CITY OF MANCHESTER, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2013

Prepared by:

Department of Finance and Administration

CITY OF MANCHESTER, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2013

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City of Manchester
P. O. BOX 366
MANCHESTER, GEORGIA 31816
(706) 846-3141 OR (706) 846-3142

December 13, 2013

TO: The Citizens of the City of Manchester, Georgia
The Honorable Mayor and Members of the City Council
of the City of Manchester, Georgia

The Comprehensive Annual Financial Report (CAFR) of the City of Manchester, Georgia (City) is submitted for the fiscal year ended June 30, 2013. Management of the City accepts all responsibility for the accuracy of the data and completeness and fairness of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Our goal has been to relate the City's financial position in a format that is informative for the general public.

Georgia law requires cities to perform an audit every two years by independent certified public accountants. The City chooses to have an annual audit and this year Council selected the firm of AJK, LLC to perform the audit. The independent auditor's report is included in the financial section of this report.

The MD&A, which immediately follows the independent auditor's report, provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Manchester is located in the west central part of Georgia approximately 65 miles southwest of Atlanta and 35 miles north of Georgia's third largest city, Columbus.

This report includes all funds of the City of Manchester. The City of Manchester, incorporated in 1909, operates under the council-manager form of government. The City is organized under the following departments: City Hall Administration, Police, Fire, Highways and Street, Health and Welfare, Culture and Recreation, Code Enforcement, Public Works, Water and Sewerage, Gas System and Solid Waste. These departments operate under the supervision of the City Manager, who is appointed by the Mayor and Council, and provide a full range of services for approximately 4,200 citizens. Included among these services are traditional city functions, such as police and fire protection, street construction and maintenance, parks and recreation services, building inspection, zoning enforcement and economic development, as well as gas, water, and sewer utilities and solid waste disposal.

The Housing Authority of the City of Manchester has not met the established criteria for inclusion in the reporting entity and is excluded from this report. The Manchester Development Authority and the Downtown Development Authority of the City of Manchester (the "DDA") have been included in these financial statements as discretely presented component units. The DDA was formed in 1997, but did not become financially active until the fall of 2009.

The City maintains budgetary controls, the purpose of which is to assure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council of Manchester. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is exercised by the City Council at the department level. Additional information on the budgetary process can be found in Note 1(D) in the Notes to the Basic Financial Statements.

FACTORS AFFECTING ECONOMIC CONDITION

The information provided in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Manchester operates.

Local Economy

Since the City of Manchester and Meriwether County continue to suffer with a higher than average unemployment rate, we continue to struggle with a sluggish local economy. We have adjusted the City's operating budgets to assure that we remain in a sound operating position in the future.

A new *CVS Pharmacy* has been built on West Main Street. The grand opening was held in November 2013.

The *President Theatre* project is in process. As renovations to the exterior of the old local theater are made, interest in the on-going project continues.

The first annual *Celebration of Trees* and the *Christmas Parade* held at night followed with fireworks was a great success. This was a wonderful tourism event for the City and brought in visitors from all over the tri-county area.

Long-Term Financial Planning

Meriwether Park, located in northern Meriwether County, continues to grow. It's newest addition, *Mando Manufacturing* became operational in January 2013 and has begun an expansion project with completion expected by December 2013. Growth in *Meriwether Park* continues to benefit the City of Manchester as the increase in the demand of natural gas creates a revenue source for the City.

The City of Manchester refinanced their *Utility Bonds* and accessed cash from the refinancing to use toward *Water and Sewer* infrastructure projects. These funds will be allocated as the required cash match on *Community Block* sewer grants and to rehabilitate the water treatment plant.

Major Initiatives

Maintenance on the *Water Plant* including clarifiers, filters and media have been completed. This project has been required by the *Georgia Environmental Pollution Division*. The City engineers will be making their recommendations on additional improvements needed at the water filter plant in the next fiscal year.

The *Manchester Downtown Development Authority* has been very active over the past year and continues to work toward their vision of a busy and thriving downtown.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manchester for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty first consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The timely preparation of this report was possible because of the efficiency and dedicated service of the entire staff at City Hall. Each member of the department has our sincere appreciation for their contributions in the preparation of this report. We wish to thank the Mayor and Council Members for their continued support as we strive for excellence in financial reporting for the City of Manchester. We also wish to acknowledge the professional and dedicated services of the staff of AJK, LLC, Certified Public Accountants.

Respectfully submitted,

Kathy Storey

Kathy Storey, City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

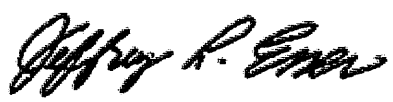
Presented to

City of Manchester

Georgia

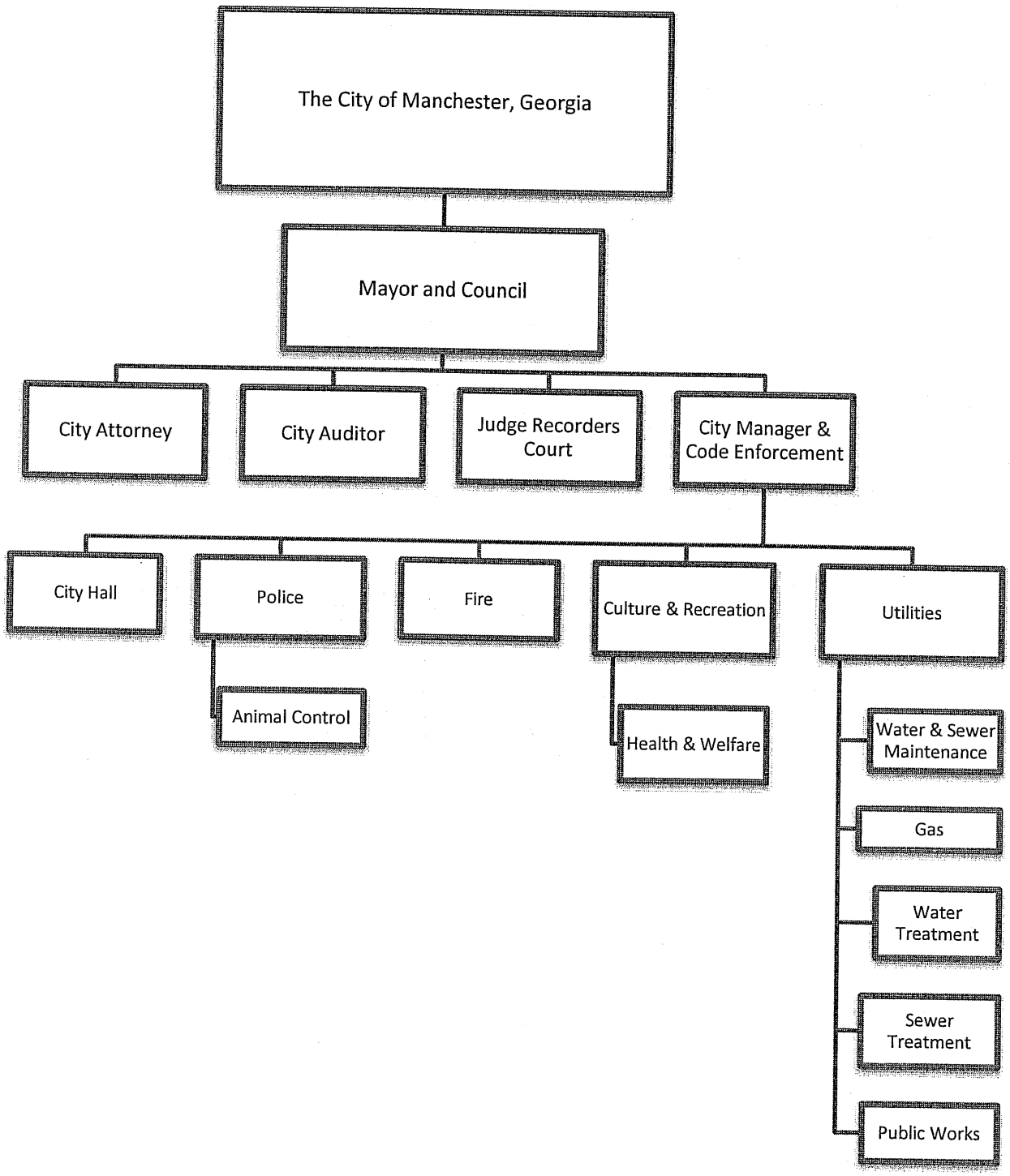
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

CITY OF MANCHESTER, GEORGIA
ORGANIZATION CHART
June 30, 2013



CITY OF MANCHESTER, GEORGIA
LIST OF PRINCIPAL OFFICIALS
June 30, 2013

ELECTED OFFICIALS

Anthony D. Clifton	Mayor
Bruce S. Burt	Mayor Pro-Tem
Solomon Ferguson	Council Member
Pattisue S. Elliott	Council Member
Travis L. Ferguson	Council Member

OTHER OFFICIALS

Kathy M. Storey	City Manager
Kristen C. Price	City Clerk
Glover & Davis, P.A.	City Attorney
John Gilson	City Judge

AJK

AJK, LLC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 609 ☐ 405 Second Street ☐ Manchester, GA 31816
(706) 846-8401 ☐ Fax (706) 846-3370

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Manchester, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, Georgia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress information on pages 4 through 9 and page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manchester, Georgia's basic financial statements. The introductory section, combining, comparative, budgetary comparison, and individual fund financial statements and schedules, other supplemental information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Manchester, Georgia's basic financial statements for the year ended June 30, 2012, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manchester, Georgia's basic financial statements as a whole. The individual fund financial statements, related to the 2012 financial statements 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 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

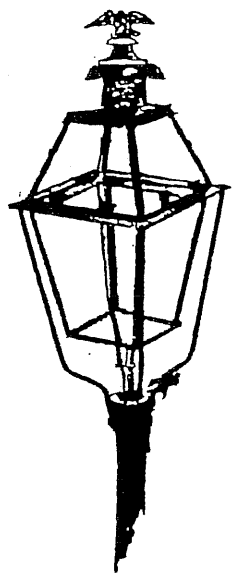
In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of the City of Manchester, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, Georgia's internal control over financial reporting and compliance.

AJK

Manchester, Georgia
December 18, 2013

NOTICE

Certain pages of this report have been left blank intentionally.
These pages are identified as shown on this page.



Management's Discussion and Analysis

As management of the City of Manchester (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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

FINANCIAL HIGHLIGHTS

- At June 30, 2013, the City's assets exceeded its liabilities by $11,322,725 (net position). Net position in governmental activities increased $58,352 or 1.23 percent, and net position of our business-type activities decreased $218,257 or 3.24 percent.
- The City's total net position decreased $159,905 from the previous year. This is a minimal change in net position for the City and is accounted for in the change in debt.
- As of the close of 2013, the City's governmental funds reported combined ending fund balances of $702,388, an increase of $99,384 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. These financial statements will present an overview of the City's financial activities and are presented in 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 statements are intended to present information about the City as a whole using accounting methods similar to the private sector.

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 taxes and earned but unused vacation leave).

The government-wide financial statements of the City are separated into three kinds of activities:

- Governmental activities: Most of the City's programs and services are reported here, including police, fire, senior center, recreation, public works, and general administration. These governmental activities are funded primarily by property taxes and state and federal grants.

- Business-type activities: These activities include the business-like operations of the City which are intended to recover all or a significant portion of their costs through user fees and charges. These services include water, sewer, gas and garbage.

- Component units: The Manchester Development Authority and the Downtown Development Authority of the City of Manchester are included as discretely presented component units of the City. Although they are legally separate from the City, the City is financially accountable. Additional information can be found on the Manchester Development Authority in their separately issued financial statements. The DDA does not issue separate financial statements. The Manchester Public Utilities Authority, although also legally separate, functions for all practical purposes as part of the City's Water and Sewerage Fund; therefore, it has been included as part of the business-type activities.

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, 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 used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided, along with the financial resources available.

By comparing the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing 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.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is the City's only major governmental fund. Individual data from the remaining nonmajor governmental funds are combined into a single, aggregate column marked "Other Governmental Funds." Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements and other supplementary data provided within the financial section of the report.

Proprietary Funds - The City presents only enterprise funds for its proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The City utilizes enterprise funds to account for the Water & Sewer operations, Gas operations, and Solid Waste disposal activities. The Broadband cable system has been sold, and except for settling some outstanding accounts, it is inactive. The Water & Sewer, Gas, Solid Waste and Broadband funds are all considered to be major enterprise funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water & Sewer, Gas, Solid Waste and Broadband funds since all are considered to be major funds of the City.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following summarizes the components of the City's net position of the primary government at June 30, 2013 and 2012.

NET POSITION

	Governmental Activities		Business-type		Totals	
	2013	2012	2013	2012	2013	2012
Assets:						
Current &Other Assets	$ 964,776	$ 827,448	$ 5,409,313	$ 1,877,532	$ 6,374,089	$ 2,704,980
Capital Assets, Net	4,825,693	4,940,240	12,023,705	12,203,324	16,849,398	17,143,564
Total Assets	5,790,469	5,767,688	17,433,018	14,080,856	23,223,487	19,848,544
Deferred Outflows of Resources	0	0	369,520	261,812	369,520	261,812
Liabilities:						
Current & Other Liabilities	430,255	385,671	906,276	1,000,999	1,336,531	1,386,670
Long-term Liabilities	556,456	636,611	10,377,295	6,604,445	10,933,751	7,241,056
Total Liabilities	986,711	1,022,282	11,283,571	7,605,444	12,270,282	8,627,726
Net Position:						
Net Investment in Capital Assets	4,229,346	4,268,924	6,892,270	7,102,398	11,121,616	11,371,322
Restricted	222,804	408,008	3,031,484		3,254,288	408,008
Unrestricted	351,608	68,474	(3,404,787)	(365,174)	(3,053,179)	(296,700)
Total Net Position	$ 4,803,758	$ 4,745,406	$ 6,518,967	$ 6,737,224	$ 11,322,725	$ 11,482,630

As noted earlier, changes in net position over time can be a useful indicator of a government's financial position. In the case of the City of Manchester, assets exceeded liabilities by $11,322,725 at June 30, 2013. The City's investment in capital assets (e.g. land, buildings, infrastructure, machinery, equipment and vehicles), less any outstanding related debt used to acquire the asset equals approximately 98.22% of net position. The City uses these capital assets to provide services to citizens and consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the assets themselves cannot be used to liquidate these liabilities.

The following shows the changes in net position for 2013 and 2012.

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	$ 686,945	$ 698,205	$ 3,065,013	$ 3,169,305	$ 3,751,958	$ 3,867,510
Operating grants and contributions	509,996	408,311	0	0	509,996	408,311
Capital grants and contributions	140,440	117,471	0	0	140,440	117,471
General Revenues:						
Property taxes	1,063,897	1,034,166	0	0	1,063,897	1,034,166
Franchise tax	221,189	229,997	0	0	221,189	229,997
Insurance premium tax	210,739	198,405	0	0	210,739	198,405
Motor vehicle and mobile home tax	113,568	97,088	0	0	113,568	97,088
Alcoholic beverage tax	85,990	90,480	0	0	85,990	90,480
Sales tax	380,696	392,921	0	0	380,696	392,921
Other	16,024	19,586	0	0	16,024	19,586
Investment earnings	1,228	823	2,223	1,582	3,451	2,405
Total Revenues	3,430,712	3,287,453	3,067,236	3,170,887	6,497,948	6,458,340
Expenses:						
General government	851,282	875,283	0	0	851,282	875,283
Public safety	1,526,212	1,461,400	0	0	1,526,212	1,461,400
Health and welfare	155,931	151,054	0	0	155,931	151,054
Culture and recreation	506,659	479,144	0	0	506,659	479,144
Highways and streets	489,636	556,214	0	0	489,636	556,214
Community development	104,379	2,218,377	0	0	104,379	2,218,377
Interest on long-term debt	31,754	36,721	0	0	31,754	36,721
Water and sewer	0	0	2,061,417	1,593,314	2,061,417	1,593,314
Gas	0	0	659,844	702,362	659,844	702,362
Solid waste	0	0	267,034	271,683	267,034	271,683
Broadband	0	0	3,705	18,822	3,705	18,822
Total Expenses	3,665,853	5,778,193	2,992,000	2,586,181	6,657,853	8,364,374
Increase (decrease) in net position before transfers	(235,141)	(2,490,740)	75,236	584,706	(159,905)	(1,906,034)
Transfers	293,493	621,030	(293,493)	(621,030)	0	0
Increase (decrease) in net position	58,352	(1,869,710)	(218,257)	(36,324)	(159,905)	(1,906,034)
Net Position, beginning of year	4,745,406	6,615,116	6,737,224	6,773,548	11,482,630	13,388,664
Net Position, end of year	$ 4,803,758	$ 4,745,406	$ 6,518,967	$ 6,737,224	$ 11,322,725	$ 11,482,630

Governmental Activities

Governmental activities increased the City's net position by $58,352. Key elements of this increase are shown in the preceding table *Changes in Net Position*. The only noteworthy variance was:

- Expenses for community development decreased $2,113,998. Approximately $1,600,000 of this is from the capital assets the City donated for community development in the prior year.

Business-Type Activities

Business-type activities decreased the City's net position by $218,257. The only noteworthy variance was:

- Expenses in the Water and Sewerage Fund increased approximately $468,000. This is due to an increase in repairs and maintenance of approximately $102,000 (for various maintenance done on the system) and an increase in bond issue cost of approximately $102,000 (due to the bond refunding).

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the City'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 tool in the measurement of the City's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the City's governmental funds reported a combined ending fund balance of $702,388, an increase of $99,384 in comparison with the prior year. The fund balance is classified as nonspendable ($46,447), restricted ($222,804), committed ($253,000) and unassigned ($180,137) to indicate the purpose for which the resources can be used. The restricted fund balance (amounts constrained to specific purposes by their providers) represents approximately 32% of the fund balance. The unassigned fund balance, which represents approximately 26% of the total fund balance, is available for any purpose.

The General Fund is the City's chief operating fund. The fund balance of the City's General Fund increased by $208,786 during year ended 2013. The increase in the General Fund is a result of the City curtailing expenditures where possible.

Proprietary Funds

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

The change for net position in the Proprietary Funds for the year ended June 30, 2013 was a decrease of $218,257. The factors concerning this decrease have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Manchester City Council adopts the annual operating budgets for the City on or about May 1 each year for the fiscal year commencing July 1. The most significant budgeted fund of the City is the General Fund. During the year, amendments to the budget are adopted as needed. The significant amendments during the year were:

- Grant revenue was increase approximately $209,000 to reflect a recreation grant, a fire department grant and a GDOT grant.

- Capital outlay was increased by approximately $105,000 to reflect various purchases approved during the year.

- Salaries were adjusted in most departments to reflect actual amounts paid. The net adjustments to salaries and related cost was approximately an $89,000 increase.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013 was $11,121,616, net of accumulated depreciation and related debt. This investment in capital assets includes land, buildings, improvements, machinery, equipment, vehicles, infrastructure, and construction in progress.

Long-Term Debt

As of June 30, 2013 the City had total bonded outstanding debt of $9,975,000.

More detailed information about the City's capital assets and long-term debt is presented in the notes to the basic financial statements in Note 3 and Note 5, respectively.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the following:

Kathy M. Storey, City Manager
Department of Financial Administration
P.O. Box 366
Manchester, Georgia 31816
706-846-3141

BASIC FINANCIAL STATEMENTS

CITY OF MANCHESTER, GEORGIA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Manchester Development Authority	Downtown Development Authority
ASSETS					
Cash	$ 667,009	$ 1,359,489	$ 2,026,498	$ 1,337,683	$ 16,609
Receivables (net where applicable of allowances for uncollectible):					
Tax and tax liens	15,737		15,737		
Accounts		313,388	313,388		
Fines and forfeitures	25,495		25,495		
Nutrition program	17,646		17,646		
Other	192,442		192,442		
Inventory, at cost	29,843	1,062	30,905		
Prepaid items	16,604		16,604		
Note receivable				490,838	9,206
Restricted assets:					
Temporarily restricted:					
Cash		3,644,926	3,644,926		
Capital assets not being depreciated	289,733	685,899	975,632	134,433	
Capital assets being depreciated, net of accumulated depreciation	4,535,960	11,337,806	15,873,766	3,025,204	
Prepaid bond insurance, net of accumulated amortization		90,448	90,448		
Total assets	5,790,469	17,433,018	23,223,487	4,988,158	25,815
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding		369,520	369,520		
Total deferred outflows of resources	0	369,520	369,520	0	0
LIABILITIES					
Accounts payable and other current liabilities	223,665	9,143	232,808	12,288	9,650
Accrued payroll	31,998		31,998		
Accrued interest on bonds	10,483		10,483		
Customer deposits		85,404	85,404		
Customer overpayments		13,095	13,095		
Unearned revenue	6,725	24,600	31,325		1,000
Current liabilities payable from restricted assets		595,637	595,637		
Noncurrent liabilities:					
Due within one year	157,384	178,397	335,781	20,315	
Due in more than one year	556,456	10,377,295	10,933,751	970,523	
Total liabilities	986,711	11,283,571	12,270,282	1,003,126	10,650
NET POSITION					
Net investment in capital assets	4,229,346	6,892,270	11,121,616	2,168,799	
Restricted for:					
Construction		3,031,484	3,031,484		
Small cities program	2,591		2,591		
Economic development activities	220,212		220,212		
Capital projects	1		1		
Debt service				546,068	
Unrestricted	351,608	(3,404,787)	(3,053,179)	1,270,165	15,165
Total net position	$ 4,803,758	$ 6,518,967	$ 11,322,725	$ 3,985,032	$ 15,165

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services, Fees, Fines and Forfeitures	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Manchester Development Authority	Component Units: Downtown Development Authority
Primary government:									
Governmental activities:									
General government	$ 851,282	$ 431,163	$ 85,581		$(334,538)		$(334,538)		
Public safety	1,526,212	192,472	31,311	$ 10,000	(1,292,429)		(1,292,429)		
Health and welfare	155,931	80	114,104		(41,747)		(41,747)		
Culture and recreation	506,659	61,230	177,398		(268,031)		(268,031)		
Highways and streets	489,636			130,440	(359,196)		(359,196)		
Community development	104,379	2,000	101,602		(777)		(777)		
Interest on long-term debt	31,754				(31,754)		(31,754)		
Total governmental activities	3,665,853	686,945	509,996	140,440	(2,328,472)		(2,328,472)		
Business-type activities:									
Water and sewerage	2,061,417	1,856,517				$(204,900)	(204,900)		
Gas	659,844	765,116				105,272	105,272		
Solid waste	267,034	443,380				176,346	176,346		
Broadband	3,705					(3,705)	(3,705)		
Total business-type activities	2,992,000	3,065,013	-	-	-	73,013	73,013		
Total primary government	$ 6,657,853	$ 3,751,958	$ 509,996	$ 140,440	(2,328,472)	73,013	(2,255,459)		
Component units:									
Manchester Development Authority	$ 448,420	$ 200,760						$(247,660)	
Downtown Development Authority	14,584		$ 9,600						$(4,984)
Total component units	$ 463,004	$ 200,760	$ 9,600	$ 0				(247,660)	(4,984)
General revenues:									
Taxes:									
Property taxes					1,063,897		1,063,897		
Sales tax					380,696		380,696		
Franchise tax					221,189		221,189		
Insurance premium tax					210,739		210,739		
Motor vehicle and mobile home tax					113,568		113,568		
Alcoholic beverage tax					85,990		85,990		
Other					16,024		16,024		
Intergovernmental support - Unrestricted								179,484	
Investment earnings					1,228	2,223	3,451	7,641	93
Other revenue								2,739,770	
Transfers					293,493	(293,493)			
Total general revenues and transfers					2,386,824	(291,270)	2,095,554	2,926,895	93
Change in net position					58,352	(218,257)	(159,905)	2,679,235	(4,891)
Net position at beginning of year					4,745,406	6,737,224	11,482,630	1,305,797	20,056
Net position at end of year					$ 4,803,758	$ 6,518,967	$ 11,322,725	$ 3,985,032	$ 15,165

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

CITY OF MANCHESTER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Major Governmental Fund Types	Nonmajor Governmental Fund Types	
	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 528,384	$ 138,625	$ 667,009
Receivables (net where applicable of allowances for uncollectibles):			
Taxes and tax liens	15,737		15,737
Fines and forfeitures	25,495		25,495
Nutrition program	17,646		17,646
Other	70,342	122,100	192,442
Inventory, at cost	29,843		29,843
Prepaid items	16,604		16,604
Total assets	$ 704,051	$ 260,725	$ 964,776
LIABILITIES			
Accounts payable	$ 185,744	$ 37,921	$ 223,665
Accrued payroll	31,998		31,998
Unearned revenue	6,725		6,725
Total liabilities	224,467	37,921	262,388
FUND BALANCES			
Fund balances:			
Nonspendable for:			
Inventory	29,843		29,843
Prepaids	16,604		16,604
Restricted for:			
Small cities program		2,591	2,591
Economic development activities		220,212	220,212
Capital projects		1	1
Committed:			
Special incentives	12,759		12,759
Infrastructure	240,241		240,241
Unassigned	180,137		180,137
Total fund balances	479,584	222,804	702,388
Total liabilities and fund balances	$ 704,051	$ 260,725	$ 964,776

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

CITY OF MANCHESTER, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2013

Fund balances - Total governmental funds		$ 702,388
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:		
Add - Capital assets		8,475,844
Deduct - Accumulated depreciation		(3,650,151)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position. Balances at June 30, 2013 are:		
Accrued interest payable on bonds		(10,483)
Bonds payable	$(515,000)	
Capital leases	(81,347)	
Compensated absences	(117,493)	
Total long-term liabilities		(713,840)
Net position of governmental activities		$ 4,803,758

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Major Governmental Fund Types	Nonmajor Governmental Fund Types	
	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Property	$ 985,587	$ 78,310	$ 1,063,897
Sales	380,364	332	380,696
Franchise	221,189		221,189
Insurance premium	210,739		210,739
Motor vehicle and mobile home	113,568		113,568
Alcoholic beverage	85,990		85,990
Other	10,157	5,867	16,024
Licenses and permits	85,470		85,470
Grants and subsidies	331,872	176,748	508,620
Charges for services	60,757		60,757
Fines and forfeitures	192,472		192,472
Interest revenue	368	1,295	1,663
Other revenue	479,627		479,627
Total revenues	3,158,160	262,552	3,420,712
Expenditures:			
Current:			
General government	834,570		834,570
Public safety	1,448,479		1,448,479
Health and welfare	155,599		155,599
Culture and recreation	445,918		445,918
Highway and streets	393,039	332	393,371
Community development		104,379	104,379
Debt service:			
Principal retirement	24,969	50,000	74,969
Interest and fees	4,444	28,310	32,754
Capital outlay:			
Public safety	9,550		9,550
Highways and streets	75,412	14,950	90,362
Culture and recreation	24,870		24,870
Total expenditures	3,416,850	197,971	3,614,821
Excess of revenues over (under) expenditures	(258,690)	64,581	(194,109)
Other financing sources (uses):			
Transfers in	4,117,853	170,980	4,288,833
Transfers out	(3,650,377)	(344,963)	(3,995,340)
Total other financing sources (uses)	467,476	(173,983)	293,493
Net change in fund balances	208,786	(109,402)	99,384
Fund balances at beginning of year	270,798	332,206	603,004
Fund balances at end of year	$ 479,584	$ 222,804	$ 702,388

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

CITY OF MANCHESTER, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Net change in fund balances - Total governmental funds	$	99,384
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($234,379) exceeded capital outlays ($109,832) in the current period.	(	124,547)
The net effect of various transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position		10,000
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		74,969
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(	1,454)
Change in net position of governmental activities	$	58,352

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property	$ 1,068,600	$ 1,068,600	$ 985,587	$(83,013)
Sales	390,000	390,000	380,364	(9,636)
Franchise	232,000	217,626	221,189	3,563
Insurance premium	198,500	210,739	210,739	
Motor vehicle and mobile home	89,000	89,000	113,568	24,568
Alcoholic beverage	94,000	94,000	85,990	(8,010)
Other	18,900	18,900	10,157	(8,743)
Licenses and permits	70,100	70,100	85,470	15,370
Grants and subsidies	195,096	404,146	331,872	(72,274)
Charges for services	65,000	83,574	60,757	(22,817)
Fines and forfeitures	130,000	130,000	192,472	62,472
Interest revenue	678	678	368	(310)
Other revenue	858,830	777,285	479,627	(297,658)
Total revenues	3,410,704	3,554,648	3,158,160	(396,488)
Expenditures:				
General government:				
Elected officials	84,746	84,746	92,195	(7,449)
City manager	87,029	97,262	97,576	(314)
General administration	856,421	737,966	644,799	93,167
Total general government	1,028,196	919,974	834,570	85,404
Public safety:				
Police	996,280	1,038,638	1,058,390	(19,752)
Fire	373,968	397,702	390,089	7,613
Total public safety	1,370,248	1,436,340	1,448,479	(12,139)
Highway and streets:				
Streets	394,545	385,565	393,039	(7,474)
Health and welfare:				
Senior center	116,385	118,515	118,691	(176)
Animal control	39,981	39,312	36,908	2,404
Total health and welfare	156,366	157,827	155,599	2,228
Culture and recreation:				
Recreation	308,625	397,225	400,918	(3,693)
Library	45,000	45,000	45,000	
Total culture and recreation	353,625	442,225	445,918	(3,693)
Debt service:				
Principal	29,414	29,414	24,969	4,445
Interest			4,444	(4,444)
Capital outlay		104,993	109,832	(4,839)
Total expenditures	3,332,394	3,476,338	3,416,850	59,488
Excess (deficiency) of revenues over (under) expenditures	78,310	78,310	(258,690)	(337,000)
Other financing sources (uses):				
Transfers in			4,117,853	4,117,853
Transfers out	(78,310)	(78,310)	(3,650,377)	(3,572,067)
Total other financing sources (uses)	(78,310)	(78,310)	467,476	545,786
Net change in fund balances	0	0	208,786	208,786
Fund balance at beginning of year	270,798	270,798	270,798	0
Fund balance at end of year	$ 270,798	$ 270,798	$ 479,584	$ 208,786

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-Type Activities Major Fund Types				
	Water and Sewerage	Gas System	Solid Waste	Broadband	Total
ASSETS					
Current assets:					
Cash	$ 1,359,464	$ 25			$ 1,359,489
Receivables (net where applicable of allowances for uncollectibles):					
Accounts	218,290	43,745	$ 51,353		313,388
Inventories	463	599			1,062
Total unrestricted current assets	1,578,217	44,369	51,353	$ 0	1,673,939
Restricted cash	3,644,926				3,644,926
Total restricted cash	3,644,926	0	0	0	3,644,926
Total current assets	5,223,143	44,369	51,353	0	5,318,865
Noncurrent assets:					
Prepaid bond insurance, net of accumulated amortization	90,448	0	0	0	90,448
Capital assets:					
Land and land improvements	537,065				537,065
Construction in progress	148,834				148,834
Buildings	9,883,369	10,088			9,893,457
Improvements other than building	5,452,471	2,408,781			7,861,252
Machinery and equipment	859,870	63,401	21,060		944,331
Less, accumulated depreciation	(6,915,998)	(424,176)	(21,060)		(7,361,234)
Total capital assets (net of accumulated depreciation)	9,965,611	2,058,094	0	0	12,023,705
Total noncurrent assets	10,056,059	2,058,094	0	0	12,114,153
Total assets	15,279,202	2,102,463	51,353	0	17,433,018
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	369,520				369,520
Total deferred outflows of resources	369,520	0	0	0	369,520
LIABILITIES					
Current liabilities:					
Accounts payable	6,003	3,140			9,143
Customer deposits	60,649	24,755			85,404
Customer overpayments	13,095				13,095
Accrued compensated absences	9,165	1,684			10,849
Unearned revenue	24,600				24,600
Obligations under capital leases, current portion		167,548			167,548
Current liabilities payable from restricted assets:					
Accrued interest	90,637				90,637
Revenue bonds, current portion	505,000				505,000
Total current liabilities	709,149	197,127	0	0	906,276
Noncurrent liabilities:					
Compensated absences	4,935	907			5,842
Unearned revenues	742,100				742,100
Revenue bonds payable	8,895,840				8,895,840
Obligation under capital lease		733,513			733,513
Total noncurrent liabilities	9,642,875	734,420	0	0	10,377,295
Total liabilities	10,352,024	931,547	0	0	11,283,571
NET POSITION					
Net investment in capital assets	5,735,237	1,157,033			6,892,270
Restricted for construction	3,031,484				3,031,484
Unrestricted	(3,470,023)	13,883	51,353		(3,404,787)
Total net position	$ 5,296,698	$ 1,170,916	$ 51,353	$ 0	$ 6,518,967

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Business-Type Activities Major Fund Types				
	Water and Sewerage	Gas System	Solid Waste	Broadband	Total
Operating revenues:					
Charges for services:					
Sales	$1,762,999	$ 679,552	$ 443,380		$2,885,931
Other fees	93,518	85,564			179,082
Total operating revenues	1,856,517	765,116	443,380	$ 0	3,065,013
Operating expenses:					
Salaries and wages	227,816	85,793			313,609
Payroll taxes and employee benefits	71,929	28,741			100,670
Gas purchased for resale		230,878			230,878
Sales tax expense		43,486			43,486
Utilities	187,327	4,417			191,744
Repairs and maintenance	182,412	54,397			236,809
Materials, supplies and chemicals	84,998	8,353			93,351
Office supplies and postage	7,819	1,957			9,776
Engineering and other professional services	14,800	7,200			22,000
Depreciation and amortization	352,966	48,767			401,733
Administrative charges	189,420	101,024	31,570		322,014
Sanitation expense			235,464		235,464
Miscellaneous	72,905	1,119		3,705	77,729
Total operating expenses	1,392,392	616,132	267,034	3,705	2,279,263
Operating income (loss)	464,125	148,984	176,346	(3,705)	785,750
Non-operating revenues (expenses):					
Interest income	2,223				2,223
Bond issue cost	(369,709)				(369,709)
Interest expenses	(299,316)	(43,712)			(343,028)
Total non-operating revenues (expenses)	(666,802)	(43,712)	0	0	(710,514)
Income (loss) before transfers	(202,677)	105,272	176,346	(3,705)	75,236
Transfers in	2,878,002	912,893	439,234	11,281	4,241,410
Transfers out	(2,752,053)	(930,258)	(603,132)	(249,460)	(4,534,903)
Changes in net position	(76,728)	87,907	12,448	(241,884)	(218,257)
Net position at beginning of year	5,373,426	1,083,009	38,905	241,884	6,737,224
Net position at end of year	$5,296,698	$1,170,916	$ 51,353	$ 0	$6,518,967

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

CITY OF MANCHESTER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Business-Type Activities Major Fund Types				
	Water and Sewerage	Gas System	Solid Waste	Broadband	Total
Cash flows from operating activities:					
Receipts from customers	$ 1,833,321	$ 787,576	$ 430,932	$ 1,844	$ 3,053,673
Receipts from (refund of) customer overpayments	(6,836)				(6,836)
Receipts from (refund of) customer deposits	9,260	(6,618)			2,642
Payments to employees	(292,478)	(114,143)			(406,621)
Payments to vendors	(755,952)	(458,480)	(267,034)	(3,705)	(1,485,171)
Net cash provided (used) by operating activities	787,315	208,335	163,898	(1,861)	1,157,687
Cash flows from noncapital financing activities:					
Transfers in	2,725,201	912,893	439,234	11,281	4,088,609
Transfers out	(2,752,053)	(930,258)	(603,132)	(249,460)	(4,534,903)
Proceeds from noncapital debt	1,839,364				1,839,364
Principal paid on noncapital debt	(1,271,050)				(1,271,050)
Interest expense on noncapital debt	(66,103)				(66,103)
Net cash provided (used) by noncapital financial activities	475,359	(17,365)	(163,898)	(238,179)	55,917
Cash flows from capital and related financing activities:					
Transfers in	152,801				152,801
Proceeds from capital debt	7,046,454				7,046,454
Acquisition of capital assets	(222,114)				(222,114)
Principal paid on capital debt	(4,314,419)				(4,314,419)
Capital lease payments		(147,258)			(147,258)
Interest expense on capital debt	(107,658)	(43,712)			(151,370)
Net cash provided (used) by capital and related financing activities	2,555,064	(190,970)	0	0	2,364,094
Cash flows from investing activities:					
Interest income	2,223				2,223
Net cash provided (used) by investing activities	2,223	0	0	0	2,223
Net increase (decrease) in cash	3,819,961			(240,040)	3,579,921
Cash at beginning of year	1,184,429	25		240,040	1,424,494
Cash at end of year	$ 5,004,390	$ 25	$ 0	$ 0	$ 5,004,415
Reported on statement of net position:					
Cash	$ 1,359,464	$ 25		$	$ 1,359,489
Restricted cash	3,644,926				3,644,926
Total cash per statement of cash flows	$ 5,004,390	$ 25	$ 0	$ 0	$ 5,004,415
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	$ 464,125	$ 148,984	$ 176,346	$(3,705)	$ 785,750
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	352,966	48,767			401,733
(Increase) decrease in:					
Accounts receivable	1,404	22,460	(12,448)	1,844	13,260
Increase (decrease) in:					
Accounts payable	(16,271)	(5,649)			(21,920)
Customer deposits	9,260	(6,618)			2,642
Customer overpayments	(6,836)				(6,836)
Accrued compensated absences	7,267	391			7,658
Unearned revenue	(24,600)				(24,600)
Net cash provided (used) by operating activities	$ 787,315	$ 208,335	$ 163,898	$(1,861)	$ 1,157,687

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Manchester, Georgia (the "City") was incorporated on August 16, 1909, under the provisions of the State of Georgia. The City operates under an elected Mayor-Council form of government and provides the following services: public safety (police and fire), highway and street, sanitation, health and welfare services, culture and recreation, public works, public utilities, code enforcement, community development and general administrative services.

The accounting policies of the City of Manchester, Georgia conform to generally accepted accounting principles applicable to governments. The following is a summary of the City's more significant accounting policies used in the preparation of the accompanying financial statements.

A. The Reporting Entity

The City of Manchester, Georgia is a municipal corporation governed by an elected Mayor and four member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

- **Blended Component Units** - The Manchester Public Utilities Authority (the "PUA") serves all the citizens of the City and is governed by a board comprised of the City's elected council. The rates for any user charges and bond issuance authorizations are approved by the City's council and the legal liability for the general obligation portion of the PUA's debt remains with the City. The PUA is combined with the Water and Sewerage Fund in these financial statements and does not issue separate financial statements.

- **Discretely Presented Component Units** - The Manchester Development Authority (the "Authority") was created to attract new industry and promote existing industry in the City. The board members of the Manchester Development Authority are appointed by the Mayor and City Council of the City. The Authority's operational and capital budgets are not subject to approval or modification by the City, the City is not legally or morally obligated for the Authority's debt, except as disclosed in Note 11, and the Authority is responsible for fiscal management and determines its own fees; however, bonded debt issued by the Authority must be approved by the City Council. The Manchester Development Authority is presented as a governmental fund type. Complete financial statements can be obtained from the Manchester Development Authority, P.O. Box 583, Manchester, Georgia 31816.

  The Downtown Development Authority of the City of Manchester, Georgia (the "DDA") was created to revitalize and redevelop the central business district of the City. The DDA's board members are appointed by the Mayor and City Council of the City. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The DDA is presented as a governmental fund type; however, separate financial statements are not prepared.

- **Related Organization** - The City Council is responsible for appointing the members of the Manchester Housing Authority board, but the City's accountability for this organization does not extend beyond making the appointments.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column on the governmental and proprietary fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues, including property taxes, 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grants from other governments, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

- The ***Water and Sewerage Fund*** accounts for the activities of the government's water and sewerage activities.
- The ***Gas Fund*** accounts for the activities of the government's gas system activities.
- The ***Solid Waste Fund*** accounts for the activities of the government's waste disposal activities.
- The ***Broadband Fund*** accounts for the activities of the government's cable, telephone and internet services.

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

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

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

The City's net position are reported in three parts - 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

The City prepares and adopts its budget and complies with the auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purposes for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices while maintaining, preserving and encouraging the principle of home rule over local matters. The procedures are as follows:

1. On or about May 1 of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of a resolution. The General Fund, the Special Revenue Funds and the Debt Service Fund have legally adopted budgets that are prepared by fund, function, and department. Any revisions that alter the total expenditures of any fund or any transfers between departments must be approved by the City Council. All appropriations lapse at year end. The legal level of control (level at which expenditures may not legally exceed the budget) is exercised by the City Council at the department level.

4. The budgets for the General Fund, Special Revenue Funds and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles.

The capital project fund representing the 2008 Special Purpose Local Option Sales Tax adopts its budget on a project-length basis instead of an annual basis.

The budget amounts shown in these financial statements include any amendments approved by the City Council during the year. The Council made several amendments during the year. In the General Fund, the most significant one recorded grants received from various state agencies for approximately $105,000 and increased capital outlay accordingly. Also, the amendments recorded a net increase in salaries and related cost of approximately $39,000 and affected most departments in the General Fund.

E. Deposits and Investments

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

The statutes of the State of Georgia authorize the City to invest in U.S. government obligations; U.S. governmental agency obligation; State of Georgia obligations; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "a" or better by Moody's Investors Service Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by U.S. government or agency obligations; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments for the City, as well as for its component units, are reported at fair value. Neither the City, nor its component units, have any investments.

F. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

G. Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are normally levied on October 20, and are due and payable on December 20. All unpaid taxes levied October 20 become delinquent December 21 of that year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

H. Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method and consists of expendable supplies. The City uses the consumption method to record inventory, which means that inventory acquisitions are recorded in inventory accounts when purchased and charged as expenditures or expenses when used.

I. Prepaid Items

The City uses the consumption method to record prepaid items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements when paid and charged to expenditures or expenses when used.

J. Restricted Cash

Certain cash in the Proprietary Funds of the City is restricted for the debt service and construction.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets acquired subsequent to July 1, 1980 are reported at historical cost.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Buildings	20-40
Improvements	20-30
Public domain infrastructure	40
System infrastructure	20-50
Machinery and equipment	5-20
Pool	30

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies fore reporting in this category. It is the deferred charge on refunding reported in the business-type statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. Currently, the city has no items that qualify for reporting as a deferred inflow of resources.

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

O. Fund Equity

Beginning with the year ended June 30, 2011, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength to the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance** - Amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- **Committed Fund Balance** - Amounts constrained to specific purposes by the City Council through an ordinance;
- **Assigned Fund Balance** - Amounts are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City manager based on the City Council direction;

- **Unassigned Fund Balance** - Amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. It is the City's policy to use restricted fund balances first, followed by committed, assigned, and then unassigned amounts, respectively.

P. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Q. Allocation of Administrative Expenses

The City does not allocate indirect costs. It is the City's policy to allocate to the proprietary funds overhead administrative expenses that are paid by and expended in the General Fund. This allocation is to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, etc.). These expenses allocated to the proprietary funds are presented in these financial statements as "administrative charges" on the proprietary funds financial statement and are included in "other revenue" on the General Fund financial statements.

R. Use of Estimates to Prepare Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

S. Subsequent Events

Subsequent events have been evaluated by management through December 18, 2013, which is the date the financial statements were available to be issued.

T. Recently Issued Accounting Principles

The *Government Accounting Standards Board* (GASB) has approved the following GASB Statements that have been adopted by the City for the year ended June 30, 2013, and have a direct and material impact on the City's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (effective for periods beginning after December 15, 2011) requires governments to account for deferred outflows of resources, deferred inflows of resources, and net position elements in Concepts Statement No. 4 as it relates to GASB Statements 53 (derivatives) and 60 (SCA's). Concepts Statement No. 4 indicates that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (effective for periods beginning after December 15, 2012; however, the City chose to early adopt) requires governments to adopt provisions of Concepts Statement No. 4 for all other items reported as assets and liabilities, which were not addressed as part of GASB 63. The Statement also revises the major fund calculation so that assets are combined with deferred outflows of resources and liabilities should be combined with deferred inflows of resources. GASB 65 also restricts the use of the term *deferred* to only deferred outflows of resources and deferred inflows of resources.

2. DEPOSITS AND INVESTMENTS

At year end, the City had $2,668 in petty cash on hand and the carrying amount of the City's deposits (checking, savings and certificates of deposit) was $5,668,756 and the bank balance was $5,706,919. Of the bank balance, $412,154 was covered by federal depository insurance and $5,294,765 was covered by collateral held in the pledging bank's trust department or by its agent in the City's name. The City does not have a deposit policy for custodial credit risk.

At year end, the Manchester Development Authority, a discretely presented component unit, did not have any investments and the carrying amount of the authority's deposits (checking and savings accounts) was $1,337,683 and the bank balance was $1,341,337. Of the bank balance, $342,800 was covered by federal depository insurance and $998,537 was uninsured.

At year end, the Downtown Development Authority, the other discretely presented component unit, did not have any investments and the carrying amount of the DDA deposits (checking and savings accounts) was $16,609 and the bank balance was $16,609. Of the bank balance, $16,609 was covered by federal depository insurance.

Neither of the discretely presented component units have a deposit policy for custodial credit risk.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 289,733			$ 289,733
Total capital assets, not being depreciated	289,733			289,733
Capital assets, being depreciated:				
Land improvements	23,160			23,160
Buildings and improvements	3,545,747	$ 24,870		3,570,617
Pool	46,092			46,092
Machinery and equipment	1,454,439	19,550		1,473,989
Infrastructure	2,996,841	75,412		3,072,253
Total capital assets being depreciated	8,066,279	119,832		8,186,111
Less, accumulated depreciation for:				
Land improvements	(3,185)	(579)		(3,764)
Buildings	(1,841,551)	(70,684)		(1,912,235)
Pool	(36,870)	(1,536)		(38,406)
Machinery and equipment	(1,077,065)	(85,716)		(1,162,781)
Infrastructure	(457,101)	(75,864)		(532,965)
Total accumulated depreciation	(3,415,772)	(234,379)		(3,650,151)
Total capital assets, being depreciated, net	4,650,507	(114,547)		4,535,960
Governmental activities capital assets, net	$ 4,940,240	$(114,547)	$ 0	$ 4,825,693

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 537,065			$ 537,065
Construction in progress		$ 148,834		148,834
Total capital assets, not being depreciated	537,065	148,834		685,899
Capital assets, being depreciated:				
Buildings	9,893,457			9,893,457
Improvements other than buildings	7,861,252			7,861,252
Machinery and equipment	871,051	73,280		944,331
Total capital assets being depreciated	18,625,760	73,280		18,699,040
Less, accumulated depreciation for:				
Buildings	(3,283,192)	(201,100)		(3,484,292)
Improvements other than buildings	(3,041,168)	(154,741)		(3,195,909)
Machinery and equipment	(635,141)	(45,892)		(681,033)
Total accumulated depreciation	(6,959,501)	(401,733)		(7,361,234)
Total capital assets, being depreciated, net	11,666,259	(328,453)		11,337,806
Business-type activities capital assets, net	$ 12,203,324	$(179,619)	$ 0	$ 12,023,705

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

Governmental activities:	
General government	$ 14,258
Public safety	77,733
Highways and streets, including depreciation of general infrastructure assets	81,315
Health and welfare	332
Culture and recreation	60,741
Total depreciation expense - Governmental activities	$ 234,379
Business-type activities:	
Water and sewerage	$ 352,966
Gas	48,767
Total depreciation expense - Business-type activities	$ 401,733

Activity for the Manchester Development Authority for the year ended June 30, 2013, was as follows:

Discretely Presented Component Unit	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 61,936	$ 72,497		$ 134,433
Total capital assets not being depreciated	61,936	72,497	$ 0	134,433
Capital assets being depreciated:				
Infrastructure	287,076			287,076
Buildings and improvements	3,667,918			3,667,918
Furniture and equipment	35,573			35,573
Total capital assets being depreciated	3,990,567	0	0	3,990,567
Less, accumulated depreciation for:				
Infrastructure	(194,840)	(10,141)		(204,981)
Building and improvements	(679,402)	(51,133)		(730,535)
Furniture and equipment	(27,858)	(1,989)		(29,847)
Total accumulated depreciation	(902,100)	(63,263)	0	(965,363)
Total capital assets being depreciated, net	3,088,467	(63,263)	0	3,025,204
Development Authority capital assets, net	$ 3,150,403	$ 9,234	$ 0	$ 3,159,637

Depreciation expense for the Authority was charged to functions as follows:

Business promotion and tourism	$ 61,275
General and administrative	1,988
	$ 63,263

4. UNEARNED REVENUE

On August 4, 1992, the City entered into a joint services contract with Talbot County, Georgia regarding the City's water treatment facility. The contract entitles Talbot county to 29% of the City's total water treatment plant capacity, 29% of the total reservoir capacity, and 29% of total water line capacity for the sum of $1,230,000. This amount was received by the City during the year ended June 30, 1995, and has been recorded as unearned revenue, to be recognized into income over the life of the contract, which is 50 years. The balance of unearned revenue at June 30, 2013 was $766,700 and is shown as unearned revenue in the business-type activities, Water and Sewerage Fund, in these financial statements as current liability ($24,600) and noncurrent liabilities ($742,100).

5. LONG-TERM DEBT

A. General Obligation Bonds

Primary Government

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities and are paid from the debt service fund. The original amount of general obligations bonds issued in prior years was $1,400,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	4.8 - 5%	$ 515,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2014	$ 55,000	$ 25,160
2015	55,000	22,520
2016	60,000	19,880
2017	60,000	17,000
2018	65,000	14,120
2019-2021	220,000	22,250
	$ 515,000	$ 120,930

B. Revenue Bonds

Primary Government

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The business-type activities currently have revenue bonds outstanding to be paid from the Water and Sewerage Fund.

On January 31, 2013, the City issued *City of Manchester, Georgia Water & Sewer Revenue Bonds, Series 2013A & Series 2013B* of $5,520,000 and $3,940,000, respectively. A portion of the proceeds were used to advance refund $2,424,000 of outstanding *2008 Public Utility Revenue Refunding and Improvement Water & Sewer and Gas Bonds*, which had a 3.08% interest rate, and to current refund $1,216,797 of outstanding *2010 Public Utility Authority Revenue Bonds*, which had interest rates ranging from 6.5% to 8.5%. Of the proceeds from the 2013 bonds, $2,593,898 was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the 2008 bonds that were advance refunded. As a result, the 2008 bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

These refundings were undertaken to take advantage of a favorable change in interest rates and to extend the payout of the debt. The reacquisition price exceeded the net carrying amount of the old debt by $132,569. This amount is being amortized over the remaining life of the refunding debt. Due to the extension in the payout period, the refundings resulted in an increase total debt service payments of $275,695 and an economic gain (difference between the present values of the debt service payments on the old and new debt) of $243,633.

Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Water & Sewer	Variable, 2.0% to 2.75%	$ 9,460,000

Revenue bond debt service requirements to maturity are as follows:

	Business-Type Activities	
Year ending June 30:	Principal	Interest
2014	$ 505,000	$ 216,928
2015	515,000	206,227
2016	525,000	195,927
2017	535,000	185,428
2018	450,000	174,728
2019-2023	2,315,000	727,213
2024-2028	2,445,000	468,950
2029-2032	2,170,000	148,575
	$ 9,460,000	$ 2,323,976

Component Unit

The Manchester Development Authority had issued revenue bonds to construct, install, renovate and equip an existing industrial building. These bonds were paid off during the year ended June 30, 2013 and were secured by the pledge of amounts payable under a contract between the Authority and the City of Manchester, which is explained in detail at Note 11.

C. Notes Payable

Primary Government

In prior years, the City's Water and Sewerage Fund had entered into a notes payable agreement with the Georgia Environmental Facilities Authority (GEFA) for improvements to the water and sewer system. This note payable was paid off with a portion of the proceeds of the 2013 bonds discussed in Note 5B.

Component Unit

The Authority has issued a note payable to provide funds for the purchase of an existing industrial building. The original amount of the note payable issued is $500,000 and will be repaid through the Debt Service Fund. This note payable is secured by the industrial building purchased. The terms of the note payable provides for deferred payments for five years. If the building is sold by the Authority, the purchaser assumes the note payable and must begin repayment. If at the end of the five years the Authority still owns the building, then the Authority must begin repayment. Quarterly payments of $6,250 will be made once repayment begins. The balance at June 30, 2013 was $500,000.

The Authority has issued a note payable to assist with machinery and equipment cost of a business in the industrial park. The original amount of the note payable issued is $500,000 and will be repaid through the Debt Service fund. This note payable is secured by a $500,000 promissory note given by the business to the Authority. The note is due in quarterly payments of $8,335, including interest at 3%. The balance at June 30, 2013 was $490,838.

Notes payable are direct obligations of the component unit and pledge the full faith and credit of the component unit. Notes payable currently outstanding are as follows:

Purpose	Interest Rates	Amounts
Purchase of existing industrial building	0%	$ 500,000
Assists with cost of machinery and equipment for business in industrial park	3%	490,838
		$ 990,838

Note payable debt service requirements to maturity are as follows:

Year ending June 30:	Principal	Interest
2014	$ 20,315	$ 10,939
2015	44,251	14,088
2016	44,835	13,504
2017	45,437	12,902
2018	46,057	12,282
2019-2023	240,265	51,431
2024-2028	258,845	32,852
2029-2033	272,083	11,277
2034	18,750	
	$ 990,838	$ 159,275

D. Capital Leases

Primary Government

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment and vehicles for the governmental activities. All of these leases are being paid by the general fund. The gas fund of the business activities has also entered into lease agreements for the expansion and improvements to the gas distribution system. These leases are being repaid from revenues earned by the gas fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Gas Fund
Improvements other than buildings		$ 2,000,000
Machinery and equipment	$ 393,694	
Less, accumulated depreciation	(286,759)	(296,080)
Total	$ 106,935	$ 1,703,920

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year ending June 30:	Governmental Activities	Gas Fund
2014	$ 29,413	$ 208,330
2015	29,413	208,330
2016	29,413	208,330
2017		208,330
2018		191,162
Total minimum lease payments	88,239	1,024,482
Less, amount representing interest	(6,892)	(123,421)
Present value of minimum lease payments	$ 81,347	$ 901,061

E. Accrued Compensated Absences

Primary Government

The government accrues compensated absences for their employees. Both governmental activities and business-type activities have accrued compensated absences at June 30, 2013. Accrued compensated absences from governmental activities are repaid through the general fund. Business-type activities accrued compensated absences are repaid through the water & sewerage and gas funds.

F. Changes in Long-Term Liabilities

Primary Government

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond payable:					
General obligation bonds	$ 565,000		$(50,000)	$ 515,000	$ 55,000
Capital leases	106,316		(24,969)	81,347	26,013
Accrued compensated absences	115,039	$ 47,086	(44,632)	117,493	76,371
Governmental activity long-term liabilities	$ 786,355	$ 47,086	$(119,601)	$ 713,840	$ 157,384
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 3,695,050	$ 9,460,000	$(3,695,050)	$ 9,460,000	$ 505,000
Less, unamortized discount		(61,281)	2,121	(59,160)	
Total bonds payable	3,695,050	9,398,719	(3,692,929)	9,400,840	505,000
Note payable	1,890,419		(1,890,419)		
Capital leases	1,048,319		(147,258)	901,061	167,548
Accrued compensated absences	9,033	13,049	(5,391)	16,691	10,849
Business-type activities long-term liabilities	$ 6,642,821	$ 9,411,768	$(5,735,997)	$ 10,318,592	$ 683,397

The government-wide statement of net position noncurrent liabilities due in more than one year for business-type activities of $10,377,295 includes $742,100 of unearned revenue which is not reported in the business-type activities in the schedule above.

Also, the government-wide statement of net position includes $505,000 of the long-term liabilities due within one year for business-type activities in "liabilities payable from restricted assets." The remaining amount of $178,397 is displayed as "noncurrent liabilities, due within one year" on that same statement.

Component Unit

Long-term liability activity for the Manchester Development Authority for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	$ 1,495,000		$(1,495,000)		
Less, issuance discounts	(46,620)		46,620		
Notes payable	500,000	$ 500,000	(9,162)	$ 990,838	$ 20,315
Component unit long-term liabilities	$ 1,948,380	$ 500,000	$(1,457,542)	$ 990,838	$ 20,315

6. INTERFUND TRANSFERS AND BALANCES

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	Transfers In						
Transfers Out	General Fund	Nonmajor Governmental	Water and Sewerage Fund	Gas Fund	Solid Waste Fund	Broadband Fund	Total
General Fund		$ 170,980	$2,115,989	$ 912,893	$ 439,234	$ 11,281	$3,650,377
Nonmajor Governmental Fund	$ 171,128		173,835				344,963
Water and Sewerage Fund	2,752,053						2,752,053
Gas Fund	342,080		588,178				930,258
Solid Waste Fund	603,132						603,132
Broadband Fund	249,460						249,460
Total	$4,117,853	$ 170,980	$2,878,002	$ 912,893	$ 439,234	$ 11,281	$8,530,243

Transfers are primarily used to (1) move funds from the proprietary funds to the General Fund for the allocated amount of administrative expense, (2) move funds between all funds and the General Fund for expenses paid through the accounts payable system, and (3) to supplement operations.

At June 30, 2013, there were no interfund balances owed between funds.

7. DEFINED BENEFIT PENSION PLAN

The City of Manchester Retirement Plan ("Plan"), a defined benefit pension plan, is affiliated with the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association.

All full-time City employees with one year service and all City officials are eligible to participate in the System. Benefits fully vest after ten years of service. Annual retirement benefits are based on 2% of covered compensation. Normal retirement age is 65 with 5 years of service and early retirement age is 55 with 10 years of credited service. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and city ordinance.

The City's employees participation is noncontributory. However, the City is subject to the minimum funding standards of the Public Retirement Systems Standard Law. Policy set by the City for contributing the annual pension expense exceeds the minimum requirements.

The Georgia Municipal Association issues a publicly available annual report that includes financial statements and required supplementary information for the Georgia Municipal Employees Benefit System Retirement Trust. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling their office at 404-688-0472.

Total pension expense amounted to approximately $174,000 for the year ended June 30, 2013. The participant data and the asset values used in the actuarial valuation are as of January 1, 2013.

Significant actuarial assumptions and other information used to compute the actuarial accrued liability and the annual recommended contribution of the plan are as follows:

Actuarial Cost Method	Projected unit credit.
Amortization Method	Closed level dollar for remaining unfunded liability.
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of ten years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.
Actuarial Assumptions:	
Net investment rate of return	7.75%
Projected salary increases	3.50% plus age and service based merit increases
Cost of living adjustments	0.00%
Post retirement benefit increases	Not applicable
Inflation rate	3.50%

It is the City's policy to contribute an amount equal to the recommended contribution each year.

The System has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the System, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). Amortization periods are closed for this plan year.

The annual recommended contribution is the greater of 1) the minimum contribution described above and 2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to insure that contributions are not required if a plan's assets exceed the present value of future benefits.

Listed below is a summary of the key valuation results.

Contributions for plan year beginning January 1, 2013:		
Recommended	$	189,890
Recommended as a percent of payroll		13.54%
State minimum requirement	$	149,450
Funding elements for plan year beginning January 1, 2013:		
Normal cost, including administrative expenses	$	116,740
Market value of assets	$	2,764,504
Actuarial value of assets	$	3,251,936
Actuarial accrued liability	$	3,718,234
Unfunded (surplus) actuarial accrued liability	$	466,298
Ratio of unfunded (surplus) to annual covered payroll		33.84%
GASB 25/27 for plan year beginning January 1, 2013:		
Annual required contributions	$	149,450
Funded ratio		87.46%
Demographic data for plan year beginning January 1, 2013:		
Number of retired participants and beneficiaries		44
Number of vested former participants		27
Number of active employees, including 5 elected officials:		
Fully vested		20
Partially vested		12
Not vested		16
Total membership in the plan		119
Annual covered payroll	$	1,378,035
Average payroll	$	32,047

Historical trend information is shown in the table below:

TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2013	$ 174,000	100%	$ 0
06/30/2012	$ 206,000	100%	$ 0
06/30/2011	$ 204,000	100%	$ 0

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

8. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all City employees, permits them to defer a portion of their salary (not to exceed $17,500) until future years. The deferrals are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the Deferred Compensation Plan are being held in a trust administered by a third party for the exclusive benefit of the participants and their beneficiaries.

9. OTHER POST EMPLOYMENT BENEFITS

The City provides post retirement life insurance benefits, as per the requirements of a local ordinance for certain retirees. The policy provides $10,000 in benefits payable to a designated beneficiary upon the death of the retiree. The City will pay 100 percent of the premiums when the employee retires. This benefit is available to retirees who terminate employment for the purpose of immediate retirement and will be receiving a monthly benefit over their lifetime from the GMA Retirement Fund. This excludes vested terminations, disability retirements, and those who receive lump sum distributions.

As of year end, there were fourteen employees which had retired and were receiving the 100 percent premium coverage benefit. The City finances the plan on a pay-as-you-go basis. For the year ended June 30, 2013, the City paid $588 in premiums.

10. RISK MANAGEMENT

The City is exposed to various risks of loss for claims associated with torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City carries commercial insurance.

There were no significant reductions of insurance coverage from coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Self Insurance - The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

11. COMMITMENTS AND CONTINGENT LIABILITIES

The activities of the City include revenues received from Federal and State governments and expenditures related to Federal and State funded grant programs. These programs are subject to program compliance audits by the grantors or their representative. The amount, if any, of expenditures which may be disallowed by the granting agencies' audits cannot be determined at this time, although the City believes any such amounts to be immaterial.

Various claims and lawsuits are pending against the City. Although the outcome of these lawsuits is not presently determinable, in the opinion of City management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The Manchester Development Authority, which has been discretely presented as a component unit in these financial statements, is a non-profit authority that was organized to attract and promote new industry for the City of Manchester. The City has entered into a contract with the Manchester Development Authority to pay the Authority the sum of three mill per dollar of assessed taxable property in the City as provided by state law. The Authority agrees to use the funds to identify, attract and locate new business, industry and tourism in the City of Manchester for the purpose of increasing trade, commerce, industry, tourism and employment opportunities. The effective date of the contract is March 11, 1996 and continues through 2028 or until the revenue bonds issued by the Authority, as explained in Note 5, are paid off. These bonds were paid off June 27, 2013; however, under the contract, the City will continue to pay the Authority one mil through 2015. During the year ended June 30, 2013, the City paid the Authority under this contract, $179,484. This contract was pledged as collateral on certain debt of the Authority as explained in Note 5.

12. INTERGOVERNMENTAL AGREEMENT

On July 11, 2007, Meriwether County (the "County") entered into a Sales and Use Tax Intergovernmental Agreement with the various municipalities in the County, including the City of Manchester (the "City"), relating to the imposition of a one percent county special purpose local option sales and use tax (SPLOST) for the purpose of financing capital outlay projects. The County issued General Obligation Sales Tax Bonds, Series 2007 for $7,800,000 in December 2007 and Series 2008 for $1,200,000 in January 2008 (the "Bonds"). The cities were advanced their pro rata share of the net bond proceeds. The Bonds are secured first by the proceeds of the SPLOST received by the County, then from general funds of the County as well as the municipalities. Each city is responsible for the payment of that portion of the Bonds allocable to its projects, should the SPLOST receipts be inadequate to service the debt. The City of Manchester's share is 24.86%. The amount, if any, required to be funded by the City cannot be determined at this time.

13. HOTEL-MOTEL TAX

The City of Manchester has levied a 5% hotel-motel tax. A summary of the transactions for the year ended June 30, 2013 follows:

Balance of hotel-motel tax funds on hand at beginning of year	$ 0
Hotel-motel tax receipts	5,867
Disbursements for tourism and promotion	(5,867)
Balance of hotel-motel tax funds on hand at end of year	$ 0

The activity for hotel-motel tax receipts and related expenditures is shown in the Hotel-Motel Tax Fund, a Special Revenue Fund. The expenditures were for promotion of tourism as required by OCGA 48-13-51.

14. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten county west Georgia area, is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2013, the City paid $4,193 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes three members from each county of the area and five at-large members. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

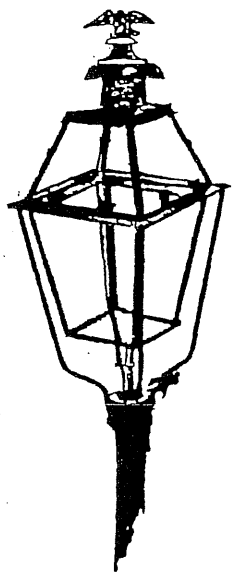
Three Rivers Regional Commission
P.O. Box 1600
Franklin, Georgia 30217

15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund reported material budget violations when expenditures of the primary government exceeded budgeted appropriations in some of the departments, as shown on page 16 of these financial statements. In future years, the City will analyze the budget periodically for deficiencies. All deficiencies will be investigated and budget amendments will be adopted when appropriate.

16. DEBT DEFEASANCE

The City defeased utility revenue bonds by placing a portion of the proceeds of new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2013, $1,974,000 of defeased bonds remain outstanding.



REQUIRED SUPPLEMENTARY INFORMATION

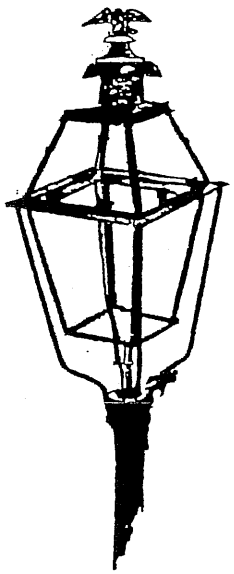
Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Schedule of Funding Progress - Defined Benefit Pension Plan

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2013

	Actuarial Valuation Date		
	01/01/2013	01/01/2012	01/01/2011
Actuarial value of plan assets	$ 3,251,936	$ 3,134,414	$ 3,082,574
Actuarial accrued liability	$ 3,718,234	$ 3,545,730	$ 3,553,553
Total unfunded actuarial liability (or funding excess)	$ 466,298	$ 411,316	$ 470,979
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	87.46%	88.40%	86.75%
Annual covered payroll	$ 1,378,035	$ 1,193,047	$ 1,331,600
Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll	33.84%	34.48%	35.37%

SUPPLEMENTAL INFORMATION



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

This fund accounts for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of Proprietary Fund Types).

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CDBG Small Cities Fund - This fund is used to account for the City's multi-activity community development block grants that are funding the street paving, drainage and housing activities for the small cities program.

CDBG Revolving Loan Fund - This fund is used to account for the community development block grants that are funding the revolving loan fund for economic development activities.

Hotel-Motel Tax Fund - This fund is used to account for the City's share of hotel-motel tax revenues that are legally restricted to promote tourism, conventions, and trade shows.

TIA Fund - This fund is used to account for the City's share of Transportation Investment Act sales tax.

CAPITAL PROJECTS FUND

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

2008 SPLOST Fund - This fund is used to account for the City's portion of SPLOST funds received from the County for the purpose of improvement or acquisition of assets and infrastructure.

CITY OF MANCHESTER, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds					Capital Projects Fund	
	Debt Service Fund	CDBG Small Cities	CDBG Revolving Loan Fund	Hotel-Motel	TIA	2008 SPLOST Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash		$ 5,512	$ 133,112			$ 1	$ 138,625
Grant receivable		35,000					35,000
Note receivable			87,100				87,100
Total assets	$ 0	$ 40,512	$ 220,212	$ 0	$ 0	$ 1	$ 260,725
LIABILITIES							
Accounts payable		$ 37,921					$ 37,921
Total liabilities	$ 0	37,921	$ 0	$ 0	$ 0	$ 0	37,921
FUND BALANCE							
Restricted for:							
Small cities program		2,591					2,591
Economic development activities			220,212				220,212
Capital projects						1	1
Total fund balance	0	2,591	220,212	0	0	1	222,804
Total liabilities and fund balances	$ 0	$ 40,512	$ 220,212	$ 0	$ 0	$ 1	$ 260,725

CITY OF MANCHESTER, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Special Revenue Funds					Capital Projects Fund	
	Debt Service Fund	CDBG Small Cities	CDBG Revolving Loan Fund	Hotel-Motel	TIA	2008 SPLOST Fund	Total Nonmajor Governmental Funds
Revenues:							
Taxes:							
Property	$ 78,310						$ 78,310
Sales					$ 332		332
Hotel and motel				$ 5,867			5,867
Grant income		$ 176,748					176,748
Interest revenue			$ 860			$ 435	1,295
Total revenues	78,310	176,748	860	5,867	332	435	262,552
Expenditures:							
Current:							
Community development		98,512		5,867			104,379
Streets					332		332
Debt service:							
Principal retirement	50,000						50,000
Interest and fees	28,310						28,310
Capital outlay:							
Highway and streets						14,950	14,950
Total expenditures	78,310	98,512	0	5,867	332	14,950	197,971
Excess of revenues over (under) expenditures	0	78,236	860	0	0	(14,515)	64,581
Other financing sources (uses):							
Transfers in	170,930	50					170,980
Transfers out	(171,128)	(79,521)				(94,314)	(344,963)
Total other financing sources (uses)	(198)	(79,471)	0	0	0	(94,314)	(173,983)
Net change in fund balances	(198)	(1,235)	860	0	0	(108,829)	(109,402)
Fund balances, beginning of year	198	3,826	219,352	0	0	108,830	332,206
Fund balances, end of year	$ 0	$ 2,591	$ 220,212	$ 0	$ 0	$ 1	$ 222,804

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2013

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenue:			
Property taxes	$ 78,310	$ 78,310	
Total revenues	78,310	78,310	$ 0
Expenditures:			
Debt service:			
Principal retirement	45,000	50,000	(5,000)
Interest and fees	33,310	28,310	5,000
Total expenditures	78,310	78,310	0
Excess of revenues over (under) expenditures	0	0	0
Other financing sources (uses):			
Transfers in		170,930	170,930
Transfers out		(171,128)	(171,128)
Total other financing sources (uses)	0	(198)	(198)
Net change in fund balances	0	(198)	(198)
Fund balance at beginning of year	198	198	0
Fund balance at end of year	$ 198	$ 0	$(198)

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CDBG SMALL CITIES
Year Ended June 30, 2013

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Grant income	$ 180,000	$ 176,748	$(3,252)
Total revenues	180,000	176,748	(3,252)
Expenditures:			
Current:			
Community development	180,000	98,512	81,488
Total expenditures	180,000	98,512	81,488
Excess of revenues over expenditures	0	78,236	78,236
Other financing sources (uses):			
Transfers in		50	50
Transfers out		(79,521)	(79,521)
Total other financing sources (uses)	0	(79,471)	(79,471)
Net change in fund balances	0	(1,235)	(1,235)
Fund balance at beginning of year	3,826	3,826	0
Fund balance at end of year	$ 3,826	$ 2,591	$(1,235)

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CDBG - REVOLVING LOAN FUND
Year Ended June 30, 2013

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest revenue	$ 200	$ 860	$ 660
Total revenues	200	860	660
Expenditures:			
Current:			
Community development			
Total expenditures	0	0	0
Excess of revenues over (under) expenditures	200	860	660
Net change in fund balances	200	860	660
Fund balance at beginning of year	219,352	219,352	0
Fund balance at end of year	$ 219,552	$ 220,212	$ 660

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - HOTEL/MOTEL TAX FUND
Year Ended June 30, 2013

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Hotel/motel tax	$ 5,000	$ 5,867	$ 867
Total revenues	5,000	5,867	867
Expenditures:			
Current:			
Community development:			
Tourism and promotion	5,000	5,867	(867)
Total expenditures	5,000	5,867	(867)
Excess of revenues over expenditures	0	0	0
Net change in fund balances	0	0	0
Fund balance at beginning of year	0	0	0
Fund balance at end of year	$ 0	$ 0	$ 0

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TIA FUND
Year Ended June 30, 2013

	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Sales tax	$ 350	$ 332	$(18)
Total revenues	350	332	(18)
Expenditures:			
Current:			
Highway and streets:			
Streets	350	332	18
Total expenditures	350	332	18
Excess of revenues over expenditures	0	0	0
Net change in fund balances	0	0	0
Fund balance at beginning of year	0	0	0
Fund balance at end of year	$ 0	$ 0	$ 0

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash	$ 0	$ 198
Total assets	$ 0	$ 198
FUND BALANCE		
Restricted for debt service	$ 0	$ 198
Total fund balances	$ 0	$ 198

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Revenues:		
Taxes:		
Property	$ 78,310	$ 112,745
Total revenues	78,310	112,745
Expenditures:		
Debt service:		
Principal retirement	50,000	80,000
Interest and fees	28,310	32,745
Total expenditures	78,310	112,745
Excess of revenues over (under) expenditures	0	0
Other financing sources (uses):		
Transfers in	170,930	150,163
Transfers out	(171,128)	(150,163)
Total other financing sources (uses)	(198)	0
Net change in fund balances	(198)	0
Fund balances at beginning of year	198	198
Fund balances at end of year	$ 0	$ 198

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUND - CDBG SMALL CITIES
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash	$ 5,512	$ 3,826
Grant receivable	35,000	
Total assets	$ 40,512	$ 3,826
LIABILITIES		
Accounts payable	$ 37,921	$ 0
Total liabilities	37,921	0
FUND BALANCE		
Restricted for small cities program	2,591	3,826
Total fund balances	2,591	3,826
Total liabilities and fund balances	$ 40,512	$ 3,826

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND - CDBG SMALL CITIES
Years Ended June 30, 2013 and 2012

	2013	2012
Revenue:		
Grant income	$ 176,748	$ 218,448
Expenditures:		
Current:		
Community development	98,512	215,472
Total expenditures	98,512	215,472
Excess of revenues over (under) expenditures	78,236	2,976
Other financing sources (uses):		
Transfers in	50	
Transfers out	(79,521)	
Total other financing sources (uses)	(79,471)	0
Net change in fund balances	(1,235)	2,976
Fund balances at beginning of year	3,826	850
Fund balances at end of year	$ 2,591	$ 3,826

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUND - CDBG REVOLVING LOAN FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash	$ 133,112	$ 219,352
Note receivable	87,100	
Total assets	$ 220,212	$ 219,352
LIABILITIES		
Total liabilities	$ 0	$ 0
FUND BALANCE		
Restricted for economic development activities	220,212	219,352
Total liabilities and fund balance	$ 220,212	$ 219,352

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND - CDBG REVOLVING LOAN FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Revenues:		
Interest revenue	$ 860	$ 220
Total revenue	860	220
Expenditures:		
Current:		
Community development		494,424
Total expenditures	0	494,424
Excess of revenues over (under) expenditures	860	(494,204)
Net change in fund balances	860	(494,204)
Fund balances at beginning of year	219,352	713,556
Fund balances at end of year	$ 220,212	$ 219,352

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUND - HOTEL/MOTEL TAX FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash		
Total assets	$ 0	$ 0
FUND BALANCE		
Restricted for community development		
Total fund balances	$ 0	$ 0

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND - HOTEL/MOTEL TAX FUND
Years ended June 30, 2013 and 2012

	2013	2012
Revenues:		
Taxes:		
Hotel and motel	$ 5,867	$ 5,153
Expenditures:		
Current:		
Community development	5,867	5,153
Excess of revenues over (under) expenditures	0	0
Net change in fund balances	0	0
Fund balances at beginning of year	0	0
Fund balances at end of year	$ 0	$ 0

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUND - TIA FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash		
Total assets	$ 0	$ 0
FUND BALANCE		
Restricted for highway and streets		
Total fund balance	$ 0	$ 0

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND - TIA FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Revenues:		
Sales tax	$ 332	$ 0
Total revenue	332	0
Expenditures:		
Highway and streets:		
Streets	332	0
Total expenditures	332	0
Excess of revenues over (under) expenditures	0	0
Net change in fund balances	0	0
Fund balances at beginning of year	0	0
Fund balances at end of year	$ 0	$ 0

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
2008 SPLOST FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash	$ 1	$ 108,830
Total assets	$ 1	$ 108,830
LIABILITIES		
Total liabilities	$ 0	$ 0
FUND BALANCE		
Restricted for capital projects	1	108,830
Total fund balances	1	108,830
Total liabilities and fund balances	$ 1	$ 108,830

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
2008 SPLOST FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Revenues:		
Interest revenue	$ 435	$ 586
Total revenues	435	586
Expenditures:		
Capital outlay:		
General government		10,874
Highway and streets	14,950	23,000
Total expenditures	14,950	33,874
Excess of revenues over (under) expenditures	(14,515)	(33,288)
Other financing sources (uses):		
Transfers in		166,563
Transfers out	(94,314)	(35,755)
Total other financing sources (uses)	(94,314)	130,808
Net change in fund balances	(108,829)	97,520
Fund balances at beginning of year	108,830	11,310
Fund balances at end of year	$ 1	$ 108,830

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

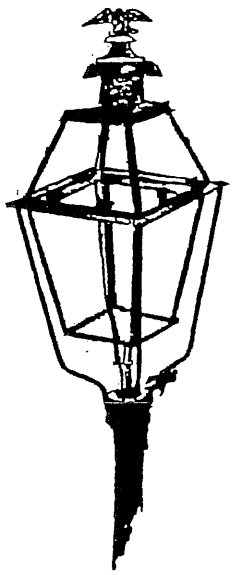
This fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF MANCHESTER, GEORGIA
COMPARATIVE BALANCE SHEETS
GENERAL FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash	$ 528,384	$ 303,179
Receivables (net where applicable of allowances for uncollectibles):		
Taxes and tax liens	15,737	16,658
Fines and forfeitures	25,495	22,494
Nutrition program	17,646	18,036
Other	70,342	70,607
Inventory at cost	29,843	30,445
Prepaid items	16,604	33,823
Total assets	$ 704,051	$ 495,242
LIABILITIES		
Accounts payable	$ 185,744	$ 187,660
Accrued payroll	31,998	27,606
Unearned revenue	6,725	9,178
Total liabilities	224,467	224,444
FUND BALANCES		
Nonspendable for:		
Inventory	29,843	30,445
Prepaids	16,604	33,823
Restricted for debt covenants		75,802
Committed:		
Infrastructure	240,241	
Special incentives	12,759	21,760
Unassigned	180,137	108,968
Total fund balances	479,584	270,798
Total liabilities and fund balances	$ 704,051	$ 495,242

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Revenues:		
Taxes:		
Property	$ 985,587	$ 921,421
Sales	380,364	392,921
Franchise	221,189	229,997
Insurance premium	210,739	198,405
Motor vehicle/mobile home	113,568	97,088
Alcoholic beverage	85,990	90,480
Other	10,157	14,433
Licenses and permits	85,470	80,570
Grants and subsidies	331,872	227,494
Charges for services	60,757	65,837
Fines and forfeitures	192,472	166,291
Interest revenue	368	603
Other revenue	479,627	464,761
Total revenues	3,158,160	2,950,301
Expenditures:		
Current:		
General government	834,570	834,472
Public safety	1,448,479	1,378,111
Health and welfare	155,599	150,722
Culture and recreation	445,918	417,056
Highway and streets	393,039	441,243
Debt service:		
Principal retirement	24,969	23,968
Interest and fees	4,444	5,445
Capital outlay:		
General government		11,646
Public safety	9,550	10,754
Highway and streets	75,412	
Culture and recreation	24,870	
Total expenditures	3,416,850	3,273,417
Excess of revenue over (under) expenditures	(258,690)	(323,116)
Other financing services (uses):		
Transfers in	4,117,853	4,239,154
Transfers out	(3,650,377)	(3,747,837)
Total other financing sources (uses)	467,476	491,317
Net change in fund balances	208,786	168,201
Fund balances at beginning of year	270,798	102,597
Fund balances at end of year	$ 479,584	$ 270,798



PROPRIETARY FUNDS

These funds account for the provision of utility service to the residents of the City. All activities necessary to provide such services are accounted for in these funds, including, but not limited to administration, financing and related debt service, and billing and collection.

Water and Sewerage - This fund accounts for the operations of the City's water and sewerage activities.

Gas System - This fund accounts for the operations of the City's gas system activities.

Solid Waste - This fund accounts for the operations of the City's waste disposal activity.

Broadband - This fund accounts for the operations of the City's cable service, telephone and internet services.

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWERAGE FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash	$ 1,359,464	$ 920,808
Receivables (net where applicable, of allowances for uncollectibles):		
Accounts	218,290	219,694
Inventories	463	463
Total unrestricted current assets	1,578,217	1,140,965
Restricted cash	3,644,926	263,621
Total current assets	5,223,143	1,404,586
Noncurrent assets:		
Bond issue cost, net of accumulated amortization		125,328
Prepaid bond insurance, net of accumulated amortization	90,448	
Capital assets:		
Land and land improvements	537,065	537,065
Construction in progress	148,834	
Buildings and systems	9,883,369	9,883,369
Improvements other than buildings	5,452,471	5,452,471
Machinery and equipment	859,870	786,590
Less, accumulated depreciation	(6,915,998)	(6,563,032)
Total capital assets (net of accumulated depreciation)	9,965,611	10,096,463
Total noncurrent assets	10,056,059	10,221,791
Total assets	15,279,202	11,626,377
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	369,520	261,812
Total deferred outflows of resources	369,520	261,812
LIABILITIES		
Current liabilities:		
Accounts payable	6,003	22,274
Customer deposits	60,649	51,389
Customer overpayments	13,095	19,931
Accrued compensated absences	9,165	4,442
Unearned revenue	24,600	24,600
Note payable		64,664
Total current liabilities	113,512	187,300
Current liabilities payable from restricted assets:		
Accrued interest	90,637	37,567
Revenue bonds, current portion	505,000	574,983
Total current liabilities payable from restricted assets	595,637	612,550
Noncurrent liabilities:		
Compensated absences	4,935	2,391
Unearned revenue	742,100	766,700
Revenue bonds payable	8,895,840	3,120,067
Note payable		1,825,755
Total noncurrent liabilities	9,642,875	5,714,913
Total liabilities	10,352,024	6,514,763
NET POSITION		
Net investment in capital assets	5,735,237	6,043,856
Restricted for construction	3,031,484	
Unrestricted	(3,470,023)	(670,430)
Total net position	$ 5,296,698	$ 5,373,426

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
WATER AND SEWERAGE FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Charges for services:		
Sales	$ 1,762,999	$ 1,777,905
Other fees	93,518	79,939
Total operating revenues	1,856,517	1,857,844
Operating expenses:		
Salaries and wages	227,816	204,893
Payroll taxes and employee benefits	71,929	68,637
Utilities	187,327	199,258
Repairs and maintenance	182,412	80,709
Materials, supplies and chemicals	84,998	100,810
Office supplies and postage	7,819	4,002
Engineering and other professional services	14,800	21,012
Depreciation and amortization	352,966	341,576
Administrative charges	189,420	201,342
Miscellaneous	72,905	46,598
Total operating expenses	1,392,392	1,268,837
Operating income	464,125	589,007
Non-operating revenues (expenses):		
Gain on sale of assets		112,937
Interest income	2,223	1,582
Bond issue cost	(369,709)	(19,638)
Interest expense	(299,316)	(304,839)
Total non-operating revenues (expenses)	(666,802)	(209,958)
Income (loss) before transfers	(202,677)	379,049
Transfers in	2,878,002	3,141,413
Transfers out	(2,752,053)	(3,642,072)
Changes in net position	(76,728)	(121,610)
Net position at beginning of year	5,373,426	5,495,036
Net position at end of year	$ 5,296,698	$ 5,373,426

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER AND SEWERAGE FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 1,833,321	$ 1,913,992
Receipts from (refund of) customer deposits	9,260	1,152
Receipts from (refund of) customer overpayments	(6,836)	5,218
Payments to employees	(292,478)	(273,341)
Payments to vendors	(755,952)	(634,839)
Net cash provided by operating activities	787,315	1,012,182
Cash flows from noncapital financing activities:		
Transfers in	2,725,201	3,141,413
Transfers out	(2,752,053)	(3,642,072)
Proceeds from noncapital debt	1,839,364	
Principal paid on noncapital debt	(1,271,050)	(124,282)
Interest expense on noncapital debt	(66,103)	(97,136)
Net cash provided (used) by noncapital financial activities	475,359	(722,077)
Cash flows from capital and related financing activities:		
Transfers in	152,801	
Proceeds from sale of assets		112,937
Proceeds from capital debt	7,046,454	503,040
Acquisition of capital assets	(222,114)	(438,267)
Principal paid on capital debt	(4,314,419)	(467,353)
Interest expense on capital debt	(107,658)	(219,489)
Net cash provided (used) by capital and related financing activities	2,555,064	(509,132)
Cash flows from investing activities:		
Interest income	2,223	1,582
Net increase (decrease) in cash	3,819,961	(217,445)
Cash at beginning of year	1,184,429	1,401,874
Cash at end of year	$ 5,004,390	$ 1,184,429
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$ 464,125	$ 589,007
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	352,966	341,576
(Increase) decrease in:		
Accounts receivable	1,404	80,748
Inventory		667
Increase (decrease) in:		
Accounts payable	(16,271)	18,225
Customer deposits	9,260	1,152
Customer overpayments	(6,836)	5,218
Accrued compensated absences	7,267	189
Unearned revenue	(24,600)	(24,600)
Net cash provided (used) by operating activities	$ 787,315	$ 1,012,182

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
GAS SYSTEM FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash	$ 25	$ 25
Receivables (net where applicable of allowances for uncollectibles):		
Accounts	43,745	66,205
Inventories	599	599
Total current assets	44,369	66,829
Noncurrent assets:		
Capital assets:		
Buildings	10,088	10,088
Improvements other than buildings	2,408,781	2,408,781
Machinery and equipment	63,401	63,401
Less, accumulated depreciation	(424,176)	(375,409)
Total capital assets (net of accumulated depreciation)	2,058,094	2,106,861
Total noncurrent assets	2,058,094	2,106,861
Total assets	2,102,463	2,173,690
LIABILITIES		
Current liabilities:		
Accounts payable	3,140	8,789
Customer deposits	24,755	31,373
Accrued compensated absences	1,684	1,430
Obligations under capital leases, current portion	167,548	159,557
Total current liabilities	197,127	201,149
Noncurrent liabilities:		
Compensated absences	907	770
Obligation under capital lease	733,513	888,762
Total noncurrent liabilities	734,420	889,532
Total liabilities	931,547	1,090,681
NET POSITION		
Net investment in capital assets	1,157,033	1,058,542
Unrestricted	13,883	24,467
Total net position	$ 1,170,916	$ 1,083,009

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
GAS SYSTEM FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Charges for services:		
Sales	$ 679,552	$ 629,349
Other fees	85,564	109,744
Total operating revenues	765,116	739,093
Operating expenses:		
Salaries and wages	85,793	85,904
Payroll taxes and employee benefits	28,741	33,275
Gas purchases for resale	230,878	231,361
Sales tax expense	43,486	34,122
Utilities	4,417	4,665
Repairs and maintenance	54,397	68,337
Materials, supplies and chemicals	8,353	18,380
Office supplies and postage	1,957	1,008
Engineering and other professional services	7,200	8,100
Depreciation and amortization	48,767	49,422
Administrative charges	101,024	107,382
Miscellaneous	1,119	5,469
Total operating expenses	616,132	647,425
Operating income (loss)	148,984	91,668
Non-operating revenues (expenses):		
Gain on sale of assets		17,357
Interest expense	(43,712)	(54,937)
Total non-operating revenues (expenses)	(43,712)	(37,580)
Income (loss) before transfers	105,272	54,088
Transfers in	912,893	880,355
Transfers out	(930,258)	(820,441)
Changes in net position	87,907	114,002
Net position at beginning of year	1,083,009	969,007
Net position at end of year	$ 1,170,916	$ 1,083,009

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
GAS SYSTEM FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 787,576	$ 740,220
Receipts from (refund of) customer deposits	(6,618)	(1,610)
Payments to employees	(114,143)	(118,991)
Payments to vendors	(458,480)	(479,774)
Net cash provided by operating activities	208,335	139,845
Cash flows from noncapital financing activities:		
Transfers in	912,893	880,355
Transfers out	(930,258)	(820,441)
Net cash provided (used) by noncapital financial activities	(17,365)	59,914
Cash flows from capital and related financing activities:		
Proceeds from sale of assets		25,931
Capital lease payments	(147,258)	(165,923)
Interest expense	(43,712)	(59,767)
Net cash provided (used) by capital and related financing activities	(190,970)	(199,759)
Cash flows from investing activities:		
Interest income	0	0
Net increase (decrease) in cash	0	0
Cash at beginning of year	25	25
Cash at end of year	$ 25	$ 25
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$ 148,984	$ 91,668
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	48,767	49,422
(Increase) decrease in:		
Accounts receivable	22,460	1,127
Inventory		250
Increase (decrease) in:		
Accounts payable	(5,649)	(1,200)
Customer deposits	(6,618)	(1,610)
Accrued compensated absences	391	188
Net cash provided (used) by operating activities	$ 208,335	$ 139,845

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
SOLID WASTE FUND
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Receivables (net where applicable of allowances for uncollectibles):		
Accounts	$ 51,353	$ 38,905
Total current assets	51,353	38,905
Noncurrent assets:		
Capital assets:		
Machinery and equipment	21,060	21,060
Less, accumulated depreciation	(21,060)	(21,060)
Total capital assets (net of accumulated depreciation)	0	0
Total noncurrent assets	0	0
Total assets	51,353	38,905
NET POSITION		
Unrestricted	51,353	38,905
Total net position	$ 51,353	$ 38,905

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SOLID WASTE FUND
Years Ended June 2013 and 2012

	2013	2012
Operating revenues:		
Charges for services:		
Sales	$ 443,380	$ 437,134
Total operating revenues	443,380	437,134
Operating expenses:		
Administrative charges	31,570	33,557
Sanitation expense	235,464	238,126
Total operating expenses	267,034	271,683
Operating income (loss)	176,346	165,451
Income (loss) before transfers	176,346	165,451
Transfers in	439,234	437,076
Transfers out	(603,132)	(608,504)
Changes in net position	12,448	(5,977)
Net position at beginning of year	38,905	44,882
Net position at end of year	$ 51,353	$ 38,905

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
SOLID WASTE FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 430,932	$ 443,111
Payments to vendors	(267,034)	(271,683)
Net cash provided by operating activities	163,898	171,428
Cash flows from noncapital financing activities:		
Transfers in	439,234	437,076
Transfers out	(603,132)	(608,504)
Net cash provided (used) by noncapital financial activities	(163,898)	(171,428)
Net increase in cash	0	0
Cash at beginning of year	0	0
Cash at end of year	$ 0	$ 0
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$ 176,346	$ 165,451
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(12,448)	5,977
Net cash provided (used) by operating activities	$ 163,898	$ 171,428

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
BROADBAND FUND
June 30, 2013 and 2012

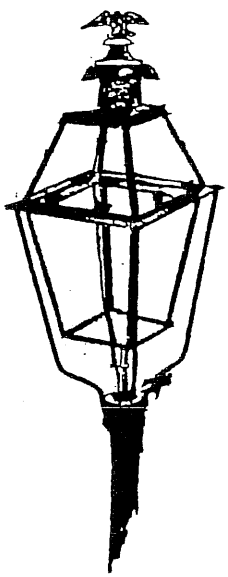
	2013	2012
ASSETS		
Current assets:		
Cash		$ 240,040
Receivables (net where applicable of allowances for uncollectibles):		
Accounts		1,844
Total current assets	$ 0	241,884
Total assets	0	241,884
NET POSITION		
Unrestricted		241,884
Total net position	$ 0	$ 241,884

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
BROADBAND FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Charges for services:		
Sales		$ 4,940
Total operating revenues	$ 0	4,940
Operating expenses:		
Salaries and wages		1,094
Payroll taxes and employee benefits		889
Utilities		29
Repairs and maintenance		118
Materials, supplies and chemicals		101
Retransmission and other fees		8,954
Miscellaneous	3,705	7,637
Total operating expenses	3,705	18,822
Operating income (loss)	(3,705)	(13,882)
Transfers in	11,281	13,390
Transfers out	(249,460)	(22,247)
Changes in net position	(241,884)	(22,739)
Net position at beginning of year	241,884	264,623
Net position at end of year	$ 0	$ 241,884

CITY OF MANCHESTER, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
BROADBAND FUND
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 1,844	$ 4,557
Payments to employees		(2,525)
Payments to vendors	(3,705)	(2,416)
Net cash provided (used) by operating activities	(1,861)	(384)
Cash flows from noncapital financing activities:		
Transfers in	11,281	13,390
Transfers out	(249,460)	(22,247)
Net cash provided (used) by noncapital financial activities	(238,179)	(8,857)
Net increase (decrease) in cash	(240,040)	(9,241)
Cash at beginning of year	240,040	249,281
Cash at end of year	$ 0	$ 240,040
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$(3,705)	$(13,882)
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	1,844	(383)
Inventories		14,826
Increase (decrease) in:		
Accounts payable		(403)
Accrued compensated absences		(542)
Net cash provided (used) by operating activities	$(1,861)	$(384)



CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF MANCHESTER, GEORGIA
COMPARATIVE SCHEDULES BY SOURCE *
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
June 30, 2013 and 2012

	2013	2012
Governmental funds capital assets:		
Land and land improvements	$ 312,893	$ 312,893
Buildings and improvements	3,570,617	3,545,747
Machinery and equipment	1,473,989	1,454,439
Infrastructure	3,072,253	2,996,841
Callaway pool	46,092	46,092
Total governmental funds capital assets	$ 8,475,844	$ 8,356,012
Investment in governmental funds capital assets by source:		
General fund	$ 3,558,375	$ 3,500,948
SPLOST funds	1,029,640	1,029,640
Gifts	630,710	620,710
General obligation bonds	1,228,608	1,228,608
Federal grants	1,705,720	1,705,720
State grants	295,791	243,386
County grants	27,000	27,000
Total governmental funds capital assets	$ 8,475,844	$ 8,356,012

* This schedule presents only the capital asset balances related to governmental funds.

CITY OF MANCHESTER, GEORGIA
SCHEDULE BY FUNCTION AND ACTIVITY *
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
June 30, 2013

Function and Activity	Total	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Callaway Pool
General government	$ 946,833	$ 262,733	$ 570,251	$ 113,849		
Public safety	1,359,384		376,851	982,533		
Health and welfare	50,759		39,259	11,500		
Culture and recreation	2,810,910	27,000	2,497,482	240,336		$ 46,092
Highways and streets	3,307,958	23,160	86,774	125,771	$ 3,072,253	
Total governmental funds capital assets	$ 8,475,844	$ 312,893	$ 3,570,617	$ 1,473,989	$ 3,072,253	$ 46,092

* This schedule presents only the capital asset balances related to governmental funds.

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY *
Year Ended June 30, 2013

Function and Activity	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
General government	$ 946,833			$ 946,833
Public safety	1,339,834	$ 19,550		1,359,384
Health and welfare	50,759			50,759
Culture and recreation	2,786,040	24,870		2,810,910
Highway and streets	3,232,546	75,412		3,307,958
Total governmental funds capital assets	$ 8,356,012	$ 119,832	$ 0	$ 8,475,844

* This schedule presents only the capital asset balances related to governmental funds.

ADDITIONAL DATA

The following data is required by either state statue, specific grant audit requirements, or auditing standards:

Community Development Block Grant - Disclosure required by specific grant audit requirements.

SPLOST - Disclosure required by state requirements.

CITY OF MANCHESTER, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2013

CDBG 10h-x-099-2-5244:

Total grant	$	500,000
Less, total program funds drawn down by recipient for the year ended:		
June 30, 2013	(	99,148)
June 30, 2012	(	218,448)
June 30, 2011	(	82,450)
Program funds available for future draw down	$	99,954
Total program funds drawn down by recipient for the year ended June 30, 2013	$	99,148
Add, program income applicable to the year ended June 30, 2013		0
Total program funds drawn by recipient and program income for the year ended June 30, 2013	$	99,148

CDBG 12p-x-099-2-5498:

Total grant	$	500,000
Less, total program funds drawn down by recipient for the year ended:		
June 30, 2013	(	77,600)
Program funds available for future draw down	$	422,400
Total program fund drawn down by recipient for the year ended June 30, 2013	$	77,600
Add, program income applicable to the year ended June 30, 2013		0
Total program funds drawn by recipient and program income for the year ended June 30, 2013	$	77,600

CITY OF MANCHESTER, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2013

Activity	Budgeted Expenditures	Actual Expenditures Year Ended June 30, 2013	Actual Expenditures Prior Years	Questioned Cost
CDBG 10h-x-099-2-5244:				
H-14A-01	$ 78,641	$ 42,125	$ 2,350	None
H-14A-02	376,180	52,187	272,622	None
C-022-00	15,179	0	0	--
A-21A-00	30,000	4,200	22,100	None
	$ 500,000	$ 98,512	$ 297,072	
CDBG 12p-x-099-2-5498:				
T-03J-00	$ 36,836	$ 36,836		None
P-03J-02	406,974	12,685		None
C-022-00	26,190			
A-21A-00	30,000	30,000		None
	$ 500,000	$ 79,521	$ 0	

CITY OF MANCHESTER, GEORGIA
SCHEDULE OF SPECIAL PURPOSE SALES AND USE TAX
June 30, 2013

Project	Estimated Project Amount		Estimated Percentage of Completion	Amount of Receipts to Date	Amount Expended		
	Original	Amended			Prior Years	Reimbursed	Current Year
Buildings	$ 155,000	$ 255,000	60.24%		$ 153,606		
Recreation	205,000	105,000	72.36%		75,980		
Infrastructure	1,459,000	1,059,000	72.65%		675,056		$ 94,314
Streets and sidewalks	320,000	920,000	102.20%		925,271		14,950
Public safety: Facilities and equipment	290,000	190,000	104.78%		199,083		
Equipment	264,670	164,670	74.28%		122,329		
	$ 2,693,670	$ 2,693,670		$ 2,197,555*	$ 2,151,325	$ 0	$ 109,264

* Receipts are not designated by project.

STATISTICAL SECTION

This part of the City of Manchester's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS PAGE

Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 80

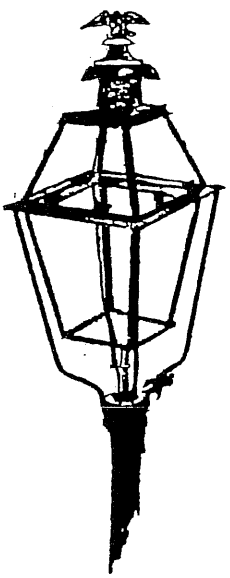
Revenue Capacity - These schedules present information to help the reader assess the City's most significant local revenue source, the property tax. 86

Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 90

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 95

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs. 97

Sources: Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year.



City of Manchester, Georgia
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	$ 2,075,899	$ 2,074,105	$ 2,358,389	$ 2,575,973	$ 3,722,007	$ 5,713,711	$ 5,924,123	$ 5,899,570	$ 4,268,924	$ 4,229,346
Restricted	195,754	205,374	204,079	701,128	1,738,873	963,410	830,029	771,920	408,008	222,804
Unrestricted	(42,966)	111,298	(168,177)	(560,633)	(511,763)	(800,824)	(30,449)	(56,374)	68,474	351,608
Total governmental activities net position	$ 2,228,687	$ 2,390,777	$ 2,394,291	$ 2,716,468	$ 4,949,117	$ 5,876,297	$ 6,723,703	$ 6,615,116	$ 4,745,406	$ 4,803,758
Business-type activities										
Net investment in capital assets	$ 4,828,448	$ 6,167,814	$ 6,180,298	$ 6,205,910	$ 7,102,166	$ 7,273,454	$ 7,363,268	$ 7,182,172	$ 7,102,398	$ 6,892,270
Restricted	1,122,057	374,891	322,268	251,534						3,031,484
Unrestricted	(453,920)	(734,988)	(725,135)	(165,249)	(374,323)	(272,714)	(890,561)	(408,624)	(365,174)	(3,404,787)
Total business-type activities net position	$ 5,496,585	$ 5,807,717	$ 5,777,431	$ 6,292,195	$ 6,727,843	$ 7,000,740	$ 6,472,707	$ 6,773,548	$ 6,737,224	$ 6,518,967
Primary government										
Net investment in capital assets	$ 6,904,347	$ 8,241,919	$ 8,538,687	$ 8,781,883	$ 10,824,173	$ 12,987,165	$ 13,287,391	$ 13,081,742	$ 11,371,322	$ 11,121,616
Restricted	1,317,811	580,265	526,347	952,662	1,738,873	963,410	830,029	771,920	408,008	3,254,288
Unrestricted	(496,886)	(623,690)	(893,312)	(725,882)	(886,086)	(1,073,538)	(921,010)	(464,998)	(296,700)	(3,053,179)
Total primary government net position	$ 7,725,272	$ 8,198,494	$ 8,171,722	$ 9,008,663	$ 11,676,960	$ 12,877,037	$ 13,196,410	$ 13,388,664	$ 11,482,630	$ 11,322,725

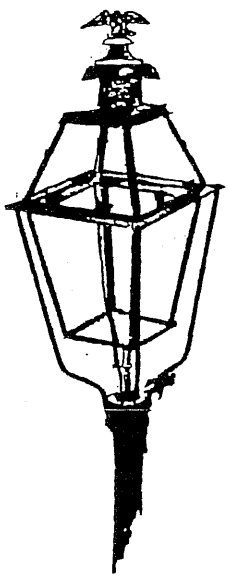
City of Manchester, Georgia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
Expenses	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Governmental activities:										
General government	$ 872,150	$ 824,230	$ 810,527	$ 895,411	$ 1,147,257	$ 999,930	$ 1,115,872	$ 963,147	$ 875,283	$ 851,282
Public safety	1,171,761	1,171,558	1,221,731	1,295,576	1,480,934	1,463,794	1,491,837	1,425,739	1,461,400	1,526,212
Health and welfare	150,770	156,666	151,005	332,670	159,624	147,547	164,498	129,721	151,054	155,931
Culture and recreation	423,516	431,659	402,972	424,232	477,367	397,162	410,603	447,241	479,144	506,659
Streets and highways	401,854	375,472	448,007	165,713	459,326	710,416	680,166	587,832	556,214	489,636
Other governmental services	96,537	70,545	75,132							
Community development	85,695	138,686	256,123	141,474	281,637	121,927	12,883	159,378	2,218,377	104,379
Interest on long-term debt	69,765	62,824	67,982	66,484	75,693	65,901	106,183	44,254	36,721	31,754
Total governmental activities expenses	3,272,048	3,231,640	3,433,479	3,321,560	4,081,838	3,906,677	3,982,042	3,757,312	5,778,193	3,665,853
Business-type activities:										
Water and sewerage	1,531,978	1,453,190	1,447,964	1,473,231	1,525,784	1,344,528	1,354,612	1,599,354	1,593,314	2,061,417
Gas	999,904	1,023,359	1,214,593	1,218,653	1,345,341	948,163	848,029	797,554	702,362	659,844
Solid waste	316,807	317,167	315,022	317,631	271,229	301,947	296,420	281,548	271,683	267,034
Broadband					31,056	376,228	322,163	342,506	18,822	3,705
Total business-type activities expenses	2,848,689	2,793,716	2,977,579	3,009,515	3,173,410	2,970,866	2,821,224	3,020,962	2,586,181	2,992,000
Total primary government expenses	$ 6,120,737	$ 6,025,356	$ 6,411,058	$ 6,331,075	$ 7,255,248	$ 6,877,543	$ 6,803,266	$ 6,778,274	$ 8,364,374	$ 6,657,853
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 414,597	$ 443,112	$ 417,591	$ 429,360	$ 442,328	$ 473,763	$ 473,058	$ 484,127	$ 452,979	$ 431,163
Public safety	127,267	149,789	139,061	167,261	124,526	130,675	143,143	129,646	166,785	192,472
Culture and recreation	69,085	79,480	58,775	61,343	54,165	71,879	56,200	58,800	68,936	61,230
Other activities	71,090	16,786	12,962	17,335	16,322	12,410	8,223	7,347	9,505	2,080
Operating grants and contributions	261,606	302,281	366,480	161,524	537,316	347,765	155,292	333,270	408,311	509,996
Capital grants and contributions		27,000	325,891	704,745	2,987,196	1,690,720	586,406	143,722	117,471	140,440
Total government activities program revenues	943,645	1,018,448	1,320,760	1,541,568	4,161,853	2,727,212	1,422,322	1,156,912	1,223,987	1,337,381
Business-type activities:										
Charges for services:										
Water and sewerage	1,313,992	1,415,241	1,495,752	1,727,961	1,835,877	1,818,181	1,894,847	2,108,600	1,970,781	1,856,517
Gas	983,895	999,891	1,152,923	1,300,627	1,528,805	891,819	964,698	949,673	756,450	765,116
Solid waste	296,984	321,110	315,742	332,265	342,416	339,140	419,367	446,503	437,134	443,380
Broadband					37,578	335,769	280,041	180,290	4,940	
Operating grants and contributions	489,763	650,404	20,262	103,422						
Capital grants and contributions										
Total business-type activities program revenues	3,084,634	3,386,646	2,984,679	3,464,275	3,744,676	3,384,909	3,558,953	3,685,066	3,169,305	3,065,013
Total primary government program revenues	$ 4,028,279	$ 4,405,094	$ 4,305,439	$ 5,005,843	$ 7,906,529	$ 6,112,121	$ 4,981,275	$ 4,841,978	$ 4,393,292	$ 4,402,394

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental activities	$ (2,328,403)	$ (2,213,192)	$ (2,112,719)	$ (1,779,992)	$ 80,015	$ (1,179,465)	$ (2,559,720)	$ (2,600,400)	$ (4,554,206)	$ (2,328,472)
Business-type activities	235,945	592,930	7,100	454,760	571,266	414,043	737,729	664,104	583,124	73,013
Total primary government net expense	$ (2,092,458)	$ (1,620,262)	$ (2,105,619)	$ (1,325,232)	$ 651,281	$ (765,422)	$ (1,821,991)	$ (1,936,296)	$ (3,971,082)	$ (2,255,459)
General Revenues and Other Changes Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 979,651	$ 965,598	$ 978,268	$ 1,061,303	$ 909,773	$ 920,746	$ 1,127,332	$ 1,094,171	$ 1,034,166	$ 1,063,897
Sales tax	376,680	382,709	413,353	402,280	406,851	376,908	395,807	395,138	392,921	380,696
Franchise tax	197,826	200,503	212,132	202,234	186,793	217,618	194,708	210,722	229,997	221,189
Insurance premium tax	171,305	185,648	199,733	208,971	217,980	223,201	221,107	214,681	198,405	210,739
Motor vehicle and mobile home tax	105,668	99,421	94,804	100,834	96,423	96,551	86,774	98,654	97,088	113,568
Alcoholic beverage taxes	95,724	93,842	96,896	92,570	88,949	90,289	89,694	92,336	90,480	85,990
Other	48,608	29,241	26,052	78,366	22,879	18,306	17,242	20,804	19,586	16,024
Investment earnings		4,642	4,317	3,551	38,287	21,194	8,163	1,098	823	1,228
Transfers	348,076	374,455	90,678	(47,940)	184,699	141,832	1,266,299	364,209	621,030	293,493
Total government activities	2,323,538	2,336,059	2,116,233	2,102,169	2,152,634	2,106,645	3,407,126	2,491,813	2,684,496	2,386,824
Business-type activities:										
Gain on sale of assets		77,076	41,378		37,120					
Investment earnings	21,544	15,581	11,914	12,064	11,961	686	537	946	1,582	2,223
Transfers	(348,076)	(374,455)	(90,678)	47,940	(184,699)	(141,832)	(1,266,299)	(364,209)	(621,030)	(293,493)
Total business-type activities	(326,532)	(281,798)	(37,386)	60,004	(135,618)	(141,146)	(1,265,762)	(363,263)	(619,448)	(291,270)
Total primary government	$ 1,997,006	$ 2,054,261	$ 2,078,847	$ 2,162,173	$ 2,017,016	$ 1,965,499	$ 2,141,364	$ 2,128,550	$ 2,065,048	$ 2,095,554
Change in Net Position										
Government activities	$ (4,865)	$ 122,867	$ 3,514	$ 322,177	$ 2,232,649	$ 927,180	$ 847,406	$ (108,587)	$ (1,869,710)	$ 58,352
Business-type activities	(90,587)	311,132	(30,286)	514,764	435,648	272,897	(528,033)	300,841	(36,324)	(218,257)
Total primary government	$ (95,452)	$ 433,999	$ (26,772)	$ 836,941	$ 2,668,297	$ 1,200,077	$ 319,373	$ 192,254	$ (1,906,034)	$ (159,905)

City of Manchester, Georgia
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	$ 116,731	$ 66,427	$ 63,144	$ 58,644	$ 75,226	$ 75,632	$ 64,138	$ 38,002	$ 64,268	$ 46,447
Restricted								44,911	75,802	
Committed								12,502	21,760	253,000
Unassigned	(30,657)	127,273	(141,846)	(529,486)	(460,501)	(737,723)	119,291	7,182	108,968	180,137
Total general fund	$ 86,074	$ 193,700	$ (78,702)	$ (470,842)	$ (385,275)	$ (662,091)	$ 183,429	$ 102,597	$ 270,798	$ 479,584
All other governmental funds										
Restricted, reported in:										
Debt service fund	$ 204	$ 188	$ 196	$ 197	$ 197	$ 197	$ 197	$ 198	$ 198	
Special revenue funds	195,550	205,186	203,883	701,021	696,971	712,595	719,288	715,501	223,178	$ 222,803
Capital project fund					1,041,705	250,618	110,544	11,310	108,830	1
Total all other government funds	$ 195,754	$ 205,374	$ 204,079	$ 701,218	$ 1,738,873	$ 963,410	$ 830,029	$ 727,009	$ 332,206	$ 222,804



City of Manchester, Georgia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	$ 1,975,462	$ 1,956,962	$ 2,021,238	$ 2,098,558	$ 1,929,648	$ 1,943,619	$ 2,132,664	$ 2,126,506	$ 2,062,643	$ 2,092,103
Licenses and permits	82,909	83,439	82,963	83,409	74,247	72,089	70,492	79,535	80,570	85,470
Intergovernmental					2,197,555			29,668		
Grants and subsides	259,816	302,281	692,371	866,269	1,261,127	347,765	724,577	344,708	445,942	508,620
Charges for services	72,645	89,342	60,760	62,540	54,516	70,643	56,276	58,800	65,837	60,757
Fines and forfeitures	126,267	122,316	138,479	143,137	115,377	125,087	142,425	129,646	166,291	192,472
Interest revenue	4,379	4,642	4,317	3,551	38,287	21,194	8,163	2,137	1,409	1,663
Miscellaneous	397,629	394,070	346,187	386,213	459,031	420,908	440,701	493,100	464,761	479,627
Total revenues	2,919,107	2,953,052	3,346,315	3,643,677	6,129,788	3,001,305	3,575,298	3,264,100	3,287,453	3,420,712
Expenditures:										
General government	846,685	804,711	778,922	837,962	1,068,742	934,268	922,739	913,022	834,472	834,570
Public safety	1,126,460	1,121,634	1,166,746	1,231,321	1,333,508	1,390,208	1,386,289	1,373,271	1,378,111	1,448,479
Health and welfare	150,238	156,334	149,331	137,440	151,554	144,915	143,637	146,660	150,722	155,599
Culture and recreation	354,259	361,075	332,215	330,038	326,695	325,326	319,063	389,168	441,243	445,918
Highway and streets	367,858	342,176	418,563	353,317	424,777	557,515	576,763	415,793	417,056	393,371
Community development		138,686	256,123	141,474	281,637	121,927	12,883	159,378	715,049	104,379
Other governmental services	182,232	70,545	75,132	23,735	11,687	5,719	34,940	31,130	-	-
Debt service:										
Principal	71,341	88,279	150,690	104,267	106,045	96,015	97,083	103,006	103,968	74,969
Interest	67,025	63,930	66,082	70,597	76,980	67,189	107,570	45,723	38,190	32,754
Capital outlay	236,779	85,351	598,527	260,587	1,409,640	552,334	528,491	235,010	56,274	124,782
Total expenditures	3,402,877	3,232,721	3,992,331	3,490,738	5,191,265	4,195,416	4,129,458	3,812,161	4,135,085	3,614,821
Excess of revenues over (under) expenditures	(483,770)	(279,669)	(646,016)	152,939	938,523	(1,194,111)	(554,160)	(548,061)	(847,632)	(194,109)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses):										
Transfers in	4,435,036	4,109,360	3,879,092	3,621,164	5,003,182	4,496,671	5,015,481	5,303,747	4,555,880	4,288,833
Transfers out	(4,086,960)	(3,734,905)	(3,788,414)	(3,669,104)	(4,818,483)	(4,354,839)	(3,749,182)	(4,939,538)	(3,934,850)	(3,995,340)
Capital leases		22,460	281,641							
Total other financing sources (uses)	348,076	396,915	372,319	(47,940)	184,699	141,832	1,266,299	364,209	621,030	293,493
Net change in fund balances	$ (135,694)	$ 117,246	$ (273,697)	$ 104,999	$ 1,123,222	$ (1,052,279)	$ 712,139	$ (183,852)	$ (226,602)	$ 99,384
Debt service as a percentage of noncapital expenditures	4.37%	4.84%	6.39%	5.41%	4.63%	4.36%	5.62%	4.04%	3.46%	3.07%

City of Manchester, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	Utilities and Other Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2004	$ 23,166,274	$ 14,735,315	$ 19,183,595	$ 3,356,443	$ 60,441,627	16.194	$ 151,104,069	40%
2005	23,160,765	15,457,871	17,699,892	3,623,963	59,942,491	16.18	149,856,228	40%
2006	23,351,812	15,924,817	18,306,536	3,397,550	60,980,715	16.15	152,451,788	40%
2007	26,855,269	16,253,610	18,045,503	2,867,309	64,021,691	16.15	160,054,227	40%
2008	31,008,986	16,854,217	13,115,910	3,331,190	64,310,303	16.15	160,775,758	40%
2009	28,498,307	18,696,169	14,968,995	8,382,359	70,545,830	16.15	176,364,575	40%
2010	32,206,279	20,351,383	15,927,525	3,126,102	71,611,289	17.15	179,028,223	40%
2011	33,394,954	17,938,189	11,319,108	3,126,064	65,778,315	17.242	164,445,788	40%
2012	33,339,197	17,865,342	9,667,910	3,126,064	63,998,513	17.242	159,996,283	40%
2013	32,052,831	18,179,965	13,131,113	2,881,761	66,245,670	17.704	165,614,175	40%

Data Source: Meriwether and Talbot County Tax Digest

(1) Per $1,000 of assessed value

City of Manchester, Georgia
Property Tax Rates
Direct and Overlapping Governments
(PER $1,000 OF ASSESSED VALUE)
Last Ten Fiscal Years

Fiscal Year Ended June 30	City of Manchester (Direct Rates)			Overlapping Rates	
	Operating Millage	Debt Service Millage *	Total City Millage	Total County Millage (1)	Total School Millage (2)
2004	16.084	0.11	16.194	9.373	16.672
2005	16.06	0.12	16.18	10	16.307
2006	16.04	0.11	16.15	13	18.000
2007	15.98	0.17	16.15	12.22	18.000
2008	14.36	1.79	16.15	12.22	18.000
2009	14.4	1.75	16.15	12.27	18.000
2010	15.51	1.64	17.15	13.567	16.900
2011	15.572	1.67	17.242	13.65	16.998
2012	15.542	1.70	17.242	12.417	18.830
2013	15.984	1.72	17.704	13.74	19.010

Data Sources:
(1) Meriwether County Tax Commissioner

(2) Meriwether County Board of Education

* General Obligation Debt

City of Manchester, Georgia
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2013 (1) Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2004 (2) Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Angio Dynamics	$ 3,910,195	1	5.903			
The Sherwin Williams Co	2,579,510	2	3.894			
Georgia Power Company	1,723,485	3	2.602	1,334,169	4	2.21
F&M Bank & Trust Co	1,709,741	4	2.581			
Jones William B	868,560	5	1.311	876,197	5	1.45
Dan Bitton (Eccomelt)	692,894	6	1.046			
Windstream Georgia Communications	660,176	7	1.000			
CSX	612,222	8	0.924	735,981	6	1.22
Kilbarry Enterprises LLC	596,868	9	0.901			
Manchester Apts Ltd	585,375	10	0.884		10	
Goody Products				9,841,490	1	16.28
Horizon Medical Products				3,968,818	2	6.56
Alltel Ga Communications				1,562,923	3	2.58
Dobco				549,361	7	0.91
Manchester Housing, Ltd.				548,328	8	0.91
Manchester Elderly Housing				518,162	9	0.86
Jeneca Properties, LLP				512,490	10	0.85
	$ 13,939,026		21.046	$ 20,447,919		33.83

Data Source: City Finance Office

(1) Based on 2012 tax digest.

(2) Based on 2003 tax digest.

City of Manchester, Georgia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 1,086,353	$ 1,074,671	99%	$ 11,682	$ 1,086,353	100%
2005	1,062,002	1,051,798	99%	10,204	1,062,002	100%
2006	1,065,369	1,059,396	99%	5,973	1,065,369	100%
2007	1,136,949	1,130,022	99%	6,927	1,136,949	100%
2008	989,282	968,159	98%	21,080	989,239	99.9%
2009	1,034,853	975,159	94%	58,720	1,033,879	99.9%
2010	1,168,964	1,101,187	94%	66,572	1,167,759	99.9%
2011	1,134,170	1,108,400	98%	21,457	1,129,857	99.6%
2012	1,132,152	1,107,460	98%	20,075	1,127,535	99.6%
2013	1,156,148	1,129,391	98%	-	1,129,391	97.7%

Data Source: City Finance Office

(1) Includes: Real Property
Personal Property
Utility
Vehicles

City of Manchester, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income**	Per Capita*
	General Obligation Bonds	Capital Leases	Revenue Bonds	Capital Leases	Notes Payable			
2004	$ 1,120,000	$ 96,567	$ 4,830,000	$ 2,000,000		$ 8,046,567		$ 2,018
2005	1,060,000	90,748	4,665,000	1,990,844		7,806,592		1,958
2006	1,000,000	281,699	4,375,000	1,886,443		7,543,142		1,891
2007	940,000	237,432	4,070,000	1,762,674		7,010,106		1,758
2008	870,000	201,387	3,915,000	1,633,038		6,619,425		1,659
2009	800,000	175,373	3,691,000	1,498,419		6,164,792		1,545
2010	725,000	153,290	4,786,000	1,359,798	$ 827,595	7,851,683		1,969
2011	645,000	130,284	4,255,332	1,214,242	1,418,732	7,663,590		1,812
2012	565,000	106,316	3,695,050	1,048,319	1,890,419	7,305,104		1,727
2013	515,000	81,347	9,460,000	901,061	-	10,957,408		2,590

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* See Demographic and Economic Statistics on page 95 for population data.

** Information not available.

City of Manchester, Georgia
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita**
2004	$ 1,120,000	$ 204	$ 1,119,796	0.74%	$ 281
2005	1,060,000	188	1,059,812	0.71%	266
2006	1,000,000	196	999,804	0.66%	251
2007	940,000	197	939,803	0.59%	236
2008	870,000	197	869,803	0.54%	218
2009	800,000	197	799,803	0.45%	200
2010	725,000	197	724,803	0.40%	182
2011	645,000	198	644,802	0.39%	152
2012	565,000	198	564,802	0.35%	134
2013	515,000	-	515,000	0.31%	122

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

* See Assessed Value and Estimated Actual Value of Taxable Property on page 86 for property value data.

** See Demographic and Economic Statistics on page 95 for population data.

City of Manchester, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Overlapping debt:			
Meriwether County, Georgia	$ 6,787,966	19%	$ 1,289,714
Meriwether County Board of Public Education	9,390,000	19%	1,784,100
Subtotal, overlapping debt			3,073,814
Direct debt:			
City of Manchester, Georgia governmental activities			596,347
Subtotal, direct debt			596,347
Total direct and overlapping debt			$ 3,670,161

Data Sources: Debt outstanding data provided by the County and the Board of Education.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Manchester, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using population. Applicable percentages were estimated by dividing the City's population by the total County population.

City of Manchester, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	$ 6,044,163	$ 5,994,249	$ 6,098,072	$ 6,402,169	$ 6,431,030	$ 7,054,583	$ 6,436,326	$ 5,933,030	$ 5,835,049	$ 6,109,567
Total net debt applicable to limit	1,120,000	1,060,000	999,804	939,803	869,803	799,803	724,803	644,802	564,802	515,000
Total net debt margin	$ 4,924,163	$ 4,934,249	$ 5,098,268	$ 5,462,366	$ 5,561,227	$ 6,254,780	$ 5,711,523	$ 5,288,228	$ 5,270,247	$ 5,594,567
Total net debt applicable to the limit as a percentage of debt limit	19.64%	18.53%	17.68%	16.40%	13.53%	11.34%	11.26%	10.87%	9.68%	8.43%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	$ 66,245,670
Add Back: Exempt real property	-
Total assessed value	$ 66,245,670
Debt limit (10% of total assessed value)	$ 6,624,567
Debt applicable to limit:	
General obligation bonds	515,000
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	515,000
Legal debt margin	$ 6,109,567

Note: Under state law the City of Manchester's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Manchester, Georgia
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water& Sewerage and Gas Revenue Bonds					
	Utility Charges and Other*	Less: Operating Expenses**	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	$ 2,415,475	$ 1,813,263	$ 602,212	$ 130,000	$ 262,373	1.53
2005	2,459,325	1,778,027	681,298	165,000	256,068	1.62
2006	2,668,937	1,965,023	703,914	290,000	247,983	1.31
2007	3,132,010	1,983,608	1,148,402	305,000	233,483	2.13
2008	3,364,682	2,278,451	1,086,231	320,000	218,080	2.02
2009	2,710,000	1,676,724	1,033,276	224,000	117,707	3.02
2010	2,902,292	1,594,079	1,308,213	405,000	108,485	2.55
2011	3,058,273	1,620,285	1,437,988	426,000	95,742	2.76
2012	2,596,937	1,525,264	1,071,673	436,000	82,493	2.07
2013	2,621,633	1,606,791	1,014,842	504,254	68,238	1.77

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. The revenue bonds outstanding are Combined Public Utilities Revenue Bonds; therefore, the above figures the Water, Sewer, and Gas Funds of the City. The debt service above does not include debt sevice for the Public Utilities Authority Revenue Bonds since they are being repaid through an intergovernmental contract.

* Interest income not included in this figure. SPLOST reimbursement for repairs and maintenance is included.
** Operating expenses do not include interest or depreciation.

City of Manchester, Georgia
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income	Meriwether County Public School Enrollment (3)	Meriwether County Unemployment Rate (4)
2004	3,988	$ 14,380	$ 57,347,440	3,759	6.78%
2005	3,988	14,380	57,347,440	3,794	6.10%
2006	3,988	14,380	57,347,440	3,821	6.00%
2007	3,988	14,380	57,347,440	3,736	6.40%
2008	3,988	14,380	57,347,440	3,511	5.10%
2009	3,988	22,715	90,587,420	3,149	8.40%
2010	3,988	20,880	83,269,440	3,071	12.10%
2011	4,230	17,586	74,388,780	3,038	11.70%
2012	4,230	17,586	74,388,780	3,135	14.60%
2013	4,230	18,295	77,387,850	3,164	15.20%

Data Sources:
(1) U.S. Census Bureau
(2) Meriwether County Industrial Development Authority
(3) Meriwether County Board of Public Education, based on census at start of school year
(4) Georgia Department of Labor

City of Manchester, Georgia
Principal Employers
Current Year and Nine Years Ago

Employer	2013 Employees	2013 Rank	2013 Percentage of Total City Employment	2004 Employees	2004 Rank	2004 Percentage of Total City Employment
Board of Education	111	1	12.12			
Angio Dynamics	106	2	11.58			
Sherwin Williams	61	3	6.66	23	4	3.56
City of Manchester	49	4	5.35	57	2	8.82
F&M Bank	34	5	3.71			
M Jordan Roofing	30	6	3.28			
Piggly Wiggly	25	7	2.73	22	5	3.41
CVS	19	8	2.08			
Food Outlet	19	9	2.08			
Georgia LP Gas	15	10	1.64	16	6	2.48
Rita Medical				80	1	12.39
Lewis Jones Foods				35	3	5.42
Rite Aid				15	7	2.32
TBO Manchester - McDonald's				15	8	2.32
Maxway				13	9	2.01
Taylor Foster				13	10	2.01
Totals	469		51.23	289		44.74

Data Source: City Finance Office

City of Manchester, Georgia
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
General government	10	10	10	10	11	9	11	9	9	9
Public safety										
Police	16	13	17	14	18	19	16	17	17	17
Fire	8	8	8	8	8	8	7	6	7	7
Health and welfare										
Senior center	2	2	2	2	2	2	2	2	2	2
Animal control	1	1	1	1	1	1	1	1	1	1
Culture and recreation	3	3	3	3	3	3	3	4	4	3
Highways and streets	4	3	4	3	3	2	2	2	1	1
Other governmental services										
Code enforcement	1	0	0	0	0	0	0	0	0	0
Vehicle maintenance	1	1	1	0	0	0	1	0	0	0
Community development	0	0	0	0	0	0	0	0	0	0
Water and sewerage	7	6	7	9	10	10	7	7	6	7
Gas	4	3	3	2	4	5	3	2	3	2
Solid waste	0	0	0	0	0	0	0	0	0	0
Total	57	50	56	52	60	59	53	50	50	49

Data Source: City Finance Office

City of Manchester, Georgia
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
Police										
Physical arrests	252	244	236	186	214	227	219	283	263	327
Parking violations	5	-	2	-	-	5	6	8	37	94
Traffic violations	*	*	*	683	477	739	677	667	802	1,089
Fire										
Number of calls answered	246	368	397	418	610	639	626	451	550	664
Inspections	*	102	58	70	193	350	350	146	162	171
Culture and recreation										
Number of youth participants	1,143	1,083	1,078	1,182	927	820	862	1,120	1,170	1,369
Senior center meals served	26,431	21,643	17,906	17,035	14,385	14,483	12,824	9,898	10,259	11,123
Health and Welfare										
Animal Control (captured animals)	*	*	*	98	76	121	102	248	209	225
Highways and streets										
Street resurfacing (miles)	2	2	2	2	2	1	1	1	1	2
Potholes repaired	267	230	270	228	178	178	103	187	250	50
Water and sewerage										
New water connections	10	5	15	9	7	8	11	9	5	3
New sewage connections	3	2	3	3	2	4	3	1	1	-
Average daily consumption (thousands of gallons)	800	800	800	800	800	800	800	800	800	800
Average daily sewage treatment (thousands of gallons)	710	710	710	710	710	710	710	710	710	710
Gas										
Breaks on gas main	5	4	3	4	1	2	2	1	-	-
Solid waste										
Refuse collected (tons/day)	*	*	*	*	*	*	*	*	*	*
Recyclables collected (tons/day)	*	*	*	*	*	*	*	*	*	*

Data Sources: Various City Departments

Note: Indicators not available for the general government function.

* Information not available

City of Manchester, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	14	13	14	14	14	13
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire engines	3	3	3	3	4	4	4	4	3	3
Health and welfare										
Animal control										
Animal pounds	1	1	1	1	1	1	1	1	1	1
Senior center										
Buildings	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Parks acreage	38	38	38	38	38	51	51	51	51	51
Parks	5	5	5	5	5	5	5	5	5	5
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community centers	3	3	3	3	3	4	4	4	3	2
Highways and streets										
Streets (miles)	61.5	67	67	67	67	67	67	67	67	67
Streetlights	678	678	678	678	678	670	670	670	670	670
Traffic signals	4	4	4	4	4	4	4	4	4	4
Water and sewerage										
Water mains (miles)	105	105	105	105	105	105	105	105	105	113
Fire hydrants	265	265	265	265	265	265	265	265	265	300
Maximum daily water capacity (thousands of gallons)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Sanitary sewers (miles)	538	543	609	609	609	609	609	609	609	609
Storm sewers (miles)	366	366	366	366	366	366	366	366	366	366
Maximum daily sewer treatment capacity (thousands of gallons)	850	850	850	850	850	850	850	850	850	850
Gas										
Gas lines (miles)	75.5	75.5	75.5	75.5	75.5	75.5	75.5	75.5	75.5	75.5
Number of distribution stations	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection trucks	0	0	0	0	0	0	0	0	0	0

Data Sources: Various City departments.
Note: No capital asset statistics are available for the general government function.

