation	489	
Local Retirement	5,070	
Employer Medicare Liability	7,070	
Other Fringe Benefits	3,016	
Communication	8,639	
Data Processing	2,284	
Postal Services	343	
Travel	1,806	
Other Contracted Services	525	
Office Supplies	1,573	
In-Service/Staff Development	460	
Other Charges	137	
Total Office of the Principal		707,598

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Fiscal Services

Accountant/Bookkeepers	\$ 101,889	
Purchasing Personnel	81,093	
Other Salaries & Wages	107,674	
Social Security	17,298	
State Retirement	6,144	
Life Insurance	161	
Medical Insurance	31,416	
Dental Insurance	1,996	
Unemployment Compensation	268	
Local Retirement	12,974	
Employer Medicare Liability	4,045	
Other Fringe benefits	693	
Data Processing	7,714	
Travel	4,785	
Data Processing Supplies	1,393	
Other Supplies & Materials	1,051	
In-Service/Staff Development	1,714	
Other Charges	1,614	
Administration Equipment	4,195	
Total Fiscal Services		388,117

Operation of Plant

Custodial Personnel	\$ 238,258
Social Security	14,030
State Retirement	6,331
Life Insurance	288
Medical Insurance	63,081
Dental Insurance	3,498
Unemployment Compensation	437
Local Retirement	6,202
Employer Medicare Liability	3,281
Laundry Service	9,263
Maintenance and Repair Services - Equipmen	262
Disposal Services	20,906
Custodial Services	23,963
Electricity	322,313
Natural Gas	20,396
Uniforms	1,907
Water and Sewer	27,871
Other Supplies and Material	322

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)  
Education (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Boiler Insurance	2,346	
Building and Contents Insurance	42,741	
Other Charges	15,426	
Plant Operation Equipment	9,891	
Total Operation of Plant		833,013

Maintenance of the Plant

Maintenance Personnel	\$ 178,207	
Social Security	10,307	
State Retirement	9,320	
Life Insurance	165	
Medical Insurance	40,387	
Dental Insurance	2,004	
Unemployment compensation	267	
Employer Medicare Liability	2,410	
Communication	1,761	
Maintenance and Repair Services - Buildings	121,436	
Maintenance and Repair Services - Equipmen	16,357	
Maintenance and Repair Services - Vehicles	4,584	
Other Contracted Services	1,064	
Gasoline	4,525	
General Construction Materials	5,727	
Uniforms	1,240	
Other Supplies & Materials	8,579	
Vehicle & Equipment Insurance	2,500	
In-Service/Staff Development	150	
Other Charges	580	
Total Maintenance of the Plant		411,570

Transportation

Bus Drivers	\$ 5,101	
Social Security	232	
State Retirement	190	
Unemployment Compensation	12	
Employer Medicare Liability	74	
Maintenance and Repair Services - Equipmen	8,012	
Other Contracted Services	1,000	
Diesel Fuel	6,431	
Vehicle and Equipment Insurance	10,696	
Other Charges	1,169	
Total Transportation		32,917

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)  
Education (Cont.)

Support Services (Cont.)

Central and Other

Supervisor/Director	\$	70,678	
Other Salaries & Wages		77,791	
Social Security		9,075	
State Retirement		8,238	
Life Insurance		87	
Medical Insurance		22,613	
Dental Insurance		1,057	
Unemployment Compensation		127	
Local Retirement		2,970	
Employer Medicare Liability		2,123	
Other Fringe Benefits		250	
Communication		1,141	
Maintenance and Repair Services - Equipmen		48,040	
Travel		1,154	
Other Contracted Services		1,064	
Uniforms		490	
Other Supplies & Materials		3,540	
Regular Instruction Equipment		27,718	
Total Central and Other			278,156

Operation of Non-Instructional Services

Community Services

Teachers	\$	4,580	
Aides		4,020	
Part-Time Personnel		75,263	
Other Salaries & Wages		47,524	
Social Security		7,786	
State Retirement		414	
Life Insurance		36	
Medical Insurance		11,216	
Dental Insurance		437	
Unemployment Compensation		531	
Local Retirement		2,183	
Employer Medicare Liability		1,821	
Travel		794	
Food Supplies		13,199	
Instructional Supplies		65,644	
Other Supplies & Materials		60,040	
In-Service/Staff Development		600	
Other Charges		3,281	
Total Community Services			299,369

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)  
Education (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$ 136,821	
Aides	46,313	
Social Security	10,448	
State Retirement	15,146	
Life Insurance	216	
Medical Insurance	43,149	
Dental Insurance	2,186	
Unemployment Compensation	333	
Employer Medicare Liability	2,444	
Other Fringe Benefits	1,500	
Travel	656	
Instructional Supplies	16,210	
Other Charges	2,035	
Total Early Childhood Education		277,457

Capital Outlay

Regular Capital Outlay

Consultants	\$ 730	
Total Regular Capital Outlay		730

Total General Purpose School Fund \$ 13,973,180

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	93,892	
Aides		57,116	
Social Security		8,768	
State Retirement		10,816	
Life Insurance		179	
Medical Insurance		40,513	
Dental Insurance		2,179	
Unemployment Compensation		295	
Local Retirement		619	
Employer Medicare Liability		2,058	
Other Fringe Benefits		1,075	
Instructional Supplies		46,924	
Other Supplies and Materials		1,764	
Regular Instruction Equipment		10,487	
Total Regular Instruction Program			\$ 276,685

Special Education Program

Teachers	\$	22,918	
Aides		213,948	
Social Security		14,052	
State Retirement		4,865	
Life Insurance		252	
Medical Insurance		103,576	
Dental Insurance		2,624	
Unemployment Compensation		1,121	
Local Retirement		1,408	
Employer Medicare		3,286	
Instructional Supplies		19,018	
Special Education Equipment		9,433	
Total Special Education Program			396,501

Support Services

Other Student Support

Other Supplies and Material	\$	560	
Total Other Student Support			560

Regular Instruction Program

Supervisor/Director	\$	28,789	
Other Salaries & Wages		139,892	
Social Security		10,460	
State Retirement		8,643	
Life Insurance		36	

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	6,489	
Dental Insurance	437	
Unemployment Compensation	186	
Employer Medicare	2,396	
Other Fringe Benefits	1,425	
Other Supplies & Materials	5,940	
In-Service Staff Development	38,720	
Total Regular Instruction Program		243,413

Special Education Program

Clerical Personnel	\$ 25,733	
Social Security	1,595	
Life Insurance	36	
Medical Insurance	6,789	
Dental Insurance	437	
Unemployment Compensation	28	
Local Retirement	1,801	
Employer Medicare	373	
Other Supplies	5,171	
In-Service Staff development	17,321	
Other Equipment	1,275	
Total Special Education Program		60,559

Transportation

Other Salaries & Wages	\$ 3,313	
Social Security	205	
Unemployment Compensation	20	
Employer Medicare	48	
Total Transportation		3,586

Total School Federal Projects Fund \$ 981,304

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Central Cafeteria Fund

Support Services

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 229,774	
Other Salaries & Wages	14,808	
Social Security	14,695	
State Retirement	5,939	
Life Insurance	343	
Medical Insurance	76,622	
Dental Insurance	5,959	
Unemployment Compensation	840	
Local Retirement	5,781	
Employer Medicare Liability	3,437	
Communication	540	
Dues and Memberships	531	
Maintenance and Repair Services - Equipmen	1,087	
Transportation - Other than Students	761	
Travel	4,571	
Other Contracted Services	3,481	
Food Preparation Supplies	16,966	
Food Supplies	332,653	
Office Supplies	890	
Uniforms	293	
Other Supplies and Materials	6,792	
In-Service/Staff Development	2,860	
Other Charges	5,314	
Food Service Equipment	5,549	
Total Food Service		\$ 740,486

Total Central Cafeteria Fund \$ 740,486

Debt Service Fund

Expenditures Debt Service

Principal on Bonds	\$ 572,033	
Interest on Bonds	815,869	
Principal on Capitalized Leases	8,661	
Interest on Capitalized Leases	728	
Capital Outlay Notes Principal	78,571	
Capital Outlay Notes Interest	12,417	
Bank Service Charges	2,391	
Total Expenditures Debt Service		\$ 1,490,670

Total Debt Service Fund \$ 1,490,670

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Community Policing Fund

Public Safety

Community Policing

Education/Training	\$	3,461	
Public Relations		7,917	
Community Christmas Expense		10,754	
Small Items of Equipment		293	
Food		4,450	
Other Operating Supplies		1,415	
Total Community Policing			\$ 28,290

Total Community Policing Fund \$ 28,290

Sanitation Fund

Public Works

Sanitation Services

Regular Employee Salaries	\$	182,611	
Salaries - Overtime		1,743	
OASI Employers Share		13,918	
Employee Health Insurance		74,578	
Retirement - TCRS		4,608	
Retirement - ING		2,317	
Employee Dental Insurance		3,698	
Employee Life Insurance		485	
Worker's Compensation		7,253	
Unemployment Insurance		330	
Repairs & Maintenance - Vehicle		26,481	
Repair & Maintenance - Other Mac		95	
Brush Disposal		33,653	
Landfill Services		612,186	
Small Items of Equipment		275	
Gas, Oil, Diesel, Fuel Grease		25,368	
Tires, Tubes, etc.		5,801	
General Liability		1,838	
Additions to Fixed Asset		185,645	
Total Sanitation Services			\$ 1,182,883

Total Sanitation Fund \$ 1,182,883

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Drug Control Fund

Public Safety

Drug Investigation and Control

Salaries	\$	19,947	
Salaries - Overtime		10,442	
Holiday		635	
OASI Employers Share		2,283	
Employee Health Insurance		8,533	
Retirement - TCRS		1,606	
Retirement - ING		22	
Employee Dental Insurance		493	
Employee Life Insurance		55	
Education and Training		6,313	
Automobile Licenses and Titles		304	
GOV Deals Expense		8,943	
Repair and Maintenance - Vehicles		7,064	
Other Repairs and Maintenance		128	
Miscellaneous Contractual Services		4,353	
Small Items of Equipment		1,442	
Clothing and Uniforms		50	
Other Operating Supplies		72,103	
Gas, Oil, Diesel and Grease		1,189	
Other Equipment Parts and Supplies		8,308	
General Purpose Machinery and Equipment		2,764	
Drug Vehicle		32,301	
Total Public Safety			\$ 189,278

Total Drug Control Fund \$ 189,278

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# SUPPLEMENTARY INFORMATION SECTION

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City of Manchester, Tennessee  
Schedule of Assessed Property Tax Values.  
Property Tax Rates and Changes in Property Taxes Receivable  
For the Year Ended June 30, 2015

Tax Year	Rate	Assessed Value	Original Levy	Balance July 1, 2014	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Receivable Balance June 30, 2015
2015	\$2.2999			\$ -	\$ -	\$ 4,717,372	\$ -	\$ -	10,211	\$ 4,707,161
2014	2.2999	\$ 202,117,409	\$ 4,648,498	-	4,646,091	-	(33,800)	4,252,823	10,062	349,406
2013	2.2999	200,337,660	4,607,596	313,951	-	-	-	168,224	9,974	135,753
2012	2.2999	199,239,840	4,582,317	123,239	-	-	-	77,981	9,919	35,339
2011	2.2999	198,802,639	4,572,262	26,948	-	-	-	13,179	9,897	3,872
2010	2.2999	199,841,765	4,596,161	14,641	-	-	-	5,474	9,167	-
2009	2.4200	184,677,643	4,469,199	10,623	-	-	-	7,049	3,574	-
2008	2.4200	177,121,956	4,286,351	12,345	-	-	-	3,732	8,613	-
2007	2.4200	171,555,937	4,151,654	5,196	-	-	-	712	4,484	-
2006	2.6200	164,347,449	4,305,903	5,233	-	-	(2,009)	3,224	-	-
2005	2.7700	138,146,285	3,826,652	610	-	-	(610)	-	-	-
2004	2.7700	132,709,914	3,676,065	306	-	-	(306)	-	-	-
Before 2004				2,964	-	-	(2,964)	-	-	-
Totals				\$ 516,056	\$ 4,646,091	\$ 4,717,372	\$ (39,689)	\$ 4,532,398	\$ 75,901	\$ 5,231,531

NOTES: All uncollected taxes for years prior to 2009 were turned over to the Clerk and Master for collection.

City of Manchester, Tennessee  
Schedule of Utility Rate Structure and Number of Customers  
June 30, 2015

	<u>Water</u>	<u>Sewer</u>
<u>Within Corporate Limits</u>		
Up to and including 2,000 gallons	\$ 8.60	\$ 10.82
Next 98,000 gallons per 1,000 gallons	\$ 4.30	\$ 5.41
All over the next 100,000 gallons per 1,000 gallons	\$ 3.42	\$ 4.30
Unmetered Residential Customers		\$ 25.74
 <u>Outside Corporate Limits</u>		
One and one-half times inside rate - Industrial		
Two time inside rate - Residential and Commercial		
 <u>Number of Customers</u>		
Residential - Inside of City	4,215	4,124
Residential - Outside of City	1,965	10
Commerical - Inside of City	669	594
Commerical - Outside of City	95	11
Industrial - Inside of City	11	11
Industrial - Outside of City	30	28
	<hr/>	<hr/>
Total	6,985	4,778
	<hr/> <hr/>	<hr/> <hr/>

**AWWA Free Water Audit Software:  
Reporting Worksheet**

NAS v5.0  
American Water Works Association  
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Water Audit Report for: **Manchester Water and Sewer Department (0000429)**  
Reporting Year: **2014** **7/2014 - 6/2015**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

Master Meter and Supply Error Adjustments

**WATER SUPPLIED**

		← Enter grading in column 'E' and 'J' →			
Volume from own sources:	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="0.000"/>
Water imported:	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="945.075"/>	MG/Yr	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="3.00%"/>
Water exported:	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="219.037"/>	MG/Yr	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="3.00%"/>

**WATER SUPPLIED:**  MG/Yr

Enter negative % or value for under-registration  
Enter positive % or value for over-registration

**AUTHORIZED CONSUMPTION**

Billed metered:	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="612.175"/>	MG/Yr
Billed unmetered:	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="0.124"/>	MG/Yr
Unbilled metered:	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="5.800"/>	MG/Yr
Unbilled unmetered:	<input type="button" value="10"/> <input type="button" value="9"/> <input type="button" value="8"/> <input type="button" value="7"/> <input type="button" value="6"/> <input type="button" value="5"/> <input type="button" value="4"/> <input type="button" value="3"/> <input type="button" value="2"/> <input type="button" value="1"/> <input type="button" value="n/a"/>	<input type="text" value="8.811"/>	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

**AUTHORIZED CONSUMPTION:**  MG/Yr

Click here:  for help using option buttons below  
Pcnt:  Value:

Use buttons to select percentage of water supplied OR value

**WATER LOSSES (Water Supplied - Authorized Consumption)**

MG/Yr

**Apparent Losses**

Unauthorized consumption:             MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:             MG/Yr  
Systematic data handling errors:             MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:**  MG/Yr

Pcnt:  Value:

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses:  MG/Yr

**WATER LOSSES:**  MG/Yr

**NON-REVENUE WATER**

**NON-REVENUE WATER:**  MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:             miles  
Number of active AND inactive service connections:              
Service connection density:             conn./mile main

Are customer meters typically located at the curbside or property line?  (length of service line, beyond the property boundary, that is the responsibility of the utility)  
Average length of customer service line:             psi

**COST DATA**

Total annual cost of operating water system:             \$/Year  
Customer retail unit cost (applied to Apparent Losses):             \$/1000 gallons (US)  
Variable production cost (applied to Real Losses):             \$/Million gallons  Use Customer Retail Unit Cost to value real losses

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 93 out of 100 \*\*\*

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Unauthorized consumption
- 2: Systematic data handling errors
- 3: Customer metering inaccuracies



**AWWA Free Water Audit Software:  
System Attributes and Performance Indicators**

WAS v5.0  
American Water Works Association  
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Water Audit Report for: **Manchester Water and Sewer Department (0000429)**  
Reporting Year: **2014** | **7/2014 - 6/2015**

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 93 out of 100 \*\*\*

System Attributes:

Apparent Losses:	3.293	MG/Yr
+ Real Losses:	74.688	MG/Yr
= <b>Water Losses:</b>	<b>77.981</b>	<b>MG/Yr</b>
Unavoidable Annual Real Losses (UARL):	43.688	MG/Yr
Annual cost of Apparent Losses:	\$12,874	
Annual cost of Real Losses:	\$93,360	

Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

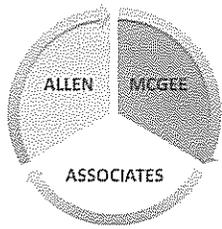
Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	13.1%
	Non-revenue water as percent by cost of operating system:	11.4%
Operational Efficiency:	Apparent Losses per service connection per day:	1.29 gallons/connection/day
	Real Losses per service connection per day:	29.29 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	0.49 gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	74.69 million gallons/year
	Infrastructure Leakage Index (ILI) [CARL/UARL]:	1.71

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

# SINGLE AUDIT SECTION

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# Allen, McGee and Associates

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Mayor and Aldermen  
City of Manchester, Tennessee  
200 West Fort Street  
Manchester, Tennessee 37355

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Manchester, Tennessee's basic financial statements and have issued our report thereon dated January 14, 2016.

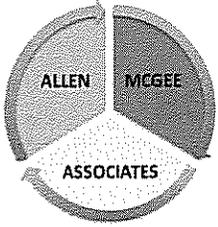
### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Manchester, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Manchester, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Manchester, Tennessee's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described

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# Allen, McGee and Associates

## Certified Public Accountants

in the accompanying schedule of findings and questioned costs to be material weaknesses. 2015-01, 2015-05, 2015-06, 2015-07 and 2015-08.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. 2015-02, and 2015-09.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Manchester, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-03, 2015-04, 2015-05 and 2015-10.

### **City of Manchester, Tennessee's Response to Findings**

City of Manchester, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Manchester, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

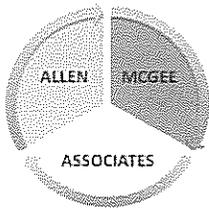
*Allen, McGee and Associates*

*Certified Public Accountants*

*January 14, 2016*

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS  
REQUIRED BY OMB CIRCULAR A-133**

City of Manchester, Tennessee  
200 West Fort Street  
Manchester, Tennessee 37355

**Report on Compliance for Each Major Federal Program**

We have audited the City of Manchester, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City of Manchester, Tennessee's major federal programs for the year ended June 30, 2015. City of Manchester, Tennessee's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

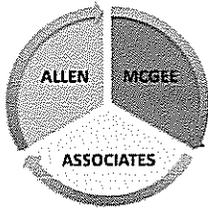
Our responsibility is to express an opinion on compliance for each of the City of Manchester, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Manchester, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Manchester, Tennessee's compliance.

***Basis for Qualified Opinion on the School Nutrition Cluster, Title I Grants to Local Education Agencies, Special Education Cluster and the Teacher Incentive Fund Programs***

As described in the accompanying schedule of findings and questioned costs in Finding 2015-05, for Allowable Costs the City of Manchester, Tennessee Schools did not maintain

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## Allen, McGee and Associates LLC Certified Public Accountants

supporting documentation for a significant number of disbursements tested for the School Breakfast Program 10.553, National School Lunch Program 10.555, Title I Grants to Local Education Agencies 84.010, Special Education – Grants to States 84.027, Special Education – Preschool Grants 84.173, and the Teacher Incentive Fund 84.374, in our opinion, for the City of Manchester, Tennessee to comply with the requirements applicable to these programs.

### ***Qualified Opinion on School Nutrition Cluster, Title I Grants to Local Education Agencies, Special Education Cluster and the Teacher Incentive Fund Programs***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Manchester, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the School Breakfast Program, National School Lunch Program, Title I Grants to Local Education Agencies, Special Education – Grants to States, Special Education – Preschool Grants, and the Teacher Incentive Fund for the year ended June 30, 2015.

### ***Other Matters***

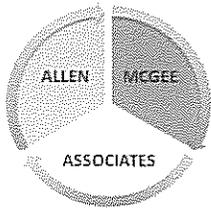
The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-03, 2015-04, 2015-05 and 2015-10. Our opinion on each major federal program is modified with respect to these matters.

City of Manchester, Tennessee's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Manchester, Tennessee's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the City of Manchester, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Manchester, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Manchester, Tennessee's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.



## Allen, McGee and Associates LLC Certified Public Accountants

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-01, 2015-05, 2015-06, 2015-07 and 2015-08 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-02, and 2015-09 to be significant deficiencies.

City of Manchester, Tennessee's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Manchester, Tennessee's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Allen, McGee and Associates,  
Certified Public Accountants*

Allen, McGee and Associates  
Tullahoma, Tennessee  
January 14, 2016

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City of Manchester, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants  
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
School Breakfast Program	10.553	(2)	\$ 151,731
National School Lunch Program	10.555	(2)	337,818
Passed-through State Department of Agriculture:			
National School Lunch Program	10.555	(2)	39,999
Total U.S. Department of Agriculture			<u>\$ 529,548</u>
U.S. Department of Housing and Urban Development			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	33004-13415	\$ 39,313
Total U.S. Department of Housing and Urban Development			<u>\$ 39,313</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	114388	\$ 125,609 (3)
Highway Planning and Construction	20.205	112064.01	456,326 (3)
Alcohol Open Container Requirements	20.607	154AL-15-82	28,924
Total U.S. Department of Transportation			<u>\$ 610,859</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 440,283
Special Education Cluster:			
Special Education - Grants to State	84.027	N/A	455,944
Special Education - Preschool Grants	84.173	N/A	43,386
Rural Education	84.358	N/A	28,857
English Language Acquisition State Grants	84.365	N/A	9,497
Improving Teacher Quality State Grants	84.367	N/A	42,020
Passed-through National Institute for Excellence in Teaching:			
Teacher Incentive Fund	84.374	N/A	598,718
Total U.S. Department of Education			<u>\$ 1,618,705</u>
Total Expenditures of Federal Awards			<u>\$ 2,798,425</u>
<u>State Grants</u>			
Local Parks and Recreation Fund Grant			
State Department of Environment and Conservation		32701-01683	\$ 95,912
Project Diabetes Implementation Grants - State Department of Health		34347-43014	15,000
Project Diabetes Implementation Grants - State Department of Health		34347-41314	149,973
Coordinated School Health Initiative - State Department of Education		(2)	81,000
LEAP Grant - State Department of Economic and Community Development		(2)	151,045
Family Resource Center Grant - State Department of Education		(2)	58,357
Safe Schools Act 2003 - State Department of Education		(2)	6,881
Total State Grants			<u>\$ 558,168</u>

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Information not available.  
(3) Total CFDA number 20.205 is \$581,935

**City of Manchester, Tennessee  
Schedule of Audit Findings Not Corrected  
For the Year Ended June 30, 2015**

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Financial Report for the City of Manchester, Tennessee for the year ended June 30, 2014, which have not been corrected.

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
<b>2006-001</b>	<b>81</b>	<b>Incomplete or Missing Expenditure Documentation (On the Manchester City Schools)</b>
<b>2006-003</b>	<b>82</b>	<b>Proper Segregation of Duties (On the Manchester City Schools)</b>

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**Year Ended June 30, 2015**

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses a qualified opinion on the Governmental Activities, Business-type Activities, General Purpose School Fund, Water and Sewer Fund and the Aggregate Remaining Fund Information financial statements of the City of Manchester, Tennessee. The auditors' report expresses an unmodified opinion on the General Fund and the Debt Service Fund financial statements of the City of Manchester, Tennessee.
2. The audit of the financial statements of the City of Manchester, Tennessee, disclosed significant deficiencies in internal control findings 2015-02, 2015-09.
3. The audit of the financial statements of the City of Manchester, Tennessee disclosed material weaknesses in internal control findings 2015-01, 2015-05, 2015-06, 2015-07, and 2015-08.
4. No instances of noncompliance material to the financial statements of the City of Manchester, Tennessee were disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for the City of Manchester, Tennessee expresses a qualified opinion.
6. The audit revealed findings 2015-01, 2015-03, 2015-04, 2015-05, 2015-06, 2015-07, 2015-08 and 2015-10 that are required to be reported under Section 510(a) of OMB *Circular A-133*.
7. The programs tested as major programs included: School Breakfast Program CFDA No. 10.553, National School Lunch Program CFDA No. 10.555, Title I Grants to Local Education Agencies CFDA No. 84.010, Special Education – Grants to States CFDA No. 84.027, Special Education – Preschool Grants CFDA No. 84.173, and the Teacher Incentive Fund CFDA No. 84.374.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Manchester, Tennessee did not qualify as a low-risk auditee.

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**(Cont.)**

**City General Government**

**FINDING 2015-01**    PHYSICAL INVENTORY OF CAPITAL ASSETS OF THE CITY OF  
MANCHESTER  
(Internal Control – Material Weakness under *Government Auditing  
Standards*)

During the period a physical inventory was not performed on the capital assets of the City of Manchester. Our tests of the capital assets listing determined that several items were disposed of in the current and prior years and are still be maintained on the listing. Due to this internal control weakness we were unable to determine the accuracy of the Capital Asset Listing. Also, sound internal control requires that inventories of fixed assets be periodically examined for completeness and the condition of the capital assets. Due to this condition we were unable to satisfy ourselves that certain financial statements were fairly presented in accordance with Generally Accepted Accounting Principles.

**RECOMMENDATION**

Periodically the capital asset listing should be compared to the actual assets and disposals and or missing items should be removed from this listing. The capital assets should also, be periodically reviewed for any impairments that exist and adjustments made to the fixed asset accounting package for any impairments. Proper procedures should be followed in accordance with the Manchester Municipal Code 5-720 on the disposal of surplus property.

**MANAGEMENT'S RESPONSE**

During the current 2015-2016 fiscal year a physical inventory will be performed and capital assets will be corrected.

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**(Cont.)**

**City General Government (Cont.)**

**FINDING 2015-02**    **RECEIVABLES FOR THE RECREATION CENTER**  
(Internal Control – Significant Deficiency under *Government Auditing Standards*)

As of June 30, 2015 accounts receivable existed for the Manchester Recreation Center totaling \$87,016 on the financial statements of this report. These receivables have not been periodically reviewed and amounts determined to be uncollectable should be written off. Also, if any accounts are not available for the current period expenses these amounts should be included in deferred inflows to offset this asset.

**RECOMMENDATION**

Receivables should be periodically reviewed and accounts that are determined to be uncollectable a listing should be prepared and submitted to the Board of Mayor and Aldermen for approval to write the accounts off as losses of revenues.

**MANAGEMENT'S RESPONSE**

The board in conjunction with the recreation commission will review the policy regarding write off of bad debts and take appropriate actions.

**FINDING 2015-03**    **BUDGETED EXPENDITURES IN EXCESS OF APPROPRIATIONS**  
(Non Compliance under *Government Auditing Standards*)

During the period under examination total expenditures and encumbrances of the Recreation Fund exceeded appropriations by \$212,786.

**RECOMMENDATION**

Expenditures and encumbrances should be held within appropriations approved by the Board of Mayor and Aldermen.

**MANAGEMENT'S RESPONSE**

This budget exceeded appropriations due to an unperformed construction contract that will be completed in the following fiscal year.

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**(Cont.)**

**City General Government (Cont.)**

**FINDING 2015-04** DEPOSIT WITH FINANCIAL INSTITUTION IN EXCESS OF  
REQUIRED COLLATERAL PLEDGES  
(Non Compliance under *Government Auditing Standards*)

As of June 30, 2015 deposits with one financial institution exceeded collateral pledge requirements by \$70,509 as required by state statutes.

**RECOMMENDATION**

Deposits with financial institutions should be properly collateralized as required by state statutes.

**MANAGEMENT'S RESPONSE**

Proper controls will be established to insure that this will be corrected.

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**(Cont.)**

**Manchester City Schools**

**FINDING 2015-05** MISSING SUPPORT FOR DISBURSEMENTS  
(Internal Control – Material Weakness and Compliance under  
*Government Auditing Standards*)

During the period under examination our tests revealed that documentation supporting disbursements was not maintained for a significant number of disbursements for instance the all vendor disbursements made during the Month of May 2015 for all the funds maintained by the Manchester City School Board were not supported by adequate documentation. Sound internal controls and compliance requirements for all federal awards require that supporting documentation must be maintained for all disbursements. This lack of support for these disbursements resulted in us not being able to determine if all disbursements made for the funds maintained by the Manchester City School Board were for a School Purpose and made in compliance with guidelines and requirements of the various federal awards.

**RECOMMENDATION**

The Manchester City Schools should adopt policies and procedures to insure that all documentation is maintained. Sound internal controls and compliance requirements for all federal awards requires that supporting documentation be maintained.

**QUESTIONED COSTS**

Unable to determine the amount of questioned costs.

**MANAGEMENT'S RESPONSE**

The documentation for the month of May on payroll and insurance is now available.

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**(Cont.)**

**Manchester City Schools (Cont.)**

**FINDING 2015-06** DUTIES WERE NOT ADEQUATELY SEGREGATED  
(Internal Control – Material Weakness under *Government Auditing Standards*)

Our review of the overall accounting controls of the Manchester City School Board's accounting system, we found several areas where duties were not adequately segregated among employees or other responsible parties of the School Board.

**RECOMMENDATION**

To decrease the risk of undetected errors and irregularities, management should review employees' responsibilities to ensure that no employee has control over a complete transaction.

**MANAGEMENT'S RESPONSE**

This is due to a reduction in force for the 2014-15 school year.

**FINDING 2015-07** FAILURE TO PROPERLY RECONCILE THE BANK STATEMENTS  
TO THE GENERAL LEDGER CONTROLS  
(Internal Control – Material Weakness under *Government Auditing Standards*)

During the period under examination the bank reconciliations were not performed for several months for the Central Cafeteria Fund checking account and for the Payroll Deduction Clearing Accounts. This resulted in the cash and revenues of the Central Cafeteria Fund to be understated by \$108,237. It also, resulted in errors totaling \$6,040 in payroll deduction account transfers going undetected resulting in an understatement of cash of this amount and overstatement of expenditures in the General Purpose School Fund. These corrections have been made in the financial statements of this report.

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**(Cont.)**

**Manchester City Schools (Cont.)**

**FINDING 2015-07** FAILURE TO PROPERLY RECONCILE THE BANK STATEMENTS TO THE GENERAL LEDGER CONTROLS (CONT.)

**RECOMMENDATION**

The bank statements should be properly reconciled to the general ledger controls in a timely manner and the unusual items and errors disclosed should be investigated and errors corrected. If suppressed checking accounts are used for payroll deductions these accounts should be reconciled to a \$0 balance at the end of each month and corrections made on the general ledger for these errors.

**MANAGEMENT'S RESPONSE**

Payroll accounts will be reconciled to a zero balance.

**FINDING 2015-08** FAILURE TO RECONCILE THE GENERAL LEDGER PAYROLL LIABILITIES PAYABLE TO AMOUNTS PAID AND/OR DUE  
(Internal Control – Material Weakness under *Government Auditing Standards*)

Payroll liabilities presented on the general ledger were not reconciled to the amounts paid and/or due for the fiscal year under examination. This resulted in payroll liabilities being understated by \$184,891 on June 30<sup>th</sup> 2015. Our payroll tests performed during our audit engagement revealed that an increase in dental insurance had occurred before June 30, 2015 and adjustments were not made in the payroll amounts being deducted or expensed for this increase.

**RECOMMENDATION**

Payroll liabilities should be reconciled on a periodic basis to the amounts due and/or subsequently paid.

**MANAGEMENT'S RESPONSE**

Payroll liabilities will be reconciled on a monthly basis to the amounts due and/or subsequently paid.

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**(Cont.)**

**Manchester City Schools (Cont.)**

**FINDING 2015-09**    FAILURE TO PROPERLY ESTABLISH RECEIVABLES FOR THE  
GENERAL PURPOSE SCHOOL FUND  
(Internal Control – Significant Deficiency under *Government Auditing  
Standards*)

Receivables for local taxes collections totaling \$434,413 due from Coffee County and Other Deferred Inflows for unavailable revenues totaling \$173,004 were not established for June 30, 2015 on the general ledger for the General Purpose School Fund. This resulted in the fund balance being understated by \$261,409 on the official records of the Manchester City Schools.

**RECOMMENDATION**

Proper controls should be establish to ensure that all receivables are established on the General Ledger. A deferred inflow of resources account should be established for all receivables that are not available to pay the liabilities of the current period generally this is within 60 days after the current period end.

**MANAGEMENT'S RESPONSE**

Due to change in personnel this was not done. Mr. Mark Allen will provide audit adjustments to the school personnel to correct this finding.

**City of Manchester, Tennessee**  
**Schedule of Audit Findings and Questioned Costs**  
**(Cont.)**

**General Government and the Manchester City Schools**

FINDING 2015-10 CASH OVERDRAFT IN THE SCHOOL FEDERAL PROJECTS  
FUND INVESTMENT IN POOLED CASH  
(Material Non -Compliance under *Government Auditing Standards*)

On June 30, 2015 a cash overdraft existed with the City of Manchester Pooled Cash account for the School Federal Projects Fund due to checks being issued in excess of available monies totaling \$84,208. In effect this is a loan from the City of Manchester Pooled Cash Account. This loan was not approved by the Tennessee Comptroller of the Treasury, Division of Local Finance as required by *Tennessee Code Annotated, Title 9*. This loan was also not approved by the Manchester City School Board or the Manchester Board of Mayor and Aldermen as required by the Manchester Charter.

RECOMMENDATION

Checks and/or other disbursement should not be issued in excess of available funds. All indebtedness should be properly approved in accordance with state statutes and the City of Manchester Charter.

MANAGEMENT'S RESPONSE

An internal loan will be approved by the Board to cover excess cost until money is received from the federal grants.

