



PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 30, 2024

NEW ISSUE – Book-Entry-Only

**FITCH:
S&P GLOBAL RATINGS:**
(See “Ratings” herein)

In the opinion of Bond Counsel, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), based on existing law, interest on the Bonds and the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. Interest on the Bonds and Notes may be includable in the calculation of certain taxes under the Code, as described under Appendix B - “Form of Legal Opinion of Bond Counsel and Tax Exemption for the Bonds” and Appendix C - “Form of Legal Opinion of Bond Counsel and Tax Exemption for the Notes” herein.

In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

TOWN OF MANCHESTER, CONNECTICUT **\$25,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2024**

Dated: Date of Delivery

Due: February 1, as shown herein

The \$25,000,000 General Obligation Bonds, Issue of 2024 (the “Bonds”) will be general obligations of the Town of Manchester, Connecticut (the “Town”), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due (see “Security and Remedies” herein). The principal amounts of the Bonds will be due annually on February 1, 2025 – 2044, as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing August 1, 2024. **The Bonds are subject to optional redemption as more fully described herein. See “Optional Redemption” herein.**

\$13,720,814 GENERAL OBLIGATION TEMPORARY NOTES, ISSUE OF 2024

Dated: Date of Delivery

Due: February 13, 2025

The \$13,720,814 General Obligation Temporary Notes, Issue of 2024 (the “Notes”) will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due (see “Security and Remedies” herein). The Notes will be due and payable, as to both principal and interest at maturity. The Notes will bear interest calculated on the basis of a 360-day year, consisting of twelve 30-day months, payable at maturity at the rate per annum as shown on the inside cover page of this Official Statement. **The Notes are not subject to redemption prior to maturity.**

The Bonds and Notes are being offered for sale in accordance with official Notices of Sale both dated January 30, 2024. Electronic Bids via *PARITY*® for the Bonds will be received until 11:00 A.M. (E.T.) on Tuesday, February 6, 2024 and Electronic Bids via *PARITY*® for the Notes will be received until 11:30 A.M. (E.T.) on Tuesday, February 6, 2024, at the offices of the Town of Manchester, 494 Main Street, Manchester, Connecticut 06040. (See Appendix F and Appendix G herein).

The Bonds and the Notes will be issued by means of a book-entry-only transfer system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds and the Notes. Purchases of the Bonds and the Notes will be made in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds and the Notes. So long as Cede & Co. is the Bondowner and Noteowner, as nominee of DTC, reference herein to the Bondowner and Noteowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds and the Notes. (See “Book-Entry-Only Transfer System” herein.)

The registrar, certifying bank, transfer and paying Agent on the Bonds and the Notes will be U.S. Bank Trust Company, National Association, 185 Asylum Street, 27th Floor, Hartford, Connecticut.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Shipman & Goodwin LLP, Hartford, Connecticut, Bond Counsel to the Town. It is expected that delivery of the Bonds and Notes will be made in book-entry-only form to DTC in New York, New York on or about February 15, 2024.

This cover page contains certain information for quick reference only. It is not a summary of these issues. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

TOWN OF MANCHESTER, CONNECTICUT

\$25,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2024

Dated: Date of Delivery

Due: February 1, as shown below

Maturity	Amount	Coupon	Yield	CUSIP ¹	Maturity	Amount	Coupon	Yield	CUSIP ¹
2025	\$1,250,000	%	%	562111***	2035	\$1,250,000	%	%	562111***
2026	1,250,000			562111***	2036	1,250,000			562111***
2027	1,250,000			562111***	2037	1,250,000			562111***
2028	1,250,000			562111***	2038	1,250,000			562111***
2029	1,250,000			562111***	2039	1,250,000			562111***
2030	1,250,000			562111***	2040	1,250,000			562111***
2031	1,250,000			562111***	2041	1,250,000			562111***
2032	1,250,000			562111***	2042	1,250,000			562111***
2033	1,250,000			562111***	2043	1,250,000			562111***
2034	1,250,000			562111***	2044	1,250,000			562111***

\$13,720,814 GENERAL OBLIGATION TEMPORARY NOTES, ISSUE OF 2024

Dated: Date of Delivery

Due: February 13, 2025

Coupon	Yield	CUSIP ¹
%	%	562111***

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds and Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds or Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds or Notes.

No dealer, broker, salesman or other person has been authorized by the Town of Manchester, Connecticut (the "Town"), to give any information or to make representations not contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – “Financial Statements” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon, and do not assume responsibility for, the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Other than matters expressly set forth in Appendices B and C herein, Bond Counsel is not passing on, and does not assume any responsibility for, the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

This Official Statement is in a form "deemed final" by the Town for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board through its EMMA system. The Town will enter into Continuing Disclosure Agreements with respect to the Bonds and the Notes, substantially in the forms attached as Appendices D and E to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) certain annual financial information and operating data with respect to the Bonds; (ii) timely notice of the occurrence of certain events with respect to the Bonds and the Notes, not in excess of ten (10) business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds.

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

BOND COUNSEL
SHIPMAN & GOODWIN LLP
Hartford, Connecticut
(860) 251-5000

MUNICIPAL ADVISOR
MUNISTAT SERVICES, INC.
Madison, Connecticut
(203) 421-2880

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BOND ISSUE SUMMARY

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, February 6, 2024 at 11:00 A.M. (E.T.)
Location of Sale:	Office of the Town of Manchester, 494 Main Street, Manchester, Connecticut 06040
Issuer:	The Town of Manchester, Connecticut (the “Town”).
Issue:	\$25,000,000 General Obligation Bonds, Issue of 2024 (the “Bonds”).
Dated Date:	Date of Delivery.
Interest Due:	February 1 and August 1 in each year until maturity, commencing August 1, 2024.
Principal Due Date:	Annually on February 1, 2025-2044, as shown on the inside cover page of the Official Statement.
Purpose:	Proceeds of the Bonds will be used for school improvements, public works projects and various capital improvements.
Security:	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due. See “Security and Remedies” herein.
Tax Exemption:	See Appendix B to this Official Statement.
Bank Qualification:	The Bonds shall not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Ratings:	See “Ratings” herein.
Optional Redemption:	The Bonds are subject to optional redemption prior to maturity as more fully described herein. See “Optional Redemption” herein.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP, Hartford, Connecticut, will act as Bond Counsel.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) timely notice of the occurrence of certain events within ten (10) business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required information on or before the date specified in the Continuing Disclosure Agreement for the Bonds to be executed substantially in the form attached as Appendix D to this Official Statement.
Delivery:	It is expected that delivery of the Bonds in book-entry-only form to The Depository Trust Company will be made on or about February 15, 2024. Payment must be made in Federal Funds.
Issuer Official:	Ms. Kimberly Lord, Director of Finance, Lincoln Center, 494 Main Street, Manchester, Connecticut 06040. Telephone (860) 647-3101. Email: klord@manchesterct.gov.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William Lindsay, Managing Director, Telephone: (203) 421-2880.

NOTE ISSUE SUMMARY

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, February 6, 2024 at 11:30 A.M. (E.T.)
Location of Sale:	Office of the Town of Manchester, 494 Main Street, Manchester, Connecticut 06040
Issuer:	The Town of Manchester, Connecticut (the “Town”).
Issue:	\$13,720,814 General Obligation Temporary Notes, Issue of 2024 (the “Notes”).
Dated Date:	Date of Delivery.
Interest Due:	At maturity – February 13, 2025.
Principal Due Date:	At maturity – February 13, 2025.
Purpose:	The Notes are being issued to finance various water and sewer projects.
Security:	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due. See “Security and Remedies” herein.
Tax Exemption:	See Appendix C to this Official Statement.
Bank Qualification:	The Notes shall not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Ratings:	See “Ratings” herein.
Optional Redemption:	The Notes are not subject to redemption prior to maturity.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP, Hartford, Connecticut will act as Bond Counsel.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, timely notice of the occurrence of certain events within ten (10) business days of the occurrence of such events. The Continuing Disclosure Agreement for the Notes is to be executed substantially in the form attached as Appendix E to this Official Statement.
Delivery:	It is expected that delivery of the Notes in book-entry-only form to The Depository Trust Company will be made on or about February 15, 2024. Payment must be made in Federal Funds.
Issuer Official:	Ms. Kimberly Lord, Director of Finance, Lincoln Center, 494 Main Street, Manchester, Connecticut 06040. Telephone (860) 647-3101. Email: klord@manchesterct.gov.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William Lindsay, Managing Director, Telephone: (203) 421-2880.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Manchester, Connecticut (the “Town”), in connection with the original sale of the Town’s \$25,000,000 General Obligation Bonds, Issue of 2024 (the “Bonds”) and \$13,720,814 General Obligation Temporary Notes, Issue of 2024 (the “Notes”).

This Official Statement (“Official Statement”) is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

All quotations from, and summaries and explanations of, provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and Notes and such proceedings.

The information set forth herein has been furnished by the Town and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. Neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Town since the date hereof.

The information relating to The Depository Trust Company (“DTC”) and the book-entry-only system contained in this Official Statement have been furnished by DTC (see “Book-Entry-Only Transfer System” herein). No representation is made by the Town as to the adequacy or accuracy of such information. The Town has not made any independent investigation of DTC or the book-entry-only system.

Munistat Services, Inc. (“Munistat”) is engaged as Municipal Advisor to the Town in connection with the issuance of the Bonds and the Notes. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds and the Notes is contingent upon the issuance and delivery of the Bonds and the Notes. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds and the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Bond Counsel is not passing upon, and does not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinions in Appendix B and Appendix C herein) and it makes no representation that it has independently verified the same.

The Town considers this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery, will mature on February 1 in each of the years 2025 to 2044, in the principal amounts as shown on the inside cover page of this Official Statement. The Bonds will bear interest payable semiannually on February 1 and August 1 in each year commencing August 1, 2024 to the holders of record as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if the fifteenth day is not a business day. Interest on the Bonds will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. The Bonds are issuable only as fully-registered Bonds in book-entry-only form (see “Book-Entry-Only Transfer System” herein) in denominations of \$5,000 or any integral multiple thereof. Principal of and interest on the Bonds will be paid directly to DTC by the Town or its agent, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, New York, New York, by such other means as DTC, the Paying Agent and the Town shall agree.

The Certifying Bank, Registrar, Transfer and Paying Agent for the Bonds, will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.

OPTIONAL REDEMPTION

The Bonds maturing on or before February 1, 2032 are **not** subject to redemption prior to maturity. The Bonds maturing on and after February 1, 2033 are subject to redemption prior to maturity, at the option of the Town, on and after February 1, 2032, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
February 1, 2032 and thereafter	100.00%

NOTICE OF REDEMPTION

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than twenty (20) days prior to the redemption date to the registered owner of any Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds, or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee for DTC (hereinafter defined) is the registered owner of the Bonds, all notices of redemption will be sent only to DTC (or a successor securities depository) or its successor nominee.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by \$5,000.

The Town, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. (See “Book-Entry-Only Transfer System” herein for discussion of DTC and definitions of “Direct Participant”, “Indirect Participants” and “Beneficial Owner”).

Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry-only system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of reduction of interest in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, or be the responsibility of, the Town, the Registrar or Paying Agent for the Bonds.

PROJECT DESCRIPTIONS – BONDS

Public Works Projects 2020/2021 – To fund the costs of reconstruction and repair of various town roads, roadside elements, sidewalks, and repairs to Union Pond Dam.

New Main Library Branch 2022 – To fund costs of renovations to the Town’s main branch library.

AUTHORIZATION AND PURPOSE - BONDS

The Bonds are issued pursuant to Title 7 of the General Statutes of the State of Connecticut, as amended, the Charter of the Town, certain bond resolutions adopted by the Board of Directors, and referenda approved by voters of the Town. Proceeds of the Bonds will be used to finance various capital improvements of the Town. The specific projects to be financed are based upon construction progress. A summary of the estimated allocation of bond proceeds to capital projects is as follows:

<u>Project</u> ¹	<u>Bond Authorization Amount</u>	<u>Previously Issued</u>	<u>The Bonds (This Issue)</u>
Public Works Projects 2020/2021.....	\$ 17,250,000	\$ 8,250,000	\$ 8,725,000
New Main Branch Library 2022.....	39,000,000	1,250,000	16,275,000
Total	\$ 56,250,000	\$ 9,500,000	\$25,000,000

¹ The Town may reallocate proceeds between its bond authorized projects to meet its cash flow needs.

DESCRIPTION OF THE NOTES

The Notes will be dated the date of delivery and will be due and payable as to both principal and interest at maturity on February 13, 2025. The Notes will bear interest calculated on the basis of a 30-day month and a 360-day year at the rate or rates per annum as set forth on the inside cover page of this Official Statement. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof plus any odd amount, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System”. The Registrar, Certifying Bank, Transfer and Paying Agent for the Notes will be U.S. Bank Trust Company, National Association of Hartford, Connecticut. .

The Notes are NOT subject to redemption prior to maturity.

PROJECT DESCRIPTIONS – NOTES

WATER PROJECTS

Water Quality Improvement Program - This authorization will pay for costs related to the replacement or rehabilitation of undersized or deteriorated water mains, and other necessary improvements to the Town’s water distribution system. The appropriation may also be expended for alterations, repairs and improvements in connection therewith including, but not limited to, equipment, materials, construction, site work, plan preparation, design work, engineering services, architectural services, electrical work, inspections, and for administrative, printing, legal and financing costs and all other costs related to the projects.

SEWER PROJECTS

Sewer System Improvements - This authorization will pay for projects included in the prioritization plan set forth in the Sanitary Sewer Evaluation Study (SSES). The primary criteria for project selection will be those areas of high infiltration and inflow. Secondary areas where known problems exist or are in such a deteriorated state the work must be done to maintain the integrity of the system and reduce potential liabilities to the Town. Funds will be used to pay for costs related to repairing and replacing defective sanitary sewers, various infrastructure improvements and other necessary improvements to the Town’s sewer system.

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AUTHORIZATION AND PURPOSE – NOTES

The Notes are issued pursuant to the Connecticut General Statutes, as amended, the Town Charter and various resolutions adopted by the Town’s Board of Directors.

Project¹	Amount Authorized	Notes due 2/15/2024	Additions/ Reductions	The Notes (This Issue)
<u>Water Projects</u>				
Water Quality Improvement Program '13-'15....	\$ 3,600,000	\$ 226,667	\$ (226,667)	\$ -
Water Quality Improvement Program '16-'18....	4,200,000	2,256,450	(769,417)	1,487,033
Water Quality Treatment Program '19-'20.....	2,400,000	1,795,304	(321,429)	1,473,875
Water Quality Treatment Program '20-'21.....	1,200,000	1,120,000	(80,000)	1,040,000
Water Quality Treatment Program '21-'22.....	2,990,000	2,200,000	643,333	2,843,333
Water Quality Treatment Program '22-'23.....	400,000	-	400,000	400,000
	<u>\$14,790,000</u>	<u>\$ 7,598,421</u>	<u>\$ (354,180)</u>	<u>\$ 7,244,241</u>
<u>Sewer Projects</u>				
Sewer System Improvements '09-'18.....	9,000,000	1,731,996	(549,833)	1,182,163
Sewer System Improvements '19-'20.....	2,600,000	1,845,957	(358,214)	1,487,743
Sewer System Improvements '20-'21.....	1,700,000	1,120,000	(80,000)	1,040,000
Sewer System Improvements '21-'22.....	2,900,000	2,000,000	766,667	2,766,667
Sewer Projects Subtotal.....	<u>16,200,000</u>	<u>6,697,953</u>	<u>(221,380)</u>	<u>6,476,573</u>
Total	<u>\$30,990,000</u>	<u>\$14,296,374</u>	<u>\$ (575,560)</u>	<u>\$ 13,720,814</u>

¹ The Town may reallocate proceeds between its bond authorized projects to meet its cash flow needs.

RATINGS

The Bonds have been rated [] by Fitch Ratings (“Fitch”) and [] by S&P Global Ratings (“S&P”). The Notes have been rated [] by Fitch and [] by S&P. The ratings on the Town’s outstanding parity debt has recently been affirmed as [] by Fitch and certain outstanding bonds are also rated [] by S&P. Such ratings reflect only the views of such organizations and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same. The Town furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement.

A rating obtained from a rating agency is subject to revision or withdrawal, which could affect the market price of the Town’s bonds or notes, including the Bonds and the Notes. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of outstanding securities, including the Bonds and the Notes.

SECURITY AND REMEDIES

The Bonds and Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and Notes when due.

Payment of the Notes is planned to be paid with revenues to be derived from waterworks or sewer system use charges, revenues to be derived from waterworks or sewer system connection charges, revenues to be derived from waterworks or sewer system benefit assessments or any other revenues collected by the Town’s Water and Sewer Department.

Unless paid from those other sources, the Bonds and Notes are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Payment of the Bonds and Notes is not limited to property tax revenues or any other revenue source, but certain other revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds and Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such bonds and notes would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the United States Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

CYBERSECURITY

Like many other public and private entities, the Town relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to, hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls, including a comprehensive policy relating to the security of the Town's government networks. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Town's digital networks and systems and the costs of remedying any such damage could be substantial. The Town maintains cyber insurance through Chubb and this insurance could only be procured after an intensive cyber security review in which the Town had to provide responses to BitSite Report findings and cyber-crime questionnaires. In 2023, the Town and Board of Education adopted a comprehensive Electronic Funds Transfer Policy with updated forms requiring staff verification and signature before implementing any EFT or Direct Deposit bank account changes to address cyber fraud.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the Town is vulnerable to inland wetland, small river and stream flooding. Furthermore, the Town faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Town has a very active program of tree inspections and removals, in coordination with the Town's electrical utility provider. The Town cannot predict the timing, extent or severity of climate change and its impact on its operations and finances. The Town created a Climate Resilience fund in Fiscal Year 2021-22 using \$700,000 surplus Public Works funds at year-end as its initial funding source. The Town added another \$700,000 to the fund in Fiscal Year 22-23 using surplus Public Works funds. This funding is available to Town departments to respond to storm emergencies in conjunction with applications to FEMA for assistance. The Town has an active Sustainability Commission that meets regularly to address future impacts of climate change.

QUALIFICATIONS FOR FINANCIAL INSTITUTIONS

The Bonds and the Notes shall NOT be designated by the Town as "qualified tax-exempt obligations" under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and Notes.

AVAILABILITY OF CONTINUING DISCLOSURE

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management. The Town provides, and will continue to provide, to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ongoing disclosure in the form of the Comprehensive Annual Financial Report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, in connection with the issuance of the Bonds and Notes, the Town will agree to provide or cause to be provided, notice of certain events with respect to the Bonds and Notes in accordance with the Continuing Disclosure Agreements to be executed in substantially the forms attached as Appendix D and Appendix E to this Official Statement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past five (5) years, the Town has not failed in any material respect to meet any of its undertakings under such agreements with the exception of the timely notification of the incurrence of a financial obligation when the Town issued \$14.8 million in temporary notes in February 2021. When this was brought to the Town's attention, the Town filed a failure to file notice and notice of the incurrence of a financial obligation on April 22, 2021. The Town has subsequently hired Munistat Services, Inc. as its dissemination agent.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

The Bonds and the Notes will be issued by means of a book-entry-only transfer system and registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York.

Unless otherwise noted, the description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds and the Notes (collectively, the "Securities"), payment of interest and other payments on the Securities to DTC participants or beneficial owners of the Securities, confirmation and transfer of beneficial ownership interest in the Securities and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Securities is based solely on information provided on DTC's website and presumed to be reliable. Accordingly, neither the Town nor the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company of New York, New York, will act as securities depository for the Securities. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and one fully-registered Note Certificate will be issued for the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry-only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its related subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Securities, except in the event that use of the book-entry-only system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in the beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Bonds are subject to optional redemption prior to maturity. Redemption notices shall be sent to DTC in accordance with the Notice of Redemption (see "Notice of Redemption" herein). If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. The Notes are not subject to redemption prior to maturity.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Securities will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent, or the Town subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Town or its agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Town may decide to discontinue the use of the system of the book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Town believes to be reliable but the Town takes no responsibility for the accuracy thereof.

REPLACEMENT BONDS

The determination of the Town officials authorizing the issuance of the Bonds and the Notes provides for issuance of fully-registered Bond and Note certificates directly to Beneficial Owners of the Bonds and the Notes or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds and the Notes, and the Town fails to

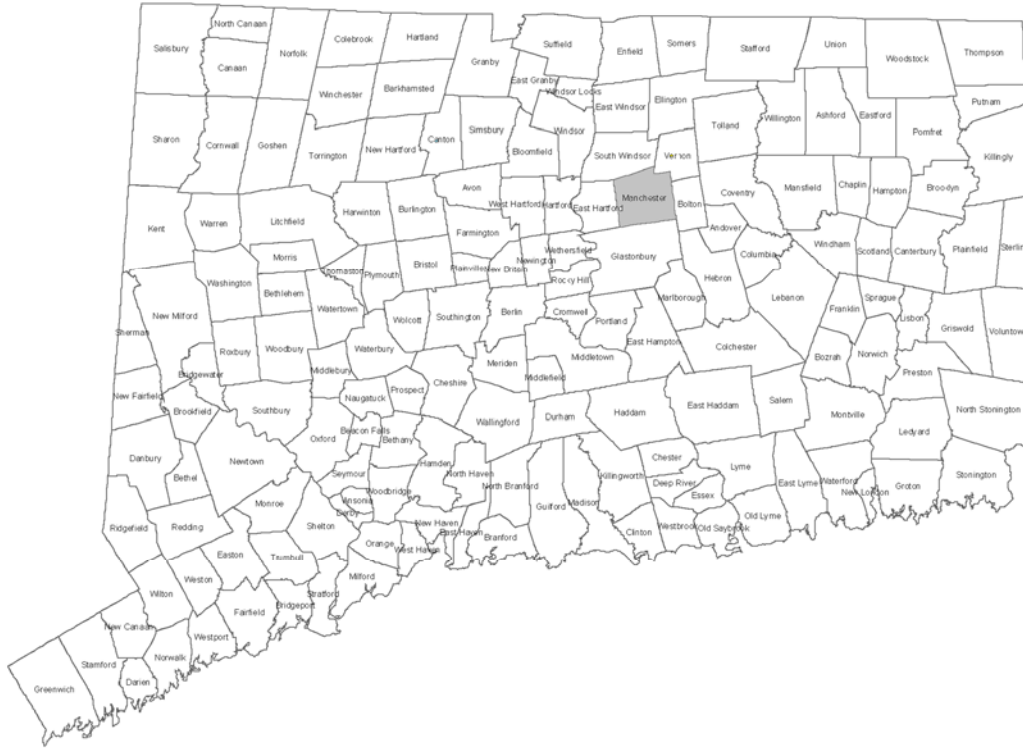
identify another qualified securities depository for the Bonds and the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry-only system of evidence and transfer of ownership of the Bonds and the Notes. The Town is authorized to issue fully-registered bond certificates directly to the Beneficial Owners. A Beneficial Owner of the Bonds or the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds and the Notes.

DTC PRACTICES

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Securities will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

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II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of Manchester covers 27.2 square miles in the Connecticut River Valley, nine miles east of Hartford. It was settled in 1672 and incorporated as a town in 1823. It is bordered by Glastonbury on the south, East Hartford on the west, and South Windsor, Vernon, and Bolton on the north and east.

The Town has two major interstate highways that serve the community. Interstate I-84 (New York, Hartford, Boston) and I-384 (Hartford and Providence) join in Manchester and are connected to Interstate I-91 (New Haven, Hartford, Montreal) by the 6.4-mile I-291 connecting expressway. Bradley International Airport is less than a twenty-minute drive from the Town. Direct rail freight service is available via Connecticut Southern Railroad. Commuter bus service provided by Connecticut Transit to Hartford is available along with commuter parking lots.

The Town experienced one of its largest periods of growth in the early 19th century industrial age, when the community developed neighborhoods around central business districts and industrial villages. As a result, the Town has a wide variety of housing types and neighborhoods including historic housing built in the Victorian era, streetcar suburban neighborhoods, post-World War II neighborhoods, and suburban developments from the 1960's through today. Single-family homes, condominiums, and market-rate rental apartments are all part of the residential and neighborhood mix. There were approximately 26,353 housing units with an estimated residential population in 2021 of 59,452 people.

Manchester is not simply a residential suburb of Hartford. It is a multi-faceted hub of diverse businesses that employ and service the greater region. The Town's history of commerce dates to the community's founding. From early sawmills and paper mills, Manchester evolved into a manufacturing center for glass and a notable textile manufacturing sector with silk as a specialty by the mid-1800s. Today, Manchester has over 1,200 businesses, including manufacturing, research and development, healthcare, and education. Manchester is also a retail powerhouse for the region with over \$1.5 billion in retail sales in 2021. With a vibrant Downtown, the Buckland Hills retail center, and several smaller retail centers, Manchester is a destination for area residents. Excluding non-store (online) retailers, the Town of Manchester saw \$1.27 billion in retail sales in 2021. Retail sales per capita in Town stand at \$26,549 compared with \$15,824 for Hartford County and \$15,496 for the State of Connecticut. As a regional retail center, Manchester enjoys a retail and restaurant supply that exceeds local demand by \$416 million.

As part of the Hartford Metropolitan Area, Manchester niches into a market that is dynamic and interactive. Industry, services, and distribution cluster in three main areas in Manchester, the first being located along both the Adams Street and New State Road Corridors that are home to a variety of service and light manufacturing businesses. The second area is the Manchester Business Park located in the northeastern portion of Town. This park is home to over seventy businesses in the service, manufacturing, distribution, and technology sectors. The third area, located along Tolland Turnpike and Chapel Road, is home to the Commerce Industrial Park and three large distribution center buildings, the largest of which is the 1.9 million square foot building known as the Winstanley Logistics Center. Currently, the building is occupied by three distribution companies, including the recent addition of Amazon.

Downtown Manchester is a unique and distinct specialty district for the East of the River Greater Hartford area. Local businesses are well-suited for downtown locations, smaller in-line shopping centers, and neighborhood centers, rather than large shopping centers and malls. This aligns with the continued focus on Downtown revitalization of an already strong Downtown market, as well as specialty districts within Manchester, to curate entrepreneurial retail and restaurant development. Downtown Manchester includes approximately 200 businesses, offering food and drink options, shopping, personal services, health and fitness businesses, professional services, education and classes, art and creative spaces, business support, nonprofits, weddings and event spaces, services for the home, and technology services. The Downtown area also contains an impressive 900 free parking spaces including seven public parking lots.

The continued revitalization of Downtown continues to be one of Manchester's top priorities, not simply from an economic development perspective, but because of the importance of the district to the entire community. Downtown is one of the Town's greatest and most unique assets and continues to serve as a restaurant destination, an arts and culture center, a small business hub, a central location for community events, and a gathering place for people of various backgrounds and interests. Over the past decade, the Town's goal has been to increase the vibrancy of the district and to encourage and invest in place-based economic development. Millions of dollars in both public and private funds have been invested in the building stock and public places over that period. At the same time, the Town has been able to attract many new successful businesses, including coffee shops, a brewery and tap room, an art studio and café, and an ice cream shop. In 2018, the Board of Directors approved the Downtown 2020 (later extended to 2022) Initiative to target public investment in the Downtown area. That initiative established a loan fund for transformative private development projects intended to address building/ fire and safety code issues and provided funds for capital improvements to enhance Downtown's sense of place. Under the Downtown 2020 Initiative, the Town reorganized professional staff support between the Special Services District and the Town which allowed the additional assessment paid by Downtown property owners to be reduced by half.

Through this initiative, Manchester has awarded three projects with funds for loan programs. With the Town's assistance, the Firestone Art Studio and Café has become a successful business, a hub of economic activity, and an attraction to Downtown. In terms of capital projects, Manchester has reimagined Purnell Place by installing murals at two connections between the rear parking lot and Main Street, stringing bistro lights and making other pedestrian improvements to connect Main Street and the St. James church parking lot. The next phase of reinvestment is likely to be even more transformative, centered upon a new location for the main branch of the public library, complete street enhancements, and the redevelopment of underutilized properties.

The Broad Street Redevelopment area is a 148-acre commercial district in central Manchester, lying between Manchester's historic Downtown and the Buckland Hills area. While the district served as a primary east-of-the-river commercial destination in the 1960s and 70s, the area continues to transition into more of a walkable, mixed-use community district. Today, single-story, single-use commercial buildings house various businesses, including banks and credit unions, restaurants, automotive shops, food and grocery stores, retail, and health and recreation uses accessible to surrounding residential neighborhoods. Anticipated development at the currently vacant Broad Street Parkade site is expected to accelerate this transition.

In 2008, Manchester's Board of Directors charged the Manchester Redevelopment Agency with creating a redevelopment plan for the Broad Street Parkade site. The Agency engaged the Manchester community and experts in real estate development, housing, medical facilities, and land use law to craft a plan that would map out a future for Broad Street, considering both market conditions and community support. The Broad Street Redevelopment Plan calls for a mix of uses in the redevelopment area to transition from an exclusively commercial district to an environment where people work, socialize, and live. Residential, retail, service, office, entertainment, and civic uses are possibilities throughout the area and for the redevelopment parcel. Since the approval of the Broad Street Redevelopment Plan in 2009, the Broad Street commercial area has been a major focus for the Town. The subsequent approval of an \$8 million bond referendum provided funding to accomplish the goals in the plan, and since then, the great majority of the plan's objectives have been completed. Those include reconstructing Broad Street; developing flexible form-based zoning regulations; purchasing and clearing blighted structures; conducting market research; remediating environmental contamination on the former Nichols properties and creating a physical connection between the district and Center Springs Park. While the infrastructure and zoning are in place for significant development on Broad Street,

redevelopment of the Broad Street Parkade itself remains unaccomplished. Legal and other challenges persist, but redevelopment of the Broad Street Parkade remains one of the Town's very top economic development priorities.

The healthcare sector centers around Eastern Connecticut Health Network's (ECHN) medical facilities located in the midtown area of the Town and is the largest employer in the Town of Manchester. This sector is likely to continue to grow, and the announcement of Yale New Haven Health's intended acquisition of the facilities will likely facilitate that growth.

FORM OF GOVERNMENT

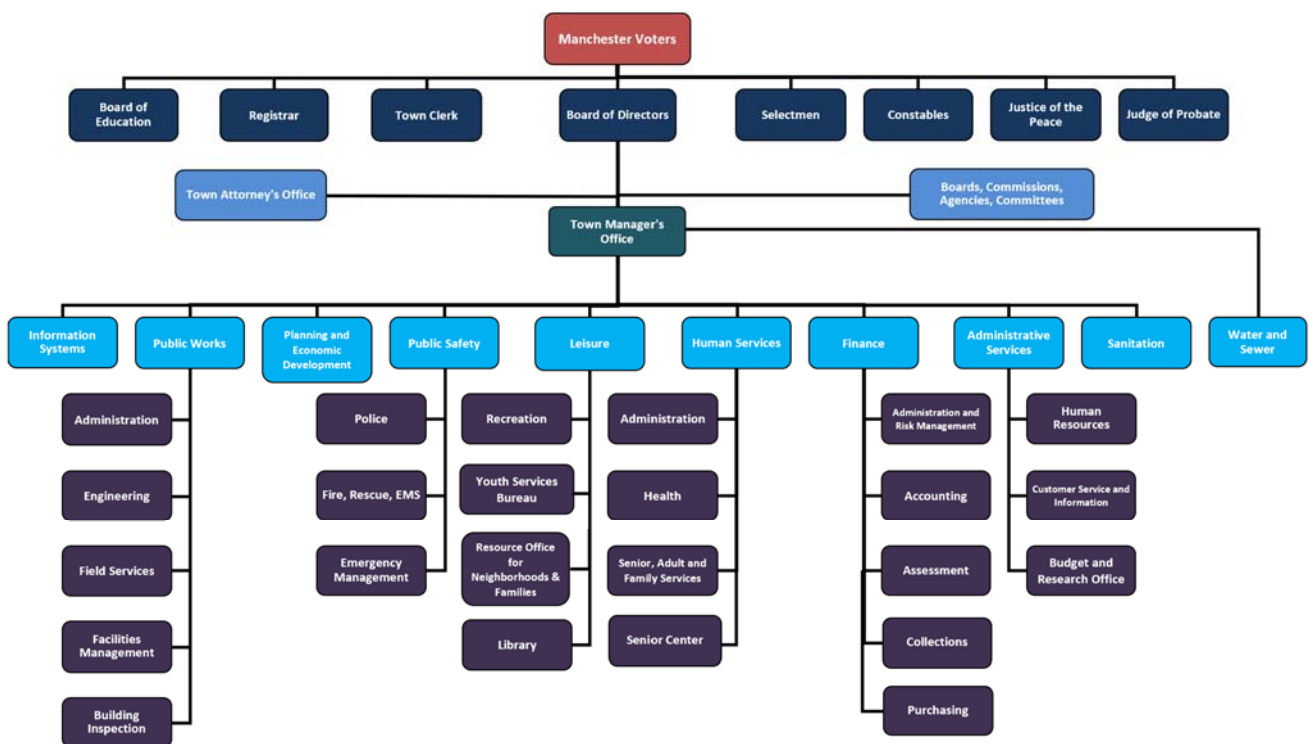
The Town has operated under a Council-Manager form of government since 1947. The legislative function is performed by a bipartisan Board of Directors consisting of direct-elect Mayor and eight additional board members, elected for two-year terms.

The Town Manager acts as the Chief Executive Officer and is responsible for the administrative branch of government. The Board of Directors appoints the Town Manager based on the applicant's executive and administrative qualifications.

The Director of Finance is appointed by the Town Manager and is required by Town Charter to keep such accounts as may be necessary to maintain a record of the condition of budget appropriations and to maintain complete accounts of all financial conditions of the Town. Pursuant to Charter amendments authorized by referendum in 2008, the Director of Finance assumed all powers and duties formerly vested in the Town Treasurer by the Charter and such powers and duties vested by State statute in town treasurers.

The following chart depicts the Town's organizational structure.

ORGANIZATIONAL CHART



MUNICIPAL OFFICIALS

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term</u>	<u>Years of Current Service</u>
Mayor.....	Jay Moran.....	Elected	2 Years	14 Years
Director.....	Sarah L. Jones.....	Elected	2 Years	9 Years
Director.....	Jesse Muniz Poland.....	Elected	2 Years	2 Years
Director.....	Gerald Lentini.....	Elected	2 Years	3 Months
Director.....	Peter Conyers.....	Elected	2 Years	4 Years
Director.....	Ed Boland.....	Elected	2 Years	3 Months
Director.....	Pamela Floyd-Cranford....	Elected	2 Years	6 Years
Director.....	Zachary Reichelt.....	Elected	2 Years	2 Years
Director.....	Dennis Schain.....	Elected	2 Years	4 Years
Town Clerk.....	Dr. Maria Cruz.....	Elected	4 Years	6 Months
Town Manager	Steve Stephanou.....	Appointed	Indefinite	4 Years
Director of Finance.....	Kimberly Lord.....	Appointed	Indefinite	7 Years
Director of Assessment.....	Tami Nomack.....	Appointed	Indefinite	1 Year
Budget and Research Officer.....	Brian Wolverton.....	Appointed	Indefinite	15 Years
Town Attorney.....	Ryan Barry.....	Appointed	2 Years	11 Years
Superintendent of Schools.....	Matthew Geary.....	Appointed	3 Years	9 Years
Director of Planning and Economic Dev...	Gary Anderson.....	Appointed	Indefinite	7 Years
Police Chief.....	William Darby.....	Appointed	Indefinite	5 Years
Fire Chief.....	Daniel French.....	Appointed	Indefinite	3 Years

Source: Town Finance Department

SUMMARY OF MUNICIPAL SERVICES

Police

The Manchester Police Department is a nationally accredited law enforcement agency with a funded strength of 117 sworn officers and a civilian staff of 33.5. The Department consists of three divisions: Field Services, Administrative Services, and Support Services. Field Services includes Patrol, Community Service Officers, School Resource Officers, Traffic, Animal Control, and the Domestic Violence Outreach Team. Administrative Services is comprised of Budget/Grants, Professional Standards, and Recruiting/Hiring. Support Services is comprised of Records, School Crossing Guards, Training, Maintenance, Property/Evidence, General Investigations, Child Investigations, the East Central Narcotics Task Force, Inspections, Dispatch, and Emergency Management. The Department has funded a full-time social worker with American Rescue Plan Act funds since 2021.

The Department is the Emergency 911 answering point for the Town and is responsible for police, fire, and emergency medical calls. The Department offers a Law-and-Order class held in cooperation with Manchester High School. The Department coordinates block watch programs and offers a wide variety of community-oriented services that reach beyond the scope of traditional policing, including Child Safety Seat installations, Citizen Police Academies, Rape Defense classes, Police Activity League, R-U-OK? Program and Text-A-Tip.

The Traffic Services unit is a member of the Regional Metro Traffic Services and participates in many proactive programs such as DWI and seatbelt checkpoints, as well as handling routine traffic enforcement and fatal accident investigations.

The Department fosters community policing throughout the agency and the community at large. The emphasis is on beat ownership and problem solving at the beat officer level along with maintaining an active role in the various programs serving the youth of the Town. The Police Activities League and the Police Explorer Program are just two of the many programs

offered to local youth. Additionally, the Manchester Police Department currently staffs five officers in local schools who act as mentors and role models for at-risk youth.

Fire

Committed to providing professional life safety and public services, the Manchester Fire Department is an ISO Class III-rated fire department with an authorized strength of 114 uniformed personnel. The department is comprised of 10 Chief Level Officers, 1 Fire Marshal, 1 Deputy Fire Marshal, and 1 Fire Inspector, 28 Company Level Officers, 42 Firefighter/Paramedics, and 31 Firefighter/EMTs. A civilian staff of 3 consisting of an Administrative Assistant, a Clerical Assistant, and one part-time Data Management Technician lend support to department operations. The five primary values of the Department are customer service, safety, teamwork, professionalism, and progressiveness.

Department personnel operate from seven strategically located fire stations throughout the Town. The Department's firefighting apparatus consists of five pumpers and two ladder trucks. The reserve fleet consists of three engines and one ladder truck. The Fire Department is an "all-hazards" service responding to over 11,000 calls annually including fire, emergency medical, rescue, hazardous material releases, and public service incidents. Community Risk Reduction (i.e. fire prevention) is the primary goal of the fire service and of this Department. Prevention is accomplished through code enforcement and educational programs for all ages delivered to schools, residential properties, social events, and businesses.

On February 1, 2023, voters of the Eighth Utilities District voted to consolidate the Eighth Utilities District into the Town, effective July 1, 2023. The Town's Board of Directors approved the consolidation at a meeting held on February 7, 2023. Since July 1, 2023, the Manchester Fire Department now provides fire and rescue services as well as Advanced Life Saving and Basic Life Savings services to the entirety of the town of Manchester. As a result of the consolidation, the Town saw an increase of two additional, fully-staffed, fire stations.

The Department serves as a base of operations for the Emergency Management Division of the Town with the Fire Chief acting as its director. The Division is presently staffed with a part-time Deputy Director that ensures a high standard of readiness to respond to man-made or natural emergencies and who oversees a hazardous materials storage inspection program. The Manchester Emergency Operations Center ("EOC") is fully-functional and is located at 321 Olcott Street. This Division is charged with coordinating, recruiting, and training of the Community Emergency Response Team ("CERT"). The Team's membership now stands at 70 individuals. Emergency Management continues to recruit and train additional CERT team members as well as ham radio and drone operators, search team members and mountain bike search and rescue team members.

Water

The Water Department operates as a self-supporting enterprise fund.

The Water Department provides water service to approximately 96% of the Town that consists of almost 15,750 service connections, which is about 55,000 of the Town's 58,000 residents. Approximately 5.7 million gallons of water are delivered daily.

The water system consists of seven reservoir impoundments which have a combined total capacity of 520 million gallons or a safe dependable yield of 4.6 million gallons per day. The system also has ten individual groundwater wells which can supply another 5.2 million gallons per day, thereby increasing the Town's total potable water supply capabilities to 9.8 million gallons per day. The distribution system consists of approximately 260 miles of water mains in sizes varying from one and one-half inches to thirty-six inches. There are ten water distribution storage tanks to meet peak daily water demand and fire protection requirements. The storage tanks have the capability of storing 7.178 million gallons in various locations within the distribution system.

The Water Department completed a \$12.5 million project to upgrade the Globe Hollow Water Treatment Plant in 2011. Major improvements included the addition of an ozonation system, switchover to liquid chlorine for disinfection, process equipment replacements, and security enhancements. It is currently working on a multi-year Water Quality Improvement Project ("WQIP") which will upgrade the subsurface infrastructure and enhance water distribution capabilities. The Water Department currently appropriates \$1,200,000-\$1,500,000 annually to replace or recondition water mains on an on-going basis.

Current water rates are \$3.86/Hundred Cubic Feet (HCF or 748 gallons) consumed plus quarterly service charges that range from \$8.74 to \$1,753.25 depending on the size of the water meter. The average residential customer uses 2,200 cubic feet (16,500 gallons) per quarter and has a 5/8-inch meter resulting in an average quarterly bill of \$93.66.

Sewer

The Sewer Department operates as a self-supporting enterprise fund.

The Sewer Department provides sanitary sewerage service to most Town residents, except for a few areas that abut neighboring communities. All wastewater is conveyed through the Town's collection system before entering the Hockanum River Water Pollution Control Facility. An estimated 95% of the population of Town is serviced by sanitary sewers. The Town's sewer collection system consists of approximately 197 miles of sewers of various sizes and serves approximately 14,400 customers.

Sewer rates for Town customers are \$6.24/HCF (or 748 gallons). This represents an average quarterly bill of \$137.28 for the average customer who utilizes 2,200 cubic feet (16,500 gallons) per quarter.

In 1992, the Town completed an upgrade and expansion of the wastewater treatment plant capable of providing 8.25 million gallons per day of advanced treatment capacity. The Department installed an ultraviolet light for disinfection of the wastewater prior to discharge into the Hockanum River in 2007. This disinfection process eliminates the use of gaseous chlorine and sulfur dioxide, thus greatly enhancing the safety of the community and the environment. In addition, mechanical bar screens, which remove inorganic debris from the waste stream, were replaced with a more efficient grinding system to accomplish this phase of the treatment process.

Two studies were completed in 2009 at the Wastewater Treatment Facility. The first study looked at different methods to achieve Biological Nitrogen Removal from the plant's discharge to reduce the impact this nutrient has on the Hockanum River. The other study was conducted for bio-solids handling. This study reviewed how the Town handles bio-solids removed during the treatment process and determined the best technology to accomplish this procedure in the future. Since both processes have such an influence upon each other, these studies were performed concurrently. The scope of the studies was expanded to include phosphorus removal and a comprehensive facility upgrade. This was done because the State intends on adding a phosphorus limitation to the facilities discharge permit and the potential to maximize State aid occurs only when a comprehensive facility evaluation is performed. The studies have been completed and funding under the State's Clean Water Fund ("CWF") Program was approved. The upgrade of the plant was completed in 2015. The total construction cost of the project was \$51.7 million. The total grant for the project is 22% from the CWF of the total cost with substantially all of balance eligible for a 20 year, 2% interest rate loan under the CWF Program.

The Sewer Department has also completed a Sanitary Sewer Evaluation Study to determine the sources of inflow and infiltration within the collection system. The Sewer Department established a prioritized list of improvement projects focused on the elimination of extraneous flow of rain and groundwater into the sanitary sewerage system. The Sewer Department currently appropriates \$1,200,000 annually to replace or recondition sewer mains on an on-going basis.

Sanitation

The Sanitation Department operates as a self-supporting enterprise fund.

The Sanitation Division has five core responsibilities: 1) operation of the Town of Manchester Sanitary Landfill, 2) operation of the Town of Manchester Transfer Station, 3) operation of the Town's organics and composting areas, 4) provision of curbside waste collection services for approximately 16,000 dwelling units, and 5) operation of the regional Capital Region East Operating Committee Household Hazard Waste seasonal collection site.

The Town owns and operates an active landfill that accepts bulky, construction debris and non-hazardous regulated waste from throughout Connecticut and the New England region. The landfill was issued a new and revised permit by the State of Connecticut Department of Energy and Environmental Protection ("DEEP") for a vertical expansion in December 2003. The Town has received approval from the DEEP that the solid waste landfill operating permit has been extended until December of 2025. Capacity and fill rate for the landfill will remain available past the current 2025 permit end date; the Town expects to apply for and receive an extension to extend landfill use until 2030.

Commercial disposal fees and other revenues collected by the Sanitation Fund pay for the Town's curbside collection program, as well as the landfill, transfer station, composting and hazardous waste site operations. Funds to pay for closure and post-closure obligations have been reserved in the Sanitation Fund.

Residential curbside refuse, recycling, and yard waste collection is provided Town-wide on a contract basis awarded through competitive bid to a private firm. The disposal of collected refuse, processing of recyclable materials, and compostable yard waste is on a contract basis awarded through a competitive bid to a private firm that utilizes a variety of disposal methods for

refuse, including waste to energy and landfills out of state. Commercial and industrial enterprises arrange and pay for their own refuse and recycling collection and disposal.

Human Services

Administration

The Human Services Administration provides oversight of the Human Services department budget, over-all program planning and development, and coordination and administration of health and human services programs in the Town. Administrative oversight is provided for the divisions that comprise the Human Services Department- Health, Senior, Adult and Family Services, and the Senior Center. Human Services Administration leads in planning and program initiatives which assess and impact the human service needs of the community and secures grants and other resources to implement new programs. Human Services Administration provides contract oversight for community agencies receiving Town funds and contract oversight for some grant programs funded by both state and federal governments. Additionally, Human Services Administration represents the Town on community, regional, and statewide human services planning and advisory groups.

Health Department

The Health Department provides programs and services to protect the health and promote the wellness of Manchester citizens. These programs and services are provided in three areas – Community Health, Environmental Health, and Clinical Health.

Community Health services provide communicable and chronic disease monitoring and control, employee health, nutrition, substance abuse, and community health education. The Health Department also provides access to public health education programming as grant funds become available.

Environmental Health services offered by the Department include restaurant inspections, protection of private wells, inspection of on-site sewer disposal systems, day care center inspection, response to hazardous materials issues, including lead poisoning in children, and handling nuisances such as odors, noise, and issues involving public health.

Clinical Health services provides a variety of health screenings and health promotion activities to Town residents aged 60 and over. More intensive assessments and case management services are provided to those who would otherwise have difficulty accessing health services.

The Health Department is also actively engaged in both local and regional public health initiatives regarding potential public health emergencies such as COVID-19 and other emerging pathogens.

Senior, Adult and Family Services

The Senior, Adult and Family Services division provides case management, outreach, advocacy, referral, and social work services to residents over 60, persons with disabilities, adults, and families. Assessments, benefits counseling, and follow-up calls are conducted in the home, office, and by telephone. On-site social work services are also offered at the Senior Center. Additionally, the division provides a conservator program for persons assigned through the Probate Court system. Staff also work closely with community agencies to identify, address and advocate for client needs on both a local and state level.

Senior Center

The Senior Center promotes socialization, community involvement, independence, and enrichment of the lives of older adults in Manchester. The center offers a comprehensive array of activities and services to meet the needs and interests of Manchester's seniors, encourages healthy lifestyles and supports lifelong learning.

Public Works

The Public Works Department consists of Administration, Engineering, Field Services (Highway, Park, Cemetery, and Fleet Maintenance), Facilities Management, and Building Inspection.

Administrative Division

The Administration Division is responsible for the management and efficiency of the Public Works Department. Through overall supervision and organization of its various divisions, the Public Works Administrative Division preserves, develops and constructs Town-owned properties and structures and provides essential public works services to citizens.

Engineering Division

The Engineering Division consists of the following units: Design, Survey, Construction Inspection, GIS and Maps & Records. The Division staff is responsible for the design, review and inspection of a variety of public and private projects involving streets, sidewalks, bridges, drainage structures, water mains, sanitary sewers and appurtenances. The Engineering Division is responsible for a variety of activities, including design and cost estimating, capital improvement planning, field survey work, construction contracting and administration, reports, surveys, studies and investigations, preparation of maps, assisting other Town departments, and maintenance of records. The Division also provides its complete range of services to the Town's Water and Sewer Department under an engineering services agreement and acts as the engineering consultant to the Department of Planning and Economic Development during the subdivision approval process.

Field Services - Highway Division

The Highway Division is responsible for maintaining the 218 miles of road comprising the Town street system, including construction of streets and road surfaces, ongoing maintenance, and street line painting. The Division is obligated to ensure safe travel throughout the entire year, including the most exceptional weather conditions. Snow and ice control represent a major winter season function for highway personnel. The Highway Division oversees leaf pickup and disposal and the storm drainage system, which includes curbs, gutters, drain inlets, underground culverts, and open channels. There are currently 143 miles of storm drain system and approximately 8,500 storm drains. The Highway Division is also responsible for the spring street sweeping program.

Field Services - Park Division

The Parks Division is responsible for the development and maintenance of parks, play fields, and recreation areas (other than those maintained by the Board of Education) and for tree care and grounds maintenance along public rights-of-way. The Park Division maintains 160 acres of property, which include twenty-nine ball fields, ten soccer fields, two football fields, one cricket field, thirteen playground areas, outdoor basketball, tennis, and pickleball hardcourts, and six outdoor pools. The Division also is responsible for landscaping street tree plantings in public spaces and managing the Memorial Tree Program.

Field Services - Cemetery Division

The Cemetery Division is responsible for the development and maintenance of the Town's four municipal cemeteries, which comprise 127 acres. The Division conducts maintenance operations such as mowing grass areas, cutting and trimming hedges, and provides services necessary to funerals and internments.

Field Services - Fleet Maintenance Division

The Fleet Maintenance Division is responsible for repairing and maintaining all Town-owned vehicles including those used by the Police, Fire, Sanitation, Water and Sewer enterprise funds and the Board of Education. There are approximately 500 units serviced by the Fleet Maintenance staff. These functions are conducted at two garage locations.

Facilities Management Division

The two primary components to the Facilities Management Division are facilities project management and building maintenance. Project management staff have design and specification responsibility for numerous Town government and Board of Education building projects. In addition, the Facilities Project Manager provides supervisory oversight to building maintenance staff, troubleshoots problems together with the Board of Education maintenance staff, and provides oversight to architects and construction managers retained by the Town.

The building maintenance aspects of the Division include responsibility for approximately 30 Town office buildings and various related outlying buildings. The Division carries out preventive maintenance plans and mechanical repairs of buildings, plant equipment and related maintenance. Additionally, the management of custodial services is administered through this division. Division staff is used both as a construction force for the improvement of Town properties and for the implementation of preventive maintenance programs for buildings and building related equipment.

Building Inspection Division

The Building Inspection Division enforces all construction, housing and zoning regulations and codes adopted by the State of Connecticut and the Town. Building inspections are made during all stages of construction, including site inspections, footings,

foundation, framing, electric, plumbing, heating, cooling, insulation, waterproofing, and final inspection, to issuing Certificate of Occupancy and use. The Zoning Enforcement Officer reviews building permit applications for their compliance with zoning, subdivision, and Inland/Wetland Regulations. The Zoning Enforcement Officer determines whether proposed uses of land are permitted at described locations, provides guidance for building placement for everything from malls to tool sheds, and assists in the enforcement of applicable Town ordinances. The Division also provides code enforcement for existing structures and property maintenance based upon a model national property maintenance code. The property maintenance program seeks to eliminate unkempt properties, un-mowed lawns, peeling paint, unregistered vehicles, trash, and buildings without street numbers.

Department of Leisure, Family and Recreation

The Department of Leisure, Family and Recreation consists of three divisions: Recreation, Youth Service Bureau and the Office of Neighborhoods and Families. During the last twelve months, there have been over 10,000 registrations recorded for Department of Leisure, Family and Recreation activities through their RecTrac software. In addition, thousands more have participated in drop-in activities and attended special events.

Office of Neighborhoods and Families Division

The Office of Neighborhoods and Families Division (“ONF”) partners with the community to create a thriving and better Manchester. This division’s focus is to better serve the needs of Manchester’s families and neighbors by coordinating communication among policymakers, service providers and the public and encouraging community partnerships that promote healthy neighborhoods, healthy families and an inclusive community. ONF provides neighborhood-based events throughout the year such as: a community garden, adult-learn workshops, the Spruce Street Market, Family Fun Nights, community input sessions, art and music events.

Youth Service Bureau Division

The Youth Service Bureau Division (“YSB”) provides a variety of year-round positive youth development programs and services to Town youth. Programs focus on building life skills, developing leadership skills, job readiness and service to the community all with the goal of providing opportunities for youngsters to become responsible members of their community. The YSB also operates a Teen Center facility for teens 12 to 18 years of age. Additionally, staff provides case management for children and youth referred by the police, fire service, schools and the court. Information and referral services are available for parents, youth and other service providers looking for resources. Staff also advocate on a local, regional, and statewide level with regard to children and youth issues. The YSB manages over \$2 million in grant funds annually.

Recreation Division

The Recreation Division provides a comprehensive program of recreational opportunities for all ages and ability levels and provides safe, well maintained, and well managed parks and recreation facilities. The Recreation Division’s summer program includes a wide variety of recreational activities for both youth and adults. This division offers six supervised summer camp sites that provide arts, crafts, games, sports, and special events for children of all ages, one Recreation Leader in Training camp that is an employment opportunity program for 15-year-olds, and one camp which focuses on providing fun, safe activities and events for disabled adults. Over 500 youngsters participate in camp activities during the summer months. During the outdoor season, residents may swim at the Globe Hollow swimming area or at one of the Town’s four in-ground pools. The Recreation Division offers a full program of swim lessons that serve infants all the way to adults, with approximately 1,300 participants each year. The Recreation Division works very closely during the outdoor season with local youth sports organizations offering support services, scheduling fields, and co-sponsoring special events. In addition, the Recreation Division maintains and prepares all playing fields. The Recreation Division also co-sponsors special events including concerts in Center Park, the Pride in Manchester week, Cruisin’ on Main and the Town’s July 4th celebration. During the indoor season, the Recreation Division operates three recreation centers with activities for all ages. Indoor swimming is offered at the Manchester High School’s Main and Instructor of the Handicap (“IOH”) Pools. The Division’s indoor aquatics program includes open swim, lessons for all ages, aquatic fitness classes for adults and special events. The Division also offers year-round adult fitness programming, youth sports, the Fitness Center at the Community Y Rec Center, and the Jay Howroyd Fitness Trail at Union Pond. The Town celebrated its Bicentennial in 2023 and the Recreation Division sponsored many significant events to celebrate this milestone.

Utilities

Electric service is supplied within the Town by bp Energy. Connecticut Natural Gas Corporation supplies the Town with gas utility service.

Special Services District

A Special Services District was created as a special taxing district in 1992 to enhance the downtown shopping section of Town. The purpose of the District is to promote the economic welfare of citizens and especially the property owners and tenants of the Town’s historic commercial center. The District provides self-supporting parking and other specialized services to the Main Street business area. Commercial property owners in the Special Service District annually assess themselves additional taxes (2.88 mills fiscal year 2023-24) to provide special incentives for people to shop downtown and to pay for management, marketing, and maintenance. The Special Services District was reorganized in 2018, and the mill rate was reduced by approximately 50%.

MUNICIPAL EMPLOYEES

<u>Fiscal Year</u>	<u>Governmental</u>	<u>Board of Education</u>	<u>Total</u>
2024 ¹	531	1,390	1,921
2023	514	1,383	1,897
2022	524	1,304	1,828
2021	518	1,304	1,822
2020	518	1,289	1,807

¹ In fiscal year 2023-24 the Town and the Eighth Utility and Fire District consolidated fire and sewer services.

Note: Includes only full-time employees.

Source: Town Finance Department

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EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

<u>General Government</u>	<u>Bargaining Organizations</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
Police.....	Manchester Police Union, Local #1495.....	108	6/30/2027
Fire.....	Local 1579 – Inter. Assoc. of Firefighters, AFL-CIO..	92	6/30/2025
Public Works.....	Municipal #991, of Council #4, AFSCME, AFL-CIO..	84	6/30/2026
Clerical & Technical.....	Municipal Employees Union, Local 991, Council #4..	67	6/30/2023 ¹
Library.....	Manchester Library Union, Local 991.....	21	6/30/2023 ¹
Other Professionals.....	Residual Unit, CSEA, Chapter 760.....	40	6/30/2025
Supervisor.....	Supervisory Unit, CSEA, Chapter 760.....	26	6/30/2023 ¹
	Sub-Total General Government.....	438	
	Sub-Total Government Non-Union.....	64	
	Authorized/unfilled.....	29	
	Total General Government.....	531	
<u>Board of Education</u>			
Custodial-Maintenance.....	Local 991, Council #4, AFSCME.....	85	6/30/2027
Secretarial – Clerical.....	Local 991, Council #4, AFSCME.....	68	6/30/2027
School Nurses.....	Manchester School Nurses Association – CSEA.....	22	6/30/2027
Paraprofessionals.....	Local #3175, AFT CT, AFL-CIO.....	164	6/30/2026
Tutors.....	Local #6545, AFT, AFL-CIO.....	28	6/30/2026
Bldgs. And Grounds Supervisors.....	AFSCME Council 4 Local 818-49.....	4	6/30/2025
Cafeteria Workers.....	Local 991, Council #4, AFSCME.....	61	6/30/2024
Principal, Asst. Principal, Supervisors .	Manchester School Administrators Association.....	52	6/30/2026
Information Technology.....	Connecticut Association of Labor Unions (CALU)....	9	6/30/2024
Teachers.....	Manchester Education Association, NEA.....	676	6/30/2027
Study Hall Monitors.....	Connecticut Association of Labor Unions (CALU)....	137	6/30/2026
	Sub-Total Board of Education Organized.....	1,306	
	Sub-Total Board of Education Non-Union.....	84	
	Total Board of Education.....	1,390	
	Total Town Employees.....	1,921	

¹ In negotiations.

Source: Human Resources Department and Superintendent of Schools, Town of Manchester

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrebuttable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. For binding arbitration of all other municipal employee contracts, there is an irrebuttable presumption that 15% of the municipal employer's budget reserve is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

EDUCATIONAL SYSTEM

A separately elected nine-member Board of Education is responsible for the Town-operated school system composed of schools as listed below (including a senior high school and one middle school). Also, within the Town there are five non-public schools, including a regional high school, the State-operated Howell Cheney Technical High School, and Manchester Community College which serves nearly 3,000 students.

EDUCATIONAL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Additions & Renovations</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/1/2023</u>	<u>Rated¹ Capacity</u>
Bowers	K-4	1949	1953, 1989, 2005, 2023	25	303	550
Buckley	PreK-4	1953	2022	23	282	500
Highland Park	K-4	1965	1965, 1989, 2012	23	333	425
Keeney ²	Pre-K-4	1944	1965, 1972, 2024	24	310	400
Martin	K-4	1968	2006, 2011	18	220	320
Manchester Middle Academy ³	5-8	1913	--	8	25	n/a
Manchester Pre-School Center...	PreK-4	2009	--	11	145	275
Verplanck.....	K-4	1949	1988, 2018	26	454	525
Waddell.....	K-4	1952	2005, 2017	29	503	525
Bennet Academy.....	5-6	1903	1915, 1974, 2007, 2018	75	850	900
Illing Middle School.....	7-8	1960	1974, 2006	73	791	1,120
Manchester High ⁴	9-12	1956	1992, 2006	126	1,805	2,580
Manchester Regional Academy ⁵ ..	7-12	2019	2019	14	89	196
Total:				475	6,110	8,316

¹ Reflects building capacities in accordance with State Department of Education guidelines.

² Currently undergoing renovations. Students are located at swing space in the Manchester Middle Academy, formerly the Robertson School.

³ Manchester Middle Academy has temporarily moved to the former Washington School.

⁴ Manchester High School includes Manchester Transition Center.

⁵ Manchester Regional Academy includes New Horizons.

Source: Director of Finance and Management, Town of Manchester Board of Education.

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SCHOOL ENROLLMENT

<u>School Year</u> ¹	<u>Head Start</u> <u>Pre-K</u>	<u>Elementary</u> <u>K-5</u>	<u>6th Grade</u> <u>Academy</u>	<u>Middle School</u> <u>7-8</u>	<u>Senior High</u> <u>9-12</u>	<u>Total</u> <u>Enrollment</u> ²
2012-13	193	3,056	406	786	1,784	6,225
2013-14	191	3,118	373	797	1,702	6,181
2014-15	130	3,225	404	820	1,633	6,212
2015-16	202	3,138	420	799	1,639	6,198
2016-17	272	3,051	414	824	1,691	6,252
2017-18	261	2,991	398	841	1,690	6,181

<u>School Year</u> ¹	<u>Head Start</u> <u>Pre-K</u>	<u>Elementary</u> <u>K-4</u>	<u>Academy</u> <u>5-6</u>	<u>Middle School</u> <u>7-8</u>	<u>Senior High</u> <u>9-12</u>	<u>Total</u> <u>Enrollment</u> ²
2018-19 ³	289	2,384	945	823	1,755	6,196
2019-20	236	2,487	908	888	1,743	6,262
2020-21	195	2,269	904	889	1,787	6,044
2021-22	211	2,342	844	896	1,860	6,153
2022-23	239	2,324	843	880	1,849	6,135
2023-24	240	2,310	850	816	1,894	6,110

Projections

<u>School Year</u> ¹	<u>Head Start</u> <u>Pre-K</u>	<u>Elementary</u> <u>K-4</u>	<u>Academy</u> <u>5-6</u>	<u>Middle School</u> <u>7-8</u>	<u>Senior High</u> <u>9-12</u>	<u>Total</u> <u>Enrollment</u> ²
2023-24	287	2,397	841	747	1,840	6,112
2024-25	287	2,395	851	790	1,839	6,162
2025-26	287	2,398	854	782	1,845	6,166

¹As of October 1.

² Includes Headstart, Pre-school, Manchester Regional Academy and Bentley students.

³ Beginning with school year 2018-19, 5th grade was moved to the renovated Bennett 5-6 Academy building.

Source: Director of Finance and Management, Town of Manchester Board of Education.

NON-PUBLIC SCHOOLS

<u>School</u>	<u>Grade</u>	<u>School</u>	<u>Grade</u>
St. James School.....	K-8	East Catholic High School.....	9-12
St. Bridget School.....	K-8	Cornerstone Christian School...	K-12
Assumption Jr. High.....	6-8	Odyssey Charter School.....	6-8

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III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Year	Town of Manchester			Hartford County		State of Connecticut	
	Population	% Change	Density ¹	Population	% Change	Population	% Change
1980	49,761	14.00	1,829	807,766	(1.10)	3,107,576	2.49
1990	51,618	3.73	1,898	851,783	5.45	3,287,116	5.78
2000	54,740	6.05	2,013	857,183	0.63	3,405,565	3.60
2010	58,241	6.40	2,141	894,014	4.30	3,574,097	4.95
2021	59,452	2.08	2,186	898,636	0.52	3,605,330	0.87

¹ Per square mile: area 27.2 square miles

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21

AGE DISTRIBUTION OF THE POPULATION

Age	Town of Manchester		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5	4,010	6.7	47,594	5.3	182,122	5.1
5 - 9	2,857	4.8	50,497	5.6	196,540	5.5
10 - 14	3,110	5.2	56,376	6.3	224,371	6.2
15 - 19	3,129	5.3	58,581	6.5	245,790	6.8
20 - 24	3,598	6.1	56,904	6.3	241,370	6.7
25 - 34	11,367	19.1	118,374	13.2	445,861	12.4
35 - 44	7,181	12.1	113,965	12.7	439,098	12.2
45 - 54	6,917	11.6	118,325	13.2	488,283	13.5
55 - 59	4,288	7.2	65,035	7.2	269,688	7.5
60 - 64	3,558	6.0	60,220	6.7	252,028	7.0
65 - 74	5,779	9.7	87,017	9.7	357,409	9.9
75 - 84	2,425	4.1	42,569	4.7	173,149	4.8
85 and over	1,233	2.1	23,179	2.6	89,621	2.5
Total	<u>59,452</u>	<u>100.0</u>	<u>898,636</u>	<u>100.0</u>	<u>3,605,330</u>	<u>100.0</u>
Median Age (years) ..	36.8		40.2		41.0	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21

INCOME DISTRIBUTION

	Town of Manchester		Hartford County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000	441	3.0	6,608	2.9	23,811	2.6
\$ 10,000 to 14,999	259	1.8	4,226	1.9	14,243	1.6
\$ 15,000 to 24,999	603	4.1	10,221	4.4	36,091	4.0
\$ 25,000 to 34,999	847	5.8	11,323	5.0	44,586	4.9
\$ 35,000 to 49,999	1,235	8.5	19,322	8.5	71,397	7.8
\$ 50,000 to 74,999	2,046	14.0	29,865	13.1	123,873	13.6
\$ 75,000 to 99,999	2,820	19.4	30,031	13.2	113,529	12.5
\$100,000 to 149,999	3,232	22.2	49,778	21.9	188,052	20.7
\$150,000 to 199,999	1,500	10.3	29,245	12.8	117,255	12.9
\$200,000 or more	1,592	10.9	37,079	16.3	177,169	19.5
Total	<u>14,575</u>	<u>100.0</u>	<u>227,698</u>	<u>100.0</u>	<u>910,006</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21

COMPARATIVE INCOME MEASURES

	Town of Manchester	Hartford County	State of Connecticut
Per Capita Income, 2021	\$40,335	\$43,642	\$47,869
Median Family Income, 2021	\$91,124	\$102,310	\$106,441
Median Household Income, 2021	\$78,598	\$80,320	\$83,572
Percent of Families Below Poverty Level	6.8%	7.5%	6.8%

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21.

EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 & Over

Educational Attainment Group	Town of Manchester		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	855	2.0	26,534	4.2	101,461	4.0
9th to 12th grade, no diploma	2,197	5.1	34,412	5.5	123,560	4.9
High School graduate	11,453	26.8	162,392	25.9	656,949	26.1
Some college, no degree	7,634	17.9	106,152	16.9	418,214	16.6
Associates degree	4,033	9.4	52,600	8.4	194,987	7.8
Bachelor's degree	9,491	22.2	137,915	21.9	561,567	22.3
Graduate or professional degree	7,085	16.6	108,679	17.3	458,399	18.2
Total	<u>42,748</u>	<u>100.0</u>	<u>628,684</u>	<u>100.0</u>	<u>2,515,137</u>	<u>100.0</u>
Percent of High School Graduates		92.9%		90.3%		91.1%
Percent of College Graduates		38.8%		39.2%		40.5%

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21.

EMPLOYMENT BY INDUSTRY

Employment Sector	Town of Manchester		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, & Mining ..	50	0.1	1,291	0.3	7,314	0.4
Construction	1,568	5.1	23,323	5.1	113,665	6.2
Manufacturing	3,488	11.3	49,850	11.0	192,688	10.6
Wholesale Trade	642	2.1	10,267	2.3	41,165	2.3
Retail Trade	3,562	11.5	48,153	10.6	194,081	10.6
Transportation, Warehousing & Utilities	1,516	4.9	23,508	5.2	80,481	4.4
Information	654	2.1	8,738	1.9	36,259	2.0
Finance, Insurance & Real Estate	2,890	9.3	48,071	10.6	164,657	9.0
Professional, Scientific & Management	4,149	13.4	50,462	11.1	212,866	11.7
Educational Services & Health Care	7,405	23.9	116,677	25.7	482,274	26.5
Arts, Entertainment, Recreation	2,368	7.7	34,392	7.6	148,835	8.2
Other Service (including nonprofit)	1,445	4.7	19,988	4.4	82,217	4.5
Public Administration	1,216	3.9	19,215	4.2	66,493	3.6
Total	<u>30,953</u>	<u>100.0</u>	<u>453,935</u>	<u>100.0</u>	<u>1,822,995</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21.

UNEMPLOYMENT RATE STATISTICS

Period	Town of Manchester		Percentage Unemployed		
	Employed¹	Unemployed¹	Town of Manchester (%)¹	Hartford Labor Market (%)¹	State of Connecticut (%)¹
Jan - Nov.2023.....	31,427	1,167	3.6	3.6	3.7
Annual Average					
2022.....	31,940	1,358	4.1	4.2	4.2
2021.....	29,129	2,099	6.7	6.6	6.6
2020.....	30,814	2,548	7.6	7.0	7.3
2019.....	32,218	1,189	3.6	3.6	3.6
2018.....	31,863	1,292	3.9	3.9	3.9
2017.....	31,641	1,409	4.3	4.4	4.4
2016.....	31,275	1,559	4.7	4.9	4.8
2015	31,033	1,762	5.4	5.6	5.6
2014	30,628	2,121	6.5	6.6	6.6
2013	29,847	2,501	7.7	7.9	8.0
2012	30,072	2,783	8.5	8.3	8.4

¹ Not seasonally adjusted.

Source: State of Connecticut, Department of Labor.

MAJOR EMPLOYERS

Employer	Business	Number of Employees
Town of Manchester.....	Local Government/Board of Education.....	1,921
Prospect of ECHN.....	Hospital.....	1,500
Manchester Community College.....	Higher Education.....	960
Ahold Delhaize USA.....	Distribution Center.....	550
Amazon.....	Distribution Center.....	500
Allied Printing.....	Commercial Printing.....	362
Flex Ltd.....	Industrial.....	355
Paradigm.....	Industrial.....	350
Macy's Department Store.....	Retail.....	300
Wal-Mart.....	Retail.....	300
Total		7,098

Source: Planning Department, Town of Manchester

AGE DISTRIBUTION OF HOUSING

Year Structure Built	Town of Manchester		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Built 2020 or later.....	-	0.0	207	0.1	768	0.1
Built 2010 to 2019.....	779	3.0	10,769	2.8	53,427	3.5
Built 2000 to 2009.....	1,685	6.4	21,863	5.7	104,519	6.8
Built 1990 to 1999.....	2,803	10.6	27,670	7.2	118,124	7.7
Built 1980 to 1989.....	2,950	11.2	48,057	12.5	191,539	12.6
Built 1970 to 1979.....	2,906	11.0	51,271	13.3	206,448	13.5
Built 1960 to 1969.....	2,987	11.3	56,226	14.6	203,726	13.3
Built 1950 to 1959.....	3,605	13.7	66,750	17.4	224,412	14.7
Built 1940 to 1949.....	3,506	13.3	28,179	7.3	100,445	6.6
Built 1939 or earlier.....	5,132	19.5	73,278	19.1	323,631	21.2
Total housing units	26,353	100.0	384,270	100.0	1,527,039	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21.

HOUSING INVENTORY

Type	Units	Percent
1-unit detached	12,522	47.5
1-unit attached	2,178	8.3
2 to 4 units	4,321	16.4
5 to 9 units.....	2,039	7.7
10 or more units	5,293	20.1
Mobile home, trailer, other	-	-
Total Inventory	26,353	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21.

OWNER-OCCUPIED HOUSING VALUES

Value of Owner Occupied Units	Town of Manchester		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	271	2.0	4,683	2.0	19,747	2.1
\$50,000 to \$99,999.....	434	3.2	6,150	2.7	25,603	2.8
\$100,000 to \$149,999.....	2,337	17.1	20,622	8.9	68,932	7.4
\$150,000 to \$199,999.....	4,413	32.3	44,597	19.3	130,158	14.1
\$200,000 to \$299,999.....	4,169	30.6	74,848	32.4	250,981	27.1
\$300,000 to \$499,999.....	1,789	13.1	61,592	26.7	268,183	29.0
\$500,000 to \$999,999.....	210	1.5	16,350	7.1	117,839	12.7
\$1,000,000 or more.....	25	0.2	2,066	0.9	44,060	4.8
Total	13,648	100.0	230,908	100.0	925,503	100.0
Median Value	\$191,000		\$249,000		\$286,700	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21.

BUILDING PERMITS

<u>Fiscal Year</u>	<u>Residential Value</u>	<u>Commercial / Industrial Value</u>	<u>Total Value</u>
2024 ¹	\$ 18,908,510	\$ 18,508,338	\$ 37,416,848
2023	19,680,770	48,032,888	67,713,658
2022	33,087,792	65,876,032	98,963,824
2021	12,721,413	25,363,608	38,085,021
2020	23,399,476	34,194,091	57,593,567
2019	19,205,693	49,397,997	68,603,690
2018	17,752,790	56,083,893	73,836,683
2017	17,202,188	64,818,184	82,020,372
2016	18,638,430	67,769,758	86,408,188
2015	11,789,626	40,196,715	51,986,341

¹ As of December 31, 2023.

Source: Town of Manchester, Building Department

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IV. TAX BASE DATA

ASSESSMENT PRACTICES

The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must update all real estate values every five years. The Town recently undertook a revaluation of its real property effective October 1, 2021 which will be effective for fiscal year 2022-23. The October 1, 2021 Grand List grew 18.0% in aggregate, with real property up 18.4%; motor vehicles up 24.7%; and personal property up 7.1%. The Town had previously conducted a full, measure, and physical observation for the revaluation effective October 1, 2011, and as required by law will do so every ten years thereafter. Any municipality which last effected a revaluation by statistical means must perform its next revaluation by a physical revaluation. Assessments are computed at seventy percent (70%) of the market value at the time of the last revaluation. Grand List information is used by the Board of Directors to set the mill rate which in turn becomes the basis for the Town's annual tax levy. Any property owner may seek to appeal its assessment by filing a written appeal to the Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by the Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date prior to the first day of August 1 in such assessment year are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. If such registration occurs subsequent to November 1 but prior to the following August 1, the tax is prorated, and the proration is based on the period of time from the date of registration until the following October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision to date.

PROPERTY TAX LEVY

Property taxes are levied on all taxable assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are generally payable in two installments on July 1 and January 1, except that real property taxes under \$400 are payable in one installment on July 1. Motor vehicle tax bills are payable in July and motor vehicle supplemental bills are payable in January. Personal property taxes of \$400 or less are payable in July. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property tax accounts are transferred to a suspense account when collection appears unlikely at which time they cease to be carried as receivables. Tax accounts are transferred to suspense accounts no later than fifteen years after the due date in accordance with State statutes.

MOTOR VEHICLE PROPERTY TAX RATE

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The statute provides that (1) for the assessment year October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 to October 1, 2020, inclusive, the mill rate for motor vehicles shall not exceed 45 mills, and (3) for the assessment year commencing October 1, 2020, inclusive, the mill rate for motor vehicles shall not exceed 32.46 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. For fiscal year 2023-24, the Town issued motor vehicles tax bills based on a mill rate of 32.46 mills.

For the fiscal year ending June 30, 2022, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2020, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills. For the fiscal year ending June 30, 2023, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32.46 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32.46 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2021, and each assessment year thereafter, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 32.46 mills.

NET TAXABLE GRAND LIST (\$ in Thousands)

Grand List as of 10/1	Residential	Commercial/Industrial	Utility/ PA-490	Personal Property	Motor Vehicle	Gross Taxable Grand List	Exemptions	Net Taxable Grand List	% Increase (Decrease)
	Real Property (%)	Real Property (%)							
2022	66.6	33.3	0.1	9.8	9.3	\$ 5,095,167,104	\$ 178,916,325	\$ 4,916,250,779	0.92
2021 ¹	65.3	34.6	0.1	8.1	9.5	5,041,163,035	169,495,305	4,871,667,730	17.99
2020	57.3	30.2	0.1	11.8	8.7	4,303,466,730	174,434,400	4,129,032,330	1.36
2019	49.7	30.5	0.1	11.2	8.5	4,239,706,350	166,126,857	4,073,579,493	1.16
2018	50.3	30.5	0.1	10.8	8.3	4,195,241,480	168,193,938	4,027,047,542	0.67
2017	50.6	30.8	0.1	10.3	8.3	4,156,612,880	156,329,138	4,000,283,742	0.37
2016 ¹	51.0	30.6	0.1	10.1	8.3	4,120,715,003	135,142,819	3,985,572,184	1.03
2015	52.6	28.6	0.1	10.4	8.3	4,082,950,659	138,148,190	3,944,802,469	0.56
2014	52.9	28.7	0.1	10.1	8.2	4,052,254,720	129,277,300	3,922,977,420	0.78
2013	53.4	28.8	0.1	9.4	8.4	4,008,661,380	116,198,168	3,892,463,212	(0.64)

¹ Revaluation

Source: Assessor's Office, Town of Manchester

Utility / PA-490 % equals the sum of public utility properties and PA-490 Farm/Forest properties only. Vacant residential land is included in the residential percentage, and vacant commercial/industrial land is included in the commercial/industrial percentage.

Apartments are included as part of the commercial/industrial percentage pursuant to Fannie Mae lending guidelines.

All percentages are based on the gross Grand Taxable List, except the increase/decrease, which is based on the net Grand List.

Fully exempt properties, such as government-owned, religious, charitable, etc. are not included in the Gross Taxable Grand List.

TAX-EXEMPT PROPERTY

Public	Assessed Value as of 10/1/22
Federal	\$ 3,013,400
State of Connecticut	100,479,100
Town of Manchester.....	204,878,921
Sub-Total Public	308,371,421
Private	
Volunteer Fire Departments.....	2,417,800
Scientific, Educational, Historical, Charitable.....	25,531,930
Cemeteries.....	881,800
Houses Used by Clergy.....	343,500
Religious Facilities.....	58,935,190
Healthcare/HMO's.....	
Veterans Organizations.....	846,300
Non-Profit Camps.....	157,900
Non-Profit Organizations.....	24,437,200
Railroads.....	124,000
Private Colleges and General Hospitals.....	
Sub-Total Private	113,675,620
Total Exempt Property	\$ 422,047,041
Percent of Net Taxable Grand List of 10/1/22.....	8.58%

Source: Assessor's Office, Town of Manchester

TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Business	Grand List of October 1, 2022		
		Taxable Value	Rank	Percent of Total
Eversource.....	Utility.....	\$145,366,724	1	2.98%
Shoppes at Buckland Hills, LLC.....	Retail Mall.....	\$ 91,166,630	2	1.87%
Northland Pavillions LLC.....	Apartments.....	\$ 67,779,650	3	1.39%
MPT of Manchester PMH, LLC ¹	Hospital.....	\$ 52,063,300	4	1.07%
PPF WE 1339 Tolland Turnpike LLC.....	Warehouse/Distribution.....	\$ 50,634,000	5	1.04%
Manchester Developers/ Buckland Developers.....	Apartments.....	\$ 45,617,980	6	0.94%
Manchester Tolland Development Co.....	Apartments.....	\$ 31,819,640	7	0.65%
Hartford CDC/ Manchester Hale Road/ Raymour...	Warehouse/Distribution.....	\$ 27,072,090	8	0.56%
Brixmor	Retail Centers.....	\$ 26,831,800	9	0.55%
Waterford Realty, LLC.....	Apartments.....	\$ 26,416,790	10	0.54%
Total				11.59%

¹ In February 2022, Yale New Haven Health and Prospect Medical Holdings, Inc. announced an agreement for the tax-exempt Yale health system to acquire Manchester Memorial Hospital subject to regulatory approval. As of January 15, 2024 the regulatory approval is still pending. If approved, Manchester Memorial Hospital would revert from a taxable property to a tax-exempt property. However, if that were to occur, the Town expects to receive additional PILOT payments from the State of Connecticut.

Source: Town of Manchester, Office of Tax Assessor

PROPERTY TAX COLLECTIONS

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate¹	Adjusted Annual Levy¹ (000's)	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Each Fiscal Year	Percent of Annual Levy Uncollected at End of 6/30/2022	Annual Levy Uncollected as of 6/30/23 (000's)
2022	2024	\$4,916,250,779	37.20	\$179,091	In Process	n/a	n/a	n/a
2021 ²	2023	4,871,667,730	36.12	164,156	98.4%	1.6%	1.6%	\$2,354
2020	2022	4,129,032,330	41.93	160,761	98.2	1.8	1.8	534
2019	2021	4,073,579,493	41.87	161,986	98.6	1.4	0.1	211
2018	2020	4,027,047,542	41.70	158,076	98.4	1.6	0.1	166
2017	2019	4,000,283,742	40.91	152,861	98.4	1.6	0.1	138
2016 ²	2018	3,985,572,184	39.75	147,963	98.2	1.8	0.1	104
2015	2017	3,944,802,469	39.68	143,948	98.3	1.7	0.1	83
2014	2016	3,922,977,420	39.40	142,927	98.3	1.7	0.1	87
2013	2015	3,892,063,212	38.65	136,376	98.2	1.8	0.0	67

¹ Mill rate and tax levy prior to fiscal year 2022-23 include General Fund and the Town’s Fire District but exclude the Eighth Utility District fire and sewer rate. Starting in fiscal year 2023-24, the Eighth Utility and Fire District merged with the Town and the mill rate and tax levy now include the Eighth District.

² Revaluation year.

Source: Comprehensive Annual Financial Reports, Assessor’s Office, and Tax Collector's Office, Town of Manchester

For fiscal year 2023-24, the Downtown Special Services District levied a special tax of 2.87 mills on its members for management of the downtown commercial district.

PROPERTY TAX RECEIVABLES

As of June 30	Total	Uncollected for Current Year of Levy
2023	\$3,779,000	\$2,354,000
2022	3,532,080	2,199,995
2021	4,302,000	2,323,000
2020	4,340,000	2,483,000
2019	4,631,000	2,428,000
2018	5,068,000	2,706,000

Sources: Annual Comprehensive Financial Reports, Town of Manchester

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EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2021	\$6,974,260,087	-1.34%
2020	7,068,660,765	9.85%
2019	6,434,918,381	5.86%
2018	6,078,718,053	-1.74%
2017	6,186,246,720	8.41%
2016	5,706,117,120	2.82%
2015	5,549,613,279	-1.31%
2014	5,623,494,750	4.78%
2013	5,367,105,127	-2.00%
2012	5,476,686,374	-1.47%

Sources: Assessor's Office, State of Connecticut Office of Policy and Management

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V. FINANCIAL INFORMATION

FISCAL YEAR

The Town's fiscal year begins July 1 and ends June 30.

ANNUAL AUDIT

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Directors, is required to conduct the audit under the guidelines outlined by the Office of Policy and Management which also receives a copy of the audit report. For the fiscal year ended June 30, 2023, the financial statements of the various funds of the Town were audited by Clifton, Larson, Allen, LLP, formerly Blum Shapiro & Company, PC.

AUDITOR'S DISCLAIMER

Clifton, Larson, Allen LLP, Certified Public Accountants, formerly Blum, Shapiro & Company, PC, of West Hartford, Connecticut, the Town's independent auditors, are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A, "Audited Financial Statements" herein), and make no representation that they have independently verified the same. The auditors have not been engaged nor performed audit procedures regarding the post audit period. The auditors have not been asked to nor have they provided their written consent to include their Independent Auditors' Report in this Official Statement.

CERTIFICATE OF ACHEIVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Town has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") of the United States and Canada for its annual reports for fiscal years ended June 30, 1995 through 2022. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted audited standards. The report also contains a wide variety of information useful in evaluating the financial condition of a government and conforms to certain generally accepted terminology and formatting standards established for the Certificate Program.

BUDGETARY PRODECURES

The Budget is prepared in accordance with Chapter 5 of the Town Charter, as amended most recently in 2008, and the Special Acts of the Connecticut General Assembly, 1974. The Town observes the following schedule and procedures when preparing the budget:

1. By February 14 of each year, the Board of Education and all departments must submit their budget requests to the Town Manager.
2. The Town Manager submits a recommended budget to the Board of Directors by March 13.
3. A public hearing on the budget recommended by the Town Manager is held no later than March 23.
4. The Board of Directors adopts a budget no later than April 16, if the Board fails to adopt the budget, the tentative budget submitted by the Town Manager is deemed to be adopted.
5. Not later than 10 days following budget adoption, if a petition is signed by at least 7% of the Town's registered voters, then a referendum will be held within 35 days of the budget adoption to accept or reject the budget.
6. If a referendum is held and the budget is rejected, with at least 15% voter turnout, then the Board of Directors shall revise the adopted budget within 7 days of the referendum. Only one budget referendum may be held per year and the revised budget adopted by the Board of Directors takes effect on July 1.
7. The new fiscal year begins on July 1.

SIGNIFICANT FINANCIAL POLICIES

Financial Reporting

The financial statements of the Town are prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the primary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Compensation of Absences

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

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

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

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

Investment Practices

Sections 7-400 and 7-402 of the Connecticut General Statutes determine eligible investments for Connecticut municipalities. The operating fund, internal service fund, and working capital funds are invested at the direction of the Director of Finance in the following short-term investments: (1) State of Connecticut Short Term Investment Fund (“STIF”) established pursuant to section 3-27d of the Connecticut General Statutes (municipal funds deposited with STIF may be used by the State to acquire the investments set forth in section 3-27d of the general statutes); and (2) Webster Bank Secured Municipal Account (“SMA”) which is a fully collateralized money market account with tiered rates. The SMA is collateralized with government guaranteed

securities, federal agency securities, government agency/agency-sponsored securities, and collateralized mortgage obligations. The Town also invests in certificates of deposit. The Town expects to continue to invest in the foregoing instruments and those of a similar character.

Debt Policy

The Town uses general obligation debt to fund general purpose public improvements that cannot be financed from current revenues. In January 2024, the Town adopted a debt policy to establish standards regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, the method of sale that may be used and the types of structural features that may be utilized. The policy also calls for the development and maintenance of a five (5) year Capital Improvement Plan which identifies sources of funding. The guiding principles followed in developing the plan and selecting a source of funding including equity, effectiveness, efficiency and timing.

EMPLOYEE PENSION SYSTEMS

Town Employees

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

The Town of Manchester Retirement System covers substantially all Town employees except for certified teachers of the Board of Education and the regular members of the Fire Department. Currently, the defined benefit pension plan is only available to uniformed police officers and other Town and Board of Education employees hired before July 1, 2004. Town and Board of Education employees hired on or after July 1, 2004 can only participate in the defined contribution plan. Defined benefit participants are fully vested after ten years of service. Employees who retire at normal retirement age receive a benefit equal to 2% (2.5% for Police) of their highest average three years’ wages times the number of years of service. Normal retirement age for police officers is the age at which the employee reaches the earlier of age 50 (with 10 years of service) or 25 years of service. For all other employees, normal retirement age is 65 for employees hired after July 1, 1995, and either 62 or “Rule of 80” for those employees hired before July 1, 1995. The “Rule of 80” defines normal retirement as the date when years of service and age equal 80. Early retirement benefits are provided at reduced amounts. Also see Note 16. Employee Retirement Systems and Pension Plans in Notes to Financial Statements, are included in Appendix A herein.

Funding Policy. Defined benefit participants are required to contribute as follows: 8.5% for police employees, 6.4% for public works employees and 5.9% for all other “Rule of 80” employees of their earnings to the PERS. The Town is required to contribute 100% of the actuarially determined contribution to the PERS. Benefits and employee contributions are fixed by contract and may be amended by union negotiations. Administrative costs of the PERS are financed through investment earnings. Defined contribution participants are required to contribute 6% of earnings to a managed money plan, with a 6% Town match.

Annual Pension Cost. The Town’s annual pension cost and accrued required contribution to the PERS for fiscal year 2022-23, excluding amounts paid from self-supporting Enterprise funds, amounted to \$7,310,085 for which the Town contributed 100%. The annual required contribution for the current year was determined as part of the July 1, 2021 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included (a) 7.00% investment rate of return (net of administrative expenses), (b) projected payroll growth rate of 3.25% per year and (c) inflation rate of 2.60%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized using the level percent of pay method over a 20-year period. The amortization period will decrease each year until it reaches 10 years, after which point it will remain at 10 years.

The Town first implemented Government Accounting Standards Board’s (“GASB”) Statement No. 67 effective fiscal year ending June 30, 2014. In accordance with GASB Statement No. 67, the net position is based on the fair market value as of the end of the fiscal year and the total pension liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net pension liability of the Manchester Retirement System as of June 30, 2023 were as follows:

	(in Thousands)				
	2019	2020	2021	2022	2023
Total pension liability.....	\$ 234,961	\$ 254,418	\$ 254,280	\$ 255,868	\$ 269,167
Plan fiduciary net position.....	171,430	165,239	202,679	170,622	177,438
Net pension liability.....	<u>\$ 63,531</u>	<u>\$ 89,179</u>	<u>\$ 51,601</u>	<u>\$ 85,246</u>	<u>\$ 91,729</u>
Plan fiduciary net position as a % of total pension liability.....	72.96%	64.95%	79.71%	66.68%	65.92%

The following represents the net pension liability of the Manchester Retirement System, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	(in Thousands)		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Net Pension Liability.....	\$ 120,440	\$ 91,729	\$ 67,394

The following represents historical information regarding the Manchester Retirement System. The Town's most recent complete actuarial valuation was effective July 1, 2022.

Schedule of Funding Progress (in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2023	\$ 189,200	\$ 268,439	\$ (79,239)	70.5%	\$ 27,581	-287.3%
July 1, 2022	188,034	264,783	(76,749)	71.0%	29,597	-259.3%
July 1, 2021	187,431	250,706	(63,275)	74.8%	30,971	-204.3%
July 1, 2020	178,864	249,058	(70,194)	71.8%	32,225	-217.8%
July 1, 2019	177,299	243,091	(65,792)	72.9%	32,334	-203.5%
July 1, 2018	173,404	229,248	(55,844)	75.6%	33,094	-168.7%

Schedule of Employer Contributions (in Thousands)

Fiscal Year	Actual Contribution	Actuarial Determined Contribution	Percentage Contributed	Annual Covered Payroll	Contribution as a % of Covered Payroll
2024 ¹	\$ 8,671	\$ 8,671	100.0%	\$27,581	31.4%
2023	7,310	7,310	100.0%	29,597	24.7%
2022	7,214	7,214	100.0%	30,971	23.3%
2021	6,569	6,569	100.0%	32,225	20.4%
2020	6,202	6,202	100.0%	32,334	19.2%

¹ Adopted Budget.

Teachers' Retirement System

All Town certified teachers participate in the State of Connecticut Teachers' Retirement System under Section 10-183b through 10-183rr of the Connecticut General Statutes. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The retirement system for teachers is funded by the State based upon the recommendation of the State Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2022, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$12.6 million as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capitol Avenue, Hartford, Connecticut 06106.

Firefighters

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

Funding Policy. Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base. Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. At June 30, 2023, the Town reports a liability of \$11.2 million for its proportionate share of the net pension liability or 1.58% of the net liability. At June 30, 2021 the Town's proportion was 1.48%. The Town's recognized pension expense for year ended June 30, 2023 was \$2.3 million. The contribution requirements of the Town are established and may be amended by the State Retirement Commission.

Defined Contribution Plan

The Town established a defined contribution 401(a) plan effective July 1, 2000, to provide benefits at retirement to certain employees of the Town and Board of Education. As of June 30, 2023, the 401(a) plan is the retirement plan offered to all employees, other than uniformed police, uniformed fire, and certified Board of Education employees. The Town Pension Board administers this single employer defined contribution benefit plan. Employees are required to contribute 6% of covered salary, which are matched by employer contributions of 6% of covered salary. Employees are fully vested in employee contributions and are fully vested after five years in employer contributions.

The value of plan assets at June 30, 2023 total \$50.0 million. There were 990 participants as of June 30, 2023. During the fiscal year ended June 30, 2023, employees contributed \$1.1 million¹ (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$1.1 million. Covered payroll totaled \$18.3 million. Plan provisions and contribution requirements are established by an ordinance approved by the Town's Board of Directors and may be amended by the Board subject to various bargaining unit approvals.

OTHER POST-EMPLOYMENT BENEFITS

As required by the Governmental Accounting Standards Board ("GASB"), the Town implemented GASB Statement No. 45 - Reporting for Other Post-Employment Benefits ("OPEB") in the fiscal year 2008. OPEB includes post-employment health care as well as other forms of post-employment benefits such as life insurance. The Town primarily provides post-employment benefits in the form of health benefits and retiree life insurance. The levels of those benefits are defined in labor contracts and in the employment overview for unaffiliated employees.

The Town’s Board of Directors has approved and created an OPEB Retiree Health Care Trust. Effective July 1, 2009, the trust has been used to record and administer the retiree health care process.

The Town had previously paid post-employment benefits directly from the OPEB Trust Fund. As a result, the OPEB Trust Fund ended the fiscal year in a deficit position in each of fiscal years 2015 to 2017. Additionally, the Town recorded an inter-fund loan to the OPEB Trust Fund from the General Fund which has resulted in a negative asset position in the July 1, 2016 OPEB valuation. For the Town’s July 1, 2016 OPEB valuation, the Town’s actuary reduced the discount rate from 7.25% to 2.85% to reflect that the OPEB Trust was previously serving as a pass-through for paying current OPEB benefits and that the Town has not been fully prefunding OPEB benefits. The reduction in the discount rate caused the Accrued Liability to increase from approximately \$169 million to \$298 million and the ADC to increase from \$17.2 million to \$24.7 million. The Town discontinued the prior practice in fiscal year 2017-18 and now accounts for post-employment benefits in the Town of Manchester Medical Insurance Fund. Additionally, the loan to the OPEB Trust from the General Fund has been repaid. For the Town’s July 1, 2020 OPEB valuation, the Town’s actuary incorporated a number of changes in demographics, plan design and eligibility, actuarial methods and assumptions as well as the results of a recent experience study. Highlights of the plan design and eligibility changes include new Firefighters hired after January 14, 2021 contributing 1.5% of base pay towards OPEB expenses and all Firefighters hired after July 1, 2022 participating in the Town’s High-Deductible Health Plan. All firefighters hired before January 14, 2021 will now contribute \$400 annually towards the cost of OPEB. Additionally, The Town contracted with health benefits advisor One Digital to complete an extensive analysis of OPEB benefits. The data-driven project, which began in July 2020, resulted in switching all Medicare-eligible retirees from the existing self-insured Medicare Supplemental Plan to a premium-based Medicare Advantage Plan. Additionally, Rx benefits for over-65 retirees were moved from the Medicare RDS subsidy model to an Rx Employee Group Waiver Plan (“EGWP”) wrap model, resulting in significant Rx savings for the Town. The net effect of these changes has produced a reduction in OPEB liability from \$358.6 million in fiscal year 2020-21 to a net OPEB liability of \$177.2 million in fiscal year 2022-23.

The Town previously implemented Government Accounting Standards Board's (“GASB”) Statement 74 effective fiscal year ending June 30, 2017. In accordance with GASB Statement 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. Under GASB Statement 74, the components of the net OPEB liability of the Town as of June 30, 2023 are as follows:

	(in Thousands)				
	2019	2020	2021	2022	2023
Total OPEB liability.....	\$ 281,223	\$ 358,671	\$ 210,628 ¹	\$ 174,233	\$ 177,201
Plan fiduciary net position.....	3,195	3,410	4,257	3,776	4,216
Net OPEB liability.....	<u>\$ 278,028</u>	<u>\$ 355,261</u>	<u>\$ 206,371</u>	<u>\$ 170,457</u>	<u>\$ 172,985</u>
Plan fiduciary net position as a % of total OPEB liability...	1.14%	0.95%	2.02%	2.17%	2.38%

¹ The reduction in the OPEB liability is the result of certain plan design, eligibility, demographic and actuarial assumption changes undertaken in connection with the Town’s July 1, 2020 OPEB valuation. See “Other Post-Employment Benefits” herein.

The following represents the net OPEB liability of the Town, calculated using the current discount rate, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	(in Thousands)		
	1% Decrease	Current	1% Increase
	(2.54%)	Discount Rate	(3.54%)
		(3.54%)	(4.54%)
Net OPEB Liability....	\$ 197,791	\$ 172,985	\$ 152,772

The following represents the net OPEB liability of the Town, calculated using the current healthcare trend rate, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	(in Thousands)		
	Current		
	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability....	\$ 150,050	\$ 172,985	\$ 201,702

The following represents historical information regarding the other post-employment benefit funding progress. The Town's most recent complete actuarial valuation was effective July 1, 2021.

Schedule of Funding Progress (in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
July 1, 2021	\$ 3,776	\$ 176,068	(172,292)	2.1%	\$ 113,753	-151.5%
July 1, 2020	3,410	205,247 ¹	(201,837)	1.7%	117,104	-172.4%
July 1, 2019	3,195	274,900	(271,705)	1.2%	n/a	n/a
July 1, 2018	1,030	257,900	(256,870)	0.4%	105,387	-243.7%
July 1, 2016	(13,391) ²	298,770 ³	(312,161)	-4.5%	90,703	-344.2%

¹ The reduction in the OPEB liability is the result of certain plan design, eligibility, demographic and actuarial assumption changes undertaken in connection with the Town's July 1, 2020 OPEB valuation. See "Other Post-Employment Benefits" herein.

² Negative net asset position is the result of the prior practice of paying post-employment benefits directly from the OPEB Trust Fund. The Town ended that practice in fiscal year 2017-18.

³ Increase in Actuarial Accrued Liability was the result of reducing the discount rate from 7.25% to 3.58% to reflect that the Town was not fully prefunding OPEB benefits.

Schedule of Employer Contributions (in Thousands)

Fiscal Year	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2023	\$ 20,154	\$ 7,924	39.3%
2022	18,919	9,260	48.9%
2021	24,823	8,367	33.7%
2020	23,319	7,797	33.4%
2019	26,339	12,297	46.7%

MUNICIPAL BUDGET EXPENDITURES CAP

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation

rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. For fiscal years ending June 30, 2023 and June 30, 2024, the Town has received a municipal revenue sharing grant in the amount of \$1,712,853 and \$1,755,026, respectively.

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COMPARATIVE GENERAL FUND OPERATING STATEMENT
 Budget and actual (Budgetary Basis)
 (\$ in Thousands)

	<u>Fiscal Year 2022-23</u>			Fiscal Year 2023-24
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Adopted Budget¹
REVENUES				
Property Taxes	\$ 155,335	\$ 154,615	\$ (720)	\$ 182,464
Intergovernmental	37,647	39,466	1,819	37,512
Investment Income.....	930	1,893	963	1,130
License, permits and fines	2,485	3,349	864	2,781
Charges for services	626	629	3	1,135
Miscellaneous	134	481	347	240
Appropriation of fund balance	-	-	-	2,500
TOTAL REVENUES	<u>\$ 197,157</u>	<u>200,433</u>	<u>3,276</u>	<u>\$ 227,762</u>
EXPENDITURES				
Current:				
General government	6,676	6,233	443	\$ 7,111
Public works	14,011	12,577	1,434	14,659
Public safety	26,841	25,563	1,278	46,783
Human services	3,428	3,271	157	3,590
Leisure services	6,652	6,162	490	6,791
Employee benefits	4,997	4,949	48	6,318
Education	120,193	120,186	7	123,187
Internal service fund charges	3,040	3,040	-	3,500
Other	570	260	310	555
Debt service.....	13,850	13,893	(43)	14,416
Capital Outlay.....	1,978	1,978	-	2,177
TOTAL EXPENDITURES	<u>202,236</u>	<u>198,112</u>	<u>4,124</u>	<u>229,087</u>
Excess (deficiency) of revenues over expenditures	<u>(5,079)</u>	<u>2,321</u>	<u>7,400</u>	<u>(1,325)</u>
Other financing sources (uses):				
Operating transfers in	1,922	1,934	12	1,605
Operating transfers out ¹	(280)	(280)	-	(280)
Total Other financing sources (uses) ..	1,642	1,654	12	1,325
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (3,437)</u>	<u>\$ 3,975</u>	<u>\$ 7,412</u>	<u>\$ -</u>

¹ Fiscal year 2023-24 is the first fiscal year following the consolidation of the Town and Eighth Utility and Fire District. As a result of the consolidation, budget line items for Public Safety and Employee Benefits have increased.

Sources: Fiscal year 2022-23 financial statements; fiscal year 2023-24 adopted budget.

COMPARATIVE GENERAL FUND BALANCE SHEET
(GAAP Basis)

Fiscal Year Ended:	(In Thousands)				
	2019	2020	2021	2022	2023
Assets					
Cash and cash equivalents	\$ 187	\$ 8,491	\$ 10,927	\$ 1,509	\$ 2,797
Investments	10,239	10,764	12,129	12,745	13,215
Receivables, net	4,691	4,009	4,016	3,556	4,801
Interfund receivables.....	24,423	16,461	21,191	24,923	35,255
Other assets.....	29	7	38	38	30
Total Assets	\$ 39,569	\$ 39,732	\$ 48,301	\$ 42,771	\$ 56,098
Liabilities					
Accounts and other payables	\$ 2,784	\$ 3,071	\$ 3,657	\$ 4,129	\$ 3,517
Accrued liabilities	115	2,428	1,953	2,004	1,627
Intergovernmental payables.....	23	25	11	11	14
Interfund payables.....	-	-	-	-	12,727
Unearned revenue	-	-	-	60	55
Total Liabilities	2,922	5,524	5,621	6,204	17,940
Deferred Inflows of Resources					
Unavailable revenue - property taxes	3,833	3,270	3,113	2,146	2,194
Unavailable revenue - loans receivable ...	-	-	-	741	-
Unavailable revenue - lease receivable ...	-	-	-	-	1,697
Advance property tax collections	5,055	903	5,785	3,948	988
Total Deferred Inflows of Resources	8,888	4,173	8,898	6,835	4,879
Fund Balances (Deficits)					
Nonspendable	29	7	38	38	30
Committed	-	2,500	2,000	2,355	2,060
Assigned	6,281	3,612	4,618	4,701	6,213
Unassigned	21,449	23,916	27,126	22,638	24,976
Total Fund Balances	27,759	30,035	33,782	29,732	33,279
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 39,569	\$ 39,732	\$ 48,301	\$ 42,771	\$ 56,098

ANALYSIS OF GENERAL FUND EQUITY

Fiscal Year Ended:	(In Thousands)				
	2019	2020	2021	2022	2023
Nonspendable.....	\$ 29	\$ 7	\$ 38	\$ 38	\$ 30
Committed.....	-	2,500	2,000	2,355	2,060
Assigned.....	6,281	3,612	4,618	4,701	6,213
Unassigned.....	21,449	23,916	27,126	22,638	24,976
Total Fund Balance.....	\$ 27,759	\$ 30,035	\$ 33,782	\$ 29,732	\$ 33,279
Total Fund Balance As % of Total Revenues.....	14.03%	14.33%	16.12%	14.02%	14.72%

Source: Annual Reports.

**COMPARATIVE GENERAL FUND REVENUES AND EXPENDITURES
(GAAP Basis)**

Fiscal Year Ended:	(In Thousands)				
	2019	2020	2021	2022	2023
Revenues					
Property taxes	\$145,616	\$149,587	\$150,443	\$151,708	\$154,615
Intergovernmental	44,311	53,808	53,460	54,642	63,360
Investment earnings	1,422	1,135	343	172	1,681
Licenses, permits and fines	2,737	2,702	2,761	3,103	3,349
Charges for services	1,992	435	455	566	882
Miscellaneous	133	235	224	268	446
Total Revenues	196,211	207,902	207,686	210,459	224,333
Expenditures					
Current:					
General government	5,727	5,828	5,843	6,001	6,237
Public works.....	13,257	12,576	12,487	13,132	12,579
Public safety	20,827	20,774	20,899	21,995	22,729
Human services.....	2,907	2,903	2,846	3,110	3,300
Leisure services.....	6,025	5,646	5,256	6,039	6,212
Employee benefits.....	3,261	4,412	4,641	4,855	4,949
Education	124,151	134,947	133,588	136,784	143,880
Internal service fund charges.....	2,772	2,694	2,724	2,884	2,735
Other.....	240	175	448	450	260
Debt service.....	11,939	12,681	13,042	13,229	13,893
Capital Outlay.....	-	-	-	1,015	1,504
Total Expenditures	191,106	202,636	201,774	209,494	218,278
Excess (deficiency) of revenues over expenditures	5,105	5,266	5,912	965	6,055
Other financing sources (uses):					
Operating transfers in	1,601	1,654	1,708	1,682	1,715
Operating transfers (out)	(4,625)	(4,644)	(3,953)	(7,712)	(5,431)
Issuance of bonds.....	-	-	17,395	-	-
Premium on Bonds.....	-	-	212	-	-
Notes payable proceeds.....	-	-	-	1,015	-
Subscription payabl proceeds.....	-	-	-	-	1,208
Payment to escrow agents	-	-	(17,527)	-	-
Total other financing sources (uses)	(3,024)	(2,990)	(2,165)	(5,015)	(2,508)
Net Change in Fund Balance.....	2,081	2,276	3,747	(4,050)	3,547
Fund Balance - July 1	25,678	27,759	30,035	33,782	29,732
Fund Balance - June 30	<u>\$ 27,759</u>	<u>\$ 30,035</u>	<u>\$ 33,782</u>	<u>\$ 29,732</u>	<u>\$ 33,279</u>

Source: Annual Reports.

PROPERTY TAX REVENUES

(\$ in Thousands)

Fiscal Year	General Fund Revenues & Transfers in	Property Tax Revenues	Property Tax Revenues as a Percentage of Fund Revenues
2024 ¹	\$229,367	182,464	79.6 %
2023	226,048	154,615	68.4
2022	212,141	151,708	71.5
2021	209,394	150,443	71.8
2020	209,556	149,587	71.4
2019	197,812	145,616	73.6
2018	207,036	141,097	68.2
2017	204,131	139,728	68.5
2016	192,551	138,988	72.2
2015	188,689	134,379	71.2

¹ Adopted budget, budgetary basis, does not include on-behalf payments to the Connecticut State Teachers' Retirement System.

Sources: Annual Reports fiscal years 2015-2023; fiscal year 2023-24 Adopted Budget.

INTERGOVERNMENTAL REVENUES

(\$ in Thousands)

Fiscal Year	General Fund Revenues & Transfers in	Intergovernmental Revenue	Aid As a Percentage Of General Fund Revenues
2024 ¹	\$229,367	\$37,512	16.4 %
2023	226,048	63,360	28.0
2022	210,459	54,642	26.0
2021	209,394	53,460	25.5
2020	209,556	53,808	25.7
2019	197,812	44,311	22.4
2018	207,036	58,678	28.3
2017	204,131	57,402	28.1
2016	192,551	47,039	24.4
2015	188,689	48,291	25.6

¹ Adopted budget, budgetary basis, does not include on-behalf payments to the Connecticut State Teachers' Retirement System.

Sources: Annual Reports fiscal years 2015-2023; fiscal year 2023-24 Adopted Budget.

EXPENDITURES
(\$ in Thousands)

Fiscal Year	Education	Public Safety	Public Works	Debt Service	Leisure Services	General Government	Employee Benefits
2024 ^{1, 2}	53.7 %	20.4 %	6.4 %	6.3 %	3.0 %	3.1 %	5.6 %
2023	64.3	10.2	5.6	6.2	2.8	2.8	2.2
2022	63.0	10.1	6.0	6.1	2.8	2.8	2.2
2021	64.9	10.2	6.1	6.3	2.6	2.8	2.3
2020	65.1	10.0	6.1	6.1	2.7	2.8	2.1
2019	63.4	10.6	6.8	6.1	3.1	2.9	1.7
2018	66.5	9.7	6.4	5.7	2.8	2.7	1.5
2017	65.6	9.8	6.6	5.6	2.9	2.7	1.4
2016	64.7	10.1	6.9	5.4	3.0	3.0	1.5
2015	65.0	9.8	7.3	5.3	3.0	3.0	1.6

¹ In fiscal year 2023-24, the Town and the Eighth Utility and Fire District consolidated creating a year/year increase in Public Safety spending.

² Adopted budget, budgetary basis, does not include on-behalf payments to the Connecticut State Teachers' Retirement System.

Sources: Annual Reports fiscal years 2015-2023; fiscal year 2023-24 Adopted Budget.

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VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

Pro Forma as of February 15, 2024

Long-Term Debt

Date of Issue	Issue	Coupon Rate %	Original Issue Amount	Debt Outstanding Including This Issue	Final Maturity
3/31/2014	Drinking Water Loan - Water ¹	2.00%	\$ 61,304	\$ 32,961	2033
3/31/2014	Drinking Water Loan - Water ¹	2.00%	20,655	11,106	2033
9/23/2015	Series 2015 (Refunding)	2.00-5.00%	27,680,000	9,735,000	2027
2/23/2016	Series 2016	2.00-5.00%	17,190,000	10,320,000	2036
7/31/2016	Clean Water Loan - Sewers ¹	2.00%	38,396,687	18,206,963	2030
2/22/2017	Series 2017A	2.00-5.00%	14,500,000	9,425,000	2037
2/22/2017	Series 2017B (Refunding)	2.75-4.00%	4,365,000	2,365,000	2028
4/30/2017	Drinking Water Loan - Water ¹	2.00%	979,071	687,494	2036
2/21/2018	Series 2018	3.00-5.00%	20,000,000	15,570,000	2038
2/20/2019	Series 2019	3.00-5.00%	15,000,000	11,250,000	2039
2/19/2020	Series 2020.....	2.00-5.00%	15,000,000	12,000,000	2040
12/17/2020	Drinking Water Loan - Water ¹	2.00%	1,222,321	1,062,405	2040
5/13/2021	Series 2021A.....	3.00-5.00%	11,775,000	10,070,000	2041
5/13/2021	Series 2021B (Refunding).....	0.20-2.20%	15,620,000	13,745,000	2032
2/17/2022	Series 2022	2.37-5.00%	15,000,000	13,500,000	2042
2/16/2023	Series 2023	3.00-5.00%	20,000,000	19,000,000	2043
2/15/2024	Series 2024 (This Issue).....	<i>TBD</i>	25,000,000	25,000,000	2044
	Total		<u>\$241,810,038</u>	<u>\$ 171,980,929</u>	

¹ Self-supporting water and sewer debt.

Short-Term Debt

Date of Issue	Issue	Coupon Rate %	Original Issue Amount	Debt Outstanding Including This Issue	Final Maturity
2/15/2024	The Notes (This Issue) ¹	<i>TBD</i>	\$ 13,720,814	\$ 13,720,814	2/13/2025
	Total			<u>\$ 13,720,814</u>	

¹ Self-supporting water and sewer debt.

Source: Town of Manchester Finance Department.

SCHEDULE OF GENERAL FUND BONDED DEBT ¹

Pro Forma as of February 15, 2024

Fiscal Year Ending	<i>This Issue - The Bonds</i>				Total Debt Service ²	Cumulative Percent of Principal Retired
	Principal	Interest	Principal	Interest		
2024 ³	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2025	11,400,000	4,369,911	1,250,000	-	17,019,911	8.32%
2026	11,415,000	3,878,946	1,250,000	-	16,543,946	16.66%
2027	11,440,000	3,387,916	1,250,000	-	16,077,916	25.01%
2028	10,145,000	2,932,149	1,250,000	-	14,327,149	32.50%
2029	8,380,000	2,590,350	1,250,000	-	12,220,350	38.84%
2030	7,955,000	2,306,916	1,250,000	-	11,511,916	44.90%
2031	7,965,000	2,026,844	1,250,000	-	11,241,844	50.96%
2032	7,980,000	1,761,986	1,250,000	-	10,991,986	57.03%
2033	7,450,000	1,517,868	1,250,000	-	10,217,868	62.76%
2034	6,530,000	1,308,200	1,250,000	-	9,088,200	67.88%
2035	6,570,000	1,110,275	1,250,000	-	8,930,275	73.02%
2036	6,605,000	911,100	1,250,000	-	8,766,100	78.19%
2037	5,790,000	716,463	1,250,000	-	7,756,463	82.82%
2038	5,105,000	542,100	1,250,000	-	6,897,100	87.00%
2039	3,750,000	383,063	1,250,000	-	5,383,063	90.29%
2040	3,000,000	274,625	1,250,000	-	4,524,625	93.09%
2041	2,250,000	187,500	1,250,000	-	3,687,500	95.39%
2042	2,250,000	110,000	1,250,000	-	3,610,000	97.70%
2043	1,000,000	40,000	1,250,000	-	2,290,000	99.18%
2044	-	-	1,250,000	-	1,250,000	100.00%
	<u>\$126,980,000</u>	<u>\$30,356,211</u>	<u>\$ 25,000,000</u>	<u>\$ -</u>	<u>\$182,336,211</u>	

¹ Excludes self-supporting water and sewer debt.

² Totals may not add up due to rounding.

³ Excludes \$11,390,000 in principal and \$4,826,037 in interest paid on or before February 15, 2024.

CLEAN WATER FUND PROGRAM

The Town is a participant in the State of Connecticut Clean Water Fund ("CWF") Program (General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and denitrification projects which are financed with a 30% grant and a 70% loan).

The CWF Program includes a drinking water component. Eligible drinking water projects receive State loans from the Drinking Water State Revolving Fund ("DWSRF"), which bear interest at no more than one-half of the average net interest costs incurred by the State's previous similar bond issue. State water grants funding is not generally available; however, the State administers federal grant funding such as the Long Island Sound Restoration Act ("LISRA") through the DWSRF.

CWF and DWSRF loans are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreements"). Construction costs are funded with a temporary draw down loans called Interim Funding Obligations ("IFO"), which enables municipalities to borrow only what is required for project costs. The IFO is permanently financed through the issuance of a Project Loan Obligation ("PLO") at the conclusion of the project. IFOs and PLOs are secured by either the full faith and credit of the municipality and/or each municipality must deliver to the state one obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the project completion date. Principal and interest payments are payable (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in a single annual installment representing, 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement and repayable thereafter in monthly installments. Loans made under Loan Agreements entered into prior to July 1, 1998 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments.

The Town has the following permanent Clean Water Fund loans outstanding:

<u>Project</u>	<u>Date of Issue</u>	<u>Original 2% Loan Amount</u>	<u>Outstanding as of February 15, 2024</u>
DWSRF #9031.....	3/31/2014	\$ 61,304	\$ 32,961
DWSRF #9032.....	3/31/2014	20,655	11,106
CWF # 288-C1.....	7/31/2016	38,396,687	18,206,963
DWSRF # 7053.....	4/30/2017	979,071	687,494
DWSRF # 2020-7090..	12/31/2020	1,225,321	1,062,405
		<u>\$40,683,038</u>	<u>\$ 20,000,929</u>

SCHEDULE OF SELF-SUPPORTING DEBT- WATER & SEWER

Pro Forma as of February 15, 2024

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service ¹</u>	<u>Cumulative Percent of Principal Retired</u>
2024 ²	\$ 1,140,594	\$ 162,879	\$ 1,303,473	5.70%
2025	2,776,484	351,847	3,128,331	19.58%
2026	2,832,526	295,806	3,128,332	33.75%
2027	2,889,698	238,633	3,128,331	48.19%
2028	2,948,025	180,306	3,128,331	62.93%
2029	3,007,529	120,802	3,128,331	77.97%
2030	3,068,234	60,097	3,128,331	93.31%
2031	366,917	21,118	388,035	95.15%
2032	120,600	18,317	138,917	95.75%
2033	123,034	15,883	138,917	96.36%
2034	120,806	13,438	134,244	96.97%
2035	122,812	11,008	133,820	97.58%
2036	125,291	8,529	133,820	98.21%
2037	112,918	6,025	118,943	98.77%
2038	70,116	4,269	74,385	99.12%
2039	71,531	2,854	74,385	99.48%
2040	72,975	1,410	74,385	99.85%
2041	30,839	154	30,993	100.00%
2042	-	-	-	100.00%
	<u>\$ 20,000,929</u>	<u>\$ 1,513,375</u>	<u>\$ 21,514,304</u>	

¹ Totals may not add up due to rounding.

² Excludes \$1,580,959 in principal and \$243,901 in interest paid on or before February 15, 2024.

COMBINED SCHEDULES OF LONG-TERM DEBT
(General Fund and Self-Supporting Debt)
Pro Forma as of February 15, 2024

Fiscal Year Ending	Principal	Interest	<i>This Issue - The Bonds</i>		Total Debt Service ¹	Cumulative Percent of Principal Retired
			Principal	Interest		
2024 ²	\$ 1,140,594	\$ 162,879	\$ -	\$ -	\$ 1,303,473	0.66%
2025	14,176,484	4,721,758	1,250,000		20,148,242	9.63%
2026	14,247,526	4,174,752	1,250,000		19,672,278	18.64%
2027	14,329,698	3,626,549	1,250,000		19,206,247	27.70%
2028	13,093,025	3,112,455	1,250,000		17,455,480	36.04%
2029	11,387,529	2,711,152	1,250,000		15,348,681	43.39%
2030	11,023,234	2,367,013	1,250,000		14,640,247	50.53%
2031	8,331,917	2,047,962	1,250,000		11,629,879	56.10%
2032	8,100,600	1,780,303	1,250,000		11,130,903	61.54%
2033	7,573,034	1,533,751	1,250,000		10,356,785	66.67%
2034	6,650,806	1,321,638	1,250,000		9,222,444	71.26%
2035	6,692,812	1,121,283	1,250,000		9,064,095	75.88%
2036	6,730,291	919,629	1,250,000		8,899,920	80.52%
2037	5,902,918	722,488	1,250,000		7,875,406	84.68%
2038	5,175,116	546,369	1,250,000		6,971,485	88.41%
2039	3,821,531	385,917	1,250,000		5,457,448	91.36%
2040	3,072,975	276,035	1,250,000		4,599,010	93.88%
2041	2,280,839	187,654	1,250,000		3,718,493	95.93%
2042	2,250,000	110,000	1,250,000		3,610,000	97.96%
2043	1,000,000	40,000	1,250,000		2,290,000	99.27%
2044	-	-	1,250,000		1,250,000	100.00%
	<u>\$146,980,929</u>	<u>\$31,869,586</u>	<u>\$ 25,000,000</u>	<u>\$ -</u>	<u>\$203,850,515</u>	

¹ Totals may not add up due to rounding.

² Excludes \$12,970,959 in principal and \$5,069,939 in interest paid on or before February 15, 2025.

THE TOWN OF MANCHESTER HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OF OR INTEREST ON ITS BONDS OR NOTES.

OVERLAPPING AND UNDERLYING INDEBTEDNESS

Overlapping Debt

The Town has entered into an inter-local agreement with the Town of Vernon for treatment of wastewater from a small section of the northern part of Town. The Town of Vernon is currently in the process of undertaking an \$82 million upgrade to its Wastewater Treatment facility. The Town of Vernon expects to fund the upgrades through a series of grants and loans with the State of Connecticut's Clean Water Fund Program. The maximum borrowings are not expected to exceed \$47.8 million. To date, the Town of Vernon has one outstanding Project Loan Obligation ("PLO") in the amount of \$25.8 million and one Interim Financing Obligation ("IFO") in the amount of \$10.2 million. The Town's anticipated share of the total cost of the upgrades is approximately 2% of the total costs or approximately \$1.1 million. As of February 15, 2024, the Town's proportional share of the outstanding PLO is approximately \$801,623.

Date	Purpose	Rate (%)	Original Issue	Bond Debt Outstanding	Date of Fiscal Year Maturity
9/18/2019	Regional WPCF.....	2.00	\$1,105,218	\$801,623	2040

DEBT STATEMENT

Pro Forma as of February 15, 2024

Long-term Debt		
<i>The Bonds (This Issue)</i>		\$ 25,000,000
General Purpose Bonds		68,180,501
School Bonds		58,799,499
Drinking Water/Clean Water Loans		20,000,929
Total Long-term Debt		\$ 171,980,929
Short-term Debt		
<i>The Notes (This Issue)</i>		13,720,814
Direct Debt		\$ 185,701,743
Less self-supporting debt:		
Self-Supporting Drinking Water/Clean Water Loans... (20,000,929)		
Self-Supporting Water Notes..... (7,244,241)		
Self-Supporting Sewer Notes..... (6,476,573)		(33,721,743)
Net Direct Debt		\$ 151,980,000
Overlapping Debt		
Town of Vernon WPCF Upgrade ¹	801,623	801,623
Overall Net Debt		\$ 152,781,623

¹ The Town has entered into an inter-local agreement with the Town of Vernon for treatment of its wastewater. The Town of Vernon is currently in the process of undertaking an \$82 million upgrade to its wastewater treatment facility. To date the Town of Vernon has entered two loans with the State of Connecticut Clean Water Fund Program totaling \$36.0 million, of which approximately \$34.8 million is currently outstanding. The Town’s share of the two loans is \$801,623 as of February 15, 2024. See “Overlapping Debt” herein.

CURRENT DEBT RATIOS

Pro Forma as of February 15, 2024

Population 2021 ¹	59,452
Net Taxable Grand List (10/1/22)	\$4,916,250,779
Estimated Full Value (10/1/22)	\$7,023,215,399
Equalized Net Grand List (10/1/21) ²	\$6,974,260,087
Per Capita Income ¹	\$40,335

	Total	Net	Total Overall
	Direct Debt	Direct Debt	Net Debt
	\$185,701,743	\$151,980,000	\$152,781,623
Debt per Capita	\$3,124	\$2,556	\$2,570
Percent of Net Taxable Grand List	3.78%	3.09%	3.11%
Percent of Estimated Full Value	2.64%	2.16%	2.18%
Percent of Equalized Net Grand List	2.66%	2.18%	2.19%
Percent of Debt per Capita to Income per Capita ...	7.75%	6.34%	6.37%

¹ Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-21.

² Source: Office of Policy & Management, State of Connecticut.

BOND AUTHORIZATION PROCEDURE

Bond and note authorizations require approval by a majority vote of all members of the Board of Directors. The Town Charter provides that all capital projects that are financed by the issuance of bonds or notes in anticipation of bonds must be approved by the voters of the Town at a regular or special election. State law provides the refunding bonds which result in net present value savings may be authorized by a municipality’s elected legislative body, which is the Town’s Board of Directors.

TEMPORARY FINANCING

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one-year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

SCHOOL PROJECTS

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, the State of Connecticut will provide proportional progress grant payments for eligible school construction expenses on school projects approved after July 1, 1996. The full amount of all current projects is authorized. When progress payments are received those amounts are removed from the authorized totals. This is done on June 30 of each year for payments received during that fiscal year. Under the current program, the Town expects to receive progress payments for eligible school construction costs at the rate of approximately 30-55 percent.

<u>Project</u>	<u>Total Appropriation/ Authorization</u>	<u>Estimated Reimbursement Rate</u>	<u>Estimated Grant ¹</u>
School Construction 2014.....	\$ 84,226,000	55.00%	\$ 46,324,300
School Construction 2019 ^{2, 3}	92,000,000	66.43%	66,030,000
Total	\$ 176,226,000		\$112,354,300

¹ Estimated grants receivable are based upon eligibility of project costs. Eligible costs are to be determined at completion of a post-project audit. As of February 15, 2024, the Town has received \$35,960,095_ for the above projects.

² In June 2019, voters of the Town approved at referendum an appropriation of \$88 million for the costs of the renovation and expansion of three elementary schools and the renovation, re-purposing of three decommissioned schools. The referendum anticipated the re-purposing of up to \$5 million in unexpended appropriation from the Town’s 2014 School Construction project and authorized up to \$47 million in bonds to fund the project.

³ In May 2022 the State of Connecticut Department of Administrative Services informed the Town that the reimbursement rate for the \$23.8 million Keeney Elementary School renovation project was increased to 83.77% from 66.43%.

LIMITATION OF INDEBTEDNESS

In accordance with the Connecticut General Statutes, the aggregate indebtedness of a municipality shall not exceed seven (7) times the annual receipts from taxation.

A municipality also shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Obligation Purposes:	3.00 times annual receipts from taxation

“Annual receipts from taxation” (the "base") is defined as total tax collections of the municipality and only coterminous municipalities, including interest, penalties, late payments of taxes and State payments for revenue loss under CGS Section 12-129d and State payments under CGS Section 7-528.

The statutes also provide for exclusion from a municipality's debt limit calculations of debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation, renewable energy products, for the construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes, for the construction and operation of a municipal community antenna television system, and for two or more such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment or for which an allocation has been approved by the State Bond Commission, or from a contract with the State, a State agency or another municipality, but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in escrow of an amount sufficient to provide for the payment when due of the principal and interest on bonds, notes or other obligations.

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STATEMENT OF STATUTORY DEBT LIMITATION
Pro Forma as of February 15, 2024
(\$ in Thousands)

Total Tax Collections (including interest and lien fees) for fiscal year ended June 30, 2023	\$ 165,152
Reimbursement for Revenue Loss on Tax Relief for the Elderly	-
Base for Debt Limitation Computation	165,152

	General Purposes ¹	Schools	Sewers	Urban Renewal	Pension
<u>Debt Limitation</u>					
2 1/4 times base	\$ 371,592	-	-	-	-
4 1/2 times base	-	\$ 743,184	-	-	-
3 3/4 times base	-	-	\$ 619,320	-	-
3 1/4 times base	-	-	-	\$ 536,744	-
3 times base	-	-	-	-	\$ 495,456
Total debt limitation	\$ 371,592	\$ 743,184	\$ 619,320	\$ 536,744	\$ 495,456
<u>Debt as Defined by Statute</u>					
Bonds Payable ¹	68,181	58,799	-	-	-
<i>The Bonds (This Issue)</i>	25,000	-	-	-	-
<i>The Notes (This Issue)</i> ¹	-	-	6,477	-	-
Clean Water Loans ¹	-	-	18,207	-	-
Overlapping Debt	-	-	802	-	-
Debt Authorized but Unissued ¹	41,475	25,836	1,621	-	-
Total Indebtedness	134,656	84,635	27,107	-	-
Less:					
School Grants Receivable.....	-	(13,898)	-	-	-
Self-Supporting Debt	-	-	(24,684)	-	-
Total Statutory Debt.....	134,656	70,737	2,423	-	-
Debt Limitation in Excess of Authorized Limit.....	\$ 236,936	\$ 672,447	\$ 616,897	\$ 536,744	\$ 495,456

¹ Excludes bond authorizations, DWSRF loans and notes issued to fund water projects per state statute.

In no case shall total indebtedness exceed \$1,156,064,000 (seven times annual base for debt limitation computations).

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AUTHORIZED BUT UNISSUED DEBT
Pro Forma as of February 15, 2024

Project	Bond		Estimated Grants	The Bonds (This Issue)	The Notes (This Issue)	Authorized but Unissued Debt
	Authorization Amount	Prior Debt Issued				
Land Acquisition & Historic Bldg Improv. 2016/17...	\$ 4,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Public Works Projects 2020/21.....	17,250,000	8,250,000	275,000	8,725,000	-	-
Public Works Projects 2022/23.....	19,000,000	-	-	-	-	19,000,000
Highland Park School.....	13,100,000	7,005,000	5,583,939	-	-	511,061
School Construction 2014 ¹	37,600,000	32,275,000	46,324,300	-	-	5,325,000
School Construction 2019 ²	47,000,000	27,000,000	66,030,000	-	-	20,000,000
New Main Library Branch 2022.....	39,000,000	1,250,000	5,000,000	16,275,000	-	21,475,000
Water Quality Treatment Program '09-'12.....	10,872,000	10,872,000	-	-	-	-
Water Quality Improv. Program '13-'15.....	3,600,000	3,373,333	-	-	-	226,667
Water Quality Improv. Program '16-'18.....	4,200,000	1,943,550	-	-	1,487,033	769,417
Water Quality Improv. Program '19-'20.....	2,400,000	604,696	-	-	1,473,875	321,429
Water Quality Improv. Program '20-'21.....	1,200,000	80,000	-	-	1,040,000	80,000
Water Quality Improv. Program '21-'22.....	2,900,000	-	-	-	2,843,333	56,667
Water Quality Improv. Program '23.....	400,000	-	-	-	400,000	-
Sewer System Improvements '09-'18.....	9,000,000	7,268,004	-	-	1,182,163	549,833
Sewer System Improvements '19-'20.....	2,600,000	754,043	-	-	1,487,743	358,214
Sewer System Improvements '20-'21.....	1,700,000	80,000	-	-	1,040,000	580,000
Sewer System Improvements '21-'22.....	2,900,000	-	-	-	2,766,667	133,333
Total.....	\$218,722,000	\$103,755,626	\$123,213,239	\$ 25,000,000	\$ 13,720,814	\$ 70,386,621

¹ In 2014 the voters of the Town approved an appropriation of \$84.2 million and a bond authorization not to exceed \$37.6 million or as much as necessary after deducting grants to be received for the project. The grants shown represent the total estimated grants expected and the Town expects to receive an additional \$13.9 million in State of Connecticut school construction grants for the project. See “School Projects” herein.

² In 2019, the voters of the Town approved an appropriation \$88 million for the costs of the renovation and expansion of three elementary schools and the renovation, re-purposing of three decommissioned schools. The referendum anticipated the re-purposing of up to \$5 million in unexpended appropriation from the Town’s 2014 School Construction project and authorized up to \$47 million in bonds to fund the project. The grants shown represent the total estimated grants expected and the Town expects to receive an additional \$62.5 million in State of Connecticut school construction grants for the project. See “School Projects” herein.

Source: Town of Manchester Finance Department.

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HISTORICAL DEBT RATIOS
(\$ in Thousands)

Fiscal Year Ended 30-Jun	Net Assessed Value ¹	Estimated Full Value ²	Total Direct Debt ³	Ratio of Total Direct Debt to Net Assessed Value (%)	Ratio of Total Direct Debt to Estimated Full Value (%)	Population ⁴	Total Direct Debt per Capita	Ratio of Total Direct Debt per Capita to Per Capita Income ⁴ (%)
2023	\$4,916,251	\$7,023,216	\$159,952	3.25%	2.28%	57.7	\$2,772	7.41%
2022	4,129,032	5,898,617	166,865	4.04%	2.83%	57.7	2,892	7.73%
2021	4,073,579	5,819,399	166,166	4.08%	2.86%	57.8	2,875	7.68%
2020	4,027,048	5,752,926	165,540	4.11%	2.88%	57.8	2,864	7.66%
2019	4,000,284	6,186,247	164,054	4.10%	2.65%	57.8	2,838	7.59%
2018	3,985,572	5,706,117	170,905	4.29%	3.00%	58.2	2,938	8.58%
2017	3,944,802	5,549,612	158,460	4.02%	2.86%	58.2	2,721	7.45%
2016	3,922,978	5,623,495	109,296	2.79%	1.94%	58.0	1,884	5.43%
2015	3,892,463	5,367,105	102,084	2.62%	1.90%	58.1	1,757	5.07%
2014	3,917,559	5,476,686	100,436	2.56%	1.83%	58.2	1,725	5.14%

¹ Assessment Ratio: 70%.

² Includes tax exempt property.

³ Excludes overlapping/underlying debt.

⁴ U.S. Department of Commerce, Bureau of Census, American Community Survey.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND
EXPENDITURES AND TRANSFERS OUT**
(\$ in Thousands)

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures and Transfers Out	Ratio of General Fund Debt Service to Total General Fund Expenditures and Transfers Out
2024 ¹	\$ 14,416	\$ 229,367	6.29%
2023	13,893	226,048	6.15%
2022	13,229	217,206	6.09%
2021	13,042	205,727	6.34%
2020	12,681	207,280	6.12%
2019	11,939	195,731	6.10%
2018	11,754	206,132	5.70%
2017	11,362	203,393	5.59%
2016	10,272	189,240	5.43%

¹ Adopted Budget.

CAPITAL IMPROVEMENT PROGRAM

The Town’s Capital Improvement Program (“CIP”) is a recommended schedule of public, physical improvements for the Town for the next six years. The first year of the program represents the proposed Capital Budget for that fiscal year.

The schedule is based on a priority analysis that examines the need, desirability and importance of such improvements, their relations to other improvements and plans, and the Town's current and anticipated financial capacity. The CIP is updated annually, and the schedule of projects is reevaluated each year.

In adopting a CIP, the Town analyzes the problem of balancing needed or desired physical improvements with available financing, thereby maximizing benefits from the available public revenue. In addition, the CIP is a valuable planning tool that accomplishes the following objectives:

1. Coordinates various Town improvements and informs each Town department of all Town improvements so that rational decisions are made and, where appropriate, joint programs initiated;
2. Informs private businesses and citizens about proposed public improvements so that they may make sounder judgments concerning their own construction programs; and
3. Enables the Town to take better advantage of federal and state grant-in-aid programs; and leads to balanced development throughout the Town.

The 2024-2029 Capital Improvement Program budget is outlined below.

<u>General Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>6 Year Total</u>
Public Infrastructure.....	\$ 17,295,000	\$ 1,440,000	\$ 20,035,000	\$ 880,000	\$ 20,435,000	\$ 745,000	\$ 60,830,000
Facilities.....	930,000	895,000	850,000	820,000	860,000	860,000	5,215,000
Parks & Recreation.....	597,000	387,000	459,000	259,000	227,000	227,000	2,156,000
Equipment & Vehicles.....	1,151,000	1,061,000	1,010,000	1,010,000	1,010,000	1,010,000	6,252,000
Subtotal.....	19,973,000	3,783,000	22,354,000	2,969,000	22,532,000	2,842,000	74,453,000
Information Technology.....	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000	\$ 1,410,000
Water	8,607,000	12,229,780	11,040,000	7,550,000	5,935,000	4,060,000	49,421,780
Sewer.....	2,845,000	3,197,000	2,647,000	2,482,000	2,432,000	1,432,000	15,035,000
Fire.....	1,092,000	53,000	1,454,000	55,000	805,000	55,000	3,514,000
Subtotal.....	\$12,779,000	\$15,714,780	\$15,376,000	\$10,322,000	\$ 9,407,000	\$ 5,782,000	\$ 69,380,780
Total.....	\$32,752,000	\$19,497,780	\$37,730,000	\$13,291,000	\$31,939,000	\$ 8,624,000	\$143,833,780

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>6 Year Total</u>
Bond or Note Authorization....	\$ 26,375,000	\$ 12,350,000	\$ 32,900,000	\$ 8,850,000	\$ 28,160,000	\$ 4,750,000	\$ 113,385,000
Capital Budget.....	3,531,000	3,594,780	2,427,000	1,986,000	1,969,000	2,674,000	16,181,780
Use of Existing Reserves.....	1,200,000	553,000	403,000	455,000	310,000	200,000	3,121,000
State of Federal Grants.....	1,646,000	3,000,000	2,000,000	2,000,000	1,500,000	1,000,000	11,146,000
Total.....	\$32,752,000	\$19,497,780	\$37,730,000	\$13,291,000	\$31,939,000	\$ 8,624,000	\$143,833,780

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VII. LEGAL AND OTHER INFORMATION

LITIGATION

The Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the opinion of the Town Attorney that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

MUNICIPAL ADVISOR

The Town has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds and Notes. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Town may engage the Municipal Advisor to perform other services, including, without limitation, providing certain investment services with regard to the investment of Bond and Note proceeds.

LEGAL MATTERS

Shipman and Goodwin LLP, Hartford, Connecticut is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and the Notes and will render its opinions in substantially the forms included in the Official Statement as Appendix B and Appendix C.

TRANSCRIPT AND CLOSING DOCUMENTS

Upon delivery of the Bonds and Notes, the purchasers will be furnished with the following:

- A. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay the principal of and the interest on the Bonds or Notes.
- B. A Certificate on behalf of the Town signed by the Mayor, Town Manager, and Director of Finance of the Town, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
- C. Receipts for the purchase price of the Bonds and the Notes.
- D. The approving opinions of Shipman & Goodwin LLP, Hartford, Connecticut for the Bonds in substantially the form set out in Appendix B to this Official Statement and for the Notes in substantially the form set out in Appendix C to this Official Statement.
- E. Executed Continuing Disclosure Agreements for the Bonds and Notes, respectively, in substantially the forms set out in Appendix D and Appendix E to this Official Statement.

A record of the proceedings taken by the Town in authorizing the Bonds and Notes will be kept on file at the principal office of the Registrar and Paying Agent, U.S. Bank Trust Company, National Association of Hartford, Connecticut and may be examined upon reasonable request.

CONCLUDING STATEMENT

This Official Statement is submitted only in connection with the sale of the Bonds and Notes by the Town and may not be reproduced or used in whole or in part for any other purpose.

The following officials in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue, that they have examined this Official Statement, and to the best of their knowledge and

belief, the description and statements relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

To the extent that any statements made in this Official Statement involve matters of opinions or estimates, such statements are made and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been delivered by the Town from official and other sources and is believed by the Town to be reliable, but such information, other than that obtained from official records of the Town, has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

Additional information may be obtained upon request from the Department of Finance, Attn. Ms. Kimberly Lord, Director of Finance, Lincoln Center, 494 Main Street, Manchester, Connecticut 06040.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF MANCHESTER, CONNECTICUT

By: _____
Jay Moran, *Mayor*

By: _____
Steve Stephanou, *Town Manager*

By: _____
Kimberly Lord, *Director of Finance*

Dated as of: February __, 2024

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APPENDIX A – AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

Board of Directors
Town of Manchester, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Manchester, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manchester, Connecticut, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information


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

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

Board of Directors
Town of Manchester, Connecticut

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024, on our consideration of the Town of Manchester, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Manchester, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Manchester, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
January 24, 2024

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

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

Governmental Activities

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

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

Business-Type Activities

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

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

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

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

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

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

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

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

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

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

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

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

Long-Term Debt

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

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

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

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

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

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

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

See accompanying Notes to Financial Statements.

**TOWN OF MANCHESTER, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III)	\$	25,511
<p>Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>		
Governmental Capital Assets		508,071
Less: Accumulated Depreciation		(232,358)
Net Capital Assets		275,713
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:</p>		
Property Tax Receivables Greater than 60 Days		1,563
Interest Receivable on Property Taxes		631
Housing Rehabilitation and Commercial Entity Loans		22
Grants Receivable Greater than 60 Days		34,104
Deferred Outflows of Resources Related to Pensions		22,609
Deferred Outflows of Resources Related to OPEB		28,283
<p>Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.</p>		
		19,412
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Net OPEB Liability		(172,985)
Net Pension Liability		(103,805)
Bonds and Notes Payable		(138,370)
Bond Premiums		(8,593)
Interest Payable on Bonds and Notes		(2,029)
Compensated Absences		(9,712)
Lease Payable		(391)
Subscriptions Payable		(427)
Deferred Inflows of Resources Related to Pensions		(3,686)
Deferred Inflows of Resources Related to OPEB		(136,050)
Deferred Charge on Refunding		689
		89
Net Position of Governmental Activities (Exhibit I)	\$	(167,511)

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

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

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Outlay	40,653
Depreciation Expense	(16,787)

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

(1,453)

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

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

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

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

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

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(386)

Change in Net Position of Governmental Activities (Exhibit II)	\$ 27,704
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See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

Schedule of noncash financing and investment activities:

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

Fiduciary Component Units

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period, and other revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Town reports the following major governmental funds:

General Fund

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

Capital Projects Fund

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

ARPA COVID Fund

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

Education Special Grants Fund

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

The Town reports the following major proprietary funds:

Water Fund

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

Sewer Fund

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

Sanitation Fund

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the Town reports the following fund types:

The Internal Service Funds

Information Systems Fund

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

Manchester Self-Insurance Program

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

Town of Manchester Medical Insurance Fund

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

Trust Funds

Pension, Defined Contribution, and Other Employee Benefit Trust Funds

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes

Property taxes become an enforceable lien and are assessed on property as of October 1; however, the legal right to attach property does not exist until July 1. Property assessments are made at 70% of the market value. Real estate taxes are billed on July 1 and, if over \$400 (amount not rounded), are payable in semiannual installments on July 1 and January 1. Personal property taxes are billed on July 1 and, if over \$400 (amount not rounded), payable in two equal installments on July 1 and January 1. Motor vehicle taxes are billed, and due July 1 and motor vehicle supplement taxes are billed and due January 1. Certificates of continuing lien are filed against the real estate represented by delinquent real estate taxes within the year in which the tax is due. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Delinquent taxes receivable at June 30 in the funds statements are recorded as unavailable revenue to the extent that they have not been collected within 60 days, since they are not considered to be available to liquidate liabilities of the current year.

G. Supplies and Prepaid Items

All supplies are valued at cost using the first-in/first-out (FIFO) method. Supplies of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Lease Receivable

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Lease Receivable (Continued)

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

I. Capital Assets

Capital assets, which include property, plant, equipment, right to use equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of donation.

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

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

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

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

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

L. Net Pension Liability

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Net OPEB Liability

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

N. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Balance

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balance (Continued)

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

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

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

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

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

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

P. Accounting Estimates

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Adoption of New Accounting Standards

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

General Fund

Special Revenue Funds

Special Taxing District – Fire

Enterprise Funds

Water Fund

Sewer Fund

Sanitation Fund

Internal Service Funds

Information Systems Fund

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

- No later than March 13, the Town Manager prepares and submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The legal level of control for the budget is represented by the following categories: general government, public works, public safety, human services, leisure services, employee benefits, education, debt service, other and interfund transfers (including payments to internal service funds).

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- No later than March 23, a public hearing is conducted by the Board of Directors to obtain taxpayer comments.
- No later than April 16, the budget must be adopted by the Board of Directors. If the Board fails to adopt the budget, the tentative budget submitted by the General Manager is deemed to be adopted.
- The Charter provides for a budget referendum by petition. If a petition to reject the budget is signed by at least 7% of registered voters and filed with and certified by the Town Clerk within ten days of budget adoption, a budget referendum is to be held. If the budget adopted by the Board of Directors is rejected at the referendum, the Board of Directors must adopt a revised budget. Only one budget referendum may be held per year and the revised budget adopted by the Board of Directors takes effect on July 1.
- The Town Manager is authorized to transfer budgeted amounts within appropriations for each category noted above; however, any transfer between appropriations for these categories or additional appropriations must be approved by the Board of Directors. Additional appropriations of \$936 were approved during the year for the General Fund. Additional appropriation of \$1,455 for the Fire Special Taxing District were approved during the year with no changes to estimated revenues. Formal budgetary integration is employed as a management control device during the year.
- Except for encumbrance accounting, all budgets are prepared on the modified accrual basis.
- Generally, the unexpended and unencumbered portion of appropriations lapse at year-end, except those of the capital projects funds. Appropriations for the foregoing are continued until completion of the project, even when projects extend beyond one fiscal year.

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balance

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

NOTE 3 CASH AND CASH EQUIVALENTS

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

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

A. Deposits

Deposit Custodial Credit Risk

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Deposit Custodial Credit Risk (Continued)

Based on the criteria described in GASB Statement No. 40, *Deposits, and Investment Risk Disclosures*, \$27,573 of the Town's bank balance of \$42,763 was exposed to custodial credit risk as follows:

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

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2023, the Town's cash equivalents amounted to \$52,438. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

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

* Not Rated

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

TOWN OF MANCHESTER, CONNECTICUT
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NOTE 4 INVESTMENTS

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

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

* Subject to coverage by Federal Depository Insurance and Collateralization

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

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

TOWN OF MANCHESTER, CONNECTICUT
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NOTE 4 INVESTMENTS (CONTINUED)

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2023:

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

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Alternative investments valued at Level 2 are primarily pooled, common and collective funds which are not regularly priced but can be determined upon request. Alternative investments classified as Level 3 are managed assets with multiple pricing options available, however, the majority are not publicly traded (or are thinly traded). For these alternative investment pricing is determined using valuations or appraisal methodologies.

Interest Rate Risk

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

Credit Risk – Investments

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

Concentration of Credit Risk

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

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

NOTE 4 INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2023, the Town's investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the Town's name.

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

NOTE 5 RECEIVABLES

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

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

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

NOTE 6 CAPITAL ASSETS

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

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

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

NOTE 6 CAPITAL ASSETS(CONTINUED)

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

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

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

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

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

Construction Commitments

The Town has active construction projects as of June 30, 2023. The projects include renovations to School Facilities, and various public works and bond referendum projects.

The following is a summary of significant capital projects at June 30, 2023:

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

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

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

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

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

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

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

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

General Fund transfers are made in accordance with budget appropriations and authorized allocation transfers. The General Fund transfers to other funds are primarily for the purpose of establishing local funding for capital projects to reduce bonding. Transfers are used to move unrestricted general fund revenues to fund various programs that must be accounted for separately in accordance with budgetary authorizations.

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

NOTE 8 LONG-TERM DEBT

Changes in Long-Term Liabilities

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

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

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

Bonds Payable

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

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

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Governmental fund bonds bear interest at rates ranging from 2.0% to 5.5% and mature in fiscal years ending 2024 through 2043. These obligations are direct obligations and pledge the full faith and credit of the government and will be paid from General Fund revenues. During the year, general obligation bonds totaling \$20,000 were issued.

Clean Water Fund Loans

During 2013, 2016, 2017 and 2021, the Town entered into a total of four project loan agreements with the state of Connecticut for Clean Water Projects. As of June 30, 2023, the Town has received total financing of \$40,683. At the completion of the respective projects the notes above were converted to Project Loan Obligations at 2% interest with the latest note maturing in 2037. The balance outstanding as of June 30, 2023 is \$21,582 and is included in business-type activities in the table above. The annual requirements to amortize clean water notes as of June 30, 2023 are as follows:

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

Lease Liability

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

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

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Lease Liability (Continued)

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

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

Subscription-Based Information Technology Arrangements

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

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

The future subscription payments under SBITA agreements are as follows:

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

General Obligation Bonds – Advance Refunding

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

TOWN OF MANCHESTER, CONNECTICUT
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(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bond Anticipation Notes

The following is a schedule of bond anticipation note activity for the year ended June 30, 2023:

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

The above notes carry an interest rate of 3.75% and mature on February 15, 2024. The business-type activities short-term financing was issued for various water system and quality improvements, water system meters and wastewater treatment system.

Debt Limitation

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

Category	Debt Limit	Indebtedness	Balance
General Purpose	\$ 347,758	\$ 119,879	\$ 227,879
Schools	695,516	57,811	637,705
Sewers	579,596	-	579,596
Urban Renewal	502,317	-	502,317
Pension Deficit	463,677	-	463,677

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 FUND BALANCE

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

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

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

TOWN OF MANCHESTER, CONNECTICUT
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NOTE 10 TAX ABATEMENTS

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

- 444 Tolland Turnpike Abatement Agreement
- 61 Chapel Road Tax Abatement Agreement

The 434 Tolland Turnpike tax abatement agreement provides a real property tax abatement to promote capital expenditures for the relocation of a company headquarters to the Town. Under the terms of the agreement, a minimum of \$20,000 must be spent on the property for the capital improvements. The company shall also use best efforts to employ at least 326 full-time jobs within Connecticut. In doing so, the property owner shall receive an abatement of 100% for grand list years 2017 through 2019, 90% for the 2020 grand list, 80% for the 2021 grand list, 75% for the 2022 grand list and 70% for the 2023 grand list. For the fiscal year ended June 30, 2023, taxes abated through this program totaled \$232. In the event of default in accordance with the terms of the agreement, the agreement shall be considered null and void with all abated taxes to date due back to the Town. No other commitments have been made by the Town to the abatement recipient under this program.

The 61 Chapel Road tax abatement agreement provides a real property tax abatement to promote capital expenditures for the expansion of the warehouse and distribution center. Under the terms of the agreement, \$13,000 was estimated to be spent on the property for capital improvements. The company also projected to generate 50 new jobs. In doing so, the property owner shall receive a fixed assessment of the property for four years for grand list years 2019 through 2022. For the fiscal year ended June 30, 2023, taxes abated through this program totaled \$55. In the event of default in accordance with the terms of the agreement, the agreement shall be considered null and void with all abated taxes to date due back to the Town. No other commitments have been made by the Town to the abatement recipient under this program.

TOWN OF MANCHESTER, CONNECTICUT
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NOTE 11 RISK MANAGEMENT

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

TOMMIF

Effective July 1, 2007, the Town's self-insurance medical insurance plan is administered by CIGNA Healthcare. The fund is obligated to pay medical claims for participants. The Town has contracted with CIGNA for stop loss and has an individual stop loss for claims over \$500.

MSIP

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

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

Changes in the balances of claims liabilities during the fiscal years ended June 30, 2023 and 2022, for the TOMMIF and MSIP funds are as follows:

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

The claim reserves reported in both the TOMMIF and MSIP funds are based on the requirements of Governmental Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

TOWN OF MANCHESTER, CONNECTICUT
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NOTE 12 CONTINGENT LIABILITIES

Litigation and Unasserted Claims

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

Federal and State Assistance Programs – Compliance Audits

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

NOTE 13 JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with six other municipalities, established the Capital Region East Operating Committee (CREOC) to administer a regional household hazardous waste collection and disposal program. CREOC is comprised of one representative from each participating community with a population of less than 30,000 and two representatives from each participating community with a population of 30,000 or more. The participating communities have agreed that the Regional Household Hazardous Waste collection facility will be established on premises located in and owned by the Town. The Town has also been hired by CREOC as Project Administrator/Coordinator to perform administrative services and coordinate the day-to-day operations of the collection program. Except for an obligation to appropriate funds and pay its assessments in amounts necessary to fulfill its obligations pursuant to the agreement establishing CREOC, no participating community has any obligation, entitlement, or residual interest. The Town paid an assessment of \$14 to CREOC during the year ended June 30, 2023.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

The Town owns and operates a landfill site located off Olcott Street. State and federal law will require the Town to close the landfill once its capacity is reached and to monitor and maintain the site for 30 years subsequent to closure. Under the provisions of Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs*, the Town recognizes a portion of the closure and post closure care costs in each operating period even though actual payments will not occur until the landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the balance sheet date. As of June 30, 2023, the Town had recorded a liability of \$33,880 in the Sanitation Enterprise Fund that represents the amount of costs reported to date based on the estimated 88% of landfill capacity used to date. The remaining estimated liability for these costs is \$4,620 that will be recognized as the remaining capacity is used (estimated to reach capacity in 2030 based on usage in the past calendar year). The estimated costs of closure and post closure care are subject to changes such as the effects of inflation, revision of laws and other variables.

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS

Post-Retirement Medical Program

A. Plan Description

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

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

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

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

Post-Retirement Medical Program (Continued)

B. Summary of Significant Accounting Policies

Basis of Accounting

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

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

Funding Policy

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

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

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

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

Post-Retirement Medical Program (Continued)

C. Investments

Investment Policy

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

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2023. The components of the net OPEB liability of the Town at June 30, 2023, were as follows:

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

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

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary Increases	Graded by Age; Scale Varies by Group
Discount Rate	3.65%, Linked to the Municipal Bond Index

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

Post-Retirement Medical Program (Continued)

D. Net OPEB Liability of the Town (Continued)

Actuarial Assumptions (Continued)

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

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The target allocation and best estimate of arithmetic real rate of return for the major asset class as of June 30, 2023 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	2.21 %	0.21 %
U.S. Core Fixed Income	36.37	1.95
U.S. Large Cap Equity	48.75	5.57
Global Equity	12.67	6.40
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% and is based on the municipal bond index. Under GASB Statement 75, the use of a 20-year quality municipal bond yield or index rate may be used in periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to cover future benefit payments of current plan members and the municipal bond-based rate was utilized.

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

Post-Retirement Medical Program (Continued)

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances - July 1, 2022	\$ 174,233	\$ 3,776	\$ 170,457
Changes for the Year:			
Service Cost	5,563	-	5,563
Interest	6,226	-	6,226
Effect of Assumption Changes or Inputs	(5,020)	-	(5,020)
Benefit Payments	(7,924)	(7,924)	-
Net Investment Income	-	391	(391)
Employer Contributions	-	7,924	(7,924)
Employee Contributions	-	49	(49)
Administrative Expenses	-	-	-
Net Changes	<u>2,968</u>	<u>440</u>	<u>2,528</u>
Balances - June 30, 2023	<u>\$ 177,201</u>	<u>\$ 4,216</u>	<u>\$ 172,985</u>

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

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

1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 197,791	\$ 172,985	\$ 152,772

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

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

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 150,050	\$ 172,985	\$ 201,702

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

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Post-Retirement Medical Program (Continued)

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

For the year ended June 30, 2023, the Town recognized OPEB expense (revenue) of \$(2,950). At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,595	\$ 27,390
Change in Assumptions or Other Inputs	24,688	108,643
Net Difference Between Projected and Actual Earnings	-	17
Total	\$ 28,283	\$ 136,050

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

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

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan

A. Plan Description

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

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

B. Benefit Provisions (Amounts Not Rounded)

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

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

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

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

C. Survivor Health Care Coverage (Amounts Not Rounded)

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

D. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

E. Contributions

State of Connecticut

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

E. Contributions (Continued)

Employer (School Districts)

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

For the year ended June 30, 2023, the amount of “on-behalf” contributions made by the state was \$276 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

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

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

At June 30, 2023, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s Proportionate Share of the Net OPEB Liability	\$	-
State’s Proportionate Share of the Net OPEB Liability Associated with the Town		21,671
Total	\$	21,671

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

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

G. Actuarial Assumptions

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

Inflation	2.50%
Health care costs trend rate	Known increases until calendar year 2024 then general trend decreasing to an Ultimate rate of 4.50% by 2031
Salary increases	3.00% to 6.50%, Including Inflation
Investment rate of return	3.53%, Net of OPEB Plan Investment Expense, Including Inflation
Year fund net position will be depleted	2027

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019.

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

- Discount rate changed from 2.17% to 3.53%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated;
- Long-term health care cost trend rates were updated; and
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

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

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

G. Actuarial Assumptions (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.98%).

H. Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

J. OPEB Plan Fiduciary Net Position

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

K. Other Information

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

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

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

A. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

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

Pension Trust Fund (Continued)

B. Plan Description and Benefits Provided

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

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

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

C. Funding Policy

Participants are required to contribute as follows: 8.5% for police employees, 6.4% for public works employees and 5.9% for all other "Rule of 80" employees of their earnings to the PERS. The Town is required to contribute 9.2% (13.9% for police employees) of wages to the PERS. Benefits and employee contributions are fixed by contract and may be amended by union negotiations. Administrative costs of the PERS are financed through investment earnings.

D. Investments

Investment Policy

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

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

Pension Trust Fund (Continued)

D. Investments (Continued)

Investment Policy (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table.

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

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

Rate of Return

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

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

Pension Trust Fund (Continued)

E. Net Pension Liability of the Town

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

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

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

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Pub-2010 Mortality Table with generational projection per MP-2021 Ultimate Scale.

Discount Rate

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

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

Pension Trust Fund (Continued)

F. Changes in the Net Pension Liability

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

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability	\$ 121,440	\$ 91,729	\$ 67,394

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

Pension Trust Fund (Continued)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$12,629. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	Business-Type Activities			Total
		Water Fund	Sewer Fund	Sanitation Fund	
Deferred Outflows of Resources:					
Differences Between Expected and Actual Experience	\$ 6,338	\$ 430	\$ 148	\$ 90	\$ 7,006
Net Difference Between Projected and Actual Earning on Pension Plan Investments	7,574	513	177	108	8,372
Changes of Assumptions	-	-	-	-	-
Total	<u>\$ 13,912</u>	<u>\$ 943</u>	<u>\$ 325</u>	<u>\$ 198</u>	<u>\$ 15,378</u>
Deferred Inflows of Resources:					
Differences Between Expected and Actual Experience	\$ 1,873	\$ 127	\$ 43	\$ 27	\$ 2,070
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-	-	-
Changes of Assumptions	844	57	20	12	933
Total	<u>\$ 2,717</u>	<u>\$ 184</u>	<u>\$ 63</u>	<u>\$ 39</u>	<u>\$ 3,003</u>

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

Year Ending June 30,	Governmental Activities	Business-Type Activities			Total
		Water Fund	Sewer Fund	Sanitation Fund	
2024	\$ 2,811	\$ 191	\$ 66	\$ 40	\$ 3,108
2025	2,381	161	56	34	2,632
2026	6,716	455	157	95	7,423
2027	(713)	(48)	(17)	(10)	(788)
Total	<u>\$ 11,195</u>	<u>\$ 759</u>	<u>\$ 262</u>	<u>\$ 159</u>	<u>\$ 12,375</u>

Municipal Employees' Retirement System

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

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

Municipal Employees' Retirement System (Continued)

A. Benefit Provisions

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

Normal Retirement (Amounts Not Rounded)

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

Early Retirement

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

Disability Retirement – Service Connected

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

Disability Retirement – Non-Service Connected

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

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

Municipal Employees' Retirement System (Continued)

A. Benefit Provisions (Continued)

Pre-Retirement Death Benefit

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

B. Contributions

Member

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base. Effective July 1, 2019, member contribution rates are set to increase by 0.5% of compensation each year for six years.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. member. The Town's required contribution rate for the year ended June 30, 2023, was 26.62 percent of annual payroll. Contributions to the pension plan from the Town were \$2,197 for the year ended June 30, 2023.

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

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

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

Municipal Employees' Retirement System (Continued)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$4,192. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,960	\$ 359
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	2,540	-
Change in Employer Proportional Share	-	610
Contributions After the Measurement Date	2,197	-
Total	\$ 8,697	\$ 969

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

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

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

Municipal Employees' Retirement System (Continued)

D. Actuarial Assumptions

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

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

Mortality rates were based on:

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

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

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

Municipal Employees' Retirement System (Continued)

D. Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00 %	6.90 %
Public Credit	2.00	2.90
Core Fixed Income	13.00	0.40
Liquidity Fund	1.00	(0.40)
Risk Mitigation	5.00	0.10
Private Equity	15.00	11.20
Private Credit	10.00	6.20
Real Estate	10.00	6.30
Infra. & Natural Resources	7.00	7.70
Total	100.00 %	

Discount Rate

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

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

Municipal Employees' Retirement System (Continued)

D. Actuarial Assumptions (Continued)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability	\$ 28,788	\$ 20,819	\$ 14,136

Connecticut Teachers Retirement System – Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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

Connecticut Teachers Retirement System – Pension

B. Benefit Provisions (Continued)

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the state was \$19,509 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

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

Connecticut Teachers Retirement System – Pension (Continued)

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

At June 30, 2023, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the Town		247,447
Total	\$	<u>247,447</u>

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

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

E. Actuarial Assumptions

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

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

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

The actuarial assumptions used in the June 30, 2022 valuation was based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

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

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Assumption changes since the prior year are as follows:

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

Benefit changes since the prior year are as follows:

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

Cost-of-Living Allowance

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

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

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

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

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Long-Term Rate of Return

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

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

F. Discount Rate

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

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

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

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

Connecticut Teachers Retirement System – Pension (Continued)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

Aggregated Pension Information

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

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

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

Defined Contribution Plans

A. 401(a) Plan

The Town established a defined contribution 401(a) plan effective July 1, 2000 to provide benefits at retirement to certain unaffiliated employees of the Town and Board of Education, and members of the residual and supervisory unions of the Town. The Town Pension Board administers this single employer defined contribution benefit plan. Employees eligible to participate in the defined contribution plan who had an accrued benefit under the defined benefit plan were given the ability to elect to convert the funds to which they were entitled to the defined contribution plan. For these employees, the value of the accrued benefit was converted to a lump sum and transferred to the member's account balance under the defined contribution plan. Employees are required to contribute 6% of covered salary, which are matched by employer contributions of 6% of covered salary. Employees are fully vested in employee contributions and are fully vested after five years in employer contributions.

The value of the plan at June 30, 2023 is \$50,019. There were 990 participants as of June 30, 2023. During the fiscal year ended June 30, 2023, employees contributed \$1,081 (exclusive of lump-sum conversion amounts) and the Town contributed a matching employer contribution of \$1,081. Covered payroll totaled \$18,304. Plan provisions and contribution requirements are established by an ordinance approved by the Town's Board of Directors and may be amended by the Board subject to various bargaining unit approvals.

B. 457 Plan

In addition, the Town has a 457-plan available to all employees. The value of the plan at June 30, 2023 is \$37,070. There were 436 participants as of June 30, 2023, and employee contributions to the plan for the year ended June 30, 2023 were \$1,727. Plan provisions and contribution requirements are established by an ordinance approved by the Town's Board of Directors and may be amended by the Board subject to various bargaining unit approvals.

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 17 PENSION AND OPEB TRUST FUND STATEMENTS

	Pension Trust Fund	Defined Contribution 401 Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 94	\$ -	\$ 94	\$ 188
Investments	177,520	50,019	4,122	231,661
Accounts Receivable	60	-	-	60
Prepaid Expenses	1,514	-	-	1,514
Total Assets	<u>179,188</u>	<u>50,019</u>	<u>4,216</u>	<u>233,423</u>
LIABILITIES				
Accounts and Other Payables	1	-	-	1
Interfund Payable	1,749	-	-	1,749
Total Liabilities	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>1,750</u>
NET POSITION				
Restricted for OPEB Benefits	-	-	4,216	4,216
Restricted for Pensions	177,438	50,019	-	227,457
Total Net Position	<u>\$ 177,438</u>	<u>\$ 50,019</u>	<u>\$ 4,216</u>	<u>\$ 231,673</u>

TOWN OF MANCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 17 PENSION AND OPEB TRUST FUND STATEMENTS (CONTINUED)

	Pension Trust Fund	Defined Contribution 401 Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 7,310	\$ 2,028	\$ 7,924	\$ 17,262
Plan Members	1,957	2,154	49	4,160
Total Contributions	<u>9,267</u>	<u>4,182</u>	<u>7,973</u>	<u>21,422</u>
Investment Income (Loss):				
Net Change in Fair Value of Investments	12,310	3,844	321	16,475
Interest and Dividends	2,744	1,994	98	4,836
Income from Real Estate Investments	516	-	-	516
Total Investment Income	<u>15,570</u>	<u>5,838</u>	<u>419</u>	<u>21,827</u>
Total Additions	24,837	10,020	8,392	43,249
DEDUCTIONS				
Benefits	17,904	2,970	7,924	28,798
Administration	117	184	28	329
Total Deductions	<u>18,021</u>	<u>3,154</u>	<u>7,952</u>	<u>29,127</u>
CHANGE IN NET POSITION	6,816	6,866	440	14,122
Net Position - Beginning of Year	<u>170,622</u>	<u>43,153</u>	<u>3,776</u>	<u>217,551</u>
NET POSITION - END OF YEAR	<u>\$ 177,438</u>	<u>\$ 50,019</u>	<u>\$ 4,216</u>	<u>\$ 231,673</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

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

**TOWN OF MANCHESTER, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

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

	<u>General Fund</u>
REVENUES AND OTHER FINANCING SOURCES	
Non-GAAP Budgetary Basis - RSI-1	\$ 202,367
State of Connecticut State Teachers' Retirement System Pension on-behalf contribution for Town teachers is not budgeted.	19,509
State of Connecticut State Teachers' Retirement System OPEB on-behalf contribution for Town teachers is not budgeted.	276
Excess cost grant revenue is budgeted as a credit to education expenditures.	3,921
The Town does not budget for the proceeds from the issuance of leases payable	1,208
Prior year encumbrances cancelled.	<u>(25)</u>
GAAP Basis - Exhibit IV	<u>\$ 227,256</u>
EXPENDITURES AND OTHER FINANCING USES	
Non-GAAP Budgetary Basis - RSI-1	\$ 198,392
State of Connecticut State Teachers' Retirement System Pension on-behalf contribution for Town teachers is not budgeted.	19,509
State of Connecticut State Teachers' Retirement System OPEB on-behalf contribution for Town teachers is not budgeted.	276
Excess cost grant revenue is budgeted as a credit to education expenditures.	3,921
Bond issuance costs on refunding are not budgeted.	
Special Education not budgeted	295
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes:	
June 30, 2022	446
June 30, 2023	(338)
The Town budgets for transfers that are eliminated for GAAP purposes	
The Town does not budget for the capital outlay related to the issuance of leases payable	<u>1,208</u>
GAAP Basis - Exhibit IV	<u>\$ 223,709</u>

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

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

Notes to Schedule:

Effect of Plan Changes:

None

Effect of Changes of Assumptions:

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

Healthcare cost trend rates were updated to better reflect anticipated experience

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

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

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

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

Notes to Schedule

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2023
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	15 Years as of July 1, 2022
Amortization Growth Rate	3.50%
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	Graded by Age; Scale Varies by Group
Investment Rate of Return	3.54%, (prior 2.21%) Net of Investment Expense

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

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

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

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

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

Notes to Schedule

Changes in Benefit Terms
 Changes of Assumptions

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

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll Over an Open Period
Remaining Amortization Period	30 Years
Asset Valuation Method	Fair Value of Assets
Investment Rate of Return	3.54%, Net of Investment-Related Expense Including Price Inflation
Price Inflation	2.50%

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

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

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

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

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

Notes to Schedule

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2023
 Valuation Timing: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to

Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17 Years
Asset Valuation Method	Five-year Asymptotic, 20% Corridor
Inflation	2.50%
Salary Increases	Graded by Age, varies by group
Investment Rate of Return	7.00%
Retirement Age	Graded by Age, varies by group
Turnover	Rates Based on Service for Police; Age Based Rates for Town and Board of Education
Mortality	Pub-2010 Mortality Table with Generational Projection per MP-2021 Ultimate Scale

Change in Assumptions: None

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.27%	-12.04%	27.38%	0.59%	5.02%	7.21%	12.42%	-0.90%	2.42%	14.19%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>247,447</u>	<u>195,080</u>	<u>246,310</u>	<u>214,743</u>	<u>165,580</u>	<u>174,213</u>	<u>183,796</u>	<u>129,613</u>	<u>119,801</u>
Total	<u>\$ 247,447</u>	<u>\$ 195,080</u>	<u>\$ 246,310</u>	<u>\$ 214,743</u>	<u>\$ 165,580</u>	<u>\$ 174,213</u>	<u>\$ 183,796</u>	<u>\$ 129,613</u>	<u>\$ 119,801</u>
Town's Covered Payroll	\$ 49,041	\$ 50,386	\$ 47,133	\$ 45,675	\$ 45,264	\$ 42,868	\$ 50,964	\$ 45,263	\$ 45,410
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in Benefit Terms	Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent Amortization Period	27.8 years
Asset Valuation Method	Four-Year Smoothed Fair
Inflation	2.50%
Salary Increase	3.00%-6.50%, including inflation
Investment Rate of Return	6.90%, Net of Investment Related Expense

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability	1.51%	1.58%	1.48%	1.49%	1.51%	1.57%	1.57%	1.52%	1.54%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,819	\$ 11,187	\$ 16,459	\$ 16,022	\$ 13,974	\$ (3,894)	\$ (2,857)	\$ (4,642)	\$ (5,464)
Town's Covered Payroll	<u>\$ 9,669</u>	<u>\$ 9,188</u>	<u>\$ 8,396</u>	<u>\$ 8,596</u>	<u>\$ 8,758</u>	<u>\$ 8,224</u>	<u>\$ 7,781</u>	<u>\$ 7,464</u>	<u>\$ 7,492</u>
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	<u>215.32%</u>	<u>121.76%</u>	<u>196.03%</u>	<u>186.39%</u>	<u>159.56%</u>	<u>-47.35%</u>	<u>-36.72%</u>	<u>-62.19%</u>	<u>-72.93%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

*Notes:

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

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

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

Notes to Schedule

Valuation Date: June 30, 2022
 Measurement Date: June 30, 2022
 The actuarially determined contributions are calculated as of June 30, for the fiscal year ending two years after the valuation date.

Methods and Assumptions Used to Determine Contribution Rates:

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

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

APPENDIX B – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION FOR THE BONDS

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful purchaser when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful purchaser.

The opinion of Shipman & Goodwin LLP will be in substantially the following form:

Town of Manchester, Connecticut
Town Hall
41 Center Street
Manchester, Connecticut 06040-0191

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Manchester, Connecticut (the "Town") of its \$25,000,000 General Obligation Bonds, Issue of 2024, dated February 15, 2024, maturing February 1, 2025-2044 (the "Bonds").

In connection with our representation of the Town as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of February 15, 2024, the executed Bonds, and certified records of proceedings of the Town authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Bonds under the authority of the constitution and statutes of the State of Connecticut, and that the Bonds are valid and binding general obligations of the Town payable, with respect to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the Town and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the Town.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on the Bonds is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Bonds. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the Town with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the Town to fully comply with the covenants set forth therein, may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. We are of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Bonds and the enforceability of the Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law, regulation or judicial interpretation that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Recent Tax Legislation. The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinion.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Alternative Minimum Tax. The Code imposes an alternative minimum tax. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt "private activity bonds" is treated as an item of tax preference. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes are not "private activity bonds" so that interest on the Notes will not be treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. However, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds **shall not be** designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation proposed or enacted after the date of issuance of the Bonds will not have an adverse effect on the tax exempt status or the market price of the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of the Bonds (the “OID Bonds”) may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds is sold will constitute original issue discount (“OID”). The offering price relating to the yield set forth in this Official Statement for the OID Bonds is expected to be the initial offering price to the public at which a substantial amount of the OID Bonds are sold. Under existing law, OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of the Bonds (the “OIP Bonds”) may be more than the stated principal amount. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * *

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX C – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION FOR THE NOTES

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful purchaser when the Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful purchaser.

The opinion of Shipman & Goodwin LLP will be substantially in the following form:

Town of Manchester, Connecticut
Town Hall
41 Center Street
Manchester, Connecticut 06040-0191

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Manchester, Connecticut (the “Town”) of its \$13,720,814 General Obligation Temporary Notes, Issue of 2024, dated February 15, 2024, maturing February 13, 2025 (the “Notes”).

In connection with our representation of the Town as bond counsel with respect to the Notes, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of February 15, 2024, the executed Notes, and certified records of proceedings of the Town authorizing the Notes. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Notes under the authority of the constitution and statutes of the State of Connecticut, and that the Notes are valid and binding general obligations of the Town payable, with respect to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the Town and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the Town.

3. The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes if interest on the Notes is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Notes. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the Town with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the Town to fully comply with the covenants set forth therein, may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

4. We are of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Notes and the enforceability of the Notes and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law, regulation or judicial interpretation that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Notes under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Recent Tax Legislation. The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinion.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Alternative Minimum Tax. The Code imposes an alternative minimum tax. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt “private activity bonds” is treated as an item of tax preference. The Town’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes are not “private activity bonds” so that interest on the Notes will not be treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. However, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than “qualified tax-exempt obligations”. The Notes **shall not** be designated by the Town as “qualified tax-exempt obligations” for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation proposed or enacted after the date of issuance of the Notes will not have an adverse effect on the tax exempt status or the market price of the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of the Notes (the “OID Notes”) may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the OID Notes to the public (excluding bond houses and brokers) at which a substantial amount of the OID Notes is sold will constitute original issue discount (“OID”). The offering price relating to the yield set forth in this Official Statement for the OID Notes is expected to be the initial offering price to the public at which a substantial amount of the OID Notes are sold. Under existing law, OID on the Notes accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Notes is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Note, OID treated as having accrued while the owner holds the OID Note will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Note.

Prospective purchasers of OID Notes should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Notes purchasing such Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Notes.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of the Notes (the “OIP Notes”) may be more than the stated principal amount. An owner who purchases a Note at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Note for federal income tax purposes. Prospective purchasers of OIP Notes should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * *

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 15th day of February, 2024 by the Town of Manchester, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the Town's \$25,000,000 General Obligation Bonds, Issue of 2024 (the "Bonds") dated February 15, 2024 for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2023), as follows:

(i) the audited general purpose financial statements of the Town, which financial statements include the Town's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town prepares its financial statements in accordance with generally accepted accounting principles.

(ii) the following financial information and operating data to the extent not included in the financial statements described in (i) above:

- A. amounts of the gross and the net taxable grand list applicable to the fiscal year,
- B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,
- D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the Town per capita,

- G. ratios of the total direct debt and total direct net debt of the Town to the Town's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the Town's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2023. The Town agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

(e) The Town may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Listed Events.

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The Town acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the Town’s Director of Finance receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town of Manchester, Lincoln Center, 494 Main Street, Manchester, Connecticut 06040. In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 9. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

TOWN OF MANCHESTER, CONNECTICUT

By _____
Jay Moran
Mayor

By _____
Steve Stephanou
Town Manager

By _____
Kimberly Lord
Director of Finance

APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE NOTES

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Notes, pursuant to a Continuing Disclosure Agreement for the Notes in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) is made as of the 15th day of February, 2024 by the Town of Manchester, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of the Town’s \$13,720,814 General Obligation Temporary Notes, Issue of 2024, dated February 15, 2024 (the “Notes”), for the benefit of the beneficial owners from time to time of the Notes.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System (“EMMA”) (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Listed Events.

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

Section 3. Use of Agents.

Any notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 4. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Town ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Enforcement.

The Town acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding five (5) business days with respect to the undertakings set forth in Section 2 hereof) from the time the Town’s Director of Finance receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance is Town of Manchester, Lincoln Center, 494 Main Street, Manchester, Connecticut 06040. In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

Section 7. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Notes. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Notes. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB.

TOWN OF MANCHESTER, CONNECTICUT

By _____
Jay Moran
Mayor

By _____
Steve Stephanou
Town Manager

By _____
Kimberly Lord
Director of Finance

APPENDIX F – NOTICE OF SALE FOR THE BONDS

NOTICE OF SALE

\$25,000,000

TOWN OF MANCHESTER, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2024

ELECTRONIC PROPOSALS via PARITY® Competitive Bidding System (“PARITY”) will be received by the Town of Manchester, Connecticut (the "Town"), at the offices of the Town of Manchester, Lincoln Center, 494 Main Street, Manchester, Connecticut 06040 until **11:00 A.M. (Eastern Time) on TUESDAY,**

FEBRUARY 6, 2024

for the purchase, when issued, of the whole of the Town's \$25,000,000 General Obligation Bonds, Issue of 2024, dated February 15, 2024, bearing interest payable semiannually on February 1 and August 1 in each year until maturity, commencing August 1, 2024, and maturing on February 1 in each year as follows:

2025	\$1,250,000	2035	\$1,250,000
2026	\$1,250,000	2036	\$1,250,000
2027	\$1,250,000	2037	\$1,250,000
2028	\$1,250,000	2038	\$1,250,000
2029	\$1,250,000	2039	\$1,250,000
2030	\$1,250,000	2040	\$1,250,000
2031	\$1,250,000	2041	\$1,250,000
2032	\$1,250,000	2042	\$1,250,000
2033	\$1,250,000	2043	\$1,250,000
2034	\$1,250,000	2044	\$1,250,000

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about February 15, 2024. The Bonds will NOT be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

The Bonds maturing on or before February 1, 2032 are not subject to redemption prior to maturity. The Bonds maturing on February 1, 2033 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after February 1, 2032, at any time in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
February 1, 2032 and thereafter	100%

Proposals. All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire \$25,000,000 Bonds, or for less than par and accrued interest, will be considered.**

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to February 15, 2024, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY® by **11:00 A.M. (Eastern Time), on Tuesday, February 6, 2024**. Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY®, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's proposal for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY®, the use of such facilities being the sole risk of the prospective bidder.

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a proposal or for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of proposals via PARITY® are the sole responsibility of the bidders, and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY®, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the true interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

Bond Counsel Opinion. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Bonds. A copy of the opinion will be delivered to each purchaser of the Bonds. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code; and (3) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Mr. William N. Lindsay, Managing Director, Munistat Services, Inc., Email: bill.lindsay@munistat.com, Telephone: (203) 421-2880, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of February 6, 2024 (the “Sale Date”).

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. Eastern Time on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Preliminary Official Statement and Official Statement. The Town has prepared a Preliminary Official Statement dated January 30, 2024 for this Bond issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the final Official Statement at the Town's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file the final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

DTC Book-Entry. The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Bonds will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

Certifying, Transfer and Paying Agent; Registrar. The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town's Municipal Advisor, Munistat Services, Inc., to apply for CUSIP numbers for the Bonds by no later than one business day after dissemination of this Notice of Sale. Munistat Services, Inc. will provide CUSIP Global Services with the final details of the sale of the Bonds in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of Munistat Services, Inc. to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Continuing Disclosure Agreement. The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Additional Information. For more information regarding this Bond issue and the Town, reference is made to the Preliminary Official Statement dated January 30, 2024. The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from the undersigned, or from Mr. William N. Lindsay, Managing Director, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Telephone No. (203) 421-2880.

January 30, 2024

Jay Moran
Mayor

Steve Stephanou
Town Manager

Kimberly Lord
Director of Finance

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Manchester, Connecticut
 \$25,000,000 General Obligation Bonds, Issue of 2024

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the “Representative”), on behalf of itself and [OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated January 30, 2024 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
02/01/2025	\$ 1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2026	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2027	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2028	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2029	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2030	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2031	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2032	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2033	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2034	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2035	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2036	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2037	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2038	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2039	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2040	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2041	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2042	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2043	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
02/01/2044	1,250,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

[NAME OF UNDERWRITER/REPRESENTATIVE]

By: _____

Name:

Title:

Email this completed and executed certificate to the following by 5:00 P.M. (EST) on February 7, 2024:

Bond Counsel: mrutter@goodwin.com

Municipal Advisor: bill.lindsay@munistat.com

APPENDIX G – NOTICE OF SALE FOR THE NOTES

NOTICE OF SALE

\$13,720,814

TOWN OF MANCHESTER, CONNECTICUT

GENERAL OBLIGATION TEMPORARY NOTES, ISSUE OF 2024

ELECTRONIC PROPOSALS via PARITY® Competitive Bidding System (“PARITY”) will be received by the Town of Manchester, Connecticut (the "Town"), at the offices of the Town of Manchester, Lincoln Center, 494 Main Street, Manchester, Connecticut 06040 until **11:30 A.M. (Eastern Time) on TUESDAY,**

FEBRUARY 6, 2024

for the purchase, when issued, of the Town's \$13,720,814 General Obligation Temporary Notes, Issue of 2024, dated February 15, 2024, maturing February 13, 2025 (the "Notes"). The Notes **will not** be designated by the Town as “qualified tax-exempt obligations” for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations. The Notes are not subject to redemption prior to maturity. The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due.

Proposals. Proposals may be made for all or any part of the Notes, but any proposal for a part must be for \$100,000 or a whole multiple thereof, except that one such proposal may include the odd \$20,814, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. No proposal for less than the minimum denomination or for less than par and accrued interest will be accepted. Each proposal must specify the amount bid for the Notes (which shall be the aggregate par value of the Notes, and, at the option of the bidder, a premium), and must specify one rate of interest in a multiple of one-hundredth (1/100) of one percent (1%) per annum for each part of the Notes bid for in the proposal. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Basis of Award. As between proposals which comply with this Notice of Sale, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined by computing as to each interest rate stated the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making an offer to purchase all or any portion of the Notes at the same lowest net interest cost, the Notes will be sold to the responsible bidder with the proposal for the largest principal amount of the Notes specified. If more than one responsible bidder makes an offer to purchase all or any portion of the Notes at the same lowest net interest cost and for the same largest principal amount of the Notes specified, the Notes or any portion thereof will be sold to the responsible bidder who is chosen by lot. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four decimal places. It is requested that each proposal be accompanied by a statement of the percentage of net interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Notes must be submitted through the facilities of PARITY by **11:30 A.M. (Eastern Time), on Tuesday, February 6, 2024**. Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, (telephone (212) 849-5021). The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Notes via PARITY, the bidder represents and warrants to the Town that such bidder's proposal for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

Disclaimer- Each PARITY prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY for the purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY shall be responsible for a bidder's failure to make a proposal or for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, PARITY. The Town is using PARITY as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of PARITY to the effect that any particular proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of proposals via PARITY are the sole responsibility of the bidders, and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Notes, the prospective bidder should telephone PARITY at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the net interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

Bond Counsel Opinion. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Notes. A copy of the opinion will be delivered to each purchaser of the Notes. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code and (3) that interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the Town must establish the "issue price" of the Notes. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Notes.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Notes. The form of Issue Price Certificate is available by contacting Mr. William N. Lindsay, Managing Director, Munistat Services, Inc., Email: bill.lindsay@munistat.com, Telephone: (203) 421-2880, municipal advisor to the Town (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Notes. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Notes, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Notes as of February 6, 2024 (the "Sale Date").

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Notes prior to the delivery date of the Notes. The rule selected with respect to each maturity of the Notes shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Notes. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Notes of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Notes, this reporting requirement will continue, beyond the closing date of the Notes, if necessary, until such date that at least 10 percent (10%) of such maturity of the Notes has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Notes of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Notes of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Notes; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Notes that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Notes was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Notes to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Notes.

Preliminary Official Statement and Official Statement. The Town has prepared a Preliminary Official Statement dated January 30, 2024 for this Note issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the final Official Statement at the Town's expense by the delivery of the Notes or, if earlier, by the seventh business day after the day proposals on the Notes are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

Certifying, Transfer and Paying Agent; Registrar. The Notes will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

DTC Book-Entry. The Notes will be issued by means of a book-entry-only system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Notes will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town's Municipal Advisor, Munistat Services, Inc., to apply for CUSIP numbers for the Notes by no later than one business day after dissemination of this Notice of Sale. Munistat Services, Inc. will provide CUSIP Global Services with the final details of the sale of the Notes in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Notes with DTC due to the failure of Munistat Services, Inc. to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Continuing Disclosure Agreement. The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5), to provide timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Notes. The winning purchaser's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Additional Information. For more information regarding this Note issue and the Town, reference is made to the Preliminary Official Statement dated January 30, 2024. The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from the undersigned, or from Mr. William N. Lindsay, Managing Director, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Telephone No. (203) 421-2800.

January 30, 2024

Jay Moran
Mayor

Steve Stephanou
Town Manager

Kimberly Lord
Director of Finance

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Manchester, Connecticut
 \$13,720,814 General Obligation Temporary Notes, Issue of 2024

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the “Representative”), on behalf of itself and [OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned notes (the “Notes”), as described in the Notice of Sale for the Notes, dated January 30, 2024 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
2/13/2025	\$13,720,814	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Notes.)

[NAME OF UNDERWRITER/REPRESENTATIVE]

By: _____
 Name:
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. (ET) on February 7, 2024:

Bond Counsel: mrutter@goodwin.com

Municipal Advisor: bill.lindsay@munistat.com