

VILLAGE OF MANCHESTER
WASHTENAW COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDING JUNE 30, 2015

VILLAGE OF MANCHESTER
FINANCIAL STATEMENTS
JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Manchester
Washtenaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit and each major fund of the Village of Manchester, State of Michigan, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Village of Manchester
Washtenaw County, Michigan

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 unit and each major fund of the Village of Manchester, State of Michigan, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

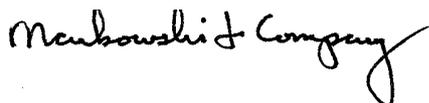
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 34-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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 Village of Manchester, State of Michigan's, basic financial statements. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of indebtedness is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of indebtedness is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yours truly,



MARKOWSKI & COMPANY, CPAs
October 16, 2015

VILLAGE OF MANCHESTER
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Management's Discussion and Analysis

Using this Annual Report

As management of the Village of Manchester, we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the Village of Manchester for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here.

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village has a combined net position of \$10,734,310. Of this amount, \$2,694,077 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. An additional \$6,732,225 reflects the Village's investment in capital assets (e.g. land, buildings, machinery and equipment and infrastructures consisting of water and sewer lines and roads and streets); less any related debt used to acquire those assets still outstanding. The remaining \$1,308,008 of net position is restricted for various uses as determined by external constraints by grantors, contributors, or laws or regulations.

The Village's total net position decreased by \$226,579 in 2015. Governmental activities net position decreased \$48,557 and Business-Type activities decreased \$178,022.

In a condensed format, the following table shows the net position as of June 30, 2015 and 2014:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 2,791,971	\$ 2,091,462	\$ 1,518,695	\$ 1,531,090	\$ 4,310,666	\$ 3,622,552
Noncurrent Assets	4,431,008	4,470,001	3,907,664	4,033,390	8,338,672	8,503,391
Total Assets	7,222,979	6,561,463	5,426,359	5,564,480	12,649,338	12,125,943
Current Liabilities	365,262	192,010	113,319	138,044	478,581	330,054
Long-Term Debt	992,531	455,710	443,916	379,290	1,436,447	835,000
Total Liabilities	1,357,793	647,720	557,235	517,334	1,915,028	1,165,054
Net Position						
Invested in Capital Assets - Net of Related Debt	3,340,297	4,470,001	3,391,928	3,804,101	6,732,225	8,274,102
Restricted For:						
Highways and Streets	923,247	460,789	-	-	923,247	460,789
Debt Service	89,845	-	46,717	5,408	136,562	5,408
Recreational and Cultural	194,061	215,323	-	-	194,061	215,323
Inventory	-	-	30,620	32,369	30,620	32,369
Capital Improvements	23,518	22,487	-	-	23,518	22,487
Unrestricted	1,294,218	745,143	1,399,859	1,205,268	2,694,077	1,950,411
Total Net Postion	\$ 5,865,186	\$ 5,913,743	\$ 4,869,124	\$ 5,047,146	\$ 10,734,310	\$ 10,960,889

Management's Discussion and Analysis

In a condensed format, the following table shows the changes of the net position as of June 30, 2015 and 2014:

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for Services	\$ 273,697	\$ 230,109	\$ 700,483	\$ 707,054	\$ 974,180	\$ 937,163
Operating Grants and Contributions	365,064	354,229	133,262	-	498,326	354,229
Capital Grants and Contributions	86,749	337,027	45,502	46,250	132,251	383,277
General Revenues						
Property Taxes	694,915	675,835	-	-	694,915	675,835
State-Shared Revenues	193,138	191,856	-	-	193,138	191,856
Interest Income	3,176	3,285	2,761	2,078	5,937	5,363
Franchise Fees	27,938	26,737	-	-	27,938	26,737
Other Income	11,577	12,522	-	-	11,577	12,522
Total Revenues	1,656,254	1,831,600	882,008	755,382	2,538,262	2,586,982
Program Expenses						
Legislative	52,685	48,396	-	-	52,685	48,396
General Government	386,835	387,375	-	-	386,835	387,375
Public Safety	493,393	498,698	-	-	493,393	498,698
Public Works	361,296	326,786	-	-	361,296	326,786
Recreational and Cultural	55,420	42,781	-	-	55,420	42,781
Interest on Long-Term Debt	16,820	17,798	-	-	16,820	17,798
Depreciation	338,362	342,890	-	-	338,362	342,890
Water and Sewer	-	-	1,060,030	876,644	1,060,030	876,644
Total Expenses	1,704,811	1,664,724	1,060,030	876,644	2,764,841	2,541,368
Change in Net Position	\$ (48,557)	\$ 166,876	\$ (178,022)	\$ (121,262)	\$ (226,579)	\$ 45,614

Government Activities

The Village's total governmental revenues decreased by \$175,346. The decrease resulted primarily from prior year capital contributions received from Federal and State Government for improvements to the Village's downtown area.

State shared revenues increased slightly, but remain consistently low from historical amounts.

The Village's expenditures increased 2%. Increase is primarily due to increased costs of operations. Management continues to control costs where possible.

Business Type Activities

The Village's business-type activities consist of its Water and Sewer funds. During 2015, the net position decreased by \$178,022. The decrease was due primarily to depreciation expense in the amount of \$326,966.

Expenditures increased by 7% as the Village's 10% cost sharing for engineering costs related to a Stormwater, Asset Management, and Wastewater (SAW) grant program.

Management's Discussion and Analysis

The Village's Funds

The fund financial statements provide a more detailed analysis of the Village's operations, which are focused primarily on the current use of available resources. The Village maintains several funds to help manage money designated for special purposes, as well as to show accountability for certain activities.

The General Fund, the major governmental fund, relates to the general governmental activities for the Village, which is financed by property tax levies, by distribution of state shared revenues, and from fees charged for various municipal activities and services. The General Fund's fund balance increased by \$59,806 as increases in property tax and state shared revenues helped maintain fund levels.

The Water and Sewer Funds are used to account for business-like activities provided to the Village's residents. The Village charges for water and sewer service and other related goods and services. Net position decreased by \$178,022 primarily the result of depreciation expense. Revenues have stabilized and operating expenditures increased slightly. Depreciation expense in the enterprise funds totaled \$326,966.

The Village maintains several Special Revenue Funds to account for resources set aside for specific purposes, as well as Expendable Trust Funds to account for assets held for individuals in a trustee capacity. Principally among these funds are the Major and Local Street funds used to account for Village roads and street activity. The Village levies a municipal street tax in order to maintain the stability of these funds. The Municipal Street fund transferred \$137,447 to maintain these funds and to begin to accumulate fund balance to aid in the Main Street Bridge repairs.

General Fund Budgetary Highlights

The original budget adopted for the Village's General Fund projected a \$20,013 decrease in fund balance, primarily by budgeting for operating expenditures. The final General Fund amended budget projected a \$32,592 increase in fund balance. Actual fund balance increased by \$59,806.

The administration believes taxable values have stabilized along with state shared revenues. Council has met the criteria proposed by the State of Michigan in order to receive the maximum amount of State Shared Revenue available. The Village will continue to cut costs where necessary in order to maintain financial stability.

Capital Asset and Debt Administration

The Village continues to maintain and improve the sewer and water infrastructure, street systems, fleets of vehicles and buildings and grounds while reducing its debt obligations.

A summary of capital assets follows:

	Governmental Activities	Business-Type Activities	Total
(Net of Accumulated Depreciation)			
Land and land improvements	\$ 930,991	\$ 30,005	\$ 960,996
Buildings and improvements	1,367,822	64,522	1,432,344
Equipment, furniture and fixtures	340,751	271,201	611,952
Infrastructure	1,791,444	-	1,791,444
Distribution and collection system	-	3,541,936	3,541,936
Total	\$ 4,431,008	\$ 3,907,664	\$ 8,338,672

At the end of the year the Village had total debt outstanding of \$1,606,447.

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

As taxable values continue to level, the Village's revenues also continue to remain stable. General operating millage rates will not change next year. We also do not anticipate a change for the 2016/2017 fiscal year.

Replacement of the Main Street Bridge has begun and will be finished in 2016. A 10 year, \$635,000 bond sale was approved by the Village voters in 2014 to complement the almost \$3 million awarded by the State through the Local Bridge Program. Repayment of the bridge bond increased the debt service portion of millage by approximately a half mill in 2015.

The Village has several other ongoing projects, most being funded with contributed capital. Work continues on a shared use trail and upgrades to Kirk Park. The Downtown Development Authority is working with grants to promote the community and study central business district opportunities. The Village also completed a master plan for the Riverfront and has applied for funds from the Michigan Department of Natural Resources. A program called Safe Routes to School is being utilized to plan sidewalks for underserved areas key to children walking and biking to school. These new sidewalks will be installed in 2016.

The water and sewer operations also continue to enjoy stable revenues. An inflationary 3% increase is planned for water rates with no change to sewer rates. Here again the Village is fortunate to be able to take advantage of economic programs offered by the State. With a 10% Village match, the State will fund a \$280,000 sewer asset management project which will allow GIS locating, cleaning and televising of all the sewers. Infrastructure improvements to the water system have also begun using the State's Drinking Water Revolving Loan Fund. These upgrades will not impact rates.

Village Council and management continues its commitment to several goals: keeping abreast of local and broader issues; recognizing opportunities; minimizing costs; maximizing efficiencies; and maintaining resident services.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Additionally, a Citizen's Guide to Village Finances and Dashboard are available on the Village website, www.vil-manchester.org. If you have questions about this report or need additional information, we welcome you to contact the Village Manager at 912 City Road, Manchester, MI 48158.

VILLAGE OF MANCHESTER
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
CURRENT ASSETS				
Cash and cash equivalents	\$ 326,080	\$ 25,513	\$ 351,593	\$ 2,989
Investments	2,308,384	1,259,028	3,567,412	18,666
Accounts receivable:				
Taxes	1,139	130	1,269	-
Customers	16,129	66,957	83,086	-
Other	37,174	-	37,174	-
Prepaid expenses	5,937	-	5,937	-
Due from other governments	97,128	136,447	233,575	-
Inventory	-	30,620	30,620	-
Total current assets	<u>2,791,971</u>	<u>1,518,695</u>	<u>4,310,666</u>	<u>21,655</u>
NONCURRENT ASSETS				
Capital assets:				
Land and land improvements	1,170,606	30,005	1,200,611	35,500
Buildings and improvements	2,274,751	130,548	2,405,299	-
Equipment, furniture and fixtures	1,047,754	753,106	1,800,860	-
Infrastructure - roads	4,328,534	-	4,328,534	-
Distribution and collection system	-	9,041,229	9,041,229	-
Less - Accumulated depreciation	(4,390,637)	(6,047,224)	(10,437,861)	(3,750)
Total noncurrent assets	<u>4,431,008</u>	<u>3,907,664</u>	<u>8,338,672</u>	<u>31,750</u>
Total assets	<u>7,222,979</u>	<u>5,426,359</u>	<u>12,649,338</u>	<u>53,405</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	199,694	33,351	233,045	2,778
Accrued interest payable	2,499	2,194	4,693	-
Accrued payroll	6,311	5,954	12,265	-
Accrued leave payable	36,362	-	36,362	-
Deposits	22,216	-	22,216	-
Bonds, notes, and loans payable	98,180	71,820	170,000	-
Total current liabilities	<u>365,262</u>	<u>113,319</u>	<u>478,581</u>	<u>2,778</u>
NONCURRENT LIABILITIES				
Bonds, notes, and loans payable	992,531	443,916	1,436,447	-
Total liabilities	<u>1,357,793</u>	<u>557,235</u>	<u>1,915,028</u>	<u>2,778</u>
NET POSITION				
Invested in capital assets - net of related debt	3,340,297	3,391,928	6,732,225	31,750
Restricted for:				
Highways and streets	923,247	-	923,247	-
Debt service	89,845	46,717	136,562	-
Recreational and cultural	194,061	-	194,061	-
Inventory	-	30,620	30,620	-
Capital improvements	23,518	-	23,518	-
Unrestricted	1,294,218	1,399,859	2,694,077	18,877
Total net position	<u>\$ 5,865,186</u>	<u>\$ 4,869,124</u>	<u>\$ 10,734,310</u>	<u>\$ 50,627</u>

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

VILLAGE OF MANCHESTER
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues					Net (Expenses) Revenue and Changes in Net Position		Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities								
Legislative	\$ 52,685	\$ -	\$ -	\$ -	\$ (52,685)	\$ -	\$ (52,685)	\$ -
General government	386,835	251,888	-	86,749	(48,198)	-	(48,198)	-
Public safety	493,393	4,258	-	-	(489,135)	-	(489,135)	-
Public works	361,296	16,936	316,001	-	(28,359)	-	(28,359)	-
Recreational and cultural	55,420	615	49,063	-	(5,742)	-	(5,742)	-
Interest on long-term debt	16,820	-	-	-	(16,820)	-	(16,820)	-
Depreciation	338,362	-	-	-	(338,362)	-	(338,362)	-
Total governmental activities	1,704,811	273,697	365,064	86,749	(979,301)	-	(979,301)	-
Business-type activities								
Water and sewer	1,060,030	700,483	133,262	45,502	-	(180,783)	(180,783)	-
Total primary government	\$ 2,764,841	\$ 974,180	\$ 498,326	\$ 132,251	(979,301)	(180,783)	(1,160,084)	-
Component Unit:								
Downtown Development Authority	\$ 13,900	\$ -	\$ 19,000	\$ -	-	-	-	5,100
General revenues								
Property taxes					694,915	-	694,915	-
State-shared revenues					193,138	-	193,138	-
Interest income					3,176	2,761	5,937	20
Franchise fees					27,938	-	27,938	-
Other income					11,577	-	11,577	-
Total general revenues					930,744	2,761	933,505	20
Change in net position					(48,557)	(178,022)	(226,579)	5,120
Net position - Beginning					5,913,743	5,047,146	10,960,889	45,507
Net position - Ending					\$ 5,865,186	\$ 4,869,124	\$ 10,734,310	\$ 50,627

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

VILLAGE OF MANCHESTER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	PARKS & RECREATION	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 36,975	\$ 241,789	\$ 2,535	20,724	\$ 9,127	\$ 311,150
Investments	1,165,690	388,763	17,976	369,804	192,964	2,135,197
Accounts receivable:						
Taxes	923	-	-	171	45	1,139
Customers	15,157	-	-	-	-	15,157
Other	7,169	-	-	-	-	7,169
Prepaid expenses	5,937	-	-	-	-	5,937
Due from other funds	5	-	-	-	-	5
Due from other governments	66,076	19,759	11,293	-	-	97,128
Advances to other funds	30,000	-	-	-	-	30,000
Total assets	<u>\$ 1,327,932</u>	<u>\$ 650,311</u>	<u>\$ 31,804</u>	<u>\$ 390,699</u>	<u>\$ 202,136</u>	<u>\$ 2,602,882</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 42,132	\$ 147,239	\$ -	\$ -	\$ 7,577	\$ 196,948
Accrued interest payable	2,499	-	-	-	-	2,499
Accrued payroll	2,936	1,516	812	-	698	5,962
Due to other funds	7,000	-	-	-	-	7,000
Deposits	22,224	-	-	-	-	22,224
Total liabilities	<u>76,791</u>	<u>148,755</u>	<u>812</u>	<u>-</u>	<u>8,275</u>	<u>234,633</u>
FUND BALANCES						
Restricted for:						
Highways and streets	-	501,556	30,992	390,699	-	923,247
Recreational and cultural	200	-	-	-	193,861	194,061
Capital improvements	23,518	-	-	-	-	23,518
Debt service	89,845	-	-	-	-	89,845
Assigned for capital improvements	176,545	-	-	-	-	176,545
Unassigned	961,033	-	-	-	-	961,033
Total fund balances	<u>1,251,141</u>	<u>501,556</u>	<u>30,992</u>	<u>390,699</u>	<u>193,861</u>	<u>2,368,249</u>
Total liabilities and fund equity	<u>\$ 1,327,932</u>	<u>\$ 650,311</u>	<u>\$ 31,804</u>	<u>\$ 390,699</u>	<u>\$ 202,136</u>	<u>\$ 2,602,882</u>

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

VILLAGE OF MANCHESTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balance - total governmental funds	\$ 2,368,249
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. Includes capital assets of the Internal Service Fund. (Net of accumulated depreciation).	4,431,008
The Internal Service Fund is used by management to charge the cost of equipment to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	193,002
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(1,090,711)
Accrued leave is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	<u>(36,362)</u>
Net position of governmental activities	<u>\$ 5,865,186</u>

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

VILLAGE OF MANCHESTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	GENERAL FUND	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	PARKS & RECREATION	TOTAL
REVENUES:						
Taxes and penalties	\$ 781,664	\$ -	\$ -	\$ 145,570	\$ 38,749	\$ 965,983
Franchise fee	27,938	-	-	-	-	27,938
Licenses and permits	5,620	-	-	-	-	5,620
Fees and fines	4,258	-	-	-	-	4,258
Intergovernmental - State	193,133	123,277	47,154	-	-	363,564
Charges for services	116,846	-	-	-	-	116,846
Rental income	88,723	-	-	-	-	88,723
Interest income	1,947	119	17	530	264	2,877
Grants and contributions	10,314	-	-	-	-	10,314
Bond proceeds	-	635,000	-	-	-	635,000
Other revenues	4,577	1,994	14,942	-	615	22,128
Total revenues	<u>1,235,020</u>	<u>760,390</u>	<u>62,113</u>	<u>146,100</u>	<u>39,628</u>	<u>2,243,251</u>
EXPENDITURES:						
Current:						
Legislative	52,685	-	-	-	-	52,685
General government	404,847	-	-	-	-	404,847
Public safety	493,393	-	-	-	-	493,393
Public works	113,496	398,471	107,384	290	-	619,641
Recreational & cultural	10,319	-	-	-	70,544	80,863
Debt service	86,674	-	-	-	-	86,674
Total expenditures	<u>1,161,414</u>	<u>398,471</u>	<u>107,384</u>	<u>290</u>	<u>70,544</u>	<u>1,738,103</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>73,606</u>	<u>361,919</u>	<u>(45,271)</u>	<u>145,810</u>	<u>(30,916)</u>	<u>505,148</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	75,000	62,447	-	13,800	151,247
Operating transfers (out)	(13,800)	-	-	(137,447)	-	(151,247)
Total other financing sources (uses)	<u>(13,800)</u>	<u>75,000</u>	<u>62,447</u>	<u>(137,447)</u>	<u>13,800</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	59,806	436,919	17,176	8,363	(17,116)	505,148
FUND BALANCE -						
Beginning of year	<u>1,191,335</u>	<u>64,637</u>	<u>13,816</u>	<u>382,336</u>	<u>210,977</u>	<u>1,863,101</u>
FUND BALANCE -						
End of year	<u>\$ 1,251,141</u>	<u>\$ 501,556</u>	<u>\$ 30,992</u>	<u>\$ 390,699</u>	<u>\$ 193,861</u>	<u>\$ 2,368,249</u>

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

VILLAGE OF MANCHESTER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$ 505,148
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	299,371
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. Includes Internal Service Funds depreciation expense.	(338,362)
The Internal Service Fund is used by management to charge the cost of equipment to individual funds. The net revenue of the Internal Service Fund is included in governmental activities.	52,934
Earned leave expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.	(2,502)
Debt proceeds are reported as revenue in the statement of revenues, expenditures, and changes in fund balances-governmental funds. They are considered a liability in the government-wide financial statements.	(635,000)
The payments of long-term debt consumes the current financial resources of governmental funds.	69,854
Change in net position of governmental activities	<u>\$ (48,557)</u>

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

VILLAGE OF MANCHESTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

ASSETS	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	WATER	SEWER	TOTAL	FUND
CURRENT ASSETS:				
Cash and cash equivalents	\$ 21,377	\$ 4,136	\$ 25,513	\$ 14,930
Investments	604,298	654,730	1,259,028	173,187
Accounts receivable:				
Taxes	28	102	130	-
Customers	22,972	43,985	66,957	972
Due from other governments	136,447	-	136,447	-
Due from other funds	-	-	-	7,000
Inventory	30,620	-	30,620	-
Total current assets	815,742	702,953	1,518,695	196,089
NONCURRENT ASSETS:				
Capital assets:				
Land and land improvements	3,005	27,000	30,005	-
Buildings and improvements	121,148	9,400	130,548	-
Equipment, furniture and fixtures	370,992	382,114	753,106	789,995
Distribution and collection system	2,751,220	6,290,009	9,041,229	-
Less - Accumulated depreciation	(1,143,643)	(4,903,581)	(6,047,224)	(548,734)
Total noncurrent assets	2,102,722	1,804,942	3,907,664	241,261
Total assets	2,918,464	2,507,895	5,426,359	437,350
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	26,966	6,385	33,351	2,746
Accrued interest payable	937	1,257	2,194	-
Accrued payroll	1,845	4,109	5,954	349
Bonds, notes, and loans payable	35,000	36,820	71,820	-
Total current liabilities	64,748	48,571	113,319	3,095
NONCURRENT LIABILITIES:				
Bonds, notes, and loans payable	251,447	192,469	443,916	-
Total liabilities	316,195	241,040	557,235	3,095
NET POSITION:				
Invested in capital assets - net of related debt	1,816,275	1,575,653	3,391,928	241,261
Restricted for inventory	30,620	-	30,620	-
Restricted for debt service	-	46,717	46,717	-
Unrestricted	755,374	644,485	1,399,859	192,994
Total net position	\$ 2,602,269	\$ 2,266,855	\$ 4,869,124	\$ 434,255

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

VILLAGE OF MANCHESTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	WATER	SEWER	TOTAL	
OPERATING REVENUES:				
Charges for services	\$ 254,615	\$ 399,382	\$ 653,997	\$ 134,657
Charges for services - Bridgewater Township	-	31,200	31,200	-
Grants	-	133,262	133,262	-
Connection fees and other charges	4,197	11,089	15,286	7,000
Total operating revenues	<u>258,812</u>	<u>574,933</u>	<u>833,745</u>	<u>141,657</u>
OPERATING EXPENSES:				
Salaries and wages	71,152	143,887	215,039	22,067
Payroll taxes	5,275	10,670	15,945	1,658
Employee benefits	25,319	52,955	78,274	6,788
Chemicals	4,061	10,663	14,724	-
Operating supplies	8,688	22,539	31,227	15,419
Uniforms	-	1,164	1,164	-
Gasoline and oil	-	-	-	16,442
Postage	1,000	1,410	2,410	-
Purchased services - other	26,401	5,963	32,364	1,100
Purchased services - SAW grant	-	151,059	151,059	-
Purchased services - water testing	1,528	1,960	3,488	-
Purchased services - rodding	-	985	985	-
Purchased services - sludge removal	-	25,763	25,763	-
Purchased services - audit	1,200	2,800	4,000	500
Permits and fees	1,228	2,860	4,088	-
Telephone	1,725	6,444	8,169	-
Public utilities	23,987	45,858	69,845	-
Training, education and seminars	-	760	760	-
Memberships	1,646	100	1,746	-
Repairs and maintenance	4,780	7,608	12,388	19,596
Insurance	1,722	861	2,583	5,452
Printing	1,088	-	1,088	-
Miscellaneous expense	274	2,372	2,646	-
Allocation of equipment costs	16,456	24,243	40,699	-
Depreciation	108,358	218,608	326,966	47,417
Total operating expenses	<u>305,888</u>	<u>741,532</u>	<u>1,047,420</u>	<u>136,439</u>
OPERATING INCOME (LOSS)	<u>(47,076)</u>	<u>(166,599)</u>	<u>(213,675)</u>	<u>5,218</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	1,000	1,761	2,761	299
Collection of tax assessments	-	45,502	45,502	-
Interest expense	(4,406)	(8,204)	(12,610)	-
Total non-operating revenues (expenses)	<u>(3,406)</u>	<u>39,059</u>	<u>35,653</u>	<u>299</u>
Net change in net position	(50,482)	(127,540)	(178,022)	5,517
NET POSITION - Beginning of year	<u>2,652,751</u>	<u>2,394,395</u>	<u>5,047,146</u>	<u>428,738</u>
NET POSITION - End of year	<u>\$ 2,602,269</u>	<u>\$ 2,266,855</u>	<u>\$ 4,869,124</u>	<u>\$ 434,255</u>

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

VILLAGE OF MANCHESTER
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	WATER FUND	SEWER FUND	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 267,215	\$ 582,403	\$ 849,618	\$ 143,722
Payments to suppliers	(90,854)	(341,544)	(432,398)	(61,735)
Payments to employees	(101,452)	(210,903)	(312,355)	(30,481)
Payments (to) from other funds	(1,032)	7,965	6,933	-
Net cash provided (used) by operating activities	<u>73,877</u>	<u>37,921</u>	<u>111,798</u>	<u>51,506</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(122,509)	(78,731)	(201,240)	-
Principal and interest paid on capital debt	(39,625)	(43,483)	(83,108)	-
Proceeds from tax collections	-	45,502	45,502	-
Net cash provided (used) by capital and related financing activities	<u>(162,134)</u>	<u>(76,712)</u>	<u>(238,846)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>1,000</u>	<u>1,761</u>	<u>2,761</u>	<u>299</u>
Net increase (decrease) in cash and cash equivalents	(87,257)	(37,030)	(124,287)	51,805
Balances - beginning of year	<u>712,932</u>	<u>695,896</u>	<u>1,408,828</u>	<u>136,312</u>
Balances - end of year	<u>\$ 625,675</u>	<u>\$ 658,866</u>	<u>\$ 1,284,541</u>	<u>\$ 188,117</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (47,076)	\$ (166,599)	\$ (213,675)	\$ 5,218
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	108,358	218,608	326,966	47,417
Change in assets and liabilities				
Receivables - net	3,252	7,470	10,722	(581)
Due from other funds	5,151	9,460	14,611	2,646
Inventories	1,749	-	1,749	-
Accounts and other payables	3,181	(26,132)	(22,951)	(3,226)
Due to other funds	(1,032)	(1,495)	(2,527)	-
Accrued expenses	294	(3,391)	(3,097)	32
Net cash provided by operating activities	<u>\$ 73,877</u>	<u>\$ 37,921</u>	<u>\$ 111,798</u>	<u>\$ 51,506</u>

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

VILLAGE OF MANCHESTER
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	EMPLOYEE INSURANCE FUND	SICK PAY BENEFIT FUND	AGENCY FUNDS
ASSETS			
Cash and cash equivalents	\$ 2,960	\$ 2,761	\$ 27,248
Investments	47,809	51,234	-
Accounts receivable - taxes	-	-	2,757
	50,769	53,995	\$ 30,005
LIABILITIES			
Accounts payable	221	-	\$ -
Accrued leave time	-	28,302	-
Due to other funds	-	-	5
Advances from other funds	-	-	30,000
	221	28,302	\$ 30,005
NET POSITION			
Held in trust for employee benefits	\$ 50,548	\$ 25,693	

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

VILLAGE OF MANCHESTER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	EMPLOYEE INSURANCE FUND	SICK PAY BENEFIT FUND
ADDITIONS		
Employer/Employee contributions	\$ 13,839	\$ -
Interest income	67	139
Total additions	13,906	139
DEDUCTIONS		
Benefits	16,199	1,905
Change in net position	(2,293)	(1,766)
Net position - beginning of year	52,841	27,459
Net position - end of year	\$ 50,548	\$ 25,693

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

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

VILLAGE OF MANCHESTER
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JUNE 30, 2015

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VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

The accounting methods and procedures adopted by the Village of Manchester, (the Village), conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following is a summary of the significant accounting policies used by the Village of Manchester.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. DESCRIPTION OF VILLAGE OPERATIONS -

The Village of Manchester was organized in 1874 and is located in the southwestern portion of Washtenaw County. The Village operates under an elected Village Council and provides services to more than 2,000 residents. These services include law enforcement, water and sewer, and community enrichment and development.

B. REPORTING ENTITY -

As required by generally accepted accounting principles, the financial statements of the Village of Manchester include its primary government, its component unit, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria established by the Governmental Accounting Standards Board (GASB), the Downtown Development Authority (DDA) has been included in the reporting entity as a discretely presented component unit. The DDA was created by the Village in a resolution in March 21, 2005, under the authority of Michigan Public ACT 197.

The Downtown Development Authority (DDA) is governed by a separate nine member board. The DDA's primary function is to provide for the acquisition, construction and financing of necessary street, sidewalk, streetscape, parking improvements and other facilities needed in the Downtown District to achieve the objectives of the Authority and to prevent further deterioration of the Downtown District while promoting economic growth to all taxing units located within and benefitting from the Downtown District.

There are no separately issued financial statements for the Downtown Development Authority. No reconciliation for GASB 34 is necessary for the DDA.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS -

The Government-Wide Financial Statements report information on all of the nonfiduciary activities of the Village of Manchester. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for Governmental Funds, Proprietary Funds and Fiduciary Funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as a separate column in the fund financial statements.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION -

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund Financial Statements. Revenue is 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 revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

The Village 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 Major Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.
- The Local Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.
- The Municipal Street Fund accounts for resources received from special assessment taxes levied for street purposes by making contributions to the Major and Local Street Funds.
- The Parks and Recreation Fund accounts for resources received from special assessment taxes levied for the purpose of operating and maintaining the Village's parks and recreational activities.

The Village reports the following Major Proprietary Funds:

The Water and Sewer Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and focus on net income similar to the private sector.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - (Continued)

Additionally, the Village reports the following fund types:

- The Equipment Internal Service funds account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the government on a cost reimbursement basis.

The Village reports the following Fiduciary Funds (not included in Government-Wide Financial Statements)

- Expendable Trust Funds are funds whose entire resources, principal and income, may be expended in the course of their designated operations. The Village has two expendable trust funds:
- The Employee Insurance Fund accounts for resources contributed by the general fund to reimburse Village employees for dental, prescription, and optical charges which they incur.
- The DPW Benefit Fund accounts for resources set aside to pay employees accumulated leave time when they leave employment. (Employees hired prior to a new policy were allowed to retain accumulated earned but unused leave time).

Agency funds account for assets held by the Village in a purely custodial capacity, the reporting entity includes three agency funds. Since agency funds are custodial in nature, they do not involve the measurement of results of operations. The Agency Funds are as follows:

- The Payroll Fund accounts for taxes and other employee deductions which are to be distributed to organizations and other government units.
- The Tax Revenue Fund accounts for property tax collections to be distributed to various Village funds.
- The Operational Clearing Fund processes the cash disbursements for all other funds.

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

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; (3) capital grants and contributions, including special assessments and (4) property taxes levied to pay debt. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes not levied for a specific purpose.

Proprietary Funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services. The principal operating revenue of our Proprietary Funds relate to charges to customers for sales and services. Operating expenses for Proprietary Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. CASH AND CASH EQUIVALENTS -

The Village has classified cash on hand in checking accounts as cash for balance sheet purposes. Cash in excess of current requirements is invested by the Treasurer in government pooled accounts. Because these accounts have liquidity similar to a regular checking account, they are presented as a cash equivalent in the financial statements.

F. RECEIVABLES -

The Village of Manchester records various receivables which are listed and described as follows:

- 1) Accounts Receivable - This account is for charges for services which have been billed but not yet received in both the Governmental and Proprietary Fund Types, and for amounts due from Fiduciary Funds as of June 30, 2015.
- 2) Due From Other Governments - This account is for amounts due from the State of Michigan for State shared revenue in the General Fund, and Fuel Tax revenues in the Major and Local Street Funds.

G. INVENTORIES -

Inventories are valued at the lower of cost or market. The inventories in the Water and Sewer Enterprise Funds consist of parts and supplies which are available to be sold or used by the Village.

H. PREPAID EXPENSES -

Expenses, material in amount, which provide benefits in a future period have been set up as prepaid. They will be recognized as an expense in the period receiving the benefit. The reserve for prepaid items in the governmental funds has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

I. CAPITAL ASSETS -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column 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 valued at cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building improvements	15 to 30 years
Water and Sewer lines	30 to 50 years
Roads	10 to 30 years
Vehicles and equipment	5 to 10 years

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

J. FUND EQUITY -

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Village Council. A formal resolution of the Village Council is required to establish, modify, or rescind a fund balance commitment. The Village reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

K. ACCUMULATED UNPAID LEAVE PAY -

It is the Village's policy to permit employees to accumulate earned but unused leave time up to 40 hours. At June 30, 2015, the liability included \$36,362 unpaid leave benefits reported in the Governmental Funds. All leave pay is accrued when incurred in the Government-Wide and Fiduciary Fund Financial Statements.

L. 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 issuance costs are reported as deferred charges and amortized over the term of the related debt.

M. ESTIMATES -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. INTERFUND TRANSACTIONS -

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION -

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all Governmental Funds.

The budget document presents information by fund, function, department and line item. The legal level of budgetary control adopted by the governing body is the department level.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

BUDGET VIOLATIONS -

During the year, the Village incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>FUND/DEPARTMENT</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>(EXCESS BUDGET VARIANCE)</u>
GENERAL FUND			
Department of public works	\$ 7,425	\$ 7,962	\$ (537)
Farmers Market	10,155	10,319	(164)
Total	<u>\$ 17,580</u>	<u>\$ 18,281</u>	<u>\$ (701)</u>
MAJOR STREET FUND			
Winter maintenance	<u>\$ 21,743</u>	<u>\$ 23,995</u>	<u>\$ (2,252)</u>

NOTE 3 - PROPERTY TAXES:

Real and personal property taxes are levied on each July 1st on the property located in the Village as of the preceding December 31, the lien date. These taxes are due to the Village by the first day of the following March. Real property taxes not paid by this date are considered delinquent, and are sent over to Washtenaw County for collection. Delinquent real property taxes are paid to the Village by Washtenaw County, therefore the General Fund reflects as revenue the full amount of real taxes levied during the year. The personal property taxes are reflected as revenues in the year collected.

The Village's operating tax rate is currently 15.7118 mills and is distributed as follows:

General Operation	10.7944
Highways and Streets	2.2612
Parks and Recreation	0.6019
Debt Service	<u>2.0543</u>
Total	<u><u>15.7118</u></u>

The taxable value of real and personal property located in the Village was \$66,628,626.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - CASH AND INVESTMENTS:

The Village Treasurer is authorized by state law and a resolution from the Board of Trustees to invest surplus funds as follows:

- 1) Bonds or other direct obligations of the United States.
- 2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a federally insured bank or credit union.
- 3) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. The maturity date of the commercial paper must not be longer than 270 days from the purchase date, and no more than 50% of any fund may be invested in commercial paper at any time.
- 4) United States government or federal agency obligations repurchase agreements.
- 5) Bankers' acceptances of United States banks.
- 6) Mutual funds composed of investment vehicles which are legal for direct investments by the Village.

Cash and cash equivalents of the Village can be categorized as follows:

	Carrying Amount
Cash on hand	\$ 425
Insured (FDIC)	250,000
Uninsured and uncollateralized	137,126
	\$ 387,551
Reported in financial statements:	
Governmental funds	\$ 326,080
Proprietary funds (Business-type)	25,513
Fiduciary funds	32,969
	384,562
Component Unit: DDA	2,989
	\$ 387,551

The Village investments consist of certificates of deposit (CDs) with a maturity of greater than 90 days. The Village has chosen to disclose its investments by specifically identifying each. As of June 30, 2015, the Village had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Market Value</u>	<u>Rating</u>
First Merit Bank- CD	11/6/15	\$ 55,330	N/A
First Merit Bank - CD	11/6/15	104,406	N/A
Flagstar Bank - CD	12/15/15	300,972	N/A
Ann Arbor State Bank - CD	1/8/16	250,889	N/A
Comerica Bank - CD	5/2/16	101,814	N/A
Ann Arbor State Bank - CDARS Accounts	Various	2,871,710	N/A
		\$ 3,685,121	

*The CDARS accounts purchase CDs with varying maturities, each individually below the \$250,000 FDIC insurance limit.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - CASH AND INVESTMENTS: (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village minimizes this risk by investing in shorter term securities and holding them to maturity.

Concentration of Credit Risk

The Village's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Village's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by public agencies.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:

The amount of interfund receivables and payables at June 30, 2015, are as follows:

	RECEIVABLES		PAYABLES
General	<u>\$ 7,000</u>	Equipment	<u>\$ 7,000</u>

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

Capital asset activity of the Village of Manchester for the current year was as follows:

	<u>07/01/14</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>06/30/15</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated				
Land	\$ 132,591	\$ -	\$ -	\$ 132,591
Capital assets being depreciated				
Land improvements	998,691	39,324	-	1,038,015
Buildings and improvements	2,274,751	-	-	2,274,751
Equipment, furniture and fixtures	1,057,850	19,835	(29,932)	1,107,617
Infrastructure - roads	4,088,323	240,209	-	4,328,532
Subtotal	<u>8,419,615</u>	<u>299,368</u>	<u>(29,932)</u>	<u>8,748,915</u>
Less accumulated depreciation for				
Land improvements	196,573	43,042	-	239,615
Buildings and improvements	840,905	66,024	-	906,929
Equipment, furniture and fixtures	678,656	58,278	(29,932)	766,866
Infrastructure - roads	2,366,071	171,017	-	2,537,088
Subtotal	<u>4,082,205</u>	<u>338,361</u>	<u>(29,932)</u>	<u>4,450,498</u>
Net capital assets being depreciated	<u>4,337,410</u>	<u>(38,993)</u>	<u>-</u>	<u>4,298,417</u>
Capital assets - net of depreciation	<u>\$ 4,470,001</u>	<u>\$ (38,993)</u>	<u>\$ -</u>	<u>\$ 4,431,008</u>

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS: (Continued)

Capital asset activity of the Village of Manchester for the current year was as follows: (Continued)

	<u>07/10/14</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>06/30/15</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 30,005	\$ -	\$ -	\$ 30,005
Capital assets being depreciated				
Buildings and improvements	130,548	-	-	130,548
Equipment, furniture and fixtures	729,900	23,206	-	753,106
Distribution and collections system	8,863,195	178,034	-	9,041,229
Subtotal	<u>9,723,643</u>	<u>201,240</u>	<u>-</u>	<u>9,924,883</u>
Less accumulated depreciation for				
Buildings and improvements	54,811	11,215	-	66,026
Equipment, furniture and fixtures	434,002	47,903	-	481,905
Distribution and collection system	5,231,445	267,848	-	5,499,293
Subtotal	<u>5,720,258</u>	<u>326,966</u>	<u>-</u>	<u>6,047,224</u>
Net capital assets being depreciated	<u>4,003,385</u>	<u>(125,726)</u>	<u>-</u>	<u>3,877,659</u>
Capital assets - net of depreciation	<u>\$ 4,033,390</u>	<u>\$ (125,726)</u>	<u>\$ -</u>	<u>\$ 3,907,664</u>

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

GOVERNMENTAL ACTIVITIES	<u>\$ 338,362</u>
BUSINESS TYPE ACTIVITIES	
Water	\$ 108,358
Sewer	<u>218,608</u>
Total business type activities	<u>\$ 326,966</u>

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – EMPLOYEES' PENSION PLAN:

The Village contributes to a contributory money purchase retirement plan, administered by CPI Qualified Plan Consultants, Inc., which covers all eligible employees.

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to a participant's account and the returns on investments of these contributions. Contributions made by the Village vest over a five year period at 20% annually. The Village is required to match the employees' voluntary contributions to their Section 457 Deferred Compensation Plan. The Village will match up to 6% of the employees' gross earnings.

During the year ending June 30, 2015, the Village's required contributions amounted to \$23,587 which was 6.00% of its current year covered payroll.

Total payroll for the fiscal year ending June 30, 2015, was \$496,992 and total payroll subject to retirement benefits was \$396,770.

The pension plan held no securities on the Village or other related parties during the year or as of the close of the fiscal year.

The Village of Manchester also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees at their option, permits participants to defer a portion (up to 75%) of their salary until future years.

NOTE 8 – OTHER POST RETIREMENT BENEFITS:

The Village provides post-employment health care benefits to eligible retirees. Employees who obtain the age of 62 with 20 years of service are eligible for 70/30 (70% covered by the Village and 30% by the employee), or age 62 with 30 years of service are eligible for 80/20 insurance coverage. Coverage of the retiree's spouse and/or dependants is the responsibility of the employee.

For the year ended June 30, 2015, the Village has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2012. The valuation computes an annual required contribution (ARC), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities over a period not to exceed thirty years.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – OTHER POST RETIREMENT BENEFITS: (Continued)

The valuation’s computed contribution is summarized as follows:

The annual required contribution was allocated with other employee benefits in the financial statements.

The Village contributed 100% of the ARC for the year ended June 30, 2015.

The funding progress of the Plan as of the most recent valuation date is as follows:

Valuation as of July 1, 2012:

Present Value of Future Benefits:	
Retirees	\$ 28,923
Active Members	272,629
Total Present Value of Future Benefits	<u>\$ 301,552</u>
Actuarial Accrued Liability	\$ 198,001
Actuarial Value of Assets	126,666
Unfunded Actuarial Accrued Liability	<u>\$ 71,335</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funding status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the actuarial assumptions include the following:

Discount Rate	5.50%
Investment Rate of Return	7.45%
Cost of Living Adjustment	3.00%

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - CHANGES IN LONG-TERM DEBT:

The general long-term debt and other long-term obligations of the Village of Manchester, and the changes therein, may be summarized as follows:

	<u>DEBT OUT- STANDING 07/01/14</u>	<u>ADDITIONS OF NEW DEBT</u>	<u>RETIREMENTS AND REPAYMENTS</u>	<u>DEBT OUT- STANDING 06/30/15</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
2010 General Obligation Bonds, \$795,000 maturing serially in annual amounts ranging from \$56,458 to \$86,485 at an interest rate of 2.0% to 4.0%.	\$ 525,564	\$ -	\$ (69,853)	\$ 455,711
2015 General Obligation Bonds, \$635,000 maturing serially in annual amounts ranging from \$25,000 to \$80,000 at an interest rate of 0.75% to 2.85%.	-	635,000	-	635,000
	<u>\$ 525,564</u>	<u>\$ 635,000</u>	<u>\$ (69,853)</u>	<u>\$ 1,090,711</u>
2010 General Obligation Bonds, \$400,000 maturing serially in annual amounts ranging from \$28,452 to \$43,515 at an interest rate of 2.0% to 4.0%.	264,436	-	(35,147)	229,289
1998 Michigan Drinking Water Revolving Fund program bonds, \$620,000 maturing serially in annual amounts ranging from \$25,000 to \$40,000 at an interest rate of 2.5%.	185,000	-	(35,000)	150,000
2015 Act 94 - Water Supply System Revenue Bonds, \$810,000 maturing serially in annual amounts ranging from \$30,000 to \$50,000 at an interest rate of 2.50%.	-	136,447	-	136,447
Total business type activities	<u>\$ 449,436</u>	<u>\$ 136,447</u>	<u>\$ (70,147)</u>	<u>\$ 515,736</u>

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - CHANGES IN LONG-TERM DEBT: (Continued)

The Governmental Activities Debt Bonds were issued to finance the purchase of a new community center and reconstruction of the main street bridge. Repayment of the bonds is to be made from taxes assessed. The annual requirements to maturity for principal and interest are as follows:

FISCAL YEAR DUE	PRINCIPAL	INTEREST
2016	\$ 98,180	\$ 27,251
2017	126,506	26,614
2018	134,833	23,719
2019	143,159	20,351
2020	151,485	16,444
Thereafter	436,548	33,177
	\$ 1,090,711	\$ 147,556

The Business Type Bonds were issued to finance construction of the Village's Water & Sewer System. Repayment of the bonds is to be made from revenues generated by the system and from taxes assessed. The remaining annual requirements to maturity for principal and interest are as follows:

FISCAL YEAR DUE	PRINCIPAL	INTEREST
2016	\$ 71,820	\$ 11,295
2017	103,494	12,855
2018	110,167	7,414
2019	116,841	5,149
2020	78,515	2,726
Thereafter	34,899	1,138
	\$ 515,736	\$ 40,577

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – RISK MANAGEMENT:

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for claims.

NOTE 11 – JOINT VENTURE:

The Western Washtenaw Construction Authority was organized in January 2000. The Authority operates under an operating agreement between the Village of Manchester and the Townships of Manchester, Freedom and Bridgewater to provide for joint enforcement and administration of construction codes. The agreement provides that if for any reason the expenditures exceed the revenues during any fiscal year, the Authority may require a contribution from the participants.

NOTE 12 – INTERFUND TRANSFERS:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 13,800
Parks and Recreation Fund	13,800	-
	<u>\$ 13,800</u>	<u>\$ 13,800</u>
Municipal Street	\$ -	\$ 137,447
Major Street	75,000	-
Local Street	62,447	-
Total	<u>\$ 137,447</u>	<u>\$ 137,447</u>

Transfers are used to move revenues from the fund that is required to collect them to the funds that are required or allowed to expend them.

NOTE 13 – SUBSEQUENT EVENTS:

The Village considered subsequent events (those events occurring subsequent to June 30, 2015, year end and the issuance of this report on October 16, 2015).

At June 30, 2015, the Village had been approved for a loan through the Drinking Water Revolving Fund (DWRF) in the amount of \$1,080,000 for the construction of improvements to the Village's water distribution system. The Village was successful in its application for 25% principal forgiveness. The total debt to be repaid will be \$810,000. At June 30, 2015, the Village had expended \$136,447 of the principal loan amount from the State of Michigan.

For the year ended June 30, 2015, the Village was awarded a grant through the Stormwater, Asset Management, and Wastewater (SAW) Grant Program in the amount of \$252,630. At June 30, 2015, the Village had been reimbursed \$133,262, with the remaining amounts to be reimbursed through April 2017.

VILLAGE OF MANCHESTER
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u> <u>POSITIVE (NEGATIVE)</u>
REVENUES:				
Property taxes	\$ 779,717	\$ 781,417	\$ 781,664	\$ 247
Franchise fees	26,000	27,000	27,938	938
Licenses and permits	3,100	4,900	5,620	720
Fees and fines	4,500	4,500	4,258	(242)
Intergovernmental				
Sales tax	182,827	184,602	184,673	71
State liquor control	-	1,800	1,825	25
State Metro Act	7,700	7,700	6,635	(1,065)
Total	<u>190,527</u>	<u>194,102</u>	<u>193,133</u>	<u>(969)</u>
Charges for services				
Reimbursed services	2,750	5,950	8,840	2,890
Garbage pickup	100,250	107,900	108,006	106
Total	<u>103,000</u>	<u>113,850</u>	<u>116,846</u>	<u>2,996</u>
Rental income	85,100	88,400	88,723	323
Interest income	1,825	1,825	1,947	122
Grants - Farmers Market	10,148	10,148	10,314	166
Other revenues	100	3,300	4,577	1,277
Total Revenues	<u>\$ 1,204,017</u>	<u>\$ 1,229,442</u>	<u>\$ 1,235,020</u>	<u>\$ 5,578</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u> <u>POSITIVE (NEGATIVE)</u>
EXPENDITURES:				
LEGISLATIVE:				
VILLAGE COUNCIL:				
Salaries and wages	\$ -	\$ -	\$ 34,065	\$ -
Payroll taxes	-	-	2,610	-
Employee benefits	-	-	8,399	-
Operating supplies	-	-	1,109	-
Printing	-	-	179	-
Memberships	-	-	1,823	-
Senior citizens	-	-	1,000	-
Downtown Development Agency	-	-	1,500	-
Community Resource Center	-	-	2,000	-
Total legislative	<u>51,829</u>	<u>52,829</u>	<u>52,685</u>	<u>144</u>
GENERAL GOVERNMENT:				
ADMINISTRATION:				
Salaries and wages	-	-	86,734	-
Payroll taxes	-	-	6,546	-
Employee benefits	-	-	22,684	-
Operating supplies	-	-	3,476	-
Training, education and seminars	-	-	145	-
Postage	-	-	3,308	-
Telephone	-	-	7,272	-
Memberships	-	-	366	-
Purchased services - legal	-	-	4,265	-
Purchased services - audit	-	-	4,700	-
Purchased services - other	-	-	4,051	-
Garbage services	-	-	91,809	-
Printing	-	-	675	-
Insurance	-	-	8,609	-
Travel	-	-	1,365	-
Repairs and maintenance	-	-	3,200	-
Miscellaneous	-	-	144	-
Tax refunds	-	-	3,964	-
Capital outlay	-	-	15,264	-
Total	<u>258,430</u>	<u>269,830</u>	<u>268,577</u>	<u>1,253</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
EXPENDITURES: (Continued)				
BUILDING AND GROUNDS:				
Salaries and wages	-	-	9,614	-
Payroll taxes	-	-	734	-
Employee benefits	-	-	1,768	-
Operating supplies	-	-	6,812	-
Public utilities	-	-	50,150	-
Insurance	-	-	7,461	-
Purchased services - cleaning	-	-	25,302	-
Purchased services - other	-	-	11,590	-
Repairs and maintenance	-	-	7,108	-
Allocation of equipment costs	-	-	15,731	-
Total	169,140	144,640	136,270	8,370
Total general government	427,570	414,470	404,847	9,623
PUBLIC WORKS:				
DEPARTMENT OF PUBLIC WORKS:				
Operating supplies	-	-	455	-
Uniforms	-	-	1,331	-
Purchased services - other	-	-	2,005	-
Telephone	-	-	3,326	-
Memberships	-	-	845	-
Total	8,425	7,425	7,962	(537)
TREE REMOVAL AND REPLACEMENT:				
Salaries and wages	-	-	729	-
Payroll taxes	-	-	55	-
Employee benefits	-	-	253	-
Purchased services - other	-	-	9,398	-
Allocation of equipment costs	-	-	1,831	-
Total	22,998	14,498	12,266	2,232
SIDEWALK CONSTRUCTION:				
Capital outlay	-	-	14,937	-
Allocation of equipment costs	-	-	140	-
Total	26,452	16,452	15,077	1,375
LIGHTING:				
Street lighting	52,000	54,500	51,637	2,863

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES: (Continued)				
PUBLIC WORKS: (Continued)				
RECYCLING:				
Salaries and wages	-	-	9,777	-
Payroll taxes	-	-	723	-
Employee benefits	-	-	2,817	-
Purchased services - other	-	-	219	-
Allocation of equipment costs	-	-	13,018	-
Total	28,430	28,430	26,554	1,876
Total public works	138,305	121,305	113,496	7,809
PUBLIC SAFETY:				
POLICE ADMINISTRATION:				
Purchased services - Police	-	-	483,030	-
Purchased services - Legal	-	-	960	-
Total	501,168	487,168	483,990	3,178
PLANNING COMMISSION:				
Salaries and wages	-	-	649	-
Payroll taxes	-	-	50	-
Employee benefits	-	-	12	-
Printing	-	-	92	-
Purchased services - planning	-	-	8,600	-
Total	8,473	10,073	9,403	670
Total public safety	509,641	497,241	493,393	3,848
RECREATION AND CULTURE:				
FARMERS MARKET:				
Purchased services	-	-	4,869	-
Travel	-	-	1,400	-
Printing	-	-	844	-
Community promotion	-	-	741	-
Community resource center	-	-	827	-
Miscellaneous	-	-	1,638	-
Total recreation and culture	10,155	10,155	10,319	(164)
DEBT SERVICE:				
MUNICIPAL BOND EXPENDITURES:				
Bond principal payments	-	-	69,854	-
Interest	-	-	16,305	-
Tax refunds	-	-	515	-
Total debt service	86,530	87,050	86,674	376
Total expenditures	1,224,030	1,183,050	1,161,414	21,636

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET POSITIVE (NEGATIVE)
Excess of revenues over expenditures before other financing sources (uses)	(20,013)	46,392	73,606	27,214
Other financing sources (Uses)				
Operating transfers (out)	-	(13,800)	(13,800)	-
Net change in fund balances	(20,013)	32,592	59,806	27,214
Fund balance, beginning of year	1,191,335	1,191,335	1,191,335	-
Fund balance, end of year	<u>\$ 1,171,322</u>	<u>\$ 1,223,927</u>	<u>\$ 1,251,141</u>	<u>\$ 27,214</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND
YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Motor Vehicle Highway Fund payments	\$ 119,000	\$ 119,000	\$ 123,277	\$ 4,277
Interest income	90	90	119	29
Other revenues	-	1,900	1,994	94
Bond proceeds	635,000	635,000	635,000	-
Contributed Capital	2,292,830	315,120	-	(315,120)
Total revenues	<u>3,046,920</u>	<u>1,071,110</u>	<u>760,390</u>	<u>(310,720)</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
ADMINISTRATION:				
Salaries and wages	-	-	25,987	-
Payroll taxes	-	-	1,938	-
Employee benefits	-	-	9,271	-
Memberships	-	-	100	-
Insurance	-	-	1,147	-
Purchased services - audit	-	-	400	-
Purchased services - bond issuance costs	-	-	19,801	-
Capital outlay	-	-	2,110	-
Total General Government	<u>61,886</u>	<u>62,486</u>	<u>60,754</u>	<u>1,732</u>
PUBLIC WORKS:				
STREET MAINTENANCE:				
Salaries and wages	-	-	22,277	-
Payroll taxes	-	-	1,637	-
Employee benefits	-	-	8,181	-
Operating supplies	-	-	2,400	-
Sweepings disposal	-	-	883	-
Purchased services - crack sealing	-	-	8,810	-
Purchased services - street construction	-	-	240,211	-
Allocation of equipment costs	-	-	19,104	-
Total	<u>2,852,128</u>	<u>581,173</u>	<u>303,503</u>	<u>277,670</u>
BRIDGE MAINTENANCE:				
Salaries and wages	-	-	192	-
Payroll taxes	-	-	14	-
Employee benefits	-	-	61	-
Operating supplies	-	-	56	-
Allocation of equipment costs	-	-	66	-
Total	<u>4,709</u>	<u>4,709</u>	<u>389</u>	<u>4,320</u>
WINTER MAINTENANCE:				
Salaries and wages	-	-	3,717	-
Payroll taxes	-	-	281	-
Employee benefits	-	-	1,305	-
Operating supplies	-	-	8,501	-
Purchased services - other	-	-	626	-
Allocation of equipment costs	-	-	9,565	-
Total	<u>19,243</u>	<u>21,743</u>	<u>23,995</u>	<u>(2,252)</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND
YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES (Continued):				
PUBLIC WORKS: (Continued)				
TRAFFIC SERVICES:				
Salaries and wages	-	-	2,618	-
Payroll taxes	-	-	189	-
Employee benefits	-	-	858	-
Operating supplies	-	-	2,339	-
Purchased services - other	-	-	2,100	-
Allocation of equipment costs	-	-	1,726	-
Total	<u>4,875</u>	<u>10,875</u>	<u>9,830</u>	<u>1,045</u>
Total public works	<u>2,880,955</u>	<u>618,500</u>	<u>337,717</u>	<u>280,783</u>
Total expenditures	<u>2,942,841</u>	<u>680,986</u>	<u>398,471</u>	<u>282,515</u>
Excess of revenues over expenditures before other financing sources (uses)	104,079	390,124	361,919	(28,205)
OTHER FINANCING SOURCES (USES) -				
Operating transfers in (out)	<u>70,200</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	174,279	465,124	436,919	(28,205)
FUND BALANCE, BEGINNING OF YEAR	<u>64,637</u>	<u>64,637</u>	<u>64,637</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 238,916</u>	<u>\$ 529,761</u>	<u>\$ 501,556</u>	<u>\$ (28,205)</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET FUND
YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Motor Vehicle Highway Fund payments	\$ 31,000	\$ 45,900	\$ 47,154	\$ 1,254
Interest income	20	20	17	(3)
Other revenues	14,000	14,000	14,942	942
Total revenues	<u>45,020</u>	<u>59,920</u>	<u>62,113</u>	<u>2,193</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
ADMINISTRATION:				
Salaries and wages	-	-	8,320	-
Payroll taxes	-	-	612	-
Employee benefits	-	-	2,929	-
Memberships	-	-	100	-
Purchased services - audit	-	-	500	-
Insurance	-	-	2,296	-
Capital outlay	-	-	1,406	-
Total General Government	<u>18,536</u>	<u>18,136</u>	<u>16,163</u>	<u>1,973</u>
PUBLIC WORKS:				
STREET MAINTENANCE:				
Salaries and wages	-	-	20,680	-
Payroll taxes	-	-	1,491	-
Employee benefits	-	-	7,525	-
Operating supplies	-	-	2,231	-
Purchased services - other	-	-	459	-
Sweepings disposal	-	-	883	-
Crack Sealing	-	-	13,570	-
Allocation of equipment costs	-	-	18,267	-
Total	<u>70,456</u>	<u>67,355</u>	<u>65,106</u>	<u>2,249</u>
WINTER MAINTENANCE:				
Salaries and wages	-	-	3,501	-
Payroll taxes	-	-	265	-
Employee benefits	-	-	1,122	-
Operating supplies	-	-	9,830	-
Contracted services - other	-	-	131	-
Allocation of equipment costs	-	-	7,198	-
Total	<u>18,705</u>	<u>22,405</u>	<u>22,047</u>	<u>358</u>
BRIDGE MAINTENANCE:				
Salaries and wages	-	-	22	-
Payroll taxes	-	-	2	-
Employee benefits	-	-	7	-
Allocation of equipment costs	-	-	13	-
Total	<u>2,044</u>	<u>2,044</u>	<u>44</u>	<u>2,000</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET FUND
YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES: (Continued)				
PUBLIC WORKS: (Continued)				
TRAFFIC SERVICES:				
Salaries and wages	-	-	1,613	-
Payroll taxes	-	-	124	-
Employee benefits	-	-	516	-
Operating supplies	-	-	474	-
Allocation of equipment costs	-	-	1,297	-
Total	<u>6,327</u>	<u>4,327</u>	<u>4,024</u>	<u>303</u>
Total public works	<u>97,532</u>	<u>96,131</u>	<u>91,221</u>	<u>4,910</u>
Total expenditures	<u>116,068</u>	<u>114,267</u>	<u>107,384</u>	<u>6,883</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>(71,048)</u>	<u>(54,347)</u>	<u>(45,271)</u>	<u>9,076</u>
OTHER FINANCING SOURCES (USES) -				
Operating transfers in (out)	<u>71,048</u>	<u>62,447</u>	<u>62,447</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	8,100	17,176	9,076
FUND BALANCE, BEGINNING OF YEAR	<u>13,816</u>	<u>13,816</u>	<u>13,816</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 13,816</u>	<u>\$ 21,916</u>	<u>\$ 30,992</u>	<u>\$ 9,076</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL STREET FUND
YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Property taxes	\$ 145,200	\$ 145,200	\$ 145,570	\$ 370
Interest income	455	455	530	75
Total revenues	<u>145,655</u>	<u>145,655</u>	<u>146,100</u>	<u>445</u>
EXPENDITURES:				
ADMINISTRATION:				
Tax refunds	<u>-</u>	<u>300</u>	<u>290</u>	<u>10</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>145,655</u>	<u>145,355</u>	<u>145,810</u>	<u>455</u>
OTHER FINANCING SOURCES (USES) -				
Operating transfers in (out)	<u>(141,247)</u>	<u>(137,447)</u>	<u>(137,447)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	4,408	7,908	8,363	455
FUND BALANCE, BEGINNING OF YEAR	<u>382,336</u>	<u>382,336</u>	<u>382,336</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 386,744</u></u>	<u><u>\$ 390,244</u></u>	<u><u>\$ 390,699</u></u>	<u><u>\$ 455</u></u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION FUND
YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
REVENUES:				
Property taxes	\$ 38,652	\$ 38,652	\$ 38,749	\$ 97
Interest income	125	125	264	139
Other revenues	100	100	615	515
Contributed capital	87,780	150	-	(150)
Total revenues	<u>126,657</u>	<u>39,027</u>	<u>39,628</u>	<u>601</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
ADMINISTRATION:				
Salaries and wages	-	-	16,308	-
Payroll taxes	-	-	1,279	-
Employee benefits	-	-	2,841	-
Operating supplies	-	-	42	-
Purchased services - other	-	-	10,530	-
Purchased services - audit	-	-	400	-
Public utilities	-	-	3,061	-
Insurance	-	-	1,148	-
Repairs and maintenance	-	-	2,730	-
Miscellaneous	-	-	762	-
Allocation of equipment costs	-	-	6,000	-
Capital outlay	-	-	25,443	-
Total expenditures	<u>174,169</u>	<u>78,809</u>	<u>70,544</u>	<u>8,265</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>(47,512)</u>	<u>(39,782)</u>	<u>(30,916)</u>	<u>8,866</u>
OTHER FINANCING SOURCES (USES) -				
Operating transfers in (out)	<u>-</u>	<u>13,800</u>	<u>13,800</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(47,512)</u>	<u>(25,982)</u>	<u>(17,116)</u>	<u>8,866</u>
FUND BALANCE, BEGINNING OF YEAR	<u>210,977</u>	<u>210,977</u>	<u>210,977</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 163,465</u>	<u>\$ 184,995</u>	<u>\$ 193,861</u>	<u>\$ 8,866</u>

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

VILLAGE OF MANCHESTER

OTHER INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

VILLAGE OF MANCHESTER
SCHEDULE OF INDEBTEDNESS
 JUNE 30, 2015

	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>DATE OF MATURITY</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>
<u>BUSINESS TYPE ACTIVITIES</u>						
UNLIMITED TAX GENERAL OBLIGATION BONDS -						
Sewer - Series 2010	06/22/10	\$ 400,000	2.65%	05/01/16	\$ 36,820	\$ 7,545
			3.00%	05/01/17	38,494	6,569
			3.15%	05/01/18	40,167	5,414
			3.40%	05/01/19	41,841	4,149
			3.65%	05/01/20	43,515	2,726
			4.00%	05/01/21	28,453	1,138
Total					\$ 229,290	\$ 27,541
<u>MICHIGAN MUNICIPAL BOND AUTHORITY</u>						
Michigan Drinking Water Revolving Fund	09/29/98	\$ 620,000	2.50%	04/01/16	\$ 35,000	\$ 3,750
			2.50%	04/01/17	35,000	2,875
			2.50%	04/01/18	40,000	2,000
			2.50%	04/01/19	40,000	1,000
Total					\$ 150,000	\$ 9,625
Michigan Drinking Water Revolving Fund	06/25/15	\$ 810,000	2.50%	10/01/15	\$ -	\$ 15,188
			2.50%	10/01/16	30,000	19,875
			2.50%	10/01/17	30,000	19,125
			2.50%	10/01/18	35,000	18,313
			2.50%	10/01/19	35,000	17,438
			2.50%	10/01/20	35,000	16,563
			2.50%	10/01/21	35,000	15,688
			2.50%	10/01/22	35,000	14,813
			2.50%	10/01/23	40,000	13,876
			2.50%	10/01/24	40,000	12,876
			2.50%	10/01/25	40,000	11,876
			2.50%	10/01/26	40,000	10,876
			2.50%	10/01/27	40,000	9,876
			2.50%	10/01/28	45,000	8,813
			2.50%	10/01/29	45,000	7,688
			2.50%	10/01/30	45,000	6,563
			2.50%	10/01/31	45,000	5,428
			2.50%	10/01/32	45,000	4,313
			2.50%	10/01/33	50,000	3,125
			2.50%	10/01/34	50,000	1,875
			2.50%	10/01/35	50,000	625
Total					\$ 810,000	\$ 234,813
Total Water and Sewer Enterprise Funds					\$ 1,189,290	\$ 271,979

**Note - As of June 30, 2015, only \$136,447 had been received from the State of Michigan.

VILLAGE OF MANCHESTER
SCHEDULE OF INDEBTEDNESS (Continued)
JUNE 30, 2015

	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>DATE OF MATURITY</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>
<u>GOVERNMENTAL ACTIVITIES</u>						
UNLIMITED TAX GENERAL OBLIGATION BONDS	06/22/10	\$ 795,000	2.65%	05/01/16	\$ 73,180	\$ 14,995
			3.00%	05/01/17	76,506	13,056
			3.15%	05/01/18	79,833	10,761
			3.40%	05/01/19	83,159	8,246
			3.65%	05/01/20	86,485	5,419
			4.00%	05/01/21	56,548	2,261
Total					\$ 455,711	\$ 54,738
UNLIMITED TAX GENERAL OBLIGATION BONDS	06/10/15	\$ 635,000	0.75%	05/01/16	\$ 25,000	\$ 12,256
			1.20%	05/01/17	50,000	13,557
			1.55%	05/01/18	55,000	12,956
			1.80%	05/01/19	60,000	12,105
			2.05%	05/01/20	65,000	11,025
			2.20%	05/01/21	70,000	9,693
			2.40%	05/01/22	75,000	8,153
			2.55%	05/01/23	75,000	6,353
			2.70%	05/01/24	80,000	4,440
Total			2.85%	05/01/25	80,000	2,280
					\$ 635,000	\$ 92,818
Total Governmental Activities					\$ 1,090,711	\$ 147,556

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CERTIFIED PUBLIC ACCOUNTANTS

COMMUNICATION OF AUDITOR/VILLAGE RESPONSIBILITY

Village Council
Village of Manchester
Washtenaw County, Michigan

We have audited the financial statements of the government activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Manchester for the year ended June 30, 2015, and have issued our report thereon dated October 16, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated September 22, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Manchester are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Village of Manchester during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

The postretirement benefit obligations and annual expense under the accrual accounting standards of GASB 45.

The depreciable lives of the capital assets. We evaluated the lives of each of the assets to determine that they are being expensed over the proper period of time.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2015.

Village Council
Village of Manchester
Page Three

Management Consultations with Other Independent Accountants

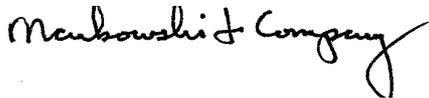
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Village of Manchester’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village of Manchester’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Village Council and management of the Village of Manchester and should not be used for any other purpose.

Very truly yours,



MARKOWSKI & COMPANY CPAs
October 16, 2015

MARKOWSKI & COMPANY

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CERTIFIED PUBLIC ACCOUNTANTS

AICPA GOVERNMENTAL AUDIT
QUALITY CENTER

Manchester Village Council
Manchester, Michigan

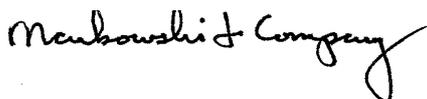
In planning and performing our audit of the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Manchester as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Village of Manchester's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Manchester's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Manchester's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our identification of significant deficiencies that were identified during the audit are found in the Schedule of Findings and Responses attached.

This communication is intended solely for the information and use of management, the Village Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



Markowski & Company, CPAs
October 16, 2015

VILLAGE OF MANCHESTER
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015

Findings considered a significant deficiency

Criteria

Statement on Auditing Standards No. 115 titled *Communicating Internal Control Related Matters Identified in an Audit* requires us to communicate in writing, to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition 2015 – 1

Because of the limited size of the Village's accounting staff, proper segregation of duties cannot be accomplished.

Cause

The Village has a lack of staff allowing for separation of duties.

Effect

The Village has staff performing conflicting internal control duties (such as preparing cash disbursements and reconciling the bank).

Recommendation

The Village's board needs to continue to exercise management oversight to help compensate for the lack of staff.

Client Response

We are aware of this deficiency, management and the board will continue to exercise oversight to reduce the risks associated with the lack of staff size.