



**CITY OF MANCHESTER, TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**FOR FISCAL YEAR ENDING JUNE 30, 2024**

**Matlock Clements**

**Certified Public Accountants**

## **INTRODUCTORY SECTION**

**City of Manchester, TN**  
**Annual Financial Report**  
**For the Year Ended June 30, 2024**

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**SCHEDULE OF ELECTED AND APPOINTED OFFICIALS  
CITY OF MANCHESTER, TENNESSEE  
JUNE 30, 2024**

**ELECTED OFFICIALS**

**Board of Mayor and Aldermen**

Marilyn Howard, Mayor	Mark Messick, Vice Mayor
Donnie Parsley, Alderman	Ryan French, Alderman
Joey Hobbs, Alderman	Bob Bellamy, Alderman

Julie Anderson, Alderman

**Manchester City School Board**

Travis Hillis, Chairman	Susan Parsley, Member
Lisa Gregory, Member	Dr. Prater Powell, Member
Lee Sullivan, Member	

**APPOINTED OFFICIALS**

Anthony Burrows, Finance Director

Bill Sipe, Chief of Police

George Chambers, Fire Chief

Jeff Perry, Director of Water and Sewer

AJ Fox, Director of Parks & Recreation

George Gannon, Director of Public Works

Brittany Fiske, Director of Building and

Codes Joey Vaughn, Director of Schools

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Manchester, Tennessee

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Manchester, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit, The Public Building Authority of the City of Manchester, whose financial statements reflect total assets of \$232,803 and total revenues of \$1,314,667. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Public Building Authority of the City of Manchester are based solely on the report of the other auditors.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Manchester, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Eric Clements, CPA, CFE • Andy Matlock, C

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension data, and post-employment benefit data on pages 9 through 15 and 73 through 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 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 accompanying combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section of the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the schedule of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors.

In our opinion based on our audit and the report of the other auditors, the combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section of the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Manchester, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Manchester, Tennessee's internal control over financial reporting and compliance.



Matlock Clements, P.C.  
Murfreesboro, Tennessee  
June 27, 2025

**CITY OF MANCHESTER, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

As management of the City of Manchester, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. 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 \$78,451,852. Of this amount, \$37,896,237 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City is working on several large construction projects of which portions are funding by grants awarded to the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,934,385.

**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 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,

**CITY OF MANCHESTER, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

public works, public safety, and public welfare, recreation and schools. The business-type activities of the City includes water and sewer services.

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 all four funds.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund, General Purpose School Fund, Debt Service Fund and Special Revenue Funds to demonstrate compliance with the appropriation.

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 governmental-wide financials 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.

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.

**CITY OF MANCHESTER, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

**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, Tennessee, assets exceeded liabilities by \$78,451,852 at the close of this fiscal year, compared to \$73,856,735 in the prior year.

The largest portion of the City's net position (49%), 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.

An additional portion of the City of Manchester, Tennessee's net position (7%) represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Manchester, Tennessee is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its' business-type activities. The component unit of the City reported a negative ending net position of \$10,394.

Significant Budget Variations (General Fund)

Significant variances between the budget and actual results of the General fund included an overage of \$1,456,007 in the local tax projections and unspent capital outlay in various departments.

Currently Known Facts, Decisions, or Conditions

Anticipated differences in the next fiscal year are: increases in revenues of the water sewer fund due to an increase in rates, increases in general fund revenues due to increased growth in the area.

**CITY OF MANCHESTER, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**City of Manchester, Tennessee Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current assets	\$ 42,503,010	\$ 14,481,417	\$ 16,523,443	\$ 15,670,060
Capital assets, net	36,263,087	33,965,157	32,399,217	32,842,722
<b>Total Assets</b>	<b>78,766,097</b>	<b>48,446,574</b>	<b>48,922,660</b>	<b>48,512,782</b>
Deferred outflows	5,420,253	354,831	261,245	150,497
<b>Total Deferred Outflows</b>	<b>5,420,253</b>	<b>354,831</b>	<b>261,245</b>	<b>150,497</b>
Current and other liabilities	5,385,493	6,299,162	6,309,045	4,819,481
Long-term liabilities	19,461,559	14,850,000	16,675,000	18,565,000
<b>Total Liabilities</b>	<b>24,847,052</b>	<b>21,149,162</b>	<b>22,984,045</b>	<b>23,384,481</b>
Deferred inflows of resources	8,099,190	440,499	474,573	609,697
<b>Deferred Inflows of Resources</b>	<b>8,099,190</b>	<b>440,499</b>	<b>474,573</b>	<b>609,697</b>
Net Investment in Capital Assets	17,725,809	16,916,535	13,430,646	11,989,354
Restricted	5,616,577	-	257,097	99,808
Unrestricted	27,897,722	10,295,209	12,037,544	12,579,939
<b>Total Net Position</b>	<b>\$ 51,240,108</b>	<b>\$ 27,211,744</b>	<b>\$ 25,725,287</b>	<b>\$ 24,669,101</b>

Changes in net position. Governmental activities increased the City's net position by \$3,180,660. Business-type activities net position increased by \$1,486,457.

**CITY OF MANCHESTER, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**City of Manchester, Tennessee Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Charges for services	\$ 2,876,470	\$ 2,854,140	8,459,407	6,933,751
Grants and contributions	16,078,884	15,498,023	100,192	275,733
General Revenues				
Taxes	23,882,030	22,367,179	-	-
Other revenues	1,240,332	1,648,462	164,456	166,325
Investment earnings	228,810	65,246	175,525	67,589
Miscellaneous				
Total Revenues	<u>44,306,526</u>	<u>42,433,050</u>	<u>8,899,580</u>	<u>7,443,398</u>
Expenses				
General government	1,435,925	1,664,346	-	-
Public safety	6,632,864	5,761,090	-	-
Public Works	3,638,642	2,568,738	-	-
Health, Welfare, & Recreation	4,430,046	2,963,312	-	-
Economic developemtn	110,382	68,610	-	-
Education	24,469,656	20,809,247	-	-
Capital Outlay	772,584	646,821	-	-
Debt Service	570,105	560,277	-	-
Water and Sewer	-	-	7,413,123	6,387,212
Total Expenses	<u>42,060,204</u>	<u>35,042,441</u>	<u>7,413,123</u>	<u>6,387,212</u>
Change in net position	2,246,321	7,390,609	1,486,457	1,056,186
Net position, beginning, restated	48,993,787	40,740,839	25,725,287	24,669,101
Net position, ending	\$ 51,240,108	\$ 48,131,448	\$ 27,211,744	\$ 25,725,287

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

- The overall revenues increased by \$1,873,476, while expenditures increased by \$6,155,425

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

- The overall revenues increased by \$1,456,182, while expenditures increased by \$1,025,911.

**CITY OF MANCHESTER, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**Business-type Activities**

Business-type activities accounted for revenue of \$8,899,580.

**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 \$31,934,385, an increase of \$1,054,076 in comparison with the prior year. Approximately \$15,579,732 (49%) of this balance is unassigned. This amount is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, committed or assigned for specific purposes.

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 \$15,579,732. 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 146.25% of total general fund expenditures.

**Proprietary fund**

The City's proprietary fund provides 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 \$10,295,209.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Manchester, Tennessee's business-type activities.

**Capital Assets**

The City of Manchester's investment in capital assets from its governmental and business-type activities at June 30, 2024 amounts to \$58,365,389 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvement, machinery and equipment, park facilities, roads, highways, and bridges.

**CITY OF MANCHESTER, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**City of Manchester, Tennessee's Capital Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	5,236,727	4,522,077	210,937	210,937	5,447,664	4,733,014
Buildings and improvements	32,089,459	31,964,912	398,600	398,600	32,488,059	32,363,512
Furniture, machinery, and equipment	9,983,614	8,971,025	1,937,066	1,889,060	11,920,680	10,860,085
Construction in progress	5,763,267	5,640,458	6,099,588	5,824,575	11,862,855	11,465,033
Infrastructure	29,908,710	29,908,720	57,521,495	54,718,334	87,430,205	84,627,054
Accumulated Depreciation	<u>(46,718,690)</u>	<u>(45,136,583)</u>	<u>(32,202,529)</u>	<u>(30,642,289)</u>	<u>(78,921,219)</u>	<u>(75,778,872)</u>
Total capital Assets	\$ 36,263,087	\$ 35,870,609	\$ 33,965,157	\$ 32,399,217	\$ 58,365,389	\$ 68,269,826

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, excluding premiums and discounts, the City of Manchester had debt outstanding of \$33,809,613. Of this amount, \$2,818,336 is due in the next fiscal year.

**City of Manchester, Tennessee Outstanding Debt**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Principal due in the next fiscal year	\$993,336	\$1,825,000	\$2,818,336

The City of Manchester has a combined total debt in the amount of \$33,809,613 outstanding during the current fiscal year, a decrease of \$2,858,096 from the prior year. The bonded debt is secured solely by specified revenue sources (i.e. revenue bonds).

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

**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, 200 West Fort Street, Manchester, TN 37355.

## **BASIC FINANCIAL STATEMENTS**

**City of Manchester, Tennessee**  
**Statement of Net Position**  
**June 30, 2024**

	<u>Primary Government</u>			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Investment in pooled cash	\$ 29,291,674	\$ 2,246,160	\$ 31,537,834	\$ 85,739
Cash	474,663	4,818,075	5,292,738	-
Restricted assets - cash	189,132	-	189,132	-
Receivables				
Property taxes , net	5,875,831	-	5,875,831	-
Customers , net	-	650,590	650,590	-
Other	1,351,207	-	1,351,207	68,567
Due from Other Governments	2,375,969	-	2,375,969	-
Other assets	-	-	-	331
Unbilled Water and Sewer	-	198,776	198,776	-
Notes receivable - DRUC	-	6,245,000	6,245,000	-
Inventories	116,003	314,076	430,079	12,981
Capital assets, not being depreciated	10,999,994	6,310,525	17,310,519	-
Capital assets, being depreciated, net	25,263,093	27,654,632	52,917,725	63,966
TCRS Stabilization Reserve Trust	115,500	-	115,500	-
Net Pension Asset	2,713,031	8,740	2,721,771	1,219
Total Assets	<u>\$ 78,766,097</u>	<u>\$ 48,446,574</u>	<u>\$ 127,212,671</u>	<u>\$ 232,803</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	\$ 3,989,392	\$ 354,831	\$ 4,344,223	\$ 50,360
Deferred Outflows Related to OPEB	1,430,861	-	1,430,861	-
Total Deferred Outflows of Resources	<u>\$ 5,420,253</u>	<u>\$ 354,831</u>	<u>\$ 5,775,084</u>	<u>\$ 50,360</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 834,166	\$ 333,146	\$ 1,167,312	\$ 84,749
Accrued Payroll	346,577	121,446	468,023	-
Accrued Interest Payable	36,012	44,172	80,184	-
Other Payables	724,691	302,737	1,027,428	100,000
Due to Other Governments	2,161	29,867	32,028	-
Customer Deposits	-	468,808	468,808	25,722
Unearned Revenues	72,169	2,929,284	3,001,453	-
Compensated absences	2,376,381	244,702	2,621,083	52,969
Due Within One Year	993,336	1,825,000	2,818,336	-
Due in More Than One Year	16,141,277	14,850,000	30,991,277	-
Total OPEB Liability	3,320,282	-	3,320,282	-
Total Liabilities	<u>\$ 24,847,052</u>	<u>\$ 21,149,162</u>	<u>\$ 45,996,214</u>	<u>\$ 263,440</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Assessed & Unlevied Property Taxes	\$ 5,430,324	-	\$ 5,430,324	\$ -
Deferred Inflows Related to debt	1,402,665	373,622	1,776,287	-
Deferred Inflows Related to Pensions	595,491	66,877	662,368	9,329
Deferred Inflows Related to OPEB	670,710	-	670,710	-
Total Deferred Inflows of Resources	<u>\$ 8,099,190</u>	<u>\$ 440,499</u>	<u>\$ 8,539,689</u>	<u>\$ 9,329</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 17,725,809	\$ 16,916,535	\$ 34,642,344	\$ 63,966
Restricted for:				
Pensions	2,117,540	-	2,117,540	-
TCRS Stabilization Reserve Trust	115,500	-	115,500	-
Drug Control and Investigation	306,515	-	306,515	-
Education	3,077,022	-	3,077,022	-
Unrestricted	27,897,722	10,295,209	38,192,931	(53,572)
Total Net Position	<u>\$ 51,240,108</u>	<u>\$ 27,211,744</u>	<u>\$ 78,451,852</u>	<u>\$ 10,394</u>

**City of Manchester, Tennessee**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,435,925	\$ 210,040	\$ -	\$ 56,190	\$ (1,169,695)	\$ -	\$ (1,169,695)	
Public Safety	6,632,864	28,947	659,564	-	(5,944,353)	-	(5,944,353)	
Public Works	3,638,642	1,557,846	427,087	-	(1,653,709)	-	(1,653,709)	
Health, welfare, and recreation	4,430,046	864,215	-	-	(3,565,831)	-	(3,565,831)	
Economic development and assistance	110,382	-	-	-	(110,382)	-	(110,382)	
Education	24,469,656	215,422	14,936,043	-	(9,318,191)	-	(9,318,191)	
Capital Outlay	772,584	-	-	-	(772,584)	-	(772,584)	
Debt Service	570,105	-	-	-	(570,105)	-	(570,105)	
Total Governmental Activities	42,060,204	2,876,470	16,022,694	56,190	(23,104,850)	-	(23,104,850)	
Business-type Activities:								
Water and Sewer	7,413,123	8,459,407	-	100,192		1,146,476	1,146,476	
Total Primary Government	\$ 49,473,327	\$ 11,335,877	\$ 16,022,694	\$ 156,382	(23,104,850)	1,146,476	(21,958,374)	
Component Unit:								
The Public Building Authority of Manchester, Tennessee	\$ 1,276,134	\$ 792,025		\$ 2,289				\$ (481,820)
General revenues:								
Property taxes					8,549,291	-	8,549,291	-
Interest and penalty					60,159	-	60,159	-
In-lieu of tax					238,218	-	238,218	-
Licenses and Permits					307,412	-	307,412	-
Local option sales tax					10,540,393	-	10,540,393	-
Wholesale liquor and beer tax					877,285	-	877,285	-
Business and cable TV taxes					1,622,841	-	1,622,841	-
Intergovernmental revenues:								
State sales tax					1,516,316	-	1,516,316	-
Other state revenue					477,258	-	477,258	-
Other revenue					509,088	164,456	673,544	510,891
Investment earnings and rental income					228,810	175,525	404,335	9,462
Gain (loss) on sale of capital assets					424,100	-	424,100	-
Total general revenues					25,351,171	339,981	25,691,152	520,353
Change in net position								
Net position - beginning, as originally reported					2,246,321	1,486,457	3,732,778	38,533
Correction of Error (Note 12)					48,131,448	25,725,287	73,856,735	(28,139)
Net position - beginning, as restated					862,339		862,339	-
Net position - ending					48,993,787	25,725,287	74,719,074	(28,139)
	\$				\$ 51,240,108	\$ 27,211,744	\$ 78,451,852	\$ 10,394

See notes to the financial statements.

**City of Manchester, Tennessee**  
**Reconciliation of the Balance Sheet of Governmental Funds to**  
**the Statement of Net Position**  
**June 30, 2024**

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

Total fund balances - balance sheet - governmental funds		\$	31,934,385
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:			
Capital assets, not being depreciated	\$	10,999,994	
Capital assets, being depreciated, net		<u>25,263,093</u>	36,263,087
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:			
Accrued Interest Payable		(36,012)	
Accrued Vacation and Sick Leave		(2,376,381)	
Due Within One Year		(993,336)	
Due in More than One Year		<u>(16,141,277)</u>	(19,547,006)
Amounts reported as deferred outflows of resources and deferred inflows of resources			
Deferred outflows of resources related to OPEB		1,430,861	
Deferred outflows of resources related to pensions		3,989,392	
Deferred inflows of resources related to OPEB		(670,710)	
Deferred inflows of resources related to pensions		(595,491)	
Deferred inflows of resources related to debt		<u>(1,402,665)</u>	2,751,387
Total OPEB liabilities of the city agent plan are not current financial uses and are therefore not reported in the governmental funds			(3,320,282)
Net pension assets of the city agent plan are not current financial uses and are therefore not reported in the governmental funds			2,713,031
Other long-term liabilities that are not available for current period revenues and, therefore, are either deferred or not reported			<u>445,506</u>
Net position of governmental activities		\$	<u><u>51,240,108</u></u>

See notes to the financial statements.

**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, 2024**

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

**Net change in fund balances - total governmental funds** \$ 1,054,076

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	\$ 2,043,739	
Less: current-year depreciation expense	(1,651,262)	392,477

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: change in premium/discounts	\$ 99,830	
Add: principal payment on long-term debt	968,096	\$ 1,067,926

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

\$ 155,137

Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.

Less: Change in compensated absences	\$ (126,313)	
Add: Change in other post employment benefits	(224,765)	(351,078)

Interest is accrued on the outstanding bonds in the statement of activities, whereas in the governmental funds, an interest expenditure is reported when due.

\$ 3,510

Net change in pension assets/liabilities and expenditures that are deferred or capitalized for the statement of activities.

(75,727)

**Change in net position of governmental activities**

\$ 2,246,321

See notes to the financial statements.

**City of Manchester, Tennessee**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	General	General Purpose School	Debt Service	Other Governmental Funds	Total
<b>ASSETS</b>					
Investment in pooled cash	\$ 13,969,709	\$ 8,091,686	\$ 1,811,345	\$ 5,418,934	\$ 29,291,674
Cash	-	-	-	474,663	474,663
Receivables					
Property taxes , net	5,875,831	-	-	-	5,875,831
Other	267,961	828,640	-	254,606	1,351,207
Due from other governments	2,375,969	-	-	-	2,375,969
Due from other funds	38,768	-	-	-	38,768
Inventory	98,742	-	-	17,261	116,003
TCRS Stabilization Reserve Trust	-	115,500	-	-	115,500
Restricted cash and cash equivalents	189,132	-	-	-	189,132
<b>Total Assets</b>	<b>\$ 22,816,112</b>	<b>\$ 9,035,826</b>	<b>\$ 1,811,345</b>	<b>\$ 6,165,464</b>	<b>\$ 39,828,747</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 491,295	\$ 13,244	\$ -	\$ 329,627	\$ 834,166
Accrued payroll	234,580	-	-	111,997	346,577
Other payables	533,771	63,887	-	30,237	627,895
Judgement payable	-	-	-	46,500	46,500
Retainage Payable	-	-	-	50,296	50,296
Due to other governments	2,161	-	-	-	2,161
Due to other funds	-	502	-	38,266	38,768
Unearned Revenues	-	-	-	72,169	72,169
<b>Total Liabilities</b>	<b>\$ 1,261,807</b>	<b>\$ 77,633</b>	<b>\$ -</b>	<b>\$ 679,092</b>	<b>\$ 2,018,532</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 5,875,831	\$ -	\$ -	\$ -	\$ 5,875,831
<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,875,831</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,875,831</b>
<b>FUND BALANCES</b>					
Nonspendable	\$ 98,742	\$ -	\$ -	\$ 17,261	\$ 116,003
Restricted for:					
General purpose school	-	1,658,675	-	-	1,658,675
Internal school fund	-	-	-	243,764	243,764
School federal projects	-	-	-	138,703	138,703
Central cafeteria	-	-	-	1,035,880	1,035,880
Drug control and investigation	-	-	-	306,515	306,515
TCRS Reserve	-	115,500	-	-	115,500
Assigned for:					
General purpose school	-	7,184,018	-	-	7,184,018
Debt service	-	-	1,811,345	-	1,811,345
Recreation	-	-	-	933,451	933,451
Tourism and community development	-	-	-	452,626	452,626
Sanitation	-	-	-	787,835	787,835
Capital equipment replacement	-	-	-	1,569,861	1,569,861
Education capital projects	-	-	-	477	477
Unassigned	15,579,732	-	-	-	15,579,732
<b>Total fund balances</b>	<b>\$ 15,678,474</b>	<b>\$ 8,958,193</b>	<b>\$ 1,811,345</b>	<b>\$ 5,486,373</b>	<b>\$ 31,934,385</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 22,816,112</b>	<b>\$ 9,035,826</b>	<b>\$ 1,811,345</b>	<b>\$ 6,165,465</b>	<b>\$ 39,828,748</b>

**City of Manchester, Tennessee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**June 30, 2024**

	General	General Purpose School	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues-</b>					
Local Taxes	\$ 14,713,607	\$ -	\$ -	\$ 384,924	\$ 15,098,531
Licenses and permits	321,462	-	-	-	321,462
Charges for services	66,978	39,916	-	2,597,567	2,704,461
Fines and forfeitures	143,062	-	-	28,947	172,009
Other local revenues	61,134	30,267	-	277,649	369,050
Intergovernmental	2,613,611	6,427,517	-	-	9,041,128
Federal and State Grants	715,754	11,870,815	-	3,065,228	15,651,797
Investment earnings	67,018	13,647	145,430	2,715	228,810
Miscellaneous and contribution income	30,577	29,000	-	35,263	94,840
<b>Total Revenues</b>	<b>\$ 18,733,203</b>	<b>\$ 18,411,162</b>	<b>\$ 145,430</b>	<b>\$ 6,392,293</b>	<b>\$ 43,682,088</b>
<b>Expenditures-</b>					
General Government	\$ 1,993,317	\$ -	\$ -	\$ -	\$ 1,993,317
Public Safety	5,636,835	-	-	1,185,404	6,822,239
Public Works	1,767,409	-	-	2,000,581	3,767,990
Health, welfare, and recreation	482,421	-	-	3,750,799	4,233,220
Economic development and assistance	-	-	-	110,382	110,382
Education	-	20,214,668	-	3,541,372	23,756,040
Capital Outlay	772,584	-	-	-	772,584
Debt Service	-	-	1,641,541	-	1,641,541
<b>Total Expenditures</b>	<b>\$ 10,652,566</b>	<b>\$ 20,214,668</b>	<b>\$ 1,641,541</b>	<b>\$ 10,588,538</b>	<b>\$ 43,097,313</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>8,080,637</b>	<b>(1,803,506)</b>	<b>(1,496,111)</b>	<b>(4,196,245)</b>	<b>584,775</b>
<b>Other Financing Sources (Uses)</b>					
Lease Proceeds	\$ -	\$ -	\$ 21,400	\$ -	\$ 21,400
Insurance recoveries	22,700	340	-	761	23,801
Sale of Capital Assets	417,450	-	-	6,650	424,100
Transfers in (out)	(5,380,467)	1,858,467	240,052	3,281,948	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (4,940,317)</b>	<b>\$ 1,858,807</b>	<b>\$ 261,452</b>	<b>\$ 3,289,359</b>	<b>\$ 469,301</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 3,140,320</b>	<b>\$ 55,301</b>	<b>\$ (1,234,659)</b>	<b>\$ (906,886)</b>	<b>\$ 1,054,076</b>
<b>FUND BALANCES - BEGINNING</b>	<b>12,538,154</b>	<b>8,040,553</b>	<b>3,046,004</b>	<b>6,393,259</b>	<b>30,017,970</b>
Correction of Error (Note 12)		862,339		-	862,339
Fund Balances - beginning as restated	12,538,154	8,902,892	3,046,004	6,393,259	30,880,309
<b>FUND BALANCES - ENDING</b>	<b>\$ 15,678,474</b>	<b>\$ 8,958,193</b>	<b>\$ 1,811,345</b>	<b>\$ 5,486,373</b>	<b>\$ 31,934,385</b>

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Local Taxes	13,257,600	13,257,600	14,713,607	1,456,007
Licenses and permits	245,000	245,000	321,462	76,462
Charges for services	36,000	36,000	66,978	30,978
Fines and forfeitures	151,600	151,600	143,062	(8,538)
Other local revenues	25,400	25,400	61,134	35,734
Intergovernmental	2,365,074	2,365,074	2,613,611	248,537
Federal and state grants	641,156	866,156	715,754	(150,402)
Investment earnings	-	-	67,018	67,018
Miscellaneous and contribution income	100,000	100,000	30,577	(69,423)
<b>Total Revenues</b>	<b>16,821,830</b>	<b>17,046,830</b>	<b>18,733,203</b>	<b>1,686,373</b>
<b>EXPENDITURES</b>				
<b><u>General Government</u></b>				
<b>City Court</b>				
Contractual services	12,000	12,000	8,000	4,000
	<u>12,000</u>	<u>12,000</u>	<u>8,000</u>	<u>4,000</u>
<b>Mayor and Alderman</b>				
Personnel expenditures	113,013	151,933	99,018	52,915
Contractual services	218,921	254,921	199,792	55,129
Supplies	6,000	6,000	3,418	2,582
Fixed charges	1,500	1,500	-	1,500
	<u>339,434</u>	<u>414,354</u>	<u>302,228</u>	<u>112,126</u>
<b>Financial Administration</b>				
Personnel expenditures	423,850	423,850	428,752	(4,902)
Contractual services	201,590	201,590	130,482	71,108
Supplies	10,800	10,800	51,300	(40,500)
Fixed charges	1,500	1,500	1,782	(282)
	<u>637,740</u>	<u>637,740</u>	<u>612,316</u>	<u>25,424</u>
<b>Information Systems</b>				
Personnel expenditures	100,779	100,779	96,875	3,904
Contractual services	69,140	69,140	61,450	7,690
Supplies	5,800	5,800	4,328	1,472
Fixed charges	-	-	-	-
Capital Outlay	15,000	15,000	17,195	(2,195)
	<u>190,719</u>	<u>190,719</u>	<u>179,848</u>	<u>10,871</u>

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Planning and Zoning</b>				
Personnel expenditures	286,066	286,066	270,560	15,506
Contractual services	55,900	55,900	33,133	22,767
Supplies	12,400	12,400	7,022	5,378
Fixed charges	3,000	3,000	2,126	874
	357,366	357,366	312,841	44,525
<b>General Government and Buildings</b>				
Personnel expenditures	22,500	22,500	-	22,500
Contractual services	280,000	280,000	211,623	68,377
Supplies	6,000	6,000	300	5,700
Fixed charges	339,400	339,400	316,813	22,587
Capital Outlay	420,737	420,737	10,075	410,662
	1,068,637	1,068,637	538,811	529,826
<b>Economic Development Board</b>				
Personnel expenditures	75,500	75,500	65,623	9,877
Contractual services	37,000	37,000	920	36,080
	112,500	112,500	66,543	45,957
<b>Total General Government</b>	2,718,396	2,793,316	2,020,587	772,729
<b>Public Safety</b>				
<b>Police Department</b>				
Personnel expenditures	2,985,115	3,023,961	2,880,174	143,787
Contractual services	90,000	95,000	93,061	1,939
Supplies	181,950	181,950	151,814	30,136
Fixed charges	1,800	1,800	800	1,000
Capital Outlay	140,719	210,719	218,972	(8,253)
	3,399,584	3,513,430	3,344,821	168,609
<b>Fire Department</b>				
Personnel expenditures	2,338,489	2,372,735	2,276,657	96,078
Contractual services	108,000	108,000	86,403	21,597
Supplies	182,500	182,500	125,305	57,195
Fixed charges	16,000	16,000	12,952	3,048
Capital Outlay	-	-	9,669	(9,669)
	2,644,989	2,679,235	2,510,986	168,249
<b>Total Public Safety</b>	6,044,573	6,192,665	5,855,807	336,858

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b><u>Public Works</u></b>				
<b>Public Works Department</b>				
Personnel expenditures	1,528,072	1,528,072	1,141,240	386,832
Contractual services	382,700	382,700	369,592	13,108
Supplies	228,000	228,000	171,737	56,263
Building Materials	90,000	90,000	84,772	5,228
Fixed charges	2,000	2,000	68	1,932
Capital Outlay	1,166,219	1,166,219	526,342	639,877
	<u>3,396,991</u>	<u>3,396,991</u>	<u>2,293,751</u>	<u>1,103,240</u>
<b>Total Public Works</b>	<u><u>3,396,991</u></u>	<u><u>3,396,991</u></u>	<u><u>2,293,751</u></u>	<u><u>1,103,240</u></u>
<b><u>Health, Welfare, and Recreation</u></b>				
Contributions to other agencies	404,954	414,954	482,421	(67,467)
	<u>404,954</u>	<u>414,954</u>	<u>482,421</u>	<u>(67,467)</u>
<b>Total Health, Welfare, and Recreation</b>	<u><u>404,954</u></u>	<u><u>414,954</u></u>	<u><u>482,421</u></u>	<u><u>(67,467)</u></u>
<b>Total Expenditures</b>	<u><u>12,564,914</u></u>	<u><u>12,797,926</u></u>	<u><u>10,652,566</u></u>	<u><u>2,145,360</u></u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	4,256,916	4,248,904	8,080,637	1,686,373
<b>Other Financing Sources (Uses)</b>				
Insurance recoveries	-	-	22,700	(22,700)
Sale of Capital Assets	-	417,450	417,450	-
Transfers in (out)	(5,246,235)	(6,124,217)	(5,380,467)	(743,750)
<b>Total Other Financing Sources (Uses)</b>	<u>(5,246,235)</u>	<u>(5,706,767)</u>	<u>(4,940,317)</u>	<u>(766,450)</u>
Net change in fund balances	<u><u>\$ (989,319)</u></u>	<u><u>\$ (1,457,863)</u></u>	3,140,320	<u><u>\$ 919,923</u></u>
<b>Fund Balances - beginning</b>			<u>12,538,154</u>	
<b>Fund Balances - end</b>			<u><u>\$ 15,678,474</u></u>	

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Purpose School Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for services	51,229	51,229	39,916	(11,313)
Other local revenues	20,000	45,700	30,267	(15,433)
Intergovernmental	4,218,360	4,218,360	6,427,517	2,209,157
Federal and state grants	10,388,691	11,839,474	11,870,815	31,341
Investment earnings	4,000	4,000	13,647	9,647
Miscellaneous and contribution income	5,000	17,400	29,000	11,600
<b>Total Revenues</b>	<b>14,687,280</b>	<b>16,176,163</b>	<b>18,411,162</b>	<b>2,234,999</b>
<b>EXPENDITURES</b>				
<b><u>Instruction</u></b>				
Regular Instruction	9,026,055	9,818,332	9,450,443	367,889
Alternative Instruction	43,224	43,224	-	43,224
Special education	1,695,226	1,908,890	1,807,711	101,179
Career and Technical education	-	475,000	200,095	274,905
Student body education	2,000	2,000	1,945	55
<b><u>Support Services</u></b>				
Attendance	148,016	157,531	153,350	4,181
Health services	274,747	279,002	247,506	31,496
Other student support	507,396	512,271	310,737	201,534
Regular Instruction	427,153	433,053	359,716	73,337
Special education	305,350	315,795	273,332	42,463
Technology	647,915	517,505	444,420	73,085
Board of education	332,279	431,779	388,946	42,833
Office of the superintendent	307,881	308,166	296,785	11,381
Office of the principal	870,635	896,028	814,604	81,424
Fiscal services	415,402	422,329	419,651	2,678
Operation of plant	1,185,824	1,199,574	1,062,288	137,286
Maintenance of plant	559,247	559,502	414,888	144,614
Transportation	71,112	93,579	84,379	9,200
<b><u>Operation of Non-instructional Services</u></b>				
Community services	96,885	745,368	656,567	88,801
Food service	-	3,963	3,679	284
Early childhood education	300,980	326,220	316,798	9,422
Regular indirect cost	-	6,100	6,100	-
<b><u>Debt Service</u></b>				
Principal	47,424	47,424	47,424	-
Interest	2,976	2,976	2,976	-
<b>Capital Outlay</b>	<b>40,000</b>	<b>2,456,200</b>	<b>2,450,328</b>	<b>5,872</b>
<b>Total Expenditures</b>	<b>17,307,727</b>	<b>21,961,811</b>	<b>20,214,668</b>	<b>1,747,143</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(2,620,447)</b>	<b>(5,785,648)</b>	<b>(1,803,506)</b>	<b>487,856</b>

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Purpose School Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Other Financing Sources (Uses)</b>				
Insurance recoveries	500	500	340	160
Transfers in (out)	1,858,467	1,858,467	1,858,467	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,858,967</u>	<u>1,858,967</u>	<u>1,858,807</u>	<u>160</u>
Net change in fund balances	<u>\$ (761,480)</u>	<u>\$ (3,926,681)</u>	55,301	<u>\$ 488,016</u>
<b>Fund Balances - beginning</b>			<u>8,040,553</u>	
Correction of Error			<u>862,339</u>	
Fund Balances - beginning as restated			<u>8,902,892</u>	
<b>Fund Balances - end</b>			<u>\$ 8,958,193</u>	

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Debt Service Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Investment earnings	20,000	20,000	145,430	125,430
<b>Total Revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>145,430</u>	<u>125,430</u>
<b>EXPENDITURES</b>				
Debt Service	1,643,402	1,643,402	1,641,541	1,861
<b>Total Expenditures</b>	<u>1,643,402</u>	<u>1,643,402</u>	<u>1,641,541</u>	<u>1,861</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,623,402)	(1,623,402)	(1,496,111)	123,569
<b>Other Financing Sources (Uses)</b>				
Lease Proceeds	23,500	23,500	21,400	2,100
Transfers in (out)	240,052	240,052	240,052	-
<b>Total Other Financing Sources (Uses)</b>	<u>263,552</u>	<u>263,552</u>	<u>261,452</u>	<u>2,100</u>
Net change in fund balances	<u>\$ (1,359,850)</u>	<u>\$ (1,359,850)</u>	(1,234,659)	<u>\$ 125,669</u>
<b>Fund Balances - beginning</b>			<u>3,046,004</u>	
<b>Fund Balances - end</b>			<u>\$ 1,811,345</u>	

City of Manchester, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2024

	<b>Water and Sewer Department</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 4,818,075
Investment in pooled cash	2,246,160
Accounts receivable - net	650,590
Unbilled Revenues	198,776
Notes receivable - current portion	440,000
Inventories	314,076
Total Current Assets	8,667,677
<b>Non-current Assets:</b>	
Notes receivable - long term portion	5,805,000
Net pension assets	8,740
Capital assets, not being depreciated	6,310,525
Capital assets, being depreciated, net	27,654,632
Total noncurrent assets	39,778,897
<b>Total Assets</b>	\$ 48,446,574
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pension	\$ 354,831
<b>Total Deferred Outflows of Resources</b>	\$ 354,831
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 48,801,405
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	\$ 333,146
Accrued payroll and payroll liabilities	121,446
Due to Other Governments	29,867
Accrued interest payable	44,172
Retainage payable	251,096
Deferred revenue	2,929,284
Other current liabilities	51,641
Revenue bonds payable - current	1,825,000
Total Current Liabilities	5,585,652
<b>Non-current Liabilities:</b>	
Customer deposits	468,808
Compensated absences	244,702
Revenue bonds payable	14,850,000
Total noncurrent liabilities	15,563,510
<b>Total Liabilities</b>	\$ 21,149,162
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pension	\$ 66,877
Related to debt	373,622
<b>Total Deferred Inflows of Resources</b>	\$ 440,499
<b>NET POSITION</b>	
Net investment in capital assets	\$ 16,916,535
Related to pension	-
Unrestricted	10,295,209
<b>Total Net Position</b>	\$ 27,211,744
<b>Total Liabilities, Deferred inflows of Resources and Net Position</b>	\$ 48,801,405

The accompanying notes are an integral part of the financial statements.

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Proprietary Fund**  
**Year Ended June 30, 2024**

	<u>Water and Sewer Department</u>
<b>OPERATING REVENUES</b>	
<b>Charges for services:</b>	
Water and sewer revenues	\$ 8,011,126
Forfeited discounts	117,180
Connection and other fees	331,101
Miscellaneous water revenues	81,430
Federal and state grants	100,192
Other operating revenue	83,026
<b>Total Operating Revenues</b>	<u>8,724,055</u>
<b>OPERATING EXPENSES</b>	
Transmission and distribution	1,723,970
Customer accounting and collection	556,767
Sewer treatment and disposal	977,139
Shop and maintenance	2,388,561
Depreciation	1,560,781
<b>Total Operating Expenses</b>	<u>7,207,218</u>
Operating income (loss)	1,516,837
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest	175,525
Bond interest and fiscal charges	(205,905)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(30,380)</u>
Changes in net position	1,486,457
<b>Net Position - beginning</b>	<u>25,725,287</u>
<b>Net Position - end</b>	<u>\$ 27,211,744</u>

The accompanying notes are an integral part of the financial statements.

City of Manchester, Tennessee  
Statement of Cash flows  
Proprietary Fund  
Year Ended June 30, 2024

	<u>Water and Sewer Department</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 8,532,648
Payments to employees	(1,914,054)
Payments to suppliers	(3,246,630)
<b>Net cash provided (used) by operating activities</b>	<u>3,371,964</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisitions of capital assets	(2,875,862)
Interest paid on capital debt	(205,905)
Principal paid on capital debt	(1,890,000)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(4,971,767)</u>
<b>Cash Flows from Investing Activities</b>	
Interest earned	(175,525)
<b>Net cash provided (used) by investing activities</b>	<u>(175,525)</u>
<b>Net increase (decrease) in cash</b>	(1,775,328)
<b>Cash - beginning</b>	<u>8,839,563</u>
<b>Cash - end</b>	<u>\$ 7,064,235</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating income (loss)	\$ 1,516,837
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	1,560,781
(Increase) decrease in accounts receivable	(137,170)
(Increase) decrease in unbilled revenues	(54,237)
(Increase) decrease in notes receivable	430,000
(Increase) decrease in inventory	(30,209)
(Increase) decrease in net pension asset	58,314
(Increase) decrease in deferred outflows related to pension	(93,586)
Increase (decrease) in accounts payable	159,490
Increase (decrease) in accrued payroll	83,759
Increase (decrease) in compensated absences	(46,901)
Increase (decrease) in due to other funds	(130,905)
Increase (decrease) in due to other governments	8,144
Increase (decrease) in accrued interest	24,613
Increase (decrease) in retainage payable	97,550
Increase (decrease) in other current liabilities	(55,382)
Increase (decrease) in revenues deferred inflows	(29,749)
Increase (decrease) in pension deferred inflows	(4,325)
Increase (decrease) in customer deposits	14,940
Total adjustments	<u>1,855,127</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 3,371,964</u>
<b>Schedule of Capital &amp; Related Financing Activities that did not result in cash payments</b>	
Capital asset additions from prior year construction in progress	\$ 2,884,931
Federal Grants - deferred revenues spent	100,192
	<u>\$ 2,985,123</u>

The accompanying notes are an integral part of the financial statements.

# CITY OF MANCHESTER, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2024

### **1.) Summary of Significant Accounting Policies**

The financial statements of the City of Manchester, Tennessee have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

#### Reporting Entity

The City of Manchester, Tennessee (the City) operates under a Mayor-Aldermen form of government within the following departments: general government, public safety, public works, public school system, welfare, culture, and recreation, and provides water and sewer services.

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable and, as such, should be included within the City's financial statements. The component unit discussed below is included in the City's reporting entity due to the significance of its operational or financial relationship with the City. Component units, although legally separate entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation. Component units that do not meet the criteria for blending are reported discreetly. A discreetly presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separated from the City.

The financial statements of *The Public Building Authority of the City of Manchester, Tennessee* (the Authority) was incorporated January 01, 2021, and its financial statements for year then ended June 30, 2024, have been discreetly presented. The Authority was established to finance, develop and operate the Manchester Conference Center. It is managed by a seven-member board that is appointed by the governing body. The Authority is a legal entity that meets the definition of a component unit of the City in that a financial burden/benefit relationship exists between the two entities. A complete copy of the component unit's audited reports may be obtained from the City's Finance Director.

#### Government-wide and Fund Financial Statements

The statement of net position and the statement of activities display information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the differences presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

# CITY OF MANCHESTER, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2024

### **1.) Summary of Significant Accounting Policies-(Continued)**

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

#### **Fund Financial Statements**

The fund financial statements provide information about the City's funds. 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from non-exchange transactions.

The City reports the following major governmental funds:

**General Fund** - The General Fund accounts for all financial resources applicable to the general operations of City government that are not properly accounted for in another fund. Revenues are derived primarily from taxes and intergovernmental revenues.

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

**Debt Service Fund** – 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 those payable from the Proprietary Fund.

Enterprise Funds – These funds are used to account for business-like activities provided to the general public. The activities are financed primarily by user charges and the measurement of the financial activity focuses on net income measurement similar to private sector businesses.

The City reports the following major enterprise fund:

**Water & Sewer Fund**- Accounts for operations of the City's water and sewer services. The fund's revenues are derived primarily from user fees. The proceeds of several bond issues and loans have been used specifically for the construction or acquisition of water and sewer systems and facilities. Since it is the intention of the City to repay these bonds and loans through water and sewer fund operations, these obligations are reported in this fund.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

**1.) Summary of Significant Accounting Policies-(Continued)**

Additionally, the City reports the following nonmajor governmental funds:

**Special Revenue Funds** - Used to account for the proceeds of specific revenue sources (other than major capital projects) or committed sources requiring separate accounting because of legal or regulatory provisions or administrative action. The special revenue funds include the Sanitation Fund, Drug Control Fund, Recreation, Tourism, School Federal Projects Fund, and the Internal School Funds.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, with the exception of interfund services provided and used which are not eliminated in the process of consolidation. Net interfund activities and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

**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 recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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 City considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

# CITY OF MANCHESTER, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2024

### **1.) Summary of Significant Accounting Policies-(Continued)**

#### **Budget Policy and Budgetary Data**

Formal budgets are adopted for all funds. These formal budgets are adopted on a departmental basis and the line-item estimates are from the appropriations ledger and not from a formal budget ordinance. The legal level of budgetary control is the fund level. Transfers of appropriations between funds require the approval of the governing body.

The budgets are prepared on a basis consistent with generally accepted accounting principles. Encumbrance accounting is not utilized by the City and all unencumbered and unexpended appropriations lapse at the end of the fiscal year.

Expenditures may not legally exceed appropriations at or above the fund level. All budgeted amounts shown in the financial statements and the accompanying supplementary information reflect the original budget and the amended budget (which may have been adjusted for legally authorized revisions to the annual budgets during the year).

#### **Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

##### **Cash and Cash Equivalents**

For the purpose of reporting cash flows, cash includes amounts in demand deposits and cash equivalents. The City considers all highly liquid investments with an initial maturity period of three months or less to be cash equivalents. These are classified on the balance sheet as “cash,” “investment in pooled cash,” “restricted assets,” and “investments”.

##### **Investments**

Investments are stated at fair value, except for interest-earning investment contracts that have a remaining maturity of one year or less at the time of purchase. Any change in the value of investments recorded at fair value is included in investment income. Fair value is based on quoted market prices. Investments of the City of Manchester consist of deposits in the TCRS Stabilization Reserve Trust and certificates of deposit in financial institutions and are classified on the balance sheet as “investments” and “restricted assets.”

##### **Inventories and Prepaid Items**

Inventories, principally materials, supplies, and replacement parts, are valued at cost, using the first-in, first-out (FIFO) method. The cost of an inventory item is recorded as an expense at the time of purchase. Inventories on hand at year end are physically counted and recorded as assets, reducing the appropriate expense account. Inventory recorded in the Central Cafeteria Fund consists of commodities granted by the United States Department of Agriculture (USDA), nonperishable food and nonfood supplies. Commodities are assigned values based on information provided by the USDA

##### **Restricted Assets**

Proceeds of bonds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Also, amounts due from other governments may be included as restricted assets because their use is limited by grant agreements.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

**1.) Summary of Significant Accounting Policies-(Continued)**

Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost greater than \$5,000. Purchased or constructed capital assets (including infrastructure) are recorded at cost or estimated historical cost. Contributed capital assets are recorded at their acquisition value on the date contributed. Additions, improvements and other capital outlays that significantly extend the useful life of an asset in excess of one year are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Land and certain land improvements are inexhaustible capital assets and are not depreciated. Depreciation on depreciable capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	25-50 years
Infrastructure (roads, bridges)	50 years
Distribution Systems	10-50 years
Equipment	3-10 years
Furniture and fixtures	3-10 years

Bond Discounts and Premiums

In the governmental funds, bond discounts and premiums are treated as period costs in the year of issue. In proprietary funds, bond discounts and premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an increase of the face amount of bonds payable. At the government-wide level any bond discounts and premiums in the governmental funds are adjusted and reported in the same manner as in proprietary funds.

Fund Balance

In the governmental fund financial statements, fund balances may be classified as follows:

**Non-spendable** – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.

**Committed** – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen by ordinance; reversed and amended by same action.

**Assigned** – amounts that are designated by the Board for a particular purpose but are not spendable until there is a majority vote approval by the Board.

**Unassigned** – all amounts in the general fund not included in other spendable classifications.

# CITY OF MANCHESTER, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2024

### **1.) Summary of Significant Accounting Policies-(Continued)**

#### Net Position

**Net Investment in Capital Assets** - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt.

**Restricted** - represents a net position that has third party (statutory, bond covenant or granting agency) limitations on its use. The City's policy is generally to use restricted net position first, as appropriate opportunities arise.

**Unrestricted** - While management may have categorized and segmented portions for various purposes, the City has unrestricted authority to alter these managerial decisions.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use the committed amounts first, followed by the assigned and then unassigned amounts.

#### Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial 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 future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has unearned and unavailable revenue related to property taxes that qualifies for reporting in this category. The City also has deferred inflows and outflows related to the recording of changes in its net pension asset. Certain changes in the net pension asset are recognized as pension expense over time instead of all being recognized in the year of occurrence. The City has deferred inflows and outflows related to OPEB. The deferred inflows and outflows are recognized as the following: unamortized portion of (1) under recognized in current expense. New layer with own amortization yearly; Unamortized portion of (2) under recognized in current expense. New layer with own amortization yearly; costs incurred subsequent to the measurement date related to the administration of OPEB; amounts paid by the employer for OPEB benefits as they came due subsequent to the measurement date of total OPEB liability and before the end of the reporting period should be reported as deferred outflows.

#### Revenues, Expenditures and Expenses

Substantially all governmental fund revenues are accrued. Expenditures are recognized when the related fund liability is incurred, except for the following instances permitted by generally accepted accounting principles:

- General obligation long-term debt principal and interest are reported only when due.
- Inventory costs are reported in the period when inventory items are consumed, rather than in the period purchased.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) **Summary of Significant Accounting Policies-(Continued)**

Property Taxes

Property taxes levied by the City are assessed by Coffee County and collected by the City. The tax rate for the 2024 fiscal year (2023 tax year) was \$1.5221 per \$100 of assessed valuation.

The property tax calendar adopted by the City has the lien and levy date as the first day of the calendar year that ends during the fiscal year. The tax bills are mailed on the first day of the fourth month of the fiscal year.

Lien date	January 1, 2023
Levy date	January 1, 2023
Tax bills mailed	October 1, 2023
Delinquency date	March 1, 2024

Grant Revenue

The City, a recipient of grant revenues, recognizes revenues when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the City before the eligibility requirements are met are deferred. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes-to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the City.

Compensated Absences

The liability for compensated absences is recorded when future payments for such absences have been earned by the employees. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave and accumulated sick pay with restrictions.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets and service debt. These transactions are generally reflected as transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund. Transactions that would be treated as revenues or expenditures if the involved organizations were external to the City are treated as revenues in the receiving fund and expenditures in the disbursing fund. Transfers within governmental activities and within business-type activities are eliminated upon consolidation.

Amounts owed to one fund by another are reported as due to/due from other funds. The interfund balances resulted from the time lag between the dates that; (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Amounts reported in the fund financial statements as due to/due from other funds are subject to elimination upon consolidation.

# CITY OF MANCHESTER, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2024

### 1.) Summary of Significant Accounting Policies-(Continued)

#### Interfund Transactions-(Continued)

Any residual balance between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

#### Estimates

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

#### Pensions

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 City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

#### OPEB Liability and Expenses/Expenditures

For economic resources accounting, a liability should be recognized for the total OPEB liability. For current resources accounting liability should be recognized to the extent that the liability will be paid with expendable available financial resources. This usually means to the extent that benefit payments have matured (are due and payable). OPEB expenditures should be recognized equal to the total of amounts paid by the employer as benefits came due and the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources (to the extent benefits are due and payable). Changes in the total OPEB liability should be recognized in OPEB expense in the current period except as noted below:

- One-year portion of difference between actual and expected experience with regard to economic or demographic factors in the net OPEB liability amortized over closed period equal to average remaining useful life of all OPEB eligible as of start of measurement period.
- One-year portion of amounts related to changes of assumptions about future economic or demographic factors or of other inputs amortized over closed period equal to average remaining useful life of all OPEB eligible as of start of measurement period.
- Costs incurred by the employer related to the administration of OPEB using same measurement period as other changes to total OPEB liability.

# CITY OF MANCHESTER, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2024

### 1.) **Summary of Significant Accounting Policies-(Continued)**

#### Leases

The City is a lessee for a noncancellable lease of cardio equipment for its Recreation Center. The City recognizes a lease payable and a deferred outflow of resources in the financial statements.

At the commencement of the lease, the City initially measures the lease payable at the present value of payments expected to be paid during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments paid. The deferred outflow of resources is initially measured as the initial amount of lease payable, adjusted for lease payments paid at or before the lease commencement date. Subsequently, the deferred outflow of resources is recognized as an expense over the life of the lease term.

Key estimates and judgements include how the City determines: (1) the discount rate it uses to discount the expected lease payments to present value; (2) lease term; and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease payable is composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease payable and deferred outflow of resources if certain changes occur that are expected to significantly affect the amount of the lease payable.

### 2.) **Stewardship, Compliance and Accountability**

For the year ended June 30, 2024, the City expenditures did exceed appropriations in the General Fund.

### 3.) **Deposits and Investments**

#### Deposits

The City of Manchester participates in an internal cash and investment pool through the City Finance Director's office. The City Finance Director 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.

# CITY OF MANCHESTER, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2024

### 3.) **Deposits and Investments-(Continued)**

#### Deposits-(Continued)

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.

#### Investments

##### TCRS Stabilization Trust

**Legal Provisions.** Manchester City Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of Manchester City Schools.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. Manchester City School may not impose any restrictions on investments placed by the trust on their behalf.

**Investment Balances.** Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

# CITY OF MANCHESTER, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2024

### 3.) **Deposits and Investments-(Continued)**

#### TCRS Stabilization Trust – (Continued)

Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below. Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**3.) Deposits and Investments-(Continued)**

TCRS Stabilization Trust – (Continued)

Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type. Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

On June 30, 2024, Manchester City Schools had the following investments held by the trust on its behalf.

<u>Investment</u>	<u>(days)</u>	<u>Maturities</u>	<u>Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 35,805
Canadian Equity	N/A	N/A	2,310
Developed Market International Equity	N/A	N/A	13,860
Emerging Market International Equity	N/A	N/A	4,620
U.S. Fixed Income	N/A	N/A	23,100
Real Estate	N/A	N/A	11,550
Short-term Securities	N/A	N/A	1,155
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>23,100</u>
<b>Total</b>			<b><u>\$ 115,500</u></b>

<u>Investment by Fair Value Level</u>	<u>Fair Value 6-30-24</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>NAV</u>
U.S. Equity	\$ \$ 35,805	\$ \$ 35,805	\$ \$ -	\$ \$ -	\$ -
Canadian Equity	2,310	2,310	-	-	-
Developed Market International Equity	13,860	13,860	-	-	-
Emerging Market International Equity	4,620	4,620	-	-	-
U.S. Fixed Income	23,100	-	23,100	-	-
Real Estate	11,550	-	-	11,550	-
Short-term Securities	1,155	-	1,155	-	-
Private Equity and Strategic Lending	23,100	-	-	-	23,100
<b>Total</b>	<b>\$ \$ 115,500</b>	<b>\$ \$ 56,595</b>	<b>\$ \$ 24,255</b>	<b>\$ \$ 11,550</b>	<b>\$ \$ 23,100</b>

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**3.) Deposits and Investments-(Continued)**

Investment Policies

**Risks and Uncertainties.** The trust’s investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Manchester City Schools does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Manchester City Schools does not have the ability to limit the credit ratings of individual investments made by the trust.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county’s investment in a single issuer. Manchester City Schools places no limit on the amount the county may invest in one issuer.

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Manchester City School to pay retirement benefits of the School Department employees.

For further information concerning the Manchester City School’s investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

**4.) Capital Assets**

Capital assets activity for the year ended June 30, 2024, was as follows:

<u>Governmental Activities</u>	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,522,077	\$ 714,650	\$ -	\$ 5,236,727
Construction in Progress	5,640,458	122,809	-	5,763,267
<u>Capital assets being depreciated:</u>				
Buildings	31,561,244	124,547	-	31,685,791
Improvements	403,668	-	-	403,668
Infrastructure	29,908,720	-	-	29,908,720
Machinery	8,910,869	1,081,733	(69,154)	9,923,448
Right of Use Asset	60,156	-	-	60,156
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated	<u>\$ 70,844,657</u>	<u>\$ 1,206,280</u>	<u>\$ (69,154)</u>	<u>\$ 71,981,783</u>

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**4.) Capital Assets-(Continued)**

<b><u>Governmental Activities-(Continued)</u></b>	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
Less: accumulated depreciation	45,104,772	1,631,209	(69,154)	46,666,827
accumulated depreciation-ROU Asset	31,811	20,052	-	51,863
Net capital assets being depreciated	<u>25,708,074</u>	<u>(444,981)</u>	<u>-</u>	<u>25,263,093</u>
Net Capital Assets	<u>\$ 35,870,609</u>	<u>\$ 392,478</u>	<u>\$ -</u>	<u>\$ 36,263,087</u>

Depreciation expense, including depreciation on assets acquired through capital leases was charged to functions programs of the primary government as follows:

Governmental	\$ 216,433
Drug	84,748
Fire	102,227
Police	94,109
Public Works	366,268
Recreation	308,147
Sanitation	35,944
Schools	443,385
Total	<u>\$1,651,261</u>

<b><u>Business-type Activities</u></b>	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
<b><u>Capital assets not being depreciated:</u></b>				
Land	\$ 210,937	\$ -	\$ -	\$ 210,937
Construction in Progress	5,922,697	2,909,507	(2,732,616)	6,099,588
<b><u>Capital assets being depreciated:</u></b>				
Buildings	398,600	-	-	398,600
Infrastructure	54,718,334	2,803,161	-	57,521,495
Machinery	1,888,941	48,125	-	1,937,066
Total capital assets being depreciated	<u>57,005,875</u>	<u>2,851,286</u>	<u>-</u>	<u>59,857,161</u>
Less: accumulated depreciation	<u>30,641,748</u>	<u>1,560,781</u>	<u>-</u>	<u>32,202,529</u>
Net capital assets being depreciated	<u>26,364,127</u>	<u>1,290,505</u>	<u>-</u>	<u>27,654,632</u>
Net Capital Assets	<u>\$ 32,497,761</u>	<u>\$ 4,200,012</u>	<u>\$(2,732,616)</u>	<u>\$ 33,965,157</u>

During 2024, depreciation in the amount of \$1,560,781 was charged to operations.

**5.) Interfund Transactions**

The composition of interfund balances as of June 30, 2024, is as follows:

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**5.) Interfund Transactions-Continued**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds		
General Fund	\$ 38,768	\$ -
General Purpose School Fund	-	502
	38,768	502
Nonmajor Funds		
Recreation Fund	-	38,266
Total	\$ 38,768	\$ 38,768

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances will be repaid within one year.

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>
General	Sanitation Fund	\$1,000,000
General	Schools	1,858,467
General	Debt Service	200,000
General	Capital Projects	2,322,000
Sanitation	Capital Projects	125,000
Recreation	Debt Service	40,052
Total		\$5,545,519

**6.) 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, 2024, will be retired from the Debt Service Fund.

**Business-type Activities**

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

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**6.) Long-Term Obligations-(Continued)**

General obligation, revenue bonds, and other loans are issued pledging the revenue of the Manchester Water and Sewer system and the full faith and credit of the government. These bonds and other loans outstanding were issued for original terms of up to 50 years for bonds and up to 30 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. These bonds as of June 30, 2024, will be retired from the Water and Sewer Fund.

Debt outstanding as of June 30, 2024, consisted of the following:

	Interest Rates	Maturity Date	Original Issue	June 30, 2024
<b>Governmental Activities:</b>				
Capital Outlay Note:				
Energy Efficient for Schools	0.50%	2033	\$ 610,502	\$ 439,613
General Obligation Bonds				
Compensated Absences	3.00%	2038	17,115,000	14,695,000
Compensated Absences	1.78%	2044	2,245,000	2,000,000
			\$19,970,502	\$17,134,613
 <b>Business-Type Activities:</b>				
Bonds Payable:				
Refunding Bonds Series 20117	3.82%	2028	\$ 5,620,000	\$ 2,920,000
Refunding Bonds Series 2021A	1.93%	2037	9,510,000	7,535,000
(a) Public Improv Bonds, Series 2016A (DRUC)	4.74%	2038	3,231,000	2,970,000
(a) Public Improv Bonds, Series 2016A (DRUC)	2.06%	2031	4,100,000	3,250,000
			43,632,658	16,675,000
<b>Total Governmental and Business</b>			<b>\$63,603,160</b>	<b>\$33,809,613</b>

(a) See note on Duck River Utility Commission

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**6.) Long-Term Obligations-(Continued)**

Annual debt service requirements to maturity for long-term debt are as follows:

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 993,336	\$ 455,314	\$ 1,825,000	\$ 359,226
2026	1,013,576	426,724	1,765,000	322,626
2027	1,033,816	397,534	1,780,000	287,476
2028	1,059,068	367,732	1,765,000	252,274
2029	1,084,308	337,192	1,200,000	217,213
2030-2034	5,630,509	1,236,270	5,390,000	696,014
2035-2039	5,820,000	419,150	2,950,000	173,700
2040-2044	500,000	30,000	-	-
	<u>\$17,134,613</u>	<u>\$3,669,916</u>	<u>\$16,675,000</u>	<u>\$2,308,529</u>

A summary of lease activity for the year ended June 30, 2024:

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2024
<u>LEASE PAYABLE</u>								
Recreation Cardio Equipment Lease	\$ 60,156	0.00%	11/4/2021	11/4/2024	\$ 27,778	\$ -	\$ (19,485)	\$ 8,293
					\$ 27,778	\$ -	\$ (19,485)	\$ 8,293

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**6.) Long-Term Obligations-(Continued)**

A summary of long-term liability activity, including debt, for the year ended June 30, 2024, is as follows:

	Balance			Amounts	
	June 30, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
<b>Governmental Activities</b>					
Bonds	\$ 17,615,000	\$ -	\$ (920,000)	\$ 16,695,000	\$ 945,000
Lease	27,778	-	(19,485)	8,293	8,293
Capital Outlay Note	487,709	-	(48,096)	439,613	48,336
Premiums	1,591,776	-	(105,591)	1,486,185	-
Discounts	(89,281)	5,761	-	(83,520)	-
Compensated Absences	2,250,068	126,313	-	2,376,381	-
OPEB	3,057,808	262,474	-	3,320,282	-
	<u>\$24,940,858</u>	<u>\$394,548</u>	<u>\$(1,093,172)</u>	<u>\$24,242,234</u>	<u>\$1,001,629</u>
<b>Business-Type Activities</b>					
Refunding bonds, all series	\$ 11,890,000	\$ -	\$(1,435,000)	\$ 10,455,000	\$ 1,360,000
Public Improvement Bonds	6,675,000	-	(455,000)	6,220,000	465,000
Premiums	440,506	-	(32,402)	408,104	-
Discounts	(37,135)	2,653	-	(34,482)	-
Compensated Absences	291,603	-	(46,901)	244,702	-
	<u>\$19,259,974</u>	<u>\$ 2,653</u>	<u>\$(1,969,303)</u>	<u>\$17,293,324</u>	<u>\$1,825,000</u>

Compensated absences and other post-employment benefits are generally liquidated by the general fund and general purpose school fund.

**Other Long-Term Debt - Duck River Utility Commission**

The City issued \$4,100,000 in public building authority of Coffee County, TN-Utility revenue and tax bonds, series 2021B, with an interest rate of 1.6%, to be used by the Duck River Utility Commission (DRUC) to construct their facilities and improvements to their utility plant through an agreement between the City of Tullahoma and the City of Manchester. The net proceeds were \$4,279,920 (including a \$179,920 premium and after payment of \$49,404 in underwriting fees and other issuance costs). As a result, the 2016 series bonds are considered defeased and the liability for those bonds have been removed from the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$414,721. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunded debt, which has the same remaining life as the refunded debt. The advance refunding reduced the City's total debt service payments by \$825,789 and resulted in a present value economic gain of \$200,762.

The City carries the long-term debt related to these bonds of \$3,250,000 and the existing series Z-1-B bonds in the amount of \$2,970,000, and a corresponding receivable from DRUC at June 30, 2024, of \$6,220,000.

## CITY OF MANCHESTER, TENNESSEE

### Notes to Financial Statements

For the Year Ended June 30, 2024

#### **7.) Pension Plans**

##### **A. Manchester City Schools Teacher Legacy Pension Plan**

*Plan description.* The Tennessee Consolidated Retirement System (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 <https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-Investment-Policies>.

Teachers employed by Manchester City Schools with membership in the TCRS before July 1, 2014 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.

The Teacher Retirement Plan became effective July 1, 2014 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.

*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 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 years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if 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.

*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 LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Manchester City Schools for the year ended June 30, 2024 to the Teacher Legacy Pension Plan were \$523,082 which is 6.81 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.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

A. Manchester City Schools Teacher Legacy Pension Plan -(Continued)

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension liability (assets).* At June 30, 2024, the Manchester City Schools reported a liability (asset) of (\$2,648,992) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Manchester City School’s proportion of the net pension liability was based on Manchester City School’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, Manchester City School’s proportion was 0.224686 percent. The proportion measured as of June 30, 2022 was 0.222046 percent.

*Pension expense (negative pension expense).* For the year ended June 30, 2024, Manchester City Schools recognized pension expense (negative pension expense) of \$575,468.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2024, Manchester City Schools reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 631,125	\$ 122,931
Changes in assumptions	863,114	-
Net difference between projected and actual earnings on pension plan investments	459,614	-
Changes in proportion of Net Pension Liability (Asset)	-	180,949
LEA's contributions subsequent to the Measurement date of June 30, 2023	523,082	(not applicable)
Total	\$ 2,476,935	\$ 303,880

Manchester City Schools employer contributions of \$523,082 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, 2025.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) **Pension Plans-(Continued)**

A. Manchester City Schools Teacher Legacy Pension Plan -(Continued)

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

<b>Year Ended June 30:</b>	
2025	\$ 535,951
2026	(443,939)
2027	1,554,360
2028	3,600
2029	-
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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect the actual and expected future experience. As a result of the 2020 actuarial experience study, investment and 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, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

**A. Manchester City Schools Teacher Legacy Pension Plan -(Continued)**

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private Equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<hr style="width: 100%; border: 0.5px solid black;"/> 100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 6.75 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 6.75 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 School’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Manchester City School's proportionate share of the net pension liability (asset)	\$5,769,689	\$(2,648,992)	\$(9,650,960)

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

**Payable to the pension plan**

At June 30, 2024, Manchester City School reported a payable of \$18,645 for the outstanding amount of contributions to the Teacher Legacy Pension Plan required at the year ended June 30, 2024.

## CITY OF MANCHESTER, TENNESSEE

### Notes to Financial Statements

For the Year Ended June 30, 2024

#### **7.) Pension Plans-(Continued)**

##### **B. Teacher Retirement Plan – Manchester City Schools**

*Plan description.* 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Manchester City School with memberships in TCRS before July 1, 2014 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. The Teacher Retirement Plan became effective July 1, 2014 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.

*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 years 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.

*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 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.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

**B. Teacher Retirement Plan – Manchester City Schools-(Continued)**

The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Manchester City School for the year ended June 30, 2024 to the Teacher Retirement Plan were \$71,103 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), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension liabilities (assets).* At June 30, 2024, Manchester City Schools reported a liability (asset) of (\$29,342) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension asset used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Manchester City School’s proportion of the net pension liability (asset) was based on Manchester City School’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, Manchester City School’s proportion was 0.069198 percent. The proportion measured as of June 30, 2022 was 0.061940 percent.

*Pension Expense (negative pension expense).* For the year ended June 30, 2024, Manchester City Schools recognized pension expense of \$36,624.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2024, Manchester City Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 988	\$ 17,126
Net difference between projected and actual earnings on pension plan investments	7,460	-
Changes in assumptions	22,075	-
Changes in proportion of Net Pension Liability (Asset)	2,159	8,986
LEA's contributions subsequent to the Measurement date of June 30, 2023	71,103	(not applicable)
Total	\$ 103,785	\$ 26,112

Manchester City School’s employer contributions of \$71,103 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, 2025.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

B. Teacher Retirement Plan – Manchester City Schools-(Continued)

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

<b>Year Ended June 30:</b>		
2025	\$	(649)
2026		(1,734)
2027		9,774
2028		17
2029		62
Thereafter		(900)

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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

**B. Teacher Retirement Plan – Manchester City Schools-(Continued)**

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private Equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 6.75 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 6.75 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 School’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Manchester City School's proportionate share of the net pension liability (asset)	\$ 134,973	(\$29,342)	(\$147,636)

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

**Payable to the Pension Plan**

At June 30, 2024, Manchester City School reported no payable for the outstanding amount of contributions to the Teacher Retirement Plan required at the year ended June 30, 2024.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) **Pension Plans-(Continued)**

C. TCRS Manchester General Government Retirement Plan

*Plan description.* Employees of the City 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 public ally available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reportingand-Investment-Policies>.

*Benefits provided.* Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees or entitled to but not yet receiving benefits	124
Active employees	194
Total	<u>337</u>

*Contributions.* Contributions for employees are established in the statues 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, 2024, employer contributions for Manchester were \$426,447 at a base rate of 5.86 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.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

C. TCRS Manchester General Government Retirement Plan -(Continued)

The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Manchester’s net pension liability (asset) was measured as of June 30, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

C. TCRS Manchester General Government Retirement Plan -(Continued)

The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 6.75 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 Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

**C. TCRS Manchester General Government Retirement Plan -(Continued)**

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
<b>Balance at 6/30/22</b>	\$11,065,846	\$11,451,159	\$ (385,313)
Changes for the year:			
Service Cost	836,099		836,099
Interest	797,597		797,597
Differences between Expected and actual experience	394,979		394,979
Changes of Benefit Terms	-		-
Changes in assumptions	-		-
Contributions- employer		478,757	(478,757)
Contributions- employees		425,941	(425,941)
Net investments income		793,978	(793,978)
Benefits paid including refunds including refunds of employee contributions	(171,393)	(171,393)	-
Administrative expense		(11,877)	11,877
Other Changes		-	-
<b>Net changes</b>	1,857,282	1,515,406	341,876
<b>Balance at 6/30/23</b>	\$12,923,128	\$12,966,565	\$ (43,437)

*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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Manchester's net pension liability (asset)	\$2,378,814	(\$43,437)	(\$1,981,000)

**Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension expense (negative pension expense).* For the year ended June 30, 2024, Manchester recognized pension expense (negative pension expense) of \$542,297.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

**C. TCRS Manchester General Government Retirement Plan -(Continued)**

*Deferred outflow of resources and inflow of resources.* For the year ended June 30, 2024, 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	\$ 549,826	\$ 332,376
Net difference between projected and actual earnings on pension plan investments	126,049	-
Changes in Assumption	661,181	-
Contributions subsequent to the Measurement date of June 30, 2023	426,447	(not applicable)
Total	\$ 1,763,503	\$ 332,376

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized (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:

2025	\$ 122,563
2026	93,442
2027	389,264
2028	148,282
2029	164,704
Thereafter	86,422

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

**Payable to the Pension Plan**

At June 30, 2024, Manchester reported a payable of \$62,784 for the outstanding amount of contributions to the public employee retirement plan required at the year ended June 30, 2024.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

**7.) Pension Plans-(Continued)**

D. 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.

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.

E. Deferred Compensation Plan

All employees of the City of Manchester may voluntarily participate in a 457(b)(6) deferred compensation plan administered by Nationwide Retirement. Under Section 457 of the Internal Revenue Code, an employee may defer certain allowable wages to the plan. Participation is handled through a payroll deduction, reducing employee federal taxes. Employees may increase, decrease, stop and restart contributions as they wish. The City does not contribute to the plan and does not recognize any expense related to the plan. The City's liability at June 30, 2024 is limited to employee payroll withholdings for the week not yet remitted to the administrator.

**8.) Other Postemployment Benefits (OPEB)**

A. Manchester City Schools - Closed Teacher Group Insurance Plan

Plan Description

Employees of Manchester City Schools who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

8.) **Other Postemployment Benefits (OPEB)-(Continued)**

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

Benefits Provided

The Manchester City Schools offer the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree’s premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At July 1, 2023, the following employees of Manchester City Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>148</u>
Total	<u>164</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Manchester City School paid \$149,126 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

*Actuarial assumptions.* The collective total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

**8.) Other Postemployment Benefits (OPEB)-(Continued)**

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	10.31% for pre-65 in 2023, decreasing annually over a 11-year period to an ultimate rate of 4.50%. 12.44% for post-65 in 2023, decreasing annually over a 6 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**8.) Other Postemployment Benefits (OPEB)-(Continued)**

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

Changes in Collective Total OPEB Liability

TGOP

		<u>Total OPEB Liability</u>
Balances at June 30, 2022	\$	<u>4,410,385</u>
Charges for the year:		
Service cost		187,948
Interest		158,488
Change of benefit terms		-
Differences between expected and actual		(18,211)
Change in assumptions		365,336
Benefit payments		<u>(244,661)</u>
Net changes		<u>448,900</u>
Balances at June 30, 2023	\$	<u><u>4,859,285</u></u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$	 1,539,003
 Employer's proportionate share of the collective total OPEB liability	 \$	 3,320,282
 Employer's proportion of the collective total OPEB liability		 68.33%

The Manchester City School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Manchester City School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -1.00% from the prior measurement date. Manchester City School recognized \$165,470 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Manchester City School's retirees.

*Changes in assumptions.* The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**8.) Other Postemployment Benefits (OPEB)-(Continued)**

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

*Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate.* The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate. (expressed in thousands)

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(2.65%)</b>	<b>(3.65%)</b>	<b>(4.65%)</b>
Proportionate share of collective total OPEB liability	\$ 3,565,160	\$ 3,320,282	\$ 3,086,468

*Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate.* The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (9.31%/11.44% decreasing to 3.50%) or 1-percentage-point higher (11.31%/13.44% decreasing to 5.50%) than the current healthcare cost trend rate. (expressed in thousands)

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
	<b>(9.31%/11.44% decreasing to 3.50%)</b>	<b>(10.31%/12.44% decreasing to 4.50%)</b>	<b>(11.31%/13.44% decreasing to 5.50%)</b>
Proportionate share of collective total OPEB liability	\$ 2,981,988	\$ 3,320,282	\$ 3,710,919

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

*OPEB Expense.* For the fiscal year ended June 30, 2024, Manchester City School recognized OPEB expense of \$539,360.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**8.) Other Postemployment Benefits (OPEB)-(Continued)**

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

*Deferred outflows of resources and deferred inflows of resources.* For the fiscal year ended June 30, 2024, Manchester City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

TGOP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 782,067	\$ 126,123
Changes in assumptions	396,942	433,325
Changes in proportion and differences between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due.	102,726	111,262
Employer payments subsequent to the measurement date	149,126	-
Total	\$ 1,430,861	\$ 670,710

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

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

TGOP		
<b>Year Ended June 30:</b>		
2025	\$	137,176
2026		137,176
2027		139,306
2028		147,826
2029		30,902
Thereafter		18,639

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

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

8.) **Other Postemployment Benefits (OPEB)-(Continued)**

B. Manchester City Schools-Closed Tennessee Plan

Plan Description

Employees of Manchester City Schools who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TN plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At June 30, 2023, the following employees of Manchester City Schools were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	17
Active employees	114
Total	<u>177</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Manchester City Schools did not make any payments to the TNP for OPEB benefits as they came due.

**CITY OF MANCHESTER, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2024

**8.) Other Postemployment Benefits (OPEB)-(Continued)**

**B. Manchester City Schools-Closed Tennessee Plan-(Continued)**

Total OPEB Liability

*Actuarial assumptions.* The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2020.

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in Collective Total OPEB Liability

TNP

		<u>Total OPEB Liability</u>
Balances at June 30, 2023	\$	<u>437,353</u>
Charges for the year:		
Service cost		6,657
Interest		15,322
Differences between expected and actual		37,019
Change in assumptions		(5,178)
Benefit payments		<u>(22,551)</u>
Net changes		<u>31,269</u>
Balances at June 30, 2024	\$	<u><u>468,622</u></u>

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

**8.) Other Postemployment Benefits (OPEB)-(Continued)**

B. Manchester City Schools-Closed Tennessee Plan-(Continued)

Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$	468,622
Employer's proportionate share of the collective total OPEB liability	\$	-
Employer's proportion of the collective total OPEB liability		0%

The Manchester City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. Manchester City School's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Manchester City School's proportion of 0% did not change from the prior measurement date. Manchester City Schools recognized \$13,065 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for Manchester City Schools retired employees.

*Changes in assumptions.* The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

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

*OPEB Expense.* For the fiscal year ended June 30, 2024, Manchester City Schools recognized OPEB expense of \$13,065.

**9.) 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.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2024

**10.) Commitments and Contingencies**

Several lawsuits against the City are ongoing, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable; however, City officials believe that the outcome of these proceedings, either singularly or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

**11.) 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.

**12.) Correction of an Error**

General Purpose School Fund- The City Schools made a correction to its beginning net position, as an increase in the amount of \$862,339. This adjustment was made to reclassify expenses that were inappropriately included in the prior year.

**13.) 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 June 27, 2025 (the date the financial statements were available to be issued) and concluded that no events should be disclosed as a subsequent event.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MANCHESTER, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30**

**Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios**

**Closed Teacher Group OPEB Plan**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Total OPEB Liability</b>							
Service cost	\$ 159,634	\$ 147,249	\$ 114,911	\$ 160,702	\$ 219,725	\$ 226,184	\$ 187,948
Interest	103,722	123,011	90,502	136,720	100,837	100,597	158,488
Changes of benefit terms	-	(664,516)	-	-	-	-	-
Differences between expected and actual experience	-	(404,188)	1,659,747	138,751	246,480	219,070	(18,211)
Changes of assumptions	(152,751)	69,314	(287,283)	439,351	(212,066)	(431,892)	365,336
Benefit payments	(191,072)	(198,836)	(190,558)	(267,197)	(265,877)	(267,899)	(244,661)
<b>Net change in total OPEB liability</b>	<b>\$ (80,467)</b>	<b>\$ (927,966)</b>	<b>\$ 1,387,319</b>	<b>\$ 608,327</b>	<b>\$ 89,099</b>	<b>\$ (153,940)</b>	<b>\$ 448,900</b>
<b>Total OPEB liability - beginning</b>	<b>3,488,013</b>	<b>3,407,546</b>	<b>2,479,580</b>	<b>3,866,899</b>	<b>4,475,226</b>	<b>4,564,325</b>	<b>4,410,385</b>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 3,407,546</u></b>	<b><u>\$ 2,479,580</u></b>	<b><u>\$ 3,866,899</u></b>	<b><u>\$ 4,475,226</u></b>	<b><u>\$ 4,564,325</u></b>	<b><u>\$ 4,410,385</u></b>	<b><u>\$ 4,859,285</u></b>
<b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>	<b>\$ 1,167,361</b>	<b>\$ 754,779</b>	<b>\$ 1,056,738</b>	<b>\$ 1,187,595</b>	<b>\$ 1,330,095</b>	<b>\$ 1,352,577</b>	<b>\$ 1,539,003</b>
<b>Employer's proportionate share of the collective total OPEB liability</b>	<b>\$ 2,240,185</b>	<b>\$ 1,727,801</b>	<b>\$ 2,810,161</b>	<b>\$ 3,287,632</b>	<b>\$ 3,234,230</b>	<b>\$ 3,057,808</b>	<b>\$ 3,320,282</b>
<b>Covered-employee payroll</b>	<b>6,454,473</b>	<b>6,781,547</b>	<b>6,581,248</b>	<b>7,542,138</b>	<b>9,141,344</b>	<b>9,345,627</b>	<b>10,557,580</b>
<b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b>	<b>34.71%</b>	<b>25.48%</b>	<b>42.70%</b>	<b>43.59%</b>	<b>35.38%</b>	<b>32.72%</b>	<b>31.45%</b>

**Notes to Schedule**

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Prior year numbers expressed in thousands. Beginning FY 2020, numbers will be expressed in whole.

**CITY OF MANCHESTER, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30**

**Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios**

**Closed Tennessee Plan**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Total OPEB Liability</b>							
Service cost	\$ 8,545	\$ 6,934	\$ 6,503	\$ 8,006	\$ 12,008	\$ 9,873	\$ 6,657
Interest	15,362	17,195	15,801	18,378	13,515	10,715	15,322
Differences between expected and actual experience	-	(45,114)	75,963	(25,056)	(22,643)	29,859	37,019
Changes of assumptions	(43,796)	(3,357)	9,698	104,993	(94,864)	(88,832)	(5,178)
Benefit payments	(21,450)	(21,700)	(21,983)	(22,746)	(21,912)	(20,813)	(22,551)
<b>Net change in total OPEB liability</b>	<u>\$ (41,339)</u>	<u>\$ (46,042)</u>	<u>\$ 85,982</u>	<u>\$ 83,575</u>	<u>\$ (113,896)</u>	<u>\$ (59,198)</u>	<u>\$ 31,269</u>
<b>Total OPEB liability - beginning</b>	<u>528</u>	<u>486,932</u>	<u>440,890</u>	<u>526,872</u>	<u>610,447</u>	<u>496,551</u>	<u>437,353</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$486,932</u></u>	<u><u>\$440,890</u></u>	<u><u>\$ 526,872</u></u>	<u><u>\$ 610,447</u></u>	<u><u>\$ 496,551</u></u>	<u><u>\$ 437,353</u></u>	<u><u>\$468,622</u></u>
<b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>	\$486,932	\$440,890	\$ 526,872	\$ 610,447	\$ 496,551	\$ 437,353	\$468,622
<b>Employer's proportionate share of the collective total OPEB liability</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Covered-employee payroll</b>	461,909	471,147	529,725	615,248	883,578	1,376,372	#####
<b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b>	0%	93.58%	99.46%	99.22%	56.20%	31.78%	26.35%

**Notes to Schedule**

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Prior year numbers expressed in thousands. Beginning FY 2020, numbers will be expressed in whole.

CITY OF MANCHESTER, TENNESSEE

Required Supplementary Information

Schedule of Changes of Net Pension Liability (Asset) and Related Ratios Based on Participation in the  
Public Employee Pension Plan of TCRS  
General Government Employees

Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Service Cost	\$ 392,551	\$ 409,021	\$ 428,731	\$ 465,708	\$ 541,855	\$ 595,405	\$ 637,796	\$ 621,838	\$ 783,105	\$ 836,099
Interest	202,268	241,631	286,230	345,901	407,433	471,675	534,081	590,217	692,094	797,597
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(36,349)	(29,547)	86,361	63,102	(42,116)	(153,782)	(301,541)	(121,937)	239,967	394,979
Changes of assumptions	-	-	-	117,168	-	-	-	1,016,233	-	-
Benefit payments, including refunds of employee contributions	(20,597)	(79,607)	(12,722)	(72,644)	(47,907)	(101,349)	(88,490)	(71,666)	(238,930)	(171,393)
<b>Net change in total pension liability</b>	537,873	541,498	788,600	919,235	859,265	811,949	781,846	2,034,685	1,476,236	1,857,282
<b>Total pension liability-beginning</b>	2,314,659	2,852,532	3,394,030	4,182,630	5,101,865	5,961,130	6,773,079	7,554,925	9,589,610	11,065,846
<b>Total pension liability-ending (a)</b>	<u>\$ 2,852,532</u>	<u>\$ 3,394,030</u>	<u>\$ 4,182,630</u>	<u>\$ 5,101,865</u>	<u>\$ 5,961,130</u>	<u>\$ 6,773,079</u>	<u>\$ 7,554,925</u>	<u>\$ 9,589,610</u>	<u>\$ 11,065,846</u>	<u>\$ 12,923,128</u>
<b>Plan fiduciary net position</b>										
Contributions-employer	\$ 236,299	\$ 248,031	\$ 265,914	\$ 299,259	\$ 332,328	\$ 357,292	\$ 370,020	\$ 380,888	\$ 418,360	\$ 478,757
Contributions-employee	225,047	236,781	254,221	286,100	317,714	341,581	353,747	364,137	399,962	425,941
Net investment income	418,209	103,794	104,059	512,861	463,279	493,659	383,178	2,256,651	(444,328)	793,978
Benefit payments, including refunds of employee contributions	(20,597)	(79,607)	(12,722)	(72,644)	(47,907)	(101,349)	(88,490)	(71,666)	(238,930)	(171,393)
Administrative expense	(4,520)	(6,871)	(10,406)	(12,231)	(14,488)	(14,533)	(14,883)	(15,057)	(17,467)	(11,877)
<b>Net change in plan fiduciary net positions</b>	854,438	502,128	601,066	1,013,345	1,050,926	1,076,650	1,003,572	2,914,953	117,597	1,515,406
<b>Plan fiduciary net position-beginning</b>	2,316,484	3,170,922	3,673,050	4,274,116	5,287,461	6,338,387	7,415,037	8,418,609	11,333,562	11,451,159
<b>Plan fiduciary net position-ending (b)</b>	<u>\$ 3,170,922</u>	<u>\$ 3,673,050</u>	<u>\$ 4,274,116</u>	<u>\$ 5,287,461</u>	<u>\$ 6,338,387</u>	<u>\$ 7,415,037</u>	<u>\$ 8,418,609</u>	<u>\$ 11,333,562</u>	<u>\$ 11,451,159</u>	<u>\$ 12,966,565</u>
<b>Net Pension Liability (asset)-ending (a)-(b)</b>	<u>\$ (318,390)</u>	<u>\$ (279,020)</u>	<u>\$ (91,486)</u>	<u>\$ (185,596)</u>	<u>\$ (377,257)</u>	<u>\$ (641,958)</u>	<u>\$ (863,684)</u>	<u>\$ (1,743,952)</u>	<u>\$ (385,313)</u>	<u>\$ (43,437)</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	111.16%	108.22%	102.19%	103.64%	106.33%	109.48%	111.43%	118.19%	103.48%	100.34%
<b>Covered-employee payroll</b>	\$ 4,500,934	\$ 4,742,457	\$ 5,084,402	\$ 5,719,204	\$ 6,354,259	\$ 6,831,593	\$ 7,074,945	\$ 7,282,748	\$ 7,999,227	\$ 8,518,811
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	-7.07%	-5.88%	-1.80%	-3.25%	-5.94%	-9.40%	-12.21%	-23.95%	-4.82%	-0.51%

Changes of assumptions . In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

\* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior year's data, if needed.

CITY OF MANCHESTER, TENNESSEE

Required Supplementary Information

Schedule of Contributions Based on Participation in the  
Public Employee Pension Plan of TCRS  
General Government Employees

Last Fiscal Year ending June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 248,031	\$ 265,914	\$ 258,508	\$ 304,369	\$ 327,233	\$ 335,353	\$ 345,203	\$ 303,171	\$ 478,757	\$ 426,447
Contributions in relation to the actuarially determined contribution	248,031	265,914	299,259	332,328	357,292	370,020	380,888	418,360	478,757	426,447
Contribution deficiency (excess)	\$ -	\$ -	\$ (40,751)	\$ (27,959)	\$ (30,059)	\$ (34,667)	\$ (35,685)	\$ (115,189)	\$ -	\$ -
Covered-employee payroll	\$ 4,742,457	\$ 5,084,402	\$ 5,719,204	\$ 6,354,259	\$ 6,831,593	\$ 7,074,945	\$ 7,282,748	\$ 7,999,227	\$ 8,518,811	\$ 7,277,249
Contributions as a percentage covered-employee payroll	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.62%	5.86%

\* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, 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 Adjustments	2.125 percent

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF MANCHESTER, TENNESSEE**

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Teacher Retirement Plan of TCRS

Fiscal Year Ended June 30\*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Manchester City Schools' proportion of the net pension liability (asset)	0.050259%	0.062277%	0.060186%	0.052857%	0.049303%	0.049381%	0.061223%	0.061940%	0.061980%
Manchester City Schools' proportionate share of the net pension liability (asset)	(\$2,022)	(\$6,483)	(\$15,879)	(\$23,972)	(\$27,831)	(\$28,080)	(\$66,317)	(\$18,763)	(\$29,342)
Manchester City Schools' covered payroll	\$104,427	\$247,023	\$446,187	\$461,909	\$521,716	\$623,156	\$883,578	\$1,057,742	\$1,376,372
Manchester City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.94%	(-2.37%)	-3.56%	-5.19%	-5.33%	-4.51%	-7.51%	-1.77%	-2.13%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%	104.97%

\* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

The information in this schedule is not required to be presented retroactively prior to the implementation date.

Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

**CITY OF MANCHESTER, TENNESSEE**

Required Supplementary Information

Schedule of Contributions  
Teacher Retirement Plan of TCRS

Fiscal Year ending June 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually Determined Contribution	\$ 4,177	\$ 6,859	\$ 15,801	\$ 7,533	\$ 10,121	\$ 12,650	\$ 17,848	\$ 21,261	\$ 54,933	\$ 71,103
Contribution in relation to the actuarially determined contribution	4,177	10,961	15,801	18,476	10,121	12,650	17,848	21,261	54,933	71,103
Contribution deficiency (excess)	\$ -	\$ (4,102)	\$ -	\$ (10,943)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Manchester City Schools' covered payroll	\$ 104,427	\$ 247,023	\$ 446,187	\$ 461,909	\$ 521,716	\$ 623,156	\$ 883,578	\$ 1,057,742	\$ 1,376,372	\$ 1,778,147
Contributions as a percentage of Manchester City Schools' covered payroll	4.00%	4.00%	3.54%	4.00%	1.94%	2.03%	2.02%	2.01%	3.99%	4.00%

\* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

*Changes of assumptions.* In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Note: The school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the 4% contractually required contribution into the Pension Stabilization Reserve Trust (SRT).

**CITY OF MANCHESTER, TENNESSEE**

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Teacher Legacy Pension Plan of TCRS

Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Manchester City School's proportion of the net pension liability (asset)	\$ (28,669)	\$ 75,665	\$ 1,099,287	\$ (60,213)	\$ (668,132)	\$ (1,994,161)	\$ (1,514,420)	\$ (8,923,706)	\$ (2,723,178)	\$ (2,648,992)
Manchester City School's proportionate share of the net pension liability (asset)	0.176430%	0.184713%	0.175901%	0.184037%	0.189869%	0.193951%	0.198593%	0.206891%	0.222046%	0.224686%
Manchester City School's covered payroll	\$ 6,924,855	\$ 6,914,728	\$ 6,349,698	\$ 6,454,473	\$ 6,648,576	\$ 6,503,432	\$ 6,609,690	\$ 6,790,512	\$ 7,307,378	\$ 7,291,179
Manchester City School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.414002%	1.094253%	17.31%	-0.93%	10.05%	-30.66%	-22.91%	-131.41%	-37.27%	-36.33%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%

\* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

The information in this schedule is not required to be presented retroactively prior to the implementation date.

Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

**CITY OF MANCHESTER, TENNESSEE**

Required Supplementary Information

Schedule of Contributions  
Teacher Legacy Pension Plan of TCRS

Fiscal Year June 30 Ended

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required	\$ 625,091	\$ 574,012	\$ 588,109	\$ 603,691	\$ 680,260	\$ 702,611	\$ 697,386	\$ 752,660	\$ 633,604	\$ 523,082
Contribution in relation to the contractually required contribution	625,091	574,012	588,109	603,691	680,260	702,611	697,386	752,660	633,604	523,082
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Manchester City School's covered payroll	\$ 6,914,728	\$ 6,349,698	\$ 6,454,473	\$ 6,648,576	\$ 6,503,432	\$ 6,609,690	\$ 6,790,512	\$ 7,307,378	\$ 7,291,179	\$ 7,681,079
Contributions as a percentage of Manchester City School's covered payroll	9.04%	9.04%	9.11%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%	6.81%

\* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

The information in this schedule is not required to be presented retroactively prior to the implementation date.

Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

*Changes of assumptions.* In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

## **OTHER SUPPLEMENTARY INFORMATION**

**City of Manchester, Tennessee**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

	Special Revenue Funds						Capital Projects		Total Nonmajor Governmental Funds	
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Sanitation	Drug Control	Internal School	Capital Equipment Replacement		Education Capital Projects
<b>ASSETS</b>										
Investment in pooled cash	\$ 979,638	\$ 433,362	\$ 85,072	\$ 1,022,977	\$ 795,173	\$ 336,394	\$ -	\$ 1,765,841	\$ 477	\$ 5,418,934
Cash	230,899	-	-	-	-	-	243,764	-	-	474,663
Accounts receivable, net	55,229	19,264	79,159	100,954	-	-	-	-	-	254,606
Inventories	-	-	-	17,261	-	-	-	-	-	17,261
<b>Total Assets</b>	<b>\$ 1,265,766</b>	<b>\$ 452,626</b>	<b>\$ 164,231</b>	<b>\$ 1,141,192</b>	<b>\$ 795,173</b>	<b>\$ 336,394</b>	<b>\$ 243,764</b>	<b>\$ 1,765,841</b>	<b>\$ 477</b>	<b>\$ 6,165,464</b>
<b>LIABILITIES</b>										
Accounts Payable and accrued liabilities	\$ 44,740	\$ -	\$ -	\$ 88,051	\$ 411	\$ 445	\$ -	\$ 195,980	\$ -	\$ 329,627
Accrued Payroll	79,542	-	25,528	-	6,927	-	-	-	-	111,997
Other Payables	802	-	-	-	-	29,435	-	-	-	30,237
Judgements payable	46,500	-	-	-	-	-	-	-	-	46,500
Retainage Payable	50,296	-	-	-	-	-	-	-	-	50,296
Due to other funds	38,266	-	-	-	-	-	-	-	-	38,266
Unearned Revenues	72,169	-	-	-	-	-	-	-	-	72,169
<b>Total Liabilities</b>	<b>\$ 332,315</b>	<b>\$ -</b>	<b>\$ 25,528</b>	<b>\$ 88,051</b>	<b>\$ 7,338</b>	<b>\$ 29,880</b>	<b>\$ -</b>	<b>\$ 195,980</b>	<b>\$ -</b>	<b>\$ 679,092</b>
<b>FUND BALANCES</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 17,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,261
Restricted	-	-	138,703	1,035,880	-	306,515	243,764	-	-	1,724,862
Assigned	933,451	452,626	-	-	787,835	-	-	1,569,861	477	3,744,250
<b>Total Fund Balances</b>	<b>933,451</b>	<b>452,626</b>	<b>138,703</b>	<b>1,053,141</b>	<b>787,835</b>	<b>306,515</b>	<b>243,764</b>	<b>1,569,861</b>	<b>477</b>	<b>5,486,373</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,265,766</b>	<b>\$ 452,626</b>	<b>\$ 164,231</b>	<b>\$ 1,141,192</b>	<b>\$ 795,173</b>	<b>\$ 336,395</b>	<b>\$ 243,764</b>	<b>\$ 1,765,841</b>	<b>\$ 477</b>	<b>\$ 6,165,465</b>

**City of Manchester, Tennessee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

	Special Revenue Funds							Capital Projects		Total Nonmajor Governmental Funds
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Sanitation	Drug Control	Internal School	Capital Equipment Replacement	Education Capital Projects	
<b>Revenues-</b>										
Local Taxes	\$ 256,616	\$ 128,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,924
Charges for services	864,215	-	-	175,506	1,557,846	-	-	-	-	2,597,567
Fines and forfeitures	-	-	-	-	-	28,947	-	-	-	28,947
Other local revenues	-	-	-	-	-	2,227	275,422	-	-	277,649
Federal and State Grants	-	-	1,980,480	1,084,748	-	-	-	-	-	3,065,228
Investment earnings	-	-	-	2,715	-	-	-	-	-	2,715
Miscellaneous and contribution income	27,835	-	-	7,428	-	-	-	-	-	35,263
<b>Total Revenues</b>	<b>\$ 1,148,666</b>	<b>\$ 128,308</b>	<b>\$ 1,980,480</b>	<b>\$ 1,270,397</b>	<b>\$ 1,557,846</b>	<b>\$ 31,174</b>	<b>\$ 275,422</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,392,293</b>
<b>Expenditures-</b>										
Public Safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,512	\$ -	\$ 1,077,892	\$ -	\$ 1,185,404
Public Works	-	-	-	-	1,469,938	-	-	530,643	-	2,000,581
Health, welfare, and recreation	3,624,515	-	-	-	-	-	-	126,284	-	3,750,799
Economic development and assistance	-	110,382	-	-	-	-	-	-	-	110,382
Education	-	-	1,975,826	1,273,018	-	-	292,528	-	-	3,541,372
Debt Service	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 3,624,515</b>	<b>\$ 110,382</b>	<b>\$ 1,975,826</b>	<b>\$ 1,273,018</b>	<b>\$ 1,469,938</b>	<b>\$ 107,512</b>	<b>\$ 292,528</b>	<b>\$ 1,734,819</b>	<b>\$ -</b>	<b>\$ 10,588,538</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,475,849)</b>	<b>17,926</b>	<b>4,654</b>	<b>(2,621)</b>	<b>87,908</b>	<b>(76,338)</b>	<b>(17,106)</b>	<b>(1,734,819)</b>	<b>-</b>	<b>(4,196,245)</b>
<b>Other Financing Sources (Uses)</b>										
Insurance recoveries	\$ 761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761
Sale of Capital Assets	-	-	-	-	-	6,650	-	-	-	6,650
Transfers in (out)	959,948	-	-	-	(125,000)	-	-	2,447,000	-	3,281,948
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 960,709</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (125,000)</b>	<b>\$ 6,650</b>	<b>\$ -</b>	<b>\$ 2,447,000</b>	<b>\$ -</b>	<b>\$ 3,289,359</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,515,140)</b>	<b>\$ 17,926</b>	<b>\$ 4,654</b>	<b>\$ (2,621)</b>	<b>\$ (37,092)</b>	<b>\$ (69,688)</b>	<b>\$ (17,106)</b>	<b>\$ 712,181</b>	<b>\$ -</b>	<b>\$ (906,886)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>2,448,591</b>	<b>434,700</b>	<b>134,049</b>	<b>1,055,762</b>	<b>824,927</b>	<b>376,203</b>	<b>260,870</b>	<b>857,680</b>	<b>477</b>	<b>6,393,259</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 933,451</b>	<b>\$ 452,626</b>	<b>\$ 138,703</b>	<b>\$ 1,053,141</b>	<b>\$ 787,835</b>	<b>\$ 306,515</b>	<b>\$ 243,764</b>	<b>\$ 1,569,861</b>	<b>\$ 477</b>	<b>\$ 5,486,373</b>

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Recreation Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Local taxes	\$ 262,000	\$ 262,000	\$ 256,616	\$ (5,384)
Charges for services	970,800	970,800	864,215	(106,585)
Federal and state grants	750,000	750,000	-	(750,000)
Miscellaneous and contribution income	22,500	22,500	27,835	5,335
<b>Total Revenues</b>	<u>2,005,300</u>	<u>2,005,300</u>	<u>1,148,666</u>	<u>(856,634)</u>
<b>EXPENDITURES</b>				
<b><u>Health, Welfare, and Recreation</u></b>				
<b>Recreation Administration</b>				
Personnel expenditures	259,761	259,761	231,359	28,402
Contractual services	8,200	8,200	6,400	1,800
Supplies	2,000	2,000	856	
Fixed charges	4,500	4,500	-	4,500
<b>Total recreation administration</b>	<u>274,461</u>	<u>274,461</u>	<u>238,615</u>	<u>34,702</u>
<b>Recreation Centers</b>				
Personnel expenditures	785,748	855,548	801,856	53,692
Contractual services	666,600	746,100	679,048	67,052
Supplies	142,800	142,800	138,051	4,749
Fixed charges	34,000	34,000	34,519	(519)
Capital Outlay	45,052	262,326	1,155,947	(893,621)
<b>Total recreation centers</b>	<u>1,674,200</u>	<u>2,040,774</u>	<u>2,809,421</u>	<u>(768,647)</u>
<b>Parks</b>				
Personnel expenditures	194,536	200,136	308,733	(108,597)
Contractual services	169,250	169,250	164,905	4,345
Supplies	87,500	87,500	79,604	7,896
Fixed charges	12,500	12,500	11,070	1,430
Capital Outlay	1,499,345	1,499,345	12,167	1,487,178
<b>Total parks</b>	<u>1,963,131</u>	<u>1,968,731</u>	<u>576,479</u>	<u>1,392,252</u>
<b>Total Expenditures</b>	<u>3,911,792</u>	<u>4,283,966</u>	<u>3,624,515</u>	<u>658,307</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,906,492)	(2,278,666)	(2,475,849)	(1,514,941)
<b>Other Financing Sources (Uses)</b>				
Insurance recoveries	-	-	761	(761)
Transfers in (out)	1,000,000	1,012,500	959,948	52,552
<b>Total Other Financing Sources (Uses)</b>	<u>1,000,000</u>	<u>1,012,500</u>	<u>960,709</u>	<u>51,791</u>
<b>Net change in fund balances</b>	<u>\$ (906,492)</u>	<u>\$ (1,266,166)</u>	<u>(1,515,140)</u>	<u>\$ (1,463,150)</u>
<b>Fund Balances - beginning</b>			<u>2,448,591</u>	
<b>Fund Balances - end</b>			<u>\$ 933,451</u>	

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Tourism and Community Development Fund**  
**Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local taxes	\$ 131,000	\$ 131,000	\$ 128,308	\$ (2,692)
Federal and state grants	-	-	-	-
<b>Total Revenues</b>	<u>131,000</u>	<u>131,000</u>	<u>128,308</u>	<u>(2,692)</u>
<b>EXPENDITURES</b>				
<b><u>Economic Development and Assistance</u></b>				
<b><u>Tourism and Community Development</u></b>				
Personnel expenditures	5,000	5,000	336	4,664
Contractual services	104,900	104,900	109,959	(5,059)
Supplies	100	100	87	13
<b>Total Expenditures</b>	<u>110,000</u>	<u>110,000</u>	<u>110,382</u>	<u>(382)</u>
Net change in fund balances	<u>\$ 21,000</u>	<u>\$ 21,000</u>	17,926	<u>\$ (2,310)</u>
<b>Fund Balances - beginning</b>			<u>434,700</u>	
<b>Fund Balances - end</b>			<u>\$ 452,626</u>	

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**School Federal Projects**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Federal and state grants	\$ 1,972,333	\$ 2,367,712	\$ 1,980,480	\$ (387,232)
<b>Total Revenues</b>	<u>1,972,333</u>	<u>2,367,712</u>	<u>1,980,480</u>	<u>(387,232)</u>
<b>EXPENDITURES</b>				
<b><u>Instruction</u></b>				
Regular instruction	767,866	855,313	783,506	71,807
Special education	538,189	567,524	378,622	188,902
<b><u>Support Services</u></b>				
Other student support	2,000	152,562	146,723	5,839
Regular instruction	316,553	441,038	401,175	39,863
Special education	17,000	17,000	2,246	14,754
Transportation	8,277	11,827	7,952	3,875
Community service	322,448	322,448	255,602	66,846
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>1,972,333</u>	<u>2,367,712</u>	<u>1,975,826</u>	<u>391,886</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	4,654	(779,118)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,654	<u>\$ (779,118)</u>
<b>Fund Balances - beginning</b>			<u>134,049</u>	
<b>Fund Balances - end</b>			<u>\$ 138,703</u>	

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Central Cafeteria Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 208,280	\$ 208,280	\$ 175,506	\$ (32,774)
Federal and state grants	1,163,455	1,370,989	1,084,748	(286,241)
Investment earnings	500	500	2,715	2,215
Miscellaneous and contribution income	800	800	7,428	6,628
<b>Total Revenues</b>	<u>1,373,035</u>	<u>1,580,569</u>	<u>1,270,397</u>	<u>(310,172)</u>
<b>EXPENDITURES</b>				
<b><u>Operation of Non-instructional Services</u></b>				
Food service	<u>1,373,035</u>	<u>1,704,210</u>	<u>1,273,018</u>	<u>431,192</u>
<b>Total Expenditures</b>	<u>1,373,035</u>	<u>1,704,210</u>	<u>1,273,018</u>	<u>431,192</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	-	(123,641)	(2,621)	(741,364)
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (123,641)</u>	(2,621)	<u>\$ (741,364)</u>
<b>Fund Balances - beginning</b>			<u>1,055,762</u>	
<b>Fund Balances - end</b>			<u>\$ 1,053,141</u>	

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Sanitation Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 1,304,000	\$ 1,304,000	\$ 1,557,846	\$ 253,846
Miscellaneous and contribution income	-	-	-	-
<b>Total Revenues</b>	<u>1,304,000</u>	<u>1,304,000</u>	<u>1,557,846</u>	<u>253,846</u>
<b>EXPENDITURES</b>				
<b>Public Works</b>				
Personnel expenditures	367,031	367,031	323,672	43,359
Contractual services	1,106,000	1,106,000	1,119,384	(13,384)
Supplies	49,000	49,000	23,149	25,851
Fixed Charges	-	-	3,733	(3,733)
<b>Total Expenditures</b>	<u>1,522,031</u>	<u>1,522,031</u>	<u>1,469,938</u>	<u>52,093</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	(218,031)	(218,031)	87,908	201,753
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	(125,000)	(125,000)	(125,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (343,031)</u>	<u>\$ (343,031)</u>	(37,092)	<u>\$ 201,753</u>
<b>Fund Balances - beginning</b>			<u>824,927</u>	
<b>Fund Balances - end</b>			<u>\$ 787,835</u>	

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Drug Control Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 21,000	\$ 21,000	\$ 28,947	\$ 7,947
Other Local Revenues	45,000	45,000	2,227	(42,773)
<b>Total Revenues</b>	<u>66,000</u>	<u>66,000</u>	<u>31,174</u>	<u>(34,826)</u>
<b>EXPENDITURES</b>				
<b><u>Public Safety</u></b>				
Personnel expenditures	12,395	12,395	1,019	11,376
Contractual services	19,200	19,200	3,864	15,336
Supplies	42,000	42,000	16,918	25,082
Capital Outlay	133,000	133,000	85,711	47,289
<b>Total Expenditures</b>	<u>206,595</u>	<u>206,595</u>	<u>107,512</u>	<u>99,083</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(140,595)	(140,595)	(76,338)	(133,909)
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	60,000	60,000	6,650	53,350
<b>Total Other Financing Sources (Uses)</b>	<u>60,000</u>	<u>60,000</u>	<u>6,650</u>	<u>53,350</u>
Net change in fund balances	<u>\$ (80,595)</u>	<u>\$ (80,595)</u>	(69,688)	<u>\$ (80,559)</u>
<b>Fund Balances - beginning</b>			<u>376,203</u>	
<b>Fund Balances - end</b>			<u>\$ 306,515</u>	

**City of Manchester, Tennessee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Capital Equipment Replacement Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Miscellaneous and contribution income	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
<b><u>Public Safety</u></b>				
Police - capital outlay	250,000	1,018,750	1,021,905	(3,155)
Fire - capital outlay	250,000	306,000	55,987	250,013
<b><u>Public Works</u></b>				
Public Works - capital outlay	350,000	541,354	530,643	10,711
<b><u>Recreation</u></b>				
Recreation center - capital outlay	550,000	606,060	68,560	537,500
Park areas - capital outlay	47,000	54,000	57,724	(3,724)
<b>Total Expenditures</b>	<u>1,447,000</u>	<u>2,526,164</u>	<u>1,734,819</u>	<u>791,345</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	(1,447,000)	(2,526,164)	(1,734,819)	(791,345)
Insurance recoveries	-	-	-	-
Sale of Capital Assets	-	-	-	-
Transfers in (out)	2,447,000	3,162,750	2,447,000	715,750
<b>Total Other Financing Sources (Uses)</b>	<u>2,447,000</u>	<u>3,162,750</u>	<u>2,447,000</u>	<u>715,750</u>
Net change in fund balances	<u>\$ 1,000,000</u>	<u>\$ 636,586</u>	712,181	<u>\$ (75,595)</u>
<b>Fund Balances - beginning</b>			<u>857,680</u>	
<b>Fund Balances - end</b>			<u>\$ 1,569,861</u>	

## **OTHER INFORMATION**

**CITY OF MANCHESTER, TENNESSEE**  
**SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS**

**June 30, 2024**

	<u>2023-2024</u>		<u>2022-2023</u>		<u>2021-2022</u>		<u>2020-2021</u>		<u>2019-2020</u>		<u>2018-2019</u>		<u>2017-2018</u>		<u>2016-2017</u>		<u>2015-2016</u>		<u>2014-2015</u>	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
<u>Within Corporate Limits</u>																				
Up to and including 2,000 gallons	\$ 10.97	\$ 13.78	\$ 8.86	\$ 11.14	\$ 8.86	\$ 11.14	\$ 8.86	\$ 11.14	\$ 8.86	\$ 11.14	\$ 8.86	\$ 11.14	\$ 8.60	\$ 10.82	\$ 8.60	\$ 10.82	\$ 8.60	\$ 10.82	\$ 8.60	\$ 10.82
Next 98,000 gallons per 1,000 gallons	\$ 5.49	\$ 6.89	\$ 4.43	\$ 5.57	\$ 4.43	\$ 5.57	\$ 4.43	\$ 5.57	\$ 4.43	\$ 5.57	\$ 4.43	\$ 5.57	\$ 4.30	\$ 5.41	\$ 4.30	\$ 5.41	\$ 4.30	\$ 5.41	\$ 4.30	\$ 5.41
All over the next 100,000 gallons per 1,000 gallons	\$ 4.36	\$ 5.49	\$ 3.52	\$ 4.43	\$ 3.52	\$ 4.43	\$ 3.52	\$ 4.43	\$ 3.52	\$ 4.43	\$ 3.52	\$ 4.43	\$ 3.42	\$ 4.30	\$ 3.42	\$ 4.30	\$ 3.42	\$ 4.30	\$ 3.42	\$ 4.30
Unmetered Residential Customers		\$ 32.81		\$ 26.51		\$ 26.51		\$ 26.51		\$ 26.51		\$ 26.51		\$ 25.74		\$ 25.74		\$ 25.74		\$ 25.74
<u>Outside Corporate Limits</u>																				
One and one-half times inside rate - Industrial																				
Two times inside rate - Residential and Commercial																				
<u>Number of Customers</u>																				
Total	8,450	5,847	8,364	5,767	8,069	5,517	7,893	5,380	7,278	5,092	7,478	5,091	6,922	4,783	7,070	4,836	7,070	4,836	6,985	4,778

**CITY OF MANCHESTER, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GOVERNMENTAL ACTIVITIES**

**June 30, 2024**

Year Ending June 30,	General Obligation Refunding Bond Series 2020A		General Obligation Bond Series 2020B		Energy Efficient Schools Initiative Capital Outlay Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2025	845,000	416,850	100,000	36,400	48,336	2,064	993,336
2026	865,000	391,500	100,000	33,400	48,576	1,824	1,013,576	426,724
2027	885,000	365,550	100,000	30,400	48,816	1,584	1,033,816	397,534
2028	910,000	339,000	100,000	27,400	49,068	1,332	1,059,068	367,732
2029	935,000	311,700	100,000	24,400	49,308	1,092	1,084,308	337,192
2030	960,000	283,650	100,000	23,400	49,560	840	1,109,560	307,890
2031	955,000	254,850	100,000	22,400	49,800	600	1,104,800	277,850
2032	975,000	226,200	100,000	21,200	50,052	348	1,125,052	247,748
2033	1,000,000	196,950	100,000	20,000	46,097	82	1,146,097	217,032
2034	1,045,000	166,950	100,000	18,800	-	-	1,145,000	185,750
2035	1,085,000	135,600	100,000	17,600	-	-	1,185,000	153,200
2036	1,100,000	103,050	100,000	16,400	-	-	1,200,000	119,450
2037	1,160,000	70,050	100,000	15,200	-	-	1,260,000	85,250
2038	1,175,000	35,250	100,000	14,000	-	-	1,275,000	49,250
2039	800,000	-	100,000	12,000	-	-	900,000	12,000
2040	-	-	100,000	10,000	-	-	100,000	10,000
2041	-	-	100,000	8,000	-	-	100,000	8,000
2042	-	-	100,000	6,000	-	-	100,000	6,000
2043	-	-	100,000	4,000	-	-	100,000	4,000
2044	-	-	100,000	2,000	-	-	100,000	2,000
<b>Total</b>	<b>\$ 14,695,000</b>	<b>\$ 3,297,150</b>	<b>\$ 2,000,000</b>	<b>\$ 363,000</b>	<b>\$ 439,613</b>	<b>\$ 9,766</b>	<b>\$ 17,134,613</b>	<b>\$ 3,669,916</b>

**CITY OF MANCHESTER, TENNESSEE  
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
BUSINESS-TYPE ACTIVITIES**

**June 30, 2024**

Year Ending June 30,	General Obligation Refunding Bonds, Series 2017		General Obligation Refunding Bonds, Series 2021A		Local Government Public Improvement Bonds Series 2017 Z-1-DRUC		Water & Sewer Revenue & Tax Revenue & Tax Refunding GO Bonds Series 2021B-DRUC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2025	705,000	74,400	655,000	145,713	25,000	88,163	440,000	50,950	1,825,000
2026	715,000	60,300	575,000	132,613	25,000	87,663	450,000	42,050	1,765,000	322,626
2027	740,000	46,200	560,000	121,113	25,000	87,163	455,000	33,000	1,780,000	287,476
2028	760,000	31,900	515,000	109,913	25,000	86,661	465,000	23,800	1,765,000	252,274
2029	-	17,100	700,000	99,613	25,000	86,100	475,000	14,400	1,200,000	217,213
2030	-	-	700,000	85,613	25,000	85,350	480,000	7,250	1,205,000	178,213
2031	-	-	695,000	71,613	25,000	84,600	485,000	2,425	1,205,000	158,638
2032	-	-	665,000	57,713	395,000	83,850	-	-	1,060,000	141,563
2033	-	-	660,000	49,400	400,000	72,000	-	-	1,060,000	121,400
2034	-	-	460,000	36,200	400,000	60,000	-	-	860,000	96,200
2035	-	-	460,000	27,000	400,000	48,000	-	-	860,000	75,000
2036	-	-	445,000	17,800	400,000	36,000	-	-	845,000	53,800
2037	-	-	445,000	8,900	400,000	24,000	-	-	845,000	32,900
2038	-	-	-	-	400,000	12,000	-	-	400,000	12,000
<b>Total</b>	<b>\$ 2,920,000</b>	<b>\$ 229,900</b>	<b>\$ 7,535,000</b>	<b>\$ 963,204</b>	<b>\$ 2,970,000</b>	<b>\$ 941,550</b>	<b>\$ 3,250,000</b>	<b>\$ 173,875</b>	<b>\$ 16,675,000</b>	<b>\$ 2,308,529</b>

**CITY OF MANCHESTER, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**

**June 30, 2024**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2024
<b><u>Governmental Activities</u></b>								
<b><u>CAPITAL OUTLAY NOTE</u></b>								
Energy Efficient for Schools	\$ 610,502	0.50%	2020	2033	\$ 487,709	\$ -	\$ (48,096)	\$ 439,613
Total Capital Outlay					\$ 487,709	\$ -	\$ (48,096)	\$ 439,613
<b><u>BONDS PAYABLE</u></b>								
General Obligation Refunding Bonds Series 2020A	\$ 17,115,000	3.00%	2020	2039	\$ 15,515,000	\$ -	\$ (820,000)	\$ 14,695,000
General Obligation Bonds Series 2020B	\$ 2,245,000	1.78%	2020	2044	2,100,000	-	(100,000)	2,000,000
Total Bonds Payable					\$ 17,615,000	\$ -	\$ (920,000)	\$ 16,695,000
<b><u>Business-Type Activities</u></b>								
<b><u>BONDS PAYABLE</u></b>								
GO Refunding Bonds, Series 2017	\$ 8,870,000	2.32%	2017	2028	\$ 3,625,000	\$ -	\$ (705,000)	\$ 2,920,000
General Obligation Refunding Bond, Series 2021A	\$ 9,510,000	2.00%	2022	2037	8,265,000	-	(730,000)	7,535,000
Total Bonds Payable					\$ 11,890,000	\$ -	\$ (1,435,000)	\$ 10,455,000
<b><u>OTHER LOAN PAYABLE</u></b>								
Public Building Authority of Coffee County, TN Series 2016A DRUC	\$ 9,180,000	4.74%	2016	2038	\$ 2,995,000	\$ -	\$ (25,000)	\$ 2,970,000
Public Building Authority of Coffee County, TN Series 2021B DRUC	\$ 4,100,000	2.00%	2022	2031	3,680,000	-	(430,000)	3,250,000
Total Other Loans Payable					\$ 6,675,000	\$ -	\$ (455,000)	\$ 6,220,000



**CITY OF MANCHESTER, TENNESSEE**  
**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS**

**For the year ended June 30, 2024**

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2024
<u>LEASE PAYABLE</u>								
Recreation Cardio Equipment Lease	\$ 60,156	0.00%	11/4/2021	11/4/2024	\$ 27,778	\$ -	\$ (19,485)	\$ 8,293
					\$ 27,778	\$ -	\$ (19,485)	\$ 8,293

## **SINGLE AUDIT SECTION**

**CITY OF MANCHESTER, TENNESSEE**

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Contract Number	Expenditures
<b>U.S. Department of Education</b>			
Passed through Tennessee Department of Education			
<b>Special Education (IDEA)- Cluster:</b>			
IDEA, Part B	84.027	23--161000	\$ 504,010
IDEA, Preschool	84.173	23--161000	22,596
	<b>Total Special Education (IDEA)- Cluster</b>		<u>526,606</u>
Department of Education Pass-Through			
Programs From:			
Title I, Part A	84.010 A	23-572-161000	396,601
Title II, Part A	84.367 A	23--161000	72,505
Title III, Part A	84.365 A	23--161000	41,467
Title V, Part A	84.358 A	23--161000	<u>53,718</u>
<b>COVID 19 - Education Stabilization Fund -Elementary and Secondary</b>			
<b>School Emergency Relief Fund:</b>			
Elementary and Secondary School Emergency Relief 3.0	* 84.425		197,977
	<b>Total COVID 19 - Education Stabilization Fund -Elementary and Secondary School Emergency Relief Fund</b>		<u>197,977</u>
	<b>Total Department of Education</b>		1,288,874
<b>U.S. Department of Agriculture</b>			
Passed through Tennessee Department of Education			
<b>Child Nutrition- Cluster</b>			
National School Breakfast Program	* 10.553		191,205
National School Lunch Program	* 10.555		609,343
Fresh Fruit and Vegetable Program	* 10.582		52,202
Summer Food Service Program - Lunch	* 10.559		24,889
	<b>Total Child Nutrition- Cluster</b>		<u>825,437</u>
<b>Food Distribution- Cluster</b>			
Passed through Tennessee Department of Agriculture			
Commodity Supplemental Food Program	10.565		83,019
	<b>Total Department of Agriculture</b>		908,456
<b>U.S. Department of Transportation</b>			
Passed through Tennessee Department of Transportation			
Alcohol Open Container Requirements	20.607	Z24THS174	21,721
	<b>Total Department of Transportation</b>		<u>21,721</u>
<b>Appalachian Regional Commission</b>			
Passed through Tennessee Department of Economic & Community Development			
Appalachian Regional Commission (ARC) Grant	23.002	N/A	1,454
<b>U.S. Department of the Treasury</b>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	100,192
	<b>Total Expenditures of Federal Awards</b>		<u>\$ 2,390,857</u>
<b>State Awards</b>			
Tennessee Department of Education			
TN ALL Corps Grant	N/A	N/A	\$ 250,367
Statewide School Resource Officer (SRO) Grant Program	N/A	34901-01482	225,000
VCIF Community Crime Prevention	N/A	77241-VCIF	168,589
Tennessee Law Enforcement Hiring, Training, & Recruitment	N/A	33501-2425111	36,000
Police In-Service	N/A	N/A	40,800
Innovative School Models Grant	N/A	N/A	500,000
Math Implementation Support Grant	N/A	N/A	71,250
Public School Security Grant	N/A	N/A	61,566
Early Literacy Networks Grant	N/A	N/A	103,000
State Special Education Preschool Grant	N/A	N/A	42,368
Summer Learning Camps	N/A	N/A	213,029
CCLC Cohort 2022 Grant	N/A	N/A	322,448
Resilient School Communities Grant	N/A	N/A	159,156
Voluntary Pre-K	N/A	N/A	282,444
Lottery for Education: Afterschool Programs	N/A	N/A	610,000
Sustainability Grant	N/A	N/A	<u>68,913</u>
	<b>Total Expenditures of State Awards</b>		<u>\$ 3,154,930</u>
	<b>Total Expenditures of Federal and State Awards</b>		<u><u>\$ 5,545,787</u></u>

\* Major Program

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

CITY OF MANCHESTER, TENNESSEE

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

**1.) Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state financial assistance activity of the City under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**2.) Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3.) Indirect Cost Rates**

The City has elected not to use 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S 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*

Honorable Mayor and Board of Aldermen  
City of Manchester, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of The City of Manchester, Tennessee (the City), as of and for the year ended June 30, 2024, 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 June 27, 2025. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

### Report on Internal Control over Financial Reporting

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

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on 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 financial statements. 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 instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as 2024-001.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City of Manchester, Tennessee's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Manchester, Tennessee's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Matlock Clements, P.C.  
Murfreesboro, Tennessee  
June 27, 2025

## **INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Alderman  
City of Manchester, Tennessee

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

#### ***Opinion on Each Major Federal Program***

We have audited the City of Manchester, Tennessee’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Manchester, Tennessee’s major federal programs for the year ended June 30, 2024. The City of Manchester, Tennessee’s major federal programs are identified in the summary of the auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Manchester, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Manchester, Tennessee and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Manchester, Tennessee’s compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Manchester, Tennessee’s federal programs.

#### ***Auditor’s Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Manchester, Tennessee’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Manchester, Tennessee's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Manchester, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Manchester, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Manchester, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Matlock Clements, P.C.

June 27, 2025

**CITY OF MANCHESTER, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**I. Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	Yes

*Federal Awards*

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major federal programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

- FAL # 84.425            COVID 19 – Education Stabilization Fund
- Child Nutrition Cluster**
- FAL # 10.553            National School Breakfast Program
- FAL # 10.555            National School Lunch Program
- FAL # 10.582            Fresh Fruit and Vegetable Program
- FAL # 10.559            Summer Food Service Program – Lunch

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**II. Financial Statement Findings – Required to be reported in Accordance With Government Auditing Standards.**

**(2024-001 – Expenditures Exceeded Budget)**

Criteria:

Tennessee Code Annotated (TCA) Section 6-56-203 states that no municipality may expend any moneys regardless of their source...except in accordance with a budget ordinance...

**CITY OF MANCHESTER, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**(2024-001 – Expenditures Exceeded Budget)-(Continued)**

Condition:

The city spent in excess of its budget in the Health, Welfare, and Recreation category of the General fund.

Cause:

The City's budget was not amended to account for all funds spent in the General Fund.

Effect:

Without following proper procedures, the City has failed to authorize all expenditures by the end of the fiscal year. It is recommended that policies and procedures be put in place to ensure that budgeted expenditures are not exceeded.

Management Response:

We concur. See Corrective Action Plan

**III. Federal Award Findings – Required to be reported in Accordance  
with 2 CFR 200.516(a) of the Uniform Guidance**

No matters were reported.

**CITY OF MANCHESTER, TENNESSEE**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**I. Prior Year Financial Statement Findings – Required to be reported in Accordance with Government Auditing Standards.**

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2023-001	Untimely Closing of Accounting Records (original finding # 2023-001)	Corrected

**II. Prior Year Federal Award Findings – Required to be reported in Accordance with 2 CFR 200.516(a) of the Uniform Guidance.**

There were no prior findings reported.



**Management's Corrective Action Plan  
For the Fiscal Year Ended June 30, 2024**

**FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

**2024-001: Expenditures Exceeded Budget**

**Criteria**

Tennessee Code Annotated (TCA) Section 6-56-203 states that no municipality may expend any moneys regardless of their source...except in accordance with a budget ordinance.

**Condition:**

The City spent in excess of its budget in the Health, Welfare, and Recreation category of the General Fund.

**Cause:** The City's budget was not amended for all funds spent in the General Fund.

**Action Taken:** The City will abide by its original budget amounts or make amendments as necessary.

Name of Contact Person: Anthony Burrows, Finance Director

**Anticipated Completion Date:** June 30, 2025

Sincerely,

*Anthony Burrows*

Anthony Burrows  
Finance Director  
City of Manchester  
931-728-4652 Ext. 1300