

**CITY OF MANCHESTER, TENNESSEE
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

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CITY OF MANCHESTER, TENNESSEE

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**CITY OF MANCHESTER, TENNESSEE
LISTING OF PRINCIPAL OFFICIALS (UNAUDITED)
JUNE 30, 2016**

OFFICIALS

Board of Mayor and Aldermen

Lonnie Norman, Mayor	Ryan French, Vice Mayor
Chris Elam, Alderman	Tim Kilgore, Alderman
Bob Bellamy, Alderman	Lana Sain, Alderwoman
Cheryl Swan, Alderwoman	

Manchester City School Board

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

Appointed Officials

Bridget Anderson, Finance Director/CFO

Mark Yother, Chief of Police

George Chambers, Fire Chief

Bryan Pennington, Director of Water and Sewer

Bonnie Gamble, Director of Parks & Recreation

Brent Carter, Director of Public Works

Jamie Sain, Director of Building and Codes

Lee Wilkerson, Director of Schools

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

January 19, 2017

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

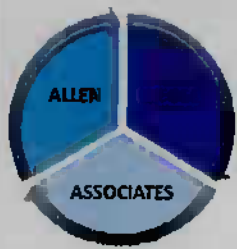
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

110 North Jackson Street, Tullahoma, TN 37388
Phone: (931)393-3307, Fax: (931)393-3503,
Web Page: AllenMcGeeCPA.com



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significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee as of June 30, 2016, and the respective changes in financial position, budgetary comparisons for the General Fund, General Purpose School Fund and Debt Service Fund and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

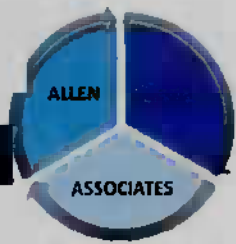
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10-19 and the schedules as listed in the table of contents under the required supplementary information section on pages 91-99 are presented to supplement the basic financial statements. Such information, although not a part the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements, in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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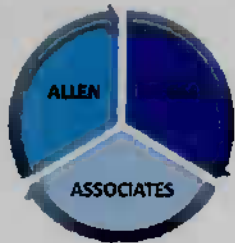
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The combining and individual non-major fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Information described in the "Supplementary Information Section" in the table of contents as the Schedule of Changes in Property Taxes Receivable, Schedule of Tax Rates and Assessments and the Schedule of Utility Rate Structure and Number of Customers is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the Table of Contents in the "Supplementary Information Section" as the Schedule of Changes in Property Taxes Receivable, Schedule of Tax Rates and Assessments and the Schedule of Utility Rate Structure and Number of Customers is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information described in the "Supplementary Information Section" as the AWWA Reporting Work Sheet has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Information described in the "Single Audit Section" in the table of contents as the Schedule of Expenditures of Federal Awards and State Grants Required by OMB Circular A-133 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to



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prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the Table of Contents in the "Single Audit Section" as the Schedule of Expenditures of Federal Awards and State Grants is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2017, on our consideration of the City of Manchester, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering City of Manchester, Tennessee's internal control over financial reporting and compliance.

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January 19, 2017

Management's Discussion and Analysis

As management of the City of Manchester, Tennessee , we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Financial Highlights:

- The assets of the City of Manchester exceeded its liabilities at the close of the most recent year by \$38,609,141. Of this amount, \$11,519,607 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Recreation Center received a Community Foundation Grant in the amount of \$6,000 for restoration of the historic spring house in Memorial Park.
- The City of Manchester received a Safe Routes to School Grant for \$26,900 for equipment and instruction.
- The City of Manchester received a Safe Routes to School Grant for \$108,113 (\$83,113 for sidewalk extension on Oakdale Street and \$25,000 for Non-Infrastructure).
- The City of Manchester Police Department also received a grant from the Governor's Highway Safety in the amount of \$14,998 for Saturation Overtime and body cameras.
- The City of Manchester received a CDBG grant for drainage improvements in the amount of \$315,000.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,203,812.
- The Government Accounting Standards Board issued Statement 54: Fund Balance Reporting and Governmental Fund Type Definitions. The implementation date for this standard is for periods beginning after June 15, 2010, which means FYE June 30, 2011. Governmental accounting standards now require the reporting of five classifications of fund balance: Non-Spendable, Restricted, Committed, Assigned and Unassigned. The City's audited financial statement addresses four categories: Non-spendable \$91,716; Restricted \$1,062,182; Committed \$482,160; Assigned \$4,950,734; and Unassigned \$5,617,020. The Unassigned Fund Balance is available for spending at the government's discretion.

Overview of the Financial Statements:

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

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

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

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

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

The government-wide financial statements can be found on pages 21-24 of this report.

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

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and General Purpose School Fund which are considered to be major funds. Data for the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report beginning on page 101.

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

The basic governmental fund financial statements can be found on pages 25-29 and 38-44 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 31-38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-89 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found beginning on page 100 of this report.

Financial Analysis of the Financial Statements

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Manchester, assets exceeded liabilities by \$38,609,141 at the close of this fiscal year.

By far the largest portion of the City's assets (66.18%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Manchester's Net Position

	Governmental 2016	Activities 2015	Business type 2016	Activities 2015
Current and other assets	\$19,054,000	\$17,307,372	\$13,899,653	\$13,981,722
Capital Assets	29,632,339	30,211,836	33,143,206	33,397,386
Total Assets	48,686,339	47,519,208	47,042,859	47,379,108
Long-term liabilities outstanding	23,296,415	24,161,174	24,135,279	25,331,191
Other Liabilities	10,579,261	11,066,127	1,990,342	1,869,745
Total Liabilities	33,875,676	35,227,301	26,125,621	27,200,936
Net Position				
Net Investment in Capital Assets	7,949,743	7,786,088	17,600,518	17,007,043
Restricted	1,327,047	873,437	212,226	
Unrestricted	8,373,587	4,749,076	3,146,020	3,199,097
Total net position	\$17,650,377	\$13,408,601	\$20,958,764	\$20,206,140

Changes in net position. Governmental activities increased the City's net position by \$4,241,776. Business-type activities net position increased by \$752,624.

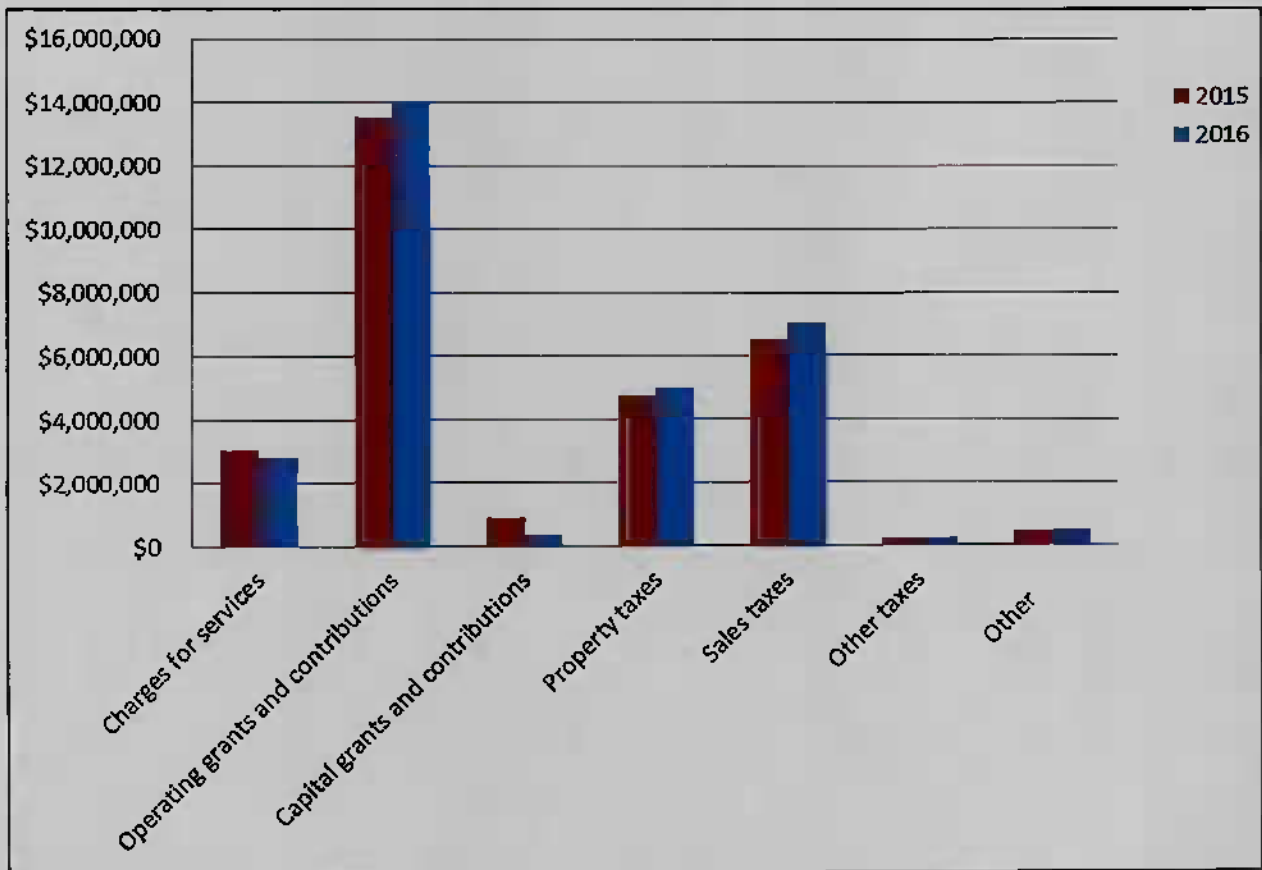
The table below provides a summary of the City's net assets broken down by governmental and business-type activities.

City of Manchester's Changes in Net Position

	Governmental Activities		Business-type Activities	
<u>Revenues</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Program revenues</u>				
Charges for services	\$2,833,278	\$3,039,580	\$6,035,123	\$5,892,440
Operating grants and contributions	14,068,251	13,530,052	17,400	17,400
Capital grants and contributions	381,537	901,333		
<u>General Revenues</u>				
Property taxes	5,035,188	4,732,611		
Sales taxes	7,052,348	6,533,641		
Other taxes	256,910	231,301		
Other	523,708	446,835	277,983	130,254
Total revenues	<u>\$30,151,220</u>	<u>\$29,415,353</u>	<u>\$6,330,506</u>	<u>\$6,040,094</u>
<u>Governmental Activities</u>				
General Government	\$1,809,730	\$1,780,477		
Public Safety	4,412,994	4,903,113		
Public Works	2,719,980	2,850,491		
Health, Welfare, Culture and Recreation	2,157,226	2,226,175		
Economic Development and Assistance	157,674	55,325		
Education	13,800,758	15,410,104		
Debt Service	851,082	919,919		
Water & Sewer			5,765,330	5,865,802
Total expenses	<u>\$25,909,444</u>	<u>\$28,145,604</u>	<u>\$5,765,330</u>	<u>\$5,865,802</u>
Change in Net Position	4,241,776	1,269,749	565,176	174,292
Net Position, as previously reported	13,408,601	14,312,282	20,206,140	19,974,720
Restatement from prior year		(2,173,430)	187,448	57,128
Net Position, beg. Of year as restated				
Net Position, end of year	<u>\$17,650,377</u>	<u>\$13,408,601</u>	<u>\$20,958,764</u>	<u>\$20,206,140</u>

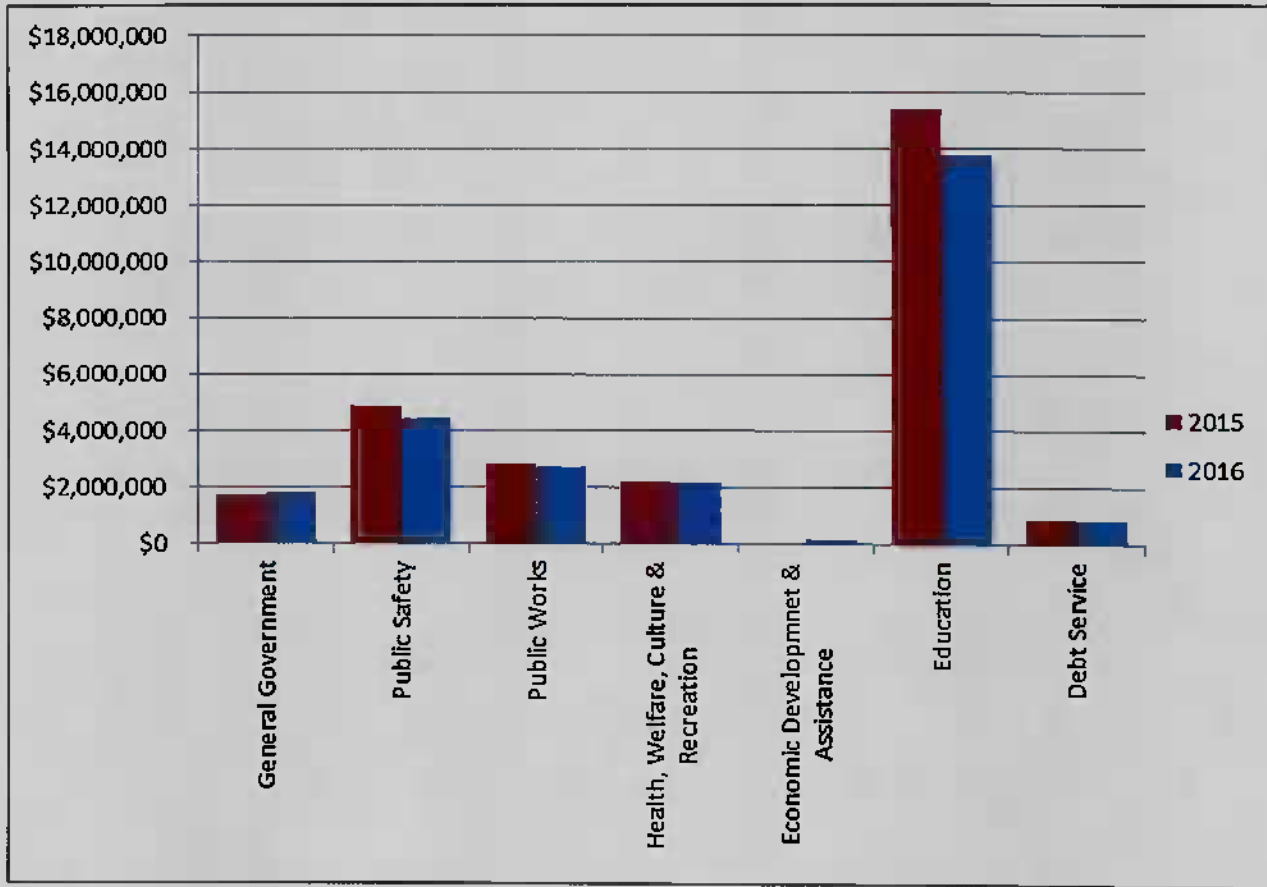
Revenues by Source – Governmental Activities

Revenues



Expenditures – Governmental Activities

Expenditures



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

- The overall expenditures decreased by approximately \$2,236,160. The decrease is due to budgetary cuts and being resourceful with available funds.
- Education expenditures decreased by \$1,609,346 due to budgetary cuts.

Business-type Activities

Business-type activities accounted for revenue of \$6,330,933 which includes contributed capital.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,203,812, an increase of \$3,098,920 in comparison with the prior year. Within the governmental funds, \$83,053 is restricted for Inventory and Prepaid Costs in the General Fund. In the General Purpose School Fund, \$0 is committed for Non-Instructional Services.

The general fund is the chief operation fund of the City of Manchester, Tennessee. Due to the compliance of GASB 54, the general fund recognizes "unassigned" fund balance instead of "unreserved" fund balance. At the end of this fiscal year, this amount is \$5,617,020. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 48.16% of total general fund expenditures.

The City's general fund had a positive Net Change in Fund Balance of \$1,931,954.

Proprietary funds

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

Unrestricted Net Assets at the end of the year for the Water and Sewer Fund amounted to \$3,146,020. This represents total Net Assets at June 30, 2016 of \$20,958,764.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were as follows: changes to revenues were as follows: General Fund – increase of \$546,236; General Purpose School Fund – increase of \$31,403; School Federal and State Programs – increase of \$5,853; changes to appropriations of General Fund increase of \$153,845; General Purpose School Fund – increase of \$67,305; School Federal and State Programs – increase of \$5,853.

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

General Fund	Budgeted Amounts	
	Original	Final
Revenues:		
Total Taxes Revenue	\$ 9,650,019	\$9,947,463
General Purpose School Fund:		
Revenues	\$ 11,496,122	\$11,527,525
Operating Transfer-General Fund	\$ 1,678,467	\$1,678,467

Capital Assets

The City of Manchester's investment in capital assets from its governmental and business-type activities at June 30, 2016, amounts to \$62,775,545 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total of the City's investment in capital assets for the current fiscal year decreased in the amount of \$833,678 (a net decrease of \$579,497 for governmental activities and a net decrease of \$254,181 for business-type activities).

City of Manchester's Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	\$ 4,710,362	\$ 210,937	\$ 4,921,299
Buildings/land improvement and utility plant	27,694,694	49,002,320	76,697,014
Equipment and furniture	2,227,102	1,372,192	3,599,294
Infrastructure	26,063,875		26,063,875
Vehicles	4,143,834		4,143,834
Construction in progress	237,531	2,054,187	2,291,718
	65,077,398	52,639,636	117,717,034
Less Accumulated Depreciation	35,445,059	19,496,430	54,941,489
Net Capital Assets	\$29,632,339	\$33,143,206	\$62,775,545

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

Long-term Debt

At the end of the current year, the City of Manchester had bonded debt outstanding of \$46,535,499. Of this amount, \$1,545,044 is due in the next fiscal year.

City of Manchester's Outstanding Debt

	Governmental Activities	Business-type Activities	Total
Principal due in the next fiscal year	\$ 673,572	871,472	<u>1,545,044</u>

The City of Manchester's combined total bonded debt decreased in the amount of \$706,184 during the current fiscal year.

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

Currently Known Factors Affecting Future Years

The unemployment rate for the Coffee County at the end of the fiscal year was 4.9%. This compares to the State's average unemployment rate of 4.1% and the national average rate of 4.9%. Due to the economic situation, the City used the conservative approach in the preparation of next year's budget. Property tax collection and local option sales tax were increased slightly.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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City of Manchester, Tennessee
Statement of Net Position
June 30, 2016

ASSETS

Cash				
Investment in Pooled Cash				
Accounts Receivable				
Allowance for Uncollectible				
Unbilled Water and Sewer				
Due from Other Governments				
Internal Balances				
Property Taxes Receivable				
Allowance for Uncollectible Property Taxes				
Other Taxes Receivable				
Inventories				
Current Portion of Notes Receivable from DRUC				
Net Pension Asset				
Capital Assets:				
Assets Not Being Depreciated:				
Land				
Construction in Progress				
Assets Net of Accumulated Depreciation:				
Land Improvements				
Buildings				
Vehicles				
Heavy Equipment				
Other Equipment				
Water Plant				
Sewer Plant				
Infrastructure				
Long-term Portion of Note Receivable DRUC				
Total Assets				

Primary Government

	Governmental Activities	Business-type Activities	Total
\$	243,646	\$ 1,089,389	\$ 1,333,035
	10,540,720	2,562,054	13,102,774
	438,079	394,650	832,729
	(78,843)	(29,175)	(108,018)
	-	155,509	155,509
	1,790,827	-	1,790,827
	61,576	-	61,576
	5,590,837	-	5,590,837
	(100,551)	-	(100,551)
	302,843	-	302,843
	91,717	179,996	271,713
	-	325,000	325,000
	173,149	32,230	205,379
	4,710,362	210,937	4,921,299
	237,531	2,054,187	2,291,718
	235,521	-	235,521
	14,525,922	134,232	14,660,154
	1,492,931	-	1,492,931
	125,541	-	125,541
	477,831	329,581	807,412
	-	6,603,545	6,603,545
	-	23,810,724	23,810,724
	7,826,700	-	7,826,700
	-	9,190,000	9,190,000
\$	48,686,339	\$ 47,042,859	\$ 95,729,198

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

	<u>Primary Government</u>		
	Governmental Activities	Business-type Activities	Total
	\$ 2,839,714	\$ 41,526	\$ 2,881,240
	\$ 2,839,714	\$ 41,526	\$ 2,881,240

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions	
Total Deferred Outflows of Resources	

LIABILITIES

Accounts Payable	\$ 639,648	\$ 242,991	\$ 882,639
Accrued Payroll	63,443	17,973	81,416
Payroll Deductions Payable	709	808	1,517
Accrued Interest Payable	76,611	36,383	112,994
Judgements Payable	46,500	-	46,500
Other Payables	55,254	2,758	58,012
Internal Balances	-	61,576	61,576
Due to State of Tennessee	383	19,314	19,697
Duck River Utility Commission Surcharge	-	2,393	2,393
Customer Deposits	-	383,443	383,443
Surcharge Fee Payable	-	3,721	3,721
Unearned Revenues	109,124	-	109,124
Pooled Cash Overdraft	5,782	-	5,782
Noncurrent Liabilities:			
Due Within One Year	944,304	1,196,472	2,140,776
Due in More Than One Year	23,296,415	24,135,279	47,431,694
Total Liabilities	\$ 25,238,173	\$ 26,103,111	\$ 51,341,284

DEFERRED INFLOWS OF RESOURCES

Deferred Property Taxes	\$ 5,433,643	\$ -	\$ 5,433,643
Deferred Inflows Related to Pensions	3,203,860	22,510	3,226,370
Total Deferred Inflows of Resources	\$ 8,637,503	\$ 22,510	\$ 8,660,013

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

NET POSITION

Net Investment in Capital Assets			
Restricted for:			
Pensions			
Inventories of Materials and Supplies			
Drug Control and Investigation			
Education			
Operation of Non-instructional Services			
Unrestricted			
Total Net Position			

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
	\$ 7,949,743	\$ 17,600,518	\$ 25,550,261
	173,149	32,230	205,379
	91,716	179,996	271,712
	502,738	-	502,738
	313,382	-	313,382
	246,062	-	246,062
	8,373,587	3,146,020	11,519,607
	<u>\$ 17,650,377</u>	<u>\$ 20,958,764</u>	<u>\$ 38,609,141</u>

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City of Manchester, Tennessee
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Net Position		Total
				Governmental Activities	Business-type Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 1,809,730	\$ 98,022	\$ -	\$ 230,163	\$ (1,475,545)	\$ (1,475,545)
Public Safety	4,412,994	277,867	121,659	-	(4,013,438)	(4,013,438)
Public Works	2,719,980	941,951	298,295	108,736	(1,370,998)	(1,370,998)
Health, Welfare, Culture and Recreation	2,157,226	1,176,399	164,991	36,638	(779,198)	(779,198)
Economic Development and Assistance	157,674	-	-	-	(157,674)	(157,674)
Education	13,800,758	339,039	13,483,276	-	21,557	21,557
Debt Service	851,082	-	-	-	(851,082)	(851,082)
Total Governmental Activities	\$ 25,909,444	\$ 2,833,278	\$ 14,068,251	\$ 381,537	\$ (8,626,378)	\$ (8,626,378)
Business-type Activities						
Water and Sewer	5,765,330	6,035,123	17,400	-	287,193	287,193
Total Primary Government	\$ 31,674,774	\$ 8,868,401	\$ 14,085,651	\$ 381,537	\$ (8,626,378)	\$ (8,339,185)
General Revenues						
Property Taxes					\$ 4,829,267	\$ 4,829,267
Interest and Penalty on Taxes					78,434	78,434
In-Lieu of Taxes					127,487	127,487
Local Sales Tax					4,228,338	4,228,338
Wholesale Beer Tax					469,483	469,483
Wholesale Liquor Tax					249,289	249,289
Business Taxes					343,552	343,552
Cable TV Franchise Tax					144,717	144,717
Room Occupancy Tax					799,024	799,024
State Sales Tax					817,945	817,945
Other State Taxes - Unrestricted					256,910	256,910
Licenses and Permits					101,414	101,414
Other Local Revenues - Unrestricted					369,588	375,891
Unrestricted Investment Earnings and Rental Income					41,000	316,107
Gain on Sale of Capital Assets					8,706	8,279
Total General Revenues					\$ 12,868,154	\$ 13,146,137
Change in Net Position					\$ 4,241,776	\$ 4,806,952
Net Position Beginning of Year as Previously Reported					13,408,601	38,614,741
Restatements (Note 15)					-	187,448
Net Position - End of Year					\$ 17,650,377	\$ 38,609,141

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City of Manchester, Tennessee
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School		Debt Service	Other Governmental Funds		
	General					
\$	\$	\$	\$	\$	\$	\$
	4,619,122	2,377,561	2,251,305	1,292,732	243,596	243,646
	12,152	329,677	-	96,250	-	438,079
	(10,991)	-	-	(67,852)	-	(78,843)
	1,217,292	417,449	-	156,086	-	1,790,827
	1,311	69,459	-	84,399	-	155,169
	5,590,837	-	-	-	-	5,590,837
	(100,551)	-	-	-	-	(100,551)
	251,837	-	-	51,006	-	302,843
	83,053	-	-	8,664	-	91,717
Total Assets	\$ 11,664,062	\$ 3,194,196	\$ 2,251,305	\$ 1,864,881	\$ 18,974,444	

ASSETS

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

LIABILITIES

Accounts Payable
Accrued Payroll
Payroll Deductions Payable
Other Payables
Judgements Payable
Due to Other Funds
Due to State of Tennessee
Unearned Revenues
Pooled Cash Overdraft
Total Liabilities

\$	472,942	\$	5,773	\$	-	\$	160,933	\$	639,648
	49,036	-	-	-	-	14,407	709	-	63,443
	433	-	-	-	-	54,821	-	-	55,254
	7,552	16,582	-	-	-	46,500	-	-	46,500
	383	-	-	-	-	69,459	-	-	93,593
	-	-	-	-	-	-	-	-	383
	-	-	-	-	-	109,124	-	-	109,124
	-	-	-	-	-	5,782	-	-	5,782
Total Liabilities	\$ 580,346	\$ 22,355	\$ -	\$ 461,735	\$ 1,014,436				

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Purpose School	Debt Service	Other	Governmental Funds	
\$ 5,433,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,433,643
	322,553					322,553
\$ 5,433,643	\$ 322,553	\$ -	\$ -	\$ -	\$ -	\$ 5,756,196
<u>FUND BALANCES</u>						
\$ 83,053	\$ -	\$ -	\$ -	\$ 8,663	\$ -	\$ 91,716
				502,738		502,738
	312,630			752		313,382
				246,062		246,062
						1,390
	480,770					480,770
	2,054,498	2,251,305		644,931		4,950,734
5,617,020						5,617,020
\$ 5,700,073	\$ 2,849,288	\$ 2,251,305	\$ 1,403,146	\$ -	\$ -	\$ 12,203,812
\$ 11,664,062	\$ 3,194,196	\$ 2,251,305	\$ 1,864,881	\$ -	\$ -	\$ 18,974,444

DEFERRED INFLOWS OF RESOURCES

Deferred Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

FUND BALANCES

Nonspendable:
 Inventory
 Restricted:
 Restricted for Drug Control and Investigation
 Restricted for Education
 Restricted for Operation of Non-instructional Services
 Committed:
 Committed for Education
 Committed for Debt Service
 Assigned
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources and Fund Balances

City of Manchester, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2016

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

Total fund balances - balance sheet - governmental funds		\$ 12,203,812
 (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Land	\$ 4,710,362	
Construction in Progress	237,531	
Land Improvements	235,521	
Buildings	14,525,922	
Vehicles	1,492,931	
Heavy Equipment	125,541	
Other Equipment	477,831	
Infrastructure	<u>7,826,700</u>	29,632,339
 (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued Interest Payable	\$ (76,611)	
Due Within One Year	(944,304)	
Due in More Than One Year	<u>(23,296,415)</u>	(24,317,330)
 (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Deferred outflows of resources related to pensions	\$ 2,839,714	
Deferred inflows of resources related to pensions	(3,203,860)	(364,146)
 (4) Net pension assets of the city agent plan are not current financial resources and are therefore not reported in the governmental funds.		
		173,149
 (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>322,553</u>
Net position of governmental activities		<u>\$ 17,650,377</u>

City of Manchester, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	General Purpose		Debt Service	Other Governmental Funds	
		School	School			
<u>Revenues</u>						
Local Taxes	\$ 10,809,177	\$ -	\$ -	\$ 332,927	\$ 11,142,104	
Licenses and Permits	101,414	-	-	-	101,414	
Charges for Current Services	25,365	145,279	-	2,389,693	2,560,337	
Fines, Forfeitures and Penalties	211,120	-	-	61,821	272,941	
Other Local Revenue	110,861	73,855	39,776	174,288	398,780	
Intergovernmental	1,993,359	11,660,815	-	1,794,452	15,448,626	
Total Revenues	\$ 13,251,296	\$ 11,879,949	\$ 39,776	\$ 4,753,181	\$ 29,924,202	
<u>Expenditures</u>						
General Government	\$ 2,001,209	\$ -	\$ -	\$ -	\$ 2,001,209	
Public Safety	4,094,460	-	-	192,860	4,287,320	
Public Works	1,390,228	-	-	990,845	2,381,073	
Health, Welfare, Culture and Recreation	208,713	-	-	2,013,379	2,222,092	
Economic Development and Assistance	-	-	-	77,732	77,732	
Education	-	12,604,128	-	1,747,821	14,351,949	
Debt Service	-	-	1,568,051	-	1,568,051	
Total Expenditures	\$ 7,694,610	\$ 12,604,128	\$ 1,568,051	\$ 5,022,637	\$ 26,889,426	
Excess (Deficiency) of Revenues	\$ 5,556,686	\$ (724,179)	\$ (1,528,275)	\$ (269,456)	\$ 3,034,776	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ -	\$ 1,678,467	\$ 1,588,012	\$ 735,000	\$ 4,001,479	
Transfers Out	(3,624,732)	(200,000)	-	(176,747)	(4,001,479)	
Capitalized Lease Proceeds	-	64,144	-	-	64,144	
Total other Financing Sources	\$ (3,624,732)	\$ 1,542,611	\$ 1,588,012	\$ 558,253	\$ 64,144	
Net Change in Fund Balance	\$ 1,931,954	\$ 818,432	\$ 59,737	\$ 288,797	\$ 3,098,920	
Fund Balance, July 1, 2015	3,768,119	2,030,856	2,191,568	1,114,349	9,104,892	
Fund Balance, June 30, 2016	\$ 5,700,073	\$ 2,849,288	\$ 2,251,305	\$ 1,403,146	\$ 12,203,812	

City of Manchester, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
June 30, 2016

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

Net change in fund balances - total governmental funds \$ 3,098,920

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expenses. The difference between capital outlays and depreciation is itemized as follows:

Add: capital assets purchased in the current period	\$ 933,645	
Less: current-year depreciation expense	(1,590,612)	(656,967)

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

Less: book value of capital assets disposed	\$ (31,266)	
Add: donations of capital assets	108,736	
Add: confiscations of capital assets placed in service	-	77,470

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

Less: other deferred/unavailable revenue June 30, 2015	(173,004)	
Add: other deferred/unavailable revenue June 30, 2016	322,553	149,549

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

Add: principal payment on long-term debt	\$ 740,815	
Less: capitalized lease proceeds	(64,144)	676,671

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

Change in accrued interest payable	\$ (10,130)	
Change in compensated absences payable	79,005	
Change in net pension asset	(135,370)	
Change in deferred outflows of resources related to pensions	1,723,020	
Change in deferred inflows of resources related to pensions	(652,268)	
Change in other postemployment benefits liability	(108,123)	896,134

Rounding (1)

Change in net position of governmental activities \$ 4,241,776

City of Manchester, Tennessee
Water and Sewer Fund
Statement of Net Position
For the Year Ended June 30, 2016

ASSETS

Cash	\$ 1,089,389
Investment in Pooled Cash	2,562,054
Accounts Receivable	394,650
Allowance for Uncollectible	(29,175)
Unbilled Water and Sewer	155,509
Inventories	179,996
Current Portion of Notes Receivable from DRUC	325,000
Net Pension Asset Account	32,230
Capital Assets:	
Assets Not Being Depreciated:	
Land	210,937
Construction in Progress	2,054,187
Assets Net of Accumulated Depreciation:	
Buildings	134,232
Equipment	329,581
Water Plant	6,603,545
Sewer Plant	23,810,724
Long-term portion of Notes Receivable from DRUC	9,190,000
Total Assets	<u>\$ 47,042,859</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Changes in Contributions after Measurement Date	\$ 41,526
Total Deferred Outflows of Resources	<u>\$ 41,526</u>

LIABILITIES

Accounts Payable	\$ 242,991
Accrued Payroll	17,973
Payroll Deductions Payable	808
Refunds Payable	2,758
Accrued Interest Payable	36,383
Due to Other Funds	61,576
Due to State of Tennessee	19,314
DRUC Water Surcharge	2,393
Customer Deposits	383,443
Surcharge Fee Payable	3,721
Noncurrent Liabilities:	
Due Within One Year	1,196,472
Due in More Than One Year	24,135,279
Total Liabilities	<u>\$ 26,103,111</u>

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

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pension	\$ 22,510
Total Deferred Inflows of Resources	<u>\$ 22,510</u>

NET POSITION

Net Investment in Capital Assets	\$ 17,600,518
Restricted for Pension	32,230
Restricted for Inventory	179,996
Unrestricted	<u>3,146,020</u>
Net Position	<u>\$ 20,958,764</u>

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City of Manchester, Tennessee
Water and Sewer Fund
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

Operating Revenues

Water Revenues

Inside Residential/Metered Water Sales	\$ 763,858	
Inside Commercial/Metered Water Sales	563,752	
Inside Industrial/Metered Water Sales	145,619	
Outside Residential/Metered Water Sales	729,782	
Outside Commercial/Metered Water Sales	136,545	
Outside Industrial/Metered Water Sales	372,252	
Ready to Serve	12,617	
Sprinkler System/Fire Protection	61,036	
Sales to Hillsville Utility District	482,362	
Forfeited Discounts/Penalties	100,420	
Water Service Calls	55,065	
Water Tap Fees	91,726	
Miscellaneous - Water	31,373	
Total Water Revenues		\$ 3,546,407

Sewer Revenues

Sewer Charges - Inside Residential	\$ 911,321	
Sewer Charges - Inside Commercial	636,392	
Sewer Charges - Inside Industrial	255,361	
Sewer Charges - Outside Residential	5,650	
Sewer Charges - Outside Commercial	96,326	
Sewer Charges - Outside Industrial	462,025	
Pretreatment Fees	73,710	
Sewer Tap Fees	13,966	
Total Sewer Revenues		2,454,751

Other Revenues from Operations

Billing Administration Fees	\$ 33,493	
Bad Debt Collections	472	
Total Other Revenues from Operations		33,965

Total Operating Revenues \$ 6,035,123

City of Manchester, Tennessee

Water and Sewer Fund

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

Operating Expenses

Water Distribution

Electric	\$ 75,743	
Telephone and Telegraph	12,729	
Water Purchased for Resale	1,170,525	
Provision for Depreciation	329,760	
Total Water Distribution		\$ 1,588,757

Shop & Maintenance

Regular Employee Salaries	\$ 830,799	
Salaries - Overtime	48,258	
Accrued Benefits	392	
OASI Employer Share	62,768	
Employee Health Insurance	161,384	
Retirement - TCRS	18,797	
Retirement - ING	19,934	
Employee Dental Insurance	11,636	
Employee Life Insurance	1,412	
Worker's Compensation Insurance	20,943	
Unemployment Insurance	1,084	
Education/Training	555	
Other Employee Benefits	71,531	
Electric	4,607	
Telephone and Telegraph	2,644	
Other Utility Services	616	
Architectural Engineering Service	16,173	
Other Professional Service	25,718	
Repair & Maintenance - Motor Vehicle	20,135	
Repair & Maintenance - Other Machinery	36,883	
Repair & Maintenance Grounds I	1,283	
Repair & Maintenance - Buildings	730	
Repair/Maintenance - Water	96,262	
Repair/Maintenance - Sewer	23,320	
Small Items of Equipment	8,280	
Household & Janitorial Supplies	809	
Clothing and Uniforms	754	
Educational Supplies	15	
Other Operating Supplies	4,457	
Gas, Oil, Diesel, Fuel, Grease	20,294	
Repair Parts - Water/Sewer	37,016	
General Liability Insurance	11,599	
Machinery And Equipment	468	
Provision for Depreciation	29,235	
State - Annual Maintenance	12,918	
Shop Vehicles	3,200	
Total Shop & Maintenance		1,606,909

City of Manchester, Tennessee

Water and Sewer Fund

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

Operating Expenses (Cont.)

Customer Account & Collection

Regular Employee Salaries	\$ 140,465	
Salaries - Overtime	1,979	
Accrued Benefits	60	
OASI Employers Share	10,175	
Employee Insurance	30,717	
Retirement - TCRS	1,168	
Retirement - ING	7,720	
Dental Insurance	2,324	
Death Benefits Plan	245	
Workman's Comp - Employer	233	
Unemployment Insurance	224	
Education/Training	537	
Postage	32,382	
Printing, Duplication, Typing	4,628	
Telephone and Telegraph	501	
Other Utility Services	5,623	
Accounting/Audit Services	5,640	
Data Processing Support	12,078	
Other Professional Services	2,690	
Repair and Maintenance - Bldg./F	4,498	
Repair and Maintenance - Computer Equip	3,289	
Office Supplies	2,866	
Small Item of Equipment	1,314	
Other Office Supplies	9	
Gas, Oil, Diesel, Fuel, Grease	5,124	
General Liability	1,289	
Professional Liability/Surety Bonds	300	
Provision for Depreciation	3,660	
Bad Debt Expense	4,549	
Office Machinery and Equipment	626	
Total Customer Account & Collection		286,913

Sewer Treatment & Disposal

Regular Employee Salaries	\$ 128,062	
Salaries - Overtime	14,067	
Accrued Benefits	121	
OASI Employer Share	10,408	
Employee Health Insurance	26,712	
Retirement- ING	10,014	
Employee Dental Insurance	2,104	
Employee Life Insurance	207	
Workers Compensation Insurance	3,019	

City of Manchester, Tennessee

Water and Sewer Fund

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

Operating Expenses (Cont.)

Sewer Treatment & Disposal (Cont.)

Unemployment Insurance	144	
Education/Training	905	
Electric	275,024	
Telephone and Telegraph	1,991	
Repair & Maintenance - Other Machinery	50,851	
Small Items of Equipment	1,355	
Chemical, Lab & Med Supplies	31,579	
Clothing and Uniforms	60	
Other Operational Supplies	83	
Gas, Oil, Diesel, Fuel and Grease	4,993	
Waste Water Pretreatment	29,426	
Sewer General Liability	19,332	
Provision for Depreciation	1,030,229	
State - Annual Maintenance	11,846	
Sewer Vehicles	1,298	
Total Sewer Treatment & Disposal		1,653,830

Mechanical Maintenance

Regular Employee Salaries	\$ 76,419	
Salaries - Overtime	17,738	
Accrued Benefits	30	
OASI Employers Share	6,983	
Employee Health Insurance	10,839	
Retirement- TCRS	3,419	
Employee Dental Insurance	1,103	
Employee Life Insurance	138	
Unemployment Insurance	96	
Other Operating Supplies	1,732	
Gas, Oil, Diesel, Fuel and Grease	1,417	
Provision for Depreciation	2,205	
Total Mechanical Maintenance		122,119

Total Operation Expenses \$ 5,258,528

Total Operating Income \$ 776,595

City of Manchester, Tennessee

Water and Sewer Fund

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

Non-operating Revenues (Expenses)

Interest Earnings	\$ 11,662	
Water Tower Leases	260,445	
Coffee County Industrial Park Contract	17,400	
Insurance Recoveries	6,303	
Loss on Disposal of Fixed Assets	(427)	
Interest Expense	(505,789)	
Bank Service Charges/Fiscal Agent Fees	(1,013)	
Total Non-operating Revenues (Expenses)		<u>(211,419)</u>
Change in Net Position	\$ 565,176	
Net Position, Beginning of Year as Previously Reported		20,206,140
Restatement (Note 15)		<u>187,448</u>
Net Position 6/30/2016		<u>\$ 20,958,764</u>

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City of Manchester, Tennessee
Water and Sewer Fund
Statement of Cash Flow
For the Year Ended June 30, 2016

Cash Flows from Operating Activities

Cash received from customers	\$ 6,046,950
Cash paid to employees for services	(1,749,860)
Cash paid to suppliers of goods and services	(2,101,853)
Net Cash provided by operating activities	<u>\$ 2,195,737</u>

Cash Flows from Capital and Related Financing Activities

Acquisitions of capital assets	\$ (958,886)
Interest paid on capital debt	(505,789)
Principal paid on capital debt	(847,654)
Net Cash used by capital and related Financing Activities	<u>\$ (2,307,329)</u>

Cash Flows from Investing Activities

Interest received	\$ 11,662
Other non operating receipts	280,617
Net Cash provided by Investing Activities	<u>\$ 292,279</u>

Net Increase in Cash	\$ 180,687
Cash, Beginning of Year	<u>3,470,756</u>
Cash, End of Year	<u>\$ 3,651,443</u>

Reconciliation of Operating Income to Net Cash Provided by Operations

Operating Income	\$ 776,595
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,395,089
(Increase) Decrease in Accounts Receivable	(39,767)
(Increase) Decrease in Unbilled Water and Sewer	(5,845)
(Increase) Decrease in Inventories	(12,943)
(Increase) Decrease in Net Pension Asset Account	6,311
(Increase) Decrease in Deferred Outflows Related to Pension	(13,558)
Increase (Decrease) in Accounts Payable	32,609
Increase (Decrease) in Accrued Payroll	(750)
Increase (Decrease) in Payroll Deductions Payable	(511)
Increase (Decrease) in Refunds Payable	1,068
Increase (Decrease) in Due to Other Funds	8,185
Increase (Decrease) in Due to State of Tennessee	960
Increase (Decrease) in DRUC Water Surcharge	(44)
Increase (Decrease) in Surcharge Fee Payable	3,106
Increase (Decrease) in Customer Deposits	45,232
Net Cash Provided by Operating Activities	<u>\$ 2,195,737</u>

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City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 07/01/15	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 10,809,177	\$ -	\$ 10,809,177	\$ 9,650,019	\$ 9,947,463	\$ 861,714
Licenses and Permits	101,414	-	101,414	77,000	87,891	13,523
Charges for Current Services	25,365	-	25,365	17,350	26,786	(1,421)
Fines, Forfeitures and Penalties	211,120	-	211,120	251,000	210,600	520
Other Local Revenue	110,861	-	110,861	77,500	154,069	(43,208)
Intergovernmental	1,993,359	-	1,993,359	1,764,804	1,957,100	36,259
Total Revenues	\$ 13,251,296	\$ -	\$ 13,251,296	\$ 11,837,673	\$ 12,383,909	\$ 867,387
Expenditures						
General Government						
<u>City Court</u>						
Contractual Services	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Total City Court	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Board of Mayor and Aldermen						
Personnel Expenditures	\$ 167,426	\$ -	\$ 167,426	\$ 176,150	\$ 176,150	\$ 8,724
Contractual Services	102,772	-	102,772	136,800	138,335	35,563
Supplies	3,804	-	3,804	8,500	7,500	3,696
Fixed Charges	1,084	-	1,084	1,200	1,200	116
Total Board of Mayor and Aldermen	\$ 275,086	\$ -	\$ 275,086	\$ 322,650	\$ 323,185	\$ 48,099
Financial Administration						
Personnel Expenditures	\$ 268,350	\$ -	\$ 268,350	\$ 275,400	\$ 275,400	\$ 7,050
Contractual Services	41,200	-	41,200	42,711	42,711	1,511
Supplies	12,687	-	12,687	13,200	15,200	2,513
Fixed Charges	1,039	-	1,039	1,500	1,500	461
Total Financial Administration	\$ 323,276	\$ -	\$ 323,276	\$ 332,811	\$ 334,811	\$ 11,535

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

City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 07/01/15	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>General Government (Cont.)</u>						
<u>Information Systems</u>						
Personnel Expenditures	\$ 70,922	\$ -	\$ 70,922	\$ 72,495	\$ 70,695	\$ (227)
Contractual Services	22,636	(1,554)	21,082	21,320	25,320	4,238
Supplies	1,406	-	1,406	2,200	2,000	594
Fixed Charges	-	-	-	500	-	-
Capital Outlay	12,812	-	12,812	14,500	13,000	188
Total Information Systems	\$ 107,776	\$ (1,554)	\$ 106,222	\$ 111,015	\$ 111,015	\$ 4,793
<u>Planning and Zoning</u>						
Personnel Expenditures	\$ 226,082	\$ -	\$ 226,082	\$ 302,099	\$ 302,099	\$ 76,017
Contractual Services	24,710	-	24,710	48,000	47,900	23,190
Supplies	3,253	-	3,253	8,950	9,350	6,097
Fixed Charges	832	-	832	5,300	5,000	4,168
Total Planning and Zoning	\$ 254,877	\$ -	\$ 254,877	\$ 364,349	\$ 364,349	\$ 109,472
<u>General Government and Buildings</u>						
Personnel Expenditures	\$ 229,634	\$ -	\$ 229,634	\$ 271,500	\$ 271,500	\$ 41,866
Contractual Services	185,268	-	185,268	238,700	238,700	53,432
Supplies	3,134	-	3,134	5,000	5,000	1,866
Fixed Charges	327,440	-	327,440	362,500	362,500	35,060
Capital Outlay	282,718	(9,844)	272,874	380,589	476,302	203,428
Total General Government and Buildings	\$ 1,028,194	\$ (9,844)	\$ 1,018,350	\$ 1,258,289	\$ 1,354,002	\$ 335,652
Total General Government	\$ 2,001,209	\$ (11,398)	\$ 1,989,811	\$ 2,401,114	\$ 2,499,362	\$ 509,551

City of Manchester, Tennessee
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 07/01/15	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final	
Expenditures (Cont.)						
Public Safety						
Police Department						
Personnel Expenditures	\$ 2,145,555	\$ -	\$ 2,145,555	\$ 2,205,395	\$ 2,205,395	\$ 59,840
Contractual Services	82,705	(10,643)	72,062	59,500	66,897	(5,165)
Supplies	78,820	(2,759)	76,061	139,150	139,150	63,089
Fixed Charges	514	-	514	3,700	3,700	3,186
Capital Outlay	25,393	-	25,393	27,000	46,689	21,296
Total Police Department	\$ 2,332,987	\$ (13,402)	\$ 2,319,585	\$ 2,434,745	\$ 2,461,831	\$ 142,246
Fire Department						
Personnel Expenditures	\$ 1,629,701	\$ -	\$ 1,629,701	\$ 1,685,965	\$ 1,685,965	\$ 56,264
Contractual Services	48,491	-	48,491	42,590	51,738	3,247
Supplies	72,857	-	72,857	61,438	66,776	(6,081)
Fixed Charges	10,424	-	10,424	11,330	11,330	906
Total Fire Department	\$ 1,761,473	\$ -	\$ 1,761,473	\$ 1,801,323	\$ 1,815,809	\$ 54,336
Total Public Safety	\$ 4,094,460	\$ (13,402)	\$ 4,081,058	\$ 4,236,068	\$ 4,277,640	\$ 196,582
Public Works						
Public Works Department						
Personnel Expenditures	\$ 883,183	\$ -	\$ 883,183	\$ 862,800	\$ 868,300	\$ (14,883)
Contractual Services	302,207	-	302,207	301,950	308,170	5,963
Supplies	105,849	-	105,849	148,000	137,900	32,051
Building Materials	25,137	-	25,137	55,000	55,000	29,863
Fixed Charges	531	-	531	960	960	429
Capital Outlay	73,321	(4,997)	68,324	101,812	106,338	38,014
Total Public Works Department	\$ 1,390,228	\$ (4,997)	\$ 1,385,231	\$ 1,470,522	\$ 1,476,668	\$ 91,437
Total Public Works	\$ 1,390,228	\$ (4,997)	\$ 1,385,231	\$ 1,470,522	\$ 1,476,668	\$ 91,437

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

City of Manchester, Tennessee
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 07/01/15	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
Health, Welfare, Culture and Recreation Contributions to Other Agencies	\$ 208,713	\$ -	\$ 208,713	\$ 105,237	\$ 113,116	\$ (95,597)
Total Health, Welfare, Culture and Recreation	\$ 208,713	\$ -	\$ 208,713	\$ 105,237	\$ 113,116	\$ (95,597)
Total Expenditures	\$ 7,694,610	\$ (29,797)	\$ 7,664,813	\$ 8,212,941	\$ 8,366,786	\$ 701,973
Excess (Deficiency) of Revenues	\$ 5,556,686	\$ 29,797	\$ 5,586,483	\$ 3,624,732	\$ 4,017,123	\$ 1,569,360
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (3,624,732)	\$ -	\$ (3,624,732)	\$ (3,624,732)	\$ (3,624,732)	\$ -
Total Other Financing Sources	\$ (3,624,732)	\$ -	\$ (3,624,732)	\$ (3,624,732)	\$ (3,624,732)	\$ -
Net Change in Fund Balance	\$ 1,931,954	\$ 29,797	\$ 1,961,751	\$ -	\$ 392,391	\$ 1,569,360
Fund Balance, July 1, 2015	3,768,119	(29,797)	3,738,322	2,791,971	2,791,971	946,351
Fund Balance, June 30, 2016	\$ 5,700,073	\$ -	\$ 5,700,073	\$ 2,791,971	\$ 3,184,362	\$ 2,515,711

City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Purpose School Fund
For the Year Ended June 30, 2016

	Actual	Add: Encumbrances 06/30/16	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final	
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 145,279	\$ -	\$ 145,279	\$ 159,000	\$ 159,000	\$ (13,721)
Other Local Revenues	73,855	-	73,855	11,250	17,430	56,425
Intergovernmental	11,660,815	-	11,660,815	11,325,872	11,351,095	309,720
Total Revenues	\$ 11,879,949	\$ -	\$ 11,879,949	\$ 11,496,122	\$ 11,527,525	\$ 352,424
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 6,581,720	\$ 5,258	\$ 6,586,978	\$ 6,954,759	\$ 6,768,763	\$ 181,785
Alternative Instruction Program	37,765	-	37,765	72,270	42,800	5,035
Special Education Program	1,353,696	922	1,354,618	1,422,468	1,392,748	38,130
Student Body Education Program	18,363	-	18,363	20,000	18,400	37
<u>Support Services</u>						
Attendance	100,239	-	100,239	102,155	102,155	1,916
Health Services	224,860	-	224,860	163,506	226,445	1,585
Other Student Support	187,430	-	187,430	191,524	187,429	(1)
Regular Instruction Program	500,900	58	500,958	525,380	501,161	203
Special Education Program	221,217	500	221,717	255,981	255,981	34,264
Board of Education	213,580	366	213,946	235,097	226,097	12,151
Office of the Superintendent	92,026	-	92,026	205,325	92,625	599
Office of the Principal	674,003	300	674,303	713,507	683,270	8,967
Fiscal Services	232,824	6,262	239,086	259,377	239,395	309
Operation of Plant	763,078	5,271	768,349	860,516	811,895	43,546
Maintenance of Plant	331,289	59,030	390,319	372,876	529,402	139,083
Transportation	27,365	3,106	30,471	34,500	34,500	4,029
Central and Other	431,508	85,124	516,632	279,017	473,517	(43,116)
<u>Operation of Non-instructional Services</u>						
Community Services	276,466	1,062	277,528	187,052	341,811	64,283
Early Childhood Education	271,655	-	271,655	277,456	271,677	22

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

City of Manchester, Tennessee
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Purpose School Fund (Cont.)

	Actual	Add: Encumbrances 06/30/16	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
Capital Outlay	64,144	-	64,144	-	-	(64,144)
Regular Capital Outlay	\$ 12,604,128	\$ 209,810	\$ 12,771,387	\$ 13,132,766	\$ 13,200,071	\$ 428,684
Total Expenditures	\$ (724,179)	\$ (209,810)	\$ (891,438)	\$ (1,636,644)	\$ (1,672,546)	\$ 781,108
Excess (Deficiency) of Revenues						
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 1,678,467	\$ -	\$ 1,678,467	\$ 1,678,467	\$ 1,678,467	\$ -
Transfers Out	(200,000)	-	(200,000)	-	(200,000)	-
Capital Lease Proceeds	64,144	-	64,144	-	-	64,144
Total Other Financing Sources	\$ 1,542,611	\$ -	\$ 1,542,611	\$ 1,678,467	\$ 1,478,467	\$ 64,144
Net Change in Fund Balance	\$ 818,432	\$ (209,810)	\$ 651,173	\$ 41,823	\$ (194,079)	\$ 845,252
Fund Balance, July 1, 2015	2,030,856	-	2,030,856	1,417,500	1,417,500	613,356
Fund Balance, June 30, 2016	\$ 2,849,288	\$ -	\$ 2,682,029	\$ 1,459,323	\$ 1,223,421	\$ 1,458,608

City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Debt Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 39,776	\$ 39,875	\$ 39,875	\$ (99)
Total Revenues	\$ 39,776	\$ 39,875	\$ 39,875	\$ (99)
<u>Expenditures</u>				
Debt Service	\$ 1,568,051	\$ 1,588,729	\$ 1,590,513	\$ 22,462
Total Expenditures	\$ 1,568,051	\$ 1,588,729	\$ 1,590,513	\$ 22,462
Excess (Deficiency) of Revenues	\$ (1,528,275)	\$ (1,548,854)	\$ (1,550,638)	\$ 22,363
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,588,012	\$ 1,586,229	\$ 1,588,013	\$ 1
Total Other Financing Sources	\$ 1,588,012	\$ 1,586,229	\$ 1,588,013	\$ 1
Net Change in Fund Balance	\$ 59,737	\$ 37,375	\$ 37,375	\$ 22,364
Fund Balance, July 1, 2015	2,191,568	2,191,768	2,191,768	(200)
Fund Balance, June 30, 2016	\$ 2,251,305	\$ 2,229,143	\$ 2,229,143	\$ 22,164

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CITY OF MANCHESTER, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. However, when applicable, inter-fund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The City of Manchester issues all debt for the Manchester City Schools. There were no debt issues contributed by the City to the City Schools during the year ended June 30, 2016.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). However, July and August 2016 property tax collections have been included in revenues. All other revenue items are considered to be measurable and available only when the City receives cash.

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

The City reports the following major governmental funds:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

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

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

The City reports the following major proprietary fund:

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. DEPOSITS AND INVESTMENTS

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

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

Cash consists of cash-on-hand and on-deposit with financial institutions. For purposes of reporting cash on the Statement of Net Position, the City considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash is reported on the Statement of Cash Flows as "Cash". At June 30, 2016, the City had no cash equivalents.

Investments – All investments are stated at fair value for all funds. At June 30, 2016, the City had no investments.

E. RECEIVABLES AND PAYABLES

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

E. RECEIVABLES AND PAYABLES (CONT.)

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

F. INVENTORIES

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

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

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

G. CAPITAL ASSETS

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

G. CAPITAL ASSETS (CONT.)

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

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

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

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. COMPENSATED ABSENCES

The City provides for the accumulation of unused vacation. Accumulated vacation and sick leave vest with the employee and may be taken, or paid to the employee upon termination or retirement. For Governmental Fund accounting and reporting purposes, no amounts accrued at June 30, 2016 are expected to be liquidated with expendable available financial resources; accordingly, a liability is not recorded in the fund statements. Compensated absences are accrued when incurred in the governmental activities and proprietary fund financial statements.

J. LONG-TERM OBLIGATIONS

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

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

K. RETIREMENT

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the non-current portion of inter-fund loans) or "advances to/from other funds" (the current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." These balances are eliminated within the governmental activities funds and within the business-type activities funds. Any residual balances outstanding are reported in the government-wide financial statements as "internal balances."

M. NET POSITION AND FUND BALANCE

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

N. NET POSITION AND FUND BALANCE (CONT.)

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

Assigned fund balance - Is intended to be used by the City for specific purposes but do not meet the classification as committed. This limitation can be imposed by a designee of the Board of Aldermen. The Board of Aldermen may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position on page 27 of this report includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

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

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

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

The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities on page 29 of this report includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

8. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONT.)

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

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

5. RECEIVABLES

ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2016 consist of the following:

	General Fund	General Purpose School Fund	Other Governmental Funds	Water and Sewer Fund
Customers	\$ 12,152	\$ -	\$ 96,250	\$ 394,650
Allowance for Uncollectable	(10,991)	-	(67,852)	(29,175)
Due from National Institute for Excellence in Teaching – Teacher Incentive Fund Grant	-	329,677	-	-
Total	\$ 1,161	\$ 329,677	\$ 28,398	\$ 365,475

OTHER TAXES RECEIVABLE

Other Taxes Receivable at June 30, 2016 consist of the following:

	General Fund	Other Governmental Funds
Wholesale Beer Tax	\$ 85,046	\$ -
Wholesale Liquor Tax	58,457	-
Cable TV Franchise Tax	36,807	-
Room Occupancy Tax	71,527	51,006
Total	\$ 251,837	\$ 51,006

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

5. RECEIVABLES (CONT.)

DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2016, consist of the following:

	General Fund	General Purpose School Fund	Other Governmental Funds
Due from Coffee County:			
Court Fines	\$ -	\$ -	\$ 2,693
Coffee County Shared Revenues:			
Current Property Taxes	-	47,961	-
Trustee's Collections Prior Years	-	5,116	-
Clerk and Master Property Tax Collections	-	7,493	-
Interest and Penalty on Property Taxes	-	3,036	-
Payments in Lieu of Taxes	-	789	-
Local Option Sales Tax	-	318,351	-
Interstate Telecommunications Tax	-	103	-
Marriage Licenses	-	150	-
Due from State of Tennessee:			
Local Option Sales Tax	764,237	-	-
State Sales Tax	142,518	-	-
State Income Tax	141,476	-	-
State Mixed Drink Tax	6,989	-	-
State Gas and Motor Fuel Tax	50,536	-	-
Career Ladder	-	817	-
Other State Education Funds	-	33,415	-
Alcoholic Beverage Tax	-	218	-
ESEA Chapter 1	-	-	89,579
Education of the Handicap	-	-	55,449
English Language Acquisition Grant	-	-	7,025
Special Education Grants to States	-	-	1,340
City Streets and Transportation	3,425	-	-
State Highway Maintenance Contract	24,217	-	-
CDBG Grant	73,014	-	-
GHSO Police Grant	257	-	-
Other Federal Grants	10,623	-	-
Total	\$ 1,217,292	\$ 417,449	\$ 156,086

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

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

<u>Governmental Activities</u>	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
<u>Capital assets not being depreciated:</u>					
Land	\$ 4,711,324	\$ -	\$ 962	\$ -	\$ 4,710,362
Construction in Progress	143,326	420,920		(326,715)	237,531
Total Not Being Depreciated	\$ 4,854,650	\$ 420,920	\$ 962	\$ (326,715)	\$ 4,947,893
<u>Capital assets being depreciated:</u>					
Buildings	\$ 27,239,050	\$ 57,617	\$ 5,641	\$ -	\$ 27,291,026
Land Improvements	403,668	-	-		403,668
Infrastructure	25,570,010	493,865	-	326,715	26,063,875
Other Equipment	1,444,823	276,721	132,914		1,588,630
Heavy Equipment	684,787	20,000	66,315		638,472
Vehicles	4,139,878	99,973	102,017	6,000	4,143,834
Total Being Depreciated	\$ 59,482,216	\$ 948,176	\$ 306,887	\$ 332,715	\$60,129,505
<u>Accumulated Depreciation</u>					
Buildings	\$ 12,007,887	\$762,858	\$ 5,641	\$ -	\$12,765,104
Land Improvements	152,096	16,051			168,147
Infrastructure	17,869,227	367,948	-		18,237,175
Heavy Equipment	546,090	26,330	59,489		512,931
Other Equipment	1,129,459	98,159	116,819		1,110,799
Vehicles	2,420,271	319,266	94,634	6,000	2,650,903
Total Accumulated Depreciation	\$ 34,125,030	\$1,590,612	\$ 276,583	\$ 6,000	\$35,445,059
Net Capital Assets Being Depreciated	\$ 25,357,186	\$ (642,436)	\$ 30,304	\$ 326,715	\$24,684,446
Net Capital Assets	\$ 30,211,836	\$ (221,516)	\$ 357,981	\$ -	\$29,632,339
Depreciation expense was charged to the following locations:					
General government			\$ 67,023		
Public Safety			197,242		
Drug Fund			139,367		
Public Works			486,043		
Sanitation			44,578		
Recreation			242,120		
Schools			414,239		
Total			\$1,590,612		

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

6. CAPITAL ASSETS (CONT)

<u>Business-type Activities</u>	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Capital assets not being depreciated:</u>				
Land	\$ 210,937	\$ -	\$ -	\$ 210,937
Construction in Progress	1,144,462	909,725	-	2,054,187
Total Not Being Depreciated	\$ 1,355,399	\$ 909,725	\$ -	\$ 2,265,124
<u>Capital assets being depreciated:</u>				
Buildings	\$ 407,201	\$ -	\$ 8,601	\$ 398,600
Other Equipment	1,221,532	231,609	80,949	1,372,192
Utility Plant	48,623,588	-	19,868	48,603,720
Total Being Depreciated	\$ 50,252,321	\$ 231,609	\$ 109,418	\$ 50,374,512
<u>Accumulated Depreciation</u>				
Buildings	\$ 266,501	\$ 6,468	\$ 8,601	\$ 264,368
Other Equipment	1,063,579	59,555	80,523	1,042,611
Utility Plant	16,880,253	1,329,066	19,868	18,189,451
Total Accumulated Depreciation	\$ 18,210,333	\$ 1,395,089	\$ 108,992	\$19,496,430
Net Capital Assets Being Depreciated	\$ 32,041,988	\$(1,163,480)	\$ 426	\$30,878,082
Net Capital Assets	\$ 33,397,387	\$ (253,755)	\$ 426	\$33,143,206

During 2016, depreciation in the amount of \$1,395,089 was charged to operations.

7. INTERFUND TRANSACTIONS

The composition of inter-fund balances as of June 30, 2016 was as follows:

	<u>Due To</u>	<u>Due From</u>
General	\$ 7,552	\$ 1,311
General Purpose Schools	16,582	69,459
School Federal Projects	56,653	
Central Cafeteria	12,806	15,271
Sanitation		61,576
Drug Control		7,552
Water and Sewer	61,576	
Total	\$ 155,169	\$ 155,169

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

8. LONG-TERM OBLIGATIONS

Governmental Activities

General Obligation Bonds, Capital Outlay Notes and Other Loans

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

General obligation bonds, capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 30 years for bonds and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2016, will be retired from the Debt Service Fund.

General obligation bonds capital outlay notes and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-2016
Capital Outlay Notes	3.85%	2019	\$ 550,000	\$ 157,768
General Obligation Bonds	2.91% to 4.70%	2038	21,790,000	20,445,000
Other Loans	3.90%	2021	1,460,000	875,000

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2016, including interest payments and other loan fees, are presented in the following table:

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

8. LONG-TERM OBLIGATIONS (Cont.)

Governmental Activities (Cont.)

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 673,572	\$ 816,892	\$ 1,490,464
2018	698,570	786,656	1,485,226
2019	670,626	766,734	1,437,360
2020	680,000	740,359	1,420,359
2021	710,000	722,105	1,432,105
2022-2026	3,920,000	3,275,699	7,195,699
2027-2031	4,800,000	2,633,359	7,433,359
2032-2036	6,325,000	1,680,104	8,005,104
2037-2038	3,000,000	226,250	3,226,250
Total	<u>\$21,477,768</u>	<u>\$11,648,158</u>	<u>\$33,125,926</u>

Long-term obligation activity for the year ended June 30, 2016, was as follows:

	Capital Outlay Notes	General Obligation Bonds	Other Loans
Balance, July 1, 2015	\$ 236,340	\$ 20,880,000	\$ 1,010,000
Additions	-	-	-
Reductions	78,572	435,000	135,000
Balance, June 30, 2016	<u>\$ 157,768</u>	<u>\$ 20,445,000</u>	<u>\$ 875,000</u>
Balance Due Within One Year	<u>\$ 78,572</u>	<u>\$ 450,000</u>	<u>\$ 145,000</u>

Capitalized Leases

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

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

8. LONG-TERM OBLIGATIONS (Cont.)

Governmental Activities (Cont.)

Capitalized Leases

this lease has been treated as a capital lease in the financial statements of this report. The principal balance as of June 30, 2016 was \$45,808.

In June 2015 the City of Manchester entered into a capital lease agreement for the purchase of a leaf loader. This agreement required a monthly payment of \$1,054 which includes interest and principal. The lease purchase agreement has a stipulated interest rate of 2.81%. The principal balance of this lease purchase agreement on June 30, 2016 was \$24,264.

In June 2015 the City of Manchester entered into a capital lease agreement for the purchase of a knuckle-boom truck. This agreement required a monthly payment of \$3,664 which includes interest and principal. The lease purchase agreement has a stipulated interest rate of 2.81%. The principal balance of this lease purchase agreement on June 30, 2015 was \$84,328.

In January 2016, the City of Manchester Schools entered into a capital lease agreement for the purchase of servers for their data processing network. This agreement required a monthly payment of \$13,716 which includes interest and principal. The lease purchase agreement has a stipulated interest rate of 3.46%. The principal balance of this lease purchase agreement on June 30, 2016 was \$50,428.

Business-type Activities (Cont.)

General Obligation and Revenue Bonds, and Other Loans

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

General obligation and revenue bonds, and other loans are issued pledging the revenue of the Manchester Water and Sewer system and the full faith and credit of the government. These bonds and other loans outstanding were issued for

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

8. LONG-TERM OBLIGATIONS (Cont.)

Business-type Activities (Cont.)

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

original terms of up to 50 years for bonds and up to 30 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. These bonds and the State Revolving Loan as of June 30, 2016, will be retired from the Water and Sewer Fund.

Outstanding general obligation and revenue bonds and other loans serviced by City of Manchester as of June 30, 2016, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-2016
General Obligation and Revenue Bonds	3.00% to 4.25%	2050	11,413,000	9,706,763
Other Loans	2.16% to 4.74%	2031	18,005,000	5,835,926

The annual requirements to amortize bonds and other loans outstanding and serviced by the City of Manchester of June 30, 2016, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Principal	Interest	Total
2017	\$ 871,472	\$ 482,945	\$ 1,354,417
2018	895,543	454,968	1,350,511
2019	924,828	426,071	1,350,899
2020	954,333	396,297	1,350,630
2021	1,044,064	365,245	1,409,309
2022-2026	5,704,567	1,336,747	7,041,314
2027-2031	3,979,875	433,354	4,413,229
2032-2036	350,045	167,351	517,396
2037-2041	379,952	97,989	477,941
2042-2046	249,692	47,813	297,505
2047-2050	188,318	9,830	198,191
Total	\$15,542,689	\$ 4,218,610	\$19,761,342

Long-term obligation activity serviced by the City of Manchester for the year ended June 30, 2016, was as follows:

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

8. LONG-TERM OBLIGATIONS (Cont.)

Business-type Activities (Cont.)

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

	General Obligation Bonds	Other Loans
Balance, July 1, 2015	\$ 10,222,761	\$ 6,167,582
Additions	-	-
Reductions	515,997	331,657
Balance, June 30, 2016	\$ 9,706,764	\$ 5,835,925
Balance Due Within One Year	\$ 532,581	\$ 338,891

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

The local Government Improvement Bonds-Series Z-1-B-DRUC Portion and Public Building Authority of Coffee County, TN-Utility Revenue and tax Bonds-Series 2006-DRUC were used by the Duck River Utility Commission to construct their facilities and improvements to utility plant through an agreement between the City of Tullahoma and the City of Manchester. As a result, Duck River Utility Commission (DRUC) is to be primarily responsible for the repayment of the loans. The receivable from DRUC at June 30, 2016, was \$9,515,000. These loans will be retired by the Duck River Utility Commission.

Outstanding general obligation and revenue bonds and other loans serviced by Duck River Utility Commission as of June 30, 2016, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-2016
Public Building Authority Series Z-1-B	5.00%	2038	2,940,000	2,920,000
Public Building Authority Series 2006	Variable	2038	6,595,000	6,595,000

The annual requirements to amortize bonds outstanding and serviced by the Duck River Utility Commission as of June 30, 2016, including interest payments and other loan fees, are presented in the following table:

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

8. LONG-TERM OBLIGATIONS (Cont.)

Business-type Activities (Cont.)

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 325,000	\$ 403,208	\$ 728,208
2018	340,000	390,333	730,333
2019	350,000	377,308	727,308
2020	375,000	363,439	738,439
2021	385,000	348,713	733,713
2022-2026	2,180,000	1,494,225	3,674,225
2027-2031	2,640,000	1,010,006	3,650,006
2032-2036	2,000,000	543,750	2,543,750
2037-2038	920,000	70,000	990,000
Total	\$ 9,515,000	\$ 5,000,982	\$14,515,982

Long-term obligation activity serviced by Duck River Utility Commission for the year ended June 30, 2016, was as follows:

	General Obligation Bonds
Balance, July 1, 2015	\$ 9,830,000
Additions	-
Reductions	315,000
Balance, June 30, 2016	<u>\$ 9,515,000</u>
Balance Due Within One Year	<u>\$ 325,000</u>

9. EXPENDITURES IN EXCESS OF BUDGET

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

Expenditures of the General Fund exceeded appropriations at the level of control for Contributions to Other Agencies by \$95,597. Expenditures of the General Purpose School Fund exceeded appropriations at the level of control for Support Services – Central and Other by \$43,115, and Capital Outlay by \$64,144. Expenditures of the Recreation Fund exceeded appropriations at the level of control for Recreation Administration by 41,407 and Park Areas by \$16,550. The Tourism and Community Development Fund exceeded appropriations at the level of control for Tourism and Community Development by \$2,732.

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

10. RETIREMENT PLANS

Teacher Legacy Pension Plan of TCRS

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Manchester City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

10. RETIREMENT PLANS (CONT.)

Teacher Legacy Pension Plan of TCRS (Cont.)

defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Manchester City Schools for the year ended June 30, 2016 to the Teacher Legacy Pension Plan were \$855,248 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension liabilities (assets). At June 30, 2016, the Manchester City Schools reported a liability of \$75,665 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. Manchester City Schools' proportion of the net pension liability was based on Manchester City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015 Manchester City Schools' proportion was 0.184713 percent. The proportion measured as of June 30, 2014 was 0.176430 percent.

Negative pension expense. For the year ended June 30, 2016, Manchester City Schools recognized a negative pension expense of \$20,339.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, Manchester City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

10. RETIREMENT PLANS (CONT.)

Teacher Legacy Pension Plan of TCRS (Cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,724	\$ 1,177,731
Net difference between projected and actual earnings on pension plan investments	1,366,266	1,854,780
Changes in proportion of Net Pension Liability (Asset)	217,703	-
LEA's contributions subsequent to the measurement date of June 30, 2015	914,635	<i>(not applicable)</i>
Total	\$ 2,559,328	\$ 3,032,511

Manchester City Schools employer contributions of \$855,248, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ (456,554)
2018	(456,554)
2019	(456,554)
2020	161,706
2021	(179,861)
Thereafter	-

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

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included an adjustment for expected future improvement in life expectancy.

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

10. RETIREMENT PLANS (CONT.)

Teacher Legacy Pension Plan of TCRS (Cont.)

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<hr/> 100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

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

10. RETIREMENT PLANS (CONT.)

Teacher Legacy Pension Plan of TCRS (Cont.)

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Manchester City Schools' proportionate share of the net pension liability (asset)	\$5,158,558	\$75,665	\$(4,132,372)

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

At June 30, 2016, Manchester City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

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

10. RETIREMENT PLANS (CONT.)

Manchester City Schools Teacher Retirement Plan

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Manchester City Schools are provided with pensions through the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a cost sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

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

10. RETIREMENT PLANS (CONT.)

Manchester City Schools Teacher Retirement Plan (Cont.)

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Manchester City Schools for the year ended June 30, 2016 to the Teacher Retirement Plan were \$5,715, which is 4.00 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension liabilities (assets). At June 30, 2016, Manchester City Schools reported an asset of \$2,022 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Manchester City Schools' proportion of the net pension asset was based on Manchester City Schools' share of contributions relative to the contributions of all LEAs. At the measurement date of June 30, 2015 Manchester City Schools' proportion was 0.050259 percent.

Pension expense. For the year ended June 30, 2016, Manchester City Schools recognized pension expense of \$2,650.

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

10. RETIREMENT PLANS (CONT.)

Manchester City Schools Teacher Retirement Plan (Cont.)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, Manchester City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$658
Net difference between projected and actual earnings on pension plan investments	\$163	
LEA's contributions subsequent to the measurement date of June 30, 2015	\$6,112	<i>(not applicable)</i>
	\$6,275	\$658

Manchester City Schools employer contributions of \$5,715 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2017	\$	(14)
2018		(14)
2019		(14)
2020		(14)
2021		(55)
Thereafter	\$	(384)

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

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

10. RETIREMENT PLANS (CONT.)

Manchester City Schools Teacher Retirement Plan (Cont.)

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included an adjustment for expected future improvement in life expectancy.

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

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

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

10. RETIREMENT PLANS (CONT.)

Manchester City Schools Teacher Retirement Plan (Cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<hr/> 100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

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

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

10. RETIREMENT PLANS (CONT.)

Manchester City Schools Teacher Retirement Plan (Cont.)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Manchester City Schools' proportionate share of the net pension liability (asset)	\$359	\$(2,022)	\$(3,768)

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

At June 30, 2016, Manchester City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

TCRS Manchester General Government Retirement Plan

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

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are

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

10. RETIREMENT PLANS (CONT.)

TCRS Manchester General Government Retirement Plan (Cont.)

determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Employees covered by benefit terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	37
Active employees	136
	<hr/>
	173

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Manchester makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015 the Actuarially Determined Contribution (ADC) for Manchester was \$248,031 based on a rate of 5.23 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Manchester's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

10. RETIREMENT PLANS (CONT.)

TCRS Manchester General Government Retirement Plan (Cont.)

Manchester's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

10. RETIREMENT PLANS (CONT.)

TCRS Manchester General Government Retirement Plan (Cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<hr/> 100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

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

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

10. RETIREMENT PLANS (CONT.)

TCRS Manchester General Government Retirement Plan (Cont.)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/14	\$2,852,532	\$3,170,922	\$(318,390)
Changes for the year:			
Service cost	409,021		409,021
Interest	241,631		241,631
Differences between expected and actual experience			
	(29,547)		(29,547)
Contributions-employer		248,031	(248,031)
Contributions-employees		236,781	(236,781)
Net investment income		103,794	(103,794)
Benefit payments, including refunds of employee contributions	(79,607)	(79,607)	-
Administrative expense		(6,871)	6,871
Net changes	541,498	502,128	39,370
Balance at 6/30/15	\$3,394,030	\$3,673,050	\$(279,020)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Manchester's net pension liability (asset)	\$395,885	\$(279,020)	\$(814,914)

Pension expense. For the year ended June 30, 2016, Manchester recognized pension expense of \$145,896.

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

10. RETIREMENT PLANS (CONT.)

TCRS Manchester General Government Retirement Plan (Cont.)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, Manchester reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$56,333
Net difference between projected and actual earnings on pension plan investments	119,170	136,868
Contributions subsequent to the measurement date of June 30, 2015	196,467	<i>(Not applicable)</i>
Total	\$315,637	\$193,201

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:	
2017	\$ (22,089)
2018	(22,089)
2019	(22,089)
2020	23,534
2021	(6,259)
Thereafter	\$ (25,036)

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

At June 30, 2016, *Manchester* reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

Reconciliation of TCRS Retirement Plans to Statement of Net Postion

Retirement Plan	Net Pension Asset
General Government	\$ 279,020
Teacher Legacy	(75,665)
Teacher	2,022
Rounding	2
Total Net Pension Asset	\$ 205,379

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

10. RETIREMENT PLANS (CONT.)

**Reconciliation of TCRS Retirement Plans to Statement of Net Position
(Cont.)**

Retirement Plan	Deferred Outflow Related to Pensions
General Government	\$ 315,637
Teacher Legacy	2,559,328
Teacher	6,275
Total Deferred Outflows Related to Pensions	\$2,881,240

Retirement Plan	Deferred Inflows Related to Pensions
General Government	\$ 193,201
Teacher Legacy	3,032,511
Teacher	658
Total Deferred Outflows Related to Pensions	\$3,226,370

Manchester Public Employee Retirement System (MPERS)

Any employee participating in the City of Manchester Retirement Plan a single employer defined contribution plan established under 401(a) of the internal revenue code who was a member of the Plan prior to July 1, 2002, or who was hired between July 1, 2001 and July 1, 2002 and elects to join the Plan at the first available enrollment, and any employee of the Manchester City School Board, shall be permitted to contribute as before, and the City will contribute to match the employee's one (1%) percent contribution with seven (7%) percent city contribution. Any person, other than employees of the Manchester City School Board, who began employment with the City of Manchester on or after July 1, 2002, or any current employee who was hired between July 1, 2001 and July 1, 2002 who does not elect to join the Plan at the first available enrollment, or any employee not presently in the Retirement Plan, or who re-joins the Plan after having stopped contributing to it, shall be limited to a City contribution equal to the employee's contribution, up to the maximum City contribution set by the fiscal year Budget Ordinance.

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

10. RETIREMENT PLANS (CONT.)

Manchester Public Employee Retirement System (MPERS) (Cont.)

Each participant's account is credited with the participant's contributions and City's matching contributions. Participants are vested immediately in their contributions and in the City's contribution plus actual earnings thereon. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

Deferred Compensation Plan

Upon employment, employees of the City of Manchester, Tennessee are eligible to contribute up to \$16,500 (as well as an additional \$5,500 if over the age of 50) to a 457(b)(6) deferred compensation plan. The City does not match any contributions to this plan.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 members in the Medicare Supplement Plan. Manchester City Schools recognized expenditures of \$97,824 respectively, for postemployment health care during the year ended June 30, 2016. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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

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

11. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Annual OPEB Cost and Net OPEB Obligation

	<u>Employee Group Plan</u>
ARC	\$ 206,000
INTEREST ON THE NOPEBO	13,066
ADJUSTMENT TO THE ARC	(13,119)
ANNUAL OPEB COST	<u>205,947</u>
AMOUNT OF CONTRIBUTION	(97,824)
INCREASE/DECREASE IN NOPEBO	<u>108,123</u>
NET OPEB OBLIGATION, 7-1-15	699,052
NET OPEB OBLIGATION, 6-30-16	<u>\$ 807,175</u>

FISCAL YEAR	ANNUAL OPEB COST	% OF ANNUAL OPEB COST CONTRIBUTED	OPEB OBLIGATION AT YEAR END	
6/30/14	\$ 81,616	48%	\$ 439,340	
6/30/15	65,216	44%	523,576	
6/30/16	97,824	44%	807,175	

Actuarial present value of benefits	
Active Participants	\$ 1,603,000
Retired Participants	355,000
Total Actuarial Present Value of Benefits	<u>\$ 1,958,000</u>

Actuarial Accrued Liability	
Active Participants	\$ 1,603,000
Retired Participants	355,000
Total Actuarial Accrued Liability	<u>\$ 1,958,000</u>

Normal Cost	\$ 117,000
Amortization of UAAL	82,000
Annual required contribution for FYE 6/30/15	<u>\$ 199,000</u>

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

11. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

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

12. RISK MANAGEMENT

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

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

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

13. COMMITMENTS AND CONTINGENCIES

Pending Lawsuits

On September 1, 2016, the State of Tennessee, Department of Labor and Workforce Development Division of Workplace Regulations and Compliance issued an order assessing civil penalties for failure to comply with the child labor act. This order assessed civil penalties totaling \$46,500 for the failure to provide thirty-minute unpaid break or meal period when minors were scheduled to work six hours consecutively, for working minor 14-15 years of age more than eight hours a day on non-school days and for working minors 14-15 year of age between 9:00 p.m. and 6:00am on Friday nights or during summer vacation. The City has filed an appeal to this order and to the date of this report no outcome has been established. It is the opinion of the City that this appeal will more than most likely not be successful. This amount has been established as a liability in this report.

14. USE OF ESTIMATES

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

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

15. PRIOR PERIOD ADJUSTMENTS

During a physical inventory taken for the 2015-2016 fiscal year it was discovered by the City of Manchester that several fixed assets totaling \$187,448 in value were not included on the fixed asset listing for the Water and Sewer Fund. This prior period adjustment is to correct these errors.

16. OTHER MATTERS

Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the City through January 4, 2017 (the date the financial statements were available to be issued) and concluded that no events should be disclosed as a subsequent event.

Related Entity

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

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

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

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

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

16. OTHER MATTERS (CONT.)

Joint Venture

The City, in conjunction with the City of Tullahoma, appoints the Board of the Duck River Utility Commission (DRUC), which operates a water treatment plant providing the citizens of the two cities with water. Each city elects three of the six-member board. Neither city has any other responsibility for the Commission. The City has no equity interest in the net resources of the Commission. Assets of the Commission are pledged to the cities to secure indebtedness to the State of Tennessee which is being repaid from earnings of the Commission. The Commission reported net position of \$2,201,394 in 2016. Complete financial statements of the Commission are available at the Finance Director's office at City Hall. In July 2016, the Commission refinanced the 2006 bond issue. The bond principal was transferred to a Series 2016A bond with a lower interest of 2%.

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 392,551	\$ 409,021
Interest	202,268	241,631
Changes in Benefit Terms	-	-
Differences Between Actual and Expected Experience	(36,349)	(29,547)
Changes in Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(20,597)	(79,607)
Net Change in Total Pension Liability (Asset)	\$ 537,873	\$ 541,498
Total Pension Liability (Asset), Beginning	2,314,659	2,852,532
Total Pension Liability (Asset), Ending (a)	\$ 2,852,532	\$ 3,394,030
Plan Fiduciary Net Position		
Contributions - Employer	\$ 236,299	\$ 248,031
Contributions - Employee	225,047	236,781
Net Investment Income	418,209	103,794
Benefit Payments, Including Refunds of Employee Contributions	(20,597)	(79,607)
Administrative Expense	(4,520)	(6,871)
Net Change in Plan Fiduciary Net Position	\$ 854,438	\$ 502,128
Plan Fiduciary Net Position, Beginning	2,316,484	3,170,922
Plan Fiduciary Net Position, Ending (b)	\$ 3,170,922	\$ 3,673,050
Net Pension Liability (Asset), Ending (a - b)	\$ (318,390)	\$ (279,020)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.16%	108.22%
Covered Employee Payroll	\$ 4,500,934	\$ 4,742,457
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	7.07%	5.88%

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 236,299	\$ 248,031	\$ 211,298
Contributions in relation to the actuarially determined contribution	236,299	248,031	211,298
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,500,934	\$ 4,742,457	\$ 4,674,737
Contributions as a Percentage of Covered Employee Payroll	5.25%	5.23%	4.52%

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

City of Manchester, Tennessee
Schedule of Manchester City Schools' Proportionate Share of the
Net Pension Liability (Asset)
Teacher Retirement Plan of TCRS
For the Fiscal Year Ended June 30

	<u>2016</u>
Manchestger City Schools' proportion of the net pension liability (asset)	0.050259%
Manchester City Schools' proportionate share of the net pension liability (asset)	\$ (2,022)
Manchester City Schools' covered payroll	\$ 104,427
Manchester City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.94%
Plan fiduciary net postion as a percentage of the total pension liability	127.46%

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

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

	2015	2016
Actuarially Determined Contributions	\$ 2,611	\$ 4,177
Less Contributions in Relation to the Actuarially Determined Contribution	4,177	4,177
Contribution Deficiency (Excess)	<u>\$ (1,566)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 104,427	\$ 104,427
Contributions as a Percentage of Covered Employee Payroll	4.00%	4.00%

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

City of Manchester, Tennessee
Schedule of Manchester City Schools' Proportionate Share of the
Net Pension Liability (Asset)
Teacher Legacy Pension Plan of TCRS
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Manchester City Schools' proportion of the net pension liability (asset)	0.176430%	0.184713%
Manchester City Schools' proportionate share of the net pension liability (asset)	\$ (28,669)	\$ 75,665
Manchester City Schools' covered payroll	\$ 6,924,855	\$ 6,914,728
Manchester City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.414002%	1.094253%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%

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

City of Manchester, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
For the Fiscal Year Ended June 30, 2016

	2014	2015	2016
Actuarially Determined Contributions	\$ 614,927	\$ 625,091	\$ 625,091
Less Contributions in Relation to the Actuarially Determined Contribution	614,927	625,091	625,091
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Employee Payroll	 \$ 6,924,857	 \$ 6,914,728	 \$ 6,914,728
 Contributions as a Percentage of Covered Employee Payroll	 8.88%	 9.04%	 9.04%

Note: Ten years of data will be presented when available

City of Manchester, Tennessee
Schedule of Funding Progress - Other Postemployment Benefit Plan
June 30, 2016

(Dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ -	\$ 1,863	\$ 1,863	0.00%	\$ 8,476	21.98%
July 1, 2013	\$ -	\$ 1,400	\$ 1,400	0.00%	\$ 7,029	19.92%
July 1, 2015	\$ -	\$ 1,958	\$ 1,958	0.00%	\$ 7,019	27.90%

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CITY OF MANCHESTER, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2016

Valuation Date: Actuarially determined contribution rate for 2016 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	2 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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City of Manchester, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds							Capital Projects Fund		Total Nonmajor Governmental Funds	
	Tourism and Community Development		School Federal Projects	Central Cafeteria	Community Policing	Sanitation	Drug Control	Education Capital Projects			
	Recreation										
\$	-	\$	-	\$	243,596	\$	-	\$	-	\$	243,596
Investment in Pooled Cash	209,238	205,548	97,619	-	53,163	195,867	580,820	477	-	1,292,732	
Accounts Receivable	96,250	-	-	-	-	-	-	-	-	96,250	
Allowance for Uncollectible	(67,852)	-	-	-	-	-	-	-	-	(67,852)	
Due from Other Governments	-	-	153,393	-	-	-	2,693	-	-	156,086	
Due from Other Funds	-	-	-	15,271	-	61,576	7,562	-	-	84,399	
Other Taxes Receivable	33,973	17,033	-	-	-	-	-	-	-	51,006	
Inventories	-	-	-	8,664	-	-	-	-	-	8,664	
Total Assets	\$ 271,609	\$ 222,581	\$ 251,012	\$ 267,531	\$ 53,163	\$ 267,443	\$ 541,065	\$ 477	\$ 1,864,881		

ASSETS

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

LIABILITIES

Accounts Payable	\$ 98,246	\$ 6,065	-	-	-	712	\$ 54,987	\$ 923	-	\$ 160,933
Accrued Payroll	12,282	-	-	-	-	-	2,125	-	-	14,407
Payroll Deductions Payable	709	-	-	-	-	-	-	-	-	709
Other Payables	598	-	-	-	-	-	54,223	-	-	54,821
Judgements Payable	46,500	-	-	-	-	-	-	-	-	46,500
Due to Other Funds	-	-	56,653	12,806	-	-	-	-	-	69,459
Unearned Revenues	71,720	-	-	-	-	-	-	37,404	-	109,124
Pooled Cash Overdraft	5,782	-	-	-	-	-	-	-	-	5,782
Total Liabilities	\$ 235,837	\$ 6,065	\$ 56,653	\$ 12,806	\$ 712	\$ 111,335	\$ 38,827	\$ -	\$ 461,735	

FUND BALANCES

Nonspendable:	
Inventory	
Restricted:	
Restricted for Drug Control and Investigation	
Restricted for Education	
Restricted for Operation of Non-instructional Services Assigned	
Total Fund Balances	
Total Liabilities, and Fund Balances	

\$	-	\$	-	\$	8,663	\$	-	\$	-	\$	8,663
-	-	-	-	-	-	-	502,738	-	-	502,738	
-	-	752	-	-	-	-	-	-	-	752	
-	-	-	246,062	-	-	-	-	-	-	246,062	
35,772	216,516	193,607	-	52,451	146,108	-	-	477	-	644,931	
\$ 35,772	\$ 216,516	\$ 194,359	\$ 354,725	\$ 52,451	\$ 146,108	\$ 502,738	\$ 477	\$ 1,403,146			
\$ 271,609	\$ 222,581	\$ 251,012	\$ 267,531	\$ 53,163	\$ 267,443	\$ 541,065	\$ 477	\$ 1,864,881			

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City of Manchester, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended June 30, 2016

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Community Policing	Sanitation	Drug Control	
Revenues								
Local Taxes	\$ 221,982	\$ 110,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,927
Charges for Current Services	1,176,399	-	-	193,760	-	1,019,534	-	2,389,693
Fines, Forfeitures and Penalties	-	-	-	-	5,196	-	56,625	61,821
Other Local Revenues	40,437	-	-	131	18,275	5,289	110,156	174,288
Intergovernmental	186,629	-	1,016,869	590,954	-	-	-	1,794,452
Total Revenues	\$ 1,625,447	\$ 110,945	\$ 1,016,869	\$ 784,845	\$ 23,471	\$ 1,024,823	\$ 166,781	\$ 4,753,181
Expenditures								
Public Safety								
Drug Investigation and Control	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,887	\$ 166,887
Community Policing	-	-	-	-	25,973	-	-	25,973
Public Works								
Sanitation Services	-	-	-	-	-	990,845	-	990,845
Health, Welfare, Cultural and Recreation								
Recreation Administration	244,879	-	-	-	-	-	-	244,879
Recreation Centers	1,333,906	-	-	-	-	-	-	1,333,906
Park Areas	434,594	-	-	-	-	-	-	434,594
Economic Development and Assistance								
Tourism and Community Development	-	77,732	-	-	-	-	-	77,732
Education								
Instruction								
Regular Instruction Program	-	-	451,599	-	-	-	-	451,599
Special Education Program	-	-	405,190	-	-	-	-	405,190
Support Services								
Other Student Support	-	-	3,265	-	-	-	-	3,265
Regular Instruction Program	-	-	116,196	-	-	-	-	116,196
Special Education Program	-	-	39,778	-	-	-	-	39,778
Transportation	-	-	7,234	-	-	-	-	7,234
Operation of Non-instructional Services								
Food Service	-	-	-	724,559	-	-	-	724,559
Total Expenditures	\$ 2,013,379	\$ 77,732	\$ 1,023,262	\$ 724,559	\$ 25,973	\$ 990,845	\$ 166,887	\$ 5,022,637
Excess (Deficiency) Of Revenues Over Expenditures	\$ (387,932)	\$ 33,213	\$ (6,393)	\$ 60,286	\$ (2,502)	\$ 33,978	\$ (106)	\$ (269,456)

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

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Community Policing	Sanitation	Drug Control	
Other Financing Sources (Uses)								
Transfers In	\$ 475,000	\$ -	\$ 200,000	\$ -	\$ -	\$ 60,000	\$ -	\$ 735,000
Transfers Out	(120,121)	-	-	-	-	(56,626)	-	(176,747)
Total Other Financing Sources (Uses)	\$ 354,879	\$ -	\$ 200,000	\$ -	\$ -	\$ 3,374	\$ -	\$ 558,253
Net Change in Fund Balance	\$ (33,053)	\$ 33,213	\$ 193,607	\$ 60,286	\$ (2,502)	\$ 37,352	\$ (106)	\$ 288,797
Fund Balance, July 1, 2015	68,825	183,303	752	194,439	54,953	108,756	502,844	1,114,349
Fund Balance, June 30, 2016	\$ 35,772	\$ 216,516	\$ 194,359	\$ 254,725	\$ 52,451	\$ 146,108	\$ 502,738	\$ 1,403,146

City of Manchester, Tennessee
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Recreation Fund
 For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 07/01/15	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 221,982	\$ -	\$ 221,982	\$ 150,000	\$ 169,400	\$ 52,582
Charges for Current Services	1,176,399	-	1,176,399	1,182,500	1,191,094	(14,695)
Other Local Revenues	40,437	-	40,437	15,000	43,063	(2,626)
Intergovernmental	186,629	-	186,629	185,000	186,000	629
Total Revenues	\$ 1,625,447	\$ -	\$ 1,625,447	\$ 1,532,500	\$ 1,589,557	\$ 35,890
Expenditures						
Health, Welfare, Culture and Recreation						
Recreation Administration						
Personnel Expenditures	\$ 188,040	\$ -	\$ 188,040	\$ 195,522	\$ 195,522	\$ 7,482
Contractual Services	8,968	-	8,968	5,500	5,500	(3,468)
Supplies	1,371	-	1,371	2,450	2,450	1,079
Fixed Charges	46,500	-	46,500	-	-	(46,500)
Total Recreation Administration	\$ 244,879	\$ -	\$ 244,879	\$ 203,472	\$ 203,472	\$ (41,407)
Recreation Centers						
Personnel Expenditures	\$ 519,372	\$ -	\$ 519,372	\$ 498,500	\$ 504,800	\$ (14,572)
Contractual Services	405,580	-	405,580	389,100	391,764	(13,816)
Supplies	307,026	(121,888)	185,138	295,000	295,000	109,862
Fixed Charges	28,995	-	28,995	27,000	27,000	3,005
Capital Outlay	77,933	-	77,933	87,150	108,861	30,928
Total Recreation Centers	\$ 1,333,906	\$ (121,888)	\$ 1,212,018	\$ 1,296,750	\$ 1,327,425	\$ 115,407
Park Areas						
Personnel Expenditures	\$ 183,376	\$ -	\$ 183,376	\$ 173,415	\$ 173,590	\$ (9,786)
Contractual Services	128,762	(1,640)	127,122	104,300	124,100	(3,022)
Supplies	69,557	-	69,557	71,500	71,500	1,943
Fixed Charges	6,048	-	6,048	5,600	8,806	2,758
Capital Outlay	46,851	-	46,851	36,000	38,408	(8,443)
Total Park Areas	\$ 434,594	\$ (1,640)	\$ 432,954	\$ 390,815	\$ 416,404	\$ (16,550)

City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Recreation Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 07/01/15	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
				Original	Final	
Total Expenditures	\$ 2,013,379	\$ (123,528)	\$ 1,889,851	\$ 1,891,037	\$ 1,947,301	\$ 57,450
Excess (Deficiency) of Revenues Over Expenditures	\$ (387,932)	\$ 123,528	\$ (264,404)	\$ (358,537)	\$ (357,744)	\$ 93,340
Other Financing Sources (Uses)	\$ 475,000	\$ -	\$ 475,000	\$ 475,000	\$ 475,000	\$ -
Transfers In	(120,121)	-	(120,121)	(118,338)	(120,122)	1
Transfers Out	354,879	-	354,879	356,662	354,878	1
Total other Financing Sources	\$ (33,053)	\$ 123,528	\$ 90,475	\$ (1,875)	\$ (2,866)	\$ 93,341
Net Change in Fund Balance	68,825	(123,528)	(54,703)	259,115	259,115	(313,818)
Fund Balance, July 1, 2015	35,772	-	35,772	257,240	256,249	(220,477)
Fund Balance, June 30, 2016						

City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Tourism and Community Development Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 110,945	\$ 75,000	\$ 84,400	\$ 26,545
Total Revenues	\$ 110,945	\$ 75,000	\$ 84,400	\$ 26,545
<u>Expenditures</u>				
<u>Economic Development and Assistance</u>				
<u>Tourism and Community Development</u>				
Personnel Expenditures	\$ 1,008	\$ 1,000	\$ 1,100	\$ 92
Contractual Services	75,872	71,400	71,400	(4,472)
Supplies	793	2,600	2,441	1,648
Capital Outlay	59	-	59	-
Total Expenditures	\$ 77,732	\$ 75,000	\$ 75,000	\$ (2,732)
Excess (Deficiency) of Revenues Over Expenditures	\$ 33,213	\$ -	\$ 9,400	\$ 23,813
Net Change in Fund Balance	\$ 33,213	\$ -	\$ 9,400	\$ 23,813
Fund Balance, July 1, 2015	183,303	108,234	108,234	75,069
Fund Balance, June 30, 2016	\$ 216,516	\$ 108,234	\$ 117,634	\$ 98,882

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City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
School Federal Projects Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Intergovernmental	\$ 1,016,869	\$ 1,226,623	\$ 1,232,476	\$ (215,607)
Total Revenues	\$ 1,016,869	\$ 1,226,623	\$ 1,232,476	\$ (215,607)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 451,599	\$ 464,546	\$ 465,685	\$ 14,086
Special Education Program	405,190	504,452	503,925	98,735
Other Student Support	3,265	3,000	8,000	(265)
<u>Support Services</u>				
Regular Instruction Program	116,196	234,701	235,811	119,615
Special Education Program	39,778	11,200	16,634	(23,144)
Transportation	7,234	8,724	7,421	187
Total Expenditures	\$ 1,023,262	\$ 1,226,623	\$ 1,232,476	\$ 209,214
Excess (Deficiency) of Revenues	\$ (6,393)	\$ -	\$ -	\$ (6,393)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 200,000	\$ -	\$ 200,000	\$ -
Total Other Financing Sources	\$ 200,000	\$ -	\$ 200,000	\$ -
Net Change in Fund Balance	\$ 193,607	\$ -	\$ 200,000	\$ (6,393)
Fund Balance, July 1, 2015	752	-	-	(752)
Fund Balance, June 30, 2016	\$ 194,359	\$ -	\$ 200,000	\$ (7,145)

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City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Central Cafeteria Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 193,760	\$ 189,170	\$ 214,170	\$ (20,410)
Other Local Revenues	131	1,000	1,000	(869)
Intergovernmental	590,954	526,900	551,900	39,054
Total Revenues	\$ 784,845	\$ 717,070	\$ 767,070	\$ 17,775
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 724,559	\$ 735,309	\$ 785,309	\$ 60,750
Total Expenditures	\$ 724,559	\$ 735,309	\$ 785,309	\$ 60,750
Excess (Deficiency) of Revenues Over Expenditures	\$ 60,286	\$ (18,239)	\$ (18,239)	\$ 78,525
Net Change in Fund Balance	\$ 60,286	\$ (18,239)	\$ (18,239)	\$ 78,525
Fund Balance, July 1, 2015	194,439	193,896	193,896	543
Fund Balance, June 30, 2016	\$ 254,725	\$ 175,657	\$ 175,657	\$ 79,068

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City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Community Policing Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 5,196	\$ 7,000	\$ 7,000	\$ (1,804)
Other Local Revenues	18,275	25,000	25,000	(6,725)
Total Revenues	<u>\$ 23,471</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ (8,529)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
<u>Community Policing</u>				
Personnel Expenditures	\$ 3,089	\$ 3,000	\$ 3,000	\$ (89)
Contractual Services	15,449	21,000	21,000	5,551
Supplies	7,435	15,000	15,000	7,565
Total Expenditures	<u>\$ 25,973</u>	<u>\$ 39,000</u>	<u>\$ 39,000</u>	<u>\$ 13,027</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,502)</u>	<u>\$ (7,000)</u>	<u>\$ (7,000)</u>	<u>\$ 4,498</u>
Net Change in Fund Balance	\$ (2,502)	\$ (7,000)	\$ (7,000)	\$ 4,498
Fund Balance, July 1, 2015	54,953	51,523	51,523	(3,430)
Fund Balance, June 30, 2016	<u>\$ 52,451</u>	<u>\$ 44,523</u>	<u>\$ 44,523</u>	<u>\$ 1,068</u>

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City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Sanitation Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,019,534	\$ 1,000,000	\$ 1,000,000	\$ 19,534
Other Local Revenues	5,289	6,000	5,288	1
Total Revenues	<u>\$ 1,024,823</u>	<u>\$ 1,006,000</u>	<u>\$ 1,005,288</u>	<u>\$ 19,535</u>
<u>Expenditures</u>				
<u>Public Works</u>				
<u>Sanitation Services</u>				
Personnel Expenditures	\$ 255,148	\$ 317,550	\$ 319,550	\$ 64,402
Contractual Services	715,003	667,000	671,325	(43,678)
Supplies	18,791	44,800	44,800	26,009
Fixed Charges	1,903	2,500	2,500	597
Total Expenditures	<u>\$ 990,845</u>	<u>\$ 1,031,850</u>	<u>\$ 1,038,175</u>	<u>\$ 47,330</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 33,978</u>	<u>\$ (25,850)</u>	<u>\$ (32,887)</u>	<u>\$ 66,865</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Transfers Out	(56,626)	(56,626)	(56,626)	-
Total other Financing Sources	<u>\$ 3,374</u>	<u>\$ 3,374</u>	<u>\$ 3,374</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ 37,352	\$ (22,476)	\$ (29,513)	\$ 66,865
Fund Balance, July 1, 2015	108,756	126,769	126,769	18,013
Fund Balance, June 30, 2016	<u>\$ 146,108</u>	<u>\$ 104,293</u>	<u>\$ 97,256</u>	<u>\$ 84,878</u>

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City of Manchester, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance With Final Budget- Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 56,625	\$ 70,000	\$ 70,000	\$ (13,375)
Other Local Revenues	110,156	156,000	174,432	(64,276)
Intergovernmental	-	-	-	-
Total Revenues	\$ 166,781	\$ 226,000	\$ 244,432	\$ (77,651)
<u>Expenditures</u>				
<u>Public Safety</u>				
<u>Drug Investigation and Control</u>				
Personnel Expenditures	\$ 19,294	\$ 34,930	\$ 34,930	\$ 15,636
Contractual Services	20,823	22,000	26,000	5,177
Supplies	40,924	62,000	62,971	22,047
Capital Outlay	85,846	110,000	110,000	24,154
Total Expenditures	\$ 166,887	\$ 228,930	\$ 233,901	\$ 67,014
Excess (Deficiency) of Revenues Over Expenditures	\$ (106)	\$ (2,930)	\$ 10,531	\$ (10,637)
Net Change in Fund Balance	\$ (106)	\$ (2,930)	\$ 10,531	\$ (10,637)
Fund Balance, July 1, 2015	502,844	474,842	474,842	(28,002)
Fund Balance, June 30, 2016	\$ 502,738	\$ 471,912	\$ 485,373	\$ (38,639)

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City of Manchester, Tennessee
 Schedule of Changes in Long-term Debt
 For the Year Ended June 30, 2016

Description of Indebtedness Governmental Activities	Original Amount Of Issue	Interest Rate	Outstanding 07/01/15	Issued During Period	Paid and/or Matured During Period	Outstanding 06/30/16
<u>Capitalized Leases</u>						
Public Works Leaf Loader Lease	\$ 35,895	2.81%	\$ 35,895	\$ -	\$ 11,631	\$ 24,264
Public Works Knuckle boom Lease	\$ 124,750	2.81%	124,750	-	40,422	84,328
Recreation Cardio Equipment Lease	\$ 80,942	2.81%	72,282	-	26,474	45,808
Schools Servers Lease	\$ 64,144	3.46%	-	64,144	13,716	50,428
Total Capitalized Leases	\$ 305,681		\$ 232,927	\$ 64,144	\$ 92,243	\$ 204,828
<u>Capital Outlay Notes Payable</u>						
Vision Bank Capital Outlay Notes, Series 2010	\$ 275,000	3.85%	\$ 117,857	\$ -	\$ 39,280	\$ 78,571
Coffee County Bank Capital Outlay Notes, Series 2010	\$ 275,000	3.85%	118,483	-	39,286	79,197
Total Capital Outlay Notes Payable	\$ 550,000		\$ 236,340	\$ -	\$ 78,572	\$ 157,768
<u>Bonds Payable</u>						
General Obligation Refunding Bonds, Series 2010	\$ 10,620,000	4.70%	\$ 10,590,000	\$ -	\$ 10,000	\$ 10,580,000
General Obligation Refunding Bonds, Series 2013	\$ 9,690,000	2.91%	9,535,000	-	55,000	9,480,000
General Obligation Refunding Bonds Series 2014	\$ 1,480,000	3.67%	755,000	-	370,000	385,000
Total Bonds Payable	\$ 21,790,000		\$ 20,880,000	\$ -	\$ 435,000	\$ 20,445,000
<u>Other Loans Payable</u>						
Public Building Authority of Coffee County, Series Z-4-A	\$ 1,460,000	3.90%	\$ 1,010,000	\$ -	\$ 135,000	\$ 875,000
<u>Compensated Absences</u>						
General Government	\$ 1,294,499		\$ 1,294,499	\$ -	\$ 24,321	\$ 1,270,178
City Schools	\$ 535,454		535,454	-	54,684	480,770
Total Compensated Absences	\$ 1,829,953		\$ 1,829,953	\$ -	\$ 79,005	\$ 1,750,948
<u>Other Post Employment Benefits</u>						
City School Employees Post Employment Medical Insurance	\$ 699,052		\$ 699,052	\$ 108,123	\$ -	\$ 807,175
Total Governmental Activities	\$ 24,868,272		\$ 24,868,272	\$ 172,267	\$ 819,820	\$ 24,240,719
<u>Business-type Activities</u>						
<u>Roads Payable</u>						
GO Refunding Bonds, Series 2010	\$ 5,620,000	3.82%	\$ 5,525,000	\$ -	\$ 20,000	\$ 5,505,000
Water & Sewer Revenue & Tax Refunding Bonds, Series 2006	\$ 825,000	4.25%	675,000	-	15,000	660,000
General Obligation Refunding Bonds, Series 2014	\$ 3,120,000	3.94%	2,305,000	-	430,000	1,875,000
RDAs Bonds, Series 2011	\$ 1,348,000	3.00%	1,274,103	-	21,604	1,252,499
RDAs Bonds, Series 2014	\$ 1,348,000		443,658	-	29,393	414,265
Total Bonds Payable	\$ 10,222,761		\$ 10,222,761	\$ -	\$ 515,997	\$ 9,706,764

City of Manchester, Tennessee
 Schedule of Changes in Long-term Debt
 For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Outstanding 07/01/15	Issued During Period	Paid and/or	
					Matured During Period	Outstanding 06/30/16
Business-type Activities (Cont)						
Other Loans Payable						
SRF Loan, Series 2011	\$ 7,500,000	2.16%	\$ 6,167,581	\$ -	\$ 331,656	\$ 5,835,925
Public Building Authority of Coffee County, TN Series Z-1-B DRUC	\$ 2,940,000	4.74%	2,920,000	-	-	2,920,000
Public Building Authority of Coffee County, TN Series 2006 DRUC	\$ 7,565,000	4.03%	6,910,000	-	315,000	6,595,000
Total Other Loans Payable	\$ 15,997,581		\$ 15,997,581	\$ -	\$ 646,656	\$ 15,350,925
Compensated Absences	\$ 273,460		\$ 273,460	\$ 602	\$ -	\$ 274,062
Total Business-type Activities	\$ 25,493,802		\$ 25,493,802	\$ 602	\$ 1,162,653	\$ 25,331,751
Total	\$ 51,382,074		\$ 51,382,074	\$ 172,869	\$ 1,982,473	\$ 49,572,470

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

Fiscal Year Ending	General Obligation Refunding Bond, Series 2010		General Obligation Refunding Bond, Series 2013		General Obligation Refunding Bond, Series 2014		General Obligation Refunding First Vision Bank	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 10,000	\$ 493,467	\$ 55,000	\$ 261,106	\$ 385,000	\$ 15,400	\$ 39,286	\$ 3,827
2018	10,000	493,205	450,000	260,419	-	-	39,285	2,302
2019	10,000	492,930	485,000	251,419	-	-	-	-
2020	10,000	492,630	480,000	232,119	-	-	-	-
2021	10,000	492,305	495,000	221,600	-	-	-	-
2022	10,000	491,980	725,000	205,287	-	-	-	-
2023	10,000	491,655	745,000	187,594	-	-	-	-
2024	10,000	491,305	765,000	166,556	-	-	-	-
2025	10,000	490,905	805,000	142,406	-	-	-	-
2026	10,000	490,505	830,000	117,506	-	-	-	-
2027	10,000	490,105	860,000	90,631	-	-	-	-
2028	10,000	489,705	895,000	62,663	-	-	-	-
2029	10,000	489,305	930,000	33,600	-	-	-	-
2030	10,000	488,885	960,000	-	-	-	-	-
2031	1,115,000	488,465	-	-	-	-	-	-
2032	1,155,000	441,635	-	-	-	-	-	-
2033	1,195,000	393,125	-	-	-	-	-	-
2034	1,265,000	340,844	-	-	-	-	-	-
2035	1,330,000	285,500	-	-	-	-	-	-
2036	1,380,000	219,000	-	-	-	-	-	-
2037	1,475,000	150,000	-	-	-	-	-	-
2038	1,525,000	76,250	-	-	-	-	-	-
Total	\$ 10,580,000	\$ 9,273,706	\$ 9,480,000	\$ 2,232,906	\$ 385,000	\$ 15,400	\$ 78,571	\$ 6,129

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

Fiscal Year Ending	Coffee County Bank		Improvement Bonds series Z-4-A PBA Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 39,286	\$ 3,827	\$ 145,000	\$ 39,265	\$ 673,572	\$ 816,892
2018	39,285	2,302	160,000	28,428	698,570	786,656
2019	626	38	175,000	22,347	670,626	766,734
2020	-	-	190,000	15,610	680,000	740,359
2021	-	-	205,000	8,200	710,000	722,105
2022	-	-	-	-	735,000	697,267
2023	-	-	-	-	755,000	679,249
2024	-	-	-	-	775,000	657,861
2025	-	-	-	-	815,000	633,311
2026	-	-	-	-	840,000	608,011
2027	-	-	-	-	870,000	580,736
2028	-	-	-	-	905,000	552,368
2029	-	-	-	-	940,000	522,905
2030	-	-	-	-	970,000	488,885
2031	-	-	-	-	1,115,000	488,465
2032	-	-	-	-	1,155,000	441,635
2033	-	-	-	-	1,195,000	393,125
2034	-	-	-	-	1,265,000	340,844
2035	-	-	-	-	1,330,000	285,500
2036	-	-	-	-	1,380,000	219,000
2037	-	-	-	-	1,475,000	150,000
2038	-	-	-	-	1,525,000	76,250
Total	\$ 79,197	\$ 6,167	\$ 875,000	\$ 113,850	\$ 21,477,768	\$ 11,648,158

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

Fiscal Year	General Obligation Refunding Bonds, Series 2010		Local Government Public Improvement Bonds Series 2010 Z-1-DRUC*		Water & Sewer Revenue & Tax Refunding Bonds Series 2006 -DRUC		Water & Sewer Revenue & Tax Refunding Bonds Series 2006		General Obligation Refunding Bonds, Series 2014									
	Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal								
2017	\$	20,000	\$	207,125	\$	325,000	\$	256,988	\$	15,000	\$	27,320	\$	445,000	\$	75,000		
2018		20,000		206,600		340,000		244,083		15,000		26,739		460,000		57,200		
2019		20,000		206,050		350,000		231,058		20,000		26,078		475,000		38,800		
2020		20,000		205,450		375,000		217,189		20,000		25,313		495,000		19,800		
2021		595,000		204,800		385,000		202,463		20,000		24,533		-		-		
2022		615,000		185,463		405,000		186,555		20,000		23,748		-		-		
2023		625,000		165,475		420,000		170,355		20,000		22,948		-		-		
2024		670,000		143,000		435,000		153,255		20,000		22,148		-		-		
2025		685,000		116,800		455,000		135,455		20,000		21,348		-		-		
2026		705,000		89,400		465,000		117,055		25,000		20,448		-		-		
2027		745,000		61,200		485,000		98,055		25,000		19,448		-		-		
2028		785,000		31,400		510,000		77,900		25,000		18,435		-		-		
2029		-		-		530,000		56,580		25,000		17,410		-		-		
2030		-		-		545,000		34,543		30,000		16,283		-		-		
2031		-		-		570,000		11,678		30,000		15,053		-		-		
2032		-		-	350,000		146,250		-	30,000		13,781		-		-		
2033		-		-	375,000		128,750		-	30,000		12,409		-		-		
2034		-		-	400,000		110,000		-	35,000		11,047		-		-		
2035		-		-	425,000		90,000		-	35,000		9,516		-		-		
2036		-		-	450,000		68,750		-	35,000		7,984		-		-		
2037		-		-	450,000		46,250		-	35,000		6,463		-		-		
2038		-		-	470,000		23,750		-	40,000		4,813		-		-		
2039		-		-	-		-		-	40,000		3,063		-		-		
2040		-		-	-		-		-	50,000		1,094		-		-		
2041		-		-	-		-		-	-		-		-		-		
2042		-		-	-		-		-	-		-		-		-		
2043		-		-	-		-		-	-		-		-		-		
2044		-		-	-		-		-	-		-		-		-		
2045		-		-	-		-		-	-		-		-		-		
2046		-		-	-		-		-	-		-		-		-		
2047		-		-	-		-		-	-		-		-		-		
2048		-		-	-		-		-	-		-		-		-		
2049		-		-	-		-		-	-		-		-		-		
2050		-		-	-		-		-	-		-		-		-		
	\$	5,505,000	\$	1,823,363	\$	2,920,000	\$	2,807,500	\$	2,193,482	\$	660,000	\$	397,470	\$	1,875,000	\$	190,800

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

Fiscal Year Ending	SRP Loan Series 2011		RDA Bonds Series 2011		RDA Bonds Series 2014		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 338,891	\$ 123,242	\$ 22,218	\$ 37,277	\$ 30,363	\$ 12,981	\$ 1,196,472	\$ 886,153
2018	346,285	115,848	22,894	36,601	31,364	11,980	1,235,543	845,301
2019	353,839	108,294	23,590	35,905	32,399	10,945	1,274,828	803,379
2020	361,568	100,575	24,308	35,281	33,468	9,876	1,329,333	759,786
2021	369,445	92,687	25,047	34,448	34,572	8,772	1,429,064	713,958
2022	377,504	84,627	25,809	33,656	35,712	7,632	1,479,026	668,260
2023	385,740	76,391	26,594	32,991	36,891	6,453	1,514,224	620,774
2024	394,154	67,976	27,403	32,180	38,108	5,236	1,584,665	570,645
2025	402,754	59,377	28,236	31,259	39,365	3,979	1,630,354	514,468
2026	411,540	50,591	29,095	30,400	40,663	2,681	1,676,298	456,324
2027	420,517	41,613	29,980	29,515	42,003	1,339	1,747,502	397,420
2028	429,691	32,439	30,892	28,681	43,355	152	1,799,938	335,257
2029	439,064	23,065	31,831	27,664	-	-	1,025,896	270,969
2030	448,643	13,486	32,800	26,696	-	-	1,056,442	237,257
2031	356,300	3,779	33,797	25,698	-	-	990,097	202,457
2032	-	-	34,825	24,737	-	-	414,825	184,768
2033	-	-	35,884	23,611	-	-	440,384	164,830
2034	-	-	36,976	22,520	-	-	471,976	143,666
2035	-	-	38,101	21,395	-	-	498,101	120,911
2036	-	-	39,259	20,291	-	-	524,259	97,025
2037	-	-	40,453	19,042	-	-	525,453	71,745
2038	-	-	41,684	17,812	-	-	551,684	46,374
2039	-	-	42,952	16,544	-	-	82,552	19,606
2040	-	-	44,258	15,278	-	-	94,258	16,372
2041	-	-	45,604	13,891	-	-	45,604	13,891
2042	-	-	46,991	12,504	-	-	46,991	12,504
2043	-	-	48,421	11,075	-	-	48,421	11,075
2044	-	-	49,894	9,628	-	-	49,894	9,628
2045	-	-	51,411	8,085	-	-	51,411	8,085
2046	-	-	52,975	6,521	-	-	52,975	6,521
2047	-	-	54,586	4,910	-	-	54,586	4,910
2048	-	-	56,246	3,258	-	-	56,246	3,258
2049	-	-	57,957	1,539	-	-	57,957	1,539
2050	-	-	19,570	124	-	-	19,570	124
	\$ 5,835,926	\$ 993,959	\$ 1,252,541	\$ 730,960	\$ 414,265	\$ 82,026	\$ 25,057,731	\$ 9,219,590

City of Manchester, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Purpose Schools	To Provide Funding for Operations	\$ 1,678,467
General	Debt Service	Retire Debt	1,411,265
General	Recreation	To Provide Funding for Operations	475,000
Recreation	Debt Service	Retire Debt	120,121
Sanitation	Debt Service	Retire Debt	56,626
General	Sanitation	To Provide Funding for Operations	60,000
General Purpose School	School Federal Projects	To Provide Funding for Operations	200,000
Total Transfers			<u>\$ 4,001,479</u>

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City of Manchester, Tennessee
 Schedule of Detailed Revenues
 For the Year Ended June 30, 2016

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Local Taxes</u>						
<u>Property Taxes</u>						
Current Property Tax	\$ 4,450,244	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - 1st Prior Year	255,210	-	-	-	-	-
Property Tax - Other Prior Year	123,184	-	-	-	-	-
Written Off Property Taxes	629	-	-	-	-	-
Interest & Penalty	78,484	-	-	-	-	-
<u>Other Taxes</u>						
Local Option Sales Tax	4,228,338	-	-	-	-	-
Wholesale Beer Tax	409,483	-	-	-	-	-
Wholesale Liquor Tax	249,289	-	-	-	-	-
Business Taxes	348,552	-	-	-	-	-
Cable TV Franchise Tax	144,717	-	-	-	-	-
Room Occupancy Tax	466,097	221,982	110,945	-	-	-
Total Local Taxes	\$ 10,809,177	\$ 221,982	\$ 110,945	\$ -	\$ -	\$ -
<u>Licenses and Permits</u>						
Beer/Liquor by Drink Permits	\$ 15,205	\$ -	\$ -	\$ -	\$ -	\$ -
Building Permits	86,209	-	-	-	-	-
Total Licenses and Permits	\$ 101,414	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Charges for Current Services</u>						
<u>General Government - Charges for Services</u>						
Administrative Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety Charges for Services	3,359	-	-	-	-	-
Fees and Commissions	1,337	-	-	-	-	-
Accident Report Charges	230	-	-	-	-	-
Taxicab Fees	3,527	-	-	-	-	-
Public Works Charges for Services	15,527	-	-	-	-	-
Mowing	1,385	-	-	-	-	-
Concrete & Plastic Tile	-	-	-	-	-	-
Animal Control	-	-	-	-	-	-
Sanitation - Charges for Service	-	-	-	-	-	-
Solid Waste Residential Collect	-	-	-	-	-	-
Solid Waste Debris Pickup	-	-	-	-	-	-
Solid Waste Surcharge - General	-	-	-	-	-	-
Refuse Recycling Charges	-	-	-	-	-	-
Recreation - Charges for Service	-	37,642	-	-	-	-
Swimming Lessons Charges	-	32,543	-	-	-	-
Pool Rental	-	28,313	-	-	-	-
Activity Fees	-	-	-	-	-	-

City of Manchester, Tennessee
 Schedule of Detailed Revenues
 For the Year Ended June 30, 2016

Charges for Current Services (Cont.)
Recreation - Charges for Service (Cont.)

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
Day Camp Charges	-	46,925	-	-	-	-
Park and Recreation Concession	-	70,029	-	-	-	-
ADA Wright Center - Rental	-	11,329	-	-	-	-
Shelter Rentals	-	4,779	-	-	-	-
Membership and Dues - Yearly	-	609,915	-	-	-	-
Membership and Dues - Monthly	-	22,392	-	-	-	-
Membership and Dues - Daily	-	175,557	-	-	-	-
Recreation Complex Concessions	-	89,067	-	-	-	-
Athletic League	-	6,564	-	-	-	-
Silver & Fit	-	4,977	-	-	-	-
Sponsorships	-	18,762	-	-	-	-
Meeting Room Rental	-	17,605	-	-	-	-
Education Charges	-	-	-	22,868	-	115,647
Tuition - Regular Day Students	-	-	-	-	-	18,006
Lunch Payments Children	-	-	-	-	-	15,434
Lunch Payments Adults	-	-	-	-	-	44,673
Income from Breakfast	-	-	-	-	-	-
A la Carte Sales	-	-	-	-	-	-
Receipts From Individual Schools	-	-	-	122,411	-	-
Community Service Fees - Children	-	-	-	145,279	-	-
Total Changes for Current Services	\$ 25,365	\$ 1,176,399	\$ -	\$ 145,279	\$ -	\$ 193,760

Fines, Forfeitures and Penalties

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
City Court Revenue	\$ 210,220	\$ -	\$ -	\$ -	\$ -	\$ -
Court Fines and Costs	900	-	-	-	-	-
SOR Fees	\$ 211,120	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fines, Forfeitures and Penalties	\$ 422,240	\$ -	\$ -	\$ -	\$ -	\$ -

Other Local Revenues

Recurring Items	\$ -	\$ -	\$ -	\$ 4,093	\$ -	\$ 131
Interest Earned	-	-	-	-	-	-
Lease of Property	-	-	-	-	-	-
Sale of Equipment	-	-	-	-	-	-
Confiscations	-	-	-	-	-	-
Sale of Vehicles	12,639	-	-	-	-	-
Sale of Cemetery Lots	4,325	-	-	-	-	-
Insurance Recoveries	32,205	6,352	-	-	-	-
E-Rate Funding	-	-	-	4,673	-	-
Miscellaneous Refunds	39,946	19,085	-	58,957	-	-

City of Manchester, Tennessee
 Schedule of Detailed Revenues
 For the Year Ended June 30, 2016

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Contributions and Donations	11,708	15,000	-	6,132	-	-
Sale of Confiscated Vehicles	-	-	-	-	-	-
Sale of Other Contraband	-	-	-	-	-	-
Other Local Revenues	10,038	-	-	-	-	-
Total Other Local Revenues	\$ 110,861	\$ 40,437	\$ -	\$ 73,855	\$ -	\$ 131
<u>Intergovernmental</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ -	\$ -	\$ -	\$ 2,326,772	\$ -	\$ -
Trustee's Collection Prior Year	-	-	-	75,116	-	-
Trustee's Collections Bankruptcy	-	-	-	824	-	-
Circuit Clerk/Clerk and Master Collections - Prior Years	-	-	-	39,620	-	-
Interest and Penalty	-	-	-	28,041	-	-
Payments in Lieu of Taxes - T.V.A.	-	-	-	149	-	-
Payments in Lieu of Taxes - Local Utilities	-	-	-	2,585	-	-
Payments in Lieu of Taxes - Other	-	-	-	1,460	-	-
<u>County Local Option Taxes</u>						
Local Option Sales Tax	-	-	-	1,672,520	-	-
Statutory Local Taxes	-	-	-	723	-	-
Interstate Telecommunications Tax	-	-	-	-	-	-
<u>County Licenses and Permits</u>						
Marriage Licenses	-	-	-	685	-	-
<u>Federal Payments in Lieu of Tax</u>						
Housing Authority Payment in Lieu of Tax	8,940	-	-	-	-	-
TVA Payments in Lieu of Tax	118,547	-	-	-	-	-
<u>State Education Funds</u>						
Basic Education Program	-	-	-	6,236,110	-	-
Early Childhood Education	-	-	-	277,456	-	7,032
School Food Service	-	-	-	-	-	-
Other State Education Funds	-	-	-	10,009	-	-
Career Ladder Program	-	-	-	47,852	-	-
<u>Other State Revenues</u>						
State Sales Tax	817,945	-	-	-	-	-
State Income Tax	141,476	-	-	-	-	-
State Beer Tax	4,932	-	-	-	-	-
State Mix Drink Tax	33,153	-	-	-	-	-
Alcoholic Beverage Tax	-	-	-	1,163	-	-
State Gas and Motor Fuel Tax	190,367	-	-	-	-	-
State City Streets & Transport	20,552	-	-	-	-	-

City of Manchester, Tennessee
 Schedule of Detailed Revenues
 For the Year Ended June 30, 2016

	General	Recreation	Tourism and Community Development	General Purpose School	School Federal Projects	Central Cafeteria
<u>Intergovernmental (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
State 3% Gas Tax	87,376	-	-	-	-	-
Corporate Excise Tax	110,602	-	-	-	-	-
State Hwy Maintenance Contract	67,494	-	-	-	-	-
Community Foundation Grant	-	6,000	-	-	-	-
Diabetes Grant B Revenue	-	149,991	-	-	-	-
Diabetes Grant A Revenue	-	30,638	-	-	-	-
Other State Grants	36,600	-	-	296,695	-	-
<u>Federal Government Thru State of Tennessee</u>						
USDA School Lunch Program	-	-	-	-	-	402,421
USDA - Commodities	-	-	-	-	-	39,999
Breakfast	-	-	-	-	-	133,326
Title I Grants to Local Education Agencies	-	-	-	-	475,019	-
Special Education - Grants to States	-	-	-	34,244	382,999	-
Special Education Preschool Grants	-	-	-	-	66,394	-
English Language Acquisition Grants	-	-	-	-	19,109	-
Rural Education	-	-	-	-	24,024	-
Eisenhower Professional Development State Grants	-	-	-	-	49,324	-
Community Development Block Grant	198,539	-	-	-	-	-
TDOT Masterplan Grant	1,024	-	-	-	-	-
Other Federal Thru State of Tennessee	15,439	-	-	-	-	1,350
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	72,873	-	-	608,791	-	6,826
<u>Grants or Contracts - Local Governments</u>						
Industrial Park Allocations for Fire Department	10,000	-	-	-	-	-
Industrial Park Allocation	57,600	-	-	-	-	-
<u>Total Intergovernmental</u>	<u>\$ 1,993,359</u>	<u>\$ 186,629</u>	<u>\$ -</u>	<u>\$ 11,660,815</u>	<u>\$ 1,016,869</u>	<u>\$ 590,954</u>
<u>Total</u>	<u>\$ 13,251,296</u>	<u>\$ 1,625,447</u>	<u>\$ 110,945</u>	<u>\$ 11,879,949</u>	<u>\$ 1,016,869</u>	<u>\$ 784,845</u>

City of Manchester, Tennessee
 Schedule of Detailed Revenues
 For the Year Ended June 30, 2016

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Local Taxes</u>					
<u>Property Taxes</u>					
Current Property Tax	\$ -	\$ -	\$ -	\$ -	4,450,244
Property Tax - 1st Prior Year	-	-	-	-	255,210
Property Tax - Other Prior Year	-	-	-	-	123,184
Written Off Property Taxes	-	-	-	-	629
Interest & Penalty	-	-	-	-	78,434
<u>Other Taxes</u>					
Local Option Sales Tax	-	-	-	-	4,228,338
Wholesale Beer Tax	-	-	-	-	469,483
Wholesale Liquor Tax	-	-	-	-	249,289
Business Taxes	-	-	-	-	343,552
Cable TV Franchise Tax	-	-	-	-	144,717
Room Occupancy Tax	-	-	-	-	799,024
<u>Total Local Taxes</u>	\$ -	\$ -	\$ -	\$ -	\$ 11,142,104
<u>Licenses and Permits</u>					
Beer/Liquor by Drink Permits	\$ -	\$ -	\$ -	\$ -	15,205
Building Permits	-	-	-	-	86,209
<u>Total Licenses and Permits</u>	\$ -	\$ -	\$ -	\$ -	\$ 101,414
<u>Charges for Current Services</u>					
<u>General Government - Charges for Services</u>					
Administrative Services	\$ -	\$ -	\$ 98,022	\$ -	98,022
<u>Public Safety Charges for Services</u>					
Fees and Commissions	-	-	-	-	3,359
Accident Report Charges	-	-	-	-	1,337
Taxicab Fees	-	-	-	-	230
<u>Public Works Charges for Services</u>					
Mowing	-	-	-	-	3,527
Concrete & Plastic Tile	-	-	-	-	15,527
Animal Control	-	-	-	-	1,385
<u>Sanitation - Charges for Service</u>					
Solid Waste Residential Collect	-	-	270,642	-	270,642
Solid Waste Debris Pickup	-	-	12,206	-	12,206
Solid Waste Surcharge - General	-	-	615,132	-	615,132
Refuse Recycling Charges	-	-	23,532	-	23,532
<u>Recreation - Charges for Service</u>					
Swimming Lessons Charges	-	-	-	-	37,642
Pool Rental	-	-	-	-	32,543
Activity Fees	-	-	-	-	28,313

City of Manchester, Tennessee
 Schedule of Detailed Revenues
 For the Year Ended June 30, 2016

Charges for Current Services (Cont.)
Recreation - Charges for Service (Cont.)

	Debt Service	Community Policing	Sanitation	Drug Control	Total
Day Camp Charges	-	-	-	-	46,925
Park and Recreation Concession	-	-	-	-	70,029
ADA Wright Center - Rental	-	-	-	-	11,329
Shelter Rentals	-	-	-	-	4,779
Membership and Dues - Yearly	-	-	-	-	609,915
Membership and Dues - Monthly	-	-	-	-	22,392
Membership and Dues - Daily	-	-	-	-	175,557
Recreation Complex Concessions	-	-	-	-	89,067
Athletic League	-	-	-	-	6,564
Silver & Fit	-	-	-	-	4,977
Sponsorships	-	-	-	-	18,762
Meeting Room Rental	-	-	-	-	17,605
<u>Education Charges</u>	-	-	-	-	-
Tuition - Regular Day Students	-	-	-	-	22,868
Lunch Payments Children	-	-	-	-	115,647
Lunch Payments Adults	-	-	-	-	18,006
Income from Breakfast	-	-	-	-	15,434
A la Carte Sales	-	-	-	-	44,673
Receipts From Individual Schools	-	-	-	-	122,411
Community Service Fees - Children	-	-	-	-	-
Total Charges for Current Services	\$ -	\$ -	\$ 1,019,534	\$ -	\$ 2,560,337

Fines, Forfeitures and Penalties

<u>City Court Revenue</u>					
Court Fines and Costs	\$ -	\$ 5,196	\$ -	\$ 56,625	\$ 272,041
SOR Fees	-	-	-	-	900
Total Fines, Forfeitures and Penalties	\$ -	\$ 5,196	\$ -	\$ 56,625	\$ 272,941

Other Local Revenues

<u>Recurring Items</u>					
Interest Earned	\$ 11,901	\$ -	\$ -	\$ -	\$ 16,125
Lease of Property	27,875	-	-	-	27,875
Sale of Equipment	-	-	-	25,867	25,867
Confiscations	-	-	-	14,278	14,278
Sale of Vehicles	-	-	-	18,073	30,712
Sale of Cemetery Lots	-	-	-	-	4,325
Insurance Recoveries	-	-	-	2,486	41,043
E-Rate Funding	-	-	-	-	4,673
Miscellaneous Refunds	-	-	-	-	117,988

City of Manchester, Tennessee
 Schedule of Detailed Revenues
 For the Year Ended June 30, 2016

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Contributions and Donations	-	18,275	-	20,375	71,490
Sale of Confiscated Vehicles	-	-	-	6,665	6,665
Sale of Other Contraband	-	-	-	22,412	22,412
Other Local Revenues	-	-	5,289	-	15,327
Total Other Local Revenues	\$ 39,776	\$ 18,275	\$ 5,289	\$ 110,156	\$ 398,780
<u>Intergovernmental</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ -	\$ -	\$ -	\$ -	2,326,772
Trustee's Collection Prior Year	-	-	-	-	75,116
Trustee's Collections Bankruptcy	-	-	-	-	824
Circuit Clerk/Clerk and Master Collections - Prior Years	-	-	-	-	39,620
Interest and Penalty	-	-	-	-	28,041
Payments in-Lieu of Taxes - T.V.A.	-	-	-	-	149
Payments in-Lieu of Taxes - Local Utilities	-	-	-	-	2,585
Payments in-Lieu of Taxes - Other	-	-	-	-	1,460
<u>County Local Option Taxes</u>					
Local Option Sales Tax	-	-	-	-	1,672,520
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	-	-	-	-	723
<u>County Licenses and Permits</u>					
Marriage Licenses	-	-	-	-	685
<u>Federal Payments in Lieu of Tax</u>					
Housing Authority Payment in Lieu of Tax	-	-	-	-	8,940
TVA Payments in Lieu of Tax	-	-	-	-	118,547
<u>State Education Funds</u>					
Basic Education Program	-	-	-	-	6,236,110
Early Childhood Education	-	-	-	-	277,456
School Food Service	-	-	-	-	7,032
Other State Education Funds	-	-	-	-	10,009
Career Ladder Program	-	-	-	-	47,852
<u>Other State Revenues</u>					
State Sales Tax	-	-	-	-	817,946
State Income Tax	-	-	-	-	141,476
State Beer Tax	-	-	-	-	4,932
State Mix Drink Tax	-	-	-	-	33,153
Alcoholic Beverage Tax	-	-	-	-	1,163
State Gas and Motor Fuel Tax	-	-	-	-	190,367
State City Streets & Transport	-	-	-	-	20,552

City of Manchester, Tennessee
 Schedule of Detailed Revenues
 For the Year Ended June 30, 2016

	Debt Service	Community Policing	Sanitation	Drug Control	Total
<u>Intergovernmental (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
State 3% Gas Tax	-	-	-	-	87,376
Corporate Excise Tax	-	-	-	-	110,502
State Hwy Maintenance Contract	-	-	-	-	67,494
Community Foundation Grant	-	-	-	-	6,000
Diabetes Grant B Revenue	-	-	-	-	149,991
Diabetes Grant A Revenue	-	-	-	-	30,638
Other State Grants	-	-	-	-	333,296
<u>Federal Government Thru State of Tennessee</u>					
USDA School Lunch Program	-	-	-	-	402,421
USDA - Commodities	-	-	-	-	39,999
Breakfast	-	-	-	-	133,326
Title I Grants to Local Education Agencies	-	-	-	-	475,019
Special Education - Grants to States	-	-	-	-	417,243
Special Education Preschool Grants	-	-	-	-	66,394
English Language Acquisition Grants	-	-	-	-	19,109
Rural Education	-	-	-	-	24,024
Eisenhower Professional Development State Grants	-	-	-	-	49,324
Community Development Block Grant	-	-	-	-	198,539
TDOT Masterplan Grant	-	-	-	-	1,024
Other Federal Thru State of Tennessee	-	-	-	-	16,789
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	-	-	-	-	688,490
<u>Grants or Contracts - Local Governments</u>					
Industrial Park Allocations for Fire Department	-	-	-	-	10,000
Industrial Park Allocation	-	-	-	-	57,600
Total Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 15,448,626
Total	\$ 39,776	\$ 23,471	\$ 1,024,823	\$ 166,781	\$ 29,924,202

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

General Fund

General Government

City Court

Contractual Services

Legal Services	\$	12,000		
Total Contractual Services			\$	12,000
Total City Court			\$	12,000

Board of Mayor and Aldermen

Personnel Costs

Regular Employee Salaries	\$	108,451		
OASI Employers Share		7,612		
Employee Health Insurance		34,323		
Retirement - ING		5,785		
Employee Dental Insurance		1,675		
Employee Life Insurance		291		
Unemployment Insurance		100		
Education/Training		9,189		
Total Personnel Costs			\$	167,426

Contractual Services

Postage	\$	345		
Postage/Off Supplies - HIS		49		
Printing, Duplicating, Typing		2,930		
Publication and Legal Notices		2,477		
Public Relations		12,177		
Dues and Subscription		3,226		
Telephone		4,664		
Legal Services		67,316		
Architectural/Engineering		4,260		
Christmas Parade Expense		5,048		
Repairs & Maintenance - Vehicles		280		
Total Contractual Services				102,772

Supplies

Office Supplies	\$	1,411		
Small Item of Equipment		96		
Clothing & Uniform		11		
Gas, Oil, Grease, and Auto Repairs		903		
Meeting Expense		1,383		
Total Supplies				3,804

Fixed Charges

Machinery & Equipment - Copier	\$	1,084		
Total Fixed Charges				1,084
Total Board of Mayor & Alderman				275,086

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

General Fund (Cont.)

General Government (Cont.)

Financial Administration

Personnel Costs

Regular Employee Salaries	\$	206,486	
Salaries - Overtime		318	
OASI Employers Share		14,833	
Employee Health Insurance		29,244	
Retirement - TCRS		8,858	
Retirement - ING		2,942	
Employee Dental Insurance		1,577	
Employee Life Insurance		282	
Unemployment Insurance		218	
Education/Training		3,597	
Total Personnel Costs	\$		268,350

Contractual Services

Postage	\$	4,421	
Printing, Duplicating, Typing		3,576	
Publication and Legal Notices		499	
Dues and Subscription		391	
Telephone and Telegraph		596	
Accounting/Auditing Services		14,310	
Data Processing Support		17,300	
Vehicle Maintenance		93	
Repair and Maintenance - Computer Equipment		14	
Total Contractual Services			41,200

Supplies

Office Supplies	\$	6,952	
Small Items of Equipment		5,481	
Gas, Oil, Diesel, and Fuel		19	
Meeting Expense		235	
Total Supplies			12,687

Fixed Charges

Professional Liability/Surety Bonds	\$	1,039	
Total Fixed Charges			1,039

Total Financial Administration

323,276

Information Systems

Personnel Expenditures

Regular Employee Salaries	\$	59,498	
OASI Employers Share		4,480	
Employee Health Insurance		3,424	
Retirement - TCRS		3,180	
Employee Dental Insurance		201	
Employee Life Insurance		53	
Unemployment Insurance		86	
Total Personnel Expenditures	\$		70,922

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

General Fund (Cont.)

General Government (Cont.)

Information Systems (Cont.)

Contractual Services

Telephone	\$	1,006	
Data Processing Support		16,498	
Repairs & Maintenance - Computer		5,132	
Total Contractual Services			22,636

Supplies

Office Supplies	\$	516	
Small Items of Equipment		890	
Total Supplies			1,406

Capital Outlay

Computer Equipment & Software	\$	12,812	
Total Capital Outlay			12,812

Total Information Systems 107,776

Planning and Zoning

Personnel Expenditures

Regular Employee Salaries	\$	186,574	
OASI Employers Share		13,967	
Employee Health Insurance		11,229	
Retirement -TCRS		9,900	
Employee Dental Insurance		1,134	
Employee Life Insurance		282	
Unemployment Insurance		251	
Education/Training		2,745	
Total Personnel Expenditures			\$ 226,082

Contractual Services

Postage	\$	46	
Printing, Duplication, Typing		174	
Publication and Legal Notices		1,253	
Manuals and Code Updates		580	
Dues and Subscriptions		3,785	
Telephone and Telegraph		2,063	
Other Professional Service		16,577	
Repairs and Maintenance - Vehicles		232	
Total Contractual Services			24,710

Supplies

Office Supplies	\$	587	
Small Items of Equipment		657	
Clothing and Uniforms		240	
Other Operating Supplies		100	
Gas, Oil, Diesel, Fuel, Grease		1,376	
Meeting Expense		293	
Total Supplies			3,253

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

General Fund (Cont.)

General Government (Cont.)

Planning and Zoning (Cont.)

Fixed Charges

Machinery & Equipment - Copier	\$	832	
Total Fixed Charges			832
Total Planning & Zoning			254,877

General Government & Buildings

Personnel Expenditures

Retirement Expense	\$	575	
Other Employee Benefits		229,059	
Total Personnel Expenditures			\$ 229,634

Contractual Services

Radio and Cable Services	\$	1,126	
DREMC - Electric Substation		30,000	
Electric		47,633	
Water		5,910	
Gas		11,519	
Telephone and Telegraph		41,612	
Medical Services		7,992	
Other Professional Service		6,159	
Repair & Maintenance Buildings		10,277	
Janitorial Services		23,040	
Total Contractual Services			185,268

Supplies

Office Supplies	\$	801	
Household & Janitorial		2,333	
Total Supplies			3,134

Fixed Charges

General Liability	\$	140,463	
Workers Compensation Ins		179,502	
Building Insurance		5,831	
Machinery/Equip-Stamp Machine		1,644	
Total Fixed Charges			327,440

Capital Outlay

CDBG Grant (Drainage) Expense	\$	237,531	
Transportation Plan - TDOT		29,131	
Westwood Grant Expenses		3,472	
Additions to Fixed Asset		12,584	
Total Capital Outlay			282,718

Total General Government & Buildings 1,028,194

Total General Government

\$ 2,001,209

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

General Fund (Cont.)

Public Safety

Police Department

Personnel Expenditures

Regular Employee Salaries	\$ 1,528,348
Salaries - Overtime	55,764
Holiday	52,842
OASI Employers Share	120,267
Employee Health Insurance	258,694
Retirement - TCRS	58,188
Retirement - ING	37,422
Employee Dental Insurance	18,030
Employee Life Insurance	2,310
Unemployment Insurance	1,980
Ed. & Train. SWAT Team	1,958
Education/Training	9,752

Total Personnel Expenditures \$ 2,145,555

Contractual Services

Postage	\$ 260
Automobile Licenses & Titles	128
Radio Cable Services	1,629
Printing, Duplicating, Typing	416
Publication and Legal Notices	216
Dues and Subscription	771
Telephone and Telegraph	6,446
Information System Support	48,206
Repair & Maintenance - Motor Vehicle	24,633

Total Contractual Services 82,705

Supplies

SOR Police Miscellaneous	\$ 50
Office Supplies	4,798
Small Items of Equipment	7,815
Trustee Expenses	386
Clothing and Uniforms	6,374
Fire Arm Supplies	5,612
Other Operating Supplies	1,023
Gas, Oil, Diesel, Fuel, Grease	49,447
Tires, Tubes, Etc.	3,315

Total Supplies 78,820

Fixed Charges

Machinery & Equip - Copier	\$ 514
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Total Fixed Charges 514

Capital Outlay

Vehicles	\$ 20,318
Computer Equipment and Supplies	5,075

Total Capital Outlay 25,393

Total Police Department \$ 2,332,987

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

General Fund (Cont.)

Public Safety

Fire Department

Personnel Expenditures

Regular Employee Salaries	\$ 1,129,644	
Salaries - Overtime	55,727	
Holiday	48,607	
OASI Employers Share	90,688	
Employers Health Insurance	208,670	
Retirement - TCRS	55,913	
Retirement - ING	13,546	
Employee Dental Insurance	15,459	
Employee Life Insurance	1,941	
Unemployment Insurance	1,641	
Education/Training	7,865	
Total Personnel Expenditures		\$ 1,629,701

Contractual Services

Postage	\$ 151	
Radio and Cable Services	3,335	
National Fire Safety Council	2,440	
Calendar Expense	300	
Printing, Duplication, Typing	44	
Public Relations	968	
Dues Subscriptions	1,065	
Telephone and Telegraph	4,116	
Repair & Maintenance - Motor Vehicle	24,877	
Repairs & Maintenance - (HVAC)	5	
Repairs & Maintenance - Buildings	7,965	
Other Repairs & Maintenance	1,346	
Volunteer Firemen	1,879	
Total Contractual Services		48,491

Supplies

Office Supplies	\$ 625	
Small Items of Equipment	9,050	
Chemical, Lab, & Medical Support	235	
Household & Janitorial Supplies	2,520	
PPE Turnout Gear	17,460	
Clothing and Uniforms	8,833	
Educational Supplies	1,763	
Other Operation Supplies	18,892	
Gas, Oil, Diesel, Fuel, Grease	11,227	
Tires, Tubes, Etc.	1,790	
Safety Supplies	462	
Total Supplies		72,857

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Department (Cont.)

Fixed Charges

Machinery & Equip - Copiers	623		
Inspection/Testing	9,801		
Total Fixed Charges		10,424	
Total Fire Department			1,761,473

Total Public Safety

\$ 4,094,460

Public Works

Public Works Department

Personnel Expenditures

Regular Employee Salaries	\$ 642,742		
Salaries - Overtime	22,999		
OASI Employers Share	47,966		
Employee Health Insurance	120,378		
Retirement - TCRS	23,025		
Retirement - ING	12,544		
Employee Dental Insurance	8,137		
Employee Life Insurance	1,071		
Unemployment Insurance	1,014		
Education/Training/Travel	3,307		
Total Personnel Expenditures		\$ 883,183	

Contractual Services

Postage	\$ 467		
Automobile License & Titles	18		
Radio and Cable Services	3,839		
Public and Legal Notices	453		
Dues and Subscription	190		
Water	2,786		
Telephone and Telegraph	10,273		
Street Lighting	217,588		
Veterinary and Animal Expense	2,052		
Other Professional Services	7,454		
Repair & Maintenance - Vehicle	19,663		
Repairs & Maintenance - Other Machinery	11,125		
Repair & Maintenance Traffic Lights	16,279		
Repair and Maintenance Buildings	5,916		
Repair & Maintenance - Road/Streets	4,104		
Total Contractual Services		302,207	

Supplies

Office Supplies	\$ 3,030		
Small Items of Equipment	16,181		
Chemical, Lab & Med Supplies	7,609		
Trustee Expenses	11,059		
Household & Janitorial Supplies	3,621		
Clothing and Uniforms	715		

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

General Fund (Cont.)

Public Works (Cont.)

Public Works Department (Cont.)

Supplies (Cont.)

Gas, Oil, Diesel, Fuel, Grease	31,276	
Tires, Tubes, Etc.	4,133	
Sign Parts and Supplies	19,452	
Salt Purchases	7,682	
Safety Supplies	1,091	

Total Supplies 105,849

Building Materials

Guardrails	\$ 7,350	
Crushed Stone	9,459	
Tile & Pipe	2,227	
Asphalt and Asphalt Fill	6,101	

Total Building Materials 25,137

Fixed Charges

Machine and Equipment Copier	\$ 531	
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Total Fixed Charges 531

Capital Outlay

Roads & Streets	\$ 37,418	
Roads & Streets - Stripping	6,801	
Sidewalks	812	
Other Machinery & Equipment	8,857	
Capital Repairs - Street	16,338	
Additions to Fixed Assets	3,100	

Total Capital Outlay 73,321

Total Public Works Department \$ 1,390,228

Total Public Works \$ 1,390,228

Health, Welfare, Culture and Recreation

Contributions to Other Agencies

Manchester Child Care	2,500	
South Central Human Resource Agency	1,616	
Manchester Library	12,000	
Manchester/Coffee Co. Conference Center	185,597	
Chamber of Commerce	7,000	

Total Contributions to Other Agencies \$ 208,713

Total Health, Welfare, Culture and Recreation \$ 208,713

Total General Fund \$ 7,694,610

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

Recreation Fund

Health, Welfare, Culture and Recreation

Recreation Administration

Personnel Expenditures

Regular Employee Salaries	\$ 143,554	
Salaries - Overtime	156	
OASI Employers Share	10,424	
Employee Health Insurance	22,970	
Retirement TCRS	3,616	
Retirement ING	2,613	
Employee Dental Insurance	1,724	
Employee Life Insurance	165	
Unemployment Insurance	109	
Education/Training	2,709	
Total Personnel Expenditures		\$ 188,040

Contractual Services

Postage	\$ 514	
Printing, Duplication And	816	
Publication and Legal Notice	879	
Dues and Subscriptions	311	
Bank and Credit Fees	6,448	
Total Contractual Services		8,968

Supplies

Office Supplies & Materials	\$ 1,371	
Total Supplies		1,371

Fixed Charges

Fines and Penalties	\$ 46,500	
Total Fixed Charges		46,500

Total Recreation Administration		\$ 244,879
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Recreation Centers

Personnel Expenditures

Regular Employee Salaries	\$ 175,249	
Salaries - Overtime	3,085	
Wages - Permanent/Regular	246,957	
OASI Employers Share	31,592	
Employee Health Insurance	33,575	
Retirement - TCRS	8,340	
Retirement - ING	481	
Employee Dental Insurance	2,169	
Employee Life Insurance	330	
Workers Compensation Ins	11,068	
Unemployment Insurance	1,727	
Education/Training	4,799	
Total Personnel Expenditures		\$ 519,372

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

Recreation Fund (Cont.)

Health, Welfare, Culture and Recreation (Cont.)

Recreation Centers (Cont.)

Contractual Services

Radio and Cable Services	\$	1,172	
Electric		225,556	
Water		18,868	
Gas		57,499	
Telephone		3,047	
Data Processing Support		8,352	
Repair & Maintenance - Vehicle		71	
Repair & Maintenance O		66,380	
Repair & Maintenance - G		4,853	
Repair & Maintenance - B		19,582	
Contracted Recreation Services		200	
Total Contractual Services			405,580

Supplies

Program Equipment	\$	3,553	
Chemical and Medical Supplies		28,270	
Food - Program Meals		28	
Food Concessions		50,025	
Janitorial Supplies		22,089	
Recreation Supplies		14,785	
Uniforms		1,415	
Diabetes Grant B Expense		55	
Diabetes Grant A - Expense		151,246	
Diabetes Grant A - In-kind		31,121	
Operating Supplies		349	
Community Foundation Grant		4,000	
Gas, Oil, Diesel, Fuel, & Grease		90	
Total Supplies			307,026

Fixed Charges

General Liability	\$	20,684	
Machinery & Equip Rental		1,217	
Machinery/Equip Copier		2,194	
Total Fixed Charges			23,995

Capital Outlay

General Purpose Equipment	\$	35,888	
Capital Repairs - Building		42,045	
Total Capital Outlay			77,933
Total Recreation Centers			1,833,906

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

Recreation Fund (Cont.)

Health, Welfare, Culture and Recreation (Cont.)

Park Areas

Personnel Expenditures

Regular Employee Salaries	\$	61,603	
Salaries - Overtime		1,877	
Wages - Permeant/Regular		86,847	
OASI Employer Share		11,064	
Employee Health Insurance		14,321	
Retirement - TCRS		3,322	
Employee Dental Insurance		443	
Employee Life Insurance		75	
Workers Compensation Ins		3,121	
Unemployment Insurance		703	

Total Personnel Expenditures \$ 183,376

Contractual Services

Electric	\$	20,281	
Water		27,866	
Gas		1,703	
Telephone		1,687	
Other Prof. Services - Fireworks		10,340	
Repairs & Maintenance - Vehicle		2,041	
Repair & Maintenance - O		14,814	
Repair & Maintenance - G		45,558	
Repair & Maintenance - B		4,472	

Total Contractual Services 128,762

Supplies

Trustee Expenses	\$	2,043	
Food Concessions		44,499	
Janitorial Supplies		7,868	
Recreation Supplies		6,783	
Recreation Uniforms		1,235	
Gas, Oil, Diesel Fuel		6,181	
Tire and Tube		948	

Total Supplies 69,557

Fixed Charges

General Liability - Parks	\$	5,806	
Machinery & Equip Rental		242	

Total Fixed Charges 6,048

Capital Outlay

Other Machinery & Equipment	\$	24,363	
Repair & Maintenance - Ground		21,000	
Additions to Fixed Asset		1,488	

Total Capital Outlay 46,851

Total Park Areas 434,594

Total Recreation Fund \$ 2,013,379

Tourism and Community Development Fund

Economic Development and Assistance

Tourism and Community Development

Personnel Expenditures

Travel	\$ 1,008	
Total Personnel Expenditures		\$ 1,008

Contractual Services

Local Activity Support	\$ 29,539	
Brochures, Flyers, and Ads	2,708	
Manchester Chamber - Tourism Development	21,000	
Public Relations	1,000	
South Central TN Tourism	6,684	
Hotel/Motel Tax Audit Examination	8,000	
Christmas Lighting and Banners	4,891	
Sign Installation	2,050	
Total Contractual Services		75,872

Supplies

Other Operation Supplies	\$ 793	
Total Supplies		793

Capital Outlay

Downtown Renovation Project	\$ 59	
Total Capital Outlay		59

Total Tourism and Community Development		\$ 77,732
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Total Tourism and Community Development Fund		\$ 77,732
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City of Manchester, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Purpose School Fund

Education

Instruction

Regular Instruction Program

Teachers	\$ 4,360,701	
Career Ladder Program	22,599	
Career Ladder Extended Contract	8,000	
Clerical Personnel	100,041	
Aides	175,472	
Other Salaries and Wages	33,120	
Certified Substitute Teachers	34,160	
Non-certified Substitute Teachers	70,910	
Social Security	285,297	
State Retirement	399,106	
Life Insurance	3,246	
Medical Insurance	676,295	
Dental Insurance	38,778	
Unemployment Compensation	6,225	
Local Retirement	8,919	
Employer Medicare Liability	66,433	
Other Fringe Benefits	39,900	
Other Contracted Services	130,451	
Instructional Supplies	61,911	
Textbooks	52,025	
Other Charges	4,818	
Regular Instruction Equipment	3,313	
Total Regular Instruction Program		\$ 6,581,720

Alternative Instruction Program

Teachers	\$ 29,770	
Social Security	1,107	
State Retirement	1,433	
Life Insurance	23	
Medical Insurance	4,313	
Dental Insurance	281	
Unemployment Compensation	81	
Employer Medicare Liability	432	
Other Fringe Benefits	325	
Total Alternative Instruction Program		37,765

Special Education

Teachers	\$ 558,601
Career Ladder Program	4,193
Aides	157,861
Speech Pathologist	134,719
Other Salaries & Wages	31,212
Social Security	51,792

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

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

Instruction (Cont.)

Special Education (Cont.)

State Retirement	64,646	
Life Insurance	771	
Medical Insurance	204,772	
Dental Insurance	9,799	
Unemployment Compensation	1,487	
Local Retirement	6,296	
Employer Medicare Liability	12,118	
Other Fringe Benefits	7,625	
Other Contracted Services	45,961	
Instructional Supplies	17,152	
Other Charges	2,057	
Special Education Equipment	42,639	
Total Special Education		1,353,696

Student Body Education Program

499 Other Supplies and Material	\$ 17,000	
599 Other Charges	1,363	
Total Student Body Education Program		18,363

Support Services

Attendance

Supervisor/Director	\$ 73,582	
Social Security	4,298	
State Retirement	6,652	
Life Insurance	36	
Medical Insurance	8,386	
Dental Insurance	448	
Unemployment	53	
Employer Medicare Liability	1,005	
Other Fringe Benefits	500	
Travel	540	
Other Contracted Services	2,960	
Other Supplies and Materials	506	
In-Service/Staff Development	1,245	
Other Charges	28	
Total Attendance		100,239

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

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Health Services

Supervisor/Director	\$	45,244	
Medical Personnel		124,804	
Social Security		9,567	
State Retirement		6,594	
Life Insurance		144	
Medical Insurance		29,875	
Dental Insurance		1,807	
Unemployment		216	
Local Retirement		3,043	
Employer Medicare Liability		2,238	
Other Supplies & Materials		1,642	
In-Service/Staff Development		186	
Total Health Services			224,860

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		134,925	
Social Security		8,015	
State Retirement		12,288	
Life Insurance		94	
Medical Insurance		22,830	
Dental Insurance		1,175	
Unemployment Compensation		132	
Employer Medicare Liability		1,875	
Other Fringe Benefits		1,300	
SAFE Travel		38	
Other Charges		3,758	
Total Other Student Support			187,430

Regular Instruction Program

Supervisor/Director	\$	102,580	
Career Ladder Program		1,000	
Career Ladder Extended Contract		4,000	
Librarians		158,450	
Certified Substitute Teachers		235	
Social Security		15,933	
State Retirement		23,690	
Life Insurance		139	
Medical Insurance		93,033	
Dental Insurance		1,804	
Unemployment Compensation		212	
Employer Medicare Liability		3,726	

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

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Fringe Benefits	2,000	
Travel	1,497	
Other Contracted Services	3,000	
Library Books/Media	1,665	
Other Supplies and Material	1,405	
In-Service/Staff Development	84,031	
Administrative Equipment	2,500	
Total Regular Instruction Program		500,900

Special Education Program

Supervisor/Director	\$ 39,527	
Career Ladder Program	2,000	
Psychological Personnel	32,181	
Assessment Personnel	60,690	
Clerical Personnel	25,722	
Social Security	9,823	
State Retirement	12,805	
Life Insurance	104	
Medical Insurance	24,320	
Dental Insurance	1,302	
Unemployment Compensation	139	
Local Retirement	1,801	
Employer Medicare Liability	2,297	
Other Fringe Benefits	1,500	
Communication	1,348	
Travel	44	
Other Supplies and Material	404	
In-Service/Staff Development	5,210	
Total Special Education Program		221,217

Board of Education

Secretary to Board	1,406
Social Security	87
Dental Insurance	4
Unemployment Compensation	1
Local Retirement	33
Employer Medicare Liability	20
Audit Services	13,000
Dues and Memberships	14,976
Legal Services	14,073
Travel	8,697
Liability Insurance	15,000
Premiums on Corporate Surety Bonds	775

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

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Trustee's Commission	66,473	
Worker's Compensation Insurance	69,328	
In-Service /Staff Development	6,243	
Criminal Investigation of A	38	
Refund to Applicant for Criminal Investigation	42	
Other Charges	3,384	
Total Board of Education		213,580

Office of the Superintendent

Career Ladder Program	\$ 817	
Secretary	51,815	
Social Security	3,213	
Life Insurance	36	
Medical Insurance	6,789	
Dental Insurance	444	
Unemployment	53	
Local Retirement	3,627	
Employer Medicare Liability	751	
Communication	11,190	
Dues and Memberships	3,613	
Postal Charges	4,478	
Travel	2,175	
Other Contracted Services	568	
Office Supplies	973	
In-Service/Staff Development	532	
Other Charges	952	
Total Office of the Superintendent		92,026

Office of the Principal

Principals	\$ 213,934	
Teachers	500	
Career Ladder Program	8,917	
Assistant Principal	172,780	
Secretary	102,849	
Social Security	29,625	
State Retirement	38,014	
Life Insurance	324	
Medical Insurance	81,800	
Dental Insurance	4,000	
Unemployment Compensation	525	
Local Retirement	4,935	
Employer Medicare Liability	6,928	

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

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

Support Services (Cont.)

Office of the Principal (Cont.)

Other Fringe Benefits	3,000	
Communication	46	
Data Processing	567	
Travel	1,584	
Other Contracted Services	525	
Office Supplies	656	
In-Service/Staff Development	480	
Other Charges	2,014	
Total Office of the Principal		674,003

Fiscal Services

Accountant/Bookkeepers	\$ 59,765	
Other Salaries & Wages	100,235	
Social Security	9,349	
State Retirement	8,368	
Life Insurance	108	
Medical Insurance	25,476	
Dental Insurance	1,345	
Unemployment Compensation	186	

Fiscal Services

Employer Medicare Liability	2,186	
Travel	3,716	
Other Contracted Services	12,570	
Data Processing Supplies	344	
Other Supplies & Materials	6,908	
In-Service/Staff Development	1,745	
Administration Equipment	523	
Total Fiscal Services		232,824

Operation of Plant

Custodial Personnel	\$ 224,868	
Social Security	13,186	
State Retirement	4,822	
Life Insurance	252	
Medical Insurance	62,915	
Dental Insurance	3,137	
Unemployment Compensation	408	
Local Retirement	6,085	
Employer Medicare Liability	3,084	
Laundry Service	5,653	
Maintenance and Repair Services - Equipment	401	
Disposal Services	20,728	

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

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Custodial Services	26,800	
Electricity	277,666	
Natural Gas	15,714	
Water and Sewer	25,692	
Boiler Insurance	2,500	
Building and Contents Insurance	41,680	
Other Charges	26,113	
Plant Operation Equipment	1,874	
Total Operation of Plant		763,078

Maintenance of the Plant

Maintenance Personnel	\$ 143,666	
Social Security	8,292	
State Retirement	7,458	
Life Insurance	131	
Medical Insurance	32,291	
Dental Insurance	1,620	
Unemployment Compensation	152	
Employer Medicare Liability	1,939	
Communication	463	
Maintenance and Repair Services - Buildings	98,718	
Maintenance and Repair Services - Equipment	18,629	
Maintenance and Repairs Services - SAFES	2,406	
Maintenance and Repair Services - Vehicles	675	
Travel	375	
Other Contracted Services	1,127	
Gasoline	376	
Uniforms	218	
Other Supplies & Materials	2,237	
Vehicle & Equipment Insurance	2,750	
In-Service/Staff Development	200	
Other Charges	1,279	
Maintenance Equipment	6,287	
Total Maintenance of the Plant		331,289

Transportation

Bus Drivers	\$ 6,985
Social Security	304
State Retirement	256
Unemployment Compensation	21
Employer Medicare Liability	101
Maintenance and Repair Services - Equipment	5,052
Other Contracted Services	1,127
Diesel Fuel	1,812

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

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

Support Services (Cont.)

Transportation (Cont.)

Vehicle and Equipment Insurance	11,000	
Other Charges	707	
Total Transportation		27,365

Central and Other

Supervisor/Director	\$ 71,516	
Other Salaries & Wages	85,746	
Social Security	9,518	
State Retirement	8,762	
Life Insurance	87	
Medical Insurance	34,400	
Dental Insurance	1,082	
Unemployment Compensation	155	
Local Retirement	2,500	
Employer Medicare Liability	2,226	
Other Fringe Benefits	500	
Communication	943	
Maintenance and Repair Services - Equipment	110,770	
Travel	761	
Other Contracted Services	6,297	
Uniforms	72	
Other Supplies & Materials	528	
In-Service/Staff Development	1,078	
Regular Instruction Equipment	94,567	
Total Central and Other		431,508

Operation of Non-Instructional Services

Community Services

Part-Time Personnel	87,856
Other Salaries and Wages	110,477
Social Security	11,911
State Retirement	5,635
Life Insurance	36
Medical Insurance	8,860
Dental Insurance	448
Unemployment Compensation	653
Local Retirement	1,840
Employer Medicare Liability	2,786
Communication	4
Travel	2,784
Food Supplies	9,487
Instructional Supplies	30,528
In-Service/Staff Development	300

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

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

Operation of Non-Instructional Services (Cont.)

Community Services

Other Charges	2,861	
Total Community Services	2,861	276,466

Early Childhood Education

Teachers	\$ 139,100	
Aides	49,265	
Social Security	10,729	
State Retirement	15,056	
Life Insurance	216	
Medical Insurance	36,165	
Dental Insurance	2,259	
Unemployment Compensation	311	
Employer Medicare Liability	2,509	
Other Fringe Benefits	1,500	
Travel	418	
Instructional Supplies	12,620	
Other Supplies	44	
Other Charges	1,463	
Total Early Childhood Education	1,463	271,655

Capital Outlay

Regular Capital Outlay

Consultants	\$ 64,144	
Total Regular Capital Outlay	64,144	64,144

Total General Purpose School Fund		\$ 12,604,128
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City of Manchester, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	161,173	
Aides		98,426	
Social Security		14,867	
State Retirement		17,174	
Life Insurance		247	
Medical Insurance		74,896	
Dental Insurance		3,160	
Unemployment Compensation		506	
Local Retirement		1,256	
Employer Medicare Liability		3,477	
Other Fringe Benefits		1,499	
Maintenance and Repair Services		3,180	
Instructional Supplies		47,021	
Other Supplies and Materials		2,787	
Regular Instruction Equipment		21,930	
Total Regular Instruction Program			\$ 451,599

Special Education Program

Teachers	\$	20,371	
Aides		228,812	
Social Security		15,033	
State Retirement		4,582	
Life Insurance		222	
Medical Insurance		121,236	
Dental Insurance		2,335	
Unemployment Compensation		1,059	
Local Retirement		1,426	
Employer Medicare		3,516	
Instructional Supplies		6,598	
Total Special Education Program			405,190

Support Services

Other Student Support

Other Supplies and Material	\$	3,265	
Total Other Student Support			3,265

Regular Instruction Program

Supervisor/Director	\$	25,188
Clerical Personnel	\$	12,867
Other Salaries & Wages		26,366
Social Security		4,039
State Retirement		4,442

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	18	
Medical Insurance	5,121	
Dental Insurance	323	
Unemployment Compensation	73	
Local Retirement	957	
Employer Medicare	943	
Other Supplies & Materials	11,342	
In-Service Staff Development	22,552	
Other Charges	1,965	
Total Regular Instruction Program		116,196

Special Education Program

Clerical Personnel	\$ 12,867	
Social Security	798	
Life Insurance	14	
Medical Insurance	2,687	
Dental Insurance	177	
Unemployment Compensation	14	
Local Retirement	900	
Employer Medicare	187	
Other Supplies	5,593	
In-Service Staff development	16,541	
Total Special Education Program		89,778

Transportation

Other Salaries & Wages	\$ 5,547	
Social Security	344	
State Retirement	151	
Unemployment Compensation	12	
Employer Medicare	80	
Transportation Equipment	1,100	
Total Transportation		7,234

Total School Federal Projects Fund

\$ 1,023,262

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

Central Cafeteria Fund

Support Services

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	5,867	
Cafeteria Personnel		225,071	
Other Salaries & Wages		1,406	
Social Security		14,636	
State Retirement		5,576	
Life Insurance		301	
Medical Insurance		65,320	
Dental Insurance		3,782	
Unemployment Compensation		708	
Local Retirement		6,305	
Employer Medicare Liability		3,423	
Communication		134	
Dues and Memberships		319	
Maintenance and Repair Services - Equipment		1,610	
Travel		2,898	
Other Contracted Services		2,513	
Food Preparation Supplies		1,057	
Food Supplies		373,483	
Office Supplies		779	
Uniforms		156	
Other Supplies and Materials		2,854	
In-Service/Staff Development		363	
Other Charges		5,914	
Food Service Equipment		84	
Total Food Service			\$ 724,559

Total Central Cafeteria Fund

\$ 724,559

Debt Service Fund

Debt Service Expenditures

Principal on Bonds	\$	435,000	
Interest on Bonds		781,999	
Principal on Capitalized Leases		84,792	
Other Debt Service Changes - Principal		135,000	
Other Debt Service Changes - Interest		39,265	
Capital Outlay Notes Principal		78,572	
Capital Outlay Notes Interest		10,883	
Bank Service Charges		2,540	
Total Debt Service Expenditures			\$ 1,568,051

Total Debt Service Fund

\$ 1,568,051

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

Community Policing Fund

Public Safety

Community Policing

Personnel Expenditures

Education/Training

\$ 3,089

Total Personnel Expenditures

\$ 3,089

Contractual Services

Public Relations

\$ 3,565

Community Christmas Expense

11,884

Total Contractual Services

15,449

Supplies

Small Items of Equipment

\$ 168

Food

5,852

Other Operating Supplies

1,915

Total Supplies

7,435

Total Community Policing

\$ 25,973

Total Community Policing Fund

\$ 25,973

Sanitation Fund

Public Works

Sanitation Services

Personnel Expenditures

Regular Employee Salaries

\$ 173,810

Salaries - Overtime

4,566

OASI Employers Share

13,513

Employee Health Insurance

44,395

Retirement - TCRS

4,570

Retirement - ING

1,995

Employee Dental Insurance

2,585

Employee Life Insurance

346

Worker's Compensation

9,043

Unemployment Insurance

335

Total Personnel Expenditures

\$ 255,148

Contractual Services

Repairs & Maintenance - Vehicle

\$ 23,811

Repair & Maintenance - Other Mac

10,666

Brush Disposal

33,180

Landfill Services

647,346

Total Contractual Services

715,003

Supplies

Small Items of Equipment

\$ 1,575

Gas, Oil, Diesel, Fuel Grease

16,084

Tires, Tubes, etc.

1,132

Total Supplies

18,791

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

Sanitation Fund (Cont.)

Public Works (Cont.)

Sanitation Services (Cont.)

Fixed Charges

General Liability

\$ 1,903

Total Fixed Charges

1,903

Total Sanitation Services

990,845

Total Sanitation Fund

\$ 990,845

Drug Control Fund

Public Safety

Drug Investigation and Control

Personnel Expenditures

Salaries - Overtime

\$ 6,714

OASI Employers Share

495

Retirement - TCRS

327

Retirement - ING

32

Education and Training

11,726

Total Personnel Expenditures

\$ 19,294

Contractual Services

Automobile Licenses and Titles

\$ 295

GOV Deals Expense

4,958

Repair and Maintenance - Vehicles

8,802

Other Repairs and Maintenance

1,371

Miscellaneous Contractual Services

5,397

Total Contractual Services

20,823

Supplies

Small Items of Equipment

\$ 2,970

Other Operating Supplies

31,954

Gas, Oil, Diesel and Grease

182

Other Equipment Parts and Supplies

5,818

Total Supplies

40,924

Capital Outlay

Drug Vehicle

\$ 85,846

Total Capital Outlay

85,846

Total Drug Investigation and Control

\$ 166,887

Total Drug Control Fund

\$ 166,887

SUPPLEMENTARY INFORMATION SECTION

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City of Manchester, Tennessee
 Schedule of Assessed Property Tax Values.
 Property Tax Rates and Changes in Property Taxes Receivable
 For the Year Ended June 30, 2016

Tax Year	Rate	Assessed Value	Original Levy	Balance July 1, 2015	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectible	Net Receivable Balance June 30, 2016
2016	\$2.2999	\$ 202,117,409	\$ 4,725,424	\$ -	\$ 4,725,425	\$ 4,845,752	\$ -	\$ -	\$ 12,088	\$ 4,833,664
2015	2.2999	200,387,660	4,648,498	349,406	-	-	(4,216)	4,401,579	11,788	307,842
2014	2.2999	199,239,840	4,607,596	313,951	-	-	(7,260)	293,560	11,596	36,990
2013	2.2999	198,302,639	4,582,317	123,239	-	-	953	99,164	11,494	204,246
2012	2.2999	199,841,765	4,572,262	26,948	-	-	-	18,155	11,431	93,653
2011	2.2999	184,677,943	4,596,161	14,641	-	-	-	4,331	11,406	11,211
2010	2.4200	177,121,956	4,469,199	10,623	-	-	-	3,206	8,756	2,679
2009	2.4200	171,555,937	4,286,351	12,345	-	-	-	928	9,695	-
2008	2.4200	164,347,449	4,151,654	5,196	-	-	-	48	12,297	-
2007							(5,005)	191	-	-
Totals				\$ 856,349	\$ 4,725,425	\$ 4,845,752	\$ (15,528)	\$ 4,821,162	\$ 100,551	\$ 5,490,285

NOTES: All uncollected taxes for years prior to 2014 were turned over to the Clerk and Master for collection.

City of Manchester, Tennessee
Schedule of Utility Rate Structure and Number of Customers
June 30, 2016

	<u>2015-2016</u>		<u>2014-2015</u>	
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>
<u>Within Corporate Limits</u>				
Up to and including 2,000 gallons	\$ 8.60	\$ 10.82	\$ 8.60	\$ 10.82
Next 98,000 gallons per 1,000 gallons	\$ 4.30	\$ 5.41	\$ 4.30	\$ 5.41
All over the next 100,000 gallons per 1,000 gallons	\$ 3.42	\$ 4.30	\$ 3.42	\$ 4.30
Unmetered Residential Customers	\$	\$ 25.74	\$	\$ 25.74
<u>Outside Corporate Limits</u>				
One and one-half times inside rate - Industrial				
Two time inside rate - Residential and Commercial				
<u>Number of Customers</u>				
Residential - Inside of City	4,267	4,175	4,215	4,124
Residential - Outside of City	1,989	10	1,965	10
Commercial - Inside of City	677	601	669	594
Commercial - Outside of City	96	11	95	11
Industrial - Inside of City	11	11	11	11
Industrial - Outside of City	30	28	30	28
Total	7,070	4,836	6,985	4,778

AWWA Free Water Audit Software: Reporting Worksheet

WAS v0.0
American Water Works Association
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[Click to access definition](#)
[Click to add a comment](#)

Water Audit Report for: **City of Manchester Water & Sewer Department (0000429)**
Reporting Year: **2016** **7/2015 - 6/2016**

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

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

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

WATER SUPPLIED

Volume from own sources: MG/yr
Water Imported: 10 939,030 MG/yr
Water exported: 10 230,502 MG/yr

Master Meter and Supply Error Adjustments

Enter grading in column 'E' and 'J'
Pcnt: Value: MG/yr
 10 3.00% MG/yr
 9 3.00% MG/yr

WATER SUPPLIED: 687,891 MG/yr

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

AUTHORIZED CONSUMPTION

Billed metered: 10 618,630 MG/yr
Billed unmetered: 10 MG/yr
Unbilled metered: 10 5,154 MG/yr
Unbilled unmetered: 8,599 MG/yr

Default option selected for Unbilled unmetered - a grading of 6 is applied but not displayed

AUTHORIZED CONSUMPTION: 632,383 MG/yr

Click here: for help using option buttons below

Pcnt: Value: MG/yr
 1.25% MG/yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

55,509 MG/yr

Apparent Losses

Unauthorized consumption: 1,720 MG/yr

Default option selected for unauthorized consumption - a grading of 6 is applied but not displayed

Customer metering inaccuracies: 9 0,000 MG/yr
Systematic data handling errors: 1,547 MG/yr

Default option selected for Systematic data handling errors - a grading of 6 is applied but not displayed

Apparent Losses: 3,266 MG/yr

Pcnt: Value: MG/yr
 0.25% MG/yr

MG/yr
 0.25% MG/yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 52,242 MG/yr

WATER LOSSES: 55,509 MG/yr

NON-REVENUE WATER

NON-REVENUE WATER: 69,261 MG/yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 10 190.0 miles
Number of active AND inactive service connections: 10 7,088
Service connection density: 37 conn./mile main

Are customer meters typically located at the curbstop or property line? Yes

Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)
Average length of customer service line has been set to zero and a data grading score of 10 has been applied
Average operating pressure: 7 60.0 psi

COST DATA

Total annual cost of operating water system: 10 \$2,561,067 \$/Year
Customer retail unit cost (applied to Apparent Losses): 9 \$4.30 \$/1000 gallons (US)
Variable production cost (applied to Real Losses): 10 \$1,250.00 \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 92 out of 100 *****

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

PRIORITY AREAS FOR ATTENTION:

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

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

AWWA Free Water Audit Software: System Attributes and Performance Indicators

v5.0

American Water Works Association
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Water Audit Report for: City of Manchester Water & Sewer Department (0000429)
 Reporting Year: 2016 7/2015 - 6/2016

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 92 out of 100 ***

System Attributes:

	Apparent Losses:	3,266	MG/Yr
+	Real Losses:	52,242	MG/Yr
=	Water Losses:	55,509	MG/Yr

? Unavoidable Annual Real Losses (UARL): 45.80 MG/Yr

Annual cost of Apparent Losses: \$14,045

Annual cost of Real Losses: \$65,303 Valued at Variable Production Cost
 Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied: 10.1%
 Non-revenue water as percent by cost of operating system: 3.8% Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: 1.26 gallons/connection/day
 Real Losses per service connection per day: 20.19 gallons/connection/day
 Real Losses per length of main per day*: N/A
 Real Losses per service connection per day per psi pressure: 0.34 gallons/connection/day/psi

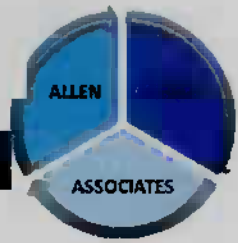
From Above, Real Losses = Current Annual Real Losses (CARL): 52.24 million gallons/year

? Infrastructure Leakage Index (ILI) (CARL/UARL): 1.14

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

SINGLE AUDIT SECTION

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Allen, McGee and Associates

Certified Public Accountants

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

January 19, 2017

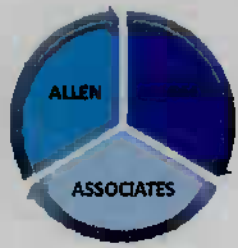
To the Board of Mayor and Aldermen
City of Manchester, Tennessee
200 West Fort Street
Manchester, Tennessee 37355

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government auditing standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Manchester, Tennessee's basic financial statements and have issued our report thereon dated January 19, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Allen, McGee and Associates

Certified Public Accountants

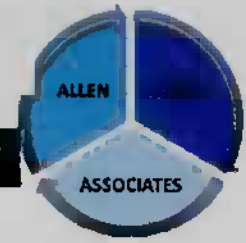
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency. (Findings 2015-002 Receivables for the Recreation Center, 2016-002 Voided and/or Adjusting Entries Made to Cash Collections without Appropriate Documentation, and 2016-005 The General Ledger is not being Reconciled to the Fixed Asset Listing Duties)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Manchester, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instances of noncompliance that is required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2015-003 Budget Expenditures in Excess of Appropriations, 2015-004 Deposits With Financial Institution in Excess of Required Collateral Pledges, 2015-010 Cash Overdraft in the Recreation Fund Investment in Pooled Cash, 2016-001 Purchase from a Manchester Committee Member in Violation of the Manchester Municipal Code and a Direct Conflict of Interest as Defined by Tennessee Code Annotated, and 2016-007 Lease Purchase Agreement Not Approved by the Board of Mayor and Aldermen and Not Reported to the Division of Local Government Finance.

City of Manchester, Tennessee's Response to Findings

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



Allen, McGee and Associates

Certified Public Accountants

Purpose of this Report

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

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

January 19, 2017

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

Report on Compliance for Each Major Federal Program

We have audited the City of Manchester, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City of Manchester, Tennessee's major federal programs for the year ended June 30, 2016. City of Manchester, Tennessee's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

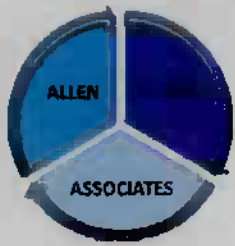
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

110 North Jackson Street, Tullahoma, TN 37388
Phone: (931)393-3307, Fax: (931)393-3503,
Web Page: AllenMcGeeCPA.com



Allen, McGee and Associates

Certified Public Accountants

Opinion on Each Major Federal Program

In our opinion, the City of Manchester complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

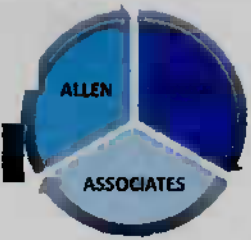
Management of the City of Manchester, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Manchester, Tennessee's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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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Phone: (931)393-3307, Fax: (931)393-3503,
Web Page: AllenMcGeeCPA.com



Allen, McGee and Associates

Certified Public Accountants

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government auditing standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Manchester, Tennessee's basic financial statements. We issued our report thereon dated January 19, 2017 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Allen, McGee and Associates

Certified Public Accountants

January 19, 2017

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City of Manchester, Tennessee
Schedule of Expenditures of Federal Awards and State Grants
For the Year Ended June 30, 2016

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
School Breakfast Program	10.553	(2)	\$ 133,326
National School Lunch Program	10.556	(2)	409,247
Passed-through State Department of Agriculture:			
Commodity Supplemental Food Program	10.565	(2)	39,999
Total U.S. Department of Agriculture			<u>\$ 582,572</u>
U.S. Department of Housing and Urban Development			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	33004-13415	\$ 198,539
Total U.S. Department of Housing and Urban Development			<u>\$ 198,539</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	154AL-15-82	15,439
Total U.S. Department of Transportation			<u>\$ 15,439</u>
U.S. Department of Homeland Security			
Disaster Grants-Public Assistance(Presidentially Declared Disasters)			
	97.036	N/A	\$ 72,872
Total U.S. Department of Homeland Security			<u>\$ 72,872</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 475,019
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	417,243
Special Education - Preschool Grants	84.173	N/A	66,393
Rural Education	84.358	N/A	24,024
English Language Acquisition State Grants	84.365	N/A	19,109
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	N/A	49,324
Passed-through National Institute for Excellence in Teaching:			
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374	N/A	545,259
Total U.S. Department of Education			<u>\$ 1,596,371</u>
Total Expenditures of Federal Awards			<u>\$ 2,465,793</u>
<u>State Grants</u>			
Project Diabetes Implementation Grants - State Department of Health		34347-41314	149,990
Coordinated School Health Initiative - State Department of Education		(2)	61,102
LEAP Grant - State Department of Economic and Community Development		(2)	97,298
Family Resource Center Grant - State Department of Education		(2)	59,223
Safe Schools Act 2003 - State Department of Education		(2)	10,009
TDOT Master Plan Grant			1,024
Total State Grants			<u>\$ 378,646</u>

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

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.

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CITY OF MANCHESTER, TENNESSEE
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2016

Government Audit Standards require auditors to report the status of uncorrected findings for prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from Comprehensive Annual Financial Report for City of Manchester, Tennessee, for year ended June 30, 2016.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>City General Government</u>					
2015	155	2015-001	Physical Inventory of Capital Assets of the City of Manchester.	N/A	Corrected
2015	156	2015-002	Receivables for the Recreation Center.	N/A	Not Corrected
2015	156	2015-003	Budgeted Expenditure in Excess of Appropriations.	N/A	Not Corrected
2015	157	2015-004	Deposit with Financial Institution in Excess of Required Collateral Pledges.	N/A	Not Corrected
<u>Manchester City Schools</u>					
2015	158	2015-005	Missing Support for Disbursements.	N/A	Corrected
2015	159	2015-006	Duties Were Not Adequately Segregated.	N/A	Corrected
2015	159	2015-007	Failure to Properly Reconcile the Bank Statements to the General Ledger Controls.	N/A	Corrected

City of Manchester, Tennessee
Summary Schedule of Prior-year Audit Findings (Cont.)

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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Manchester City Schools (Cont.)

2015	160	2015-008	Failure to Reconcile the General Ledger Payroll Liabilities Payables to Amounts Paid and/or Due	N/A	Corrected
2015	161	2015-009	Failure to Properly Establish Receivables for the General Purpose School Fund.	N/A	Corrected

General Government and the Manchester City Schools

2015	162	2015-010	Cash Overdraft in the Schools Federal Projects Fund Investment in Pooled Cash.	N/A	Corrected for Schools Not Corrected for General Government
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Prior-year Federal Award Findings

There were no prior-year federal award findings to report.

**City of Manchester, Tennessee
 Schedule of Audit Findings and Questioned Costs
 For the Year Ended June 30, 2016**

PART I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Our report on the financial statements of the City of Manchester is unmodified.
2. Internal Control Over Financial Reporting:
 - Material weakness identified? NO
 - Significant deficiency identified? YES
3. Noncompliance material to the financial statement noted? YES

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - Material weakness identified? NONE REPORTED
 - Significant deficiency identified? NONE REPORTED
5. Type of report auditor issued on compliance for Major program: UNMODIFIED
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? NONE REPORTED
7. Identification of Major Federal Programs:

CFDA Numbers 10.553, 10.555 and 10.565	Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Commodity Supplemental Food Program
CFDA Number 14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
CFDA Number 84.010	Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000
9. Auditee qualified as low-risk auditee? NO

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

City General Government

FINDING 2015-002 RECEIVABLES FOR THE RECREATION CENTER
(Internal Control – Significant Deficiency under *Government Auditing Standards*)

As of June 30, 2016, accounts receivable existed for the Manchester Recreation Center totaling \$96,250 on the financial statements of this report. These receivables have not been periodically reviewed and amounts determined to be uncollectable should be written off. Also, if any accounts are not available for the current period expenses these amounts should be included in deferred inflows to offset this asset.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE

The Board in conjunction with the Recreation Commission will review the policy regarding write-off of bad debts and take appropriate actions.

FINDING 2015-003 BUDGETED EXPENDITURES IN EXCESS OF APPROPRIATIONS
(Non Compliance under *Government Auditing Standards*)

During the period under examination total expenditures of the Tourism and Economic Development Fund exceeded appropriations by \$2,732.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE

The City understands that the law requires that municipalities maintain self-supporting funds. The City also realizes that the Tourism and Economic Development Fund inadvertently closed the fiscal year with a deficit balance. The City will ensure that this does not occur again.

**PART II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS
(CONT.)**

City General Government (Cont.)

**FINDING 2015-004 DEPOSIT WITH FINANCIAL INSTITUTION IN EXCESS OF
REQUIRED COLLATERAL PLEDGES
(Non Compliance under *Government Auditing Standards*)**

As of June 30, 2016 deposits with one financial institution exceeded collateral pledge requirements by \$2,550,059 as required by state statutes.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE

This will be reconciled on a regular basis to ensure that this is corrected.

**FINDING 2015-010 CASH OVERDRAFT IN THE RECREATION FUND INVESTMENT
IN POOLED CASH
(Non -Compliance under *Government Auditing Standards*)**

On June 30, 2016, a cash overdraft existed with the City of Manchester Pooled Cash account for the Recreation Fund due to checks being issued in excess of available monies totaling \$5,782. In effect this is a loan from the City of Manchester Pooled Cash Account. This loan was not approved by the Tennessee Comptroller of the Treasury, Division of Local Finance as required by *Tennessee Code Annotated, Title 9*. This loan was also not approved by the Manchester City School Board or the Manchester Board of Mayor and Aldermen as required by the Manchester Charter.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE

The City understands that the law requires that municipalities maintain self-supporting funds. The City also realizes that the Recreation Fund inadvertently closed the fiscal year with a deficit balance. The City will ensure that this fund has a positive fund balance at the end of the year.

**PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS
(CONT.)**

City General Government (Cont.)

FINDING 2016-001 PURCHASE FROM A MANCHESTER COMMITTEE MEMBER IN VIOLATION OF THE MANCHESTER MUNICIPAL CODE AND A DIRECT CONFLICT OF INTEREST AS DEFINED BY TENNESSEE CODE ANNOTATED

(Noncompliance under Government Auditing Standards)

Section 5-709 of the City of Manchester, Tennessee's Municipal Code states that, "the City of Manchester cannot buy from nor sell to a city official or employee other than by public auction that has been properly advertised, or from a source in which such person has ten percent (10%) or more ownership interest during his term of employment or tenure in office or for six (6) months thereafter." Further, *Tennessee Code Annotated, Section 12-4-101* states that "it is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be directly interested in any such contract." During our examination, a purchase of promotional supplies totaling \$932 was made from a committee member's business in violation of the *Manchester Municipal Code*. This committee member voted on the approval of the purchase, filled out the requisition and authorization for the payment of this purchase. This purchase is considered a direct conflict of interest as defined by *Tennessee Code Annotated*.

RECOMMENDATION

Purchases should be made in compliance with the *Manchester Municipal Code*. All direct conflicts of interest in accordance with Tennessee State Statutes should be avoided.

MANAGEMENT'S RESPONSE

This issue has been resolved and will not occur again.

FINDING 2016-002 VOIDED AND/OR ADJUSTING ENTRIES MADE TO CASH COLLECTIONS WITHOUT APPROPRIATE DOCUMENTATION OF APPROVAL BEING MAINTAINED AT THE RECREATION DEPARTMENT

(Internal Control – Significant Deficiency under Government Auditing Standards)

During our examination, we noted several voided and/or adjusting entries made to cash collections of the recreation department totaling \$20,607 that did not have proper supporting documentation. It was further noted the city employee who had made the original entries also made these cash collections adjustments/voiding entries.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS
(CONT.)

City General Government (Cont.)

FINDING 2016-002 VOIDED AND/OR ADJUSTING ENTRIES MADE TO CASH COLLECTIONS WITHOUT APPROPRIATE DOCUMENTATION OF APPROVAL BEING MAINTAINED AT THE RECREATION DEPARTMENT (CONT.)

RECOMMENDATION

To prevent fraud and/or abuse of city funds all voiding and/or adjusting entries to cash collections should have proper supporting documentation. This documentation should include the nature of the adjustment and the approval of management and/or an independent individual to the transaction.

MANAGEMENT'S RESPONSE

All departments have been made aware of the segregation of duties.

FINDING 2016-05 THE GENERAL LEDGER IS NOT BEING RECONCILED TO THE FIXED ASSET LISTING SUBSIDIARY LEDGER
(Internal Control – Significant Deficiency under *Government Auditing Standards*)

During our examination, it was discovered that the fixed asset master listing (Subsidiary ledger) was not being reconciled to the general ledger control on a periodic basis. Discrepancies were found in both the subsidiary ledgers because of this lack of reconciliation.

RECOMMENDATION

Periodically, the general ledger control needs to be reconciled against the fixed asset master listing.

MANAGEMENT'S RESPONSE

During the 2015-2016 fiscal year, a physical inventory was performed within each department. While this is better, the City will strive to make it more accurate.

**PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS
(CONT.)**

Manchester City Schools

**FINDING 2016-007 LEASE PURCHASE AGREEMENT NOT APPROVED BY THE
BOARD OF MAYOR AND ALDERMEN AND NOT REPORTED TO
THE DIVISION OF LOCAL GOVERNMENT FINANCE
(Noncompliance under *Government Auditing Standards*)**

During the year covered by these financial statements the Board of Education entered a lease purchase arrangement for data processing equipment totaling \$64,143. This lease purchase agreement was not approved by the Board of Mayor and Aldermen. Section 17 of the City of Manchester Charter states that "All bonded indebtedness or other borrowing shall be by the action of the Board of Mayor and Alderman upon the recommendation of the Board of Education". Further this capital lease was not reported to the Comptroller of the Treasury, Office of State and Local Government Finance on form CT-0253 as required by *Tennessee Code Annotated* Section 9-21-151.

RECOMMENDATION

All borrowings should be approved by the Board of Mayor and Aldermen and CT-0253 should be filed with the Comptroller of The Treasury Office of State and Local Government Finance within 45 days of issuance.

MANAGEMENT'S RESPONSE

In October of 2015 Director of Schools, Sandra Morris, and Director of Technology, Mark Howell, requested to be added to the agenda of the Manchester City Mayor of Board and Alderman. The intent of our meeting was to discuss the lease of Server Equipment for the use of Manchester City Schools. The lease amount of \$64,143.67 was requested to be spread over a 5-year period.

City Attorney, Gerald Ewell, stated it would not be in the best interest of the Mayor of Board and Alderman to disapprove or approve such lease. He recommended to have the Manchester City Schools Board of Education approve the lease. In November of 2015, the Manchester City Schools Board of Education approved the lease of server equipment and have currently made 2 of the 5 yearly payments on the equipment.

PART III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.