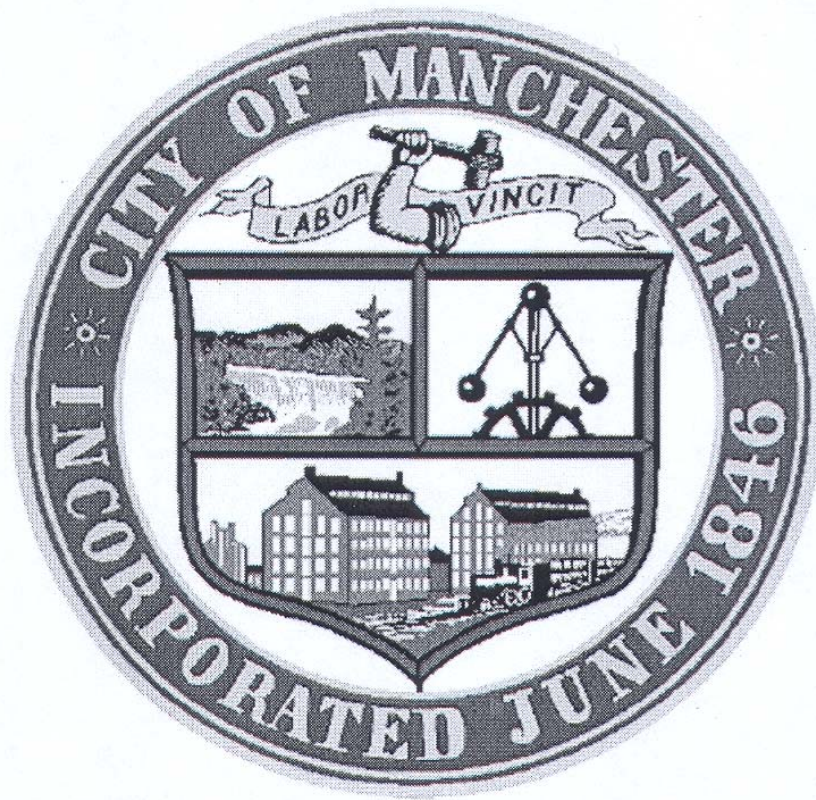


CITY OF MANCHESTER, NEW HAMPSHIRE



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

CITY OF MANCHESTER, NEW HAMPSHIRE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year
July 1, 2018 to June 30, 2019**

Prepared By:
FINANCE DEPARTMENT

William E. Sanders
Finance Officer



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CITY OF MANCHESTER, NEW HAMPSHIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2019

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CITY OF MANCHESTER, NEW HAMPSHIRE

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Introductory Section



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**City of Manchester
Department of Finance**

One City Hall Plaza
Manchester, NH 03101
Phone: (603) 624-6460
Fax: (603) 624-6549

March 24, 2020

To the Honorable Board of Mayor and Aldermen and
Citizens of the City of Manchester, New Hampshire

The Comprehensive Annual Financial Report (CAFR) for the City of Manchester (the City) for the fiscal year ended June 30, 2019 is hereby submitted. The City's Finance Department prepared this CAFR. The purpose of this report is to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

The CAFR is presented in three sections: the introductory section, the financial section, and the statistical section. The introductory section, which is unaudited, includes this letter of transmittal, the City's organizational chart, and a listing of City officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements, notes to financial statements, required supplementary information, and the combining and individual financial statements and schedules. The statistical section, which is unaudited, includes pertinent financial and general information indicating trends for comparative basis fiscal years. The MD&A is management's opportunity to provide an overview and analysis of the City's financial operations. The MD&A should be read in partnership with this transmittal letter.

The City's Charter requires an annual audit by an independent certified public accountant. The City has engaged Melanson Heath, Certified Public Accountants, to conduct the City's audit for the fiscal year ended June 30, 2019. The auditors' report on the basic financial statements is included in the financial section of this report. In addition to meeting the requirements set forth in State statutes and the Charter, the audit was designed to meet the requirements of the Single Audit Amendments of 1996 and related OMB Circular A-133, including requirements relating to the preparation of the schedule of expenditures of federal awards, or Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance), as applicable. The auditor's reports on internal controls and compliance can be found in a separately issued Single Audit Report.

The City's basic financial statements include all entities for which the City is financially accountable and other organizations of the City for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City's financial statements include four discretely presented component units – the Manchester School District (MSD), the Manchester Development Corporation (MDC), the Manchester Public Television Service, Inc. (MPTS) and the Manchester Transit Authority (MTA).

General – Manchester, the largest City north of Boston, is located on the Merrimack River in south central New Hampshire. It is bordered by the towns of Hooksett, Bedford, Londonderry, Goffstown, Auburn, Litchfield, and Merrimack. According to the 2018 U.S. Census Bureau data, the City has a population of 112,525 and occupies a land area of 33.0 square miles. The Manchester Metropolitan Area, with a ten-mile radius, has a population of over 400,000. The Manchester Metropolitan Area is an area that the City believes to represent a key geographic region for the City's economy.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection and disposal of garbage and rubbish, water and sewer services, highways, and street and sidewalk maintenance, public health and welfare, and code compliance. Public education is provided through the MSD for grades kindergarten through twelve and vocational education is available in grades nine through twelve. In addition, the City maintains 55 parks, two ice-skating coliseums, the McIntyre Ski Area, the Derryfield Country Club, three municipal pools, a splash pad, two 18-hole disc golf courses, a minor league baseball stadium and a 10,000-seat civic arena. The City also owns and operates the Manchester-Boston Regional Airport.

Government – The City operates with a strong mayor form of government. The Mayor is the City's full-time chief executive officer. The Mayor has appointment powers and budget line-item veto authority. The City's Charter, approved by the voters in 1996, includes an ethics policy, a local initiative option, and calls for the formation of a Charter Review Committee every ten years.

The City is governed by an elected Mayor and a fourteen-member Board of Aldermen (BMA) representing each of the City's twelve wards and two aldermen elected at-large. The BMA approves the City's budget. The Finance Committee, consisting of the entire Board of Mayor and Aldermen, approves labor contracts and also adopts monetary appropriations.

City financial management is the responsibility of the Finance Officer and the Department of Finance. The Finance Officer is responsible for establishing and maintaining a system of controls and financial reporting to ensure that the City's assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with law and generally accepted accounting principles (GAAP). The Department of Finance also performs significant and ongoing monitoring of the financial performance of the City's departments and enterprise funds, including monthly and quarterly interim reports and forecasted year-end revenue and expenditure/expense balances for all departments.

As required by City ordinance and by the Charter, interim reports are submitted to the BMA. Interim reports are reviewed with the Committee on Accounts, Enrollment and Revenue Administration (COA). The COA is a five-member standing committee of the Board of Aldermen. The COA meets on a regular basis to review and to discuss financial matters. The City has adopted debt policies and ordinances for the handling of one-time revenues, insurance reserves and undesignated fund balances.

Internal Controls - Management of the City is responsible for establishing and maintaining a system of internal controls over financial reporting to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Controls are designed to provide reasonable, but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use; and (2) the reliability and accuracy of financial statements. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived; and that the evaluation of cost and benefits requires estimates and judgment by management. The City believes that its internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent City Auditor – The Charter requires an Independent City Auditor (IA). The IA is responsible for the independent audit of the City's CAFR as well as conducting investigations, analyses and research. The existence of the IA provides for strong internal controls.

Appropriation Process and Budget Control - The Charter provides for the Mayor, and such other officials as the Mayor shall select, to prepare a budget for consideration by the Board of Aldermen. The Charter requires budget adoption by the second Tuesday of June. If the BMA fails to adopt appropriation resolutions for the ensuing fiscal year, the Mayor's budget as originally proposed shall prevail. The Charter also provides for supplemental appropriations, reductions of appropriations, transfers of appropriations under certain limited circumstances and allows for the adoption of biennial budgets.

The City applies Charter Section 6.15, which limits annual expenditure and property tax revenue increases. The amendment does not apply to (a) the Enterprise Funds of the City of Manchester, i.e., the Aviation Department, the Environmental Protection Division, the Parking Division, the Water Works and such other enterprise funds as duly created by the BMA and (b) the Central Business Service District. In addition, Section 6.15 does not apply to amounts payable in connection with municipal bond obligations, whether issued for school or municipal purposes. Furthermore, restrictions described in any part of Section 6.15 may be overridden upon a vote of two-thirds (2/3) of all Aldermen elected. Such override only would apply to the budget then under consideration.

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the BMA. Activities of the general fund are included in the annual appropriated budget. Project-length budgets are prepared for the special revenue and capital projects funds. The level of budgetary control is the departmental level within each fund.

Cash Management - The City has an adopted Investment Policy. The Investment Policy conveys the concept that the preservation of capital and the liquidity requirements are the two primary factors considered in the structure of the portfolio. The Finance Officer reports on investment performance to the Board of Mayor and Aldermen on a quarterly basis.

Excess cash is invested in U.S. Government securities, certificates of deposit, repurchase agreements, and the State of New Hampshire (the State) Investment Pool. The maturities of the investments range from thirty days to one year, with the average maturity closer to the thirty-day range. Between 85% - 90% of the cash and investments held at fiscal year-end in the city-wide

statements were collateralized through Joint Custody Accounts at the Federal Reserve Bank of Boston or through perfected collateral arrangements.

Risk Management - The City has a program of both self-insurance and policies for worker's compensation, health, and general liability. Under this arrangement a third-party administrator manages the claims with the City Risk Manager.

Community Improvement Programs – As part of the budget process, the Finance Officer provides the Mayor and Aldermanic CIP committee with a five-year debt affordability forecast as a basis for the development of the Mayor's recommended CIP program/budget. The project initiatives are envisioned over the ensuing fiscal period in accordance with the affordability forecast.

Economy - As the State's largest city and business center, Manchester enjoys a diversified economic base. The combination of this diversified base along with the City's investment in the Manchester-Boston Regional Airport, the SNHU Arena and various Millyard initiatives should help sustain the City during this challenging economic period. This effort has led to the location of a broad array of businesses and industries within the City and has provided a base for future economic development. Much of this diversification was accomplished through redevelopment projects, which required public and private cooperation.

The City's current economy appears generally steady with property tax collections rates remaining consistent with prior year. In addition, the Board of Mayor and Aldermen have adopted policies and capital initiatives to further strengthen the City's financial condition and the local economy during this period of economic slowdown.

The labor force in the Manchester NH MetroNECTA numbers 123,210 while the unemployment rate is 2.2% at November 30, 2019.

Debt - The general debt limit of the City is 9.75% of base valuation,¹ of which Water and Sewer projects ordered by the State Water Supply and Pollution control commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City's base valuation. Borrowings authorized by special legislative acts rather than the general municipal finance statutes are sometimes excluded from a city or town's statutory debt limit.

As of June 30, 2019 the City has a total outstanding General Obligation debt of \$232,197,494 for various improvements, infrastructure improvements, school district improvements and economic development projects. Authorized and unissued debt obligations as of June 30, 2019 totaled \$ 37,305,935.

The City currently retains the following credit ratings; Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), have assigned the ratings of "Aa3" and "AA," respectively. The MSD was assigned the following credit ratings by Moody's and S&P, "A1," and "AA-," respectively.

¹Base valuation for debt limits is provided annually by the State of New Hampshire Department of Revenue Administration as part of the calculations for equalized assessed valuations for each municipality and amounted to \$11,158,443. The general debt limit of the City amounted to \$1,087,948,000.

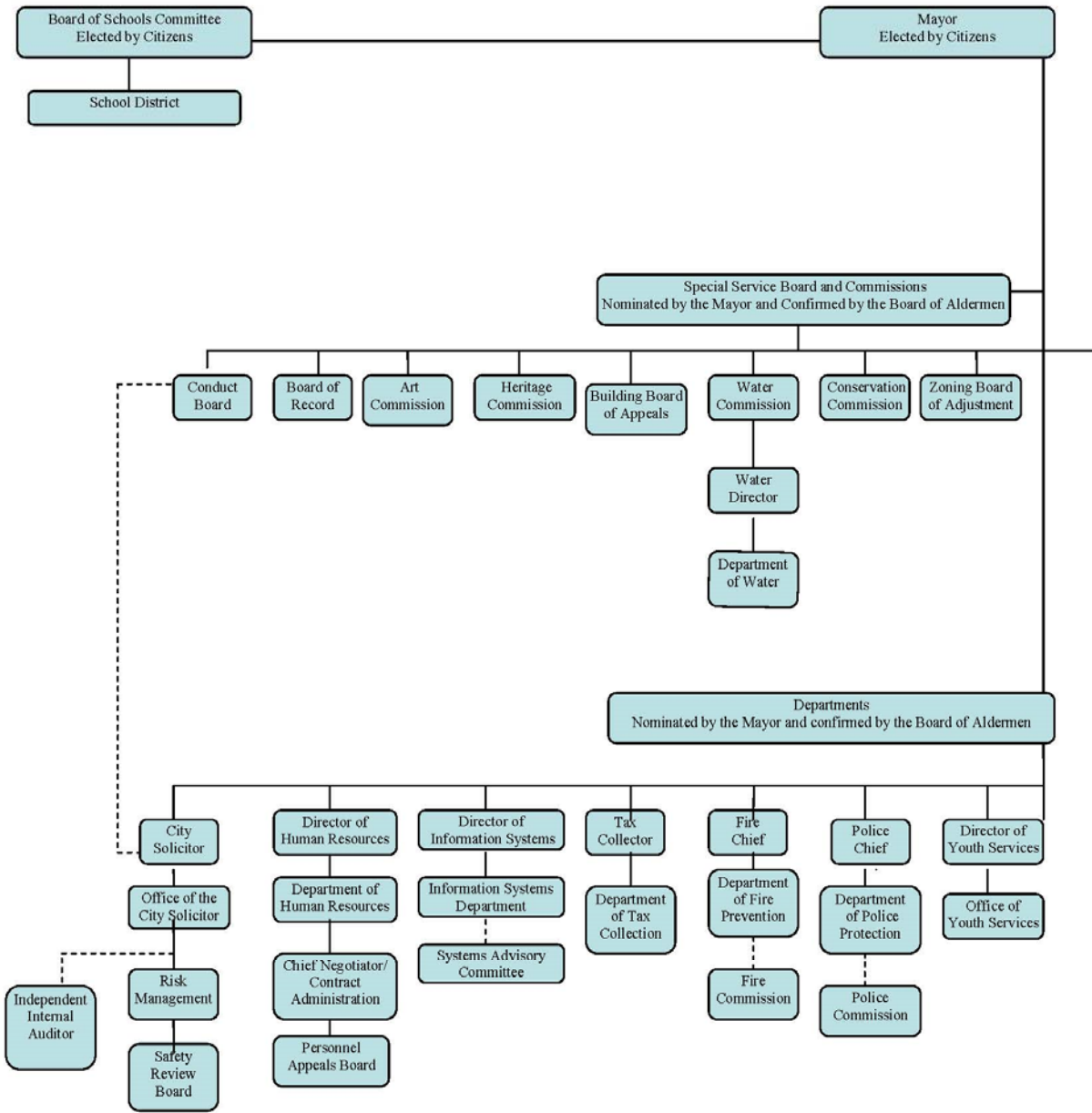
I would like to thank the City's department heads and their hard working staff for their help in the completion of another successful year. I would especially like to thank the employees of the Finance Department for their commitment and dedication.

Respectfully submitted,

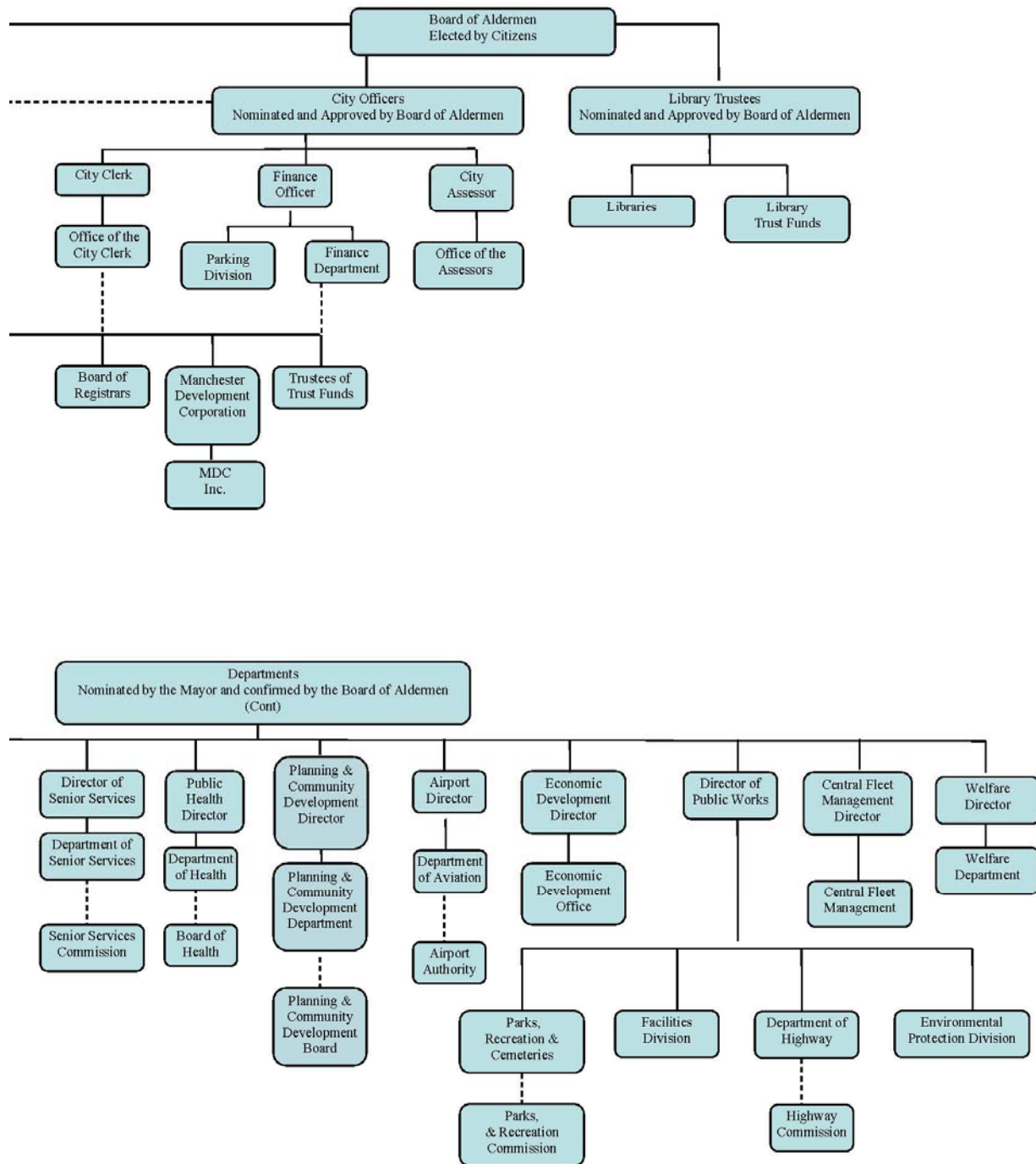
A handwritten signature in dark ink, appearing to read "William E. Sanders", followed by a long horizontal flourish line.

William E. Sanders
Finance Officer

City of Manchester New Hampshire Organization Chart – page 1 of 2



City of Manchester New Hampshire Organization Chart – page 2 of 2



**List of Principal Officials
in office at the close of fiscal year ended June 30, 2019**

Mayor

Joyce Craig

Aldermen

Ward 1	Kevin J. Cavanaugh	Ward 7	William P. Shea
Ward 2	William Stewart	Ward 8	John Cataldo
Ward 3	Timothy Baines	Ward 9	Barbara E. Shaw
Ward 4	Christopher Hebert	Ward 10	Bill Barry
Ward 5	Anthony Sapienza	Ward 11	Normand Gamache
Ward 6	Elizabeth Moreau	Ward 12	Keith Hirschmann
At-large	Joseph Kelly Levasseur	At-large	Daniel P. O'Neil *

* Chairman of the Board

City Departments

Finance Officer	William E. Sanders
City Clerk	Matthew P. Normand
City Solicitor	Emily Gray Rice
Director of Welfare	Charleen Michaud
Chief of Police	Carlo T. Capano
Fire Chief	Daniel A. Goonan
Public Health Director	Anna Thomas
Director of Public Works	Kevin Sheppard, P.E.
Chief of Parks, Recreation & Cemetery	Donald Pinard
Director of Economic Development	Melanie Sanuth
Director of Fleet Management	Jonathan Hopkins
Airport Director	Theodore S. Kitchens, AAE.
Director of Water	Phil Croasdale
Director of Information Systems	Jennie Angell
Director of City Library	Denise Van Zanten
Director of Planning & Community Development	Leon LaFreniere
Superintendent of Schools	Amy Allen / Jennifer Gillis, Co-Interim
Director of Human Resources	Jane Gile
Director of Senior Services	Gail Senno
Director of Youth Services	Jon Donovan
Chairman Board of Assessors	Robert Gagne
Collector of Taxes	Brenda Masewic

Financial Section



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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Mayor and Aldermen
City of Manchester, New Hampshire

Additional Offices:

Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, New Hampshire, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Manchester School District or the Manchester Transit Authority, component units of the City, which represent 91.0 percent of the assets and 99.7 percent of the revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the City of Manchester Employees' Contributory Retirement System, a blended component unit reported as a pension trust of the City, which represents 78.2 percent of the assets and 42.7 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Manchester School District, the Manchester Transit Authority, and the City of Manchester Employees' Contributory Retirement System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, New Hampshire, as of June 30, 2019, 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 Management's Discussion and Analysis, Budgetary Comparison information, and certain Pension and OPEB schedules 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

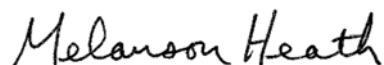
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information appearing on pages 129 through 137 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2020 on our consideration of the City of Manchester, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Manchester's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Melanson Heath".

March 24, 2020

City of Manchester, New Hampshire

Management's Discussion and Analysis

June 30, 2019

As management of the City of Manchester, New Hampshire (the City) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented herein along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

Financial Highlights

- ◆ On a government-wide basis of the primary government, the assets of the City exceeded its liabilities resulting in a total net position at the close of the fiscal year of \$339 million. The total net deficit for Governmental Activities at fiscal year-end was \$95.1 million and total net position for Business-Type Activities was \$433.8 million.
- ◆ On a government-wide basis, during the fiscal year, the City's net position decreased by \$5.1 million or 1.5%, to \$339 million. The net position decreased by \$13.8 million for Governmental Activities and the net position increased by \$8.7 million for Business-Type Activities. Government-wide expenses were \$286.4 million, while revenues were \$281.3 million.
- ◆ At the close of the fiscal year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$60.6 million, a decrease of \$8.9 million from the prior fiscal year.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund was \$24.8 million, a decrease of \$500 thousand from the prior fiscal year. As of June 30, 2019, the general fund had an unassigned fund balance of \$9.7 million which represents 6.1% of total FY 19 General Fund expenditures and transfers (\$157.9 million).

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All of the resources the City has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the City's overall financial status.

The statement of net position presents information on all of the City's assets and liabilities, with the difference reported as the net position (deficit). Over time, increases or decreases in the net position (deficit) may serve as an indicator of whether the financial position of the City is improving or deteriorating. It speaks to the question of whether or not, the City, as a whole is better or worse off as a result of this year's activities. Other non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure will need to be considered to assess the overall health of the City.

The statement of activities presents information showing how the City's net position (deficit) changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, uncollected taxes and earned but unused vacation leave are examples.

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- ◆ Governmental activities of the City encompass most of the City's basic services and include governmental and community services, administration, public safety, health and sanitation, highways and streets, welfare, and education and library as well as cemetery, and parks and recreation. Property taxes, charges for services and state and federal grants finance most of these activities.
- ◆ Business-type activities of the City consist of the Water Works, Environmental Protection Division, Aviation, and the Parking Division. They are reported here, as the City charges a user fee to customers to help cover all or most of the cost of operations.
- ◆ The government-wide financial statements include not only the City itself, but also four legally separate component units, the Manchester School District (MSD), the Manchester Transit Authority (MTA), the Manchester Public Television Service, Inc. (MPTS) and the Manchester Development Corporation (MDC).

The government-wide financial statements (statement of net position and statement of activities) can be found on pages 29-31 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has three fund types:

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation as Non-major Governmental Funds. Non-major governmental funds for the City include the United States Department of Housing and Urban Development (DHUD) Section 108 Fund, Community Development Block Grant Fund, Other Grants Fund, Civic Center Fund, Revolving Loan Fund, and the Expendable Trust Fund. Permanent Funds consist of the Cemetery Trust Fund and the Library Trust Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on pages 134-135 and in the combining statement of revenues, expenditures and changes in fund balance on pages 136-137.

The City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures and changes in fund balance on a budgetary basis can be found on page 119.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 32-35 of this report.

Proprietary funds. The City maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water Works, Environmental Protection Division, Aviation, and the Parking Funds. The proprietary fund financial statements provide separate information for the Water Works, Environmental Protection Division and Aviation, which are considered to be major funds of the City.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 36 -39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City's constituency. The City has two pension trust funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-108 of this report.

The notes to this report also contain certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the City's assets exceeded its liabilities by \$339 and \$344 million at June 30, 2019 and 2018, respectively.

City of Manchester, New Hampshire Statement of Net Position (\$000s) Primary Government

	June 30, 2019			June 30, 2018		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and other assets	\$ 160,567	\$ 63,593	\$ 224,160	\$ 164,138	\$ 66,937	\$ 231,075
Noncurrent	41,593	61,107	102,700	42,697	45,064	87,761
Capital assets	296,566	596,600	893,166	311,499	596,373	907,872
Total Assets	498,726	721,300	1,220,026	518,334	708,374	1,226,708
 Deferred Outflows of Resources	 49,353	 13,287	 62,640	 41,316	 7,963	 49,279
Current liabilities	61,576	22,301	83,877	61,900	15,071	76,971
Noncurrent liabilities	490,633	275,743	766,376	493,790	273,032	766,822
Total Liabilities	552,209	298,044	850,253	555,690	288,103	843,793
 Deferred Inflows of Resources	 90,958	 2,737	 93,695	 85,250	 3,159	 88,409
 Net Position:						
Net investment in capital assets	111,117	373,100	484,217	111,460	359,020	470,480
Restricted	34,475	49,740	84,215	34,007	41,422	75,429
Unrestricted (Deficit)	(240,680)	10,966	(229,714)	(226,759)	24,632	(202,127)
Total Net Position	\$ (95,088)	\$ 433,806	\$ 338,718	\$ (81,292)	\$ 425,074	\$ 343,782

A portion of the City's net position totaling \$484.2 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), net any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

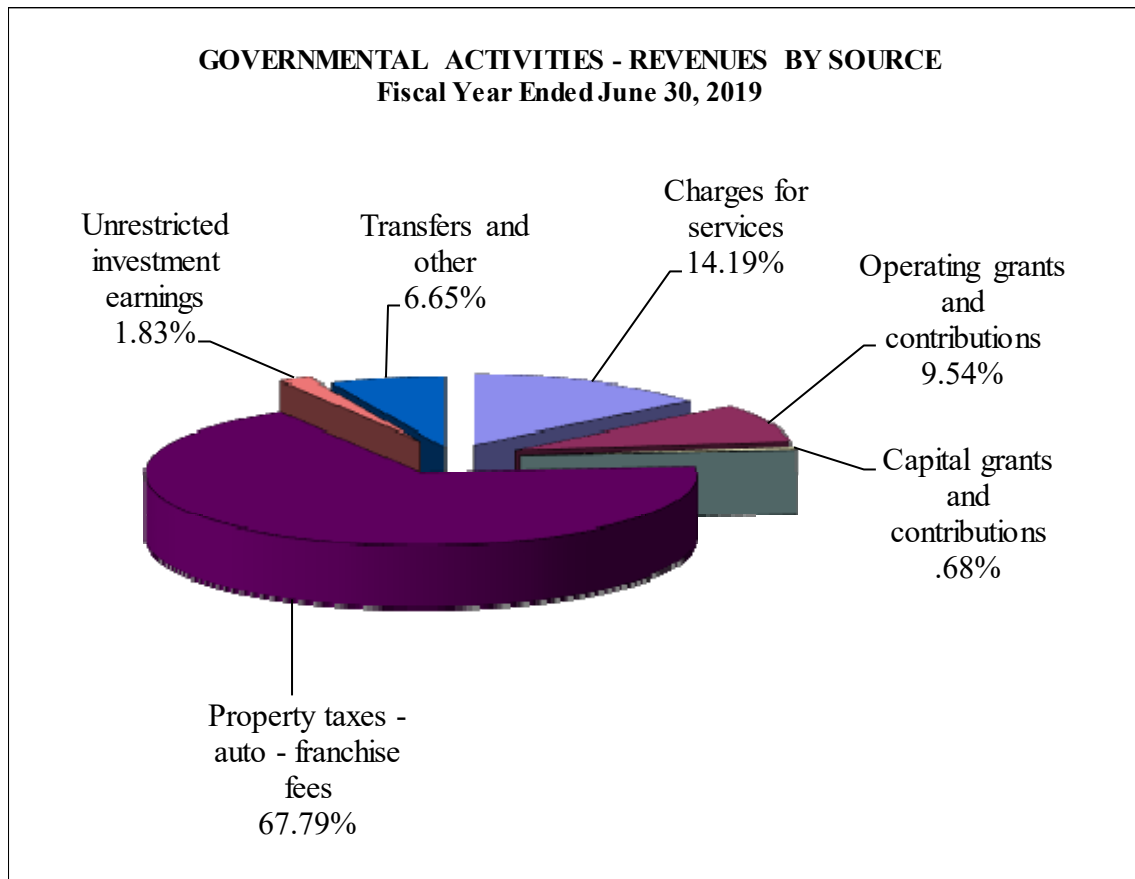
The portion of the City's net position that is restricted, \$84.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$229.7 million, primarily resulting from the City's unfunded net pension liability (see Note 9).

City of Manchester, New Hampshire Changes in Net Position (\$000s) Primary Government						
June 30, 2019			June 30, 2018			
Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total	
Revenues:						
Program Revenues:						
Charges for services	\$ 25,702	\$ 86,413	\$ 112,115	\$ 26,011	\$ 86,670	\$ 112,681
Operating grants and contributions	16,048	142	16,190	16,567	151	16,718
Capital grants and contributions	1,210	12,412	13,622	2,724	6,814	9,538
General Revenues:						
Property taxes/auto/franchise fees	122,768	-	122,768	120,535	-	120,535
Unrestricted investment earnings	3,318	1,897	5,215	3,092	1,157	4,249
Transfers and other	12,045	(646)	11,399	12,367	(2,491)	9,876
Total revenues	181,091	100,218	281,309	181,296	92,301	273,597
Expenses:						
General government	53,017	-	53,017	51,012	-	51,012
Public safety	77,029	-	77,029	72,299	-	72,299
Health and sanitation	7,534	-	7,534	6,923	-	6,923
Highways and streets	32,370	-	32,370	29,856	-	29,856
Welfare	1,230	-	1,230	1,356	-	1,356
Education and library	10,338	-	10,338	10,263	-	10,263
Parks and recreation	8,414	-	8,414	8,121	-	8,121
Cemetery trust	74	-	74	37	-	37
Investment management fee	126	-	126	74	-	74
Interest expense	4,755	-	4,755	4,633	-	4,633
Operations	-	91,486	91,486	-	89,350	89,350
Total Expenses	194,887	91,486	286,373	184,574	89,350	273,924
Change in net position	(13,796)	8,732	(5,064)	(3,278)	2,951	(327)
Net position - beginning	(81,292)	425,074	343,782	(78,014)	422,123	344,109
Net position - ending	\$ (95,088)	\$ 433,806	\$ 338,718	\$ (81,292)	\$ 425,074	\$ 343,782

The City's total net position decreased by \$5.1 million during the fiscal year, with the net position of Governmental Activities decreasing by \$13.8 million, and the net position of Business-Type Activities increasing by \$8.7 million. Highlights in the change in net position in governmental activities from 2018 to 2019 include the following: Property taxes/auto/franchise fees increased by \$2.2 million, primarily due to an increase in auto registrations; Charges for services decreased by \$309 thousand primarily due to a decrease in secondhand dealer registrations; capital grants and contributions decreased by \$1.5 million primarily due to a decrease in community improvement program revenues; unrestricted investment earnings increased by \$226 thousand mainly due to an increase in net appreciation in fair value of securities. Highway expenditures increased by \$2.5 million mainly due to higher costs in contingent liability costs and an increase in capital asset expenditures. Public safety expenditures increased by \$4.7 million primarily due to the Police and Fire collective bargaining units contract approvals and purchase of a new ladder truck.

Governmental Activities

Overall, 67.79% of the governmental funds revenues were derived from property taxes, auto registrations and franchise fees, 14.19% from charges for services then followed by 9.54% from operating and capital grants and contributions, and finally, about 8.48% of the City's revenue in this fiscal year was derived from a combination of investment earnings, gain (loss) of sales of capital assets, transfers, and other revenues. The chart below identifies revenues by source for governmental activities:



Business-type Activities

Business-Type activities increased the City's net position by \$8.7 million, which is an increase of \$5.8 million from last year.

- ◆ Water Works total net position increased by 8.62% or \$6.7 million for the year primarily from contributions to the Merrimack Source Development Project (MSDP). Restricted assets increased 60.40% and unrestricted net position decreased 60.44% due primarily from the increase in restrictions on net position.
- ◆ EPDs net position is \$172.6 million, which is comprised of \$162.5 million in invested capital assets, \$814.9 thousand for the designated equipment replacement fund and \$9.3 million in unrestricted funds.
- ◆ Aviation net position decreased by 1.8% for the year or \$3.26 million. Aviation fund capital contributions amounted to \$5.0 million, a decrease from \$5.5 million in the previous year. Manchester-Boston Regional Airport experienced a decrease

of 9.5% in passenger enplanements in FY 2019, as enplanements decreased by 93,289 from FY 2018.

Financial Analysis of the Fund Financial Statements

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

Financial Analysis of the Fund Financial Statements

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$60.6 million, a decrease from \$69.5 million as reported on June 30, 2018. The decrease of \$8.9 million in fund balances was mainly due to the expenditures in the Capital Projects Fund. The balances in fund balance is considered either nonspendable, restricted, committed, or assigned as defined by GASB 54 fund balance definitions. These fund balance definitions can be found in Note 1 in the Notes to the Financial Statements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$9.7 million while the total fund balance reached \$24.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and operating transfers out. Unassigned fund balance represents 6.1% of total general fund expenditures and operating transfers out of \$157.9 million, while total fund balance represents 15.7% of that same amount.

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

As shown in the Water Works Statement of Revenues, Expenses and Changes in Net Position, the revenue earned from users of the system was \$18.2 million and \$17.7 million for the fiscal years 2019 and 2018, respectively. The increase in operating revenues was driven by other operating revenues, which were \$232 thousand, an increase of 46.43% over the prior year primarily due to increased timber harvesting revenues. Capital contributions were \$4.9 million and \$1.3 million respectively, an increase of 175.38%. The increase was due primarily to Merrimack Source Development Charges collected for the Southern New Hampshire Interconnection Agreement. Interest earnings from investments were \$323 thousand and \$142 thousand respectively, an increase of 202.61% due primarily to the balance of invested funds and uptick of earning rates.

EPD user charges were \$17.4 million in fiscal year 2019, an increase of 0.04% from the prior year. In fiscal year 2019, total operating revenues were \$20.1 million, an increase of 9.76% from the prior fiscal year. The increase was a result of the true up done in fiscal year 2018 for the previous eight years of billings to three member Towns to refund the excess of estimated over actual usage.

In fiscal year 2015, the Division combined billing and collections with the City of Manchester's Water Works Department. The Water Works Department handles all billing and collections for the Division. The Division reimburses the Water Works Department \$350 thousand per year for these services rendered on behalf of the Division. Operating expenses totaled \$17.1 million in fiscal year 2019, an overall increase of 10% from the prior fiscal year.

Manchester-Boston Regional Airport experienced a decrease of 9.5% in passenger enplanements in FY 2019, as enplanements decreased by 93,289 from FY 2018. The operating loss increased from \$(5,079,901) in FY 2018 to \$(9,139,107) in FY 2019, an increase of 80%. The operating loss increase was primarily due to decreased revenues and increased non-capitalizable project expenses. The traffic decline in FY 2019 contributed to the decrease in parking revenue and there were several projects, i.e. tree clearing and pavement repairs that contributed to the increase in expenses. Both factors contributed to the increase in operating loss.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were \$154.3 million, \$906 thousand more than the estimated revenues. Actual tax revenues were less than budgeted by \$1,960,251. Actual interest revenue received was \$399,489 more than budgetary estimates. An additional positive outcome of \$1,804,331 resulted from an overall increase in auto registrations, licenses, and permits over the revised budgeted amount. Nonenterprise charges for sales and services were \$104,154 more than budgeted. Other revenues were \$519,449 more than budgeted. Transfers in were \$44,804 less than budgeted estimates.

Actual expenditures on a budgetary basis and other financing uses totaled \$153.5 million, \$159,445 more than budgeted. The \$159,445 negative variance in expenditures was funded through a transfer of \$1,150,000 from the worker's compensation general fund reserve. The combined net difference of budgeted revenues and expenses on a budgetary basis resulted in a positive variance of \$746,062.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2019, amounts to \$893 million, net of accumulated depreciation. This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges and new vehicle purchases. The total decrease in the City's investment in capital assets for the current fiscal year was \$14.7 million or 1.62%.

City of Manchester, New Hampshire
Capital Assets (net of depreciation) (000s)
June 30, 2019 and 2018
Primary Government

	2019			2018			Change
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total	
Land	\$ 13,967	\$ 61,759	\$ 75,726	\$ 12,251	\$ 61,576	\$ 73,827	\$ 1,899
Easements	52	-	52	52	-	52	-
Buildings and improvements	209,821	431,645	641,466	222,207	433,924	656,131	(14,665)
Infrastructure	58,298	-	58,298	61,416	-	61,416	(3,118)
Interceptors	-	51,824	51,824	-	53,689	53,689	(1,865)
Equipment, vehicles & intangibles	11,972	34,534	46,506	13,033	34,509	47,542	(1,036)
Construction in progress	2,457	16,838	19,295	2,539	12,675	15,214	4,081
Total	\$ 296,567	\$ 596,600	\$ 893,167	\$ 311,498	\$ 596,373	\$ 907,871	\$ (14,704)

Major capital asset events during the current fiscal year included the following:

- ◆ Improvements and renovations to school facilities.
- ◆ Continued rehabilitation and replacement of playgrounds and athletic fields.
- ◆ Infrastructure improvements including roads, bridges, and sanitary and sewer projects.
- ◆ Replacement of emergency and rescue equipment, purchase of roadway improvement and maintenance vehicles, purchase of streamlined refuse trucks and purchase of police and fire vehicles.
- ◆ Aviation capital improvements and buildings.
- ◆ Water Works buildings and structures.
- ◆ EPD capital improvements and infrastructure.
- ◆ Recreation capital improvements.

Information on the City's capital assets can be found in Note 6 on pages 64-68 of this report.

City of Manchester, New Hampshire
Outstanding Debt
General Obligation and Revenue Bonds (000s)
June 30, 2019 and 2018

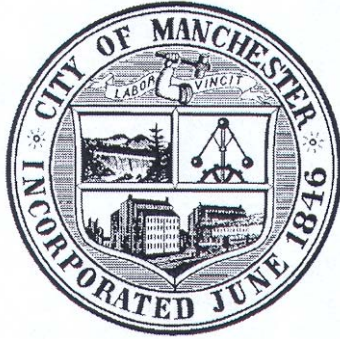
	2019			2018		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation Bonds	\$ 145,330	\$ 86,867	\$ 232,197	\$ 160,599	\$ 90,235	\$ 250,834
Revenue Bonds	52,915	128,073	180,988	57,470	140,634	198,104
Net Bond Premium	11,565	2,218	13,783	12,586	2,896	15,482
Totals	\$ 209,810	\$ 217,158	\$ 426,968	\$ 230,655	\$ 233,765	\$ 464,420

Long-term debt. At the end of the current fiscal year, the City had total debt service requirements including interest payments, on bonded debt outstanding, of \$528.5 million. General obligation debt is backed by the full faith and credit of the City government. As of December 31, 2019, the City was assigned the following credit ratings; Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have assigned the ratings of "Aa3," and "AA," respectively.

The general debt limit of the City is 9.75% of base valuation. Base valuation (\$11,158,443,000) is determined by adding the amount of taxable property lost to the City as a result of the enactment of the State Business Profit Tax Law to the "equalize assessed valuation." Not more than 7% of the base valuation may be incurred for school purposes. Water and sewer projects ordered by the State Water Supply and Pollution Control Commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City's base valuation. Borrowings authorized by legislative acts rather than the general municipal finance statutes are sometimes excluded from the city's debt limit. The Total Equalized Valuation figure includes Utility Valuation and Railroad Monies Reimbursements. Total bonded debt for the general government includes the MSD portion. As of June 30, 2019, the City recorded long-term debt of \$209.8 million related to Governmental Activities (including \$78.7 million related to the MSD) and \$217.2 million related to Business-Type Activities, well below its statutory debt limit. Information on the City's long-term debt can be found in Note 8 on pages 69-73 of this report.

Requests for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer at One City Hall Plaza, Manchester, New Hampshire 03101.



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Basic Financial Statements



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Statement of Net Position

City of Manchester New Hampshire
June 30, 2019

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 82,148,990	\$ 37,339,933	\$ 119,488,923	\$ 7,316,019	\$ 655,449	\$ 6,470	\$ -
Restricted cash	15,426,511	7,433,131	22,859,642	-	-	-	3,120,610
Investments	5,736,112	-	5,736,112	-	-	-	-
Receivables, net of allowance for collection losses	52,706,064	16,060,433	68,766,497	113,168	411,295	-	90,300
Due from local governments	-	320,385	320,385	-	-	-	-
Due from State of New Hampshire	809,441	306,187	1,115,628	-	-	-	-
Prepaid expenses	2,658,217	798,398	3,456,615	-	-	-	172
Internal balances	34,680	(34,680)	-	-	-	-	-
Due from other governments	142,976	-	142,976	5,800,872	106,665	-	-
Due from primary government	-	-	-	29,711,814	-	-	-
Inventories	779,217	1,369,403	2,148,620	39,502	280,539	-	-
Other assets	125,000	-	125,000	25,508	-	-	-
Total current assets	160,567,208	63,593,190	224,160,398	43,006,883	1,453,948	6,470	3,211,082
Noncurrent assets:							
Restricted cash	-	51,379,979	51,379,979	-	-	-	-
Land held for resale	-	-	-	-	-	-	-
Restricted investments	32,706,483	-	32,706,483	-	-	-	-
Receivables	8,886,212	512,643	9,398,855	-	-	-	1,040,758
Due from local governments	-	5,418,472	5,418,472	-	-	-	-
Due from State of New Hampshire	-	3,796,293	3,796,293	-	-	-	-
Capital assets, net of depreciation	296,566,180	596,600,282	893,166,462	2,706,088	4,210,742	-	300,000
Total noncurrent assets	338,158,875	657,707,669	995,866,544	2,706,088	4,210,742	-	1,340,758
Total Assets	498,726,083	721,300,859	1,220,026,942	45,712,971	5,664,690	6,470	4,551,840
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions	39,942,889	9,140,964	49,083,853	41,724,637	-	-	-
Related to OPEB	6,966,085	1,971,536	8,937,621	2,104,959	1,234,209	-	-
Other	2,443,969	2,174,012	4,617,981	-	-	-	-
Total deferred outflows of resources	49,352,943	13,286,512	62,639,455	43,829,596	1,234,209	-	-
LIABILITIES							
Current liabilities:							
Accounts payable	6,450,159	12,376,768	18,826,927	2,044,925	235,428	-	675
Retainage payable	48,180	1,529,263	1,577,443	-	-	-	-
Accrued liabilities	5,701,236	8,284,330	13,985,566	20,437,490	420,067	-	237,480
Other current liabilities	5,567,068	110,850	5,677,918	-	-	-	-
Insurance claims payable	930,473	-	930,473	-	-	-	-
Due to school district	29,711,814	-	29,711,814	-	-	-	-
Unearned revenue	13,166,611	-	13,166,611	-	-	-	-
Total current liabilities	61,575,541	22,301,211	83,876,752	22,482,415	655,495	-	238,155
Noncurrent liabilities:							
Due within one year	31,081,450	25,348,068	56,429,518	633,235	261,064	-	-
Unearned MSDC revenue	-	7,604,100	7,604,100	-	-	-	-
Net pension liability	214,030,068	36,520,120	250,550,188	174,387,304	-	-	-
Net OPEB liability	45,689,477	5,639,121	51,328,598	24,599,813	6,068,049	-	-
Due in more than one year	199,831,549	200,631,407	400,462,956	12,218,119	-	-	-
Total noncurrent liabilities	490,632,544	275,742,816	766,375,360	211,838,471	6,329,113	-	-
Total Liabilities	552,208,085	298,044,027	850,252,112	234,320,886	6,984,608	-	238,155
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	9,424,008	2,138,438	11,562,446	8,155,627	-	-	-
Related to OPEB	6,225,796	510,346	6,736,142	3,499,132	-	-	-
Other	75,308,126	88,000	75,396,126	32,384,705	-	-	-
Total deferred inflows of resources	90,957,930	2,736,784	93,694,714	44,039,464	-	-	-
NET POSITION (DEFICIT)							
Net investment in capital assets	111,117,342	373,100,197	484,217,539	2,706,088	4,210,742	-	-
Restricted for:							
Passenger facility charges	-	2,141,036	2,141,036	-	-	-	-
MSDC	-	18,309,678	18,309,678	-	-	-	-
Revenue bond O&M	-	8,832,000	8,832,000	-	-	-	-
Renewal and replacement	-	250,000	250,000	-	-	-	-
Bond funds	-	19,392,463	19,392,463	-	-	-	-
Worker's compensation	1,772,360	-	1,772,360	-	-	-	-
Cemetery and other trust funds - nonspendable	28,643,336	-	28,643,336	-	-	-	-
Cemetery and other trust funds - restricted	4,059,639	-	4,059,639	-	-	-	-
Equipment replacement	-	814,943	814,943	-	-	-	-
Food service	-	-	-	435,626	-	-	-
Unrestricted (deficit)	(240,679,666)	10,966,243	(229,713,423)	(191,959,497)	(4,296,451)	6,470	4,313,685
Total Net Position (Deficit)	\$ (95,086,989)	\$ 433,806,560	\$ 338,719,571	\$ (188,817,783)	\$ (85,709)	\$ 6,470	\$ 4,313,685

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

Statement of Activities

	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 53,017,320	\$ 13,678,186	\$ 9,750,463	\$ -
Public safety	77,029,203	2,270,780	1,450,747	125,894
Health and sanitation	7,533,812	2,582,680	2,560,142	-
Highways and streets	32,370,413	4,008,693	2,222,366	900,697
Welfare	1,230,385	16,600	-	-
Education and library	10,338,342	549,900	-	-
Parks and recreation	8,413,930	2,596,643	64,675	183,686
Cemetery trust	74,472	-	-	-
Investment management fee	125,894	-	-	-
Interest	4,754,881	-	-	-
Total governmental activities	194,888,652	25,703,482	16,048,393	1,210,277
Business-type activities:				
Water	18,740,309	18,317,783	-	4,938,193
EPD	17,379,284	20,082,550	141,559	2,436,580
Aviation	52,698,100	42,308,101	-	5,036,803
Parking	2,667,205	5,704,574	-	-
Total business-type activities	91,484,898	86,413,008	141,559	12,411,576
Total primary government	\$ 286,373,550	\$ 112,116,490	\$ 16,189,952	\$ 13,621,853
Component units:				
Manchester School District	\$ 199,183,961	\$ 6,827,359	\$ 22,989,285	\$ 3,595,844
Manchester Transit Authority	8,850,105	4,210,958	-	5,074,000
Manchester Public Television Service, Inc.	509,363	-	503,665	-
Manchester Development Corporation	65,874	-	-	-
Total component units	\$ 208,609,303	\$ 11,038,317	\$ 23,492,950	\$ 8,669,844
General revenues:				
Property taxes				
Auto registration fees				
Franchise fees				
Unrestricted investment earnings				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Debt reimbursement from MSD				
Gain (loss) on disposal of assets				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position (deficits) - beginning				
Net position (deficits) - ending				

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

City of Manchester New Hampshire
For the Fiscal Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position (Deficits)							
Primary Government			Component Units				
Governmental Activities	Business-type Activities	Total	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation	
\$ (29,588,671)	\$ -	\$ (29,588,671)	\$ -	\$ -	\$ -	\$ -	
(73,181,782)	-	(73,181,782)	-	-	-	-	
(2,390,990)	-	(2,390,990)	-	-	-	-	
(25,238,657)	-	(25,238,657)	-	-	-	-	
(1,213,785)	-	(1,213,785)	-	-	-	-	
(9,788,442)	-	(9,788,442)	-	-	-	-	
(5,568,926)	-	(5,568,926)	-	-	-	-	
(74,472)	-	(74,472)	-	-	-	-	
(125,894)	-	(125,894)	-	-	-	-	
(4,754,881)	-	(4,754,881)	-	-	-	-	
(151,926,500)	-	(151,926,500)	-	-	-	-	
-	4,515,667	4,515,667	-	-	-	-	
-	5,281,405	5,281,405	-	-	-	-	
-	(5,353,196)	(5,353,196)	-	-	-	-	
-	3,037,369	3,037,369	-	-	-	-	
-	7,481,245	7,481,245	-	-	-	-	
(151,926,500)	7,481,245	(144,445,255)	-	-	-	-	
-	-	-	(165,771,473)	-	-	-	
-	-	-	-	434,853	-	-	
-	-	-	-	-	(5,698)	-	
-	-	-	-	-	-	(65,874)	
-	-	-	(165,771,473)	434,853	(5,698)	(65,874)	
100,140,171	-	100,140,171	82,305,752	-	-	-	
20,682,404	-	20,682,404	-	-	-	-	
1,945,033	-	1,945,033	-	-	-	-	
3,318,119	1,896,575	5,214,694	-	816	19	101,855	
-	-	-	78,313,051	-	2,848	-	
-	884,301	884,301	1,017,936	75,432	-	-	
8,229,289	-	8,229,289	-	-	-	-	
564,893	1,721,067	2,285,960	-	13,822	-	-	
3,251,102	(3,251,102)	-	-	-	-	-	
138,131,011	1,250,841	139,381,852	161,636,739	90,070	2,867	101,855	
(13,795,489)	8,732,086	(5,063,403)	(4,134,734)	524,923	(2,831)	35,981	
(81,291,500)	425,074,474	343,782,974	(184,683,049)	(610,632)	9,301	4,277,704	
\$ (95,086,989)	\$ 433,806,560	\$ 338,719,571	\$ (188,817,783)	\$ (85,709)	\$ 6,470	\$ 4,313,685	

Balance Sheet
Governmental Funds

City of Manchester, New Hampshire
June 30, 2019

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 74,185,714	\$ 366,354	\$ 7,596,922	\$ 82,148,990
Restricted cash and cash equivalents	9,976,652	3,444,149	2,005,710	15,426,511
Restricted investments	-	-	32,706,483	32,706,483
Investments	5,736,112	-	-	5,736,112
Receivables, net of allowances for collection losses	50,855,937	-	13,631,475	64,487,412
Prepaid expenses	1,360,641	-	-	1,360,641
Due from other funds	6,757,119	-	-	6,757,119
Inventories	779,217	-	-	779,217
Other current assets	125,000	-	-	125,000
Total Assets	\$ 149,776,392	\$ 3,810,503	\$ 55,940,590	\$ 209,527,485
<u>Liabilities</u>				
Accounts and warrants payable	\$ 3,745,827	\$ 2,200,435	\$ 503,897	\$ 6,450,159
Retainage payable	48,180	-	-	48,180
Accrued liabilities	3,503,360	-	39,265	3,542,625
Tax refunds payable	2,224,088	-	-	2,224,088
Other liabilities	3,675,704	-	1,891,364	5,567,068
Insurance claims payable	930,473	-	-	930,473
Due to other funds	-	6,722,439	-	6,722,439
Due to Manchester School District	30,241,168	-	-	30,241,168
Unearned revenue	570,584	-	12,596,027	13,166,611
Total Liabilities	44,939,384	8,922,874	15,030,553	68,892,811
<u>Deferred inflows of resources</u>				
Unavailable revenues - property taxes	4,768,479	-	-	4,768,479
Unearned revenues - property taxes	39,855,438	-	-	39,855,438
Unearned revenues - taxes collected in advance	34,999,200	-	-	34,999,200
Unavailable revenues - other revenues collected in advance	453,488	-	-	453,488
Total deferred inflows of resources	80,076,605	-	-	80,076,605
<u>Fund Balances (Deficits)</u>				
Nonspendable	4,939,858	-	28,643,336	33,583,194
Restricted	1,772,360	2,766,861	10,296,942	14,836,163
Committed	6,694,958	-	2,501,150	9,196,108
Assigned	1,698,657	-	-	1,698,657
Unassigned	9,654,570	(7,879,232)	(531,391)	1,243,947
Total Fund Balances (Deficits)	24,760,403	(5,112,371)	40,910,037	60,558,069
Total liabilities, deferred inflows of resources and fund balances (Deficits)	\$ 149,776,392	\$ 3,810,503	\$ 55,940,590	\$ 209,527,485

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

**Reconciliation of the Total Governmental Fund,
Balances to Net Position of Governmental
Activities in the Statement of Net Position**

**City of Manchester, New Hampshire
Year Ended June 30, 2019**

Total governmental fund balances	\$ 60,558,069
Capital assets used in governmental activities are not financial resources and, therefore, are not required in governmental funds.	296,566,180
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,578,945
Deferred loss on refunding that is not available to pay for current period expenditures and, therefore, is not reported in the funds.	2,443,969
Deferred outflows of resources related to pension resulting from projected vs. actual earnings, changes in proportion, and contributions subsequent to the measurement date will be recognized as an increase of pension expense in future years.	39,942,889
Deferred outflows of resources related to OPEB resulting from projected vs. actual earnings, changes in proportion, and contributions subsequent to the measurement date will be recognized as an increase of OPEB expense in future years.	6,966,085
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	4,768,479
Long-term liabilities consisting of accruals are not due and payable in current period and, therefore, are not reported in the funds.	(1,629,257)
Deferred inflows of resources related to pensions resulting from expected vs. actual experience, projected vs. actual earnings, and change in proportion will be recognized as a reduction of pension expense in future years.	(9,424,008)
Deferred inflows of resources related to OPEB resulting from expected vs. actual experience, projected vs. actual earnings, and change in proportion will be recognized as a reduction of pension expense in future years.	(6,225,796)
Long-term liabilities consisting of bonds payable, net pension liability, net OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(490,632,544)</u>
Net position of governmental activities	<u>\$ (95,086,989)</u>

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

**Statement of Revenues, Expenditures, Other Financing
Sources and Uses, and Changes in Fund Balances (Deficit)
Governmental Funds**

**City of Manchester, New Hampshire
Year Ended June 30, 2019**

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ 102,496,141	\$ -	\$ -	\$ 102,496,141
Federal and state grants and aid	3,755,343	-	13,493,327	17,248,670
Charges for sales and services	4,859,658	-	-	4,859,658
Licenses and permits	26,090,771	-	-	26,090,771
Interest	1,409,008	103,856	1,433,059	2,945,923
Contributions	-	-	1,805,435	1,805,435
Net appreciation in fair value of securities	-	-	372,196	372,196
School charge backs	9,227,647	-	-	9,227,647
Lease and rent income	1,128,456	-	-	1,128,456
Debt recovery	1,107,294	-	-	1,107,294
Miscellaneous	2,995,512	-	11,039	3,006,551
Total Revenues	153,069,830	103,856	17,115,056	170,288,742
<u>Expenditures</u>				
Current:				
General government	34,886,280	2,950,940	10,055,695	47,892,915
Public safety	68,270,668	1,479,293	1,735,699	71,485,660
Health and sanitation	4,008,661	-	2,734,318	6,742,979
Highway and streets	21,028,876	2,285,745	1,610,396	24,925,017
Welfare	1,117,147	-	-	1,117,147
Education	2,982,029	-	-	2,982,029
Parks and recreation	5,775,739	1,793	106,263	5,883,795
Cemetery trust	-	-	74,472	74,472
Investment management fee	-	-	125,894	125,894
Capital outlay	5,809	3,594,749	1,104,750	4,705,308
Debt service:				
Principal retirement	11,594,711	-	-	11,594,711
Interest	5,493,151	672	36,777	5,530,600
Total Expenditures	155,163,071	10,313,192	17,584,264	183,060,527
Excess (Deficiency) of revenues over expenditures	(2,093,241)	(10,209,336)	(469,208)	(12,771,785)
<u>Other Financing Sources (Uses)</u>				
Proceeds from sale of capital assets	550,000	-	-	550,000
Transfers in	3,751,202	-	2,708,385	6,459,587
Transfers out	(2,708,385)	-	(500,100)	(3,208,485)
Total Other Financing Sources (Uses)	1,592,817	-	2,208,285	3,801,102
Net Change in Fund Balances (Deficit)	(500,424)	(10,209,336)	1,739,077	(8,970,683)
Fund Balance (Deficit), beginning	25,260,827	5,096,965	39,170,960	69,528,752
Fund Balance (Deficit), ending	\$ 24,760,403	\$ (5,112,371)	\$ 40,910,037	\$ 60,558,069

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

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement
of Activities**

**City of Manchester, New Hampshire
Year Ended June 30, 2019**

Net change in fund balances - total governmental funds \$ (8,970,683)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. (14,932,458)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate) differ between the two statements. This amount represents the net change in deferred revenue. (1,643,346)

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

School debt transferred to City	(1,459,559)
Repayments of debt	21,283,559
Repayments of capital leases	26,268
Bond premium amortization	1,020,715
Amortize loss on prior year refunding bonds	(320,793)

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 164,440

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

Change in net pension liability	(11,095,377)
Change in pension related deferred outflows	2,561,354
Change in pension related deferred inflows	1,129,122
Change in net OPEB liability	(6,676,703)
Change in OPEB related deferred outflows	6,122,674
Change in OPEB related deferred inflows	(975,524)
Change in other liabilities	(29,178)

Change in net position of governmental activities \$ (13,795,489)

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

Proprietary Funds
Statement of Net Position

City of Manchester, New Hampshire
June 30, 2019

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Funds	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 3,300,186	\$ 5,900,423	\$ 27,987,697	\$ 151,627	\$ 37,339,933
Restricted cash and cash equivalents	1,717	-	7,431,414	-	7,433,131
Receivables, net of allowances for collection losses	5,079,243	5,706,447	5,155,261	119,482	16,060,433
Due from local governments	-	320,385	-	-	320,385
Due from State of New Hampshire	-	306,187	-	-	306,187
Prepaid items	69,887	-	728,511	-	798,398
Due from other funds	37,260	-	33,009	-	70,269
Inventories	1,130,680	-	238,723	-	1,369,403
Total current assets	9,618,973	12,233,442	41,574,615	271,109	63,698,139
Noncurrent assets					
Restricted cash and cash equivalents	24,353,273	1,639,537	25,286,043	101,126	51,379,979
Receivables	457,348	55,295	-	-	512,643
Due from local governments	-	5,418,472	-	-	5,418,472
Due from State of New Hampshire	-	3,796,293	-	-	3,796,293
Capital assets, net, where applicable, of accumulated depreciation	127,020,406	202,936,634	260,458,999	6,184,243	596,600,282
Total noncurrent assets	151,831,027	213,846,231	285,745,042	6,285,369	657,707,669
Total Assets	161,450,000	226,079,673	327,319,657	6,556,478	721,405,808
Deferred Outflows of Resources					
Related to pensions	3,934,977	1,367,615	3,170,492	667,880	9,140,964
Related to OPEB	804,081	340,783	724,610	102,062	1,971,536
Other	1,208,115	-	866,131	99,766	2,174,012
Total deferred outflows of resources	5,947,173	1,708,398	4,761,233	869,708	13,286,512
Total Assets and Deferred Outflow of Resources	167,397,173	227,788,071	332,080,890	7,426,186	734,692,320
Liabilities					
Current liabilities					
Accounts and warrants payable	3,170,826	4,000,529	5,180,459	24,954	12,376,768
Retainage payable	402,929	662,850	463,484	-	1,529,263
Accrued liabilities	1,844,215	1,341,897	5,036,139	62,079	8,284,330
Other liabilities	-	-	-	110,850	110,850
Due to other funds	-	55,202	-	49,747	104,949
Bonds and notes payable	2,460,154	3,110,305	11,945,012	276,920	17,792,391
Due to State of New Hampshire	4,994,705	838,250	-	-	5,832,955
Compensated absences	317,710	352,190	944,725	108,097	1,722,722
Total current liabilities	13,190,539	10,361,223	23,569,819	632,647	47,754,228
Noncurrent liabilities					
Unearned MSDC funding	7,604,100	-	-	-	7,604,100
Bonds and notes payable	43,865,863	36,529,195	118,256,247	897,231	199,548,536
Net OPEB liability	2,352,131	1,032,498	2,010,003	244,489	5,639,121
Net pension liability	14,638,574	6,696,390	13,452,315	1,732,841	36,520,120
Compensated absences	1,043,834	-	-	-	1,043,834
Other	-	-	39,037	-	39,037
Total noncurrent liabilities	69,504,502	44,258,083	133,757,602	2,874,561	250,394,748
Total Liabilities	82,695,041	54,619,306	157,327,421	3,507,208	298,148,976
Deferred Inflows of Resources					
Related to pensions	496,676	491,034	1,060,789	89,939	2,138,438
Related to OPEB	234,141	88,288	168,512	19,405	510,346
Other	-	-	-	88,000	88,000
Total deferred inflows of resources	730,817	579,322	1,229,301	197,344	2,736,784
Total Liabilities and Deferred Inflow of Resources	83,425,858	55,198,628	158,556,722	3,704,552	300,885,760
Net Position					
Net investment in capital assets	74,407,584	162,458,884	131,123,871	5,109,858	373,100,197
Restricted	18,309,678	814,943	30,615,499	-	49,740,120
Unrestricted (deficit)	(8,745,947)	9,315,616	11,784,798	(1,388,224)	10,966,243
Total Net Position	\$ 83,971,315	\$ 172,589,443	\$ 173,524,168	\$ 3,721,634	\$ 433,806,560

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

Proprietary Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position

City of Manchester, New Hampshire
Year Ended June 30, 2019

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-major Funds	Total
Operating Revenues					
Charges for goods and services	\$ 17,574,682	\$ 17,432,731	\$ 34,591,958	\$ 5,701,998	\$ 75,301,369
Other	581,523	2,647,678	2,874,634	2,576	6,106,411
Total Operating Revenues	18,156,205	20,080,409	37,466,592	5,704,574	81,407,780
Operating Expenses					
Personnel services	8,753,389	4,329,438	8,852,532	1,206,095	23,141,454
Plant maintenance	1,482,783	1,908,888	2,845,798	74,208	6,311,677
Light/heat and power	1,088,479	1,761,972	1,863,587	37,729	4,751,767
General and administrative	1,664,711	951,950	14,456,155	1,061,684	18,134,500
Depreciation and amortization	4,123,386	7,337,582	18,587,627	229,878	30,278,473
Total Operating Expenses	17,112,748	16,289,830	46,605,699	2,609,594	82,617,871
Operating Income (Loss)	1,043,457	3,790,579	(9,139,107)	3,094,980	(1,210,091)
Non-Operating Revenues (Expenses)					
Interest income	322,879	216,015	1,320,183	37,498	1,896,575
Interest expense	(1,627,559)	(1,089,454)	(5,807,930)	(57,611)	(8,582,554)
Passenger facility charges	-	-	3,358,511	-	3,358,511
Customer facility charges	-	-	1,482,999	-	1,482,999
Rent and other income	161,578	2,143	-	-	163,721
Reimbursement of interest expenses	-	141,559	-	-	141,559
Bond rating fees	-	-	(284,471)	-	(284,471)
Gain (loss) on disposal of capital assets	1,707,342	6,605	6,500	620	1,721,067
Miscellaneous income	118,796	-	765,500	-	884,296
Total Non-Operating Revenues (Expenses), net	683,036	(723,132)	841,292	(19,493)	781,703
Net income (loss) before capital contributions and transfers	1,726,493	3,067,447	(8,297,815)	3,075,487	(428,388)
Capital Contributions and Transfers					
Capital contributions	4,938,193	2,436,580	5,036,803	-	12,411,576
Transfer to general fund	-	-	-	(3,251,102)	(3,251,102)
Total Capital Contributions and Transfers	4,938,193	2,436,580	5,036,803	(3,251,102)	9,160,474
Change in Net Position (Deficit)	6,664,686	5,504,027	(3,261,012)	(175,615)	8,732,086
Fund Net Position, beginning of year	77,306,629	167,085,416	176,785,180	3,897,249	425,074,474
Fund Net Position, end of year	\$ 83,971,315	\$ 172,589,443	\$ 173,524,168	\$ 3,721,634	\$ 433,806,560

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

Proprietary Funds
Statement of Cash Flows

City of Manchester, New Hampshire
Year Ended June 30, 2019

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Funds	Total
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 18,332,263	\$ 19,985,909	\$ 37,560,521	\$ 5,777,424	\$ 81,656,117
Cash payments for goods and services	(11,330,614)	(8,324,809)	(18,148,369)	(1,171,855)	(38,975,647)
Cash payments to employees for services	-	-	(8,214,806)	(990,857)	(9,205,663)
Other operating revenues	-	-	-	2,576	2,576
Net Cash Provided by Operating Activities	7,001,649	11,661,100	11,197,346	3,617,288	33,477,383
<u>Cash Flows from Non-Capital and Related Financing Activities</u>					
Due to (from) general fund	-	-	-	4,091	4,091
Cash payment to general fund	-	-	-	(3,251,102)	(3,251,102)
Proceeds from rental income	161,578	2,143	-	-	163,721
Other income	118,796	-	-	-	118,796
Net Cash Provided by (Used For) Non-Capital & Related Financing Activities	280,374	2,143	-	(3,247,011)	(2,964,494)
<u>Cash Flows from Capital and Related Financing Activities</u>					
Passenger and customer facility charges	-	-	4,891,832	-	4,891,832
Payments to State related to MSDC	2,674,823	-	-	-	2,674,823
Reimbursement of bond interest expenses	-	141,559	-	-	141,559
Payments on bond arbitrage & financing	-	-	(284,471)	-	(284,471)
Proceeds from sale of conservation easement	1,698,001	-	-	-	1,698,001
Proceeds from issuance of capital lease	182,677	-	-	-	182,677
Proceeds from bonds and notes	-	3,119,716	-	-	3,119,716
Principal paid on bonds and notes	(2,367,673)	(5,485,305)	(10,491,181)	(284,879)	(18,629,038)
Interest paid on bonds and notes	(1,641,512)	(1,103,793)	(5,551,381)	(57,611)	(8,354,297)
Release of DSR and O&M for refunding	-	-	(2,195,622)	-	(2,195,622)
Proceeds from notes	4,707,655	-	-	-	4,707,655
Proceeds from sale of capital assets	9,341	-	6,500	620	16,461
Contributed capital by federal, state & local governments	12,542,293	832,787	4,437,383	-	17,812,463
Acquisition and construction of capital assets	(8,999,363)	(13,658,406)	(4,852,356)	(29,176)	(27,539,301)
Miscellaneous nonoperating revenues	-	-	765,500	-	765,500
Net Cash Provided by (Used For) Capital & Related Financing Activities	8,806,242	(16,153,442)	(13,273,796)	(371,046)	(20,992,042)
<u>Cash Flows from Investing Activities</u>					
Interest and dividends from investments	322,879	216,015	1,189,256	37,498	1,765,648
Net Cash Provided by Investing Activities	322,879	216,015	1,189,256	37,498	1,765,648
Net Increase (Decrease) in Cash and Cash Equivalents	16,411,144	(4,274,184)	(887,194)	36,729	11,286,495
Cash and Cash Equivalents at Beginning of Year	11,244,032	11,814,144	61,592,348	216,024	84,866,548
Cash and Cash Equivalents at End of Year	\$ 27,655,176	\$ 7,539,960	\$ 60,705,154	\$ 252,753	\$ 96,153,043

(continued)

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Funds	Total
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 1,043,457	\$ 3,790,579	\$ (9,139,107)	\$ 3,094,980	\$ (1,210,091)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	4,123,386	7,337,582	18,587,627	229,878	30,278,473
Change in Assets/Deferred Outflows and Liabilities/Deferred Inflows					
Decrease (increase) in receivables	89,805	(92,531)	93,927	75,426	166,627
Decrease (increase) in unbilled revenue	-	(1,970)	-	-	(1,970)
Decrease (increase) in due from other funds	28,012	26,792	39,505	-	94,309
Decrease (increase) in prepaid expenses and other assets	97,564	24,961	136,462	-	258,987
Decrease (increase) in inventories	-	-	3,636	-	3,636
Decrease (increase) in deferred outflows of resources	(2,731,838)	(858,485)	(1,701,186)	(240,482)	(5,531,991)
Increase (decrease) in accounts payable	(235,987)	(51,599)	554,756	(8,359)	258,811
Increase (decrease) in accrued liabilities	-	172,257	280,410	20,095	472,762
Increase (decrease) in accrued expenses	455,834	-	-	-	455,834
Increase (decrease) in due to other funds	-	55,202	-	-	55,202
Increase (decrease) in compensated absences	28,754	(3,409)	(75,032)	(1,256)	(50,943)
Increase (decrease) in deposits & retainage	148,799	-	2,404	-	151,203
Increase (decrease) in net pension liability	3,536,166	992,391	1,563,984	393,840	6,486,381
Increase (decrease) in net OPEB liability	819,696	376,463	688,222	94,685	1,979,066
Increase (decrease) in other liabilities	-	-	-	10,125	10,125
Increase (decrease) in deferred inflows of resources	(401,999)	(107,133)	161,738	(51,644)	(399,038)
Net Cash Provided by Operating Activities	\$ 7,001,649	\$ 11,661,100	\$ 11,197,346	\$ 3,617,288	\$ 33,477,383

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

Fiduciary Funds
Statement of Fiduciary Net Position

City of Manchester, New Hampshire
June 30, 2019

	<u>Pension and Medical Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 5,282,061
Investments	218,751,949
Receivables, net of allowances for collection losses	468,118
Capital assets, net, where applicable, of accumulated depreciation	<u>1,669</u>
Total Assets	224,503,797
Liabilities	
Accounts and warrants payable	232,940
Accrued liabilities	<u>1,545,118</u>
Total Liabilities	<u>1,778,058</u>
NET POSITION	
Restricted for:	
Pension trust	210,462,595
OPEB	<u>12,263,144</u>
Net Position Restricted for Pension and OPEB Benefits	<u>\$ 222,725,739</u>

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

Fiduciary Trusts
Statement of Changes in Fiduciary Net Position

City of Manchester New Hampshire
Year Ended June 30, 2019

	<u>Pension and Medical Trust Funds</u>
Additions	
Contributions	
Employer	\$ 13,970,044
Plan members	<u>3,061,590</u>
Total Contributions	17,031,634
Investment Income	
Interest and dividends	3,378,443
Net realized and unrealized appreciation in fair value of investments	(14,618,658)
Other income	8,901
Less investment expense	<u>(878,152)</u>
Net Investment Income	<u>(12,109,466)</u>
Total additions	4,922,168
Deductions	
Benefits paid directly to participants	20,112,992
Refunds of employee contributions	567,039
Administrative expenses	<u>868,780</u>
Total Deductions	<u>21,548,811</u>
Net Increase	(16,626,643)
Net Position Restricted for Pension and OPEB Benefits	
Beginning of year	<u>239,352,382</u>
End of year	<u><u>\$ 222,725,739</u></u>

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



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Notes to Financial Statements



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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of Manchester, New Hampshire, (the City) was incorporated in June 1846 and operates as a municipal corporation governed by an elected mayor and a fourteen-member aldermanic board. Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (4) 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. The criteria provided in Government Accounting Standards Board Codification Section 2100 have been considered and as a result, the component units discussed below are included in the City's reporting entities because of their operational significance and financial relationship with the City.

Discretely Presented Component Units

Manchester Development Corporation (MDC) - The MDC was created by the Board of Mayor and Aldermen (BMA) as a public corporation for the purpose of developing economic opportunities for the City. The MDC Board of Directors comprises twelve members, all of whom shall be nominated by the Mayor and confirmed by the Board of Aldermen of the City. Separate audited financial statements are not available. MDC is presented as a governmental fund type.

Manchester Public Television Service, Inc. (MPTS) - The MPTS was created by the Board of Mayor and Aldermen (BMA) as a nonprofit organization whose mission is to develop, promote and facilitate, access and training for any Manchester resident to create television programs and have those programs cablecast throughout the City of Manchester. The MPTS Board of Directors is comprised of five voting members. Three directors shall be appointed by a majority vote of the Aldermen; the other two directors shall be nominated by the Mayor and confirmed by a majority vote of the aldermen. Separate audited financial statements are not available. MPTS is presented as a governmental fund type.

Manchester School District (District or MSD) – The MSD is a municipal corporation governed by an elected fourteen-member board elected by voters of the School District, with the Mayor of the City serving as Chairperson of the Board. The MSD is responsible for elementary and secondary education within the government's jurisdiction. However, the District is fiscally dependent upon the government as the government's BMA approves the District's budget, levies taxes (if necessary) and must approve any debt issuances. Other independent auditors audited the MSD, a June 30 year-end, and their report was issued under separate cover. The District is presented as a component unit.

Manchester Transit Authority (MTA) - The MTA was created by the BMA to provide a public transportation system for the citizens of the City. A five-member board appointed by the BMA oversees the MTA. The BMA determines the annual operating subsidy and approves the issuance of bonds. Other independent auditors audited the MTA, a June 30 year-end, and their report, dated December 17, 2019 was issued under separate cover. The MTA is presented as a proprietary fund type.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Complete financial statements of the individual component units for MDC, MPTS, MSD, and MTA may be obtained directly from their administrative offices.

Manchester Development Corporation
One City Hall Plaza
Manchester NH 03101 - 4008

Manchester Public Television Service, Inc.
1045 Elm Street, 3rd Floor
Manchester NH 03101

Manchester Transit Authority
110 Elm Street
Manchester NH 03101 - 2799

Manchester School District
20 Hecker Street
Manchester NH 03102

Blended Component Unit

City of Manchester Employees' Contributory Retirement System (MECRS) - The MECRS was created by the BMA for the purpose of administering the assets of the employees' contributory retirement system. The MECRS' Board of Trustees consists of seven members, as follows: the City Finance Officer, the Mayor, one person appointed by the Board of Aldermen, two citizens of the City - one appointed by the Mayor, one elected by the MECRS members and two MECRS members also elected by the MECRS members. Other independent auditors audited the MECRS, a December 31 year end, for the year ended December 31, 2018, and their report; dated July 25, 2019 was issued under separate cover. MECRS is presented as a pension trust fund.

Complete financial statements of the component unit may be obtained directly from its administrative office.

City of Manchester Employees'
Contributory Retirement System
1045 Elm Street – Suite 403
Manchester NH 03101-1824

Government-wide and Fund Financial Statements

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

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 revenues.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes when levied for, intergovernmental revenues when the eligibility requirements have been met, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *General Fund* is the City'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 *Capital Projects Fund* accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants and low-interest state loans.

The City reports the following major proprietary funds:

The *Water Works Fund* accounts for the operations of the City's water service for residential, commercial and industrial entities for the City and six surrounding communities. It is independent in terms of its relationship to other City functions. Its operations are financed from special assessments and direct charges to the users of the service.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

The *Environmental Protection Division (EPD)* accounts for the operations of the City's wastewater treatment plant as well as all services related to the treatment of sewage for the City and three surrounding communities. Its operations are financed from special assessments and direct charges to the users of the service.

The *Aviation Fund* is used to account for the operations of the City's airport, which is operated by the Department of Aviation (DA).

Additionally, the City reports the following fiduciary fund types:

The *Pension and Medical Trust Funds* account for the activities of the City's two defined benefit pension plans, which accumulate resources for pension and OPEB benefit payments to qualified employees.

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 enterprise funds 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 revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting Estimates

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

Cash Equivalents

The City's cash equivalents represent short-term investments with an initial maturity of three months or less from the date of acquisition.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Investments

Investments are stated at fair value using quoted market prices except for alternative investments as discussed below. The MECRS alternative investments are valued using the most recent valuation available from the external fund manager. These values may not reflect the amount that would be realized upon an immediate sale due to lack of liquidity or other market conditions. Due to the uncertainty of valuation, the investment manager's estimated values may differ from the values that would have been used had a ready market existed for the fund's investments, and the difference could be material.

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year sold in the current year may have recognized an increase or decrease in the fair value of investments reported in the prior year. Gains and losses on the sale of investments are computed using the specific identification method of determining cost. The net appreciation (depreciation) in the fair value of investments held by the Retirement System is based on the valuation of investments as of the date of the Statements of Net Position Available for Benefits.

Allowances for Doubtful Accounts

Accounts including property taxes and notes receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and analysis of creditor's ability to pay. The majority of the amount relates to taxes receivable, degradation fees receivable, and revolving loan funds receivable.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

For "Advances To/From Other Funds," the asset reported in the governmental fund financial statements are recorded as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable financial resources.

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

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 columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$25,000 or more and an estimated useful life equal to or in excess of three years. Such assets are recorded at historical cost or estimated

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	15-60
Improvements	5-30
Equipment	5-15
Vehicles	3-10
Intangibles (Aviation)	5
Interceptors (EPD)	50
Infrastructure	20-50

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only for amounts expected to be paid (matured). The general fund is typically used to liquidate the liability accrued in the government-wide statements.

No liability is recorded for nonvesting accumulating rights to receive sick-pay benefits. However, a liability is recognized for that portion of accumulated sick-leave benefits that it is estimated will be taken as terminal leave prior to retirement.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

Long-term Obligations

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

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

Pension Accounting

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Fund/Activities:

In governmental funds, expenditures are recognized when paid or are expected to be paid with current available resources. In governmental activities, expense is recognized in accordance with GASB 68. The net pension asset, also in accordance with GASB 68, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No 68 and is recognized in the government-wide and business-type financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Funding Policy:

The City makes annual contributions based upon annual actuarial determinations that are different than GASB 68.

OPEB Accounting

Governmental Funds/Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In the governmental activities, enterprise funds and business-type activities the city follows *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Funding Policy:

The City makes contributions on a pay-as-you-go basis.

Inventory

Inventory is stated at the lower of cost using the moving average method or market.

Fund Equity and Net Position

In the Government-Wide and the Proprietary Fund Financial Statements, net positions are classified in the following categories:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position or deficits – This category represents the net position of the City, which are not restricted for any project or other purpose. Deficits require future funding.

In the government fund financial statements, the City classified fund balances as follows:

Nonspendable fund balance – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Restricted fund balance – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance – This represents amounts constrained, prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (Board of Mayor and Aldermen). Amounts remain committed until action is taken by the Board of Mayor and Aldermen (Resolution) to remove or revise the limitations.

Assigned fund balance – Amounts constrained for the intent to be used for a specific purpose by the Board of Mayor and Aldermen or Finance Director that has been delegated authority to assign amounts.

Unassigned fund balance – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

Concentration Risk – Major Customers

A significant portion of the Department of Aviation's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines.

The Department of Aviation's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Department of Aviation be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers. The major airlines are as follows:

FY 2019	
Southwest Airlines	55%
American	27%

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 2. Cash, Cash Equivalents and Investments

Deposits: The City has a policy that deposits can include demand and savings accounts and certificates of deposits. The City follows the state of New Hampshire's guideline which requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The City's policy for investments other than pension plan investments, Municipal Revenue Bond Investments under the provisions of Chapter 33-B, and certain other Trust Fund investments follow the provisions of New Hampshire Revised Statutes Annotated (RSA) Chapter 48:16 (RSA 48:16). The City policy allows investments in the following: (1) U.S. Treasury securities maturing in less than one year; (2) fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations (collateral limited to U.S. government obligations); and (3) repurchase agreements collateralized by U.S. government obligations.

The City's policy for Municipal Revenue Bonds Investments follows Chapter 33-B of the RSAs. The investments under this chapter are governed by a resolution and/or by a trust or security agreement between the municipality and a corporate trustee which restricts the types of securities in which the applicable revenue bond proceeds can be invested. Generally, these agreements allow for investments in obligations of the United States government, and certain debt securities.

The City's policy for investments under the custodianship of the Trustees of Trust Funds include Cemetery Trust Funds RSA 31:25, Capital Reserve Funds RSA 34:5 and the Old System Pension Trust Chapter 98:4 of the Laws of 1999 follow the prudent investor guidelines which allows for various investments as long as these investments would be acquired by prudent persons of discretion and intelligence in investment matters, who are seeking a reasonable income and the preservation of capital.

Interest Rate Risk: The City limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, certificates of deposits, and repurchase agreements.

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

Custodial Credit Risk: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Cash, cash equivalents, and investments of the City consist of the following at June 30, 2019:

Cash and Cash Equivalents

Deposits with Financial Institutions	\$ 159,169,386
Municipal Backed Investment Fund	35,096,135
Contributory Retirement Pension Cash	4,745,085

Total Cash and Cash Equivalents	\$ 199,010,606
--	-----------------------

General Fund Investments

U.S. Government Agencies	\$ 5,736,112	**
Total General Fund Investments	5,736,112	

Library Trust Funds:

U.S. Treasury Notes	403,887	***
Corporate Bonds	769,712	***
Municipal Obligations	538,717	***
Common Stocks	2,483,091	***
Equity Mutual Funds	799,535	
Fixed Income Mutual Funds	193,405	
Total Library Trust Funds	5,188,347	

Cemetery Trust Funds:

U.S. Treasury Notes	8,433,990	***
Mutual Funds	18,368,566	
Total Cemetery Trust Funds	26,802,556	

Expendable Trust Funds:

U.S. Treasury Notes	715,734	***
Total Expendable Trust Funds	715,734	

Old System Pension Trust Fund:

U.S. Treasury Notes	1,305,907	***
Corporate Bonds	1,151,232	***
Mortgage Backed	235,974	***
Mutual Funds	3,391,687	
Total Old System Pension Trust Fund	6,084,800	

City Retirement System Investments

Equity funds	53,983,491
International equity	32,193,457
Alternative equity	5,051,465
Hedge funds	11,833,545
Fixed income	53,617,830
Emerging market funds	11,466,917
Real estate	23,880,788
Specialty investments	20,672,803
Total City Retirement System	212,700,296

Total Investments	257,227,845
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Total Cash, Cash Equivalents and Investments	\$ 456,238,451
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** Uninsured, with securities held by the counterparty's agent in the City's name.

*** Uninsured, with securities held by the counterparty, or by its trust department or agent in the City's name.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Cash, cash equivalents, and investments are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and cash equivalents	\$ 119,488,923
Restricted cash	74,239,621
Investments	5,736,112
Restricted investments	32,706,483
	<u>232,171,139</u>

Pension Trust Funds

Cash and cash equivalents	5,282,061
Investments	218,751,949
Open trades/purchases	33,302
	<u>224,067,312</u>

Total \$ 456,238,451

Interest rate risk: This 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. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Market Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Over 10 Years
US treasury notes	\$ 10,859,518	\$ 875,680	\$ 7,316,333	\$ 2,667,505	\$ -
US government agencies	5,736,112	5,731,153	-	-	4,959
Corporate bonds	1,920,944	148,771	1,268,351	329,635	174,187
Municipal obligations	538,717	-	136,430	101,150	301,137
Mortgage backed	235,974	-	-	50,009	185,965
Fixed income funds	53,617,830	-	38,796,487	8,501,378	6,319,965
Municipal backed investment fund	35,096,135	35,096,135	-	-	-
Total	<u>\$ 108,005,230</u>	<u>\$ 41,851,739</u>	<u>\$ 47,517,601</u>	<u>\$ 11,649,677</u>	<u>\$ 6,986,213</u>

Credit Risk - Investments: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the rating for each debt type investment.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Average Rating	Corporate Bonds	Mortgage Backed	Municipal Obligations	Municipal Backed Investment Fund	Fixed Income Funds
AAA	\$ 169,759	\$ 79,672	\$ 143,118	\$ -	\$ -
AA+	246,056	-	-	-	-
AA	102,183	-	232,119	35,096,135	-
AA-	226,560	-	-	-	12,609,469
A+	225,079	-	-	-	-
A	373,137	-	95,048	-	-
A-	291,691	-	-	-	-
BBB+	101,466	-	-	-	-
BBB	49,668	-	-	-	-
Unrated	135,345	156,302	68,432	-	41,008,361
	<u>\$ 1,920,944</u>	<u>\$ 235,974</u>	<u>\$ 538,717</u>	<u>\$ 35,096,135</u>	<u>\$ 53,617,830</u>

Fair Value:

The City categorizes its fair value measurements within the fair value hierarchy established by *Governmental Accounting Standards Board Statement No. 72 Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices in similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

The City has the following fair value measurements as of June 30, 2019:

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>
Investments by fair value level:			
Debt securities:			
U.S. Treasury notes	\$ 10,859,517	\$ -	\$ 10,859,517
U.S. Government agencies	5,736,112	-	5,736,112
Corporate bonds	1,920,944	-	1,920,944
Municipal obligations	538,717	-	538,717
Mortgage backed	235,974	-	235,974
Equity securities:			
Fixed income	193,405	-	193,405
Common stocks	2,483,091	2,483,091	-
Mutual funds	22,559,787	22,559,787	-
Total	\$ <u>44,527,547</u>	\$ <u>25,042,878</u>	\$ <u>19,484,669</u>

Equity and debt securities classified as Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified as Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Manchester Employees Contributory Retirement System (MECRS)

Cash, Cash Equivalents and Investments

Deposits: At times the MECRS maintains cash balances in excess of the amount insured by FDIC. The MECRS has not experienced any losses in such accounts and cannot avoid at least temporary exposure to such risk when it holds cash deposits in anticipation of monthly annuity pension obligations. The MECRS believes it is not exposed to any significant risk with respect to these accounts. At any given time, only the \$250,000 limit specified by the FDIC is guaranteed against loss.

Investments: The MECRS does not have a written policy in place to address custodial credit risk on investments but in practice, it minimizes such risk by holding its investments in the MECRS' name and not in the name of the custodian for benefit of the MECRS.

Interest Rate Risk: Interest rate risk associated with an adverse effect of changes in the fair market value of fixed income securities is not addressed in policy by the MECRS. While policies do exist to

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

limit the percentage of market value in a single issue at any one time and of the total percentage held of any issuer's debt instrument, the duration of the remaining life of individual securities is not subject to any limitations and may therefore introduce a measure of Interest Rate Risk.

Concentrations: The MECRS' Statement of Investment Objectives, Policies and Guidelines prohibit more than 5% at cost of any security as a percentage of any funds held by the MECRS. In addition, no more than 5% of the outstanding shares of any one corporation can be held by the MECRS. Taken together, these guidelines mitigate the magnitude of risk and loss attributable to a single issuer.

The following represents the fair value of investments held that represent 5% or more of the MECRS investments:

MECRS Pension Trust

Blackrock (Strategic Income Opportunities)	\$ 12,571,264
City of London (Emerging Market Equities)	\$ 11,466,917
Gryphon International (International Equity)	\$ 14,726,520
Income Research & Mgt. (Core Bonds Fund)	\$ 12,609,469
Loomis Sayles (Fixed Income Fund)	\$ 13,615,754
Sands Capital (US Large Cap Growth)	\$ 15,056,232
Pzena Management (US Large Cap Value Fund)	\$ 15,960,611
Rothschild (Smid Cap Equity Fund)	\$ 13,710,955
PIMCO (Global Tactival Asset Allocation)	\$ 10,972,438
PRISA (Real Estate)	\$ 15,163,996
Standard Life (Global Absolute Return Strategy)	\$ 11,833,545

Foreign Currency Risk:

Risk associated with fluctuation in the exchange rate between U.S. dollars and the base currency in other countries, while it exists, can be mitigated by policies which the MECRS has in place. Forward purchase or sales of currencies, including cross currency hedges, are permitted to protect or enhance the U.S. dollar value of the account. The use of derivative instruments such as currency futures or options for currency is also permitted upon completion of any necessary disclosure or other documentation. No speculative currency hedging is permitted.

Investment Policy:

The MECRS' Board of Trustees investment objectives and risk tolerance are intended to achieve a maximum total return with emphasis on preservation of capital in real terms. The investment mix is designed to participate in rising markets, with defensive action expected to an even greater degree in declining markets. Total return includes interest, dividends, and realized/unrealized gains or losses from investments.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

The Board's investment policy permits fund assets to be invested in U.S. and non-U.S. equities, U.S. and non-U.S. fixed income securities and equity real estate commingled funds. Asset allocations among various classes are:

	Policy Mix	Current Mix		Policy Mix	Current Mix
Domestic Large Cap Equity	14% - 24%	18.5%	Absolute Return	2% - 8%	5.8%
Domestic SMId Cap Equity	4% - 8%	6.3%	Treasury Inflation Protected Securities	0% - 6%	3.9%
International Equity	8% - 15%	10.0%	Real Estate/Real Assets	8% - 15%	11.0%
International Small Cap	4% - 8%	4.8%	GAA Composite	8% - 15%	9.5%
Emerging International Equity	2% - 8%	5.3%	Private Equity	0% - 15%	5.2%
Core Bonds	4% - 8%	5.8%	Liquid Alternatives	0% - 7%	5.4%
Diversified Fixed Income	4% - 9%	6.3%	Cash	0% - 4%	2.2%

Fair Value:

The MECRS has the following fair value measurements as of December 31, 2018:

		Fair Value Measurements Using:			
Description		Quoted prices in active markets for identical assets (Level 1)		Net asset value	Unfunded commitments
Investments by fair value level:					
Equity securities:					
Fixed income	\$ 47,297,865	\$ 34,688,396	\$ 12,609,469	\$ -	
Domestic equity	53,983,491	40,272,536	13,710,955	-	
Emerging markets	11,466,917	-	11,466,917	-	
Specialty investments	20,672,803	10,972,438	9,700,365	-	
International equities	32,193,457	6,982,292	25,211,165	-	
Real estate	23,880,788	-	23,880,788	4,842,824	
Alternative equity	5,051,465	-	5,051,465	11,253,220	
Fixed income alternative	6,319,965	-	6,319,965	7,460,661	
Hedge funds of funds	11,833,545	-	11,833,545	-	
	<u>\$ 212,700,296</u>	<u>\$ 92,915,662</u>	<u>\$ 119,784,634</u>	<u>\$ 23,556,705</u>	

Note 3. Taxes and Abatements

The principal tax of the City is the tax on real property. The State has no cap or limit as to the rate or amount of tax a municipality may raise. The municipality's annual property tax rate is established by the Commissioner of the Department of Revenue Administration of the State, based on reports filed with the State. A single tax is levied for general, county and school purposes. The "assessment year" for taxing purposes runs from April 1 to March 31 of the following year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

The City bills and collects its property taxes in two installments. The levy dates are June 1 and November 1 and the due dates for these semi-annual tax billings are July 1 and December 1. Property taxes are recorded as a receivable and unearned revenue when billed, net of estimated allowance for abatements.

Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). The City places a lien on delinquent property taxes prior to May 1 of the following assessment year. From the date of the tax lien, a two-year period of redemption is allowed the owner, during which time payment of taxes, interest and costs will be accepted and the lien released.

As of levy year 2019, interest accrues on delinquent taxes at a rate of 8 percent per annum from the due date to the date of payment. During the redemption period, 14 percent interest per annum is charged. For levy years 2018 and older, 12 percent per annum is charged from the due date to the date of payment and 18 percent per annum is charged during the redemption period. Beyond the two-year period of redemption, the City has the right to foreclose on properties for which taxes have not been paid. Properties are deeded to the City unless the Governing Body has notified the tax collector that it will not accept the deed because acceptance could result in liability under environmental statutes imposing strict liability on owners. Except for any paramount federal lien and subject to bankruptcy and insolvency laws, tax liens take precedence over all other liens, and tax collector's deeds are free and clear of all encumbrances.

The City provides property tax abatements authorized under New Hampshire RSA 79E, *Community Revitalization Tax Relief Incentive*. The purpose of the program is to provide short-term property tax assessment relief to encourage enhancements to the downtown area with respect to economic activity and to replace or rehabilitate underutilized structures in urban centers. A property owner can apply for tax relief subject to the following limitations:

- The building is located within the Central Business District (CBSD), as defined by the BMA pursuant to Ordinance 37.02, or the Redevelopment District (RDV) as defined by Article 4.01 A. 10 of the Zoning Ordinance of the City.
- Substantial rehabilitation shall mean rehabilitation of a qualifying structure which costs at least 15% of the pre-habilitation assessed valuation or at least \$75,000 whichever is greater.
- The BMA shall grant a tax relief period of up to, but not exceeding, five years.

In order to qualify for tax relief, the proposed substantial rehabilitation must provide at least one of the following public benefits:

- Enhances the economic vitality of the downtown;
- Enhances and improves a structure that is culturally or historically important on a local, regional, state, or national level, either independently or within the context of a historic district, town center, or village center in which the building is located;
- Promotes development of municipal centers, providing for efficiency, safety, and a greater sense of community, consistent with New Hampshire RSA 9-B; or
- Increases residential housing in urban or town centers.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

RSA Chapter 79E stipulates that the BMA must review the application submitted by the property owner, schedule a public hearing within 60 days of receiving the application, and render a decision on the application within 45 days of the public hearing.

Property tax revenues were reduced by \$244,915 under agreements entered into by the City during fiscal year 2019.

Note 4. Receivables

Primary Government

	General	Nonmajor governmental	Water Works	EPD	Aviation	Nonmajor business type	Total
Property Taxes	\$ 39,933,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,933,403
Due from State of NH and other local governments	454,927	354,514	-	9,896,632	-	-	10,706,073
Prior year tax liens	305,147	-	-	-	-	-	305,147
Tax titles	4,706,089	-	-	-	-	-	4,706,089
Due from federal government	-	142,976	-	-	2,488,900	-	2,631,876
Accounts receivable-trade	2,622,015	433,863	4,628,186	5,583,437	2,666,361	119,482	16,053,344
Notes receivable	-	1,074,976	496,375	-	-	-	1,571,351
MSD book loan	2,800,000	-	-	-	-	-	2,800,000
CDBG Fund Receivable	-	10,899,284	-	-	-	-	10,899,284
Other	34,356	876,395	412,030	123,010	-	-	1,445,791
Total fund basis gross receivables	50,855,937	13,782,008	5,536,591	15,603,079	5,155,261	119,482	91,052,358
Allowance for collection losses	-	(150,533)	-	-	-	-	(150,533)
Total fund basis receivables, net	50,855,937	13,631,475	5,536,591	15,603,079	5,155,261	119,482	90,901,825
Interest receivable	281,369	-	-	-	-	-	281,369
Allowance for collection losses	(2,224,088)	-	-	-	-	-	(2,224,088)
Total entity-wide receivables, net	\$ 48,913,218	\$ 13,631,475	\$ 5,536,591	\$ 15,603,079	\$ 5,155,261	\$ 119,482	\$ 88,959,106

On July 1, 2010, the Manchester School District (MSD) accepted a promissory note from the City in the amount of \$3,200,000, with an interest rate of 1%. The note was originally issued for the purpose of purchasing textbooks and classroom technology. Per an amended agreement between the City and MSD, the City authorized MSD to spend the monies as they see fit. At a meeting of the Board of Mayor and Aldermen on May 7, 2013, the Board voted to forgive interest related to the textbook loan. In addition, further payments on the loan have been deferred until fiscal year 2022. The City will reimburse the MSD for eligible expenditures as they are made. The balance of this receivable at June 30, 2019 was \$2,800,000.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5. Interfund Receivables, Payables, and Transfers

Due from/to other funds consist of the following at June 30, 2019:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 6,757,119	\$ -
Capital Projects	-	6,722,439
Major Enterprise Funds:		
Water Works Fund	37,260	-
Environmental Protection Division Fund	-	55,202
Aviation Fund	33,009	-
Nonmajor Enterprise Funds:		
Parking Fund	-	49,747
Total	<u>\$ 6,827,388</u>	<u>\$ 6,827,388</u>

The balance of \$6,722,439 due from Capital Projects to the General Fund is the result of a short-term advance. The remaining outstanding balances resulted from the time lag between the dates payments occur between funds for various activities and are expected to be collected within one year.

Interfund transfers during the year ended June 30, 2019 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 3,751,202	\$ 2,708,385
Nonmajor Governmental Funds:		
Special Revenue Funds	2,708,385	-
Permanent Funds	-	500,100
Nonmajor Enterprise Funds:		
Parking Fund	-	3,251,102
Total	<u>\$ 6,459,587</u>	<u>\$ 6,459,587</u>

Transfers from the General Fund are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

Major interfund transfers include the following:

Transfer from the Parking Fund to the General Fund in the amount of \$3,251,102 for the annual transfer of profits. Transfer from the Cemetery Trust Fund to the General Fund of \$500,100 for the annual contribution into the general fund operating budget. Transfer from the General Fund to the Special Revenue Fund in the amount of \$2,708,385 to fund Community Improvement projects.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 6. Capital Assets

Governmental Activities

Changes in the governmental capital assets for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 12,251,267	\$ 1,716,000	\$ -	\$ 13,967,267
Easements	52,426	-	-	52,426
Construction-in-progress	2,539,350	2,257,370	(2,339,991)	2,456,729
Total capital assets, not being depreciated	14,843,043	3,973,370	(2,339,991)	16,476,422
Capital assets, being depreciated				
Buildings	408,051,034	-	(247,520)	407,803,514
Improvements other than buildings	34,417,086	921,930	(425,595)	34,913,421
Equipment	20,130,543	1,074,560	(202,654)	21,002,449
Vehicles	31,252,007	1,312,349	(1,282,478)	31,281,878
Infrastructure	126,603,287	1,511,297	-	128,114,584
Total capital assets, being depreciated	620,453,957	4,820,136	(2,158,247)	623,115,846
Less accumulated depreciation				
Buildings	200,462,868	12,093,276	(210,115)	212,346,029
Improvements other than buildings	19,799,533	1,124,040	(372,602)	20,550,971
Equipment	17,113,251	1,216,996	(183,822)	18,146,425
Vehicles	21,235,878	2,201,651	(1,271,702)	22,165,827
Infrastructure	65,186,832	4,630,004	-	69,816,836
Total accumulated depreciation	323,798,362	21,265,967	(2,038,241)	343,026,088
Governmental Activities Capital Assets, Net	\$ 311,498,638	\$ (12,472,461)	\$ (2,459,997)	\$ 296,566,180

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Business-type Activities

Changes in the business-type capital assets for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 61,576,095	\$ 182,942	\$ -	\$ 61,759,037
Construction-in-progress	12,675,346	30,423,165	(26,260,062)	16,838,449
Total capital assets, not being depreciated	74,251,441	30,606,107	(26,260,062)	78,597,486
Capital assets, being depreciated				
Buildings	502,906,975	8,345,809	(73,138)	511,179,646
Improvements other than buildings	409,013,778	14,956,863	-	423,970,641
Interceptors	91,856,370	-	-	91,856,370
Equipment, vehicles and intangibles	72,217,673	3,349,215	(143,170)	75,423,718
Total capital assets, being depreciated	1,075,994,796	26,651,887	(216,308)	1,102,430,375
Less accumulated depreciation				
Buildings	239,528,369	11,193,780	(54,705)	250,667,444
Improvements other than buildings	238,469,115	14,369,296	-	252,838,411
Interceptors	38,167,050	1,865,371	-	40,032,421
Equipment, vehicles and intangibles	37,709,083	3,323,390	(143,170)	40,889,303
Less total accumulated depreciation	553,873,617	30,751,837	(197,875)	584,427,579
Business-type Total Capital Assets, Net	\$ 596,372,620	\$ 26,506,157	\$ (26,278,495)	\$ 596,600,282

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Discretely Reported Component Units

Capital assets activity in the School District at June 30, 2019, consisted of the following:

	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 169,400	\$ -	\$ -	\$ 169,400
Total capital assets, not being depreciated	169,400	-	-	169,400
Capital assets, being depreciated				
Portable classrooms	548,612	-	-	548,612
Improvements	172,068	-	-	172,068
Instruments	11,949	63,590	(11,949)	63,590
Other machinery and equipment	6,334,326	548,871	(1,477,166)	5,406,031
Total capital assets, being depreciated	7,066,955	612,461	(1,489,115)	6,190,301
Total all capital assets	7,236,355	612,461	(1,489,115)	6,359,701
Less accumulated depreciation				
Portable classrooms	305,545	17,121	-	322,666
Improvements	74,564	5,735	-	80,299
Instruments	10,755	5,737	(11,949)	4,543
Other machinery and equipment	3,701,574	1,021,697	(1,477,166)	3,246,105
Less total accumulated depreciation	4,092,438	1,050,290	(1,489,115)	3,653,613
Total Capital Assets being depreciated, Net	\$ 3,143,917	\$ (437,829)	\$ -	\$ 2,706,088

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Capital asset activity in the MTA at June 30, 2019, consisted of the following:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 129,109	\$ -	\$ -	\$ 129,109
Total capital assets, not being depreciated	129,109	-	-	129,109
Capital assets, being depreciated				
Buildings and improvements	2,612,475	-	-	2,612,475
Buses	10,713,755	1,707,559	(655,358)	11,765,956
Equipment	2,035,811	163,876	-	2,199,687
Total capital assets being depreciated	15,362,041	1,871,435	(655,358)	16,578,118
Less accumulated depreciation	12,370,739	781,103	(655,357)	12,496,485
Total Capital Assets being depreciated, Net	\$ 3,120,411	\$ 1,090,332	\$ (1)	\$ 4,210,742

Capital asset activity in the MPTS at June 30, 2019, consisted of the following:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated				
Equipment	\$ 104,125	\$ -	\$ -	\$ 104,125
Improvements	132,702	-	-	132,702
Total capital assets, being depreciated	236,827	-	-	236,827
Less accumulated depreciation				
Equipment	104,125	-	-	104,125
Improvements	132,702	-	-	132,702
Less total accumulated depreciation	236,827	-	-	236,827
Total capital assets being depreciated, Net	\$ -	\$ -	\$ -	\$ -

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Governmental Activities:

General government	\$ 3,840,884
Public safety	1,793,063
Highways and streets	6,337,884
Health and welfare	255,355
Education and library	7,053,179
Parks and recreation	1,985,602
Total depreciation expense – governmental activities	<u>\$ 21,265,967</u>

Business-type Activities:

Water Works	\$ 4,123,386
EPD	7,337,582
Aviation	19,060,992
Parking	229,877
Total depreciation expense – business-type activities	<u>\$ 30,751,837</u>

Note 7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 8. Long-Term Debt

Below is a listing of all the Governmental long-term debt outstanding at June 30, 2019:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2019
Direct Borrowing:						
SRF Landfill	July-03	3.728	\$13,221,166	2020 - 2024	661,058	3,305,291
MERF loan	July-11	3.00	\$400,000	2020 - 2022	\$41,987 - \$44,544	129,779
GO Series 2016	June-16	1.55	\$12,167,005	2020 - 2022	\$2,905,000 - \$3,175,000	9,035,000
					sub total direct borrowing	12,470,070
General Obligation						
POB Series 2001 C	November-01	6.22	\$19,006,862	2020 - 2031	\$301,348 - \$669,622	5,884,903
GO Series 2003 B	December-03	5.00	\$22,718,111	2020	\$1,164,681	1,164,681
GO Series 2003 C	December-03	5.75	\$24,215,000	2020 - 2029	\$101,085 - \$185,000	1,401,282
School Series 2004	October-04	5.50	\$61,970,000	2020 - 2028	\$2,520,000 - \$5,745,000	38,355,000
GO Series 2010 B	June-10	4.375 - 5.40	\$12,454,634	2020 - 2030	\$550,000 - \$1,583,049	9,343,537
GO Series 2010 D	December-10	4.00 - 4.50	\$4,435,000	2020 - 2023	\$1,065,000 - \$1,155,000	4,435,000
GO Series 2010 E	December-10	4.75 - 6.125	\$28,910,000	2024 - 2041	\$1,185,000 - \$2,130,000	28,910,000
GO Series 2010 F	December-10	4.00 - 5.00	\$31,584,742	2020 - 2029	\$980,000 - \$2,338,729	16,720,635
Go Series 2011 A	December-11	3.00	\$2,855,000	2020 - 2022	\$300,000 - \$315,000	925,000
School Series 2011	December-11	3.00 - 4.00	\$16,695,000	2020 - 2028	\$50,000 - \$4,510,000	14,560,000
GO Series 2015 A	June-15	3.00 - 5.00	\$29,990,000	2020 - 2035	\$1,245,000 - \$2,280,000	28,050,000
GO Series 2015 B	June-15	3.00 - 3.15	\$3,285,000	2020 - 2025	\$315,000 - \$385,000	2,035,000
GO Series 2018 A	May-18	3.125 - 5.00	\$32,835,000	2020 - 2038	\$830,000 - \$2,390,000	32,475,000
GO Series 2018 B	May-18	3.10 - 4.00	\$1,764,000	2020 - 2025	\$225,000 - 275,000	1,515,000
					sub total general obligation bonds	185,775,038
					Total Governmental long-term debt	\$198,245,108

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Below is a listing of all the Business Type long-term debt outstanding at June 30, 2019:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2019
Direct Borrowings:						
SRF 2007	December-05	3.27	\$2,970,000	2020 - 2021	\$237,860 - \$245,638	483,498
SRF 2008 2	July-07	3.488	\$3,426,462	2020 - 2028	171,323	1,541,908
SRF 2008 3	January-08	3.488	\$4,412,033	2020 - 2028	\$220,602	1,985,415
SRF 2008 4	July-08	3.488	\$4,881,959	2020 - 2028	\$244,098	2,196,882
SRF 2009	September-08	4.208	\$4,147,317	2020 - 2028	\$207,366	1,866,293
SRF 2011 6	February-09	2.864	\$1,800,000	2020 - 2031	\$37,941 - \$51,761	534,316
SRF 2012 2	January-10	1.940	\$700,000	2020- 2022	\$38,137 - \$39,631	116,645
SRF 2011 1	March-10	2.864	\$3,321,513	2020 - 2030	\$166,076	1,826,832
SRF 2011 4	April-10	2.864	\$3,655,662	2020 - 2030	\$182,783	2,010,614
SRF 2011 3	July-10	1.790	\$920,948	2020	\$92,095	92,095
SRF 2011 5	July-10	2.864	\$205,000	2020 - 2030	\$10,314 - \$13,678	131,174
SRF 2011 2	September-10	2.864	\$2,733,457	2020 - 2030	\$136,673	1,503,401
SRF 2011 7	March-11	3.104	\$2,200,000	2020 - 2031	\$110,000	1,320,000
SRF 2012 1	March-11	3.104	\$5,750,000	2020 - 2031	\$143,750	1,725,000
SRF 2012 3	January-12	2.72	\$5,353,116	2020 - 2032	\$267,656	3,479,526
SRF 2018 1	July-17	1.96	\$9,000,000	2020 - 2047	\$230,436 - \$531,217	8,631,594
SRF 2018 2	July-17	1.225	\$1,200,000	2020 - 2027	\$116,158 - \$142,093	985,697
SRF 2019 1	July-18	2.00	\$2,375,000	2020 - 2038	\$118,750	2,256,250
SRF 2016 1	December-16	2.00	\$2,630,000	2020 - 2027	\$1,049,134	17,835,284
sub total direct borrowing						50,522,424
Direct Placements:						
Airport Series 2013	February-13	3.06	\$21,800,000	2020 - 2022	\$1,269,554 - \$2,124,410	5,454,431
Airport Series 2014	December-14	2.44	\$10,000,000	2020 - 2027	\$22,862 - \$2,136,521	9,905,434
Airport Series 2015	January-15	2.38	\$2,630,000	2020 - 2027	\$7,119 - \$482,763	2,287,766
Airport Series 2018	November-18	3.44	\$46,030,000	2020 - 2030	\$2,635,000 - \$10,410,000	46,030,000
sub total direct placements						63,677,631
grand total direct borrowing						114,200,055
General Obligation						
GO Series 2010 B	June-10	4.375 - 5.00	\$12,454,634	2020 - 2025	\$21,951 - \$25,366	141,463
POB Series 2001 C	November-01	6.22	\$1,803,138	2020 - 2031	\$18,652 - \$55,378	435,097
GO Series 2003 B	December-03	5.00	\$2,776,889	2020	\$215,319	215,319
GO Series 2003 C	December-03	5.75	\$3,545,000	2020 - 2024	\$8,537 - \$8,915	43,718
GO Series 2010 D	December-10	4.00 - 4.50	\$330,000	2020 - 2023	\$80,000 - \$85,000	330,000
GO Series 2010 E	December-10	4.75 - 5.50	\$805,000	2024 - 2031	\$90,000 - \$110,000	805,000
GO Series 2010 F	December-10	4.00 - 5.00	\$2,810,258	2020 - 2024	\$151,838 - \$206,271	899,365
Go Series 2011 C	December-11	3.00 - 5.00	\$36,375,000	2020 - 2034	\$1,305,000 - \$2,665,000	31,195,000
Airport Series 2012 A	June-12	4.00 - 5.00	\$59,215,000	2020 - 2032	\$1,000,000 - \$8,325,000	59,215,000
Airport Series 2012 B	June-12	5.00	\$25,725,000	2020	\$5,180,000	5,180,000
GO Series 2018 A	May-18	3.125 - 5.00	\$2,355,000	2020 - 2038	\$75,000 - \$165,000	2,280,000
sub total general obligation bonds						100,739,962
Total Business Type long-term debt						<u>\$ 214,940,017</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Primary Government

The debt service requirements of the City's outstanding General Obligation (GO) bonds, revenue bonds and notes payable at June 30, 2019 are as follows:

Governmental Activities long-term debt:

Fiscal year	<u>Bonds Payable - Direct Borrowings</u>			<u>Bonds Payable</u>		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 3,608,045	\$ 291,800	\$ 3,899,845	\$ 16,427,165	\$ 8,516,135	\$ 24,943,300
2021	3,659,305	230,870	3,890,175	14,392,278	7,747,700	22,139,978
2022	3,880,604	149,125	4,029,729	14,814,173	7,058,251	21,872,424
2023	661,058	73,933	734,991	14,791,918	6,335,069	21,126,987
2024	661,058	49,289	710,347	14,859,065	5,599,260	20,458,325
2025 - 2029	-	24,644	24,644	63,880,407	18,088,290	81,968,697
2030 - 2034	-	-	-	27,225,032	7,996,826	35,221,858
2035 - 2039	-	-	-	15,195,000	3,105,306	18,300,306
2040 - 2041	-	-	-	4,190,000	258,781	4,448,781
Debt Service Requirement	12,470,070	819,661	13,289,731	185,775,038	64,705,618	250,480,656
Add Net Bond Premium	-	-	-	11,564,830	-	11,564,830
Total Governmental Activities	\$ 12,470,070	\$ 819,661	\$ 13,289,731	\$ 197,339,868	\$ 64,705,618	\$ 262,045,486

Business-type Activities long-term debt:

Fiscal year	<u>** Bonds Payable - Direct Borrowings</u>			<u>Bonds Payable</u>		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 9,126,860	\$ 3,439,109	\$ 12,565,969	\$ 8,147,835	\$ 4,359,782	\$ 12,507,617
2021	8,572,094	2,982,071	11,554,165	8,587,723	3,960,442	12,548,165
2022	7,795,438	2,728,448	10,523,886	9,005,827	3,531,030	12,536,857
2023	8,588,828	2,496,649	11,085,477	9,413,082	3,100,540	12,513,622
2024	8,758,467	2,251,036	11,009,503	9,835,935	2,668,646	12,504,581
2025 - 2029	52,141,221	6,878,382	59,019,603	34,412,749	7,290,863	41,703,612
2030 - 2034	11,986,281	1,332,449	13,318,730	20,699,967	1,968,232	22,668,199
2035 - 2039	4,176,674	481,509	4,658,183	636,844	51,425	688,269
2040 - 2044	1,766,817	231,395	1,998,212	-	-	-
2045 - 2048	1,287,375	53,539	1,340,914	-	-	-
Debt Service Requirement	114,200,055	22,874,587	137,074,642	100,739,962	26,930,960	127,670,922
Add Net Bond Premium	2,128,629	-	2,128,629	89,606	-	89,606
Total Business-type Activities	\$ 116,328,684	\$ 22,874,587	\$ 139,203,271	\$ 100,829,568	\$ 26,930,960	\$ 127,760,528

**City of Manchester, New Hampshire – Department of Aviation, Manchester Boston Regional Airport separately issued financial statements presents the amortization of bonds payable, direct placement and direct borrowing separately.

The above table excludes amounts due to State of New Hampshire.

Interest rates for the City's outstanding GO bonds range from 1.225% to 6.22%. At June 30, 2019, the City's legal debt limit was \$1,087,948,000. Authorized and unissued financing resolutions as of June 30, 2019 totaled \$27,558,935.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

In prior years, the City defeased certain GO and other bonds by placing the securities purchased with the proceeds of new bonds in irrevocable trust accounts to provide for all future debt service payments of the refunded bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements.

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Due within One year
Governmental activities:					
General obligation debt - City	\$ 129,656,534	\$ 1,459,559	\$ 11,594,711	\$ 119,521,382	\$ 12,137,778
Revenue bonds payable - MSD	57,470,000	-	4,555,000	52,915,000	4,800,000
General obligation bonds payable - MSD	30,942,574	-	5,133,848	25,808,726	3,097,432
Premiums (discounts)	12,585,544	-	1,020,714	11,564,830	1,020,714
Net Bonds Payable	230,654,652	1,459,559	22,304,273	209,809,938	21,055,924
Compensated absences	14,031,673	1,817,471	1,578,969	14,270,175	3,567,640
Insurance claims	6,722,395	16,104,043	16,376,380	6,450,058	6,450,058
Capital lease	34,096	-	26,268	7,828	7,828
Net OPEB obligations	39,012,774	6,676,703	-	45,689,477	-
Net pension liability	202,934,691	11,095,377	-	214,030,068	-
Landfill post-closure care	400,000	-	25,000	375,000	-
	<u>\$ 493,790,281</u>	<u>\$ 37,153,153</u>	<u>\$ 40,310,890</u>	<u>\$ 490,632,544</u>	<u>\$ 31,081,450</u>
Business-type activities					
General obligation debt	\$ 90,235,350	\$ 2,375,000	\$ 5,742,965	\$ 86,867,385	\$ 5,749,014
Revenue bonds 1	140,633,812	-	12,561,180	128,072,632	11,525,682
Premiums (discounts)	2,896,083	-	677,848	2,218,235	459,111
Net Bonds Payable	233,765,245	2,375,000	18,981,993	217,158,252	17,733,807
Capital Lease	-	182,678	-	182,678	58,584
Net OPEB obligations	3,660,055	1,979,066	-	5,639,121	-
Net pension liability	30,033,739	6,486,381	-	36,520,120	-
Due to State of New Hampshire	2,755,584	4,707,655	1,630,284	5,832,955	5,832,955
Compensated absences	2,817,500	-	50,947	2,766,553	1,722,722
	<u>\$ 273,032,123</u>	<u>\$ 15,730,780</u>	<u>\$ 20,663,224</u>	<u>\$ 268,099,679</u>	<u>\$ 25,348,068</u>

¹ Current year decrease in revenue bonds includes (\$4,575,000) related to current year refunding issue of \$46,030,000.

The School District renovated a portion of West High School to move the Administration Department. The previous Administration Department Building was transferred from the School District to the General Fund. The School District no longer has responsibility for the remaining debt service of \$1,459,559. The remaining debt service, \$1,459,559, was transferred to the General Fund.

The EPD Enterprise Fund has thirteen loan agreements with original principal balances amounting to \$64,160,154 with the State of New Hampshire, State Water Pollution Control Revolving Fund (SRF) program for the purpose of financing certain projects in connection with the expansion of the wastewater treatment facility and water pollution abatement projects. The balance at June 30, 2019

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

totaled \$39,639,499; this amount is included in the \$86,867,385 General Obligation Debt for business-type activities.

The City has pledged future airport revenues, net of specified operating expenses, to repay \$130,201,259 in airport revenue bonds. Pledged revenues total \$39,758,958 and include certain operating and non-operating revenues and account balances under restricted assets. Proceeds from the bonds were used for various airport construction projects. The bonds are payable solely from the airport net revenues and are payable through 2032. As required by the bond agreement, the Authority must maintain a debt services coverage ratio of 1.25 to 1. The current year coverage ratio is 1.81. The total principal and interest remaining to be paid on the bonds is \$161,669,731. Principal and interest paid for the current year was \$13,794,111.

The Bond Resolution further requires the Department of Aviation to collect sufficient fees in each fiscal year so that Net Revenues (as defined) are at least equal to (a) 125% of current bond debt service, or (b) annual debt service, plus the operating reserve requirement, plus all other deposits required for the bond reserve and renewal/replacement accounts.

On November 20, 2018, the City closed on \$46,030,000 General Airport Revenue Bond Refunding. This bond was placed directly with TD Bank (the "2018 Airport Revenue Bond"). The 2018 Airport Revenue Bond was issued to refund the outstanding 2009A General Airport Revenue Bonds at a fixed rate of 3.44%. This represented a 8.77% savings on the refunded bonds and a Net Present Value Savings of \$4,436,531.

Note 9. Retirement Plans

The City follows the provisions of the *Governmental Accounting Standards Board Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, with respect to all of its employee retirement plans.

City Pension Plans

All full-time employees of the City participate in one of the City-administered pension plans or the state-administered New Hampshire Retirement System (NHRS).

The vast majority of employees of the City participate in the City of Manchester Employees' Contributory Retirement System (MECRS). Certain employees of the City participate in a prior pension plan known as the Old System. In addition, a limited number of former police and fire department employees covered by the NHRS also qualify for supplementary benefits that are administered and paid for by the City.

The City-administered MECRS and Old System pension plans are aggregated and reported as a single fiduciary fund type in the City's financial statements. Details of the financial position and results of operations for these two plans are as follows:

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

SCHEDULE OF PLAN NET POSITION - PENSION AND MEDICAL TRUST FUNDS

	MECRS Pension Trust 12/31/2018	MECRS Medical Trust 12/31/2018	Old System Pension Trust 6/30/2019	Total
Assets				
Cash and cash equivalents	\$ 4,003,730	\$ 741,355	\$ 536,976	\$ 5,282,061
Investments:	201,198,300	11,501,996	6,051,653	218,751,949
Receivables, net of allowances for collection losses	416,640	32,575	18,903	468,118
Capital assets, net where applicable, of accumulated depreciation	1,579	90	-	1,669
Total Assets	205,620,249	12,276,016	6,607,532	224,503,797
Liabilities				
Accounts and warrants payable	232,665	275	-	232,940
Accrued liabilities	1,532,521	12,597	-	1,545,118
Total Liabilities	1,765,186	12,872	-	1,778,058
Net Position				
Restricted for:				
Pension trust	203,855,063	-	6,607,532	210,462,595
OPEB	-	12,263,144	-	12,263,144
Net Position Restricted for Pension and OPEB Benefits	\$ 203,855,063	\$ 12,263,144	\$ 6,607,532	\$ 222,725,739

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

STATEMENT OF CHANGES IN PLAN NET POSITION - PENSION AND MEDICAL TRUSTS

	MECRS Pension Trust 12/31/2018	MECRS Medical Trust 12/31/2018	Old System Pension Trust 6/30/2019	Total
Additions				
Contributions				
Employer	\$ 13,113,367	\$ 856,677	\$ -	\$ 13,970,044
Plan members	2,387,579	674,011	-	3,061,590
Total Contributions	15,500,946	1,530,688	-	17,031,634
Investment Income				
Interest and dividends	2,884,820	168,941	324,682	3,378,443
Net realized and unrealized appreciation in fair value of investments	(13,815,327)	(820,890)	17,559	(14,618,658)
Other income	8,409	492	-	8,901
Less investment expense	(832,073)	(46,079)	-	(878,152)
Net Investment Income	(11,754,171)	(697,536)	342,241	(12,109,466)
Total Additions	3,746,775	833,152	342,241	4,922,168
Deductions				
Benefits paid directly to participants	17,781,112	1,065,835	1,266,045	20,112,992
Refunds of employee contributions	567,039	-	-	567,039
Administrative expenses	780,100	37,369	51,311	868,780
Total Deductions	19,128,251	1,103,204	1,317,356	21,548,811
Net Increase (Decrease)	(15,381,476)	(270,052)	(975,115)	(16,626,643)
Net Position Restricted for Pension and OPEB Benefits				
Beginning of year	219,236,539	12,533,196	7,582,647	239,352,382
End of year	\$ 203,855,063	\$ 12,263,144	\$ 6,607,532	\$ 222,725,739

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Total Net Pension Liability – Primary Government

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense reported by the Primary Government in the Statement of Net Position and Statement of Activities comprise all the pension plans in which City employees participate. Accordingly, the following additional detail is provided:

**Total Pension Liabilities, Deferred Outflows/Deferred Inflows Related to
Pensions, and Pension Expense - Primary Government**

GOVERNMENTAL ACTIVITIES				
	Net			
	Deferred Outflows	Pension Liability	Deferred Inflows	Pension Expense
MECRS	\$ 19,292,369	\$ 88,222,867	\$ 2,631,535	\$ 13,250,024
Old System	149,034	5,743,805	272,651	473,406
NHRS	<u>20,501,486</u>	<u>120,063,396</u>	<u>6,519,822</u>	<u>10,992,130</u>
Subtotal	39,942,889	214,030,068	9,424,008	24,715,560
BUSINESS-TYPE ACTIVITIES				
	Net			
	Deferred Outflows	Pension Liability	Deferred Inflows	Pension Expense
MECRS	9,140,964	35,508,032	2,116,657	5,395,901
Old System	<u>-</u>	<u>1,012,088</u>	<u>21,781</u>	<u>83,416</u>
Subtotal	<u>9,140,964</u>	<u>36,520,120</u>	<u>2,138,438</u>	<u>5,479,317</u>
TOTAL	<u>\$ 49,083,853</u>	<u>\$ 250,550,188</u>	<u>\$ 11,562,446</u>	<u>\$ 30,194,877</u>

Manchester Employees' Contributory Retirement System (MECRS)***A. MECRS Plan Description***

In 1974, the City established a single-employer public employee retirement system (the MECRS) to provide pension benefits to employees other than firefighters, police officers, teachers and employees previously covered under the Old System described below. Manchester School District administration employees are covered under this plan.

MECRS is a component unit of the City of Manchester and is reported as a fiduciary fund type in the City's comprehensive annual financial report. MECRS also issues an annual stand-alone financial report that is available from the MECRS administrative offices at 1045 Elm Street, Suite 403, Manchester, New Hampshire, 03101-1824. This stand-alone report can also be downloaded from the MECRS website at www.manchesterretirement.org.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Membership in the Plan consisted of the following at December 31, 2018, the date of the last actuarial valuation:

	<u>Pension</u>	<u>Medical</u>
Retirees and beneficiaries receiving benefits	914	354
Terminated vested members	109	109
Active members	<u>1,142</u>	<u>1,142</u>
Total Participants	<u><u>2,165</u></u>	<u><u>1,605</u></u>

By policy, the MECRS plan requires (i) an annual actuarial valuation with yearly updates and (ii) annual City contributions based on actuarial determinations. During the year of actuarial valuation, the City has historically contributed the annual required contribution (ARC) of the MECRS pension plan. Any difference between the ARC and the actual contribution made has been settled by the next actuarial valuation date.

B. MECRS Benefits Provided

Except as described in the following sentences, the MECRS applies to all full-time and permanent part-time employees of the City, including elected and appointed officials. The MECRS does not cover certain categories of employees, such as temporary employees, members of boards and commissions who are not full-time or permanent part-time employees of the City, members of the fire and police departments who are eligible to participate in the New Hampshire Retirement System (NHRS), and other persons who are eligible to participate in NHRS. In addition, the MECRS does not cover active employees hired before January 1, 1974 who elected to remain in the Old System pension plan.

All covered employees hired after January 1, 1974 are required to participate in the MECRS as a condition of employment. Employees are 100% vested after five years of service. The normal retirement age is 60 and the benefit is calculated at 1.5% of final average total compensation during the highest three years of service in the last ten years of service (hereafter final average earnings) multiplied by the years of service. The benefit was increased to 2% for service completed after January 1, 1999. If a member becomes totally and permanently disabled from a job-related incident, there is no service or age requirement and the minimum benefit is 50% of the final average earnings. For a non-job-related incident, disability benefits are payable only if 15 years of service have been rendered and are based on the accrued benefit to the date of disability.

Permanent employees of the City of Manchester prior to January 1, 1974 who were in service as of January 1, 1974, are eligible for early retirement if credited with no less than 20 years of service. Such early retirement benefit shall be equal to the greater of: (i) 50% of the member's final average earnings, or (ii) the sum of the member's years of service multiplied by 1.5% of the member's final average earnings (2% for service completed after January 1, 1999). Members enrolled subsequent to January 1, 1974 are eligible for early retirement benefits if their age plus years of service are equal to or greater than 80, or if they have attained age 55 with 20 years or more of service.

Cost of living adjustments (COLA) are granted pursuant to Administrative Rule 7 by the MECRS Board of Trustees.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

MECRS benefit provisions are established by the City and benefit provision changes require amendment of Chapter 218 of the City Charter, first by enabling legislation by the New Hampshire legislature and then subject to approval of the voters of the City through referendum.

C. MECRS Contributions

MECRS employee contribution rates are established by the City. Employee contribution changes require amendment of Chapter 218 of the City Charter, first by enabling legislation by the New Hampshire legislature and then subject to approval of the voters of the City through referendum.

Prior to January 1, 1999, all eligible employees were required to contribute 2.5% of their salaries to the MECRS; this contribution increased to 3.75% after January 1, 1999. If an employee leaves covered employment or dies before 5 years of service, the MECRS refunds accumulated employee contributions and their investment earnings, calculated at rates determined annually by the MECRS Board of Trustees.

The MECRS' legislative authority requires City contributions in amounts sufficient to fund the benefits set forth in the MECRS. The contributions are determined by the MECRS Board of Trustees on the basis of an independent actuary's valuation and are expressed as a percentage of gross payrolls. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension fund obligation.

The City's contribution rates as a percentage of payrolls in 2018 were based on actuarial valuations performed as of December 31, 2017. The City's contributions for 2018 were based on the amount recommended by the actuary. The recommended City contributions for 2018 consisted of normal cost of \$13,970,044 (this amount differs from the schedule presented on pg. 111 due to a transition from an actuarial determined contribution to a weekly percentage of payroll method) which included amortization of the net pension liability and unfunded actuarial accrued liability (credits) related to actuarial gains and assumption changes. At December 31, 2018, the unfunded prior service costs are being amortized over periods of twenty-two years. The employer customary actuarial determined contributions represented 26.87% of covered payroll for 2018.

D. MECRS Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the MECRS, and additions to/deductions from the MECRS' fiduciary net position have been determined on the same basis as they are reported by MECRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

E. MECRS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions – Primary Government

At June 30, 2019, the City (not including the Manchester School District, a component unit of the City) reported a net pension liability of \$123,730,899 for the MECRS. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

For the year ended June 30, 2019, the City (not including the Manchester School District, a component unit of the City) recognized pension expense of \$18,645,925. In addition, the City (not including the Manchester School District, a component unit of the City) reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,553,613	\$ 2,103,293
Changes of assumptions	5,105,007	-
Net difference between projected and actual earnings on pension plan investments	13,030,337	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>2,881,879</u>	<u>2,644,899</u>
Subtotal	22,570,836	4,748,192
Contributions subsequent to the measurement date	<u>5,862,497</u>	<u>-</u>
Total	<u>\$ 28,433,333</u>	<u>\$ 4,748,192</u>

Deferred outflows of resources related to the MECRS resulting from contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2019.

A summary of the amortization of the deferred outflows and deferred inflows can be found on page 90.

F. MECRS Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	December 31, 2018
Actuarial Cost Method:	Entry-Age Normal
Rate of investment return:	7.00%
Projected salary increases:	3.75% - 7.43%
Inflation Rate:	2.75%
COLA assumption	1.0% compounded annually

Mortality rates were based on the RP 2014 Mortality Table projected to 2026 for males and MP-2017 for females. This assumption is used to measure the probabilities of members dying after retirement. Eighty percent of these rates are used to measure the probability of dying before retirement. The

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projection to 2026 is the margin for mortality improvement. Post-retirement disabled mortality rates are based on the health mortality rates, set forward 10 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation at December 31, 2018, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Current Target</u>	<u>2019 Assumption</u>	<u>30 Year Real Returns Weighted Return</u>
Cash	2.0%	3.0%	0.1%
Equities:			
Large cap equities	16.0%	8.7%	1.4%
Small/mid cap equities	6.0%	9.5%	0.6%
International equities (unhedged)	10.0%	9.6%	1.0%
International small cap (unhedged)	5.0%	10.1%	0.5%
Emerging international equities	5.0%	12.5%	0.6%
Total Equity	42.0%		
Fixed Income:			
Core bonds	6.0%	4.5%	0.3%
Treasury Inflation Protected Securities	4.0%	4.2%	0.2%
Absolute return fixed income	5.0%	4.8%	0.2%
Diversified fixed income	6.0%	6.0%	0.4%
Total Fixed Income	21.0%		
Alternatives:			
Real estate (core)	10.0%	7.8%	0.8%
Liquid alternatives	5.0%	5.9%	0.3%
Private equity	10.0%	13.6%	1.4%
Global asset allocation	10.0%	7.8%	0.8%
Total Alternatives	35.0%		
2019 Expected 30 year real return			8.6%

G. MECRS Discount Rate

The discount rate used to measure the total pension liability was 7.00%.

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H. MECRS Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's (not including the Manchester School District, a component unit of the City) net pension liability calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

<u>Year Ended</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
December 31, 2018	\$ 157,428,370	\$ 123,730,899	\$ 95,158,576

I. MECRS Retiree Health Insurance Sub-Trust

Beginning in 2006, following the November 2005 ratification by City referendum of Chapter 41 Laws of 2005, the MECRS began operating a Retiree Health Insurance Sub-Trust (Sub-Trust) pursuant to the provisions of Internal Revenue Code Section 401(h). In March 2006, the member contribution rate increased by 1.25% to accumulate assets from which to pay benefits and on July 1, 2006, the MECRS began providing health insurance subsidies to both new and existing retirees based upon their creditable service at retirement. The benefit is limited to members who continue to obtain their health insurance through the City's health insurance plan after they retire. The benefit amount for those already retired on March 1, 2006 was equal to 50% of the amount paid to those retiring after that date. As of July 1, 2018, the City's employer contribution rate, which helps fund the benefit, increased from 1.40% to 1.75% based upon actuarial valuation results.

Contributions to the Sub-Trust are commingled with those of the pension trust and are invested in aggregate. All assets are invested as prescribed in the MECRS' investment guidelines. Under no circumstances are the Sub-Trust contributions made by the employee available for refund and in the event of termination, such contributions forfeit to the MECRS. Assets of the Sub-Trust are available solely for the payment of subsidy benefits to qualified members of the MECRS. Should the MECRS be discontinued, assets in excess of those required to meet ongoing benefit obligations of the MECRS would revert to the employer.

Old System Retirement Plan

A. Old System Plan Description

Prior to January 1, 1974, all eligible City employees participated in the Old System, a single employer contributory public employee retirement system (PERS). All employees hired before January 1, 1974 were given the option to remain in the Old System or participate in the MECRS. The Old System was replaced by the MECRS and only operates to cover the remaining participants. All employees covered under the Old System are fully vested. Benefits under the Old System are limited to retirement benefits without death benefits to survivors.

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As of July 1, 2019, the date of the latest actuarial valuation, Old System membership consisted of:

Members currently receiving benefits	75
Active Vested Members	<u>4</u>
Total Members	<u>79</u>

The Old System was closed to new employees as of January 1, 1974.

B. Old System Benefits Provided

Eligible employees who retire from active employment with the City after completing at least 20 years of service may receive a lifetime annuity equal to 50% of final year's pay. No other benefits are provided under the Old System plan.

C. Contributions

Active members are not required to contribute to the Old System plan. Actuarially determined employer contributions are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported. For the years ended June 30, 2019 and June 30, 2018, the City's actuarially determined contributions were \$808,107 and \$791,915 respectively. However, the City made no contributions to the Old System pension plan in either of these two fiscal years. Active members do not make contributions under the Old System Pension Plan.

D. Old System Summary of Significant Accounting Policies

The accounting policies of the Old System as reflected in the accompanying financial statements for the year ended June 30, 2019 conform to generally accepted accounting principles for public employee retirement systems (PERS). The more significant accounting policies of the Old System are summarized below:

Basis of Accounting – The Old System financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Investment Policy – Investments are reported at market value. Old System assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Old System pension plan.

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Old System and additions to/deductions from the Old System's fiduciary net position have been determined on the same basis as they are reported by the Old System. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at market value.

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E. Old System Pension Liability, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At June 30, 2019, the City reported a net pension liability of \$6,755,893 for the Old System plan. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

The components of the Old System net pension liability of the City at June 30, 2019 were as follows:

Total pension liability	\$ 13,358,260
Plan fiduciary net position	<u>6,602,367</u>
Net pension liability	<u>\$ 6,755,893</u>
Plan fiduciary net position as a percentage of the total pension liability	49.43%

For the year ended June 30, 2019, the City recognized pension expense of \$556,822. In addition, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ <u>149,034</u>	\$ <u>294,432</u>
Total	<u>\$ 149,034</u>	<u>\$ 294,432</u>

A summary of the amortization of the deferred outflows and deferred inflows can be found on page 90.

F. Old System Actuarial Assumptions

The total Old System pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2018
Actuarial cost method	Entry age normal
Investment rate of return	3.76%, net investment expenses
Projected salary increases	3.50%

Mortality rates for Pre-Retirement and Post-Retirement were based on the RP 2014 projected with full generational mortality improvement using Scale MP 2018 for Males or Females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

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are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Domestic equities	42.00%	4.50%
International equities	11.00%	5.90%
Fixed income	42.00%	0.80%
Cash	5.00%	0.00%
Total	100.0%	

G. Old System Discount Rate

The discount rate used to measure the Old System total pension liability was 3.76%. The projection of cash flows used to determine the discount rate assumed there will continue to be no future contributions made by plan members or the City. Based on those assumptions, the Old System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to the first 6 periods of projected benefit payments and a 3.50% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 3.50% municipal bond rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index as of June 30, 2019.

H. Old System Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Old System, calculated using the current discount rate of (3.76%), as well as what the Old System's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.76%) or 1 percentage-point higher (4.76%) than the current rate:

<u>Year Ended</u>	<u>1% Decrease (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase (4.76%)</u>
June 30, 2019	\$ 7,788,934	\$ 6,755,893	\$ 5,852,737

New Hampshire Retirement System (NHRS)

A. NHRS Plan Description

The City contributes to the NHRS, a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization

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under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The NHRS, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report, which is publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507, or on the NHRS website at www.nhrs.org.

B. NHRS Benefits Provided

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

Years of creditable service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

C. NHRS Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan. For fiscal year 2019, member contribution rates were set at 7% for Group I employees and teachers, 11.55% for Group II police members, and 11.80% for Group II fire members. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16. For fiscal year 2019, the City's pension contribution percentages for covered employee compensation were set at 11.08% for Group I employees, 15.7% for Group I teachers, 25.33% for Group II police members, and 27.79% for Group II fire members.

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The City's contributions to the NHRS pension plan for its covered police and fire members for the year ended June 30, 2019 totaled \$10,963,627 (exclusive of a \$1,700,682 medical subsidy), which was equal to its annual required contribution.

D. NHRS Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS' fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At June 30, 2019, the City reported a net pension liability of \$120,063,396 for its proportionate share of the NHRS' total net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net pension liability was based on an actuarially determined projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At June 30, 2019, the City's proportion was 2.49342365%.

For the year ended June 30, 2019, the City recognized pension expense of \$10,992,130. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 958,322	\$ 972,157
Changes of assumptions	8,308,981	-
Net difference between projected and actual earnings on pension plan investments	-	2,778,372
Changes in proportion and differences between contributions and proportionate share of contributions	270,556	2,769,293
Subtotal	9,537,859	6,519,822
Contributions subsequent to the measurement date	10,963,627	-
Total	\$ 20,501,486	\$ 6,519,822

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The amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase in pension expense in 2020.

A summary of the amortization of the deferred outflows and deferred inflows can be found on page 90.

F. NHRS Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5% per year
Salary increases	5.6% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Large cap equities	22.50%	4.25%
Small/mid cap equities	<u>7.50%</u>	4.50%
Total domestic equities	30.00%	
International equities (unhedged)	13.00%	4.50%
Emerging international equities	<u>7.00%</u>	6.00%
Total international equities	20.00%	
Core bonds	4.50%	0.50%
Short Duration	2.50%	-0.25%
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	<u>7.00%</u>	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	<u>5.00%</u>	2.15%
Total alternative investments	15.00%	
Real estate	<u>10.00%</u>	3.25%
Total investments	<u><u>100.00%</u></u>	

G. NHRS Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective total pension liability.

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H. NHRS Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate.

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 159,745,332	\$ 120,063,396	\$ 86,808,721

I. NHRS Fiduciary Net Position

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

Amortization of Deferred Outflows and Deferred Inflows Related to Pensions

Detail of the pension related deferred outflows and deferred inflows of resources exclusive of contributions subsequent to the measurement date are as follows:

	Deferred Outflows			
	<u>MECRS</u>	<u>Old System</u>	<u>NHRS</u>	<u>Total</u>
Governmental Activities	\$ 15,142,268	\$ 149,034	\$ 9,537,859	\$ 24,829,161
Business-Type Activities:				
Water Works	3,266,917	-	-	3,266,917
EPD	1,079,151	-	-	1,079,151
Aviation	2,490,730	-	-	2,490,730
Nonmajor	591,770	-	-	591,770
Subtotal	7,428,568	-	-	7,428,568
Total	\$ 22,570,836	\$ 149,034	\$ 9,537,859	\$ 32,257,729

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		Deferred Inflows			
		<u>MECRS</u>	<u>Old System</u>	<u>NHRS</u>	<u>Total</u>
Governmental Activities	\$	2,631,535	\$ 272,651	\$ 6,519,822	\$ 9,424,008
Business-Type Activities:					
Water Works		482,596	14,080	-	496,676
EPD		483,333	7,701	-	491,034
Aviation		1,060,789	-	-	1,060,789
Nonmajor		89,939	-	-	89,939
Subtotal		<u>2,116,657</u>	<u>21,781</u>	<u>-</u>	<u>2,138,438</u>
Total	\$	<u>4,748,192</u>	\$ <u>294,432</u>	\$ <u>6,519,822</u>	\$ <u>11,562,446</u>

The above amounts reported as deferred outflows and deferred (inflows) of resources will be recognized in pension expense as follows:

		Business-Type Activities				
Governmental		<u>Water Works</u>	<u>EPD</u>	<u>Aviation</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Activities</u>					
2020	\$ 6,228,858	\$ 1,053,833	\$ 225,510	\$ 541,216	\$ 189,937	\$ 8,239,354
2021	5,639,691	506,432	108,652	259,656	91,125	6,605,556
2022	(524,427)	407,535	82,922	215,909	75,772	257,711
2023	4,070,580	803,229	170,930	413,984	145,286	5,604,009
2024	(9,549)	(788)	103	(824)	(289)	(11,347)
	<u>\$ 15,405,153</u>	<u>\$ 2,770,241</u>	<u>\$ 588,117</u>	<u>\$ 1,429,941</u>	<u>\$ 501,831</u>	<u>\$ 20,695,283</u>

Note 10. Other Post Employment Benefits (GASB 75)

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

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CITY OPEB PLANS**Plan Descriptions and Background**

The City of Manchester provides postemployment medical benefits to City retirees and their covered dependents. The participants in the plan consist of all eligible employees under MECRS as well as those in the NH Retirement System. The City provides benefits for any employee who retires under the eligibility requirements. Medical coverage continues to the spouse after the death of the retiree provided the spouse makes the required contributions.

In general, retirees and their spouses pay 100% of coverage up through age 65. However, once the age of 65 is reached, the retiree is removed from the active group and has the option to pay for the Medicare Supplement Plan with the City.

The City-administered MECRS Medical Trust is aggregated and reported as a component of the fiduciary fund type in the City's financial statements. Details of the financial position and results of operations are on page 74.

Total/Net OPEB Liability – Primary Government

The total/net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense reported by the Primary Government in the Statement of Net Position and Statement of Activities comprise all the OPEB plans in which City employees participate. Accordingly, the following additional detail is provided:

**Net/Total OPEB Liabilities, Deferred Outflows/Deferred Inflows Related to
OPEB, and OPEB Expense - Primary Government**

GOVERNMENTAL ACTIVITIES				
		Net/Total		
	Deferred	OPEB	Deferred	OPEB
	<u>Outflows</u>	<u>Liability</u>	<u>Inflows</u>	<u>Expense</u>
MECRS	\$ 1,821,284	\$ 9,543,904	\$ 578,219	\$ 799,639
City	2,202,435	19,228,384	5,593,825	(152,755)
NHRS	<u>2,942,366</u>	<u>16,917,189</u>	<u>53,752</u>	<u>5,780,907</u>
Subtotal	6,966,085	45,689,477	6,225,796	6,427,791
BUSINESS-TYPE ACTIVITIES				
		Net/Total		
	Deferred	OPEB	Deferred	OPEB
	<u>Outflows</u>	<u>Liability</u>	<u>Inflows</u>	<u>Expense</u>
MECRS	1,779,706	3,841,240	23,132	522,135
City	<u>191,830</u>	<u>1,797,881</u>	<u>487,214</u>	<u>128,512</u>
Subtotal	<u>1,971,536</u>	<u>5,639,121</u>	<u>510,346</u>	<u>650,647</u>
TOTAL	<u>\$ 8,937,621</u>	<u>\$ 51,328,598</u>	<u>\$ 6,736,142</u>	<u>\$ 7,078,438</u>

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A. City OPEB Plan

All the following OPEB disclosures are based on a measurement date of June 30, 2019.

General Information about the OPEB PlanPlan Description

The City indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the City who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the City's healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the City pays for the retirees.

The City's OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75,

Plan Description

The City provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria will receive these benefits.

Plan Membership

At June 30, 2019, the following City (not including the Manchester School District, a component unit of the City) employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	194
Active employees	<u>1,141</u>
Total	<u><u>1,335</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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Inflation	2.6 percent
Discount rate	3.5 percent, net of investment expenses, including inflation
Healthcare cost trend rates	
Mortality	NHRS employees - Pre-Retirement Mortality: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvement using scale MP-2015. NHRS employees - Post-Retirement Mortality: RP-2014 Healthy Annuitant Mortality Tables for males and females projected with generational mortality improvement using scale MP-2015. MECRS employees - Pre-Retirement Mortality: 80% of RP-2014 Employees Mortality Tables for males and females, projected to 2026 using scale MP-2017. MECRS employees - Post-Retirement Mortality: RP-2014 Healthy Annuitant Mortality Tables for males and females, projected to 2016 using scale MP-2017.
Retirees' share of benefit-related costs	100 percent

The discount rate was based on the Bond Buyer 20-Bond GO Index published rate on June 27, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The City's (not including the Manchester School District, a component unit of the City) total OPEB liability of \$21,026,265, was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

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Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2018	\$ 20,461,341
Changes for the year:	
Service cost	876,935
Interest	803,674
Differences between expected and actual experience	(2,667,652)
Changes in assumptions or other inputs	2,694,927
Benefit payments	<u>(1,142,960)</u>
Net Changes	<u>564,924</u>
Balances at June 30, 2019	\$ <u><u>21,026,265</u></u>

Changes of benefit terms reflect changes in collective bargaining agreements.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87 percent in 2018 to 3.5 percent in 2019. All other assumptions were the same as those used in the previous measurement.

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

The following presents the City (not including the Manchester School District, a component unit of the City) total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
<u>\$ 22,981,088</u>	<u>\$ 21,026,265</u>	<u>\$ 19,262,116</u>

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

The following presents the City (not including the Manchester School District, a component unit of the City) total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

1% Decrease (2.9%)	Current Healthcare Cost Trend Rates (3.9%)	1% Increase (4.9%)
\$ 18,771,612	\$ 21,026,265	\$ 23,687,606

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

For the year ended June 30, 2019, the City (not including the Manchester School District, a component unit of the City) recognized an OPEB expense of \$(24,243). At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,689,398
Change in assumptions	<u>2,394,265</u>	<u>1,391,641</u>
Total	<u>\$ 2,394,265</u>	<u>\$ 6,081,039</u>

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

Year Ended June 30:

2020	\$ (837,551)
2021	(837,551)
2022	(837,551)
2023	(816,536)
2024	(504,372)
Thereafter	<u>146,787</u>
Total	<u>\$ (3,686,774)</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

*B. New Hampshire Retirement System Medical Subsidy Plan Description**General Information about the OPEB Plan*Plan Description

In addition to the OPEB plan discussed above, the City participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

1 Person -	\$375.56
2 Person -	\$751.12
1 Person Medicare Supplement -	\$236.84
2 Person Medicare Supplement -	\$473.68

Actuarial Assumptions and Other Inputs

The City (not including the Manchester School District, a component unit of the City) proportionate share of the NHRS Medical Subsidy as of June 30, 2019 is based upon an actuarial valuation performed as of June 30, 2017 (rolled forward to June 30, 2018) using a measurement date of June 30, 2018. The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%
Investment rate of return	7.25%
Discount rate	7.25%

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent experience study, which was for the period July 1, 2010 to June 30, 2015.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The City's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$16,917,189.

For the year ended June 30, 2019, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$5,780,907. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 99,300	\$ -
Changes in proportion	1,142,384	-
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>53,752</u>
Total	<u>\$ 1,241,684</u>	<u>\$ 53,752</u>
Contributions subsequent to the measurement date	<u>1,700,682</u>	
Total	<u>\$ 2,942,366</u>	<u>\$ 53,752</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2020.

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Year Ended June 30:

2019	\$ 1,224,914
2020	(16,770)
2021	(16,770)
2021	(3,442)
Total	\$ <u>1,187,932</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

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

<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
\$ 17,607,484	\$ 16,917,189	\$ 14,983,549

C. MECRS OPEB Plan

All the following OPEB disclosures are based on a measurement date of December 31, 2018.

General Information about the OPEB Plan

Plan Description

The MECRS OPEB plan is administered through a trust that meets the criteria in paragraph 4 of GASB 74.

Plan Membership

At June 30, 2019, the following City (not including the Manchester School District, a component unit of the City) employees were covered by the benefit terms:

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Inactive plan members or beneficiaries entitled to but not yet receiving benefit payments	109
Inactive plan members or beneficiaries currently receiving benefit payments	354
Active employees	<u>1,142</u>
Total	<u><u>1,605</u></u>

Actuarial Assumptions and Other Inputs

The Net OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified all assumptions are substantially the same as reported in Note 9 F on page 79.

Discount Rate

The discount rate used to measure the Net OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Net OPEB Liability

The MECRS's (not including the Manchester School District, a component unit of the City) Net OPEB liability of \$13,385,144, was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2018.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 26,405,178	\$ 12,535,536	\$ 13,869,642
Changes for the year:			
Service cost	667,057	-	667,057
Interest	1,834,405	-	1,834,405
Contributions - employer	-	856,677	(856,677)
Contributions - employee	-	674,011	(674,011)
Net investment income	-	(688,995)	688,995
Differences between expected and actual experience	871,321	-	871,321
Changes in assumptions or other inputs	-	(5,824)	5,824
Benefit payments	(1,065,835)	(1,065,835)	-
Administrative expense	-	(37,111)	37,111
Net Changes	2,306,948	(267,077)	2,574,025
Balances, end of year	\$ <u>28,712,126</u>	\$ <u>12,268,459</u>	\$ <u>16,443,667</u>
OPEB liability applicable to Manchester School District			<u>(3,058,523)</u>
Net OPEB liability applicable to the City			<u>13,385,144</u>

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

The following presents the MECRS (not including the Manchester School District, a component unit of the City) Net OPEB liability, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 16,455,052	\$ 13,385,144	\$ 10,816,265

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Information regarding the sensitivity of the Net OPEB liability because of changes to healthcare trends notes is not readily available.

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

At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual investment earnings	\$ 611,673	\$ 80,605
Changes in porportion and differences between contributions and proportionate share of contributions	1,045,938	520,746
Change in assumptions	1,266,442	-
Net difference between projected and actual OPEB investment earnings	<u>676,937</u>	<u>-</u>
Total	\$ <u>3,600,990</u>	\$ <u>601,351</u>

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

Year Ended June 30:

2020	\$ 541,939
2021	541,939
2022	541,939
2023	728,098
2024	390,086
Thereafter	<u>255,638</u>
Total	\$ <u>2,999,639</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Manchester School District

The School District provides postemployment benefits options for health care, life insurance and disability income to eligible retirees, terminated employees and their dependents. The benefits are provided in accordance with the School District's agreements, collective bargaining agreements and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include years of service, employee age, and whether the employee has vested in the respective retirement plan. The School District funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the School District subsidizing the remaining costs. Expenses for the post-retirement health care benefits are recognized as eligible employee claims are paid.

MTA

MTA contracted with an outside consultant to assist in the determination and valuation of the OPEB liability under GASB 75. An OPEB liability actuarial valuation was completed by the consultants as of June 30, 2019.

Plan Description

The Authority sponsors a post-retirement benefit (OPEB) plan that provides health insurance to retiring employees. The Manchester Transit Authority Retiree Medical Benefit Plan is a single-employer defined benefit healthcare plan administered by the Authority and the Union. The Authority currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide post-employment benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Note 11. Contingent Liabilities and Risk Management

There are various claims and legal actions pending against the City for which provision has been made in the financial statements. In the opinion of the City Solicitor and other City officials, losses arising from these claims and legal actions, if any, will not have a material adverse effect on the City.

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be significant.

The City's insurance coverage consists of both self-insured programs and policies maintained with various carriers. Coverage has not been materially reduced nor has settled claims exceeded commercial coverage in any of the past three years.

Changes in the balances of claims liabilities as described below recorded by the City during the past three years are as follows:

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2019	\$6,722,395	\$16,104,043	\$16,376,380	\$6,450,058
2018	\$7,304,568	\$16,043,476	\$16,625,649	\$6,722,395
2017	\$7,324,237	\$15,988,602	\$16,008,271	\$7,304,568

Health

Accident and health claims are administered through a private carrier. The City is self-insured under this program. The City maintains a stop-loss policy with limits of \$250,000 per year, per claim.

Property

Property insurance is maintained with a commercial insurer and provides for a deductible of \$100,000 for each claim and an overall coverage limit of \$35,000,000.

General Liability

Liability claims are administered through a private carrier. The City is self-insured under this program, except for the Aviation Fund which maintains a liability insurance policy which provides coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. State law generally limits a city's liability for an incident to \$325,000 per individual and \$1,000,000 per incident. \$595,246 was recorded in the government wide statements governmental activities for fiscal year 2019 as the City's estimated liabilities for unsettled claims.

Worker's Compensation

Worker's compensation claims are administered through a private carrier. The City is self-insured under this program for all City employees. There is a \$1,150,000 limit per employee per claim. \$5,389,508 was recorded in the government wide statements governmental activities as the City's estimated liability for all types of claims incurred in 2019 or prior, which have not been settled.

Department of Aviation

The DA has comprehensive airport liability insurance policies with insurance companies, which provide coverage generally up to \$250,000,000 for each occurrence and in the aggregate in any one annual period of insurance. Claims are subject to a deductible amount of \$1,000 for each occurrence up to a maximum of \$10,000 during any one annual insurance period. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Regulatory

The City was issued an Administrative Order in 1998 by the United States Environmental Protection Agency (EPA), requiring the City to evaluate and plan for appropriate treatment of Combined Sewer

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Overflows (CSOs) pursuant to the Federal Clean Water Act. The City completed all work required by the Administrative Order on schedule in 2010.

The City prepared a Phase II Long-Term Control Plan to address the CSOs on the City's East Side and submitted it to the EPA in March 2010. The Phase II CSO abatement program recommends \$230 million in environmental infrastructure improvements over 20 years to the City's East Side. The City is currently negotiating a Consent Decree with the EPA for the CSO Phase II program. Due to area flooding, the City completed construction of the first Phase II contract in 2014 and 2016.

The City was issued a Notice of Violation by the EPA for the wastewater treatment plant's incinerator emissions in 2016. The City was issued a Consent Decree by the EPA in 2018 to achieve compliance. The City is constructing a project that will achieve full compliance with the EPA's new incinerator emissions regulations by the end of 2019.

Note 12. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations required the City to place final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$375,000 reported as landfill closure and postclosure care liability at June 30, 2019 represents the cumulative amount reported to date based on use of 100 percent of the estimated capacity of the landfill. The City closed the landfill on June 28, 1996. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Note 13. Deferred Inflows of Resources

Deferred Inflows of resources are the acquisition of net position by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

Note 14. Fund Deficits

As of June 30, 2019, the following Funds had unassigned fund balance deficits; CDBG Fund \$33,363, Other Grants Fund \$498,028 and Capital Projects Funds \$7,879,232.

The City anticipates financing the deficit through future revenues.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 15. Restricted Net Position

Below is a listing of restricted net position at June 30, 2019:

	Governmental			
	Activities	Water Works	EPD	Aviation
Bond fund	\$ -	\$ -	\$ -	\$ 7,431,414
Bond reserve fund	-	-	-	14,497,814
Revenue bond operations and maintenance reserve	-	-	-	8,832,000
Renewal and replacement	-	-	-	250,000
Passenger facility charges	-	-	-	2,141,036
Capital improvement account	-	-	814,943	-
Workers compensation	1,772,360	-	-	-
Cemetery and other trust funds-nonspendable	28,643,336	-	-	-
Cemetery and other trust funds-restricted	4,059,639	-	-	-
Merrimack source development	-	18,309,678	-	-
Total Restricted Net Position	34,475,335	18,309,678	814,943	33,152,264
Less accrued bond interest	-	-	-	(2,536,765)
Total Restricted Net Position	\$ 34,475,335	\$ 18,309,678	\$ 814,943	\$ 30,615,499

Note 16. Fund Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The City has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2019:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing special article appropriations approved by the Board of Mayor and Alderman, capital reserve funds set aside by Board of Mayor and Alderman vote (now reported as part of the general fund per GASB 54), and various special revenue funds.

Assigned - Represents amounts that are constrained by the City's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various City departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Below is a table of fund balance categories and classifications at June 30, 2019 for the City governmental funds:

	General Fund	Capital Projects	Other Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid expenses	\$ 1,360,641	\$ -	\$ -	\$ 1,360,641
Inventories	779,217	-	-	779,217
MSD book loan	2,800,000	-	-	2,800,000
Cemetery/library trust	-	-	28,643,336	28,643,336
Total nonspendable	4,939,858	-	28,643,336	33,583,194
Restricted:				
Capital projects	-	2,766,861	-	2,766,861
Worker's compensation	1,772,360	-	-	1,772,360
Grants	-	-	5,696,432	5,696,432
Cemetery/library trust	-	-	4,059,639	4,059,639
Civic center	-	-	540,871	540,871
Total restricted	1,772,360	2,766,861	10,296,942	14,836,163
Committed:				
Health insurance	1,363,627	-	-	1,363,627
General liability insurance	346,265	-	-	346,265
Snow reserve	200,000	-	-	200,000
Land Use Change Tax Reserve	30,000	-	-	30,000
Severance reserve	1,797,788	-	-	1,797,788
Roadway degradation fee reserve	2,367,787	-	-	2,367,787
Municipal and Transportation Improvement	383,309	-	-	383,309
General government	15,508	-	-	15,508
Highway and streets	20,000	-	-	20,000
Public safety	1,712	-	-	1,712
Expendable Trust	-	-	2,313,374	2,313,374
Hud Section 108 Fund	-	-	187,776	187,776
Parks and Recreation	168,962	-	-	168,962
Total committed	6,694,958	-	2,501,150	9,196,108
Assigned:				
General government - encumbrances	479,209	-	-	479,209
Public safety - encumbrances	341,741	-	-	341,741
Health and sanitation - encumbrances	22,965	-	-	22,965
Highway and streets - encumbrances	762,000	-	-	762,000
Welfare - encumbrances	7,576	-	-	7,576
Education - encumbrances	2,417	-	-	2,417
Parks and recreation - encumbrances	82,749	-	-	82,749
Total assigned	1,698,657	-	-	1,698,657
Unassigned:				
Unassigned	9,654,570	(7,879,232)	(531,391)	1,243,947
Total unassigned	9,654,570	(7,879,232)	(531,391)	1,243,947
Total fund balance	\$ 24,760,403	\$ (5,112,371)	\$ 40,910,037	\$ 60,558,069

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 17. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statements No. 84, *Fiduciary Activities*, effective for the City beginning with its fiscal year ending June 30, 2020. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statements No. 87, *Leases*, effective for the City beginning with its fiscal year ending June 30, 2021. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

Note 18. Subsequent Events

In November 2019, the City reached agreement on the terms and conditions of a Consent Decree (the Decree) with the Environmental Protection Agency, the Department of Justice and the New Hampshire Department of Environmental Services regarding the execution of a Phase II Combined Sewer Overflow (CSO) project. The City approved the Decree in December 2019. We expect the Department of Justice and the Environmental Protection Agency to execute the Decree in early 2020.

The Decree mandates over \$230 million dollars of CSO abatement work over a 20 year period. This work includes the separation of storm water and wastewater, improvements to the wastewater treatment plant, as well as improvements to the City's adjacent infrastructure including roadways, sidewalks, curbing and our growing trail network. The City anticipates that all costs resulting from compliance with the Decree will be met with increased sewer usage rates.

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

**Required Supplementary Information
(Unaudited)**

CITY OF MANCHESTER, NEW HAMPSHIRE
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (GASB 68)*

(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 6,361,053	\$ 6,341,280	\$ 6,327,991	\$ 6,468,648	\$ 6,589,804
Interest on the total pension liability	23,600,140	22,956,480	22,438,990	21,231,157	20,108,289
Differences between expected and actual experience in the measurement of the total pension liability	(172,714)	201,281	(5,201,876)	4,528,433	2,603,699
Changes of assumptions	-	9,866,319	-	-	-
Benefit payments, including refunds of employee contributions	<u>(18,348,151)</u>	<u>(16,835,045)</u>	<u>(16,032,864)</u>	<u>(14,963,425)</u>	<u>(12,543,344)</u>
Net change in total pension liability	11,440,328	22,530,315	7,532,241	17,264,813	16,758,448
Total pension liability - beginning	<u>344,418,296</u>	<u>321,887,981</u>	<u>314,355,740</u>	<u>297,090,927</u>	<u>280,332,479</u>
Total pension liability - ending (a)	355,858,624	344,418,296	321,887,981	314,355,740	297,090,927
Plan fiduciary net position					
Contributions - employer	13,113,367	12,221,415	8,391,457	11,613,137	10,959,998
Contributions - employees	2,387,579	2,342,148	2,389,882	2,744,956	2,254,021
Pension plan net investment income	(11,827,389)	30,429,722	11,543,017	(4,783,148)	6,754,397
Benefit payments, including refunds of employee contributions	(18,348,151)	(16,835,045)	(16,032,864)	(14,963,425)	(12,543,344)
Pension plan administrative expense	(706,882)	(759,927)	(791,764)	(693,329)	(601,610)
Other changes	<u>(41,434)</u>	<u>(50,612)</u>	<u>(61,855)</u>	<u>(65,963)</u>	<u>(50,008)</u>
Net change in plan fiduciary net position	(15,422,910)	27,347,701	5,437,873	(6,147,772)	6,773,454
Plan fiduciary net position - beginning	<u>219,277,973</u>	<u>191,930,272</u>	<u>186,492,399</u>	<u>192,640,171</u>	<u>185,866,717</u>
Plan fiduciary net position - ending (b)	<u>203,855,063</u>	<u>219,277,973</u>	<u>191,930,272</u>	<u>186,492,399</u>	<u>192,640,171</u>
Net pension liability - ending (a-b)	<u>\$ 152,003,561</u>	<u>\$ 125,140,323</u>	<u>\$ 129,957,709</u>	<u>\$ 127,863,341</u>	<u>\$ 104,450,756</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

* This schedule is inclusive of the Manchester School District, a component unit of the City

See Notes to Financial Statements for summary of actuarial methods and assumptions.

See Independent Auditors' Report

**CITY OF MANCHESTER, NEW HAMPSHIRE
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULES OF THE NET PENSION LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (GASB 68)*

(Unaudited)

Schedule of the Net Pension Liability

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability	\$ 355,858,624	\$ 344,418,296	\$ 321,887,981	\$ 314,355,740	\$ 297,090,927
Plan fiduciary net position	<u>203,855,063</u>	<u>219,277,973</u>	<u>191,930,272</u>	<u>186,492,399</u>	<u>192,562,665</u>
Net pension liability	<u><u>\$ 152,003,561</u></u>	<u><u>\$ 125,140,323</u></u>	<u><u>\$ 129,957,709</u></u>	<u><u>\$ 127,863,341</u></u>	<u><u>\$ 104,528,262</u></u>
Plan fiduciary net position as a percentage of the total pension liability	57.29%	63.67%	59.63%	59.33%	64.82%
Covered payroll	\$ 51,787,265	\$ 53,364,536	\$ 52,888,074	\$ 52,953,903	\$ 54,267,183
Net pension liability as a percentage of covered payroll	293.52%	234.50%	245.72%	241.46%	192.62%

Schedule of Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 13,113,367	\$ 12,221,415 ¹	\$ 8,391,457 ²	\$ 11,613,137 ²	\$ 10,959,998 ²
Contributions in relation to the contractually required contribution	<u>13,113,367</u>	<u>12,221,415</u>	<u>8,391,457</u>	<u>11,613,137</u>	<u>10,959,998</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 51,787,265	\$ 53,364,536	\$ 52,888,074	\$ 52,953,903	\$ 54,267,183
Contributions as a percentage of covered payroll	25.32%	22.90%	15.87%	21.93%	20.20%

Schedule of Investment Returns

<i>Year Ended December 31</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money weighted rate of return, net of investment expense	-5.5%	15.9%	6.3%	-2.5%	3.6%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

* These schedules are inclusive of the Manchester School District, a component unit of the City.

¹⁾ Beginning January 1, 2017, the City returned to a weekly percentage of payroll method for the payment of the employer obligation to the pension fund. As a result of that transition, and as a result of a procedure sanctioned by the actuary, the December 2016 semi-annual payment was cancelled. Under the new payment method, the City will still owe an annual "True-Up" for 2017, to be followed by a final "True-Up" payment for a six month period following the 2018 valuation.

²⁾ Except as noted above, 2017, 2016 and 2015 contributions were actuarial determined.

See Notes to Financial Statements for summary of actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
OLD SYSTEM PENSION TRUST
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (GASB 68)

(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ -	\$ 16,027	\$ 18,157	\$ 34,755	\$ 52,770
Interest on the total pension liability	540,284	544,339	516,863	800,703	908,525
Differences between expected and actual experience in the measurement of the total pension liability	-	(901,997)	-	(1,284,322)	(556,703)
Changes of assumptions	338,910	863,082	(566,613)	1,971,523	534,707
Benefit payments, including refunds of employee contributions	<u>(1,269,226)</u>	<u>(1,357,692)</u>	<u>(1,405,754)</u>	<u>(1,551,678)</u>	<u>(1,543,414)</u>
Net change in total pension liability	(390,032)	(836,241)	(1,437,347)	(29,019)	(604,115)
Total pension liability - beginning	<u>13,748,292</u>	<u>14,584,533</u>	<u>16,021,880</u>	<u>16,050,899</u>	<u>16,655,014</u>
Total pension liability - ending (a)	<u>13,358,260</u>	<u>13,748,292</u>	<u>14,584,533</u>	<u>16,021,880</u>	<u>16,050,899</u>
Plan fiduciary net position					
Pension plan net investment income	304,899	574,648	925,222	(75,022)	440,396
Benefit payments, including refunds of employee contributions	(1,269,226)	(1,357,692)	(1,405,754)	(1,551,678)	(1,543,414)
Pension plan administrative expense	<u>(15,952)</u>	<u>(14,017)</u>	<u>(21,995)</u>	<u>(11,629)</u>	<u>(64,663)</u>
Net change in plan fiduciary net position	(980,279)	(797,061)	(502,527)	(1,638,329)	(1,167,681)
Plan fiduciary net position - beginning	<u>7,582,646</u>	<u>8,379,707</u>	<u>8,882,234</u>	<u>10,520,563</u>	<u>11,688,244</u>
Plan fiduciary net position - ending (b)	<u>6,602,367</u>	<u>7,582,646</u>	<u>8,379,707</u>	<u>8,882,234</u>	<u>10,520,563</u>
Net pension liability - ending (a-b)	<u>\$ 6,755,893</u>	<u>\$ 6,165,646</u>	<u>\$ 6,204,826</u>	<u>\$ 7,139,646</u>	<u>\$ 5,530,336</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Financial Statements for summary of actuarial methods and assumptions.

See Independent Auditors' Report

CITY OF MANCHESTER, NEW HAMPSHIRE
OLD SYSTEM PENSION TRUST
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE NET PENSION LIABILITY AND CONTRIBUTIONS (GASB 68)
(Unaudited)

Schedule of the Net Pension Liability

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 13,358,260	\$ 13,748,292	\$ 14,584,533
Plan fiduciary net position	<u>6,602,367</u>	<u>7,582,646</u>	<u>8,379,707</u>
Net pension liability	<u><u>\$ 6,755,893</u></u>	<u><u>\$ 6,165,646</u></u>	<u><u>\$ 6,204,826</u></u>
Plan fiduciary net position as a percentage of the total pension liability	49.43%	55.15%	57.46%
Covered payroll	\$ 294,625	\$ 283,421	\$ 283,420
Net pension liability as a percentage of covered payroll	2293.05%	2175.44%	2189.27%

Schedule of Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 808,107	\$ 791,915	\$ 665,949
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ 808,107</u></u>	<u><u>\$ 791,915</u></u>	<u><u>\$ 665,949</u></u>
Covered payroll	\$ 294,625	\$ 283,421	\$ 283,420
Actual contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Financial Statements for summary of actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NEW HAMPSHIRE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)
JUNE 30, 2019
(Unaudited)**

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2019	June 30, 2018	2.493%	\$120,063,396	\$ 39,866,826	301.16%	64.7%
June 30, 2018	June 30, 2017	2.531%	\$124,450,514	\$ 38,912,144	319.82%	62.7%
June 30, 2017	June 30, 2016	2.554%	\$135,802,989	\$ 38,348,521	354.13%	58.3%
June 30, 2016	June 30, 2015	2.594%	\$102,751,888	\$ 37,094,467	277.00%	66.5%
June 30, 2015	June 30, 2014	2.569%	\$96,430,327	\$ 38,767,121	248.74%	66.3%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NEW HAMPSHIRE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)
JUNE 30, 2019
(Unaudited)**

New Hampshire Retirement System					
<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	\$ 10,963,627	\$ 10,963,627	\$ -	\$ 41,480,052	26.43%
June 30, 2018	\$ 10,539,221	\$ 10,539,221	\$ -	\$ 39,866,826	26.44%
June 30, 2017	\$ 9,270,373	\$ 9,270,373	\$ -	\$ 38,912,144	23.82%
June 30, 2016	\$ 9,144,766	\$ 9,144,766	\$ -	\$ 38,348,521	23.85%
June 30, 2015	\$ 8,715,379	\$ 8,715,379	\$ -	\$ 37,094,327	23.50%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**SCHEDULE OF PROPORTIONATE SHARE
OF THE TOTAL OPEB LIABILITY (GASB 75)
JUNE 30, 2019
(Unaudited)**

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Total OPEB Liability</u>	<u>Proportionate Share of the Total OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2019	June 30, 2018	3.695%	\$16,917,189	\$ 39,866,826	42.43%	7.53%
June 30, 2018	June 30, 2017	2.521%	\$11,527,086	\$ 38,912,144	29.62%	7.91%
June 30, 2017	June 30, 2016	2.534%	\$12,268,677	\$ 38,348,521	31.99%	5.21%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
June 30, 2019	June 30, 2018	\$1,700,682	\$1,700,682	\$0	\$41,480,052	7.91%
June 30, 2018	June 30, 2017	\$1,634,388	\$1,634,388	\$0	\$39,866,826	7.91%
June 30, 2017	June 30, 2016	\$1,494,227	\$1,494,227	\$0	\$38,912,144	5.21%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
CITY OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY AND CONTRIBUTIONS (GASB 75)

(Unaudited)

City OPEB Plan

Changes in Total OPEB Liability

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 876,935	\$ 1,080,725
Interest on total liability - time value of \$	803,674	895,624
Differences between expected and actual experience	(2,667,652)	(4,353,244)
Changes of assumptions	2,694,927	(509,511)
Benefit payments, including refunds of member contributions	<u>(1,142,960)</u>	<u>(1,179,529)</u>
Net change in total OPEB liability	564,924	(4,065,935)
Total OPEB liability - beginning	<u>20,461,341</u>	<u>24,527,276</u>
Total OPEB liability - ending	<u><u>\$ 21,026,265</u></u>	<u><u>\$ 20,461,341</u></u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

CITY OF MANCHESTER, NEW HAMPSHIRE
MANCHESTER EMPLOYEE CONTRIBUTORY RETIREMENT SYSTEM OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)

SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY AND CONTRIBUTIONS (GASB 75)

(Unaudited)

Changes in Total OPEB Liability

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 667,057	\$ 629,368
Interest on unfunded liability - time value of \$	1,834,405	1,657,437
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	871,321	(139,278)
Changes of assumptions	-	2,188,276
Benefit payments, including refunds of employee contributions	<u>(1,065,835)</u>	<u>(954,291)</u>
Net change in total OPEB liability	2,306,948	3,381,512
Total OPEB liability - beginning	<u>26,405,178</u>	<u>23,023,666</u>
Total OPEB liability - ending (a)	<u>28,712,126</u>	<u>26,405,178</u>
Plan fiduciary net position		
Contributions - employer	856,677	715,870
Contributions - employees	674,011	680,166
OPEB plan net investment income	(688,995)	1,681,916
Benefit payments, including refunds of employee contributions	(1,065,835)	(954,291)
OPEB plan administrative expense	(37,111)	(44,790)
Other changes	<u>(5,824)</u>	<u>-</u>
Net change in plan fiduciary net position	(267,077)	2,078,871
Plan fiduciary net position - beginning	<u>12,535,536</u>	<u>10,456,665</u>
Plan fiduciary net position - ending (b)	<u>12,268,459</u>	<u>12,535,536</u>
Net OPEB liability - ending (a-b)	<u>\$ 16,443,667</u>	<u>\$ 13,869,642</u>

Schedule of Contributions

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 856,677	\$ 715,870
Contributions in relation to the contractually required contribution	<u>856,677</u>	<u>715,870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 51,787,265	\$ 53,364,536
Contributions as a percentage of covered payroll	25.32%	22.90%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

General Fund
Required Supplementary Information
Statement of Revenues and Expenditures -
Budget and Actual (Budget Basis) - Unaudited

City of Manchester, New Hampshire
Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes	\$ 103,566,420	\$ 103,723,486	\$ 101,763,235	\$ (1,960,251)
Federal and state grants and aid	3,660,802	3,685,736	3,768,875	\$ 83,139
Nonenterprise charges for sales and services	4,709,557	4,709,557	4,813,711	\$ 104,154
Licenses and permits	22,784,680	22,784,680	24,589,011	\$ 1,804,331
Interest	902,750	902,750	1,302,239	\$ 399,489
Other	13,885,541	13,753,741	14,273,190	\$ 519,449
Total Revenues	149,509,750	149,559,950	150,510,261	950,311
<u>Expenditures</u>				
Current:				
General government	64,784,910	64,610,012	64,769,457	(159,445)
Public safety	44,992,274	45,375,182	45,375,182	-
Health and sanitation	2,954,528	2,618,596	2,618,596	-
Highway and streets	16,171,283	16,223,680	16,223,680	-
Welfare	926,331	822,680	822,680	-
Education	1,998,154	2,036,597	2,036,597	-
Parks and recreation	4,285,831	4,334,268	4,334,268	-
Debt service:				
Principal retirement	11,863,203	11,594,711	11,594,711	-
Interest	5,349,442	5,493,151	5,493,151	-
Total Expenditures	153,325,956	153,108,877	153,268,322	(159,445)
Excess (Deficiency) of revenues under expenditures	(3,816,206)	(3,548,927)	(2,758,061)	790,866
<u>Other Financing Sources (Uses)</u>				
Transfers in	3,846,206	3,796,006	3,751,202	(44,804)
Transfers out	(30,000)	(247,079)	(247,079)	-
Total Other Financing Sources (Uses)	3,816,206	3,548,927	3,504,123	(44,804)
Expenses and Other Financing Uses Over Revenues and Other Financing Sources	\$ -	\$ -	\$ 746,062	\$ 746,062

General Fund
Schedule of Revenues and Operating Transfers in -
Budget and Actual (Budget Basis) - Unaudited

City of Manchester, New Hampshire
Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Taxes</u>				
Property tax	\$ 100,480,112	\$ 100,637,178	\$ 98,306,764	\$ (2,330,414)
Miscellaneous taxes	20,525	20,525	284,624	\$ 264,099
Interest and penalties	1,170,000	1,170,000	1,380,618	\$ 210,618
Cable franchise fees	1,895,783	1,895,783	1,791,229	\$ (104,554)
Total Taxes	103,566,420	103,723,486	101,763,235	(1,960,251)
<u>Federal and State Grants and Aid</u>				
Federal grants	351,000	351,000	307,068	(43,932)
Payments in lieu of taxes	654,300	654,300	784,512	130,212
State Grants	2,655,502	2,680,436	2,677,295	(3,141)
Total Federal and State Grants and Aid	3,660,802	3,685,736	3,768,875	83,139
<u>Nonenterprise Charges for Sales and Services</u>				
<u>Sales and Services</u>				
General revenues	170,524	170,524	191,493	20,969
Public safety	270,500	270,500	254,490	(16,010)
Highway	1,135,574	1,135,574	1,314,384	178,810
Health	13,500	13,500	7,575	(5,925)
Cemetery, Parks & Recreation	1,793,734	1,793,734	1,613,234	(180,500)
Zoning board	69,000	69,000	83,908	14,908
Parking violations	2,500	2,500	8,650	6,150
Court fines	9,000	9,000	10,733	1,733
Fees	1,165,225	1,165,225	1,275,283	110,058
Witness fees	80,000	80,000	53,961	(26,039)
Total Nonenterprise Charges for Sales and Services	4,709,557	4,709,557	4,813,711	104,154
<u>Licenses and Permits</u>				
Auto registrations	19,348,844	19,348,844	21,004,567	1,655,723
Licenses	522,514	522,514	534,491	11,977
Permits	2,913,322	2,913,322	3,049,953	136,631
Total Licenses and Permits	22,784,680	22,784,680	24,589,011	1,804,331
<u>Interest</u>				
Income from invested funds	902,750	902,750	1,302,239	399,489
<u>Other Revenues</u>				
Reimbursements	3,223,394	3,223,594	3,676,524	452,930
Rentals & Leases	1,133,643	1,133,643	1,161,120	27,477
School chargebacks	9,525,841	9,393,841	9,227,647	(166,194)
Miscellaneous	2,663	2,663	207,899	205,236
Total Other Revenues	13,885,541	13,753,741	14,273,190	519,449
Total Revenues	149,509,750	149,559,950	150,510,261	950,311
Transfers in	3,846,206	3,796,006	3,751,202	(44,804)
Total Transfers in	3,846,206	3,796,006	3,751,202	(44,804)
Total Revenues and Transfers in	\$ 153,355,956	\$ 153,355,956	\$ 154,261,463	\$ 905,507

General Fund
Schedule of Expenditures, Encumbrances and
Other Financing Uses - Budget and Actual (Budget Basis) - Unaudited

City of Manchester, New Hampshire
Year Ended June 30, 2019

	Original Budget	Revised Budget	Total Commitments	Commitments vs Revised Budget Variance
General Government				
Aldermen	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Assessors	612,629	580,878	580,878	-
City Clerk	990,419	960,206	960,206	-
City Solicitor	1,268,682	1,149,361	1,149,361	-
Civic Contribution	143,640	161,760	161,760	-
Central Fleet Management	3,188,433	3,108,001	3,108,001	-
Economic Development Office	139,151	145,421	145,421	-
Senior Services	222,007	228,963	228,963	-
Finance	952,853	953,609	953,609	-
Information Systems	1,589,242	1,624,863	1,624,863	-
Mayor	235,784	232,689	232,689	-
MPTS	451,253	451,253	451,253	-
MTA	1,171,979	1,171,979	1,171,979	-
Nondepartmental	43,073,570	43,048,407	43,207,852	(159,445)
Non-city Program	73,074	73,074	73,074	-
Human Resources	776,763	799,562	799,562	-
Planning and Community Development	2,032,556	1,983,943	1,983,943	-
Facilities Division	6,689,148	6,785,222	6,785,222	-
Tax Collector	512,495	510,716	510,716	-
Youth Services	591,232	570,105	570,105	-
Total General Government	64,784,910	64,610,012	64,769,457	(159,445)
Public Safety				
Fire	19,732,544	20,339,062	20,339,062	-
Police	25,259,730	25,036,120	25,036,120	-
Total Public Safety	44,992,274	45,375,182	45,375,182	-
Health and Sanitation				
Health	2,954,528	2,618,596	2,618,596	-
Total Health and Sanitation	2,954,528	2,618,596	2,618,596	-
Highway and Streets				
Highway	16,171,283	16,223,680	16,223,680	-
Total Highway and Streets	16,171,283	16,223,680	16,223,680	-
Welfare				
Welfare	926,331	822,680	822,680	-
Total Welfare	926,331	822,680	822,680	-
Education				
Library	1,998,154	2,036,597	2,036,597	-
Total Education	1,998,154	2,036,597	2,036,597	-
Parks and Recreation				
Parks & Recreation	4,285,831	4,334,268	4,334,268	-
Total Parks and Recreation	4,285,831	4,334,268	4,334,268	-
Debt Service				
Principal retirement	11,863,203	11,594,711	11,594,711	-
Interest	5,349,442	5,493,151	5,493,151	-
Total Debt Service	17,212,645	17,087,862	17,087,862	-
Total Expenditures	153,325,956	153,108,877	153,268,322	(159,445)
Other Financing Uses				
Community Improvement Program	30,000	247,079	247,079	-
Total Other Financing Uses	30,000	247,079	247,079	-
Total Expenditures and Other Financing Uses	\$ 153,355,956	\$ 153,355,956	\$ 153,515,401	\$ (159,445)

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2019 – Unaudited

Budgets and Appropriations

Pursuant to the City's Charter, Section 6.01, the City adopts an annual budget for all General Fund functions and certain enterprise functions (the Water Works enterprise fund operates on a non-appropriated budgetary basis). The legal level of budgetary control is the department level. The special revenue and capital project funds are also appropriated on an annual basis.

All portions of the annual City budget and the MSD budget are prepared under the direction of the Mayor. The Mayor establishes the procedures applicable to the preparation and adoption of the annual budget. Budgets include all proposed expenditures and the proposed use of all anticipated revenues. All departments, agencies, and officers submit detailed statements of departmental budget requests to the Mayor per established procedures.

The Mayor develops budget recommendations on appropriations and revenues and submits the recommendations to the BMA on or before the last day of March of each year. Departmental appropriations are made on a bottom-line basis. Benefits and non-departmental items are appropriated apart from the departmental budgets.

The Finance Committee of the BMA reviews the proposed budget recommendations presented by the Mayor. The BMA may increase, reduce or reject any item in the budget submitted by the Mayor. A public hearing is required to be conducted. A majority vote of the BMA is required to adopt the budget appropriation resolutions and is to be completed no later than the second Tuesday in June. The Mayor has line item veto authority.

If the BMA fail to adopt appropriation resolutions, the budget, as originally submitted by the Mayor, shall become the budget.

If during the fiscal year the Mayor certifies, after consultation with and verification by the Finance Officer, that there are available for appropriation revenues in excess of those estimated in the budget, the BMA may make supplemental appropriations for the year up to the amount of such excess, after observing the budget procedures set forth in section 6.04 of the City Charter. There were no additional appropriations during the year.

If at any time during the fiscal year it appears probable to the Mayor, after consultation with and verification by the Finance Officer, that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the Mayor shall report to the BMA without delay, indicating the estimated amount of the deficit, any remedial action taken by the Mayor and recommendations as to any other steps to be taken. The BMA shall then take such further action as it deems necessary to prevent or reduce any deficit and for that purpose it may reduce one or more appropriations.

Pursuant to the state level requirements, the budgetary level of control is established by object categories within the departmental budgets. Departmental budget transfers from one object category to another must be approved by the Finance Officer prior to approval of the BMA. The Finance Officer is responsible for establishing controls related to the management and monitoring of the budget to prevent expenditures from exceeding budgeted appropriations.

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2019 – Unaudited

Limitation on Budget Increase

The City applies Charter Section 6.15, which limits annual budget increases.

The amendment does not apply to (a) the Enterprise Funds of the City of Manchester, i.e., the Aviation Department, the Environmental Protection Division, the Parking Division, the Water Works, the Recreation Enterprise Division and such other enterprise funds as duly created by the BMA and (b) the Central Business Service District. In addition, Section 6.15 does not apply to amounts payable in connection with municipal bond obligations, whether issued for school or municipal purposes. Furthermore, budgetary restrictions described in any part of Section 6.15 may be overridden upon a vote of two-thirds (2/3) of all Aldermen elected. Such override only would apply to the budget then under consideration.

Section 6.15 provides in part as follows: “In establishing a combined municipal budget, the BMA shall be allowed to assume estimated property revenues only in an amount not to exceed the property tax revenues raised, excluding property tax revenues raised for amounts payable in connection with municipal bond obligations, during the prior fiscal year increased by a factor equal to the average of the changes in the National Consumer Price Index – Urban as published by the United States Department of Labor for the three (3) calendar years immediately preceding the year of the budget adoption.”

Section 6.15 further provides as follows: “Capital expenditures may be excepted from being included in the expenditures that are subject to the prior limitation upon a two-thirds (2/3) vote of all the Aldermen elected. The exception made under this section shall expire upon adoption of the budget for the next budget year, unless two-thirds (2/3) of all the Alderman elected vote to renew the exception for the next budget year. If the average of the changes in the Consumer Price Index-Urban as published by the United States Department of Labor for the three (3) immediately preceding calendar years declines, then the increase in total expenditures, excluding amounts payable in connection with municipal bond obligations, shall be zero.” The FY 2019 and 2020 budget increases are capped at 1.63% and 2.03%, respectively.

Section 6.15 further provides as follows: “Total expenditure, excluding amounts payable in connection with municipal bond obligations, for any given budget year shall not exceed the amount of funds reasonably calculated to be derived from property tax revenues established pursuant to Paragraph A.4 herein, increased by the other revenues generated by the City.”

Budgetary Accounting

Encumbrance accounting is employed in governmental funds. On the GAAP basis, encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2019 – Unaudited

The City employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statements of Revenues and Expenditures - Budgetary Basis, presents the “actual” results to provide a comparison with the budgets.

The major differences between the budgetary basis and the GAAP basis are:

- (a) Tax revenues are recorded when invoiced (budgetary), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no firm liability exists.

Budget/GAAP reconciliation

Reconciliation of the reported revenues, expenditures and changes in fund balance of the general fund between the budgetary basis and the GAAP basis are presented below:

	Revenues	Expenditures	Transfers In	Transfers Out	Net Change
Statement of revenues, expenditures and changes in fund balance - budgetary basis	\$ 150,510,261	\$ 153,268,322	\$ 3,751,202	\$ 247,079	\$ 746,062
Central Business District	258,004	259,000	-	-	(996)
Transfer out to projects from reserves	-	-	-	2,708,385	(2,708,385)
Eliminate interfund transfer between fund 0101 and fund 0203	(13,527)	-	-	(247,079)	233,552
Fund 0203 Cash project fund expenditures	-	233,552	-	-	(233,552)
Tax revenues of 2018 recognized in 2019	4,908,233	-	-	-	4,908,233
Tax revenues of 2019 deferred until 2020	(4,463,331)	-	-	-	(4,463,331)
Interest paid on notes receivable	106,768	-	-	-	106,768
Sale of capital assets	550,000	-	-	-	550,000
Excavation fee program	964,161	-	-	-	964,161
Municipal & Transportation improvement	538,039	-	-	-	538,039
Special projects	-	(40,000)	-	-	40,000
Miscellaneous	231,222	6,127	-	-	225,095
Land Use Change Tax Reserve	30,000	-	-	-	30,000
Insurance - CGL	-	(6,925)	-	-	6,925
Health insurance	-	(25,373)	-	-	25,373
Transfer of severance pay surplus to reserve	-	1,626,421	-	-	(1,626,421)
Expenditures of prior year encumbrances	-	1,474,399	-	-	(1,474,399)
Current year encumbrances	-	(1,632,452)	-	-	1,632,452
Statement of revenues, expenditures and changes in fund balance (in conformity with GAAP)	\$ 153,619,830	\$ 155,163,071	\$ 3,751,202	\$ 2,708,385	\$ (500,424)

**Combining and Individual Fund Financial Statements
and Other Schedules**



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General Fund

General Fund

The general fund is the principal fund of the City and is used to account for all activities of the City, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the City (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

General Fund
Comparative Balance Sheets

City of Manchester, New Hampshire
June 30, 2019 and 2018

	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 74,185,714	\$ 53,229,142
Restricted cash and cash equivalents	9,976,652	8,461,516
Investments	5,736,112	40,918,398
Receivables, net of allowances for collection losses	50,855,937	44,090,825
Prepaid expenses	1,360,641	1,146,444
Due from other funds	6,757,119	1,139,422
Inventories	779,217	847,763
Other current assets	125,000	156,250
Total Assets	\$ 149,776,392	\$ 149,989,760
<u>Liabilities</u>		
Accounts and warrants payable	\$ 3,745,827	\$ 3,445,921
Retainage payable	48,180	54,231
Accrued liabilities	3,503,360	3,764,418
Tax refunds payable	2,224,088	2,081,498
Other liabilities	3,675,704	2,241,975
Insurance claims payable	930,473	921,682
Due to Manchester School District	30,241,168	35,466,356
Unearned revenue	570,584	140,822
Total Liabilities	44,939,384	48,116,903
<u>Deferred inflows of resources</u>		
Unavailable revenues - property taxes	4,768,479	5,233,957
Unearned revenues - property taxes	39,855,438	28,936,484
Unearned revenues - taxes collected in advance	34,999,200	39,724,081
Unavailable revenues - other revenues collected in advance	453,488	2,717,508
Total deferred inflows of resources	80,076,605	76,612,030
<u>Fund Balances</u>		
Nonspendable	4,939,858	4,794,207
Restricted	1,772,360	2,224,364
Committed	6,694,958	6,624,726
Assigned	1,698,657	1,695,580
Unassigned	9,654,570	9,921,950
Total Fund Balances	24,760,403	25,260,827
Total liabilities, deferred inflows of resources and fund balances	\$ 149,776,392	\$ 149,989,760

General Fund
Comparative Statements of Revenues,
Expenditures and Changes in Fund Balances

City of Manchester, New Hampshire
Years Ended June 30, 2019 and 2018

	2019	2018
<u>Revenues</u>		
Taxes	\$ 102,496,141	\$ 101,624,767
Federal and state grants and aid	3,755,343	3,625,250
Charges for sales and services	4,859,658	4,769,187
Licenses and permits	26,090,771	25,049,001
Interest	1,409,008	524,440
School charge backs	9,227,647	9,264,906
Lease and rent income	1,128,456	1,124,918
Debt Recovery	1,107,294	1,117,410
Miscellaneous	2,995,512	2,953,201
Total Revenues	153,069,830	150,053,080
<u>Expenditures</u>		
Current:		
General government	34,886,280	31,384,669
Public safety	68,270,668	66,428,451
Health and sanitation	4,008,661	4,229,683
Highway and streets	21,028,876	20,715,962
Welfare	1,117,147	1,332,476
Education	2,982,029	2,906,686
Parks and recreation	5,775,739	5,701,773
Capital Outlay	5,809	43,531
Debt service:		
Principal retirement	11,594,711	11,537,019
Interest	5,493,151	4,808,251
Total Expenditures	155,163,071	149,088,501
Deficiency of revenues over expenditures	(2,093,241)	964,579
<u>Other Financing Sources (Uses)</u>		
Proceeds from sale of capital assets	550,000	318
Transfers in	3,751,202	3,764,393
Transfers out	(2,708,385)	(1,761,343)
Total Other Financing Sources (Uses)	1,592,817	2,003,368
Net Change in Fund Balance	(500,424)	2,967,947
Fund Balance, beginning of year	25,260,827	22,292,880
Fund Balance, end of year	\$ 24,760,403	\$ 25,260,827

Nonmajor Governmental Funds



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Special Revenue Funds

Special revenue funds are used to account for revenues legally restricted for specific expenditures.

HUD Section 108 Fund

To account for Housing and Urban Development Programs that qualify for funding under Section 108.

CDBG Fund

To account for various Community Development Block Grant funded programs.

Other Grant Fund

To account for all other Federal, State and Private grants for special programs administered by City Departments.

Civic Center Fund

To account for a portion of the Meals and Rooms Tax distribution from the State of New Hampshire to help fund a City owned civic center.

Revolving Loan Fund

To account for a loan program funded by CDBG funds.

Expendable Trust Fund

To account for contributions and income received from various revenue sources for non-capital and capital reserve funds.

Permanent Funds

Permanent funds are to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Trust Fund

To account for assets, contributions and income earned on investments used to maintain the City's cemeteries and endowment funds, as well as for other purposes deemed appropriate by the Trustees.

Library Trust Fund

To account for contributions and income earned on investments used to maintain the City's library. The principal of the Trust is preserved with income used to add to the City's library resources.

Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue			
	HUD Section 108 Fund	CDBG Fund	Other Grant Fund	Civic Center Fund
Assets				
Cash and cash equivalents	\$ 650,984	\$ 133,285	\$ 4,711,097	\$ -
Restricted cash and cash equivalents	-	-	726,511	540,871
Restricted investments	-	-	-	-
Receivables, net of allowances for collection losses	846,660	10,899,284	1,800,055	-
Total Assets	\$ 1,497,644	\$ 11,032,569	\$ 7,237,663	\$ 540,871
Liabilities and Fund Equity				
Liabilities				
Accounts and warrants payable	\$ -	\$ 19,538	\$ 483,178	\$ -
Accrued liabilities	-	4,940	34,325	-
Other liabilities	1,309,868	-	122,847	-
Unearned revenue	-	11,041,454	1,554,573	-
Total Liabilities	1,309,868	11,065,932	2,194,923	-
Fund balances (deficits)				
Nonspendable	-	-	-	-
Restricted	-	-	5,540,768	540,871
Committed	187,776	-	-	-
Unassigned	-	(33,363)	(498,028)	-
Total Fund balances (deficits)	187,776	(33,363)	5,042,740	540,871
Total Liabilities and Fund Equity	\$ 1,497,644	\$ 11,032,569	\$ 7,237,663	\$ 540,871

City of Manchester, New Hampshire

June 30, 2019

Special Revenue		Permanent Funds		
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total
\$ -	\$ 1,142,824	\$ 912,439	\$ 46,293	\$ 7,596,922
536,530	-	-	201,798	2,005,710
-	1,170,550	26,347,587	5,188,346	32,706,483
77,783	-	87	7,606	13,631,475
\$ 614,313	\$ 2,313,374	\$ 27,260,113	\$ 5,444,043	\$ 55,940,590
\$ -	\$ -	\$ 1,181	\$ -	\$ 503,897
-	-	-	-	39,265
458,649	-	-	-	1,891,364
-	-	-	-	12,596,027
458,649	-	1,181	-	15,030,553
-	-	23,892,014	4,751,322	28,643,336
155,664	-	3,366,918	692,721	10,296,942
-	2,313,374	-	-	2,501,150
-	-	-	-	(531,391)
155,664	2,313,374	27,258,932	5,444,043	40,910,037
\$ 614,313	\$ 2,313,374	\$ 27,260,113	\$ 5,444,043	\$ 55,940,590

Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances (Deficits)

	Special Revenue			
	HUD Section 108 Fund	CDBG Fund	Other Grant Fund	Civic Center Fund
<u>Revenues</u>				
Federal and state grants and aid	\$ -	\$ 2,771,916	\$ 5,424,495	\$ 5,296,916
Interest	32,773	-	-	7,609
Contributions	-	-	1,128,090	-
Net appreciation (depreciation) in fair value of securities	-	-	-	-
Other	-	-	-	-
Total Revenues	32,773	2,771,916	6,552,585	5,304,525
<u>Expenditures</u>				
Current:				
General government	-	2,207,675	1,440,221	5,424,909
Public safety	-	71,061	1,664,638	-
Health and sanitation	-	20,000	2,714,318	-
Highway and streets	-	111,193	1,499,203	-
Parks and recreation	-	54,865	51,398	-
Cemetery trust	-	-	-	-
Investment management fee	-	-	-	-
Capital outlay	-	294,837	809,913	-
Debt service:				
Interest	36,777	-	-	-
Total Expenditures	36,777	2,759,631	8,179,691	5,424,909
Excess (deficiency) of revenues over expenditures	(4,004)	12,285	(1,627,106)	(120,384)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	2,708,385	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	2,708,385	-
Net Change in Fund Balance (Deficit)	(4,004)	12,285	1,081,279	(120,384)
Fund Balance (Deficit), beginning of year	191,780	(45,648)	3,961,461	661,255
Fund Balance (Deficit), end of year	\$ 187,776	\$ (33,363)	\$ 5,042,740	\$ 540,871

City of Manchester, New Hampshire
Year Ended June 30, 2019

Special Revenue		Permanent Funds		
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total
\$ -	\$ -	\$ -	\$ -	\$ 13,493,327
12,469	52,595	1,188,147	139,466	1,433,059
-	450,823	127,445	99,077	1,805,435
-	55,754	113,310	203,132	372,196
11,039	-	-	-	11,039
23,508	559,172	1,428,902	441,675	17,115,056
-	732,821	-	250,069	10,055,695
-	-	-	-	1,735,699
-	-	-	-	2,734,318
-	-	-	-	1,610,396
-	-	-	-	106,263
-	-	74,472	-	74,472
-	-	52,262	73,632	125,894
-	-	-	-	1,104,750
-	-	-	-	36,777
-	732,821	126,734	323,701	17,584,264
23,508	(173,649)	1,302,168	117,974	(469,208)
-	-	-	-	2,708,385
-	-	(500,100)	-	(500,100)
-	-	(500,100)	-	2,208,285
23,508	(173,649)	802,068	117,974	1,739,077
132,156	2,487,023	26,456,864	5,326,069	39,170,960
\$ 155,664	\$ 2,313,374	\$ 27,258,932	\$ 5,444,043	\$ 40,910,037



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Statistical Section

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 141

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 150

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 156

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 161

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 164

Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

City of Manchester, New Hampshire
Table 1

	2010 *	2011	2012	2013	2014	2015	2016	2017	2018 *	2019
Governmental activities:										
Net investment in capital assets	\$ 134,654,018	\$ 140,218,259	\$ 141,589,820	\$ 138,136,953	\$ 141,643,156	\$ 132,864,167	\$ 129,313,006	\$ 136,783,674	\$ 111,460,362	\$ 111,117,342
Restricted	19,466,347	18,990,583	23,071,145	24,720,045	27,640,940	28,475,544	28,332,984	31,984,959	34,007,297	34,475,335
Unrestricted	(27,211,134)	(24,479,074)	(22,513,971)	(18,702,119)	(39,935,901)	(194,919,019)	(191,048,782)	(218,406,961)	(226,759,159)	(240,679,666)
Total governmental activities net position	\$ 126,909,231	\$ 134,729,768	\$ 142,146,994	\$ 144,154,879	\$ 129,348,195	\$ (33,579,308)	\$ (33,402,792)	\$ (49,638,328)	\$ (81,291,500)	\$ (95,086,989)
Business-type activities:										
Net investment in capital assets	\$ 304,237,386	\$ 306,967,260	\$ 318,572,917	\$ 318,507,431	\$ 338,138,218	\$ 340,731,477	\$ 357,446,113	\$ 353,802,649	\$ 359,020,913	\$ 373,100,197
Restricted	59,496,926	63,087,461	55,255,580	54,860,666	49,641,409	47,118,514	42,767,676	47,520,434	41,422,051	49,740,120
Unrestricted	28,740,551	32,711,684	32,527,468	37,638,450	35,909,989	18,791,549	16,297,466	23,452,904	24,631,511	10,966,243
Total business-type activities net position	\$ 392,474,863	\$ 402,766,405	\$ 406,355,965	\$ 411,006,547	\$ 423,689,616	\$ 406,641,540	\$ 416,511,255	\$ 424,775,987	\$ 425,074,475	\$ 433,806,560
Primary government:										
Net investment in capital assets	\$ 438,891,404	\$ 447,185,519	\$ 460,162,737	\$ 456,644,384	\$ 479,781,374	\$ 473,595,644	\$ 486,759,119	\$ 490,586,323	\$ 470,481,275	\$ 484,217,539
Restricted	78,963,273	82,078,044	78,326,725	79,580,711	77,282,349	75,594,058	71,100,660	79,505,393	75,429,348	84,215,455
Unrestricted	1,529,417	8,232,610	10,013,497	18,936,331	(4,025,912)	(176,127,470)	(174,751,316)	(194,954,057)	(202,127,648)	(229,713,423)
Total primary government net position	\$ 519,384,094	\$ 537,496,173	\$ 548,502,959	\$ 555,161,426	\$ 553,037,811	\$ 373,062,232	\$ 383,108,463	\$ 375,137,659	\$ 343,782,975	\$ 338,719,571

* As restated for OPEB accrual.

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

City of Manchester, New Hampshire
Table II

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government	\$ 44,072,312	\$ 43,125,554	\$ 44,278,816	\$ 47,682,276	\$ 49,677,821	\$ 45,477,734	\$ 47,456,518	\$ 50,891,446	\$ 51,012,199	\$ 53,017,320
Public safety	56,344,474	61,213,077	60,454,957	59,542,996	63,484,399	60,724,148	67,169,582	78,398,684	72,298,704	77,029,203
Health and sanitation	5,775,524	5,867,746	6,031,708	5,620,653	5,860,696	6,252,648	6,932,313	8,175,993	6,922,876	7,533,812
Highways and streets	28,611,754	29,260,549	27,764,814	24,209,780	26,964,556	27,638,943	28,954,003	30,950,866	29,855,676	32,370,413
Welfare	1,478,191	1,343,084	1,325,476	1,307,546	1,454,060	1,261,955	1,243,227	1,353,827	1,355,851	1,230,385
Education and library	8,318,868	8,680,202	8,964,830	9,515,356	10,831,748	9,444,111	10,729,959	13,374,099	10,263,012	10,338,342
Parks and recreation	5,538,284	5,737,764	6,574,730	5,737,521	6,216,146	5,555,694	6,193,407	8,363,631	8,121,107	8,413,930
Cemetery Trust	79,055	36,359	46,182	48,195	49,000	97,742	89,514	82,500	37,000	74,472
Investment management fee	57,695	55,407	54,125	57,837	68,533	70,922	63,729	72,638	74,411	125,894
Interest	3,895,389	5,466,279	5,824,536	5,139,884	5,226,003	5,473,060	5,004,183	4,703,688	4,632,611	4,754,881
Total governmental activities expenses	154,171,546	160,786,021	161,320,174	158,862,044	169,832,962	161,996,957	173,836,435	196,367,372	184,573,447	194,888,652
Business-type activities:										
Water	17,507,643	18,455,490	17,512,501	18,234,535	15,895,647	16,129,517	16,910,802	16,717,107	17,194,578	18,740,309
EPD	14,564,969	15,127,410	15,419,089	18,177,753	17,545,488	18,031,956	17,792,589	18,410,901	18,405,793	17,379,284
Aviation	59,678,505	54,480,487	56,169,425	50,443,553	53,224,987	51,023,435	49,823,452	52,020,524	51,294,318	52,698,100
Recreation	2,724,185	2,431,535	2,219,200	1,811,568	1,997,040	2,218,010	2,217,413	-	-	-
Parking	2,337,593	2,582,954	2,455,616	2,822,173	2,649,591	2,264,591	2,426,118	2,787,272	2,455,840	2,667,205
Total business-type activities expenses	96,812,895	93,077,876	93,775,831	91,489,582	91,312,753	89,667,509	89,170,374	89,935,804	89,350,529	91,484,898
Total primary government expenses	250,984,441	253,863,897	255,096,005	250,351,626	261,145,715	251,664,466	263,006,809	286,303,176	273,923,976	286,373,550
Program revenue:										
Governmental activities:										
Charges for services:										
General government	15,431,257	20,430,052	18,121,623	14,529,316	14,635,734	14,108,926	13,681,090	12,968,718	13,877,979	13,678,186
Public safety	1,273,527	1,601,622	1,818,606	1,704,115	1,692,413	1,799,449	2,332,003	2,055,032	2,392,128	2,270,780
Health and sanitation	2,010,744	2,212,021	2,286,383	2,495,061	2,605,847	2,371,922	2,394,618	2,574,894	2,643,689	2,582,680
Highways and streets	1,579,244	1,572,687	2,347,920	3,048,308	2,987,032	3,608,999	3,302,528	6,432,619	3,803,260	4,008,693
Welfare	31,092	21,544	31,293	24,048	34,996	16,157	12,851	18,172	15,042	16,600
Education and library	121,260	441,807	(68,672)	-	-	200,000	2,325,745	475,691	598,787	549,900
Parks and recreation	1,955,050	3,673,131	653,918	737,419	987,494	1,212,081	739,982	2,460,752	2,680,624	2,596,643
Operating grants and contributions:										
General government	15,433,226	10,852,586	8,581,356	8,187,673	9,001,774	8,905,625	10,025,686	9,643,349	10,027,247	9,750,463
Public safety	2,416,018	2,678,785	2,668,080	2,221,939	1,583,883	1,377,785	1,123,910	1,451,897	1,669,240	1,450,747
Health and sanitation	1,891,185	1,918,638	1,637,322	1,435,364	1,494,283	1,673,351	2,233,546	3,161,464	2,285,123	2,560,142
Highways and streets	2,039,904	2,304,118	2,898,538	2,089,952	2,149,114	1,990,204	2,297,104	2,172,676	2,220,977	2,222,366
Education and library	57,045	55,380	45,166	57,027	502,722	55,806	68,976	-	-	-
Parks and recreation	815,756	696,688	179,133	210,980	39,107	49,543	70,228	1,045,189	364,532	64,675
Capital grants and contributions:										
General government	-	406,928	400,000	394,258	238,000	-	-	-	-	-
Public safety	-	-	37,705	171,905	131,000	-	-	-	-	125,894
Highways and streets	908,525	4,099,925	2,769,813	1,281,282	794,638	519,786	2,717,364	1,777,474	2,511,054	900,697
Parks and recreation	315,029	-	-	-	15,829	14,689	509,915	78,128	212,637	183,686
Total governmental activities program revenue	46,278,862	52,965,912	44,408,184	38,588,647	38,893,866	37,904,323	43,835,546	46,316,055	45,302,319	42,962,152

(Continued)

Changes In Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

City of Manchester, New Hampshire
Table II

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Water	\$ 15,855,099	\$ 16,987,128	\$ 16,187,322	\$ 17,672,365	\$ 15,061,978	\$ 16,290,013	\$ 17,366,473	\$ 17,376,705	\$ 17,903,419	\$ 18,317,783
EPD	21,103,987	21,558,040	19,917,784	20,670,900	20,414,119	21,076,122	20,956,366	20,530,182	18,333,959	20,082,550
Aviation	46,551,051	46,497,429	44,508,490	44,746,976	44,420,536	44,976,038	44,298,025	44,661,332	44,831,750	42,308,101
Recreation	1,673,650	1,587,848	1,567,601	1,574,731	1,450,735	1,306,300	1,559,492	-	-	-
Parking	4,534,452	4,365,668	4,407,972	4,487,839	4,825,369	5,641,262	5,790,373	5,719,446	5,600,801	5,704,574
Operating grants and contributions:										
EPD	-	49,906	34,865	26,885	265,603	189,568	174,158	163,113	152,067	141,559
Aviation	1,871,938	94,541	-	-	1,400,000	-	-	10,000	-	-
Capital grants and contributions:										
Water	1,029,149	3,470,596	1,459,935	620,019	893,519	875,555	1,037,752	2,101,390	1,252,707	4,938,193
EPD	1,192,828	761,826	3,794,290	447,984	8,131,231	351,418	140,800	4,402,331	59,842	2,436,580
Aviation	4,747,164	8,810,475	6,648,304	7,151,330	5,224,240	6,021,700	9,747,920	6,648,922	5,501,802	5,036,803
Total business-type activities										
program revenues	98,559,318	104,183,457	98,526,563	97,399,029	102,087,330	96,727,976	101,071,359	101,613,421	93,636,347	98,966,143
Total primary government										
program revenues	136,463,641	104,183,457	98,526,563	97,399,029	140,981,196	134,632,299	144,906,905	147,929,476	138,938,666	141,928,295
Net (expense) revenue:										
Governmental activities	(105,745,407)	(107,892,684)	(116,911,990)	(120,273,397)	(130,939,096)	(124,092,634)	(130,000,889)	(150,051,317)	(139,271,128)	(151,926,500)
Business-type activities	1,746,423	11,105,581	4,750,732	5,909,447	10,774,577	7,060,467	11,900,985	11,677,617	4,285,818	7,481,245
Total primary government net expense	(103,998,984)	(96,787,103)	(112,161,258)	(114,363,950)	(120,164,519)	(117,032,167)	(118,099,904)	(138,373,700)	(134,985,310)	(144,445,255)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	89,492,106	90,457,552	94,089,096	93,837,225	93,362,542	101,135,415	98,166,170	96,974,549	99,008,663	100,140,171
Auto registration fees	13,644,776	13,953,158	14,328,534	15,115,730	16,141,777	16,658,483	18,900,997	18,678,231	19,476,158	20,682,404
Franchise fees	1,692,256	1,755,899	1,791,461	1,840,954	1,893,672	1,960,231	2,012,078	2,098,503	2,049,843	1,945,033
Unrestricted investment earnings programs	1,187,001	1,202,692	1,285,836	2,904,064	3,912,561	1,477,956	224,117	3,705,972	3,092,409	3,318,119
Investment income	-	-	4,660,770	-	-	-	-	-	-	-
Debt reimbursement from MSD	6,001,664	6,162,664	6,208,443	6,906,691	6,926,952	7,296,407	7,896,842	8,075,793	8,990,298	8,229,289
Impact fees	-	-	-	-	-	-	39,610	-	-	-
Transfers in (out)	1,971,376	1,979,574	1,966,382	1,638,702	(4,408,790)	2,206,984	2,887,792	3,243,851	3,264,293	3,251,102
Gain (Loss) on disposal of assets	1,689,667	129,107	(1,306)	37,916	160,317	(2,035,020)	49,799	(83,098)	112,407	564,893
Total governmental activities	115,678,846	115,640,646	124,329,216	122,281,282	117,989,031	128,700,456	130,177,405	132,693,801	135,994,071	138,131,011
Business-type activities:										
Unrestricted investment earnings programs	1,032,108	872,337	797,856	381,184	336,537	474,142	748,022	817,168	1,156,762	1,896,575
Miscellaneous	-	-	-	-	-	-	15,960	52,437	204,790	884,301
Transfers in (out)	(1,971,376)	(1,979,574)	(1,966,382)	(1,638,702)	4,408,790	(2,206,984)	(2,887,792)	(3,243,851)	(3,264,293)	(3,251,102)
Service line protection	-	-	-	-	-	-	195,419	157,596	-	-
Gain (loss) on disposal of assets	(489,522)	293,198	7,354	(1,347)	14,042	27,905	(102,879)	(74,252)	568,006	1,721,067
Total business-type activities	(1,428,790)	(814,039)	(1,161,172)	(1,258,865)	4,759,369	(1,704,937)	(2,031,270)	(2,290,902)	(1,334,735)	1,250,841
Total primary government	\$ 114,250,056	\$ 114,826,607	\$ 123,168,044	\$ 121,022,417	\$ 122,748,400	\$ 126,995,519	\$ 128,146,135	\$ 130,402,899	\$ 134,659,336	\$ 139,381,852
Changes in net position:										
Governmental activities	\$ 9,933,439	\$ 7,747,962	\$ 7,417,226	\$ 2,007,885	\$ (12,950,065)	\$ 4,607,822	\$ 176,516	\$ (17,357,516)	\$ (3,277,057)	\$ (13,795,489)
Business-type activities	317,633	10,291,542	3,589,560	4,650,582	15,533,946	5,355,530	9,869,715	9,386,715	2,951,083	8,732,086
Total primary government	\$ 10,251,072	\$ 18,039,504	\$ 11,006,786	\$ 6,658,467	\$ 2,583,881	\$ 9,963,352	\$ 10,046,231	\$ (7,970,801)	\$ (325,974)	\$ (5,063,403)

Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

City of Manchester, New Hampshire
Table III

Function / Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 30,864,483	\$ 31,689,566	\$ 27,102,979	\$ 23,111,247	\$ 23,875,508	\$ 23,014,551	\$ 23,706,776	\$ 22,612,067	\$ 23,905,226	\$ 23,428,649
Public safety	3,689,545	4,280,407	4,524,391	4,097,959	3,407,296	3,177,234	3,455,913	3,506,929	4,061,368	3,847,421
Health and sanitation	3,901,929	4,130,659	3,923,705	3,930,425	4,100,130	4,045,273	4,628,164	5,736,358	4,928,812	5,142,822
Highways and streets	4,527,673	7,976,730	8,016,271	6,419,542	5,930,784	6,118,989	8,316,996	10,382,769	8,535,291	7,131,756
Welfare	31,092	21,544	31,293	24,048	34,996	16,157	12,851	18,172	15,042	16,600
Education and library	178,305	497,187	(23,506)	57,027	502,722	255,806	2,394,721	475,691	598,787	549,900
Parks and recreation	3,085,835	4,369,819	833,051	948,398	1,042,430	1,276,313	1,320,125	3,584,069	3,257,793	2,845,004
Total governmental activities	46,278,862	52,965,912	44,408,184	38,588,646	38,893,866	37,904,323	43,835,546	46,316,055	45,302,319	42,962,152
Business-type activities:										
Water	16,884,248	20,457,724	17,647,257	18,292,384	15,955,497	17,165,568	18,404,225	19,478,095	19,156,126	23,255,976
EPD	22,296,815	22,369,772	23,746,939	21,145,769	28,810,953	21,617,108	21,271,324	25,095,626	18,545,868	22,660,689
Aviation	53,170,153	55,402,445	51,156,794	51,898,306	51,044,776	50,997,738	54,045,945	51,320,254	50,333,552	47,344,904
Recreation	1,673,650	1,587,848	1,567,601	1,574,731	1,450,735	1,306,300	1,559,492	-	-	-
Parking	4,534,452	4,365,668	4,407,972	4,487,839	4,825,369	5,641,262	5,790,373	5,719,446	5,600,801	5,704,574
Total business-type activities	98,559,318	104,183,457	98,526,563	97,399,029	102,087,330	96,727,976	101,071,359	101,613,421	93,636,347	98,966,143
Total government	\$ 144,838,180	\$ 157,149,369	\$ 142,934,747	\$ 135,987,675	\$ 140,981,196	\$ 134,632,299	\$ 144,906,905	\$ 147,929,476	\$ 138,938,666	\$ 141,928,295



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

	Fiscal Year			
	2010	2011	2012	2013
General Fund:				
Nonspendable	\$ -	\$ 10,493,541	\$ 10,955,951	\$ 10,876,516
Restricted	-	1,127,897	1,954,897	1,618,788
Committed	-	3,386,978	2,796,925	2,243,078
Assigned	-	376,310	719,593	1,115,449
Unassigned	-	7,620,229	7,512,470	7,688,929
Reserved	7,282,959	-	-	-
Designated	18,601,566	-	-	-
Unreserved	(4,697,684)	-	-	-
Total General Fund	\$ 21,186,841	\$ 23,004,955	\$ 23,939,836	\$ 23,542,760
All Other Governmental Funds:				
Nonspendable	\$ -	\$ 17,862,686	\$ 17,871,615	\$ 19,850,387
Restricted	-	49,116,167	9,585,968	6,411,738
Committed	-	6,050,816	9,493,873	4,675,607
Assigned	-	1,254,670	9,562,724	-
Unassigned	-	(2,266,539)	(767,566)	(2,553,299)
Reserved	1,303,620	-	-	-
Unreserved, reported in:				
Special revenue funds	2,496,791	-	-	-
Capital projects funds	8,968,775	-	-	-
Permanent funds	18,164,642	-	-	-
Total All Other Government Funds	\$ 30,933,828	\$ 72,017,800	\$ 45,746,614	\$ 28,384,433

Note: The City implemented GASB 54 in Fiscal Year 2011.

Manchester, New Hampshire
Table IV

2014	2015	2016	2017	2018	2019
\$ 4,574,066	\$ 4,279,443	\$ 4,296,436	\$ 4,680,346	\$ 4,794,207	\$ 4,939,858
1,128,600	1,602,649	2,357,499	2,524,364	2,224,364	1,772,360
1,068,556	2,304,671	4,235,311	5,878,562	6,624,726	6,694,958
586,585	691,975	1,242,448	1,157,202	1,695,580	1,698,657
6,449,466	6,265,510	7,696,350	8,052,406	9,921,950	9,654,570
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 13,807,273</u>	<u>\$ 15,144,248</u>	<u>\$ 19,828,044</u>	<u>\$ 22,292,880</u>	<u>\$ 25,260,827</u>	<u>\$ 24,760,403</u>
\$ 22,403,033	\$ 23,833,678	\$ 22,905,823	\$ 26,346,686	\$ 28,204,202	\$ 28,643,336
6,940,746	18,255,978	10,632,100	10,110,038	13,995,815	13,063,803
2,507,593	3,103,054	4,770,528	2,160,632	2,678,803	2,501,150
-	-	-	-	-	-
(10,349,229)	(875,772)	(12,768,835)	(25,742,959)	-	-
-	-	-	-	-	-
-	-	-	-	(545,103)	(531,391)
-	-	-	-	(65,792)	(7,879,232)
-	-	-	-	-	-
<u>\$ 21,502,143</u>	<u>\$ 44,316,938</u>	<u>\$ 25,539,616</u>	<u>\$ 12,874,397</u>	<u>\$ 44,267,925</u>	<u>\$ 35,797,666</u>

Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Revenues:				
Taxes	\$ 90,436,153	\$ 92,102,359	\$ 95,403,257	\$ 95,394,620
Federal and state grants and aid	23,095,722	22,139,779	18,709,403	15,265,886
Charges for sales and services	2,165,049	2,277,246	2,500,250	2,482,741
Licenses and permits	17,617,599	17,505,243	17,789,758	18,489,427
Interest	1,187,000	1,202,693	1,285,835	1,007,663
Contributions	135,880	4,803,681	3,508,925	140,452
Net gain (loss) on sale of securities	1,458,322	3,491,857	(195,946)	1,896,401
School charge backs	-	-	-	-
Lease and rent income	-	-	-	-
Debt recovery	-	-	-	-
Miscellaneous	15,072,675	16,321,844	16,401,661	16,927,548
Total revenues	151,168,400	159,844,702	155,403,143	151,604,738
Expenditures:				
General government	39,216,341	36,255,021	37,623,065	43,760,870
Public safety	54,795,033	59,337,519	57,758,252	58,232,991
Health and sanitation	5,527,220	5,750,650	5,612,106	5,338,405
Highway and streets	23,418,349	24,687,830	23,730,684	20,440,116
Welfare	1,436,588	1,360,692	1,314,382	1,308,246
Education	2,809,571	2,880,827	2,745,594	3,206,756
Parks and recreation	3,939,829	3,867,091	4,399,399	3,882,722
Cemetery trust	79,055	36,358	46,182	48,195
Investment management fee	57,695	55,407	54,125	57,837
Capital outlay	16,344,382	20,085,277	34,291,831	17,282,136
Debt service:				
Principal retirement	7,972,425	9,330,350	11,434,283	11,926,329
Interest	4,742,047	5,170,992	6,767,364	6,291,348
Total expenditures	160,338,535	168,818,014	185,777,267	171,775,951
Excess of expenditures over revenues	(9,170,135)	(8,973,312)	(30,374,124)	(20,171,213)
Other financing sources (uses):				
Proceeds of bonds	-	-	-	-
Proceeds from premium of bonds	-	-	-	-
Proceeds of refunding bonds	25,758,915	49,360,000	2,855,000	-
Payment to refunded bond escrow agent	-	(34,440,529)	(20,624,886)	-
Proceeds from sale of capital assets	1,562,670	4,584,498	598,014	(70,000)
Transfers in	3,818,579	2,713,249	2,669,856	3,320,012
Transfers out	(1,733,913)	(993,099)	(716,046)	(1,388,040)
Total other financing sources	30,208,005	51,875,398	5,037,819	2,411,956
Net changes in fund balance	\$ 21,037,870	\$ 42,902,086	\$ (25,336,305)	\$ (17,759,257)
Debt service as a percentage of noncapital expenditures	7.93%	8.59%	9.80%	10.61%

City of Manchester, New Hampshire
Table V

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 94,909,143	\$ 101,273,122	\$ 99,360,223	\$ 100,208,002	\$ 101,624,767	\$ 102,496,141	
14,788,343	14,074,310	17,519,784	18,814,113	19,012,687	17,248,670	
2,794,063	3,160,621	3,150,831	4,580,815	4,769,187	4,859,658	
19,676,747	20,393,820	23,364,179	26,221,183	25,049,001	26,090,771	
1,186,033	1,255,173	1,178,053	881,243	1,645,593	2,945,923	
4,222,939	2,538,785	3,131,573	1,742,526	1,790,987	1,805,435	
2,724,044	222,783	(953,936)	2,824,729	1,446,816	372,196	
9,210,982	9,344,919	9,379,583	9,291,929	9,264,906	9,227,647	
958,606	960,031	962,763	946,557	1,124,918	1,128,456	
1,187,603	1,192,075	909,301	1,075,282	1,117,410	1,107,294	
2,213,862	3,073,976	2,888,929	2,963,559	3,082,295	3,006,551	
153,872,365	157,489,615	160,891,283	169,549,938	169,928,567	170,288,742	
42,986,136	40,975,792	42,373,716	44,566,109	43,900,469	47,892,915	
61,249,963	62,354,415	66,543,229	68,083,493	68,380,481	71,485,660	
5,325,041	5,962,648	6,383,434	7,166,483	6,550,257	6,742,979	
22,725,604	22,432,823	21,400,697	23,153,464	22,721,282	24,925,017	
1,462,618	1,212,288	1,171,783	1,194,319	1,332,476	1,117,147	
2,858,466	2,885,462	3,626,769	5,797,495	2,908,040	2,982,029	
4,207,365	4,183,541	4,271,144	6,206,516	5,799,594	5,883,795	
49,000	97,742	89,514	82,500	37,000	74,472	
68,532	70,922	63,729	72,638	74,411	125,894	
7,684,575	12,107,841	14,933,976	9,901,415	8,723,473	4,705,308	
11,931,546	11,264,935	11,601,455	11,675,985	11,537,019	11,594,711	
5,939,981	5,687,494	5,489,115	5,418,794	5,135,100	5,530,600	
166,488,827	169,235,903	177,948,561	183,319,211	177,099,602	183,060,527	
(12,616,462)	(11,746,288)	(17,057,278)	(13,769,273)	(7,171,035)	(12,771,785)	
-	33,275,000	-	-	34,599,001	550,000	
-	1,398,151	-	-	3,465,347	-	
-	-	12,167,005	-	-	-	
-	-	(12,112,045)	-	-	-	
598,600	1,439,571	21,000	240,437	318	-	
3,119,645	3,675,423	4,846,219	6,315,630	5,525,736	6,459,587	
(7,719,500)	(1,218,440)	(1,958,427)	(3,071,779)	(2,261,443)	(3,208,485)	
(4,001,255)	38,569,705	2,963,752	3,484,288	41,328,959	3,801,102	
\$ (16,617,717)	\$ 26,823,417	\$ (14,093,526)	\$ (10,284,985)	\$ 34,157,924	\$ (8,970,683)	
10.73%	10.02%	9.60%	9.33%	9.41%	9.35%	

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax	Fee	Deferred Tax	Cost on Tax Title	Interest on Tax
2010	\$ 87,560,329	\$ 1,523,139	\$ 44,385	\$ 29,022	\$ 498,715
2011	88,951,612	1,599,521	41,904	40,447	514,970
2012	92,353,239	1,639,884	39,789	30,113	468,646
2013	92,036,185	1,670,643	38,313	21,684	461,086
2014	91,681,426	1,731,700	39,538	24,074	487,410
2015	97,790,358	1,798,349	41,419	23,539	500,098
2016	95,964,486	1,870,203	34,803	21,999	416,324
2017	96,497,427	1,962,707	33,018	26,828	420,911
2018	98,167,213	1,903,169	33,140	21,632	427,844
2019	98,751,666	1,791,753	35,951	26,948	389,263
Change from first year on record versus 2019	12.78%	17.64%	-19.00%	-7.15%	-21.95%

City of Manchester, New Hampshire
Table VI

Lien	Railroad Tax	Tax Lien	Yield / Miscellaneous tax	Central Business District	Land Use Change Tax	Total
\$ 470,802	\$ 3,644	\$ 43,193	\$ 4,834	\$ 258,090	\$ -	\$ 90,436,153
651,006	2,147	28,222	14,529	258,001	-	92,102,359
575,337	1,226	36,579	442	258,002	-	95,403,257
721,366	122	187,218	-	258,003	-	95,394,620
628,223	1,918	56,854	-	258,000	-	94,909,143
822,914	-	36,344	2,507	258,000	-	101,273,528
706,720	1,048	83,538	3,102	258,000	-	99,360,223
994,700	2,230	4,138	8,043	258,000	-	100,208,002
792,623	541	14,674	5,931	258,000	-	101,624,767
928,374	1,113	4,946	623	258,004	307,500	102,496,141
97.19%	-69.46%	-88.55%	-87.11%	-0.03%	100.00%	13.34%

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

**City of Manchester, New Hampshire
Table VII**

Fiscal Year	Residential Property	Non-Residential Property	Total Taxable Assessed Value	Percent Growth (Reduction)	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2010	\$ 6,480,845,279	\$ 3,560,911,021	\$ 10,041,756,300	0.17%	\$ 17.85	\$ 9,752,599,500	97.12%
2011	6,488,365,904	3,603,925,896	10,092,291,800	0.50%	17.81	9,807,261,625	97.18%
2012	5,276,088,576	3,138,997,224	8,415,085,800	-16.62%	21.96	8,197,207,000	97.41%
2013	5,281,188,600	3,210,164,000	8,491,352,600	0.91%	22.18	8,285,246,013	97.57%
2014	5,307,185,900	3,216,732,700	8,523,918,600	0.38%	22.67	8,339,261,400	97.83%
2015	5,321,822,431	3,257,084,769	8,578,907,200	0.65%	23.50	8,409,714,728	98.03%
2016	5,340,634,374	3,340,650,306	8,681,284,680	1.19%	23.44	8,548,613,841	98.47%
2017	5,544,356,799	3,533,730,190	9,078,086,989	5.82%	23.14	8,946,360,522	98.55%
2018	5,578,766,428	3,550,955,561	9,129,721,989	0.57%	23.32	9,004,365,407	98.63%
2019	5,611,398,980	3,565,228,731	9,176,627,711	0.51%	23.68	9,056,948,367	98.70%

Source: City of Manchester Assessor's Office

Note: There is no personal property tax (on cars or jewelry); only real property is taxed. The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. The farmland value is based upon productivity instead of actual market value.

Total Assessed and Actual Taxable Values represent valuations reported on the MS-1 Summary Inventory of Valuation. The values on the 2018 MS-1 form were used for fiscal year 2019.

REAL PROPERTY TAX RATES

DRA	Fiscal Year	Rate per thousand (1)				
		City	School Local	School State	County	Total
2009	2010	\$ 9.27	\$ 5.34	\$ 2.22	\$ 1.02	\$ 17.85
2010	2011	9.28	5.41	2.16	0.96	17.81
2011	2012	11.62	6.72	2.46	1.16	21.96 (1)
2012	2013	11.40	7.16	2.46	1.16	22.18
2013	2014	11.22	7.77	2.48	1.20	22.67
2014	2015	11.76	8.09	2.41	1.24	23.50
2015	2016	11.53	8.20	2.42	1.29	23.44
2016	2017	10.96	8.58	2.31	1.29	23.14 (1)
2017	2018	10.88	8.82	2.32	1.30	23.32
2018	2019	11.02	9.09	2.29	1.28	23.68

Notes

⁽¹⁾ 2012 and 2017 tax rates reflect the new assessed valuation determined through a Citywide valuation.

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

**City of Manchester, New Hampshire
Table IX**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Manchester Mall Realty Trust	\$147,066,000	1	1.61%	\$ 155,000,000	1	1.58%
Public Service Co. of NH	139,104,900	2	1.52%	105,877,300	2	1.08%
Energy North Natural Gas, Inc.	94,063,700	3	1.03%	42,048,800	5	0.43%
Country Club Dr Owner LLC	53,355,600	4	0.58%	-	-	-
SMC Waterford PL Apts, LP	50,542,900	5	0.55%	46,000,000	3	0.47%
Wellington DHC, LLC	43,312,100	6	0.47%	-	-	-
Merion Countryside, LP	38,525,500	7	0.42%	38,000,000	4	0.39%
Brady Sullivan Plaza, LLC	31,878,100	8	0.35%	29,448,700	9	0.30%
1200 Elm Street, LLC	30,781,200	9	0.34%	31,434,200	8	0.32%
700 ELM LLC	27,312,500	10	0.30%	-	-	-
Manchester Hill Vistas Inc	-	-	-	33,311,800	6	0.34%
IPC Office Properties, LLC	-	-	-	33,223,200	7	0.34%
Farley White Manchester, LLC	-	-	-	25,000,000	10	0.25%
Total	<u><u>\$655,942,500</u></u>		<u><u>7.17%</u></u>	<u><u>\$ 539,344,000</u></u>		<u><u>5.50%</u></u>

Source: City of Manchester, Board of Assessors' total taxable value for the November 2019 tax billing

**Property Tax Levies And Collections
Last Ten Fiscal Years
(Unaudited)**

**City of Manchester, New Hampshire
Table X**

Fiscal Year Ended June 30:	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2009	\$ 172,560,076	\$ 169,338,645	98.13%	\$ 2,391,041	\$ 171,729,686	99.52%
2011	2010	173,060,676	170,247,675	98.37%	2,864,001	173,111,676	100.03%
2012	2011	179,018,678	176,015,644	98.32%	3,038,303	179,053,947	100.02%
2013	2012	182,298,518	179,154,037	98.28%	3,179,750	182,333,787	100.02%
2014	2013	187,708,795	184,547,925	98.32%	3,196,137	187,744,062	100.02%
2015	2014	196,369,088	192,851,239	98.21%	3,553,119	196,404,358	100.02%
2016	2015	198,594,226	195,619,849	98.50%	3,009,646	198,629,495	100.02%
2017	2016	205,299,084	202,768,901	98.77%	2,552,709	205,321,610	100.01%
2018	2017	208,655,860	205,869,755	98.66%	2,808,631	208,678,386	100.01%
2019	2018	213,225,095	211,097,421	99.00%	2,150,200	213,247,621	100.01%

Note:

There is no personal property tax (on cars or jewelry); only real property is taxed.

The above information presents the information for each period for which it is levied.

A tax levy provides taxes remitted in the following year.

**Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(Unaudited)**

**City of Manchester, New Hampshire
Table XI**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government		
	General Obligation	Percentage of Actual Property	Debt Per Capita (2)	General Obligation	Percentage of Actual Property	Debt Per Capita (2)	Total Primary Government	Percentage of Per Capita Income	Per Capita (2)
	Bonds	Value (1)		Bonds	Value (1)		Government		
2010	\$ 150,689,440	1.54%	1,387	\$ 42,191,320	0.43%	388	\$ 192,880,760	0.0236%	1,776
2011	189,869,044	2.32%	1,733	49,922,515	0.51%	456	239,791,559	0.0191%	2,189
2012	178,249,438	2.15%	1,625	85,078,576	1.04%	776	263,328,014	0.0182%	2,401
2013	162,826,417	1.95%	1,484	85,255,508	1.03%	777	248,081,925	0.0198%	2,262
2014	147,808,735	1.77%	1,339	79,660,378	0.96%	722	227,469,113	0.0231%	2,061
2015	166,497,393	1.98%	1,507	77,527,779	0.92%	702	244,025,172	0.0215%	2,209
2016	151,443,024	1.77%	1,384	73,297,890	0.86%	670	224,740,914	0.0246%	2,054
2017	142,212,424	1.59%	1,300	82,943,072	0.93%	758	225,155,496	0.0251%	2,058
2018	160,599,107	1.78%	1,444	90,235,350	1.00%	811	250,834,457	0.0239%	2,256
2019	145,330,108	1.60%	1,292	86,867,385	0.96%	772	232,197,493	0.0263%	2,064

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

City of Manchester, New Hampshire
Table XII

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CITY										
Debt limit	\$ 834,777	\$ 822,217	\$ 818,504	\$ 790,137	\$ 819,245	\$ 846,821	\$ 897,270	\$ 928,117	\$ 982,809	\$ 1,087,948
Total net debt applicable to limit	108,476	143,510	135,516	124,591	113,399	125,423	114,593	103,689	122,905	113,504
Legal debt margin	\$ 726,301	\$ 678,707	\$ 682,988	\$ 665,546	\$ 705,846	\$ 721,398	\$ 782,677	\$ 824,428	\$ 859,904	\$ 974,444
Total net debt applicable to the limit as a percentage of debt limit	12.99%	17.45%	16.56%	15.77%	13.84%	14.81%	12.77%	11.17%	12.51%	10.43%
Legal Debt Margin Calculation for Fiscal Year 2019										
Base equalized valuation - real estate										\$ 11,158,443
Debt limit (9.75% of base valuation)										1,087,948
Debt applicable to limit:										
Total bonded debt for general government										119,956
Less debt for urban redevelopment										(132)
Less debt for pension obligation bonds										(6,320)
Total net debt applicable to limit										113,504
Legal debt margin										\$ 974,444
SCHOOL										
Debt limit	\$ 599,327	\$ 590,310	\$ 587,644	\$ 567,278	\$ 588,176	\$ 607,974	\$ 644,194	\$ 666,341	\$ 705,606	\$ 781,091
Total net debt applicable to limit	34,734	37,712	34,746	31,250	27,838	38,801	34,995	31,014	30,943	25,809
Legal debt margin	\$ 564,593	\$ 552,598	\$ 552,898	\$ 536,028	\$ 560,338	\$ 569,173	\$ 609,199	\$ 635,327	\$ 674,663	\$ 755,282
Total net debt applicable to the limit as a percentage of debt limit	5.80%	6.39%	5.91%	5.51%	4.73%	6.38%	5.43%	4.65%	4.39%	3.30%
Legal Debt Margin Calculation for Fiscal Year 2019										
Base valuation - real estate										\$ 11,158,443
Debt limit (7% of base valuation)										781,091
Debt applicable to limit:										
Total bonded debt for school district										78,724
Less debt for facilities revenue bond										(52,915)
Total net debt applicable to limit										25,809
Legal debt margin										\$ 755,282
WATER AND WASTE WATER										
Debt limit	\$ 856,182	\$ 843,299	\$ 839,492	\$ 810,397	\$ 840,252	\$ 868,535	\$ 920,277	\$ 951,915	\$ 1,008,009	\$ 1,115,844
Total net debt applicable to limit	30,710	40,182	40,649	78,035	73,253	68,346	64,887	81,280	88,886	85,783
Legal debt margin	\$ 825,472	\$ 803,117	\$ 798,843	\$ 732,362	\$ 766,999	\$ 800,189	\$ 855,390	\$ 870,635	\$ 919,123	\$ 1,030,061
Total net debt applicable to the limit as a percentage of debt limit	3.59%	4.76%	4.84%	9.63%	8.72%	7.87%	7.05%	8.54%	8.82%	7.69%
Legal Debt Margin Calculation for Fiscal Year 2019										
Base valuation - real estate										\$ 11,158,443
Debt limit (10% of base valuation)										\$ 1,115,844
Debt applicable to limit:										
Total bonded debt for water projects										46,143
Total bonded debt for sewer projects										39,640
Total net debt applicable to limit										85,783
Legal debt margin										\$ 1,030,061

Aviation Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Revenue Credit From Prior Year ⁽³⁾	Coverage Amount From Prior Year ⁽³⁾	Expenses ⁽¹⁾
2010	\$ 40,739,466	\$ 2,485,000	\$ 3,275,222	\$ 25,547,284
2011	40,820,451	1,909,000	3,275,222	25,234,918
2012	39,346,192	2,024,000	3,275,222	24,863,023
2013	39,970,021	979,000	3,275,222	24,613,776
2014	40,109,455	1,410,000	3,275,222	25,781,498
2015	40,681,868	43,000	3,275,222	25,250,914
2016	40,362,305	502,734	3,298,279	24,709,385
2017	41,071,582	754,952	3,298,279	25,884,955
2018	42,164,157	559,349	3,298,279	25,350,030
2019	39,765,458	948,439	3,298,279	25,809,228

Notes

⁽¹⁾ Exclusive of depreciation and bond interest.

⁽²⁾ Principal, interest, and O&M reserve required at year end to fund three months of operations and maintenance expense.

⁽³⁾ Provided by Leigh Fisher Management Consultants, formerly known as Jacob's Consultancy formerly known as Leigh Fisher Associates, Aviation Consultants

⁽⁴⁾ As of fiscal 2009, the O & M Reserve and bond issuance costs of \$609,400 were not included in the coverage ratio calculation.

City of Manchester, New Hampshire
Table XIII

Net Revenue Available for 1998/2000/2001/2002		REQUIREMENTS 1998/2000/2001/2002			
		Debt Service		Coverage Ratio	
		Debt Service	Total ⁽²⁾		O & M Reserve ⁽³⁾
\$	20,952,405	\$	11,872,671	-	1.76
	20,769,755		10,515,216	-	1.98
	19,782,391		12,230,032	-	1.62
	19,610,467		10,718,720	-	1.83
	19,013,179		12,770,897	-	1.49
	18,749,176		13,193,116	-	1.42
	19,453,933		12,187,053	-	1.60
	19,239,858		12,909,883	-	1.49
	20,671,755		12,807,954	-	1.61
	18,202,948		10,044,110	-	1.81

**Water Department Revenue Bond Coverage
Last Ten Fiscal Years**

**City of Manchester, New Hampshire
Table XIV**

MWW Fiscal Year ⁽³⁾	Gross Revenue	Expenses ⁽¹⁾	Net Revenue Available for Debt Service	REQUIREMENTS	
				Revenue Bonds Section 705	
				Total	Coverage Ratio
12/31/2010	\$ 15,347,925	\$ 10,758,562	\$ 4,589,363	\$ 3,186,496	1.44
12/31/2011 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
12/31/2012 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2013 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2014 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2015 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2016 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2017 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2018 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2019 ⁽²⁾	N/A	N/A	N/A	N/A	N/A

Note

⁽¹⁾ Exclusive of depreciation and bond interest.

⁽²⁾ As of fiscal 2011, the outstanding revenue bond balance was refunded through an issuance of General Obligation bonds. There is no longer a Debt Service coverage required.

⁽³⁾ The MWW adopted a change in fiscal year from the calendar year to a July 1 through June 30 fiscal budget and operating year. The financial statements reflect the six month period from January 1 through June 30, 2013 as the transition period to the new fiscal year.

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

City of Manchester, New Hampshire
Table XV

Fiscal Year Ended June 30	Population ⁽¹⁾	Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾	Monthly Unemployment Rate ⁽⁴⁾
2010	108,625	\$ 45,432	16,153	6.5%
2011	109,565	45,892	16,117	5.2%
2012	109,687	47,981	15,875	6.0%
2013	109,693	49,129	15,442	5.5%
2014	110,378	52,509	14,806	4.6%
2015	110,448	55,379	14,799	3.8%
2016	109,419	57,180	14,430	3.0%
2017	109,419	56,531	14,198	3.0%
2018	111,196	60,064	13,967	2.8%
2019	112,525	61,147	13,815	2.6%

Sources:

- ⁽¹⁾ NH Office of Energy and Planning, using most recent data available up through FY2013. NH Business Review Book of Lists used for FY 2014 and FY2017. U.S Census Bureau data used for FY2018 thru FY2019.
- ⁽²⁾ U.S. Department of Commerce, BEA (Bureau of Economic Analysis), using Manchester-Nashua MSA, based on most recent data available up through 2018.
- ⁽³⁾ City of Manchester, NH School Department
- ⁽⁴⁾ State of New Hampshire, Economic and Labor Market Information Bureau

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

**City of Manchester, New Hampshire
Table XVI**

Employer	2019			2010		
	Employees ⁽¹⁾	Rank ⁽¹⁾	Percentage of Total Average City Employment ⁽³⁾	Employees ⁽²⁾	Rank ⁽²⁾	Percentage of Total Average City Employment ⁽³⁾
Hannaford Brothers	5,300	1	8.07%			
Elliot Hospital	4,000	2	6.09%	2,821	1	4.19%
Catholic Medical Center	3,050	3	4.64%	1,700	2	2.52%
Home Depot	2,571	4	3.91%			
Southern NH University	2,093	5	3.19%	700	8	1.04%
Eversource	1,800	6	2.74%	1,250	4	1.86%
United Parcel Service	1,131	7	1.72%			
Macy's	900	8	1.37%			
TD Bank, N.A.	850	9	1.29%	1,150	6	1.71%
Veterans Affairs Medical Center	850	9	1.29%			
Consolidated Communications (formerly Fairpoint Communications)	700	10	1.07%	1,650	3	2.45%
Citizens Bank				1,225	5	1.82%
Anthem Blue Cross & Blue Shield				753	7	1.12%
Osram Sylvania				650	9	0.96%
Freudenberg - NOK				560	10	0.83%

Sources:

⁽¹⁾ 2019 Book of Lists, NH Business Review. *(Ranked by number of NH employees.)*

⁽²⁾ NH Employment Security, Economic and Labor Market Bureau - 2008 figures used.

⁽³⁾ NH Employment Security, Economic and Labor Market Bureau

Full-Time Equivalent City Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)

City of Manchester, New Hampshire
Table XVII

Functions/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Aldermen	14	14	14	14	14	14	14	13	14	14
Assessors	8	7	7	7	7	7	7	7	7	7
Building	-	-	-	-	-	-	-	-	-	-
Building Maintenance	18	20	18	17	20	20	20	20	21	20
City Clerk	16	17	15	14	14	12	14	14	13	14
City Solicitor	13	13	13	13	12	12	12	12	11	13
Economic Development Office	4	3	2	-	2	2	2	2	2	2
Elderly Services	4	4	4	4	4	1	4	4	4	4
Finance	12	11	10	10	10	10	11	10	11	11
Human Resources	9	9	9	9	9	9	10	10	9	9
Information Systems	15	15	14	14	14	14	14	15	17	15
Mayor	4	4	4	4	4	4	4	4	4	4
MCAM/MPST	5	5	4	4	4	4	4	4	4	4
Office of Youth Services	12	10	9	9	9	7	9	9	8	9
Planning & Community Develop	30	32	30	31	30	24	29	30	28	30
Tax Collector	11	10	10	8	9	7	8	9	8	11
Parks and Recreation:										
Cemetery Care	9	11	11	11	10	9	11	11	9	8
Derryfield Golf Course	4	3	3	3	3	3	3	3	2	3
Forestry	2	2	2	2	2	2	2	2	2	2
General & Administrative	10	8	8	4	3	3	4	4	4	4
Gill Stadium	2	-	-	-	-	-	-	-	-	-
McIntyre Ski Area	-	-	-	-	-	-	-	-	-	-
Public Swimming Pools	1	1	1	1	1	1	1	1	1	1
Parks Maintenance	12	15	15	13	13	9	13	13	15	14
Recreation	1	1	1	1	1	1	-	1	1	2
Skating Arenas	6	5	4	4	4	4	4	4	4	4
Police:										
Officers	217	206	207	214	199	205	216	223	222	217
Civilians	65	65	62	57	57	52	55	53	52	53
Fire:										
Firefighters and Officers	233	226	211	208	208	207	208	208	208	210
Civilians	17	17	16	16	15	16	16	16	16	15
Fleet	-	-	1	23	23	21	22	23	24	21
Public Works:										
Administration	14	13	13	14	13	14	15	15	13	16
Street Maintenance/Const.	62	65	62	63	56	55	51	56	58	56
Street Sweeping	5	4	4	5	5	5	5	5	4	5
Refuse Collection	35	31	31	32	29	33	33	34	30	25
Vehicle Maintenance	20	19	19	-	-	-	-	-	-	-
Boiler Plant	1	-	-	1	-	-	-	-	-	-
Drain/Sewer Repair/Const.	20	19	18	16	16	14	17	17	15	15
Engineering	17	17	16	15	16	12	15	15	15	14
Traffic	11	9	9	9	10	8	11	12	12	10
Parking:										
Administration	4	3	3	3	4	4	4	4	3	3
Meters	2	2	2	2	2	2	1	1	2	2
Myrna Lot	1	1	1	-	-	-	-	-	-	-
Victory Garage	5	5	5	5	5	4	3	4	2	2
PCOs	7	7	7	7	5	7	5	7	8	8
Water:										
Administration & Financial	15	15	15	14	14	14	16	16	16	15
Water Distribution	41	41	42	42	41	39	40	39	41	42
Water Supply	25	24	21	22	20	19	21	21	22	23
Sewer:										
Administration & Financial	10	11	11	11	11	7	8	8	8	8
Monitoring	2	2	2	2	2	1	2	2	2	1
Sewer Plant Operation	15	14	13	15	14	12	16	15	16	16
Maintenance	15	15	15	15	15	13	13	13	14	12
Airport - total										
Administration & Financial	25	24	23	22	22	22	20	20	18	17
Airfield Maintenance	26	25	24	25	25	23	25	25	22	24
Terminal Maintenance	22	22	23	25	24	25	24	23	26	26
Other Programs/Functions:										
Health	60	61	57	57	53	50	55	55	53	52
Library	46	43	39	41	38	36	38	37	37	39
Welfare	13	11	12	12	11	12	12	11	10	9
Total	1,273	1,237	1,192	1,190	1,152	1,111	1,167	1,180	1,168	1,161

Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Calendar Year			
	2010	2011	2012	2013
Police:				
Physical arrests	6,319	6,033	5,996	5,743
Parking violations	67,016	45,053	40,317	27,853
Traffic citations	8,616	6,790	6,620	6,430
Fire:				
Number of calls answered	18,102	20,129	19,947	19,150
Inspections	1,380	1,389	1,206	1,480
Property loss	\$ 2,452,800	\$ 2,711,350	\$ 4,708,700	\$ 3,164,125
Building safety ⁽³⁾ :				
Total building permits	1,913	1,648	1,850	1,692
Total value all permits	\$ 89,116,581	\$ 123,498,877	\$ 104,982,994	\$ 79,116,666
Library, visits	486,205	447,158	458,826	432,561
Public service:				
Garbage collected (ton)	38,887	39,335	37,470	36,548
Recycle collected (ton)	4,300	4,457	5,423	6,275
Streets paved resurf (miles)	8.74	1.02	3.54	5.97
Streets reconstructed (miles)	3.07	6.20	4.04	3.16
Drain reconstruction (miles)	0.27	0.10	0.16	0.68
Sewer reconstruction(miles)	0.05	3.62	1.09	0.47
New drain (miles)	N/A	N/A	N/A	N/A
Airport:				
Enplane	1,409,600	1,359,187	1,227,286	1,214,126
Deplane	1,404,832	1,351,560	1,224,378	1,207,976
Total passengers	2,814,432	2,710,747	2,451,664	2,422,102
Cargo (in pounds)	174,425,531	174,675,282	176,467,795	167,291,943
Air mail (in pounds)	10	-	9	190
Parks and Recreation:				
Public skating attendance	6,658	6,084	8,290	8,194
Aquatics program attendance	96,891	75,622	92,307	68,757
Golf rounds played	33,593	30,691	34,731	31,942
Street trees maintained	40,000	40,000	40,000	40,000

(1) The figures in column 2018 have been updated to reflect the full calendar year.

(2) The figures in column 2019 are January thru June only.

N/A = Not Available.

City of Manchester, New Hampshire
Table XVIII

2014	2015	2016	2017	2018 ⁽¹⁾	2019 ⁽²⁾
5,279	5,535	5,175	5,816	5,766	2,783
36,853	41,305	43,049	46,731	42,188	20,819
6,640	6,936	5,274	6,090	5,034	2,252
20,709	21,697	24,471	25,198	25,237	12,623
1,480	1,423	1,501	1,612	1,653	820
\$ 3,354,014	\$ 2,814,210	\$ 4,137,173	\$ 2,753,224	\$2,033,163	\$1,301,100
1,796	1,894	2,041	1,938	2,003	933
\$ 90,203,357	\$ 123,400,416	\$ 141,511,026	\$ 137,542,039	\$154,345,159	\$69,503,915
413,475	428,500	358,439	289,558	310,506	317,362
36,215	36,039	35,906	36,410	37,222	17,839
6,478	6,331	6,682	6,971	7,046	3,154
7.75	21.90	15.00	14.50	16.47	3.35
1.10	5.96	6.20	8.70	3.07	0.68
1.10	0.83	0.80	-	0.08	-
2.95	1.09	0.98	0.70	0.10	0.36
N/A	0.13	0.32	-	-	-
1,048,128	1,038,454	1,010,408	986,554	926,481	414,792
1,047,546	1,034,617	1,010,871	984,134	921,427	417,637
2,095,674	2,073,071	2,021,279	1,970,688	1,847,908	832,429
159,371,572	159,025,507	172,256,058	171,008,590	185,804,883	92,132,026
507	30	-	-	1,460	1,650
10,627	8,585	7,395	7,396	7,396	4,942
68,569	74,038	61,525	68,336	68,336	13,292
26,188	21,521	27,460	28,335	28,335	11,404
40,000	40,000	40,000	40,000	40,000	40,000

Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)

City of Manchester, New Hampshire
Table XIX

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Facilities	5	5	5	5	5	5	5	5	1	1
Marked patrol vehicles	35	32	35	35	35	35	35	35	55	55
Unmarked vehicles	19	22	26	26	26	26	26	26	38	38
Specialty vehicles	17	15	15	15	15	15	15	15	13	13
Bikes for bike patrols	21	18	18	18	18	18	18	18	18	18
Motorcycles	4	3	3	3	3	3	3	3	-	-
Horses	2	2	2	2	2	2	2	2	2	2
Canine	6	9	8	8	8	8	8	9	11	9
Fire:										
Fire stations	10	10	10	10	10	10	10	10	10	10
Refuse Collection:										
Collection trucks	14	14	14	14	14	14	14	13	13	12
Other Public Works:										
Streets (miles)	395.00	395.15	395.15	395.15	395.50	395.50	402.85	402.85	402.85	402.85
Street lights	8,861	8,889	8,881	8,923	8,923	8,919	9,113	9,031	9,035	9,093
Traffic signals	151.0	151.0	154.0	157.0	157.0	157.0	159.0	159.0	145.0	145.0
Parks & Recreation:										
Acreage	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073
Parks	55	55	55	55	55	55	55	55	55	55
Golf course	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	44	44	44	44	44	44	44	44	44	44
Walking trail(s)	8	8	8	8	8	8	8	8	8	9
Soccer/football fields	24	24	24	24	24	24	24	24	24	24
Indoor ice rinks	2	2	2	2	2	2	2	2	2	2
Basketball courts	26	26	26	25	25	25	25	25	25	25
Tennis courts	8	8	5	5	5	5	5	5	5	5
Swimming pools	4	4	4	4	4	4	3	3	3	3
Parks with playground equipment	20	20	20	20	20	20	20	20	20	20
Public beaches	1	1	1	1	1	1	1	1	1	1
Pickleball court	-	-	6	6	6	6	6	6	6	6
Cemeteries	9	9	9	9	9	9	9	9	9	9
Splash pad	-	-	-	-	-	-	1	1	1	1
18 hole disc golf course	-	-	-	-	-	-	1	1	2	2
Library:										
Facilities	2	2	2	2	2	2	2	2	2	2
Volumes	250,090	246,599	235,225	224,624	224,566	205,778	184,528	201,804	174,126	164,359
Water:										
Finished water storage capacity (MG)	38.8	38.8	38.8	38.8	38.8	38.8	38.8	31.8	31.8	34.8
Average daily consumption (MGD)	16.048	17.593	17.147	17.185	17.214	17.457	17.944	17.819	16.724	17.074
Peak consumption (MGD)	24.476	32.267	31.266	28.864	26.308	27.789	27.911	30.495	25.030	27.776
Municipal fire hydrants	3,327	3,337	3,344	3,374	3,380	3,391	3,399	3,418	3,428	3,451
Water main in system (million feet)	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary sewers (miles)	354.40	375.00	380.00	385.00	388.00	391.00	391.00	391.00	391.00	391.00
Maximum daily treatment capacity (MGPD)	34	34	34	34	34	34	42	42	42	42
Information Systems Department										
PC's	1,066	1,041	1,028	1,034	1,093	1,108	1,120	1,110	1,112	1,117
Miles of fiber optic cabling	51.00	52.00	53.00	53.00	54.00	54.00	55.00	57.00	57.00	57.00
Airport:										
Runways	2	2	2	2	2	2	2	2	2	2
Terminals	1	1	1	1	1	1	1	1	1	1
Buildings - square footage	332,600	332,600	332,600	332,600	332,600	332,600	343,600	343,600	343,600	343,600