

Annual Report City of Nashua New Hampshire



*For the Fiscal Year Ended
June 30, 2019*

**Prepared by the Office of the City Clerk
Susan K. Lovering, City Clerk**

166TH MUNICIPAL GOVERNMENT REPORT

For the Fiscal Year ending June 30, 2019

TABLE OF CONTENTS

- Comprehensive Annual Financial Report
- Report of Nashua Riverfront Development Project & Tax Increment District
- Report of Library Trustees
- Report of Conservation Commission
- Report of Public Works Commissioners
- Report of Wastewater Department

CITY OF NASHUA, NEW HAMPSHIRE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2019

CITY OF NASHUA NEW HAMPSHIRE

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
June 30, 2019**



**Prepared by:
The Financial Services Division**

**John L. Griffin
CFO/Comptroller**

City of Nashua, New Hampshire
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION:</u>	
Transmittal Letter	1
Organizational Chart	9
Principal Officials	10
Division and Department Heads	11
Geographic Location	13
Certificate of Achievement	14
<u>FINANCIAL SECTION:</u>	
Independent Auditors' Report	15
Management's Discussion and Analysis	18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	34
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	35
Statement of Revenues, Expenditures, and Changes in Fund Balances	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	38

	<u>Page</u>
Proprietary Funds:	
Statement of Net Position	39
Statement of Revenues, Expenses, and Changes in Fund Net Position	40
Statement of Cash Flows	41
Fiduciary Funds:	
Statement of Fiduciary Net Position	42
Statement of Changes in Fiduciary Net Position	43
Component Units:	
Combining Statement of Net Position	44
Combining Statement of Revenues, Expenses and Changes to Net Position	45
Notes to Financial Statements	47
Pennichuck Corporation and Subsidiaries Notes	95
Nashua Airport Authority Notes	131
REQUIRED SUPPLEMENTARY INFORMATION:	
Pension:	
Schedule of Proportionate Share of the Net Pension Liability (GASB 68)	149
Schedule of Pension Contributions (GASB 68)	150
Schedule of Changes in the Net Pension Liability (GASB 67)	151
Schedules of Net Pension Liability, Contributions, and Investment Returns (GASB 67)	152
OPEB:	
Schedules of Proportionate Share of Total OPEB Liability and Contributions (GASB 75)	153
Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)	154

SUPPLEMENTARY STATEMENTS AND SCHEDULES:

Governmental Funds:

Combining Financial Statements:

Combining Balance Sheet - Nonmajor Governmental Funds 158

Combining Statement of Revenues, Expenditures, and
Changes in Fund Equity - Nonmajor Governmental Funds 164

Detail and Combining Budget and Actual Statements:

Detail Schedule of Revenues and Other Financing
Sources - Budget and Actual - General Fund 173

Detail Schedule of Expenditures and Other Financing
Uses - Budget and Actual - General Fund 174

Internal Service Funds:

Combining Statement of Net Position 176

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position 177

Combining Statement of Cash Flows 178

Fiduciary Funds:

Statement of Changes in Assets and Liabilities -
Agency Fund 180

STATISTICAL SECTION:

Financial Trends

Net Position by Component - Last Ten Fiscal Years 182

Changes in Net Position - Last Ten Fiscal Years 183

Fund Balances, Governmental Funds - Last Ten Fiscal Years 184

Changes in Fund Balances, Governmental Funds - Last Ten
Fiscal Years 185

Expenditures and Other Financing Uses by Department and
Budget Category, General Fund - Last Ten Fiscal Years 186

Combined Enterprise Funds Revenue, Expenditures, Other
Financing Sources and Uses and Change in Total Net Position -
Last Ten Fiscal Years 187

Revenue Capacity

General Government Tax Revenues by Source - Last Ten Fiscal Years	188
Property Tax Levies and Collections - Last Ten Fiscal Years	189
Assessed and Estimated Full Value of Real Property - Last Ten Fiscal Years	190
Principal Taxpayers - Current Year and Nine Years Ago	191
Property Tax Rates per \$1,000 of Assessed Value - Direct and Overlapping Governments - Last Ten Fiscal Years	192
Nashua's Share of the Hillsborough County Tax Apportionment - Last Ten Fiscal Years	193

Debt Capacity

Ratios of Long Term Debt Outstanding and Legal Debt Limits - Last Ten Fiscal Years	194
Ratios of Outstanding Debt by Debt Type - Last Ten Fiscal Years	195
Computation of Overlapping Debt - Hillsborough County Long Term Debt - Last Ten Fiscal Years	196

Demographic and Economic Information

Demographic Statistics - Last Ten Fiscal Years	197
Principal Employers - Current Year and Nine Years Ago	198

Operating Information

Operating Indicators by Function - Last Ten Fiscal Years	199
Capital Asset Statistics by Function - Last Ten Fiscal Years	200
City Government Employees by Division - Full Time Equivalents - Last Ten Fiscal Years	201
Student/Teacher Statistical Information - Last Ten Fiscal Years	202
School Department Operating Statistics - Last Ten Fiscal Years	203



City of Nashua

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December 30, 2019

To the Citizens of the City of Nashua and the Board of Aldermen:

It is our pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Nashua, New Hampshire, for the fiscal year ended June 30, 2019. Responsibility for 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 report accurately presents the City's financial position and the results of operations in all material respects in accordance with the most current generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an accurate understanding of the City's financial activities have been included. This letter of transmittal is intended to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A).

This CAFR presents the City's financial statements as required by the *Governmental Accounting Standards Board (GASB) Statement No. 34*, which established a new financial reporting model for state and local governments. It also complies with *GASB Statement No. 44*, which "identified the specific information required by the statistical section standards and set forth the overarching objectives of statistical section information. The statistical section provides crucial data to many different kinds of consumers of governmental financial information, ranging from municipal credit analysts to state legislators, municipal governing bodies, oversight bodies, and citizen and taxpayer organizations." (www.gasb.org/news) The CAFR covers all funds that, by law or other fiduciary obligation, the City administers. These include, but are not limited to, funds for the City of Nashua, the Nashua School District, and the component units, Pennichuck Corporation, and Nashua Airport Authority.

History and Government

The City of Nashua encompasses an area of thirty-two square miles in Hillsborough County along the Merrimack River in Southern New Hampshire. It is approximately thirty-four miles northwest of Boston, Massachusetts, and eighteen miles south of Manchester, New Hampshire. Nashua was part of the settlement of Dunstable, Massachusetts, until the division line between Massachusetts and New Hampshire was settled in 1741. It was then known as Dunstable, New Hampshire, until its name was changed to Nashua in 1836.

Originating from England, the pioneers of Dunstable arrived in the 1600s to settle on grants of land. The livelihood of the community at that time was farming and mercantile/commercial trade. The settlement period continued into the 1700s as sawmills and gristmills were established to harness the many streams and brooks throughout the town. The late-1700s were a significant period for the region due to construction of the 27.75-mile-long Middlesex Canal

System linking the Merrimack River to Charlestown-Boston. Direct water access to Boston markets immensely increased trade opportunities.

During the 1800s, two massive cotton textile mills were established by harnessing waterpower with canal systems. Metal manufacturing, iron industries, and other heavy industries were established as ancillary and support businesses to the mills. Railroads built throughout the region in the mid-1800s dramatically reduced the general expense of travel and transportation of goods, allowing Nashua's manufacturing and retail sectors, along with its population, to grow and diversify.

The *City Charter* was issued by the State of New Hampshire and signed by Governor Noah Martin on June 28, 1853. It was not until a new charter was written in 1913 that the current form of government was adopted (The Nashua History Committee 1978: *The Nashua Experience*. Canaan, New Hampshire: Phoenix Publishing). The Mayor and fifteen-member Board of Aldermen, as the chief executive and legislative officers of the City, are responsible for the prudent administration of the City's affairs in accordance with laws set forth in the *City Charter*.

Municipal Services

The City provides services such as police and fire protection; refuse disposal; sewer services, and highway, street, and sidewalk maintenance. It maintains fifty-six athletic fields, four ice skating rinks, three outdoor swimming pool complexes, and seventeen hard courts. The City also preserves 1,200 acres of park sites including Holman Stadium, a 4,500-seat, open-air stadium. The stadium is used for sports, concerts, recreational activities, and other City-sponsored events.

Nashua is fortunate to have a municipal airport, Boire Field. It is located in the northwest corner of the City on 396 acres of land that the Nashua Airport Authority leases from the City. The Authority was created by State Statute in 1961 and is "tasked with setting policy and procedures to operate the airport for the City of Nashua in conjunction with the rules and regulations of the Federal Aviation Administration (FAA) and New Hampshire Department of Transportation, Division of Aeronautics" (www.nashuaairport.com).

The City is responsible for providing education to its citizens in compliance with requirements established by the State of New Hampshire. Public education is offered for grades kindergarten through twelve, providing a comprehensive program of general education, business, and college preparatory courses. An elected nine-member School Board manages the school district's affairs with fiscal autonomy on certain matters; however, the School Board does not represent an autonomous governmental unit independent from the City of Nashua. Financial management and reporting, as well as the issuance of debt obligations, are the City's responsibility.

Financial Structure and Management

In accordance with the *City Charter* and *Code of Ordinances*, the Financial Services Division is responsible for establishing an accounting and internal control structure designed to ensure that the City's assets are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained. In providing these reasonable assurances, it is recognized that the expenses

related to the cost of control should not exceed the benefits and the valuation of costs and benefits requires management's judgment.

Budget Control Charter Amendment

In 1993, Nashua voters passed a Budget Control Charter Amendment (also referred to as a Spending Cap) that limited the budget to an increase of no more than the average annual consumer price index (CPI-U) over the past three years.

On February 12, 2018, the budget limitation provisions of the City Charter were found to be unenforceable by the Hillsborough County Superior Court Southern Judicial District. This decision was appealed to the New Hampshire Supreme Court. On July 2, 2019, the New Hampshire Supreme Court upheld the decision of the Hillsborough County Superior Court Southern Judicial District.

Appropriating Authority

The Board of Aldermen is the Appropriating Authority for the City of Nashua. From a budgetary control perspective, management cannot overspend its approved and authorized budget without gaining approval from the Board of Aldermen. In addition, the Board of Aldermen must approve all interdepartmental transfers as well as the transfer of appropriated funds within departments from non-salary accounts to salary accounts. The City also maintains a system of encumbrance accounting to further control budgetary expenses.

Minimum Unassigned Fund Balance

The City has an ordinance stating that its policy is to maintain a minimum unassigned general fund balance of 10% of the fiscal year appropriations. If a portion of unassigned general fund balance is used to offset property taxes in any given fiscal year, it is the policy of the Board to replenish it to the 10% level within a three-year period.

Single Audit

As a recipient of federal and state funds, the City is required to undergo a yearly single audit in conformance with the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The City is also responsible for implementing an adequate internal control structure to ensure compliance with the rules and regulations of these funds. This internal control structure is subject to ongoing and/or periodic evaluation by management and the external audit firm retained by the City for this purpose. Information related to this single audit including a Schedule of Expenditures of Federal Awards; findings and recommendations; and auditor's reports on the internal control structure and compliance with applicable laws and regulations is available in a separately issued single audit report. The single audit for the fiscal year ended June 30, 2019 is in progress and management does not anticipate that there will be any instances of material weakness in the City's internal control structure.

Enterprise Operations

The City's enterprise operations comprise a Wastewater Fund and a Solid Waste Fund. Wastewater is fully self-supported by user fees. The most recent rate study was presented to the Board of Aldermen in November 2016, recommending the approval of a 15% increase in the wastewater user fee rates effective January 1, 2017. The increase was approved by the Board of Aldermen

in December 2016. The City estimates that its next rate increase will be presented during the 2020 calendar year.

During fiscal year 2019, the Solid Waste Fund received a transfer of approximately \$4.1 million from the general fund to cover a portion of the cost of residential solid waste collection, disposal, and capital equipment.

Hydroelectric Operations

The City owns two hydroelectric dams. The Jackson Mills Dam (JMD), a one-megawatt hydroelectric project is located on the Nashua River, just east of the Main Street Bridge, below Margarita's restaurant. The Mine Falls Dam (MFD), a three-megawatt hydroelectric project is located on the Nashua River in Mine Falls Park.

During fiscal year 2019, these dams generated \$1,755,223 in revenue and had operating costs of \$911,961 resulting in net revenue of \$843,262.

Long Term Financial Planning

The City uses a multi-year model to plan for future budget periods. This exercise is designed to provide the City's financial planners the ability to project the magnitude and timing of certain fiscal decisions as they relate to programs and services. The City also manages its capital budget process looking out over a six-year time horizon. The capital budget submittals are updated annually. As part of this planning process, the participating departments project their respective capital expenditure needs over the next six-year period and submit the necessary documentation for review by the members of the Capital Improvements Committee (CIC). The CIC reviews the requests and ranks them based on several factors including the scope of the proposed project, service, facility or equipment; the needs criteria such as a legal mandate, scheduled replacement, improved working environment, increased public health and safety; improved coordination and/or more cost-effective conformance with the City's Master Plan; and other factors such as anticipated future revenues and expenses. The City has also developed and implemented a capital equipment replacement program, which has been designed to replace equipment on an established schedule. This ten-year plan allows for the timely replacement of the equipment at a time when the useful life of the equipment has expired and the associated cost of maintenance and repair is not exorbitant relative to the remaining value. The capital equipment replacement program has been designed to be financed with a combination of internal cash and the issuance of debt.

Debt Administration

The City has \$115.1 million of authorized unissued debt. This amount includes \$9.8 million of refunding bonds, \$30.6 million for paving, and \$74.7 million in other capital project-related bond authorizations. During fiscal year 2019, \$17.9 million was issued in new debt for paving, City-wide capital improvements, Solid Waste vehicles, and Wastewater projects. Debt limitations are discussed in the MD&A and in the statistical section.

Credit Rating

Standard and Poor's Global Ratings and Fitch Ratings affirmed their AAA ratings and stable outlook citing the City's strong management procedures and improved local economy.

Standard & Poor's noted the City's:

- Very strong economy
- Very strong management, with “strong” financial policies
- Strong budgetary performance
- Very strong budgetary flexibility
- Very strong liquidity
- Strong debt and contingent liability position

Cash Management

General fund and enterprise fund cash is invested at several New Hampshire banking institutions and the New Hampshire Deposit Investment Pool in accordance with the directives set forth in the City's adopted investment policy. This policy is reviewed and approved by the Board of Aldermen. The policy has several objectives which include, but are not limited to, risk, liquidity, income, maturity, and diversification. The City requires collateral on all investments in the form of U.S. government obligations at no less than 102% in excess of the face value of the investment unless funds are marked to market. Commercial insurance coverage for amounts in excess of FDIC limits in the form of surety bonds issued by approved insurance corporations may be considered.

The City's trust funds must be invested pursuant to the provisions in the *State of New Hampshire's Revised Statutes Annotated Section 31:25*. The objective of the investment policy is to receive a return that is sufficient to meet the obligations of the fund while remaining within those guidelines.

Summary of Financial Position and Operations-General Fund

The City's most significant sources of revenue continue to be property taxes, followed by the State Adequate Education Grant, and motor vehicle revenues. Property tax collections remain strong overall. Tax collections stated as a percent of the current levy were 99.3%. A ten-year comparison of property tax collection data is available in the statistical section.

During fiscal year 2019, the City received funding of \$34.8 million in State Adequate Education Grant Funds. General fund motor vehicle revenue received during fiscal year 2019 came in at \$15.3 million, an increase of \$727,000 over the prior fiscal year.

The City's unassigned general fund balance position at the end of fiscal year 2019 was \$30.0 million, an increase of \$900,000 from the prior fiscal year.

Local Economy

The City of Nashua ranks among the top twenty best affordable suburbs in the Northeast by *Business Week* magazine and it is rewarding to report that in 2016 the community ranked sixteenth by *Money Magazine* as “Best Places to Live” and according to WalletHub, an industry finance website, the City of Nashua is the “Safest City In America.”

The City continues to grow, reinvent, and strengthen its economic health by being responsive to the ever-changing market trends. Nashua remains an economic hub and jobs-generator for the region.

Nashua is a proud producer of jobs in many different industries and sectors including, but not limited to advanced manufacturing, software development, optic radar systems, electronics, telecommunications, health/medical services, robotics, high-tech hardware, and within the medical device field both as a leader in manufacturing along with research and development. Nashua is second to none in retail services, having one of the best retail corridors in the country.

An example of the City's strong employment base is demonstrated through BAE Systems, where Nashua is home to its U.S. Headquarters. There are currently 3,500 jobs located within the City and an additional 1,000 new jobs projected over the next few years.

As previously mentioned, the City of Nashua is well-known as a hub for retail establishments — with the second largest concentration of retail businesses in New England. Nashua is a regional center for healthcare and educational services. These two sectors continue to see year-over-year growth. One can see why Nashua is a vibrant community with jobs that span the strata from low to high wages, making the community very stable and diversified.

The City adopted its most recent City-wide Master Plan in 2001 and has a current Downtown Master Plan, East Hollis Street Master Plan, Economic Development Strategic Plan, Riverfront Master Plan, and Consolidated Plan. These and other plans form the basis for public and private development decisions, budgetary decisions, and future investment. As a community, we endeavor to plan strategically which has led to very sound financial policies and a very important variable when a private sector company is making decisions on where to invest.

The City is focusing on key priority development areas for new growth and remains steadfast in redeveloping existing sites. The City is undertaking ambitious revitalization strategies for long-dormant sites near the center of Nashua and is continuously reinvesting in its infrastructure, most recently with the opening of the Broad Street Parkway, which is stimulating redevelopment of the Nashua Millyard and the Main Street Corridor in Nashua.

Housing is a critical component to having a well-rounded community, where residents can live and work in close proximity to one another. A few years ago, the 109-unit Apartments at Cotton Mill were fully leased just 9 months after opening. Another mill conversion project, Lofts 34, brought 200 units on-line in 2019. In 2019, we anticipate seeing 120 units of new housing with the continuation of the Clocktower mill conversion, which already has 400 units of apartments. On the eastern edge of the downtown, the East Hollis Street Gateway Project has begun. This project features the Bridge Street Waterfront Redevelopment Project, which has an approved first phase plan for up to 156 units of housing. Across the street, the City of Nashua was awarded \$3.6 million from the state's Department of Transportation to construct a major roadway infrastructure improvement, which will enhance circulation and provide critical access to the Bridge Street site. These development initiatives will reinvigorate downtown Nashua with people-intensive uses. Lastly, the City issued a request for proposal (RFP) seeking development on a municipal surface parking lot, and a hotel developer responded with a 100-room hotel proposal for the downtown. This would be the first hotel in over a hundred years for the City's center.

In South Nashua, a key development site is Gateway Hills, a 400-acre mixed-use development and a crucial stakeholder in Nashua's high-tech cluster expansion. An existing 750,000 square foot innovation campus has been enhanced by 540 units of new multifamily construction,

40,000 square feet of retail space, and a recently opened 120-room hotel. New projects that are slated to come on-line include a brand new 240,000-square foot Research and Development facility, a 100,000-square foot flex and high-bay warehouse space, and additional townhome housing. Nearby, along Daniel Webster Highway, the Pheasant Lane Mall recently underwent a \$20 million renovation project.

The City is constantly seeing companies expand and grow, a sign that the broader national economy is doing well. For instance, some of our larger employers are adding hundreds of jobs. The City confirmed companies such as BAE, Oracle, Amphenol, Skillsoft, Dell, Infinio Systems, and Worthen Industries are all adding significant head counts. Just as rewarding, smaller and midsize companies are expanding as well. Pfeiffer Vacuum constructed a 24,000 sq./ft. building in Nashua that will serve as its USA headquarters. Longs Jewelers, a family-owned jeweler, built a stand-alone building of 10,000 sq./ft. and Prudential Supply, a linen cleaning company, built a 75,000 sq./ft. Northeast facility. The City is growing and expanding in many ways.

Nashua actively pursues all available funding opportunities and has been a successful recipient of federal funding from the Environmental Protection Agency (EPA) Brownfield awards, Federal Transportation and Administration (FTA) Grants, and Community Development Block Grants. Transportation is essential to the viability of a community and the quality of life of its citizens. The City continues to make significant investments and plays an active role in supporting infrastructure improvements, extensions, expansions, and transit. The transit system has been a proven success for over 25 years and continues to expand its service routes. An extension of the MBTA commuter line from the Lowell/Boston area to Nashua and potentially further north to Manchester and Concord, remains under consideration at the Federal, State, and local levels. The City is taking proactive steps to move this along by engaging in a public/private partnership to help bring the project to fruition. Commuter bus service between Nashua and Boston began in February 2007 and has developed a steady local ridership base which has exceeded original projections. Lastly, the City acquired a site for a Park & Ride facility and a potential downtown rail station. This particular site is currently being engineered for these future uses.

All of the aforementioned factors have contributed to a solid, strong, and diverse fiscal and economic atmosphere for the City and its citizens.

Financial Reporting Awards

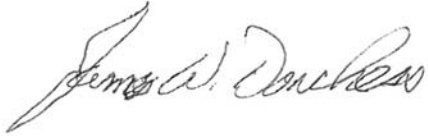
The City of Nashua has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its CAFR for the last fourteen fiscal years. In order to receive this prestigious award the report must be easily readable and efficiently organized, the contents must conform to program standards, and it must satisfy both generally accepted accounting principles and applicable legal requirements. The award is presented to government units and public employee retirement systems whose CAFRs achieve the highest standards in government accounting and financial reporting.

The Certificate of Achievement is valid for a period of one year only. We believe that this CAFR conforms to the standards required for the certificate and will be submitting it to the GFOA for review.

Acknowledgements

The preparation and publication of this CAFR would not have been possible without the dedication and hard work of members of the Financial Services Division team. This accomplishment also required contributions and cooperation from many departments throughout the City and we appreciate their efforts as well. We would also like to thank the Board of Aldermen for their continued support of the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



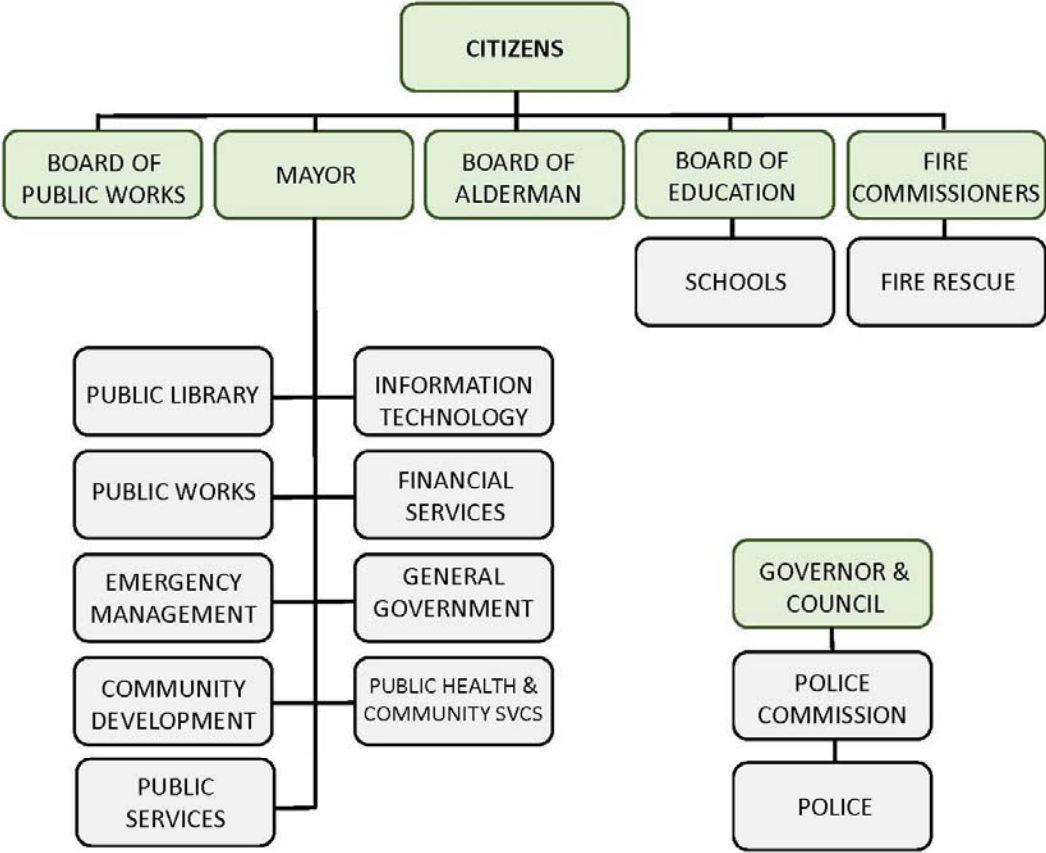
James Donchess
Mayor



John L. Griffin
Chief Financial Officer

CITY OF NASHUA

ADMINISTRATIVE/EXECUTIVE STRUCTURE



Note: The Police Commission is appointed by the Governor and confirmed by the Executive Council.

**CITY OF NASHUA, NEW HAMPSHIRE
LIST OF PRINCIPAL OFFICIALS
FISCAL YEAR 2019**

MAYOR

Jim Donchess

ALDERMEN AT LARGE

Lori Wilshire, President
Michael O'Brien, Sr., Vice President
Benjamin M. Clemons
Shoshanna Kelly
Brandon Michael Laws
David C. Tencza

WARD ALDERMEN

Jan Schmidt.....	Ward 1
Richard A. Dowd	Ward 2
Patricia Klee.....	Ward 3
Thomas Lopez.....	Ward 4
Ernest A. Jette	Ward 5
Ken Gidge	Ward 6
June M. Caron.....	Ward 7
Mary Ann Melizzi-Golja.....	Ward 8
Linda Harriott-Gathright.....	Ward 9

**CITY OF NASHUA, NEW HAMPSHIRE
DIVISION AND DEPARTMENT HEADS
FISCAL YEAR 2019**

LEGAL

Corporation Counsel	Steven Bolton, Esquire
Deputy Corporation Counsel	Dorothy Clarke, Esquire
Associate Corporation Counsel	Celia K. Leonard, Esquire

BOARD OF ALDERMEN

Aldermanic Legislative Manager	Susan Lovering
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OFFICE OF THE CITY CLERK

City Clerk	Patricia Piecuch
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HUMAN RESOURCES

Human Resources Director	Lawrence Budreau
Benefits Manager	Carol St. Pierre
Payroll Manager	Peter Donovan

OFFICE OF ECONOMIC DEVELOPMENT

Economic Development Director	Timothy Cummings
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INFORMATION TECHNOLOGY

Chief Information Officer/IT Division Director	Bruce Codagnone
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FINANCIAL SERVICES DIVISION

Chief Financial Officer/Comptroller	John L. Griffin
Senior Manager of Accounting	Rosemarie Evans
Treasurer/Tax Collector	David G. Fredette
Deputy Treasurer/Deputy Tax Collector	Ruth Raswyck
Purchasing Manager	Daniel Kooken
Risk Manager	Jennifer Deshaies
Chief Assessor	Vacant

POLICE DEPARTMENT

Police Chief	Andrew Lavoie
Deputy Police Chief	Michael Carignan
Deputy Police Chief	Denis Linehan

**CITY OF NASHUA, NEW HAMPSHIRE
DIVISION AND DEPARTMENT HEADS
FISCAL YEAR 2019**

FIRE DEPARTMENT

Fire Chief	Brian D. Rhodes
Assistant Fire Chief	George A. Walker

**DIVISION OF PUBLIC HEALTH
AND COMMUNITY SERVICES**

Director	Bobbie Bagley
Chief Public Health Nurse	Kimberly Bernard
Environmental Health Manager	Heidi Peek
Welfare Officer	Robert Mack

PUBLIC WORKS DIVISION

Director	Lisa Fauteux
City Engineer	Stephen Dookran
Parks/Recreation Superintendent	Nicholas Caggiano
Streets Superintendent	Jonathan Ibara
Solid Waste Superintendent	Jeffrey Lafleur
Wastewater Treatment Superintendent	David Boucher

COMMUNITY DEVELOPMENT DIVISION

Director	Sarah Marchant
Planning Department Manager	Roger Houston
Waterways Manager	Deborah Chisholm
Urban Programs Manager	Carrie Johnson Schena
Building Department Manager	William McKinney
Code Enforcement Department Manager	Nelson Ortega
Transportation Department Manager	Camille Pattison

PUBLIC LIBRARIES

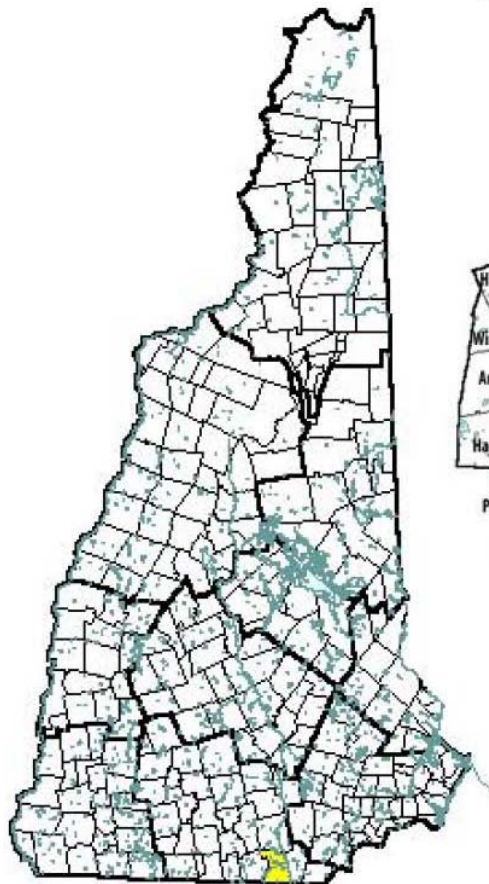
Director	Jennifer McCormack
Assistant Director	Jennifer Hosking

SCHOOL DEPARTMENT

Superintendent	Dr. Jahmal Mosley
Chief Operating Officer	Daniel Donovan

City of Nashua, NH

Geographic Location





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Nashua
New Hampshire**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
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 (except Nashua Airport Authority), each major fund, and the aggregate remaining fund information of the City of Nashua, 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 Nashua Airport Authority, which represents 7.3 percent, 74.9 percent, and 1.9 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. 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 Nashua Airport Authority is based solely on the report of 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 report of 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 Nashua, New Hampshire, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, 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 City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules appearing on pages 158 through 180 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections appearing on pages 1 through 14, and 182 through 203, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2019 on our consideration of the City'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 City's internal control over financial reporting and compliance.

Melanson Heath

December 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Nashua, New Hampshire (the City), we offer readers of the City of Nashua's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, education, health and human services, culture and recreation, community development, communications, and hydroelectric operations. The business-type activities of the City include Wastewater and Solid Waste activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate entities for which the primary government is financially accountable (known as component units). Pennichuck Corporation and the Nashua Airport Authority are reported as a discretely presented governmental component units. Financial information for Pennichuck Corporation and the Nashua Airport Authority are reported separately from the financial information presented for the primary government.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 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 City'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 28 individual governmental fund types. 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. Data from all the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

The City maintains two different types of 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 Wastewater and Solid Waste operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insured programs. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate

information for the Wastewater and Solid Waste operations, both of which are considered to be major funds of the City.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government (i.e., Public Works Pension Funds, Scholarship Funds, etc.). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment (OPEB) benefits to its employees.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$131.5 million, an increase of \$9.6 million or 7.9% as compared to the prior year. Net position of the City's governmental activities increased by \$7.6 million, which represents an increase of 46.2% while the City's business-type activities net position increased by \$2.1 million, or 1.9%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$108.8 million, an increase of \$10.0 million over the prior year.
- The City's general fund revenue and other financing sources (uses) exceeded expenditures by \$6.1 million. This is primarily due to motor vehicle permit revenues and interest earnings exceeding revenue estimates for the year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$30.0 million, an increase of \$0.9 million in comparison with the prior year.
- During fiscal year 2019, the City issued \$17.9 million of new general obligation debt.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal year (in thousands).

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 263,038	\$ 245,927	\$ 23,392	\$ 25,055	\$ 286,430	\$ 270,982
Capital assets	329,175	322,790	160,967	156,462	490,142	479,252
Noncurrent assets	<u>127,025</u>	<u>130,530</u>	<u>-</u>	<u>-</u>	<u>127,025</u>	<u>130,530</u>
Total assets	719,238	699,247	184,359	181,517	903,597	880,764
Deferred outflows of resources	55,098	54,486	89	94	55,187	54,580
Current liabilities	54,404	49,439	9,314	11,550	63,718	60,989
Noncurrent liabilities	<u>570,028</u>	<u>568,842</u>	<u>66,551</u>	<u>64,107</u>	<u>636,579</u>	<u>632,949</u>
Total liabilities	624,432	618,281	75,865	75,657	700,297	693,938
Deferred inflows of resources	125,988	119,095	989	448	126,977	119,543
Net investment in capital assets	216,708	204,799	103,192	97,330	319,900	302,129
Restricted	40,381	33,290	6,597	6,224	46,978	39,514
Unrestricted	<u>(233,173)</u>	<u>(221,732)</u>	<u>(2,195)</u>	<u>1,952</u>	<u>(235,368)</u>	<u>(219,780)</u>
Total net position	<u>\$ 23,916</u>	<u>\$ 16,357</u>	<u>\$ 107,594</u>	<u>\$ 105,506</u>	<u>\$ 131,510</u>	<u>\$ 121,863</u>

As depicted in the table above, the largest portion of the City's net position, \$320.0 million, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$47.0 million, represents resources that are subject to external restrictions on how they may be used (i.e., grants, capital projects, contributions, etc.). The remaining balance of net position (\$235.3 million) is considered unrestricted and represents the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, while the City's unrestricted net position reflects a negative balance due to the impact of *GASB 68 - Accounting and Financial Reporting for Pensions* and *GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (OPEB)*, the City is able to report a positive net position for the government as a whole, as well as for its separate Wastewater and Solid Waste activities. The same situation held true for the prior fiscal year.

The restricted portion of net position \$6.6 million reported within the City's business-type activities, primarily represents the regulatory funds set-aside for the closure of the Nashua Four Hills Lined Landfill.

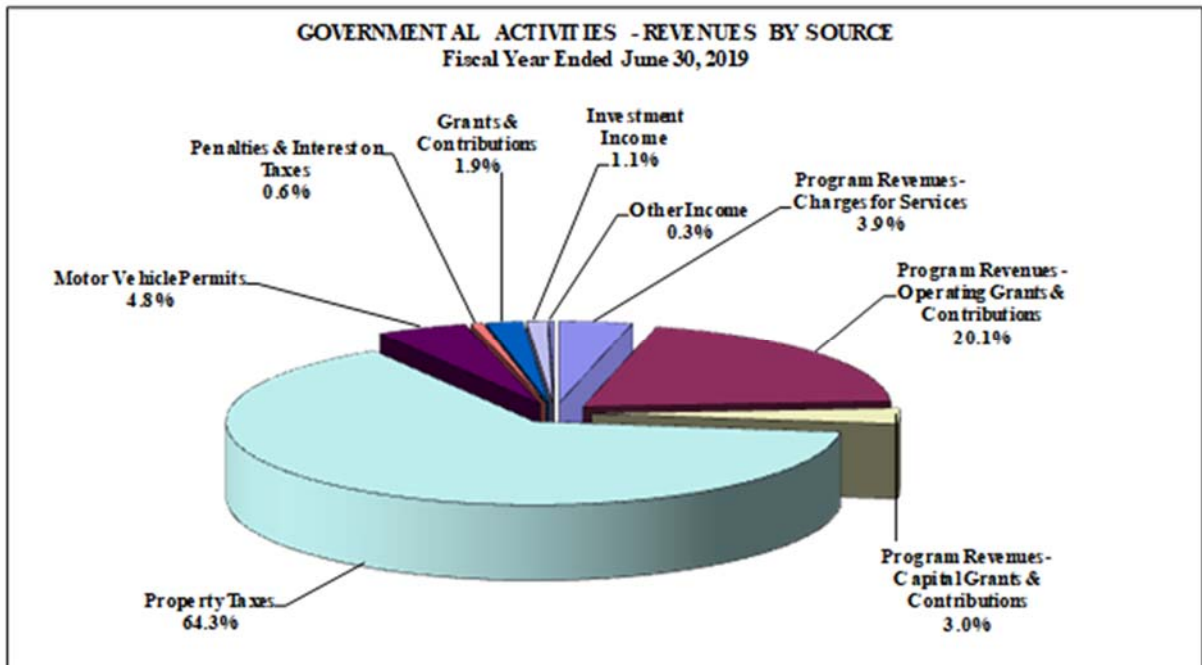
The following table indicates the changes in net position for governmental and business-type activities (in thousands):

	<u>CHANGES IN NET POSITION</u>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 12,809	\$ 13,153	\$ 17,808	\$ 18,162	\$ 30,617	\$ 31,315
Operating grants and contributions	67,165	63,751	-	-	67,165	63,751
Capital grants and contributions	10,192	11,724	591	855	10,783	12,579
General revenues:					-	
Property taxes	214,535	207,032	-	-	214,535	207,032
Auto permits	15,982	15,256	-	-	15,982	15,256
Penalties and interest on taxes	2,084	1,799	-	-	2,084	1,799
Grants and contributions not restricted to specific programs	6,471	5,720	1,289	1,308	7,760	7,028
Investment income	3,675	1,494	593	254	4,268	1,748
Other	887	1,038	-	-	887	1,038
Total revenues	<u>333,800</u>	<u>320,967</u>	<u>20,281</u>	<u>20,579</u>	<u>354,081</u>	<u>341,546</u>
Expenses:						
General government	32,349	29,087	-	-	32,349	29,087
Police	38,376	35,259	-	-	38,376	35,259
Fire	26,982	26,374	-	-	26,982	26,374
Water fire protection services	2,957	2,870	-	-	2,957	2,870
Education	173,171	169,231	-	-	173,171	169,231
Public works	12,594	12,300	-	-	12,594	12,300
Health and human services	3,501	3,207	-	-	3,501	3,207
Culture and recreation	8,024	7,539	-	-	8,024	7,539
Community development	9,885	8,279	-	-	9,885	8,279
Communications	1,055	1,379	-	-	1,055	1,379
Hydroelectric	752	598	-	-	752	598
Interest and costs	12,429	12,837	-	-	12,429	12,837
Wastewater services	-	-	15,184	14,276	15,184	14,276
Solid waste services	-	-	7,286	7,098	7,286	7,098
Total expenses	<u>322,075</u>	<u>308,960</u>	<u>22,470</u>	<u>21,374</u>	<u>344,545</u>	<u>330,334</u>
Change in net position before permanent fund contributions and transfers	11,725	12,007	(2,189)	(795)	9,536	11,212
Permanent fund contributions	111	92	-	-	111	92
Transfers in (out)	<u>(4,277)</u>	<u>(3,877)</u>	<u>4,277</u>	<u>3,877</u>	<u>-</u>	<u>-</u>
Change in net position	7,559	8,222	2,088	3,082	9,647	11,304
Net position - beginning of year	<u>16,357</u>	<u>8,135</u>	<u>105,506</u>	<u>102,424</u>	<u>121,863</u>	<u>110,559</u>
Net position - end of year	<u>\$ 23,916</u>	<u>\$ 16,357</u>	<u>\$ 107,594</u>	<u>\$ 105,506</u>	<u>\$ 131,510</u>	<u>\$ 121,863</u>

Governmental activities. Governmental activities for the year resulted in an increase in net position of \$7.6 million or 46.2%. Key elements of this change are as follows (in thousands):

General fund excess of revenues over expenditures	\$ 11,986
General fund transfer to Solid Waste fund - operations	(4,086)
General fund transfer to Solid Waste fund - capital	(297)
Internal service fund operations, net of wastewater subsidy	(2,971)
Capital assets acquired from current revenue	11,845
Special road and highway fund revenues exceeding expenditures	2,272
Riverfront promenade tax increment financing revenues	784
Paving expendable trust fund contributions	1,630
Increase in net pension liability and related deferrals	(7,011)
Increase in net OPEB liability and related deferrals	(1,860)
Depreciation expense exceeding principal debt service (excluding Pennichuck bonds)	(7,046)
Permanent fund favorable returns on investments, net	1,027
Other	<u>1,286</u>
Total	<u>\$ 7,559</u>

The chart below identifies revenues by source for governmental activities.



As reflected in the above chart, the City's largest sources of revenue are from property taxes (64.3%) and operating grants and contributions (20.1%). The cost of all governmental activities this year was \$322.0 million. This reflects a \$13.0 million decrease over the fiscal year 2018 total of \$309.0 million. However, as shown in the Statement of Activities on

page 32 - 33, the amount that our taxpayers ultimately financed for these activities through City property taxes was \$214.5 million because some of the cost was paid by those who directly benefited from the programs through charges for services or by other governments and organizations that subsidized certain programs with capital and operating grants and contributions. The City supports the remaining portion of the governmental activities with other general revenues such as motor vehicle registrations, investment income, unrestricted grants and contributions, and miscellaneous other revenues.

The table below presents the cost of each of the City’s programs as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the amount that must be supported by property taxes and other general revenues.

	Governmental Activities			
	(In Thousands)			
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General government	\$ 40,658	\$ 37,444	\$ 28,985	\$ 24,133
Police	38,413	35,310	36,598	33,315
Fire	27,190	26,600	26,288	26,302
Water fire protection services	2,957	2,870	2,957	2,870
Education	175,193	171,568	117,965	116,234
Public works	13,911	13,601	6,684	9,444
Health and human services	3,501	3,207	2,118	2,039
Culture and recreation	8,079	7,585	7,018	6,698
Community development	9,958	8,490	3,008	(1,687)
Communications	1,343	1,687	1,169	1,635
Hydroelectric	872	598	(883)	(652)
	<u>\$ 322,075</u>	<u>\$ 308,960</u>	<u>\$ 231,907</u>	<u>\$ 220,331</u>

Business-type activities. Overall, business-type activities increased the City’s net position by \$2.1 million.

Key elements of this change are as follows:

- The Wastewater Fund’s total net position increased by \$0.1 million. Wastewater operations generated an operating loss of \$(0.5) million offset by \$0.1 million in non-operating revenues and \$0.5 million in capital contributions. The operating loss is primarily due to increased operating expenses. The City continues to annually update its wastewater rate study model in order to ensure that the rates are sufficient to cover the operating and capital costs of wastewater system. A user fee rate increase of 15% for both the demand and flow charges was implemented on January 1, 2017. The City plans to implement a rate increase during the 2020 calendar year.

- The Solid Waste Fund increased its total net position by \$2.0 million resulting in an overall positive net position. This increase is largely due to the subsidy provided by the City to supplement Solid Waste operations. The subsidy is raised through property taxation for the residential costs of collection and disposal. There is currently no separate fee charged to the City's residential population.
- The Solid Waste Fund negative unrestricted net position of \$8.7 million is primarily due to the fund's high percentage of non-capital (landfill closure costs) related debt, as well as the GAAP requirement to record closure and post closure care liability (the amount the City would be required to spend should the landfill cease operations).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City'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.

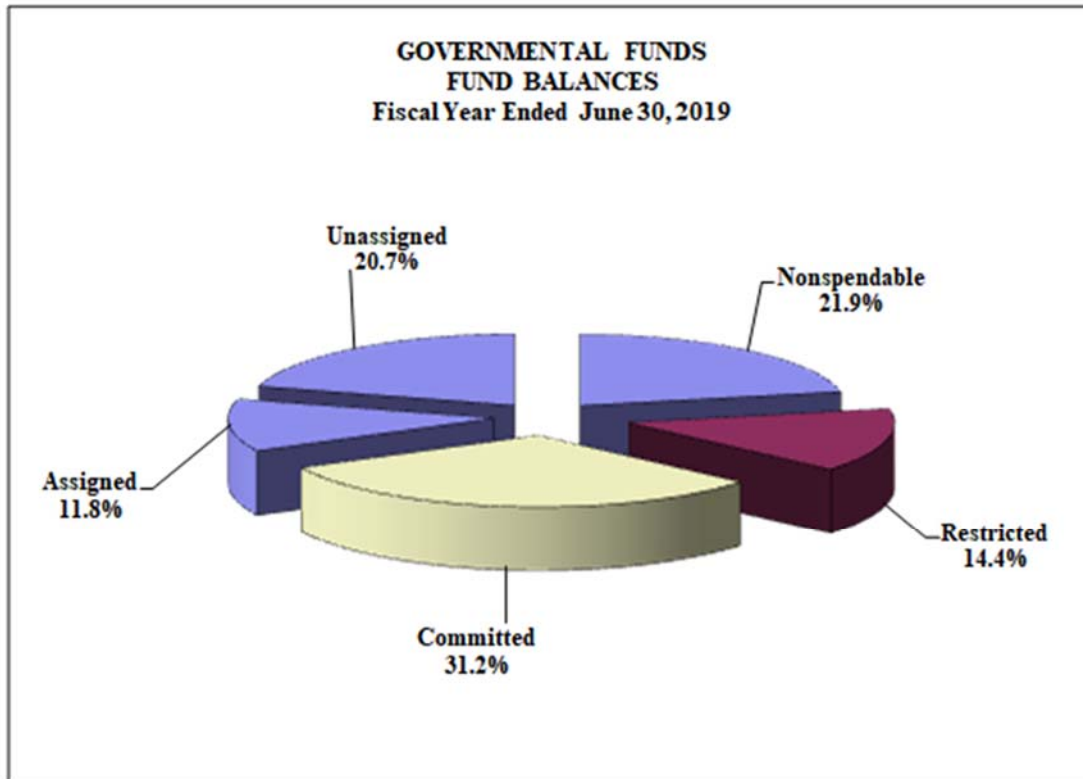
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$108.8 million, representing an increase of \$10.0 million over the prior year and summarized as follows (in thousands):

General fund revenues and transfers in excess of expenditures and transfers out	\$ 6,059
Special revenue fund revenues and transfers in excess of expenditures and transfers out	5,408
Capital Project Fund expenditures in excess of revenues, bond proceeds, and transfers in	(1,772)
Permanent Fund excess revenues over expenditures and transfers out	<u>343</u>
Total	<u><u>\$ 10,038</u></u>

The components of fund balance for all governmental funds are as follows (in thousands):

Nonspendable	\$ 23,772
Restricted	15,707
Committed	33,927
Assigned	12,876
Unassigned	<u>22,481</u>
Total	<u><u>\$ 108,763</u></u>

Unassigned fund balance represents \$22.5 million or 22.9% of the total combined ending governmental fund balances. The remaining components of fund balance, \$86.3 million, are not available for new spending.



General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$30.0 million compared to \$29.1 million last year, while total general fund balance was \$60.9 million compared to \$54.8 million last year. As a measure of the general fund’s change in financial position, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures over time. Unassigned fund balance, represents 10.7% of total general fund expenditures and transfers out, consistent with the prior year, while total fund balance represents 21.7% of total general fund expenditures and transfers, compared to 20.2% for the prior year.

Proprietary funds. The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unlike governmental funds, proprietary funds utilize the accrual basis of accounting. Therefore, no reconciliation is needed between the government-wide financial statements and the proprietary fund financial statements.

Factors concerning the finances of these two funds have already been addressed in the discussion of the City’s business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following reconciles the City's adopted budget with the "original budget" columns of the Budget and Actual Financial Statements on page 38 and the Budget and Actual Detail Schedule on pages 173 - 174 (in thousands).

Total Adopted Budget	\$ 262,764
Plus: Hillsborough County appropriation	12,035
Plus: Appropriation to Solid Waste Fund	4,585
Plus: Supplemental appropriations	<u>4,860</u>
Total Original Budget, per Financial Statements/Schedules	<u><u>\$ 284,244</u></u>

The difference between the original and final amended budget resulted in an overall increase in appropriations of \$0.6 million and is summarized as follows:

Total Original Budget, per budgetary financial statements/schedule	\$ 284,244
Plus: Transfers in from Retirement Trust and Police Overtime Reserve Fund	<u>551</u>
Total Final Budget, per Financial Statements/Schedules	<u><u>\$ 284,795</u></u>

The combined difference between the final amended budget and actual results reflects an overall surplus of \$6.2 million.

Actual revenues, transfers, and other financing sources on a budgetary basis were \$286.4 million which represents a \$6.1 million surplus over the final revenue budget. Significant revenue surpluses are summarized as follows:

- \$2,912 in motor vehicle registrations
- \$809 in interest and dividend earnings
- \$633 in penalties and interest on taxes
- \$605 in property taxes
- \$239 in licenses and permits
- \$238 in income from departments
- \$149 in rentals and leases

Actual expenditures, transfers, and other financing uses on a budgetary basis were \$284.7 million, (inclusive of carryforward appropriations), resulting in a \$0.1 million surplus below the final expenditure budget.

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 amounted to \$490.1 million, net of accumulated depreciation, an increase of \$10.8 million over the prior fiscal year. This investment in capital assets includes land, buildings, vehicles, equipment, and infrastructure.

CAPITAL ASSETS AS OF JUNE 30, 2019 AND 2018
(net of accumulated depreciation)
(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land and improvements	\$ 31,116	\$ 31,116	\$ 7,155	\$ 7,857	\$ 38,271	\$ 38,973
Buildings and systems	163,421	164,441	39,282	37,195	202,703	201,636
Machinery and equipment	32,637	31,966	22,838	21,763	55,475	53,729
Infrastructure	95,978	84,994	82,097	79,245	178,075	164,239
Construction in progress	6,023	10,273	9,595	10,402	15,618	20,675
	<u>\$ 329,175</u>	<u>\$ 322,790</u>	<u>\$ 160,967</u>	<u>\$ 156,462</u>	<u>\$ 490,142</u>	<u>\$ 479,252</u>

Major capital asset additions during the current fiscal year included the following (in thousands):

Governmental Activities

2019 Streets Paving Program	\$ 10,681
2019 Nashua Roadways Improvements	2,813
School technology - software and hardware upgrades	1,421
Lower Floor Cutaway Transit Vans (6)	743
Pedestrian/Bicycle Bridge Improvements	693
Fire Pierce Enforcer Rescue Truck	691
Performing Arts Center Engineering Services	520
2019 Sidewalks Improvements	454
Police Technology - software and hardware upgrades	431
Jackson Mills Dam Turbine Improvements	364

Business-type Activities

Solid Waste Auto Refuse Trucks (6)	\$ 2,001
Landfill Expansion Construction Phase III	1,970
2019 CLIPP Lining Project	1,482
2018 Sewer Paving & Structure Replacement	1,464
2018 Sewer Replacement at Harvard Street	643
2018 Sewer Replacement at Kinsley Street	609

Additional information concerning the City’s capital assets can be found in Note 8 on pages 62 - 63.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$308.7 million compared to \$311.2 million in the prior year. Of this amount, \$300.3 million represents general obligation debt, which is backed by the full faith and credit of the government.

OUTSTANDING DEBT AS OF JUNE 30, 2019 AND 2018

(in thousands)

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bonds and notes	\$ 114,225	\$ 116,163	\$ 59,020	\$ 56,186	\$ 173,245	\$ 172,349
Unamortized bond premiums	6,878	6,846	1,257	1,090	8,135	7,936
Pennichuck acquisition bonds	127,025	130,530	-	-	127,025	130,530
Capital leases	<u>275</u>	<u>362</u>	<u>-</u>	<u>-</u>	<u>275</u>	<u>362</u>
Total	<u>\$ 248,403</u>	<u>\$ 253,901</u>	<u>\$ 60,277</u>	<u>\$ 57,276</u>	<u>\$ 308,680</u>	<u>\$ 311,177</u>

During the fiscal year, the City issued \$17.9 million new debt and retired \$20.6 million of outstanding debt through scheduled principal payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total assessed valuation for the City or 7% of its total assessed valuation for the School. The City of Nashua has imposed more restrictive limits for City and School respectively of 2% for and 6% of total assessed valuation. The current debt limitation for the City and School combined is \$877.6 million, which is significantly above the \$114.2 million of general obligation debt subject to these limitations. Wastewater, Solid Waste, and Pennichuck acquisition debt of \$187.3 is not subject to these limitations.

The City maintains a AAA credit rating from both Fitch and Standard & Poor’s Rating Services, both agencies citing the City’s strong management procedures and improved local economy.

Additional information on the City’s long-term debt can be found in Note 15 on pages 65 - 70.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The City continues to experience growth in local revenue, specifically in motor vehicle registration fees and interest and dividends, and is experiencing increased development activity throughout the City’s commercial and residential zones. Likewise, the City continues to invest in road paving, capital equipment replacement, capital improvements for buildings and City-related infrastructure, traffic mitigation, and other initiatives that promote economic growth and vibrancy. As noted by rating agencies, the City has a diverse and expanding economic base, above-average socioeconomic factors, and a manageable debt burden.

The City adopted a fiscal year 2020 general fund operating budget of \$287.3 million (inclusive of the subsidy transfer to solid waste and the Hillsborough County appropriation), compared to an adopted budget of \$284.2 million for fiscal year 2019. The budget reflects an overall increase of 1.1% over the prior year. \$1.5 million of assigned fund balance is planned to be used as a funding source towards the fiscal year 2020 tax rate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Nashua's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Financial Reporting
City of Nashua
229 Main Street
Nashua, New Hampshire 03061

CITY OF NASHUA, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2019

(Except for Pennichuck Corporation Component Unit, which is as of December 31, 2018)

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Government Wide Total	
Assets				
Current:				
Cash and short-term investments	\$ 143,822,511	\$ 15,831,157	\$ 159,653,668	\$ 1,854,666
Investments	82,242,579	3,925,873	86,168,452	313,027
Restricted cash and investments	-	-	-	6,765,000
Receivables, net of allowance for uncollectibles:				
Property taxes	22,406,840	-	22,406,840	-
Tax deeded property	488,116	-	488,116	-
User fees	-	3,896,097	3,896,097	6,355,765
Departmental and other	1,719,398	-	1,719,398	-
Intergovernmental	6,868,843	912,807	7,781,650	74,020
Loans	532,291	-	532,291	-
Internal balances	1,173,961	(1,173,961)	-	-
Due from external parties - fiduciary funds	1,492,853	-	1,492,853	-
Other assets	2,291,893	-	2,291,893	2,242,000
Total Current Assets	<u>263,039,285</u>	<u>23,391,973</u>	<u>286,431,258</u>	<u>17,604,478</u>
Noncurrent:				
Capital assets being depreciated, net of accumulated depreciation	292,035,739	151,140,520	443,176,259	238,774,100
Capital assets not being depreciated	37,139,318	9,826,760	46,966,078	7,901,579
Acquisition premium	-	-	-	71,268,000
Equity interest in Pennichuck	127,025,000	-	127,025,000	-
Other assets	-	-	-	104,000
Total Noncurrent Assets	<u>456,200,057</u>	<u>160,967,280</u>	<u>617,167,337</u>	<u>318,047,679</u>
Deferred Outflows of Resources				
Related to pensions	49,039,718	19,060	49,058,778	104,068
Related to OPEB	5,743,100	69,858	5,812,958	1,289
Other	314,671	-	314,671	12,972,000
Total Deferred Outflows of Resources	<u>55,097,489</u>	<u>88,918</u>	<u>55,186,407</u>	<u>13,077,357</u>
Total Assets and Deferred Outflows of Resources	774,336,831	184,448,171	958,785,002	348,729,514
Liabilities				
Current:				
Accounts payable	15,632,309	-	15,632,309	5,417,662
Retainage payable	1,465,014	-	1,465,014	27,631
Salaries payable	7,280,893	67,110	7,348,003	-
Accrued liabilities	10,937,887	1,249,415	12,187,302	2,741,271
Unearned revenues	19,659	-	19,659	-
Notes payable	-	2,035,514	2,035,514	-
Due to other governments	22,090	-	22,090	-
Customer advances	-	-	-	240,000
Line of credit	-	-	-	6,626,000
Other	916,688	-	916,688	-
Current portion of long-term liabilities:				
Bonds and notes payable	12,640,979	5,899,476	18,540,455	6,019,000
Acquisition bonds payable	3,590,000	-	3,590,000	-
Compensated absences	1,809,731	62,668	1,872,399	-
Capital leases	89,138	-	89,138	-
Total Current Liabilities	<u>54,404,388</u>	<u>9,314,183</u>	<u>63,718,571</u>	<u>21,071,564</u>
Noncurrent:				
Bonds and notes payable	108,461,946	54,377,866	162,839,812	203,191,000
Acquisition bonds payable	123,435,000	-	123,435,000	-
Compensated absences	16,287,576	564,015	16,851,591	12,485
Capital leases	185,928	-	185,928	-
Landfill closure and post closure	-	7,249,180	7,249,180	-
Net and total OPEB liability	73,174,877	1,534,098	74,708,975	3,208,390
Net pension liability - State of NH	244,946,874	-	244,946,874	10,321,288
Net pension liability - Board of Public Works	3,535,761	2,825,810	6,361,571	-
Contributions in aid of construction	-	-	-	51,961,000
Other noncurrent liabilities	-	-	-	10,737,000
Total Noncurrent Liabilities	<u>570,027,962</u>	<u>66,550,969</u>	<u>636,578,931</u>	<u>279,431,163</u>
Deferred Inflows of Resources				
Related to pensions	12,743,965	908,957	13,652,922	80,540
Related to OPEB	3,234,462	80,004	3,314,466	23
Other	110,009,747	-	110,009,747	14,643,000
Total Deferred Inflows of Resources	<u>125,988,174</u>	<u>988,961</u>	<u>126,977,135</u>	<u>14,723,563</u>
Total Liabilities and Deferred Inflows of Resources	750,420,524	76,854,113	827,274,637	315,226,290
Net Position				
Net investment of capital assets	216,707,625	103,191,712	319,899,337	64,499,048
Restricted for:				
Pennichuck Corporation	-	-	-	(31,301,000)
Grants and other statutory restrictions	9,574,966	-	9,574,966	-
Capital projects	5,849,959	6,597,212	12,447,171	-
Permanent funds:				
Expendable	1,672,911	-	1,672,911	-
Nonexpendable	23,283,735	-	23,283,735	-
Unrestricted	(233,172,889)	(2,194,866)	(235,367,755)	305,176
Total Net Position	<u>\$ 23,916,307</u>	<u>\$ 107,594,058</u>	<u>\$ 131,510,365</u>	<u>\$ 33,503,224</u>

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

CITY OF NASHUA, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR FISCAL YEAR ENDED JUNE 30, 2019

(Except for Pennichuck Corporation Component Unit, which is as of December 31, 2018)

			Program Revenues			
	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
Primary Government						
Governmental Activities						
General government	\$ 32,348,880	\$ 8,309,279	\$ 2,893,210	\$ 8,779,782	\$ -	\$ (28,985,167)
Police	38,376,236	36,904	1,142,259	672,883	-	(36,597,998)
Fire	26,981,791	207,856	99,068	802,113	-	(26,288,466)
Water fire protection services	2,956,563	-	-	-	-	(2,956,563)
Education	173,171,018	2,022,297	3,331,855	53,895,963	-	(117,965,497)
Public works	12,593,588	1,317,858	908,837	1,695,793	4,622,899	(6,683,917)
Health and human services	3,501,269	-	180,333	1,202,701	-	(2,118,235)
Culture and recreation	8,024,166	53,808	944,283	115,461	-	(7,018,230)
Community development	9,885,193	72,983	1,553,672	-	5,396,211	(3,008,293)
Communications	1,054,961	287,927	-	-	172,588	(1,170,300)
Hydroelectric	751,931	119,949	1,755,223	-	-	883,343
Interest and costs	<u>12,428,861</u>	<u>(12,428,861)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	322,074,457	-	12,808,740	67,164,696	10,191,698	(231,909,323)
Business-Type Activities						
Wastewater services	15,183,762	-	13,384,020	-	591,095	(1,208,647)
Solid waste services	<u>7,286,191</u>	<u>-</u>	<u>4,423,119</u>	<u>-</u>	<u>-</u>	<u>(2,863,072)</u>
Total Business-Type Activities	<u>22,469,953</u>	<u>-</u>	<u>17,807,139</u>	<u>-</u>	<u>591,095</u>	<u>(4,071,719)</u>
Total primary government	<u>\$ 344,544,410</u>	<u>\$ -</u>	<u>\$ 30,615,879</u>	<u>\$ 67,164,696</u>	<u>\$ 10,782,793</u>	<u>\$ (235,981,042)</u>
Component Units						
Pennichuck Corporation	\$ 50,760,000	\$ -	\$ 45,265,000	\$ -	\$ -	\$ (5,495,000)
Nashua Airport Authority	<u>1,961,242</u>	<u>-</u>	<u>529,756</u>	<u>-</u>	<u>349,282</u>	<u>(1,082,204)</u>
Total component units	<u>\$ 52,721,242</u>	<u>\$ -</u>	<u>\$ 45,794,756</u>	<u>\$ -</u>	<u>\$ 349,282</u>	<u>\$ (6,577,204)</u>

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

(continued)

CITY OF NASHUA, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR FISCAL YEAR ENDED JUNE 30, 2019

(Except for Pennichuck Corporation Component Unit, which is as of December 31, 2018)

(continued)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Component Units</u>
Change in Net Position:				
Net (Expenses) Revenue from previous page	\$ (231,909,323)	\$ (4,071,719)	\$ (235,981,042)	\$ (6,577,204)
General Revenues, Permanent Fund Contributions and Transfers				
Property taxes	214,534,934	-	214,534,934	-
Auto permits	15,982,066	-	15,982,066	-
Penalties, interest and other taxes	2,083,974	-	2,083,974	-
Grants and contributions not restricted				
to specific programs	6,470,744	1,289,177	7,759,921	-
Investment income	3,675,711	593,036	4,268,747	6,418
Miscellaneous	887,431	-	887,431	-
Permanent fund contributions	111,109	-	111,109	-
Transfers in (out)	<u>(4,277,321)</u>	<u>4,277,321</u>	<u>-</u>	<u>-</u>
Total general revenues, permanent fund contributions and transfers	<u>239,468,648</u>	<u>6,159,534</u>	<u>245,628,182</u>	<u>6,418</u>
Change in Net Position	7,559,325	2,087,815	9,647,140	(6,570,786)
Net Position				
Beginning of year	<u>16,356,982</u>	<u>105,506,243</u>	<u>121,863,225</u>	<u>40,074,010</u>
End of year	<u>\$ 23,916,307</u>	<u>\$ 107,594,058</u>	<u>\$ 131,510,365</u>	<u>\$ 33,503,224</u>

CITY OF NASHUA, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and short-term investments	\$ 139,116,624	\$ -	\$ 4,705,887	\$ 143,822,511
Investments	55,956,994	-	26,285,585	82,242,579
Receivables, net of allowance for uncollectibles:				
Property taxes	22,406,840	-	-	22,406,840
Tax deeded property	488,116	-	-	488,116
Departmental and other	1,599,850	-	188,066	1,787,916
Intergovernmental	-	-	6,798,687	6,798,687
Loans	-	-	532,291	532,291
Due from other funds	19,136,702	4,313,036	13,862,511	37,312,249
Other assets	10,760	-	-	10,760
Total Assets	<u>\$ 238,715,886</u>	<u>\$ 4,313,036</u>	<u>\$ 52,373,027</u>	<u>\$ 295,401,949</u>
Liabilities				
Accounts payable	\$ 15,632,309	\$ -	\$ -	\$ 15,632,309
Salaries payable	6,939,984	-	-	6,939,984
Accrued liabilities	1,465,534	-	334,074	1,799,608
Unearned revenue	-	-	19,659	19,659
Due to other funds	38,865,596	-	8,407,357	47,272,953
Due to other governments	-	-	22,090	22,090
Other liabilities	40,667	-	-	40,667
Total Liabilities	62,944,090	-	8,783,180	71,727,270
Deferred Inflows of Resources				
Unavailable revenues	114,911,690	-	-	114,911,690
Fund Balances				
Nonspendable	488,116	-	23,283,735	23,771,851
Restricted	-	4,313,036	11,393,854	15,706,890
Committed	17,456,560	-	16,470,657	33,927,217
Assigned	12,876,332	-	-	12,876,332
Unassigned	30,039,098	-	(7,558,399)	22,480,699
Total Fund Balances	<u>60,860,106</u>	<u>4,313,036</u>	<u>43,589,847</u>	<u>108,762,989</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 238,715,886</u>	<u>\$ 4,313,036</u>	<u>\$ 52,373,027</u>	<u>\$ 295,401,949</u>

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

CITY OF NASHUA, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2019

Total governmental fund balances		\$ 108,762,989
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		329,175,057
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.		6,174,643
• To record investment in Pennichuck Waterworks.		127,025,000
• Deferred outflows of resources related to pensions and OPEB.		54,782,818
• Deferred outflows of resources related to losses on prior year bond refundings.		314,671
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		(3,717,153)
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable		(121,102,925)
Acquisition bonds payable		(127,025,000)
Compensated absences		(18,097,307)
Capital leases		(275,066)
Net OPEB liability		(73,174,877)
Net pension liability - State of NH		(244,946,874)
Net pension liability - Board of Public Works		(3,535,761)
• Deferred inflows of resources related to pensions and OPEB.		(15,978,427)
• Deferred inflows of resources related to gains on current and prior year bond refundings.		(1,272,700)
• Internal service funds are used by management to account for health insurance and workers' compensation activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		<u>6,807,219</u>
Net position of governmental activities		<u><u>\$ 23,916,307</u></u>

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

CITY OF NASHUA, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 213,141,933	\$ -	\$ 785,080	\$ 213,927,013
Auto permits	15,282,066	-	700,000	15,982,066
Penalties, interest and other taxes	1,675,659	-	408,315	2,083,974
Charges for services	970,634	-	5,201,763	6,172,397
Intergovernmental	45,875,274	-	24,593,891	70,469,165
Licenses and permits	1,492,859	-	-	1,492,859
Investment income	3,203,052	-	1,238,141	4,441,193
Contributions	-	8,766,459	2,797,829	11,564,288
Hydroelectric power generation	1,755,223	-	-	1,755,223
Cable TV franchise fees	907,612	-	436,999	1,344,611
Rentals and lease income	743,382	-	95,351	838,733
Miscellaneous	277,339	-	741,700	1,019,039
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	285,325,033	8,766,459	36,999,069	331,090,561
Expenditures				
Current:				
General government	15,120,293	-	800,422	15,920,715
Police	31,643,935	-	2,195,254	33,839,189
Fire	24,580,117	-	844,667	25,424,784
Water fire protection services	2,956,563	-	-	2,956,563
Education	146,726,904	-	16,512,722	163,239,626
Public works	10,970,282	-	14,046,500	25,016,782
Health and human services	2,181,326	-	1,165,338	3,346,664
Culture and recreation	6,956,498	-	532,996	7,489,494
Community development	2,768,377	-	7,714,626	10,483,003
Communications	479,209	-	79,090	558,299
Hydroelectric	911,961	-	-	911,961
Debt service				
Principal	11,530,000	3,505,000	58,000	15,093,000
Interest and issuance cost	4,478,722	5,261,756	15,960	9,756,438
Intergovernmental	12,034,578	-	-	12,034,578
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	273,338,765	8,766,756	43,965,575	326,071,096
Excess (Deficiency) of Revenues Over Expenditures	11,986,268	(297)	(6,966,506)	5,019,465
Other Financing Sources (Uses)				
Issuance of general obligation bonds	-	-	9,650,000	9,650,000
Bond premiums	-	-	750,000	750,000
Transfers in	822,948	-	1,530,435	2,353,383
Transfers out	(6,750,412)	-	(985,292)	(7,735,704)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(5,927,464)	-	10,945,143	5,017,679
Change in Fund Balance	6,058,804	(297)	3,978,637	10,037,144
Fund Balance at Beginning of Year	54,801,302	4,313,333	39,611,210	98,725,845
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$ 60,860,106	\$ 4,313,036	\$ 43,589,847	\$ 108,762,989

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

CITY OF NASHUA, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

Net changes in fund balances - Total governmental funds	\$ 10,037,144																																
<ul style="list-style-type: none"> • 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: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay</td> <td align="right">25,057,838</td> </tr> <tr> <td>Depreciation</td> <td align="right">(18,634,033)</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td align="right">(39,067)</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of general obligation bonds</td> <td align="right">(9,650,000)</td> </tr> <tr> <td>Repayment of capital leases</td> <td align="right">86,592</td> </tr> <tr> <td>Repayments of debt</td> <td align="right">15,093,000</td> </tr> <tr> <td>Bond premiums received on new issuances of bonds</td> <td align="right">(750,000)</td> </tr> </table> • 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., property taxes) differ between the two statements. This amount represents the net change in unavailable revenue. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="right">583,281</td> </tr> </table> • To record amortization of Equity Interest in Pennichuck Waterworks. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="right">(3,505,000)</td> </tr> </table> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="right">155,731</td> </tr> </table> • Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds: <table border="0" style="margin-left: 40px;"> <tr> <td>Increase in compensated absences liability</td> <td align="right">(710,247)</td> </tr> <tr> <td>Increase in net OPEB liability and related deferred outflows and inflows of resources</td> <td align="right">(1,860,499)</td> </tr> <tr> <td>Increase in net pension liability and related deferred outflows and inflows of resources</td> <td align="right">(7,011,380)</td> </tr> <tr> <td>Amortize bond premiums</td> <td align="right">718,479</td> </tr> <tr> <td>Amortize gains and losses on prior years refunding bonds</td> <td align="right">(41,633)</td> </tr> </table> • Internal service funds are used by management to account for health insurance and workers' compensation activities. The net activity of internal service funds is reported with Governmental Activities. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="right"><u>(1,970,881)</u></td> </tr> </table> 		Capital outlay	25,057,838	Depreciation	(18,634,033)	Loss on disposal of capital assets	(39,067)	Issuance of general obligation bonds	(9,650,000)	Repayment of capital leases	86,592	Repayments of debt	15,093,000	Bond premiums received on new issuances of bonds	(750,000)		583,281		(3,505,000)		155,731	Increase in compensated absences liability	(710,247)	Increase in net OPEB liability and related deferred outflows and inflows of resources	(1,860,499)	Increase in net pension liability and related deferred outflows and inflows of resources	(7,011,380)	Amortize bond premiums	718,479	Amortize gains and losses on prior years refunding bonds	(41,633)		<u>(1,970,881)</u>
Capital outlay	25,057,838																																
Depreciation	(18,634,033)																																
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Repayments of debt	15,093,000																																
Bond premiums received on new issuances of bonds	(750,000)																																
	583,281																																
	(3,505,000)																																
	155,731																																
Increase in compensated absences liability	(710,247)																																
Increase in net OPEB liability and related deferred outflows and inflows of resources	(1,860,499)																																
Increase in net pension liability and related deferred outflows and inflows of resources	(7,011,380)																																
Amortize bond premiums	718,479																																
Amortize gains and losses on prior years refunding bonds	(41,633)																																
	<u>(1,970,881)</u>																																
Change in net position of governmental activities	\$ <u><u>7,559,325</u></u>																																

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

CITY OF NASHUA, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	Positive
				<u>(Negative)</u>
Revenues				
Property taxes	\$ 212,536,659	\$ 212,536,659	\$ 213,141,933	\$ 605,274
Auto permits	12,370,000	12,370,000	15,282,066	2,912,066
Penalties, interest and other taxes	1,042,660	1,042,660	1,675,659	632,999
Charges for services	2,487,600	2,487,600	2,725,855	238,255
Intergovernmental	45,811,365	45,811,365	45,875,274	63,909
Licenses and permits	1,253,700	1,253,700	1,492,860	239,160
Interest earnings	2,160,000	2,160,000	2,968,755	808,755
Miscellaneous	1,547,932	1,547,932	1,818,511	270,579
Other sources	-	-	110,690	110,690
	<u>279,209,916</u>	<u>279,209,916</u>	<u>285,091,603</u>	<u>5,881,687</u>
Expenditures				
General government	18,372,582	18,023,424	17,997,104	26,320
Police	30,741,246	31,121,578	31,121,513	65
Fire	24,641,132	24,559,266	24,556,085	3,181
Water fire protection services	3,100,000	2,957,308	2,956,563	745
Education	146,931,260	146,637,779	146,623,657	14,122
Public works	14,212,297	13,419,844	13,418,182	1,662
Health and human services	2,415,782	2,193,040	2,188,972	4,068
Culture and recreation	6,629,184	6,517,159	6,512,001	5,158
Community development	2,977,107	3,328,994	3,326,109	2,885
Communications	518,770	467,814	466,829	985
Hydroelectric	554,120	548,120	547,917	203
Debt service	16,503,718	16,013,718	16,008,722	4,996
Intergovernmental	12,034,578	12,034,578	12,034,578	-
	<u>279,631,776</u>	<u>277,822,622</u>	<u>277,758,232</u>	<u>64,390</u>
Excess (deficiency) of revenues over (under) expenditures	(421,860)	1,387,294	7,333,371	5,946,077
Other Financing Sources (Uses)				
Transfers in	534,114	1,084,960	1,325,952	240,992
Transfers out	(4,612,254)	(6,972,254)	(6,972,254)	-
Use of Unassigned Fund Balance	4,500,000	4,500,000	4,500,000	-
	<u>421,860</u>	<u>(1,387,294)</u>	<u>(1,146,302)</u>	<u>240,992</u>
Excess of revenues and other financing sources over expenditures and other financing (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,187,069</u>	<u>\$ 6,187,069</u>

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

CITY OF NASHUA, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Waste Water Fund	Solid Waste Fund	Total	Internal Service Funds
Assets				
Current:				
Cash and short-term investments	\$ 13,715,360	\$ 2,115,797	\$ 15,831,157	\$ -
Investments	-	3,925,873	3,925,873	-
User fees, net of allowance for uncollectibles	3,522,829	373,268	3,896,097	-
Intergovernmental receivable	912,807	-	912,807	-
Due from other funds	-	3,442,255	3,442,255	12,627,518
Other assets	-	-	-	2,282,771
Total Current Assets	<u>18,150,996</u>	<u>9,857,193</u>	<u>28,008,189</u>	<u>14,910,289</u>
Noncurrent:				
Capital assets being depreciated, net	138,867,162	12,273,358	151,140,520	-
Capital assets not being depreciated	<u>7,273,309</u>	<u>2,553,451</u>	<u>9,826,760</u>	<u>-</u>
Total Noncurrent Assets	146,140,471	14,826,809	160,967,280	-
Deferred Outflows of Resources				
Related to pensions	11,079	7,981	19,060	-
Related to OPEB	<u>40,563</u>	<u>29,295</u>	<u>69,858</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>51,642</u>	<u>37,276</u>	<u>88,918</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	164,343,109	24,721,278	189,064,387	14,910,289
Liabilities				
Current:				
Due to other funds	4,616,216	-	4,616,216	-
Salaries payable	36,127	30,983	67,110	7,765
Accrued liabilities	1,024,503	224,912	1,249,415	7,219,284
Notes payable	2,035,514	-	2,035,514	-
Other liabilities	-	-	-	876,021
Current portion of long-term liabilities:				
Bonds and notes payable	3,851,074	2,048,402	5,899,476	-
Compensated absences	<u>26,096</u>	<u>36,572</u>	<u>62,668</u>	<u>-</u>
Total Current Liabilities	11,589,530	2,340,869	13,930,399	8,103,070
Noncurrent:				
Bonds and notes payable	46,031,261	8,346,605	54,377,866	-
Compensated absences	234,864	329,151	564,015	-
Net and total OPEB liability	890,767	643,331	1,534,098	-
Net pension liability - Board of Public Works	1,642,558	1,183,252	2,825,810	-
Landfill closure and post closure	<u>-</u>	<u>7,249,180</u>	<u>7,249,180</u>	<u>-</u>
Total Noncurrent Liabilities	48,799,450	17,751,519	66,550,969	-
Deferred Inflows of Resources				
Related to pensions	528,349	380,608	908,957	-
Related to OPEB	<u>46,454</u>	<u>33,550</u>	<u>80,004</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>574,803</u>	<u>414,158</u>	<u>988,961</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	60,963,783	20,506,546	81,470,329	8,103,070
Net Position				
Net investment in capital assets	96,258,136	6,933,576	103,191,712	-
Restricted for capital projects	605,204	5,992,008	6,597,212	-
Unrestricted	<u>6,515,986</u>	<u>(8,710,852)</u>	<u>(2,194,866)</u>	<u>6,807,219</u>
Total Net Position	\$ <u>103,379,326</u>	\$ <u>4,214,732</u>	\$ <u>107,594,058</u>	\$ <u>6,807,219</u>

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

CITY OF NASHUA, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Waste Water Fund	Solid Waste Fund	Total	Internal Service Fund
Operating Revenues				
Charges for services	\$ 13,378,596	\$ 4,080,424	\$ 17,459,020	\$ -
Employer contributions	-	-	-	34,388,980
Employee and retiree contributions	-	-	-	12,045,745
Other	<u>5,424</u>	<u>342,695</u>	<u>348,119</u>	<u>1,920,733</u>
Total Operating Revenues	13,384,020	4,423,119	17,807,139	48,355,458
Operating Expenses				
Salaries and benefits	3,761,590	2,870,512	6,632,102	902,990
Other operating expenses	4,159,527	2,168,494	6,328,021	221,977
Depreciation	5,940,135	1,979,478	7,919,613	-
Claims and policy costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,622,900</u>
Total Operating Expenses	<u>13,861,252</u>	<u>7,018,484</u>	<u>20,879,736</u>	<u>51,747,867</u>
Operating (Loss)	(477,232)	(2,595,365)	(3,072,597)	(3,392,409)
Nonoperating Revenues (Expenses)				
Intergovernmental	1,134,345	154,832	1,289,177	-
Investment income	297,117	295,919	593,036	316,528
Loss on disposal of capital assets	-	(41,769)	(41,769)	-
Interest expense	<u>(1,322,510)</u>	<u>(225,938)</u>	<u>(1,548,448)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), Net	<u>108,952</u>	<u>183,044</u>	<u>291,996</u>	<u>316,528</u>
(Loss) Before Contributions and Transfers	(368,280)	(2,412,321)	(2,780,601)	(3,075,881)
Capital contributions	591,095	-	591,095	-
Transfers in	-	4,382,321	4,382,321	1,105,000
Transfers out	<u>(105,000)</u>	<u>-</u>	<u>(105,000)</u>	<u>-</u>
Change in Net Position	117,815	1,970,000	2,087,815	(1,970,881)
Net Position at Beginning of Year	<u>103,261,511</u>	<u>2,244,732</u>	<u>105,506,243</u>	<u>8,778,100</u>
Net Position at End of Year	<u>\$ 103,379,326</u>	<u>\$ 4,214,732</u>	<u>\$ 107,594,058</u>	<u>\$ 6,807,219</u>

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

CITY OF NASHUA, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities			Governmental Activities
	Enterprise Funds			
	Waste Water Fund	Solid Waste Fund	Total	
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 13,323,562	\$ 4,558,667	\$ 17,882,229	\$ 13,966,478
Receipts from interfund services provided	-	-	-	34,388,980
Payments to vendors	(3,657,167)	(1,760,354)	(5,417,521)	(51,327,638)
Payments to employees	(4,159,527)	(2,881,117)	(7,040,644)	(901,173)
Net Cash Provided By (Used for) Operating Activities	5,506,868	(82,804)	5,424,064	(3,873,353)
Cash Flows From Noncapital Financing Activities				
Proceeds from interfund loan agreements	3,225,149	222,163	3,447,312	2,451,825
Transfers	(105,000)	4,382,321	4,277,321	1,105,000
Intergovernmental subsidy	1,134,345	154,832	1,289,177	-
Net Cash Provided By Noncapital Financing Activities	4,254,494	4,759,316	9,013,810	3,556,825
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	(7,294,489)	(5,172,450)	(12,466,939)	-
Contributions	656,507	-	656,507	-
Proceeds/premiums from bonds and notes	6,869,116	2,575,000	9,444,116	-
Principal payments on bonds	(3,807,028)	(1,660,704)	(5,467,732)	-
Principal payments on notes	(3,701,004)	-	(3,701,004)	-
Interest expense	(1,415,712)	(227,610)	(1,643,322)	-
Net Cash (Used For) Capital and Related Financing Activities	(8,692,610)	(4,485,764)	(13,178,374)	-
Cash Flows From Investing Activities				
Purchase of investments	-	289,980	289,980	-
Investment income	297,117	295,919	593,036	316,528
Net Cash Provided By Investing Activities	297,117	585,899	883,016	316,528
Net Change in Cash and Short-Term Investments	1,365,869	776,647	2,142,516	-
Cash and Short-Term Investments, Beginning of Year	12,349,491	1,339,150	13,688,641	-
Cash and Short-Term Investments, End of Year	\$ 13,715,360	\$ 2,115,797	\$ 15,831,157	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities				
Operating income (loss)	\$ (477,232)	\$ (2,595,365)	\$ (3,072,597)	\$ (3,392,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	5,940,135	1,979,478	7,919,613	-
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees	(80,860)	133,548	52,688	-
Deferred outflows - related to pensions	22,381	16,581	38,962	-
Deferred outflows - related to OPEB	(20,355)	(13,577)	(33,932)	-
Other assets	-	-	-	(582,619)
Accrued liabilities	45,711	9,960	55,671	84,113
Net pension liability	(333,560)	(267,367)	(600,927)	-
Net and Total OPEB liability	93,023	22,864	115,887	-
Landfill closure and postclosure	-	408,140	408,140	-
Other liabilities	-	-	-	17,562
Deferred inflows - related to pensions	326,916	232,741	559,657	-
Deferred inflows - related to OPEB	(9,291)	(9,807)	(19,098)	-
Net Cash Provided By (Used for) Operating Activities	\$ 5,506,868	\$ (82,804)	\$ 5,424,064	\$ (3,873,353)
Noncash Investing, Capital, and Financing Activities				
State revolving loan notes not yet received	\$ 328,149	\$ -	\$ 328,149	\$ -

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

CITY OF NASHUA, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Pension Trust <u>Fund</u>	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
Assets			
Cash and short-term investments	\$ 1,931,392	\$ 460,437	\$ 362,720
Investments:			
Fixed income securities	12,983,625	3,150,145	-
Equities	28,908,372	2,291,228	-
Mutual funds	<u>563,250</u>	<u>733,054</u>	<u>-</u>
Total Investments	<u>42,455,247</u>	<u>6,174,427</u>	<u>-</u>
Total Assets	<u>\$ 44,386,639</u>	<u>\$ 6,634,864</u>	<u>\$ 362,720</u>
Liabilities			
Other liabilities - escrow deposits	\$ -	\$ -	\$ 328,331
Due to external parties - governmental funds	<u>1,314,189</u>	<u>144,275</u>	<u>34,389</u>
Total Liabilities	1,314,189	144,275	<u>\$ 362,720</u>
Net Position			
Total net position restricted for pensions and other purposes	<u>43,072,450</u>	<u>6,490,589</u>	
Total Liabilities and Net Position	<u>\$ 44,386,639</u>	<u>\$ 6,634,864</u>	

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

CITY OF NASHUA, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR FISCAL YEAR ENDED JUNE 30, 2019

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions		
Contributions:		
Employers	\$ 832,686	\$ -
Plan members	832,686	-
Other	-	50,793
Total Contributions	1,665,372	50,793
Investment Income:		
Dividend, interest and investment income	3,093,460	513,922
Less: management fees	(205,958)	-
Total Investment Income	2,887,502	513,922
Total Additions	4,552,874	564,715
Deductions		
Benefit payments to plan members and beneficiaries	2,921,280	163,308
Administrative expenses	18,430	37,877
Total Deductions	2,939,710	201,185
Net Change	1,613,164	363,530
Net Position restricted for pensions and other purposes		
Beginning of year	41,459,286	6,127,059
End of year	\$ 43,072,450	\$ 6,490,589

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

CITY OF NASHUA, NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2019

(Except for Pennichuck Corporation Component Unit, which is as of December 31, 2018)

	<u>Pennichuck Corporation</u>	<u>Nashua Airport Authority</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,575,000	\$ 279,666	\$ 1,854,666
Investments	-	313,027	313,027
Restricted cash and investments	6,765,000	-	6,765,000
Receivables, net of allowance for uncollectibles:			
User fees	6,348,000	7,765	6,355,765
Intergovernmental	-	74,020	74,020
Inventory	611,000	-	611,000
Prepaid expenses	1,631,000	-	1,631,000
Total current assets	<u>16,930,000</u>	<u>674,478</u>	<u>17,604,478</u>
Noncurrent assets:			
Depreciable capital assets, net	218,514,000	20,260,100	238,774,100
Non-depreciable capital assets	3,346,000	4,555,579	7,901,579
Acquisition premium	71,268,000	-	71,268,000
Investment in real estate partnership	104,000	-	104,000
Total noncurrent assets	<u>293,232,000</u>	<u>24,815,679</u>	<u>318,047,679</u>
Deferred Outflows of Resources			
Related to pensions	-	104,068	104,068
Related to OPEB	-	1,289	1,289
Other	12,972,000	-	12,972,000
Total Deferred Outflows of Resources	<u>12,972,000</u>	<u>105,357</u>	<u>13,077,357</u>
Total Assets and Deferred Outflows of Resources	<u>323,134,000</u>	<u>25,595,514</u>	<u>348,729,514</u>
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	5,362,000	55,662	5,417,662
Retainage payable	-	27,631	27,631
Accrued liabilities	1,046,000	13,271	1,059,271
Accrued interest payable	1,682,000	-	1,682,000
Customer deposits	235,000	5,000	240,000
Line of credit	6,626,000	-	6,626,000
Current portion of long-term liabilities:			
Bonds, notes payable and other obligations	6,019,000	-	6,019,000
Total current liabilities	<u>20,970,000</u>	<u>101,564</u>	<u>21,071,564</u>
Noncurrent liabilities:			
Regulatory liability	9,943,000	-	9,943,000
Bonds, notes payable and other obligations	203,191,000	-	203,191,000
Compensated absences	-	12,485	12,485
Net OPEB liability	3,201,000	7,390	3,208,390
Net pension liability	10,021,000	300,288	10,321,288
Liability for derivative instruments	263,000	-	263,000
Contributions in aid of construction	51,961,000	-	51,961,000
Other noncurrent liabilities	531,000	-	531,000
Total noncurrent liabilities	<u>279,111,000</u>	<u>320,163</u>	<u>279,431,163</u>
Deferred Inflows of Resources			
Related to pensions	-	80,540	80,540
Related to OPEB	-	23	23
Other	14,643,000	-	14,643,000
Total Deferred Inflows of Resources	<u>14,643,000</u>	<u>80,563</u>	<u>14,723,563</u>
Total Liabilities and Deferred Inflows of Resources	<u>314,724,000</u>	<u>502,290</u>	<u>315,226,290</u>
Net Position			
Net investment in capital assets	39,711,000	24,788,048	64,499,048
Restricted for:			
Pennichuck Corporation	(31,301,000)	-	(31,301,000)
Unrestricted	-	305,176	305,176
Total net position	<u>\$ 8,410,000</u>	<u>\$ 25,093,224</u>	<u>\$ 33,503,224</u>

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

CITY OF NASHUA, NEW HAMPSHIRE
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 COMPONENT UNITS
 FISCAL YEAR ENDING JUNE 30, 2019
 (Except for Pennichuck Corporation Component Unit, which is as of December 31, 2018)

	<u>Pennichuck Corporation</u>	<u>Nashua Airport Authority</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 45,265,000	\$ 484,188	\$ 45,749,188
Other	<u>-</u>	<u>45,568</u>	<u>45,568</u>
Total Operating Revenues	45,265,000	529,756	45,794,756
Operating Expenses			
Cost of services	23,540,000	543,315	24,083,315
Taxes other than income taxes	6,509,000	-	6,509,000
Depreciation	<u>8,113,000</u>	<u>1,422,327</u>	<u>9,535,327</u>
Total Operating Expenses	<u>38,162,000</u>	<u>1,965,642</u>	<u>40,127,642</u>
Operating Income (Loss)	7,103,000	(1,435,886)	5,667,114
Nonoperating Revenues (Expenses)			
Interest income	-	6,418	6,418
Interest expense	(10,910,000)	-	(10,910,000)
Other nonoperating revenues (expenses)	<u>217,000</u>	<u>4,400</u>	<u>221,400</u>
Nonoperating Revenues (Expenses), Net	<u>(10,693,000)</u>	<u>10,818</u>	<u>(10,682,182)</u>
(Loss) Before Contributions	(3,590,000)	(1,425,068)	(5,015,068)
Capital contributions	-	349,282	349,282
(Provision for) Benefit from income taxes	(1,692,000)	-	(1,692,000)
Other	<u>(213,000)</u>	<u>-</u>	<u>(213,000)</u>
Change in net position	(5,495,000)	(1,075,786)	(6,570,786)
Stockholders' equity/Net position, beginning	<u>13,905,000</u>	<u>26,169,010</u>	<u>40,074,010</u>
Stockholders' equity/Net position, ending	<u>\$ 8,410,000</u>	<u>\$ 25,093,224</u>	<u>\$ 33,503,224</u>

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

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CITY OF NASHUA, NEW HAMPSHIRE

Notes to Financial Statements

1. **Summary of Significant Accounting Policies**

The accounting policies of the City of Nashua, New Hampshire (the City) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. *Reporting Entity*

The City is a municipal corporation governed by an elected Mayor and Board of Aldermen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable.

Fiduciary Component Unit

The Board of Public Works Retirement System (the System) was established to provide retirement benefits exclusive to regular employees of the Board of Public Works (the Board). The System is governed by a board of five trustees, comprised of one member of the Board of Public Works, two representatives of the public works employees, one member of the Board of Aldermen, and one member appointed by the Mayor. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. The System met the required GASB 14 (as amended) criteria of a fiduciary component unit as the benefits provided are exclusively or almost exclusively to the City or its employees. The System does not issue a separate financial report.

Discretely Presented Component Units

In fiscal year 2019, it was determined that the Pennichuck Corporation and Nashua Airport Authority met the required GASB 14 (as amended) criteria of discretely presented component units.

Pennichuck Corporation (Pennichuck) is a holding company headquartered in Merrimack, New Hampshire with five wholly owned operating subsidiaries. Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., and Pittsfield Aqueduct Company, Inc. are involved in regulated water supply and distribution to customers in New Hampshire. Pennichuck Water Service Corporation conducts non-regulated water-related services, while the Southwood Corporation owns several parcels of undeveloped land. On January 25, 2012, the City purchased all of the outstanding shares acquiring control of Pennichuck's assets, liabilities, and businesses. Pennichuck remains an independent corporation with the City as its sole shareholder. Pennichuck meets the criteria as a discretely presented component unit as the City owns a majority of the equity interest in Pennichuck, and the intent of the acquisition was to enhance the control of water resources and watershed, along with providing stability in water rates. Complete financial statements of Pennichuck Corporation may

be obtained from its corporate office at 25 Manchester Street, Merrimack, New Hampshire 03054.

The Nashua Airport Authority (the Authority) was established on August 27, 1961 by legislative act as a separate legal entity. The Authority is located at Boire Field in Nashua, New Hampshire and provides general airport operations as well as airplane tie-down rentals. The Authority is governed by a five-member board, to be appointed by the Mayor and confirmed by the Board of Aldermen. The Authority meets the criteria as a discretely presented component unit as the City can appoint a voting majority of the Authority's governing board and can impose a financial burden as the City can guarantee the principal and interest of any bonds issued by the Authority. Complete financial statements of Nashua Airport Authority may be obtained from its Airport Manager at 93 Perimeter Road, Nashua, New Hampshire 03063.

B. Government-wide and Fund Financial Statements

Government-wide 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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*.

Fund Financial Statements

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.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary funds (other than Agency funds which have no measurement focus) 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax and intergovernmental revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgment, compensated absences, OPEB, and pension are recorded only when payment is due.

The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Debt Service Fund* is used to account for resources and debt service payments associated with the bond issuance for the acquisition of Pennichuck Corporation.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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

The City reports the following major proprietary funds:

- The *Wastewater Enterprise Fund* that accounts for the resources and cost associated with the City's wastewater treatment.
- The *Solid Waste Enterprise Fund* that accounts for the resources and costs associated with the City's landfills.

The City's self-insurance programs are reported as an internal service fund in the accompanying financial statements.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The City reports the following fiduciary funds:

- The *Pension Trust Fund* accounts for the activities of the Board of Public Works Employees Contributory Retirement System, which accumulates resources for pension benefit payments to qualified employees. No separate issue financial statement is available.
- The *Private-Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency Funds* include escrow deposits and performance bonds. These funds are custodial in nature and do not involve measurement of results of operations.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, with the exception of such cash necessary to maintain adequate liquidity, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, money-market funds, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

E. Investments

State and local statutes, as well as the City's investment policy, place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Investments in the following are considered in compliance with the City's investment objectives/policy: non-negotiable certificates of deposit, repurchase agreements with underlying collateral in federal obligations, U.S. Treasuries and notes, Treasury bills, Federal agency securities as issued by government-sponsored agencies, domestic stocks, mutual funds, and shares in the New Hampshire Public Deposit Investment Pool established pursuant to RSA 383:22 (except for capital reserves).

Investments are reported at fair value except for certificates of deposit which are reported at cost.

F. 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).

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

The government-wide Statement of Activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between these two columns appear in this statement.

G. Loans

The Economic Development Office administers loan programs that provides for working capital and capital asset financing for start-up and existing businesses in the Nashua area. The City records a receivable for the principal amount of the loan issued.

H. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$15,000 and an estimated

useful life in excess of two years. Such assets are recorded at historical cost or estimated 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20 - 40
Infrastructure	7 - 60
Vehicles	3 - 8
Machinery and equipment	5 - 20
Computer equipment	3 - 5

J. Equity Interest in Pennichuck

The City’s equity interest in Pennichuck Corporation represents, through the acquisition of all outstanding shares, the control of all of Pennichuck’s assets, liabilities and businesses, including land comprising the watershed of the Pennichuck Brook and the three regulated water utilities owned by Pennichuck. Taking into account all of the assumed liabilities of the company and its businesses, the acquisition was valued at approximately \$200 million. Pennichuck remains an independent corporation with an independent Board of Directors with the City of Nashua as its sole shareholder.

The City accounts for this asset in accordance with *GASB Statement 61 – The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and No. 34*. The equity interest represents an asset to offset the related acquisition bonds in the governmental funds, and is adjusted accordingly by the related debt service.

K. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “Net Position”.

Fund Balance - Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The City reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

N. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

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

A. Budgetary Information

The Mayor presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by the Board of Aldermen, establishes the legal level of control and projects the particular

revenues that will fund certain appropriations. The original budget may be amended, by supplemental appropriations or transfers, during the fiscal year at Board of Aldermen meetings as required by changing conditions. The Financial Services Department may transfer appropriations between operating categories within departmental budgets at the request of department heads, but expenditures may not legally exceed budgeted appropriations in total.

Formal budgetary integration is employed as a management control device during the year for the general fund and proprietary funds. Effective budgetary control is achieved for all other funds through provisions of the New Hampshire statutes.

At year-end, appropriation balances lapse, except for multi-year grants, certain unexpended capital items, and encumbrances which will be honored during the subsequent year.

B. Budgetary Basis

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources</u>	<u>Other Financing (Uses)</u>
Revenues/expenditures/transfers (GAAP Basis)	\$ 285,325,033	\$ 273,338,765	\$ 822,948	\$ (6,750,412)
To record use of fund balance	-	-	4,500,000	-
Reverse effect of activity appropriated in prior year	-	(1,105,475)	-	1,625,000
Add end-of-year appropriation carryforwards to expenditures	-	4,387,997	-	(1,584,078)
Reclass transfers	866	4,627,810	(866)	4,627,810
Reverse non-budgeted revenues and expenditures (capital reserves)	<u>(234,296)</u>	<u>(3,490,865)</u>	<u>503,870</u>	<u>(4,890,574)</u>
Budgetary Basis	<u>\$ 285,091,603</u>	<u>\$ 277,758,232</u>	<u>\$ 5,825,952</u>	<u>\$ (6,972,254)</u>

D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2019.

<u>Nonmajor Governmental Funds:</u>	
Community Development Division Grants	\$ (5,378)
Public Works Projects	(4,904,948)
Community and Economic Development Projects	(2,474,909)
School Department Projects	(158,714)
Police Projects	<u>(14,450)</u>
Total	<u>\$ (7,558,399)</u>

It is anticipated that the deficits in these funds will be eliminated through future bond proceeds.

3. **Cash and Investments**

A. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. RSA 48:16 states that “deposits in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, except that a City with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank.” The City’s investment policy for custodial credit risk related to deposits requires collateral on all deposits and short-term investments (in excess of FDIC). Pledged collateral must be in writing and held at an independent third-party institution.

As of June 30, 2019, the City’s entire bank balance was fully insured and collateralized.

B. Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of another party. The City’s investments are exposed to custodial risk. The City’s investment policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City be conducted on a delivery-versus-payment basis to ensure that securities are deposited in an allowable financial institution prior to the release of funds. Securities will be held by an independent third-party custodian selected by the City as evidenced by safekeeping receipts in the City’s name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls.

Investments at June 30, 2019 included the following:

U.S. Treasury Obligations	\$	11,372,919
U.S. Government Agencies		12,988,985
Corporate Bonds		4,893,208
Equity Securities		52,200,499
Mutual Funds		13,616,409
Long-term Certificates of Deposit		<u>39,726,106</u>
Total	\$	<u>134,798,126</u>

C. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The City’s investment policy is to minimize credit risk by limiting investments in fixed income securities rated at A or above by Standard & Poor’s (S&P).

D. Concentration of Credit Risk

The City’s investment policy limits investments to 5% of the total portfolio in a specific issuer (excluding U.S. treasuries, government agency securities) except for investments under the direction of the Board of Trustees and the Board of Public Works Pension Fund. The City does not have an investment in one issuer, other than U.S. Treasury bonds and notes, greater than 5% of total investments. The Board of Public Works Pension Fund has one investment greater than 5% of total investments; the iShares Core S&P 500 exchange-traded fund, which represents approximately 7.22% of total investments.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City’s formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information regarding the quality and maturity dates of fixed income securities is as follows:

	<u>Total</u>	<u>Average Duration</u>	<u>Average Rating</u>
U.S. Treasury Obligations	\$ 11,372,919	5.52	Aaa
U.S. Government Agencies	\$ 12,988,985	2.92	Aaa
Corporate Bonds	\$ 4,893,208	6.93	A1

F. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The City does not have formal investment policies related to foreign currency risk.

G. 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). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

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

Description	Fair Value Measurements Using:		
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:			
Debt securities			
U.S. Treasury Obligations	\$ 11,372,919	\$ -	\$ 11,372,919
U.S. Government Agencies	12,988,985	-	12,988,985
Corporate Bonds	4,893,208	-	4,893,208
Equity Securities	52,200,499	52,200,499	-
Mutual Funds	13,616,409	-	13,616,409
Total	\$ 95,072,020		

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

U.S. Treasury securities, U.S. Government agency securities, corporate bonds, and mutual funds classified in Level 2 are valued using standard inputs consisting of benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, where available, and reference data including market research publications.

4. **Property Taxes Receivable**

The City bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year-end.

Property taxes billed and collected in advance of the year for which they are levied, and are recorded as a prepaid tax liability.

Property taxes are due in July and December. Taxes paid after the due, date accrue interest at 12% per annum. In April of the following calendar year, the Tax Collector executes tax liens on properties that have unpaid taxes. The lien is recorded on the delinquent taxpayer's property at the Registry of Deeds. The tax liens accrue interest at 18% per annum. If the lien is not redeemed within a two-year redemption period, the property may be conveyed to the City by deed.

Property tax receivables at June 30, 2019 consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Levy of 2018	\$ 19,648,120	\$ -	\$ 19,648,120
Tax Liens	<u>5,137,564</u>	<u>(2,378,844)</u>	<u>2,758,720</u>
Subtotal property taxes	24,785,684	(2,378,844)	22,406,840
Tax deeded property	<u>488,116</u>	<u>-</u>	<u>488,116</u>
Total	<u>\$ 25,273,800</u>	<u>\$ (2,378,844)</u>	<u>\$ 22,894,956</u>

5. User Fee Receivables

Receivables for user charges at June 30, 2019 consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Wastewater user charges	\$ 3,630,044	\$ (107,215)	\$ 3,522,829
Solid waste charges	<u>373,268</u>	<u>-</u>	<u>373,268</u>
Total	<u>\$ 4,003,312</u>	<u>\$ (107,215)</u>	<u>\$ 3,896,097</u>

6. Intergovernmental Receivables

This balance represents reimbursements requested from Federal, State, and Local agencies for expenditures incurred in fiscal 2019.

7. Interfund Fund Receivables/Payables and Transfers In/Out

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The following is an analysis of the June 30, 2019 balances in interfund receivable and payable accounts:

Funds:	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 19,136,702	\$ 38,865,596
Debt Service Fund	4,313,036	-
Nonmajor Governmental Funds:		
Police grants	-	18,522
Fire grants	-	614,365
Community health and services grants	-	160,817
Parks and recreation grants	75,942	-
Transit grants	91,315	-
Community Development Block grants/Home grants	-	384,007
Community Development division grants	136,617	-
Homeland security grants	-	27,475
Other city grants	3,054	-

(continued)

(continued)

Funds:	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
Food services	648,210	-
School grants	-	2,764,961
City revolving funds	10,248,975	-
School revolving funds	1,426,300	-
Other trust funds	190,230	-
Fire projects	165,234	-
Public works projects	-	1,619,552
Community and economic development projects	-	2,403,090
School department projects	-	2,347
Technology projects	238,104	-
City building projects	238,315	-
City-wide communications projects	387,938	-
Hydroelectric projects	12,277	-
Police projects	-	14,450
Cemetery permanent funds	-	366,013
Library permanent funds	-	29,728
Other permanent funds	-	2,030
Enterprise funds:		
Wastewater	-	4,616,216
Solid Waste	3,442,255	-
Internal service fund:		
Employee benefits fund	7,893,590	-
Property and casualty fund	4,733,928	-
Fiduciary fund types:		
Pension trust	-	1,314,189
Private purpose	-	144,275
Agency	-	34,389
Total	<u>\$ 53,382,022</u>	<u>\$ 53,382,022</u>

The City reports interfund transfers between many of its funds. The City's routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental fund financial statements.

The following is an analysis of interfund transfers made in fiscal year 2019:

Funds:	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 822,948	\$ 6,750,412
Nonmajor Governmental Funds:		
Police grants	70,155	-
Fire grants	1,425	-
Community health and services grants	12,654	-
Transit grants	578,508	4
Community Development Block grants/Home grants	46,846	-
Community Development division grants	312,042	866
School grants	30,922	-
City revolving funds	9,293	331,621
Other trust funds	293,400	100,000
Public works projects	-	118,741
Community and economic development projects	100,000	-
School department projects	118,741	46,976
City building projects	253,098	-
Cemetery permanent funds	-	681,703
Other permanent funds	-	2,030
Enterprise funds:		
Wastewater	-	105,000
Solid waste - operations	4,085,551	-
Solid waste - capital	296,770	-
Internal service funds:		
Employee benefits fund	1,000,000	-
Property and casualty fund	105,000	-
Total	<u>\$ 8,137,353</u>	<u>\$ 8,137,353</u>

The following is a detailed analysis of general fund transfers made in fiscal year 2019:

General Fund Transfers In:

Income transfer from Cemetery Trust Funds	\$ 390,331
Surplus transfer from Traffic Enforcement Fund	158,269
Surplus transfer from Police and Fire Outside Detail Fund	122,907
Transfer from School Impact Fees Fund	100,000
Excess Capital Reserve funds from School HVAC System Project	46,976
Surplus transfer from Engineering Services Fund	3,599
Excess matching funds from Grant Funds	866
Total General Fund Transfers In	<u>\$ 822,948</u>

General Fund Transfers Out:

Solid Waste operating subsidy	\$ 4,085,551
Transfer to Employee Benefits Internal Service Fund	1,000,000
Matching funds for Nashua Transit Grants	591,156
Solid Waste Capital Equipment Purchases	296,770
City Building Improvements Capital Project Fund	253,098
Matching funds for the Greeley Park Boat Ramp Grant	125,000
Matching funds for the Heritage Rail Trail Grant	120,000
Performing Arts Center Capital Project	100,000
Matching funds for Police Violence Against Women Grant	70,155
Matching funds for the Exotic Species Program Grant	67,042
Matching funds for School Security Upgrade Grants	30,922
Retirement Transfer to the Traffic Enforcement Fund	9,293
Matching funds for Assistance to Firefighters Grant	<u>1,425</u>
Total General Fund Transfers Out	<u><u>\$ 6,750,412</u></u>

8. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 290,990	\$ 6,256	\$ -	\$ 297,246
Machinery and equipment	75,992	7,481	(2,531)	80,942
Infrastructure	<u>124,136</u>	<u>15,571</u>	<u>-</u>	<u>139,707</u>
Total capital assets, being depreciated	491,118	29,308	(2,531)	517,895
Less accumulated depreciation for:				
Buildings and improvements	(126,549)	(7,276)	-	(133,825)
Machinery and equipment	(44,026)	(6,771)	2,492	(48,305)
Infrastructure	<u>(39,142)</u>	<u>(4,587)</u>	<u>-</u>	<u>(43,729)</u>
Total accumulated depreciation	<u>(209,717)</u>	<u>(18,634)</u>	<u>2,492</u>	<u>(225,859)</u>
Total capital assets, being depreciated, net	281,401	10,674	(39)	292,036
Capital assets, not being depreciated:				
Land	31,116	-	-	31,116
Construction in progress	<u>10,273</u>	<u>6,689</u>	<u>(10,939)</u>	<u>6,023</u>
Total capital assets, not being depreciated	<u>41,389</u>	<u>6,689</u>	<u>(10,939)</u>	<u>37,139</u>
Governmental activities capital assets, net	<u><u>\$ 322,790</u></u>	<u><u>\$ 17,363</u></u>	<u><u>\$ (10,978)</u></u>	<u><u>\$ 329,175</u></u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities				
Capital assets, being depreciated:				
Buildings	\$ 81,227	\$ 3,749	\$ -	\$ 84,976
Land improvements	18,864	248	-	19,112
Machinery and equipment	48,386	3,738	(561)	51,563
Infrastructure	<u>128,695</u>	<u>5,539</u>	<u>-</u>	<u>134,234</u>
Total capital assets, being depreciated	277,172	13,274	(561)	289,885
Less accumulated depreciation for:				
Buildings	(44,032)	(1,662)	-	(45,694)
Land improvements	(11,239)	(950)	-	(12,189)
Machinery and equipment	(26,623)	(2,621)	519	(28,725)
Infrastructure	<u>(49,450)</u>	<u>(2,687)</u>	<u>-</u>	<u>(52,137)</u>
Total accumulated depreciation	<u>(131,344)</u>	<u>(7,920)</u>	<u>519</u>	<u>(138,745)</u>
Total capital assets, being depreciated, net	145,828	5,354	(42)	151,140
Capital assets, not being depreciated:				
Land	232	-	-	232
Construction in progress	<u>10,402</u>	<u>9,350</u>	<u>(10,157)</u>	<u>9,595</u>
Total capital assets, not being depreciated	<u>10,634</u>	<u>9,350</u>	<u>(10,157)</u>	<u>9,827</u>
Business-type activities capital assets, net	<u>\$ 156,462</u>	<u>\$ 14,704</u>	<u>\$ (10,199)</u>	<u>\$ 160,967</u>

Depreciation expense was charged to functions of the City as follows (in thousands):

Governmental Activities	
General government	\$ 1,512
Police	549
Fire	871
Education	7,287
Public works	5,278
Health and human services	18
Culture and recreation	748
Community development	1,356
Communications	811
Hydroelectric	<u>204</u>
Total governmental activities	<u>\$ 18,634</u>
Business-Type Activities	
Wastewater	\$ 5,940
Solid Waste	<u>1,980</u>
Total business-type activities	<u>\$ 7,920</u>

9. 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.

Other deferred outflows related to the loss on refunding bonds reported at June 30, 2019 totals \$314,671. Losses on refunding bonds are reported in the government-wide statement of net position in connection with the unamortized amount of losses resulting from the refunding of long-term bonds.

10. Accounts Payable

Accounts payable represent 2019 expenditures paid after June 30, 2019.

11. Salaries Payable

Salaries payable represent 2019 expenditures paid after June 30, 2019.

12. Accrued Liabilities

Accrued liabilities represent 2019 expenditures for debt service interest and health insurance claims paid after June 30, 2019.

13. Notes Payable

The City participates in the New Hampshire Department of Environmental Services state revolving fund loan program for clean water and drinking water projects. The following summarizes the City's notes outstanding as of June 30, 2019 and the activity in notes payable during fiscal year 2019:

	Interest Rate	Date of Issue	Date of Maturity	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
<u>Business-Type Activities:</u>							
Headworks Upgrade Project SRF Loan	1.0%	02/10/15	upon completed construction	\$ 3,692,119	\$ 8,885	\$ (3,701,004)	\$ -
Pump Stations Upgrade Project SRF Loan	1.0%	02/10/15	upon completed construction	872,106	35,130	-	907,236
Water Booster Station Upgrade Project SRF Loan	2.0%	06/07/17	upon completed construction	109,181	34,185	-	143,366
Primary Tanks Upgrade Project SRF Loan	2.0%	06/07/17	upon completed construction	186,228	354,238	-	540,466
CMOM Implementation Project - Phase I SRF Loan	2.7%	10/04/18	upon completed construction	-	444,446	-	444,446
Total				\$ 4,859,634	\$ 876,884	\$ (3,701,004)	\$ 2,035,514

14. Capital Lease Obligations

The City entered into a six-year capital lease to acquire \$537,962 of School Department photocopier equipment using noncancellable lease financing. For financial reporting purposes, the lease is reported in the government-wide financial statements. Future minimum lease payments on the lease consisted of the following as of June 30, 2019:

<u>Fiscal Year</u>	Present Value of Minimum		Total Lease Payments
	<u>Lease Payments</u>	<u>Interest Payments</u>	
2020	\$ 89,138	\$ 8,087	\$ 97,225
2021	91,743	5,481	97,224
2022	94,185	2,769	96,954
Total	<u>\$ 275,066</u>	<u>\$ 16,337</u>	<u>\$ 291,403</u>

15. Long-Term Debt

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and notes currently outstanding are as follows:

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/19</u>
Refunding for High School Land Acquisition	10/1/2019	1.09%	\$ 122,500
Refunding for Amherst Street School Renovations	10/1/2019	1.09%	331,000
Refunding for Athletic Fields	10/1/2019	1.09%	213,000
Refunding for School Planning	10/1/2019	1.09%	47,000
Refunding for Land Acquisition	10/1/2019	0.85%	9,500
Nashua Enterprise Resource Planning (ERP) System	5/1/2020	2.96%	160,000
Refunding for Refunded High School Planning	7/15/2020	0.85%	160,000
Refunding for Refunded Police Department CAD System	7/15/2020	0.85%	235,000
Refunding for Refunded Police Department Headquarters	7/15/2020	0.85%	380,000
Refunding for Refunded High School Construction	7/15/2020	0.85%	4,520,000
Refunding for Refunded Athletic Fields	7/15/2020	0.85%	365,000
Refunding for Refunded Citywide Communication Towers	7/15/2020	0.85%	465,000
Refunding for Refunded Library Automation	7/15/2020	0.85%	45,000
Refunding for Refunded HWY and Sidewalk Construction	7/15/2020	0.85%	100,000
Refunding for Refunded School Construction Series A	7/15/2020	0.85%	5,545,000
Refunding for Refunded Holman Stadium Series A	7/15/2020	0.85%	955,000
Elm Street Middle School Capital Equipment	10/15/2021	2.06%	105,000
Elm Street Middle School Fire Alarm	10/15/2021	2.06%	135,000
Citywide Communication System Upgrade	4/1/2023	2.43%	540,000

(continued)

(continued)

	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
<u>Governmental Activities</u>	<u>Through</u>		<u>as of</u>
			<u>6/30/19</u>
Refunding for Refunded High School Construction	3/15/2024	2.04%	11,160,000
Nashua School Access Control System	5/1/2024	2.96%	1,760,000
Public Safety Portable Radios	5/1/2024	2.96%	695,000
Radio Communications Upgrade	7/15/2024	2.53%	5,180,000
Refunding for Senior Center	7/15/2025	1.74%	809,000
Refunding for Police Remodeling 1	7/15/2025	1.74%	99,000
Refunding for Police Remodeling 2	7/15/2025	1.74%	370,000
Refunding for Riverwalk	7/15/2025	1.74%	194,000
Refunding for Land Acquisition	7/15/2026	1.74%	145,000
Refunding for Fire Station	7/15/2026	1.74%	1,370,000
Refunding for Land Acquisition and Redevelopment	7/15/2026	1.74%	728,000
Fire Pumper Truck	4/1/2028	2.43%	250,000
Broad Street Parkway Construction	8/1/2030	3.00%	1,320,000
Elm Street Garage Renovation	8/1/2030	3.00%	315,000
High Street Garage Renovation	8/1/2030	3.00%	420,000
Fire Pumper Truck	10/1/2030	2.23%	395,000
Broad Street Parkway Construction	10/15/2031	3.04%	1,625,000
Hunt Memorial Building Renovation	10/15/2031	3.04%	650,000
Nashua City Hall Renovation	10/15/2031	3.04%	325,000
Ledge Street School HVAC System Replacement	10/15/2031	3.04%	2,730,000
Fairgrounds School HVAC System Replacement	10/15/2031	3.04%	990,000
Elm Street Middle School Roof Replacement	10/15/2031	3.04%	260,000
Telecom System	3/15/2032	2.37%	1,985,000
City Buildings Renovation	4/1/2033	2.43%	410,000
Charlotte Avenue School HVAC System Replacement	4/1/2033	2.43%	1,741,500
Fire Ladder Truck	4/1/2033	2.43%	715,000
Broad Street Parkway Construction	4/1/2033	2.79%	1,443,500
Multi-Year Road Paving Project	9/15/2033	2.89%	6,913,000
Broad Street Parkway Construction	5/1/2034	2.96%	14,995,000
Broad Street Parkway Construction	7/15/2034	2.53%	6,160,000
Nashua Enterprise Resource Planning (ERP) System	7/15/2034	2.53%	430,000
Aerial Tower Truck	7/15/2034	2.53%	960,000
Broad Street School Improvements	7/15/2034	2.53%	6,880,000
Multi-Schools Roof Replacement	10/1/2035	2.23%	1,220,000
Sunset Heights School Renovations	10/1/2035	2.23%	9,112,000
Amherst Street/Charon Avenue	10/1/2035	2.23%	440,000
Burke Street Property	10/1/2035	2.23%	2,275,000
Mine Falls Dam	3/15/2037	3.42%	3,470,000
Broad Street Parkway	3/15/2037	2.72%	1,855,000
LED Street Lights	3/15/2037	2.72%	1,855,000
Amherst Street/Charon Avenue	3/15/2037	2.68%	420,000
Spit Brook Road Fire Station Improvements	3/15/2037	2.73%	1,535,000
Mine Falls Dam (Di Minimus)	3/15/2037	2.73%	450,000
Burke Street Property	9/15/2038	3.16%	1,605,000
School Roofing	9/15/2038	3.15%	1,132,000
Pennichuck Corporation Acquisition Bonds	1/15/2042	4.09%	127,025,000
Total Governmental Activities			<u>\$ 241,250,000</u>

<u>Business-Type Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/19</u>
Solid Waste Disposal Fund:			
Landfill Expansion and Closure	8/1/2020	1.19%	\$ 852,279
Multisite Landfill - Old Nashua	8/1/2022	1.53%	92,974
Multisite Landfill - Atherton Park	8/1/2022	1.53%	17,691
Multisite Landfill - Rousset/Gardner	8/1/2022	1.53%	299,626
Multisite Landfill - Shady Lane	8/1/2022	1.53%	45,467
Vehicles	9/15/2023	2.19%	1,862,000
Lined Landfill Expansion II	4/15/2024	2.89%	2,135,000
Landfill Compactor	7/15/2024	1.65%	405,000
Multisite - Lincoln Park	8/1/2024	1.87%	465,606
Multisite - Engineering	8/1/2024	1.87%	310,051
Landfill Closure	8/1/2024	1.87%	2,246,090
Soil Wall	3/15/2037	2.73%	180,000
Gas System	3/15/2037	2.70%	265,000
Landfill Expansion	3/15/2037	2.71%	445,000
Soil Wall	9/15/2037	3.00%	135,000
Gas System	9/15/2038	3.16%	<u>405,000</u>
Total Solid Waste Fund			10,161,784
Waste Water Treatment Fund			
Sludge Digester	8/1/2020	1.19%	922,542
Net Metering Project	8/1/2021	1.36%	74,449
Wet Weather SRF Loan	8/1/2029	2.58%	16,271,602
Haines Street Sewer Project	8/1/2030	2.62%	397,838
Nashua Storage Tank Facility	4/1/2033	2.63%	3,608,321
Dewatering Equipment Replacement	4/1/2033	2.63%	2,002,308
Aeration Blower Upgrade	4/1/2033	2.63%	2,604,371
Dewatering Equipment Replacement	5/1/2034	3.04%	1,650,000
Harbor Avenue SRF Loan	8/1/2034	2.86%	3,680,061
Water Pollution Control	8/1/2035	2.55%	11,924,342
Headworks Upgrade	8/1/2038	2.55%	3,365,196
Sewer Rehabilitation	9/15/2038	3.15%	<u>2,358,000</u>
Total Wastewater Fund			<u>48,859,030</u>
Total Enterprise Fund Bonds and Notes Payable			<u>\$ 59,020,814</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2019 are as follows:

<u>City and School</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,922,500	\$ 4,507,512	\$ 16,430,012
2021	11,472,500	3,826,845	15,299,345
2022	11,363,000	3,394,581	14,757,581
2023	10,235,000	2,935,705	13,170,705
2024	10,140,000	2,480,653	12,620,653
2025 - 2029	29,825,000	7,853,470	37,678,470
2030 - 2034	24,255,000	3,057,699	27,312,699
2035 - 2039	<u>5,012,000</u>	<u>243,329</u>	<u>5,255,329</u>
City and School Total	\$ <u>114,225,000</u>	\$ <u>28,299,794</u>	\$ <u>142,524,794</u>

<u>Pennichuck</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,590,000	\$ 5,175,568	\$ 8,765,568
2021	3,690,000	5,076,592	8,766,592
2022	3,795,000	4,970,430	8,765,430
2023	3,910,000	4,854,797	8,764,797
2024	4,035,000	4,729,794	8,764,794
2025 - 2029	22,440,000	21,379,150	43,819,150
2030 - 2034	27,450,000	16,371,197	43,821,197
2035 - 2039	33,955,000	9,871,161	43,826,161
Thereafter	<u>24,160,000</u>	<u>2,144,678</u>	<u>26,304,678</u>
Pennichuck Total	\$ <u>127,025,000</u>	\$ <u>74,573,367</u>	\$ <u>201,598,367</u>

<u>Total Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 15,512,500	\$ 9,683,080	\$ 25,195,580
2021	15,162,500	8,903,437	24,065,937
2022	15,158,000	8,365,011	23,523,011
2023	14,145,000	7,790,502	21,935,502
2024	14,175,000	7,210,447	21,385,447
2025 - 2029	52,265,000	29,232,620	81,497,620
2030 - 2034	51,705,000	19,428,896	71,133,896
2035 - 2039	38,967,000	10,114,490	49,081,490
Thereafter	<u>24,160,000</u>	<u>2,144,678</u>	<u>26,304,678</u>
Combined Total	\$ <u>241,250,000</u>	\$ <u>102,873,161</u>	\$ <u>344,123,161</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,751,118	\$ 1,724,408	\$ 7,475,526
2021	5,928,232	1,518,897	7,447,129
2022	5,030,321	1,352,093	6,382,414
2023	4,998,512	1,194,116	6,192,628
2024	4,884,566	1,037,123	5,921,689
2025 - 2029	18,138,337	3,421,591	21,559,928
2030 - 2034	10,938,303	1,206,939	12,145,242
2035 - 2039	<u>3,351,425</u>	<u>190,483</u>	<u>3,541,908</u>
Total	\$ <u>59,020,814</u>	\$ <u>11,645,650</u>	\$ <u>70,666,464</u>

C. Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2019 are as follows:

<u>Purpose</u>	<u>Amount</u>
Multi-year Paving Project	\$ 30,587,000
Performing Arts Center	15,500,000
Pump Stations Upgrade Project	8,500,000
Broad Street Parkway Project	6,629,100
Jackson Mills & Mine Falls Hydro-Electric Facilities Improvements	6,200,000
Phase III Lined Landfill Expansion	6,000,000
Wastewater Wet Weather Facility and Disinfection Facility	5,996,285
Refunding of Prior Year Capital Improvement Bonds	5,745,000
Wastewater Collection System (Capacity, Management, Operation, and Maintenance Plan)	5,200,000
Sewer Infrastructure Program	5,000,000
Refunding of Solid Waste and Wastewater State Revolving Loan Funds	4,077,060
Wastewater Treatment Plan Primary Tank Upgrades	3,900,000
Police Building Renovations	2,800,000
Storage Tank Facility, Aeration Blower, and Sludge Dewatering Upgrade	1,538,453
Public Health & Community Services Division Building Renovations	1,300,000
City Building Improvements	1,253,000
Wastewater Treatment Plan Booster Stations Project	779,000
Fire Pumper Truck	660,000
Solid Waste Automated Refuse Trucks	650,000
For Hills Landfill Improvements	600,000
School Capital Improvements	380,000
Purchase of Burke Street Property	312,100
Headworks Upgrade Project	257,688
Light-Emitting Diode (LED) Street lights	241,000
Enterprise Resource Planning Modernization	198,300
Wastewater Infrastructure Replacements	142,000
Solid Waste Refuse Trucks	139,555
Sunset Heights Elementary School Roof	119,000
Pumper Fire Truck	85,400
Roof Replacements at Fairgrounds Middle School	68,000
Citywide Telecommunications	62,500
Amherst Street Road and Traffic Improvements	59,400
Solid Waste Four Hills Landfill Improvements	33,445
Spit Brook Road Fire Station Renovations	33,000
Improvements at Four Hills Landfill	18,000
Hydroelectric Facility in Mine Falls Park	9,000
Total	\$ <u><u>115,073,286</u></u>

D. Changes in General Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities (in thousands):

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Less Current <u>Portion</u>	Equals Long-Term <u>Portion</u>
Governmental Activities						
Bonds payable	\$ 116,163	\$ 9,650	\$ (11,588)	\$ 114,225	\$ (11,923)	\$ 102,302
Unamortized bond premiums	6,846	750	(718)	6,878	(718)	6,160
Acquisition bonds payable	<u>130,530</u>	<u>-</u>	<u>(3,505)</u>	<u>127,025</u>	<u>(3,590)</u>	<u>123,435</u>
Subtotal bonds payable	253,539	10,400	(15,811)	248,128	(16,231)	231,897
Compensated absences ⁽¹⁾	17,387	2,449	(1,739)	18,097	(1,810)	16,287
Capital leases ⁽¹⁾	362	-	(87)	275	(89)	186
Net OPEB liability ⁽¹⁾	66,760	6,415	-	73,175	-	73,175
Net pension liability ⁽¹⁾	<u>248,393</u>	<u>90</u>	<u>-</u>	<u>248,483</u>	<u>-</u>	<u>248,483</u>
Totals	<u>\$ 586,441</u>	<u>\$ 19,354</u>	<u>\$ (17,637)</u>	<u>\$ 588,158</u>	<u>\$ (18,130)</u>	<u>\$ 570,028</u>

⁽¹⁾The City typically uses the General Fund to liquidate governmental activities liabilities.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Less Current <u>Portion</u>	Equals Long-Term <u>Portion</u>
Business-Type Activities						
Bonds payable	\$ 56,186	\$ 8,302	\$ (5,468)	\$ 59,020	\$ (5,751)	\$ 53,269
Unamortized bond premiums	<u>1,090</u>	<u>315</u>	<u>(148)</u>	<u>1,257</u>	<u>(148)</u>	<u>1,109</u>
Subtotal bonds payable	57,276	8,617	(5,616)	60,277	(5,899)	54,378
Compensated absences ⁽²⁾	607	80	(61)	626	(62)	564
Landfill closure and postclosure costs	6,841	408	-	7,249	-	7,249
Total OPEB liability ⁽²⁾	1,419	115	-	1,534	-	1,534
Net pension liability ⁽²⁾	<u>3,427</u>	<u>-</u>	<u>(601)</u>	<u>2,826</u>	<u>-</u>	<u>2,826</u>
Totals	<u>\$ 69,570</u>	<u>\$ 9,220</u>	<u>\$ (6,278)</u>	<u>\$ 72,512</u>	<u>\$ (5,961)</u>	<u>\$ 66,551</u>

⁽²⁾The City typically uses the Wastewater and Solid Waste Funds to liquidate their respective business-type liabilities.

16. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as a liability in the financial statements in each period based on landfill capacity used as of each balance sheet date.

The \$7,249,180 reported as landfill closure and postclosure care liability at June 30, 2019 comprises \$874,500 of post closure care cost for the Nashua Four Hills unlined landfill and \$6,374,680 in closure, and post closure costs for the Nashua Four Hills Phase I and Phase II lined expansion landfills. The recognition of these costs is based on annual statutorily required engineering estimates. Waste filling operations in the Phase II lined expansion landfill began in November 2009. The combined landfills are conservatively estimated to have an operational life of 5 years and remaining capacity is estimated to be 18%. The City will recognize the remaining estimated cost of closure and post closure care of the lined landfill as the remaining capacity is filled. The actual life of the landfill may be longer due to recycling efforts and actual costs may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

The City is required by State and Federal laws and regulations to make annual contributions to an account held by the City to finance closure and post closure costs of the municipal solid waste landfill. As of June 30, 2019, the City has cash on deposit with a balance of \$5,992,008 restricted for closure and post closure costs.

17. **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.

The following is a summary of other deferred inflows of resources (exclusive of Pension and OPEB) balances as of June 30, 2019:

	<u>Entity-wide Basis</u>	<u>Fund Basis</u>
	<u>Governmental</u>	<u>Governmental Funds</u>
	<u>Activities</u>	<u>General Fund</u>
Unavailable revenues	\$ -	\$ 6,174,643
Taxes levied in advance	108,737,047	108,737,047
Gains on refunding bonds	<u>1,272,700</u>	<u>-</u>
Total	<u>\$ 110,009,747</u>	<u>\$ 114,911,690</u>

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.

Taxes levied in advance are reported in the governmental funds balance sheet and government-wide statement of net position in connection with subsequent year property tax revenue collections which are not available for use in the current year.

Gains on refunding bonds are reported in the government-wide statement of net position in connection with the unamortized amount of gains resulting from the refunding of long-term bonds.

18. Governmental Funds – 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 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 tax deeds and nonmajor governmental fund reserves for the principal portion of permanent 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 amounts restricted for future debt service, various special revenue funds, capital project funds, and the income portion of permanent funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the City's Board of Aldermen. The City Charter designated the Board of Aldermen as its appropriating authority. This fund balance classification includes general fund escrows for non-lapsing appropriations, capital reserve funds set aside by Board of Alderman resolution for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), various special revenue funds, and capital project funds. A similar action is needed to modify or rescind a commitment.

Assigned - Represents amounts that are constrained by the City's intent to use these resources for a specific purpose. In addition, this fund balance classification includes general fund encumbrances (purchase orders) 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. The City's Revised Ordinances (NRO) permits the Chief Financial Officer to make assignments.

Unassigned - Represents amounts that are available to be spent in future periods and temporary deficit balances in nonmajor governmental funds.

Following is a breakdown of the City's fund balances at June 30, 2019:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Reserved for tax deeds	\$ 488,116	\$ -	\$ -	\$ 488,116
Nonexpendable cemetery permanent funds	-	-	18,188,598	18,188,598
Nonexpendable library permanent funds	-	-	4,899,594	4,899,594
Nonexpendable other permanent funds	-	-	195,543	195,543
Total Nonspendable	488,116	-	23,283,735	23,771,851
Restricted				
For future debt service	-	4,313,036	-	4,313,036
Police grants	-	-	34,343	34,343
Community health & services grants	-	-	84,076	84,076
Parks & recreation grants	-	-	75,942	75,942
Transit grants	-	-	416,346	416,346
CDBG/HOME grants	-	-	71,845	71,845
Community Development division grants	-	-	409,394	409,394
Other public safety grants	-	-	2,316	2,316
Other City grants	-	-	3,054	3,054
Food services	-	-	815,908	815,908
City revolving funds	-	-	1,840,865	1,840,865
Fire projects	-	-	165,234	165,234
Public works projects	-	-	4,935,115	4,935,115
Community and Economic development projects	-	-	71,819	71,819
School department projects	-	-	156,367	156,367
Technology projects	-	-	238,104	238,104
City-wide communications projects	-	-	387,938	387,938
Other projects	-	-	12,277	12,277
Cemetery expendable permanent funds	-	-	897,236	897,236
Library expendable permanent funds	-	-	763,815	763,815
Other expendable permanent funds	-	-	11,860	11,860
Total Restricted	-	4,313,036	11,393,854	15,706,890
Committed				
For continuing appropriations	7,376,263	-	-	7,376,263
School capital funds	1,086,376	-	-	1,086,376
City capital funds	8,993,921	-	-	8,993,921
City revolving funds	-	-	8,991,307	8,991,307
School revolving funds	-	-	1,414,773	1,414,773
Other trust funds	-	-	5,826,262	5,826,262
City building projects	-	-	238,315	238,315
Total Committed	17,456,560	-	16,470,657	33,927,217
Assigned				
For next year's tax rate	1,500,000	-	-	1,500,000
For encumbrances:				
General government	89,524	-	-	89,524
Police	50,420	-	-	50,420
Education	236,504	-	-	236,504
Public works	438,149	-	-	438,149
Community development	202,448	-	-	202,448
Other	59,287	-	-	59,287
For overlay contingency	1,500,000	-	-	1,500,000
For unfunded liabilities	8,800,000	-	-	8,800,000
Total Assigned	12,876,332	-	-	12,876,332
Unassigned				
General Fund	30,039,098	-	-	30,039,098
Deficits	-	-	(7,558,399)	(7,558,399)
Total Unassigned	30,039,098	-	(7,558,399)	22,480,699
Total Fund Balance	\$ 60,860,106	\$ 4,313,036	\$ 43,589,847	\$ 108,762,989

19. Retirement System

New Hampshire Retirement System

The City follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

A. Plan Description

Full-time employees participate in the New Hampshire Retirement System (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 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 New Hampshire Retirement System, 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 publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Benefits Provided

Group 1 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	12	2.2%
Less than 4 years	49	24	2.1%

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7.00% for employees and teachers, 11.55% for police, and 11.80% for fire. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The City's contributions to NHRS for the year ended June 30, 2019 was \$21,854,348, which was equal to its annual required contribution.

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

At June 30, 2019, the City reported a liability of \$244,946,874 for its proportionate share of the 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 a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the most recent measurement date, the City's proportion was 5.08694863%, which was an increase of 0.12076539% from the previous year.

For the year ended June 30, 2019, the City recognized pension expense of \$26,301,556. In addition, the City reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 1,955,117	\$ (1,983,343)
Changes of assumptions	16,951,535	-
Net difference between projected and actual earnings on pension plan investments	-	(5,668,285)
Changes in proportion and differences between contributions and proportionate share of contributions	8,254,867	(3,955,016)
Contributions subsequent to the measurement date	<u>21,854,348</u>	<u>-</u>
Total	<u>\$ 49,015,867</u>	<u>\$ (11,606,644)</u>

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 3,888,719
2021	3,888,719
2022	3,888,719
2023	<u>3,888,718</u>
Total	<u>\$ 15,554,875</u>

F. Actuarial Assumptions

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

Valuation Date	June 30, 2017, rolled forward to June 30, 2018
Actuarial cost method	Entry Age Normal
Inflation	2.50%
Projected salary increases	5.60% 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, which was for the period July 1, 2010 – June 30, 2015.

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:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average 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	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	<u>7.00</u>	6.25%
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%
Unconstrained Fixed Income	7.00	1.14%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.75%
Opportunistic	<u>5.00</u>	2.15%
Total alternative investments	15.00	
Real estate	<u>10.00</u>	3.25%
Total	<u><u>100.00</u></u> %	

G. 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 service cost 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 total pension liability.

H. 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 one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
\$ 325,903,821	\$244,946,874	\$ 177,102,476

I. Pension Plan Fiduciary Net Position

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

Public Works Employees’ Retirement System

The City follows the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees’ retirement funds.

A. Plan Description

All Public Works employees of the City are members of the Public Works Employees’ Retirement System (the System), a single-employer, defined benefit PERS. Eligible employees must participate in the System. The pension plan provides pension benefits and death and disability benefits to employees reaching age 60, provided they have accumulated 10 years of service. A City ordinance passed in 1947 established the System which is administered by a five-member Board of Trustees. Amendments to benefit provisions are made by the Board of Trustees with the concurrence of the Board of Aldermen. The Public Works Employees’ Retirement System does not issue independent financial statements. Administrative costs are financed by Trust earnings.

Membership of each plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries receiving benefits	107
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>162</u>
Total	<u><u>273</u></u>

B. Benefits Provided

The System provides for retirement and death benefits. The retirement allowance benefit is up to a maximum 65% of final compensation reduced proportionately for

creditable services less than 25 years (30 if hired after July 1, 2010). Benefit payments are based upon a member's age and length of creditable service. Members become fully vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 60 with 10 years of credited service or upon attaining 25 years (30 years if hired after July 1, 2010) of continuous service with the Board of Public Works. The plan also provides for early retirement for 65% of final compensation reduced by 0.555% for each month between age 60 and the member's early retirement date. In addition, the System provides for disability retirement allowance if age 60 or older with a minimum of 10 years of creditable service, 65% (60% if under age 60) of final compensation reduced proportionately for creditable service less than 25 years (30 years if hired after July 1, 2010).

The death allowance benefits are based upon creditable service and classification. Members become vested after 10 years of creditable service. Employee contributions must be left in the plan for the deferred vested benefit to be payable. Pre-retirement spouse benefits are paid at 50% of the benefit to which the member would have been entitled had the member retired on the date of death, when accidental death benefits are not payable, and if the member has 10 or more years of service.

Post-Retirement benefits of \$3,000 are paid to beneficiaries of retired members upon the death of the retired member. Accidental death benefits are 65% of final compensation to spouse until death or remarriage, or dependent child to age 18, or dependent parent for life.

C. Contributions

The City employees each contribute 9.15% of their base salary, as specified by ordinance. The City's contribution is determined by the actuarial valuation. The City's contribution to the System for the year ended June 30, 2019 was \$832,686, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

The accounting policies of the 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 System are summarized below.

Basis of accounting: Contributory retirement system financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized as revenue in the period in which the members provide services to the employer. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment policy: Investments are reported at fair value in accordance with requirements. 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 pension plan.

Rate of return: For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. 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. Net Pension Liability of the City

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

Total pension liability	\$ 49,434,021
Plan fiduciary net position	<u>(43,072,450)</u>
Employers' net pension liability	<u>\$ 6,361,571</u>
Plan fiduciary net position as a percentage of total pension liability	87.13%

Changes in the Net Pension Liability - Board of Public Works

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances, beginning of year	\$ 49,042,240	\$ (41,459,286)	\$ 7,582,954
Changes for the year:			
Service cost	1,159,714	-	1,159,714
Interest	3,413,621	-	3,413,621
Differences between expected and actual experience	(794,224)	-	(794,224)
Changes of assumptions	(466,050)	-	(466,050)
Contributions - employer	-	(832,686)	(832,686)
Contributions - employee	-	(832,686)	(832,686)
Net investment income	-	(2,871,652)	(2,871,652)
Benefit payments, including refunds of employee contributions	(2,921,280)	2,921,280	-
Administrative expense	<u>-</u>	<u>2,580</u>	<u>2,580</u>
Net changes	<u>391,781</u>	<u>(1,613,164)</u>	<u>(1,221,383)</u>
Balances, end of year	<u>\$ 49,434,021</u>	<u>\$ (43,072,450)</u>	<u>\$ 6,361,571</u>

F. Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation Date	July 1, 2018
Actuarial cost method	Entry Age Actuarial Cost
Inflation	2.60%
Projected salary increases	Inflation of 3.00%, plus merit increases ranging from 2.00% to 0.00%, based on age
Investment rate of return	7.00%, net of investment-related and administrative expenses

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2014.

Mortality rates in the July 1, 2018 valuation for non-disabled individuals reflects the RP-2014 Mortality Table, adjusted to 2006 Blue Collar Mortality Table, projected to the valuation date with Scale MP-2018.

Mortality rates in the July 1, 2018 valuation for disabled individuals reflects the RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to the valuation date with Scale MP-2018, setback 10 years.

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 (expected returns, net of pension plan investment expense and inflation) 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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Real Return Arithmetic Basis</u>
Intermediate Bond	40.00%	2.00%	0.80%
US Large Cap Equity	30.00%	6.50%	1.95%
US Small Cap Equity	10.00%	8.00%	0.80%
International Equity	<u>20.00%</u>	6.20%	<u>1.24%</u>
Total	<u>100.00%</u>		4.79%
Inflation			<u>2.60%</u>
Expected arithmetic nominal return			<u>7.39%</u>

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 contractually required rates, actuarially determined. 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 active and inactive 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 total pension liability.

H. 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 7.00%, 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 one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$11,598,512	\$6,361,571	\$1,877,585

I. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pensions

At June 30, 2019, the City reported a liability of \$6,361,571 for its net pension liability. 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 City's net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2019, the City recognized pension expense of \$970,103. In addition, the City reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 28,742	\$ (839,884)
Changes of assumptions	14,169	(824,519)
Net difference between projected and actual earnings on pension plan investments	-	(381,875)
Total	\$ <u>42,911</u>	\$ <u>(2,046,278)</u>

Deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ (228,475)
2021	(741,788)
2022	(411,838)
2023	(205,921)
2024	(176,919)
Thereafter	<u>(238,426)</u>
Total	\$ <u>(2,003,367)</u>

J. Consolidation of Net Pension Liabilities and Related Deferred Outflows and (Inflows)

The following consolidates the City’s proportionate share of the NHRS net pension liability and related deferred outflows/(inflows), and the City’s BPW pension plan net pension liability and related deferred outflows/(inflows) at June 30, 2019:

	Net Pension <u>Liability</u>	Total Deferred Outflows of <u>Resources</u>	Total Deferred (Inflows) of <u>Resources</u>	Total Pension <u>Expense</u>
Proportionate share of NHRS	\$ 244,946,874	\$ 49,015,867	\$ (11,606,644)	\$ 26,301,556
City BPW Pension Plan	<u>6,361,571</u>	<u>42,911</u>	<u>(2,046,278)</u>	<u>970,103</u>
	<u>\$ 251,308,445</u>	<u>\$ 49,058,778</u>	<u>\$ (13,652,922)</u>	<u>\$ 27,271,659</u>

The City reports a net pension liability in governmental activities as these respective employees are members of the NHRS, while governmental activities and business-type activities report a net pension liability for the City’s BPW pension plan as these respective employees are included only in the City’s plan.

20. 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.

A. City OPEB Plan

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

General Information about the OPEB Plan

Plan Description

The City provides post-employment healthcare benefits for retired employees through the City's single employer defined benefit OPEB plan. The City provides health insurance coverage through the City's self-insured employee benefits fund. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and does not issue a standalone financial report.

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.

Benefits Provided

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 employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	835
Active employees	<u>2,554</u>
Total	<u><u>3,389</u></u>

Funding Policy

The City's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

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:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Projected salary increases	3.25%, average, including inflation
Discount rate	3.51%
Healthcare cost trend rates	8.50% for 2020, fluctuating 0.50%, to an ultimate rate of 5.00% as of 2027 and later years
Retirees' share of benefit-related costs	100.00%
Participation rate	90% of active employees with current coverage

The discount rate was based on the Bond Buyer GO 20-Year Municipal Bond Index at June 30, 2019.

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 (RPH-2017 table is based on RPH-2014 table with 8 years of mortality improvement using Scale MP-2014 backed out and projected to 2017 using Scale MP-2017).

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study as of June 30, 2010.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.51%. 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 total OPEB liability of \$49,487,035 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Changes in the Total OPEB Liability

The following summarizes the changes to the total OPEB liability for the past year.

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 44,319,084
Changes for the year:	
Service cost	2,412,885
Interest	1,777,895
Differences between expected and actual experience	1,068,607
Changes of assumptions or other inputs	1,506,786
Benefit payments	<u>(1,598,222)</u>
Net Changes	<u>5,167,951</u>
Balances, end of year	<u>\$ 49,487,035</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.51% in 2019 and healthcare trend rates were reset to an annual trend of 8.50% to an ultimate rate of 5.00%.

As noted previously, with the exception of one group of retirees described below, the City does not pay a direct subsidy towards their retiree’s health insurance premiums. In accordance with RSA 100-A:50, retired employees shall be deemed to be part of the same group as active employees for health insurance premium purposes, thereby resulting in a so-called “blended rate”. The blended rate decreases the cost of insurance premiums for retirees and increases the cost for active employees, thereby resulting in the City paying an Implicit Subsidy.

The City’s Explicit Subsidy pertains to only one group of retirees. Teachers who have retired after June 30, 1991 who have at least 20 years of service with the Nashua School District and who are actually receiving retirements benefits under the New Hampshire Retirement System, will have a portion of their health insurance premiums paid according to a set schedule based on the years of service at retirement. The subsidy ranges from 20% for a teacher retiree with 20 years of service at retirement to 50% for a teacher with 30+ years of service at retirement. The City’s Explicit Subsidy associated with each eligible teacher retiree ends when the retiree is eligible for Medicare. The following table shows the Explicit and Implicit Liability amounts:

	<u>Explicit</u>	<u>Implicit</u>	<u>Totals</u>
Current Retirees	\$ 0.1 million	\$ 7.7 million	\$ 7.8 million
Future Retirees	<u>4.5 million</u>	<u>37.1 million</u>	<u>41.6 million</u>
Totals	<u>\$ 4.6 million</u>	<u>\$ 44.8 million</u>	<u>\$ 49.4 million</u>

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

The following presents the 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:

<u>1%</u> <u>Decrease</u>	Current Discount <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 53,973,388	\$ 49,487,035	\$ 45,434,854

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

The following presents the 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:

<u>1%</u> <u>Decrease</u>	Current Healthcare Cost Trend <u>Rates</u>	<u>1%</u> <u>Increase</u>
\$ 43,799,153	\$ 49,487,035	\$ 56,204,290

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

For the year ended June 30, 2019, the City recognized an OPEB expense of \$4,183,660. 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	\$ 935,031	\$ (2,580,797)
Changes of assumptions or other inputs	<u>1,318,438</u>	<u>-</u>
Total	<u>\$ 2,253,469</u>	<u>\$ (2,580,797)</u>

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

<u>Fiscal Year Ended</u>	
2020	\$ (7,120)
2021	(7,120)
2022	(7,120)
2023	(7,120)
2024	(7,119)
Thereafter	<u>(291,729)</u>
Total	\$ <u>(327,328)</u>

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed in Note 20A, the City participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. The four membership groups 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.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at <http://www.nhrs.org>.

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

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The City contributed 0.30% of gross payroll for Group I employees, 1.66% of gross payroll for Group I teachers, and 4.10% of gross payroll for Group II fire and police department members. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Actuarial Assumptions and Other Inputs

The City's 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. The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60% average, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Discount rate	7.25%

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 actuarial experience study, which was for the period July 1, 2010 – 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 \$25,221,940.

For the year ended June 30, 2019, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$3,314,075. At June 30, 2019, the City reported

deferred outflows and (inflows) of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 148,047	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	(80,140)
Changes in proportion and differences between contributions and proportionate share of contributions	936,425	(653,529)
Contributions subsequent to the measurement date	<u>2,475,017</u>	<u>-</u>
Total	<u>\$ 3,559,489</u>	<u>\$ (733,669)</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:

<u>Fiscal Year Ended</u>	
2020	\$ 405,941
2021	(25,002)
2022	(25,002)
2023	<u>(5,134)</u>
Total	<u>\$ 350,803</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</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 26,251,105	\$ 25,221,940	\$ 22,339,064

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

C. Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and (Inflows)

The following consolidates the City’s total OPEB liability and related deferred outflows/(inflows), and the City’s proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at June 30, 2019:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred (Inflows) of Resources	Total OPEB Expense
City OPEB Plan	\$ 49,487,035	\$ 2,253,469	\$ (2,580,797)	\$ 4,183,660
Proportionate share of NHRS Medical Subsidy Plan	<u>25,221,940</u>	<u>3,559,489</u>	<u>(733,669)</u>	<u>3,314,075</u>
Total	<u>\$ 74,708,975</u>	<u>\$ 5,812,958</u>	<u>\$ (3,314,466)</u>	<u>\$ 7,497,735</u>

The City reports a net OPEB liability in governmental activities as these respective employees are members of the NHRS, while Business-Type activities reports a total OPEB liability as these respective employees are included only in the City’s plan that does not have assets held in a trust for future OPEB liabilities.

21. Self-Insurance

The City self-insures against claims for workers compensation, general liability, property, long-term disability, and employee health coverage. Annual estimated requirements for claims are provided in the City’s annual operating budget.

Health Insurance

The City contracts with insurance carriers for claims processing. Under the terms of the insurance coverage, the employee is only liable for the cost sharing premiums and co-pays. The City retains the risk to \$350,000 and maintains excess insurance for claims that exceed \$350,000. The claims liability represents an estimate of claims incurred but unpaid at year-end, based on past historical costs and claims paid subsequent to year-end.

General Liability/Workers’ Compensation

The City is self-administered for claims processing of the City’s workers’ compensation, property, and casualty programs. The workers’ compensation, property, and casualty liabilities represent an estimate of future costs based on historical analysis of similar claims.

Changes in the aggregate liability for claims for the year ended June 30, 2019 are as follows:

	Year Ended <u>June 30, 2019</u>	Year Ended <u>June 30, 2018</u>
Claims liability, beginning of year	\$ 7,141,119	\$ 7,779,307
Claims incurred/recognized	50,622,900	46,465,056
Claims paid	<u>(50,544,735)</u>	<u>(47,103,244)</u>
Claims liability, end of year	<u>\$ 7,219,284</u> *	<u>\$ 7,141,119</u> *

* This liability is considered to be all current.

The \$7,219,284 estimated liability for claims incurred, but not reported, includes only an estimate for known loss events expected to later be presented as claims. The City is unable to estimate the amount of unknown loss events expected to become claims and expected future developments on claims already reported.

22. Commitments and Contingencies

Outstanding Legal Issues - On an ongoing basis, there are typically pending legal issues in which the City is involved. The City's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Abatements - There are several cases pending before the Board of Tax and Land Appeals and Superior Court in regard to alleged discrepancies in property assessments. According to the City's counsel, the probable outcome of these cases at the present time is indeterminable.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Encumbrances - At year-end the City's general fund has \$1,076,332 in encumbrances that will be honored in the next fiscal year.

23. Tax Abatements

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 if:

- The building is located within the boundaries of the downtown Nashua Community Revitalization Tax Relief district,
- The rehabilitation costs are at least 15% of the building's pre-rehab assessed value, or \$75,000, whichever is less, and
- The rehabilitation is consistent with downtown Nashua Master Plan and the development regulations of the City.

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.

RSA Chapter 79E stipulates that the Board of Aldermen 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 \$280,642 under agreements entered into by the City during fiscal year 2019.

24. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement 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 Statement 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.

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Pennichuck Corporation and Subsidiaries
Notes to Financial Statements

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PENNICHUCK CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Description of Business and Summary of Significant Accounting Policies

Description of Business:

Pennichuck Corporation (“the Company,” “we,” or “our”) is a holding company headquartered in Merrimack, New Hampshire with five wholly owned operating subsidiaries: Pennichuck Water Works, Inc., (“Pennichuck Water”) Pennichuck East Utility, Inc., (“Pennichuck East”) and Pittsfield Aqueduct Company, Inc. (“PAC”) (collectively referred to as our Company’s “utility subsidiaries”), which are involved in regulated water supply and distribution to customers in New Hampshire; Pennichuck Water Service Corporation (“Service Corporation”) which conducts non-regulated water-related services; and The Southwood Corporation (“Southwood”) which owns several parcels of undeveloped land.

The Company’s utility subsidiaries are engaged principally in the collection, storage, treatment and distribution of potable water to approximately 37,242 customers throughout the State of New Hampshire. The utility subsidiaries, which are regulated by the New Hampshire Public Utilities Commission (the “NHPUC”), are subject to the provisions of Accounting Standards Codification (“ASC”) Topic 980 “*Regulated Operations*.”

Summary of Significant Accounting Policies:

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated 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 and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property, Plant and Equipment

Property, plant and equipment, which includes principally the water utility assets of the Company’s utility subsidiaries, is recorded at cost plus an allowance for funds used during construction on major, long-term projects and includes property funded with contributions in aid of construction.

Maintenance, repairs and minor improvements are charged to expense as incurred. Improvements which significantly increase the value of property, plant and equipment are capitalized.

Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash, money market funds and other short-term liquid investments with original maturities of three months or less.

Restricted Cash – RSF

This restricted cash balance consists of funds maintained for the Rate Stabilization Fund (“RSF”), which was established in conformity with the requirements of NHPUC Order 25,292, as explained more fully in Note 13 of these financial statements. The RSF is an imprest fund of \$5 million, which is subject to funding above or below the imprest fund balance, reflecting actual revenue performance as it relates to prescribed revenue levels supported by the RSF. The excess or deficient amount (versus the \$5 million imprest balance) is subject to return or collection to rate payers over the succeeding three-year period of time, as of the rate order issued with the next promulgated rate case filing. On November 7, 2017, the NH PUC approved and issued Order No. 26,070 which established new rates for Pennichuck Water. In addition, the rate order then authorized the reallocation of the existing \$5,000,000 Rate Stabilization Fund among the Company’s three utilities. Such that, Pennichuck Water’s allocated share of the RSF would now be \$3,920,000, with the remaining balance of \$1,080,000 to be allocated between Pennichuck East and Pittsfield Aqueduct. Rate order No. 26,179, under docket DW 17-128 then allocated \$980,000 of the \$1,080,000 to Pennichuck East Utility with the remaining \$100,000 to Pittsfield Aqueduct. The purpose for splitting and allocating the existing RSF is to provide additional reserves which ensure sufficient capital to enable the Company to support its operations. For the years ending December 31, 2018 and 2017, the balances in the RSF were \$3.4 million and \$4.9 million, respectively.

Restricted Cash – Bond Project Funds

This restricted cash balance consists of funds remaining from the issuance of the Series 2014, 2015 and 2018 tax-exempt bonds (the “Bonds”) in December of 2014, October of 2015 and April of 2018, respectively. The proceeds from those bond issuance transactions are maintained in separate restricted cash accounts, with Trustee oversight, and are subject to withdrawal as a reimbursement of eligible capital project expenditures for the years 2014 through 2019, as defined by the indenture and issuance documents associated with each offering. The restricted cash accounts are also used as a “conduit” for the transfer of money from operating cash to restricted cash, allowing the Trustee to make the required payments to bondholders for principal and interest due semi-annually.

As of December 31, 2017, the funds in these restricted cash accounts totaled approximately \$3.3 million. During 2018, approximately \$3.3 million was withdrawn from the restricted cash accounts to make the principal and interest payments for the Bonds, on January 1, July 1 and October 1. In December 2018, approximately \$3.3 million was transferred into these restricted cash accounts from the Company’s operating cash accounts, to provide the funds needed to make the net principal and interest payments due on January 1, 2019 for the Bonds. As of December 31, 2018, the funds in these restricted cash accounts totaled approximately \$3.3 million.

Concentration of Credit Risks

Financial instruments that subject the Company to credit risk consist primarily of cash (including cash equivalents and restricted cash) and accounts receivable. Cash balances are invested in financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”). At December 31, 2018 and 2017, the Company had approximately \$6,900,000 and \$9,000,000 in excess of FDIC insured limits, respectively. Our accounts receivable balances primarily represent amounts due from the residential, commercial and industrial customers of our regulated water utility operations, as well as receivables from our Service Corporation customers.

Accounts Receivable – Billed, Net

Accounts receivable are recorded at the invoiced amounts. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable and is determined based on historical write-off experience and the aging of account balances. We review the allowance for doubtful accounts quarterly. Account balances are written off against the allowance when it is probable the receivable will not be recovered.

Accounts Receivable – Unbilled, Net

We read our customer meters on a monthly basis and record revenues based on meter reading results. Information from the last meter reading date is used to estimate the value of unbilled revenues through the end of the accounting period. Estimates of water utility revenues for water delivered to customers but not yet billed are accrued at the end of each accounting period. Actual results could differ from those estimates.

Inventory

Inventory is stated at the lower of cost or net realizable value, cost being determined using the average cost method which approximates the first-in, first-out (FIFO) method.

Deferred Land Costs

Included in deferred land costs is the Company’s original basis in its undeveloped landholdings and any land improvement costs, which are stated at the lower of cost or market. All costs associated with real estate and land projects are capitalized and allocated to the project to which the costs relate. Administrative labor and the related fringe benefit costs attributable to the acquisition, active development, and construction of land parcels are capitalized as deferred land costs. No labor and benefits were capitalized for the years ended December 31, 2018 and 2017.

Deferred Charges and Other Assets

Deferred charges include certain regulatory assets and other assets. Regulatory assets are amortized over the periods they are recovered through NHPUC-authorized water rates. The Company's utility subsidiaries have recorded certain regulatory assets in cases where the NHPUC has permitted, or is expected to permit, recovery of these costs over future periods. Currently, the regulatory assets are being amortized over periods ranging from 2 to 25 years.

Unamortized Debt Issuance Costs

Unamortized debt issuance costs are amortized over the term of the related bonds and notes. The Company's utility subsidiaries have recorded unamortized debt issuance costs in cases where the NHPUC has permitted or is expected to permit recovery of these costs over future periods. The debt issuance costs are being amortized over the lives of the associated debt.

Contributions in Aid of Construction

Under construction contracts with real estate developers and others, the Company's utility subsidiaries may receive non-refundable advances for the cost of installing new water mains. These advances are recorded as Contributions in Aid of Construction ("CIAC"). The utility subsidiaries also record to plant and CIAC the fair market value of developer installed mains and any excess of fair market value over the cost of community water systems purchased from developers. CIAC are amortized over the life of the related properties.

Revenues

Standard charges for water utility services to customers are recorded as revenue, based upon meter readings and contract service, as services are provided. The majority of the Company's water revenues are based on rates approved by the NHPUC. Estimates of unbilled service revenues are recorded in the period the services are provided. Provision is made in the consolidated financial statements for estimated uncollectible accounts.

Non-regulated water management services include contract operations and maintenance, and water testing and billing services to municipalities and small, privately owned community water systems. Contract revenues are billed and recognized on a monthly recurring basis in accordance with agreed-upon contract rates. Revenues from unplanned additional work are based upon time and materials incurred in connection with activities not specifically identified in the contract, or for which work levels exceed contracted amounts.

Revenues from real estate operations, other than undistributed earnings or losses from equity method joint ventures, are recorded upon completion of a sale of real property. The Company's real estate holdings outside of our regulated utilities are comprised primarily of undeveloped land.

Investment in Joint Venture

Southwood uses the equity method of accounting for its investment in a joint venture in which it does not have a controlling interest. Under this method, Southwood records its proportionate share of losses under “Other, net” in the accompanying Consolidated Statements of Income (Loss) with a corresponding decrease in the carrying value of the investment.

Income Taxes

Income taxes are recorded using the accrual method and the provision for federal and state income taxes is based on income reported in the consolidated financial statements, adjusted for items not recognized for income tax purposes. Provisions for deferred income taxes are recognized for accelerated depreciation and other temporary differences. A valuation allowance is provided to offset any net deferred tax assets if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Investment tax credits previously realized for income tax purposes are amortized for financial statement purposes over the life of the property, giving rise to the credit.

Change in Accounting Principles

Effective January 1, 2018, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, which requires companies to report deferred tax assets and liabilities together as a single noncurrent item in their classified balance sheet. The Company has elected to apply the guidance prospectively as allowed by the standard, therefore there is no prior year effect to the financial statements as a result of this change.

Effective January 1, 2018, the Company adopted FASB ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalent. As a result, restricted cash and restricted cash equivalents are now included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance is applied retrospectively as determined by the standard. The prior year statement of cash flows has been restated as a result of this change.

New Accounting Standards to be Adopted in the Future

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. This standard will be effective for the Company for the year ending December 31, 2019. The Company is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the income statement. This ASU will be effective for the Company for the year ending December 31, 2020. The Company is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The ASU requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This ASU will be effective for the Company for the year ending December 31, 2021. The Company is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Note 2 – Property, Plant and Equipment

The components of property, plant and equipment as of December 31, 2018 and 2017 were as follows:

(in thousands)	<u>2018</u>	<u>2017</u>	<u>Useful Lives (in years)</u>
Utility Property:			
Land and land rights	\$ 3,346	\$ 3,305	-
Source of supply	65,807	65,608	3 - 70
Pumping and purification	29,823	31,075	7 - 64
Transmission and distribution, including services, meters and hydrants	176,263	161,193	15 - 91
General and other equipment	16,742	16,541	7 - 75
Intangible plant	790	790	20
Construction work in progress	2,175	1,978	
Total utility property	<u>294,946</u>	<u>280,490</u>	
Total non-utility property	<u>5</u>	<u>5</u>	5 - 10
Total property, plant and equipment	294,951	280,495	
Less accumulated depreciation	<u>(73,091)</u>	<u>(69,997)</u>	
Property, plant and equipment, net	<u>\$ 221,860</u>	<u>\$ 210,498</u>	

The provision for depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 91 years. The weighted average composite depreciation rate was 2.54% and 2.56% in 2018 and 2017, respectively.

Note 3 – Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the statement of cash flows.

(in thousands)	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,575	\$ 994
Restricted cash - RSF	3,428	4,953
Restricted cash - Bond Project Funds	<u>3,337</u>	<u>3,288</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 8,340</u>	<u>\$ 9,235</u>

Amounts included in restricted cash represent those required to be set aside as outlined in Note 1.

Note 4 – Accounts Receivable

Accounts receivable consisted of the following at December 31, 2018 and 2017:

(in thousands)	<u>2018</u>	<u>2017</u>
Accounts receivable - billed	\$ 3,461	\$ 3,457
Less allowance for doubtful accounts	<u>(44)</u>	<u>(37)</u>
Accounts receivable - billed, net	<u>\$ 3,417</u>	<u>\$ 3,420</u>
Accounts receivable - unbilled	\$ 2,927	\$ 2,265
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>
Accounts receivable - unbilled, net	<u>\$ 2,927</u>	<u>\$ 2,265</u>

Note 5 – Deferred Charges and Other Assets

Deferred charges and other assets as of December 31, 2018 and 2017 consisted of the following:

(in thousands)	<u>2018</u>	<u>2017</u>	<u>Recovery Period (in years)</u>
Regulatory assets:			
Source development charges	\$ 873	\$ 952	5 - 25
Miscellaneous studies	865	980	2 - 25
Unrecovered pension and post-retirement benefits expense	<u>8,197</u>	<u>8,244</u>	(1)
Total regulatory assets	9,935	10,176	
Supplemental executive retirement plan asset	<u>762</u>	<u>735</u>	
Total deferred charges and other assets	<u>\$ 10,697</u>	<u>\$ 10,911</u>	

(1) We expect to recover these amounts consistent with the anticipated expense recognition of these assets.

Note 6 – Post-retirement Benefit Plans

Pension Plan and Other Post-retirement Benefits

The Company has a non-contributory, defined benefit pension plan (the “DB Plan”) that covers substantially all employees. The benefits are based on years of service and participant compensation levels. The Company’s funding policy is to contribute annual amounts that meet the requirements for funding under the U.S. Department of Labor’s Pension Protection Act. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

Post-retirement medical benefits are provided for eligible retired employees through one of two plans (collectively referred to as our “OPEB Plans”). For employees who retire on or after the normal retirement age of 65, benefits are provided through a post-retirement plan (the “Post-65 Plan”). For eligible non-union employees who retire prior to their normal retirement age and who have met certain age and service requirements, benefits are provided through a post-employment medical plan (the “Post-employment Plan”). Future benefits under the Post-65 Plan increase annually based on the actual percentage of wage and salary increases earned from the plan inception date to the normal retirement date. The benefits under the Post-employment Plan allow for the continuity of medical benefits coverage at group rates from the employee’s retirement date until the employee becomes eligible for Medicare, which are fully funded by the retiree. The liability related to the Post-65 Plan will be funded from the general assets of our Company.

Upon retirement, if a qualifying employee elects to receive medical benefits under our Post-65 Plan, we pay up to a maximum monthly benefit of \$350 based on years of service.

The following table sets forth information regarding our DB Plan and our OPEB Plans as of December 31, 2018 and for the year then ended:

(in thousands)	<u>DB Plan</u>	<u>OPEB Plans</u>
Projected benefit obligations	\$ 27,369	\$ 3,735
Employer contribution	1,097	11
Benefits paid, excluding expenses	(648)	(58)
Fair value of plan assets	17,348	534
Accumulated benefit obligation	24,823	-
Funded status	(10,021)	(3,201)
Net periodic benefit cost	1,286	251
Amount of the funded status recognized in the Consolidated Balance Sheet consisted of:		
Current liability	-	-
Non-current liability	<u>(10,021)</u>	<u>(3,201)</u>
Total	<u>\$ (10,021)</u>	<u>\$ (3,201)</u>

The following table sets forth information regarding our DB Plan and our OPEB Plans as of December 31, 2017 and for the year then ended:

(in thousands)	<u>DB Plan</u>	<u>OPEB Plans</u>
Projected benefit obligations	\$ 27,558	\$ 3,660
Employer contribution	1,111	11
Benefits paid, excluding expenses	(643)	(52)
Fair value of plan assets	17,766	612
Accumulated benefit obligation	24,760	-
Funded status	(9,792)	(3,047)
Net periodic benefit cost	1,368	218
Amount of the funded status recognized in the Consolidated Balance Sheet consisted of:		
Current liability	-	-
Non-current liability	<u>(9,792)</u>	<u>(3,047)</u>
Total	<u>\$ (9,792)</u>	<u>\$ (3,047)</u>

Changes in plan assets and benefit obligations recognized in regulatory assets, for the year ended December 31, 2018, were as follows:

(in thousands)	<u>DB Plan</u>	<u>OPEB Plans</u>
Regulatory asset balance, beginning of period	\$ 7,593	\$ 651
Net actuarial loss incurred during the period	374	(77)
Prior service cost incurred during the period	-	16
Recognized net actuarial (gain)/loss	<u>(335)</u>	<u>(25)</u>
Regulatory asset balance, end of period	<u>\$ 7,632</u>	<u>\$ 565</u>

Changes in plan assets and benefit obligations recognized in regulatory assets, for the year ended December 31, 2017, were as follows:

(in thousands)	<u>DB Plan</u>	<u>OPEB Plans</u>
Regulatory asset balance, beginning of period	\$ 7,067	\$ 390
Net actuarial gain incurred during the period	871	259
Prior service cost incurred during the period	-	16
Recognized net actuarial (gain)/loss	<u>(345)</u>	<u>(14)</u>
Regulatory asset balance, end of period	<u>\$ 7,593</u>	<u>\$ 651</u>

Amounts recognized in regulatory assets for the DB and OPEB Plans that have not yet been recognized as components of net periodic benefit cost of the following as of December 31, 2018:

(in thousands)	<u>DB Plan</u>	<u>OPEB Plans</u>
Net actuarial loss	\$ 7,632	\$ 712
Prior service cost	<u>-</u>	<u>(147)</u>
Regulatory asset	<u>\$ 7,632</u>	<u>\$ 565</u>

Amounts recognized in regulatory assets for the DB and OPEB Plans that have not yet been recognized as components of net periodic benefit cost of the following as of December 31, 2017:

(in thousands)	<u>DB Plan</u>	<u>OPEB Plans</u>
Net actuarial loss	\$ 7,593	\$ 815
Prior service cost	<u>-</u>	<u>(164)</u>
Regulatory asset	<u>\$ 7,593</u>	<u>\$ 651</u>

The key assumptions used to value benefit obligations and calculate net periodic benefit cost for our DB and OPEB Plans include the following:

	<u>2018</u>	<u>2017</u>
Discount rate for net periodic benefit cost, beginning of year	3.50%	4.02%
Discount rate for benefit obligations, end of year ^(a)	4.15%	3.50%
Expected return on plan assets for the period (net of investment expenses)	7.00%	7.00%
Rate of compensation increase, beginning of year	3.00%	3.00%
Healthcare cost trend rate (applicable only to OPEB Plans)	7.00%	7.50%

^(a) An increase or decrease in the discount rate of 0.5% would result in a change in the funded status as of December 31, 2018, for the DB Plan and the OPEB Plans of approximately \$2.0 million and \$316 thousand, respectively.

The estimated net actuarial loss for our DB Plan that will be amortized in 2019 from the regulatory assets into net periodic benefit costs is \$372,000. The estimated net actuarial gain and prior service cost for our OPEB Plans that will be amortized in 2019 from the regulatory assets into net periodic benefit costs is \$5,300.

In establishing its investment policy, the Company has considered the fact that the DB Plan is a major retirement vehicle for its employees and the basic goal underlying the establishment of the policy is to provide that the assets of the DB Plan are invested in accordance with the asset allocation range targets to achieve our expected return on DB Plan assets. The Company's investment strategy applies to its OPEB Plans as well as the DB Plan. The expected long-term rate of return on DB Plan and OPEB Plan assets is based on the Plans' expected asset allocation, expected returns on various classes of Plan assets, as well as historical returns.

The assets of our Post-65 Plan are held in two separate Voluntary Employee Beneficiary Association ("VEBA") trusts. The VEBA plan assets are maintained in directed trust accounts at a commercial bank.

The investment strategy for the Company's DB Plan and OPEB Plans utilizes several different asset classes with varying risk/return characteristics. The following table indicates the asset allocation percentages of the fair value of the DB Plan and OPEB Plans' assets for each major type of plan asset as of December 31, 2018, as well as the targeted allocation range:

	<u>DB Plan</u>		<u>OPEB Plans</u>	
		<u>Asset Allocation Range</u>		<u>Asset Allocation Range</u>
Equities	59%	30% - 100%	65%	30% - 100%
Fixed income	41%	20% - 70%	32%	0% - 50%
Cash and cash equivalents	<u>0%</u>	0% - 15%	<u>3%</u>	0% - 15%
Total	<u>100%</u>		<u>100%</u>	

The following table indicates the asset allocation percentages of the fair value of the DB Plan and OPEB Plans' assets for each major type of plan asset as of December 31, 2017, as well as the targeted allocation range:

	<u>DB Plan</u>		<u>OPEB Plans</u>	
		<u>Asset Allocation Range</u>		<u>Asset Allocation Range</u>
Equities	63%	30% - 100%	69%	30% - 100%
Fixed income	37%	20% - 70%	29%	0% - 50%
Cash and cash equivalents	<u>0%</u>	0% - 15%	<u>2%</u>	0% - 15%
Total	<u>100%</u>		<u>100%</u>	

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts that we could realize in a sales transaction for these instruments. The estimated fair value amounts have been measured as of year-end and have not been reevaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates.

Investments in common stock and mutual funds are stated at fair value by reference to quoted market prices. Money market funds are valued utilizing the net asset value per unit based on the fair value of the underlying assets as determined by the directed trustee.

The DB Plan also holds assets under an immediate participation guarantee group annuity contract with a life insurance company. The assets under the contract are invested in pooled separate accounts and in a general investment account. The pooled separate accounts are valued based on net asset value (NAV) per unit of participation in the fund. The NAV is used as a practical expedient to estimate fair values. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than that reported at NAV. These accounts have no unfunded commitments or significant redemption restrictions at year-end. The value of these units is determined by the trustee based on the current market values of the underlying assets of the pooled separate accounts. Therefore, the value of the pooled separate accounts is deemed to be at estimated fair value.

The general investment account is not actively traded, and significant other observable inputs are not available. The fair value of the general investment account is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan's management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

A fair value hierarchy which prioritizes the inputs to valuation methods is used to measure fair value. The hierarchy gives 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).

The fair value of DB Plan and OPEB Plan assets by levels within the fair value hierarchy used as of December 31, 2018 was as follows:

(in thousands)	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
DB Plan:				
Guaranteed Interest Accounts	\$ 4,414	\$ -	\$ -	\$ 4,414
Total Assets in the Fair Value Hierarchy	4,414	-	-	4,414
Investments measured at net asset value ^(a)	12,934	-	-	-
DB Plan Investments, at Fair Value	17,348	-	-	4,414
OPEB Plans:				
Common stocks	252	252	-	-
Mutual funds	93	93	-	-
Fixed income funds	170	170	-	-
Money market funds	19	-	19	-
Total Assets in the Fair Value Hierarchy	534	515	19	-
Investments measured at net asset value ^(a)	-	-	-	-
OPEB Plans Investments, at Fair Value	534	515	19	-
Totals	<u>\$ 17,882</u>	<u>\$ 515</u>	<u>\$ 19</u>	<u>\$ 4,414</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets available for benefits of the Plans.

The fair value of DB Plan and OPEB Plan assets by levels within the fair value hierarchy used as of December 31, 2017 was as follows:

(in thousands)	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
DB Plan:				
Guaranteed Interest Accounts	\$ 3,215	\$ -	\$ -	\$ 3,215
Total Assets in the Fair Value Hierarchy	3,215	-	-	3,215
Investments measured at net asset value ^(a)	<u>14,551</u>	<u>-</u>	<u>-</u>	<u>-</u>
DB Plan Investments, at Fair Value	<u>17,766</u>	<u>-</u>	<u>-</u>	<u>3,215</u>
OPEB Plans:				
Common stocks	310	310	-	-
Mutual funds	111	111	-	-
Fixed income funds	180	180	-	-
Money market funds	11	-	11	-
Total Assets in the Fair Value Hierarchy	<u>612</u>	<u>601</u>	<u>11</u>	<u>-</u>
Investments measured at net asset value ^(a)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPEB Plans Investments, at Fair Value	<u>612</u>	<u>601</u>	<u>11</u>	<u>-</u>
Totals	<u>\$ 18,378</u>	<u>\$ 601</u>	<u>\$ 11</u>	<u>\$ 3,215</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets available for benefits of the Plans.

Level 1: Based on quoted prices in active markets for identical assets.

Level 2: Based on significant observable inputs.

Level 3: Based on significant unobservable inputs.

The following table summarizes investments at fair value based on NAV per share as of December 31, 2018 and 2017, respectively:

(in thousands)	<u>Fair Value</u>
December 31, 2018	
Pooled Separate Accounts:	
Equities	\$ 10,257
Fixed Income	<u>2,677</u>
Total Pooled Separate Accounts	<u>\$ 12,934</u>
December 31, 2017	
Pooled Separate Accounts:	
Equities	\$ 11,117
Fixed Income	<u>3,434</u>
Total Pooled Separate Accounts	<u>\$ 14,551</u>

The following table presents a period-end reconciliation of DB Plan assets measured and recorded at fair value on a recurring basis, using significant unobservable inputs (Level 3):

(in thousands)	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 3,215	\$ 2,264
Plan transfers	1,548	1,314
Contributions	219	222
Benefits paid	(645)	(651)
Return on plan assets (net of investment expenses)	<u>77</u>	<u>66</u>
Balance, end of year	<u>\$ 4,414</u>	<u>\$ 3,215</u>

In order to satisfy the minimum funding requirements of the Employee Retirement Income Security Act of 1974, applicable to defined benefit pension plans, the Company anticipates it will contribute approximately \$1.1 million to the DB Plan in 2019.

The following maximum benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

(in thousands)	<u>DB Plan</u>	<u>OPEB Plans</u>
2019	\$ 988	\$ 84
2020	994	87
2021	1,129	104
2022	1,257	121
2023	1,307	126
2024 - 2028	<u>8,191</u>	<u>820</u>
Total	<u>\$ 13,866</u>	<u>\$ 1,342</u>

Because the Company is subject to regulation in the state in which it operates, we are required to maintain our accounts in accordance with the regulatory authority's rules and regulations. In those instances, we follow the guidance of ASC 980 ("Regulated Operations"). Based on prior regulatory practice, we recorded underfunded DB Plan and OPEB Plan obligations as a regulatory asset, and we expect to recover those costs in rates charged to customers.

Defined Contribution Plan

In addition to the defined benefit plan, the Company provides and maintains a defined contribution plan covering substantially all employees. Under this plan, the Company matches 100% of the first 3% of each participating employee's salary contributed to the plan. The matching employer's contributions, recorded as operating expenses, were approximately \$269,000 and \$239,000 for the years ended December 31, 2018 and 2017, respectively.

Note 7 - Commitments and Contingencies

Operating Leases

The Company's corporate office space, as well as certain office equipment, is leased under operating lease agreements. Total rent expense was approximately \$367,400 and \$309,800 for the years ended December 31, 2018 and 2017, respectively.

The remaining non-cancelable lease commitments for the corporate office space and leased equipment as of December 31, 2018 were as follows:

(in thousands)	<u>Amount</u>
2019	\$ 356
2020	344
2021	345
2022	<u>203</u>
Total	<u>\$ 1,248</u>

Note 8 – Financial Measurement and Fair Value of Financial Instruments

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts that we could realize in a sales transaction for these instruments. The estimated fair value amounts have been measured as of the period end and have not been reevaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates.

A fair value hierarchy is used, which prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives 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). The three levels of fair value hierarchy are as follows:

Level 1: Based on quoted prices in active markets for identical assets.

Level 2: Based on significant observable inputs.

Level 3: Based on significant unobservable inputs.

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For assets and liabilities measured at fair value on a recurring basis, the fair value measurement by levels within the fair value hierarchy used as of December 31, 2018 and 2017 were as follows:

		December 31, 2018			
(in thousands)	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Liabilities:					
Interest rate swap	\$ <u>(263)</u>	\$ <u>-</u>	\$ <u>(263)</u>	\$ <u>-</u>	
		December 31, 2017			
(in thousands)	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Liabilities:					
Interest rate swap	\$ <u>(374)</u>	\$ <u>-</u>	\$ <u>(374)</u>	\$ <u>-</u>	

The carrying value of certain financial instruments included in the accompanying Consolidated Balance Sheets, along with the related fair value, as of December 31, 2018 and 2017 was as follows:

		<u>2018</u>		<u>2017</u>	
(in thousands)	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>	
Liabilities:					
Long-term debt	\$ (210,588)	\$ (234,381)	\$ (207,709)	\$ (234,509)	
Interest rate swap liability	\$ (263)	\$ (263)	\$ (374)	\$ (374)	

The fair value of long-term debt has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration. The fair value for long-term debt shown above does not purport to represent the amounts at which those debt obligations would be settled. The fair market value of the interest rate swap represents the estimated cost to terminate this agreement as of December 31, 2018 and 2017 based upon the then-current interest rates and the related credit risk.

The carrying values of our Cash and Cash Equivalents, Accounts Receivable and Accounts Payable approximate their fair values because of their short maturity dates. The carrying value of our CIAC approximates its fair value because it is expected that this is the amount that will be recovered in future rates.

Note 9 – Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the TCJA). The TCJA makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) elimination of the corporate alternative minimum tax (AMT) and changing how existing AMT credits can be realized; (3) changing rules related to usage and limitation of net operating loss carryforwards created in tax years beginning after December 31, 2017; (4) changing rules related to limitation of interest expense deductions; and (5) the taxation of CIAC as income for Regulated Water Utilities, due to the elimination of an exemption allowed prior to the TCJA. Certain of the TCJA's provisions require interpretation, which may be clarified through issuances of guidance by the U.S. Treasury Department, regulations, or future technical corrections.

FASB ASC 740 requires companies to recognize the effects of tax law changes in the period of enactment, which for the Company was for the year ended December 31, 2017, even though the effective date of most provisions of the TCJA is January 1, 2018.

At December 31, 2017, the Company's revaluation of federal deferred tax balances to reflect the 21% corporate income tax rate resulted in a one-time, non-cash expense of approximately \$2,500,000, included in the Company's 2017 provision for income taxes, offset by an increase in deferred income tax liabilities.

The components of the federal and state income tax provision (benefit) as of December 31, 2018 and 2017 were as follows:

(in thousands)	<u>2018</u>	<u>2017</u>
Federal	\$ 913	\$ 1,057
State	812	84
Amortization of investment tax credits	<u>(33)</u>	<u>(33)</u>
Total	<u>\$ 1,692</u>	<u>\$ 1,108</u>
Current	\$ 518	\$ -
Deferred	<u>1,174</u>	<u>1,108</u>
Total	<u>\$ 1,692</u>	<u>\$ 1,108</u>

The following is a reconciliation between the statutory federal income tax rate and the effective income tax rate for 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Statutory federal rate	21.0%	34.0%
State tax rate, net of federal benefits	6.2%	6.2%
Permanent differences	-75.7%	-15.8%
Tax rate change	0.0%	-45.8%
Amortization of investment tax credits	<u>0.9%</u>	<u>0.6%</u>
Effective tax rate	<u>-47.6%</u>	<u>-20.8%</u>

The temporary items that give rise to the net deferred tax liability as of December 31, 2018 and 2017 were as follows:

(in thousands)	<u>2018</u>	<u>2017</u>
Liabilities:		
Property-related, net	\$ 20,682	\$ 19,967
Other	<u>424</u>	<u>373</u>
Total liabilities	<u>21,106</u>	<u>20,340</u>
Assets:		
Pension accrued liability	1,272	1,186
Net operating loss carryforward	4,556	5,042
Alternative minimum tax credit	476	476
NH Business Enterprise Tax credits	997	853
Other	<u>692</u>	<u>789</u>
	7,993	8,346
Less valuation allowance	<u>(997)</u>	<u>(853)</u>
Total assets	<u>6,996</u>	<u>7,493</u>
Net non-current deferred income tax liability	<u>\$ 14,110</u>	<u>\$ 12,847</u>

The Company has accumulated federal net operating losses. The federal tax benefit of the cumulative net operating losses is approximately \$3.4 million, begin to expire in 2032, and is included in deferred income taxes in the Consolidated Balance Sheet as of December 31, 2018. The net operating losses are 100 percent available to be applied to taxable income in future years and are not subject to the TCJA as they were generated prior to the 2018 tax year. The enactment of the TCJA now limits the net operating loss shelter to 80 percent of taxable income, for post-2017 tax year losses. The TCJA also provides for net operating losses to be carried forward indefinitely instead of limited to 20 years, as is the case for pre-2018 losses; however, carrybacks of these losses are no longer permitted.

The Company has accumulated New Hampshire net operating losses. The New Hampshire tax benefit of the cumulative net operating loss is approximately \$1.1 million which begins to expire in 2022, and is included in deferred income taxes in the Consolidated Balance Sheet as of December 31, 2018.

As of December 31, 2018 and 2017, it is estimated that approximately \$476,000 and \$476,000, respectively, of cumulative federal alternative minimum tax credits may be carried forward indefinitely as a credit against our regular tax liability.

As of December 31, 2018 and 2017, the Company had New Hampshire Business Enterprise Tax (“NHBET”) credits of approximately \$997,000 and \$853,000, respectively. NHBET credits begin to expire in 2019. It is anticipated that these NHBET credits will not be fully utilized before they expire; therefore, a valuation allowance has been recorded related to these credits. The valuation allowance increased by \$144,000 and \$126,000 in the years ended December 31, 2018 and 2017, respectively.

Investment tax credits resulting from utility plant additions are deferred and amortized. The unamortized investment tax credits are being amortized through the year 2033.

The Company had a regulatory liability related to income taxes of approximately \$9,943,000 and \$9,955,000 as of December 31, 2018 and 2017, respectively. This represents the estimated future reduction in revenues associated with deferred taxes which were collected at rates higher than the currently enacted rates and the amortization of deferred investment tax credits.

A review of the portfolio of uncertain tax positions was performed. In this regard, an uncertain tax position represents the expected treatment of a tax position taken in a filed tax return, or planned to be taken in a future tax return, that has not been reflected in measuring income tax expense for financial reporting purposes. As a result of this review, it was determined that the Company had no material uncertain tax positions, and tax planning strategies will be used, if required and when possible, to avoid the expiration of any future net operating loss and/or tax credits.

The Company’s practice is to recognize interest and/or penalties related to income tax matters in “Other, Net” in the Consolidated Statements of Income. We incurred no interest in 2018 and 2017. We incurred no penalties during the years ended December 31, 2018 and 2017, respectively.

Note 10 – Long-Term Debt

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

(in thousands)	2018	
	Principal	Unamortized Debt Issuance Costs
Unsecured note payable to City of Nashua, 5.75%, due 12/25/2041	\$ 106,830	\$ -
Unsecured senior note payable due to an insurance company 7.40%, due March 1, 2021	3,200	18
Unsecured Business Finance Authority:		
Revenue Bonds (Series 2014A), interest rates from 3.00% to 4.125%, due January 1, 2045	38,905	1,803
Revenue Bonds (Series 2014B), 4.50%, due January 1, 2045	5,030	114
Revenue Bonds (Series 2015A), interest rates from 4.00% to 5.00%, due January 1, 2046	19,490	1,450
Revenue Bonds (Series 2015B), 5.00%, due January 1, 2046	1,840	230
Revenue Bonds (Series 2018A), interest rates from 4.375% to 5.00%, due April 1, 2048	4,460	325
Revenue Bonds (Series 2018B), 4.33%, due April 1, 2028	1,075	-
Unsecured notes payable to bank, floating-rate, due March 1, 2030	2,928	14
Unsecured notes payable to bank, 3.62%, due June 20, 2023	1,367	7
Unsecured notes payable to bank, 4.20%, due December 20, 2041	1,192	6
Unsecured notes payable to bank, 4.83%, due December 20, 2041	909	5
Unsecured notes payable to bank, 4.25%, due June 20, 2033	744	7
Unsecured notes payable to bank, 4.90%, due March 6, 2040	573	35
Unsecured notes payable to bank, 5.33%, due June 20, 2043	346	19
Unsecured New Hampshire State Revolving Fund (“SRF”) notes (1)	21,699	182
Unamortized debt issuance costs for defeased obligations, allowed by regulation	-	129
Total	210,588	\$ 4,344
Less current portion	(6,019)	
Less unamortized debt issuance costs	(4,344)	
Total long-term debt, less current portion and unamortized debt issuance costs	\$ 200,225	

(1) SRF notes are due through 2049 at interest rates ranging from 1% to 3.8%. These notes are payable in 120 to 240 consecutive monthly installments of principal and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements, or (ii) various dates specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate changes to the lower of (i) the rate as stated in the note or (ii) 80% of the established 11 General Obligations Bond Index published during the specified time period before the interest rate change date.

(in thousands)	2017	
	Principal	Unamortized Debt Issuance Costs
Unsecured note payable to City of Nashua, 5.75%, due 12/25/2041	\$ 108,960	\$ -
Unsecured senior note payable due to an insurance company 7.40%, due March 1, 2021	3,600	27
Unsecured Business Finance Authority:		
Revenue Bonds (Series 2014A), interest rates from 3.00% to 4.125%, due January 1, 2045	39,935	1,949
Revenue Bonds (Series 2014B), 4.50%, due January 1, 2045	5,125	118
Revenue Bonds (Series 2015A), interest rates from 4.00% to 5.00%, due January 1, 2046	20,035	1,527
Revenue Bonds (Series 2015B), 5.00%, due January 1, 2046	1,940	251
Unsecured notes payable to bank, floating-rate, due March 1, 2030	3,134	16
Unsecured notes payable to bank, 3.62%, due June 20, 2023	1,438	9
Unsecured notes payable to bank, 4.20%, due December 20, 2041	1,221	7
Unsecured notes payable to bank, 4.83%, due December 20, 2041	930	5
Unsecured notes payable to bank, 4.25%, due June 20, 2033	780	7
Unsecured notes payable to bank, 4.90%, due March 6, 2040	588	36
Unsecured New Hampshire State Revolving Fund (“SRF”) notes (1)	20,023	182
Unamortized debt issuance costs for defeased obligations, allowed by regulation	-	95
Total	207,709	\$ 4,229
Less current portion	(5,575)	
Less unamortized debt issuance costs	(4,229)	
Total long-term debt, less current portion and unamortized debt issuance costs	\$ 197,905	

(1) SRF notes are due through 2048 at interest rates ranging from 1% to 3.8%. These notes are payable in 120 to 240 consecutive monthly installments of principal and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements, or (ii) various dates specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate changes to the lower of (i) the rate as stated in the note or (ii) 80% of the established 11 General Obligations Bond Index published during the specified time period before the interest rate change date.

The aggregate principal payment requirements subsequent to December 31, 2018 are as follows:

(in thousands)	<u>Amount</u>
2019	\$ 6,019
2020	6,372
2021	8,660
2022	6,561
2023	7,859
2024 and thereafter	<u>175,117</u>
Total	<u>\$ 210,588</u>

Several of Pennichuck Water’s loan agreements contain a covenant that prevents Pennichuck Water from declaring dividends if Pennichuck Water does not maintain a minimum net worth of \$4.5 million. As of December 31, 2018 and 2017, Pennichuck Water’s net worth was \$112.4 million and \$118.0 million, respectively.

The 2014A, 2014B, 2015A, 2015B, 2018A and 2018B bonds were issued under a new bond indenture and loan and trust agreement, established with the issuance of the 2014 Series Bonds, which contains certain covenant obligations upon Pennichuck Water, which are as follows:

Debt to Capital Covenant - Pennichuck Water cannot create, issue, incur, assume or guarantee any short-term debt if (1) the sum of the short-term debt plus its funded debt (“Debt”) shall exceed 85% of the sum of its short-term debt, funded debt and capital stock plus surplus accounts (“Capital”), unless the short-term debt issued in excess of the 85% is subordinated to the Series 2014 bonds. Thereby, the ratio of Debt to Capital must be equal to or less than 1.0. As of December 31, 2018 and 2017, Pennichuck Water Works has a Debt to Capital Coverage ratio of 0.5 and 0.5, respectively.

All Bonds Test - Additionally, Pennichuck Water cannot create, issue, incur, assume or guarantee any new funded debt, if the total outstanding funded debt (“Total Funded Debt”) will exceed the sum of MARA (as defined in Note 1 of these consolidated financial statements) and 85% of its Net Capital Properties (“MARA and Capital Properties”), and unless net revenues or EBITDA (earnings before interest, taxes, depreciation and amortization) shall equal or exceed for at least 12 consecutive months out of the 15 months preceding the issuance of the new funded debt by 1.1 times the maximum amount for which Pennichuck Water will be obligated to pay in any future year (“Max Amount Due”), as a result of the new funded debt being incurred. Thereby, the ratio of Total Funded Debt to MARA and Capital Properties must be equal to or less than 1.0; as of December 31, 2018 and 2017, this coverage ratio was 0.4 and 0.4, respectively. Also, the ratio of EBITDA to the Max Amount Due must be equal to or greater than 1.1; as of December 31, 2018 and 2017, this ratio was 1.6 and 1.5, respectively.

Rate Covenant Test - If during any fiscal year, the EBITDA of Pennichuck Water shall not equal at least 1.1 times all amounts paid or required to be paid during that year (“Amounts Paid”), then the Company shall undertake reasonable efforts to initiate a rate-making proceeding with the NH Public Utilities Commission, to rectify this coverage requirement in the succeeding fiscal years. Thereby, the ratio of EBITDA to Amounts Paid must be equal to or greater than 1.1; as of December 31, 2018 and 2017, the Rate Covenant coverage ratio was 1.48 and 1.41, respectively.

Pennichuck East’s loan agreement for its unsecured notes payable to a bank of \$8.1 million and \$8.1 million at December 31, 2018 and 2017, respectively, contains a minimum debt service coverage ratio requirement of 1.10. At December 31, 2018 and 2017, this ratio was 0.89 and 0.92, respectively. This covenant has not been met, and the Bank has waived such noncompliance. Also, Pennichuck East is required to maintain a maximum ratio of total debt to total capitalization of 65%; at December 31, 2018 and 2017, this ratio was 65% and 59%, respectively.

As of December 31, 2018 and 2017, the Company had a \$2.9 million and \$3.1 million, respectively, interest rate swap which qualifies as a derivative. This financial derivative is designated as a cash flow hedge. This financial instrument is used to mitigate interest rate risk associated with our outstanding \$2.9 million loan which has a floating interest rate based on the three-month London Interbank Offered Rate (“LIBOR”) plus 1.75% as of December 31, 2018. The combined effect of the LIBOR-based borrowing formula and the swap produces an “all-in fixed borrowing cost” equal to 5.95%. The fair value of the financial derivative, as of December 31, 2018 and 2017, included in our Consolidated Balance Sheets under “Other Liabilities and Deferred Credits” as “Derivative instrument” was \$263,000 and \$374,000, respectively. Changes in the fair value of this derivative were deferred in accumulated other comprehensive income.

Swap settlements are recorded in the statement of income (loss) with the hedged item as interest expense. During the years ended December 31, 2018 and 2017, \$59,000 and \$76,000, respectively, was reclassified pre-tax from accumulated other comprehensive income to interest expense as a result of swap settlements. The Company expects to reclassify approximately \$66,000, pre-tax, from accumulated other comprehensive income to interest expense as a result of swap settlements, over the next twelve months.

Note 11 – Lines of Credit

In April of 2018, the Company’s existing Line of Credit, which had a \$6 million limit for borrowings was replaced by a new \$4 million Working Capital Line of Credit, and two new Fixed Asset Lines of Credit for Pennichuck Water Works, Inc. (\$10 million FALOC) and Pennichuck East Utility, Inc. (\$3 million FALOC), to be used to fund Construction Work in Progress on capital projects, which will be refinanced into long-term debt term loan obligations or issued bond indebtedness, annually.

Short-term borrowing activity under Pennichuck Corp.’s Working Capital Line of Credit for the years ended December 31, 2018 and 2017 was:

(in thousands)	<u>2018</u>	<u>2017</u>
Established line as of December 31,	\$ 4,000	\$ 6,000
Maximum amount outstanding during period	5,981	5,574
Average amount outstanding during period	1,701	228
Amount outstanding as of December 31,	361	5,574
Weighted average interest rate during period	3.45%	3.01%
Interest rate as of December 31,	4.27%	3.10%

Short-term borrowing activity under Pennichuck Water’s Fixed Asset Line of Credit for the year ended December 31, 2018 was:

(in thousands)	<u>2018</u>
Established line as of December 31,	\$ 10,000
Maximum amount outstanding during period	5,574
Average amount outstanding during period	1,821
Amount outstanding as of December 31,	5,574
Weighted average interest rate during period	3.05%
Interest rate as of December 31,	4.27%

Short-term borrowing activity under Pennichuck East’s Fixed Asset Line of Credit for the year ended December 31, 2018 was:

(in thousands)	<u>2018</u>
Established line as of December 31,	\$ 3,000
Maximum amount outstanding during period	691
Average amount outstanding during period	113
Amount outstanding as of December 31,	691
Weighted average interest rate during period	3.11%
Interest rate as of December 31,	4.71%

The Company’s revolving credit loan facilities with TD Bank contain certain covenant obligations upon Pennichuck Water, which are as follows:

Debt to Capital Covenant - Pennichuck Water cannot create, issue, incur, assume or guarantee any short-term debt if (1) the sum of the short-term debt plus its funded debt (“Debt”) shall exceed 85% of the sum of its short-term debt, funded debt and capital stock plus surplus accounts (“Capital”), unless the short-term debt issued in excess of the 85% is subordinated to the loan facility. Thereby, the ratio of Debt to Capital must

be equal to or less than 1.0. As of December 31, 2018, Pennichuck Water Works has a Debt to Capital Coverage ratio of 0.5.

All Bonds Test - Additionally, Pennichuck Water cannot create, issue, incur, assume or guarantee any new funded debt, if the total outstanding funded debt (“Total Funded Debt”) will exceed the sum of MARA (as defined in Note 1 of these consolidated financial statements) and 85% of its Net Capital Properties (“MARA and Capital Properties”), and unless net revenues or EBITDA (earnings before interest, taxes, depreciation and amortization) shall equal or exceed for at least 12 consecutive months out of the 15 months preceding the issuance of the new funded debt by 1.1 times the maximum amount for which Pennichuck Water will be obligated to pay in any future year (“Max Amount Due”), as a result of the new funded debt being incurred. Thereby, the ratio of Total Funded Debt to MARA and Capital Properties must be equal to or less than 1.0; as of December 31, 2018, this coverage ratio was 0.4. Also, the ratio of EBITDA to the Max Amount Due must be equal to or greater than 1.1; as of December 31, 2018 this ratio was 1.6.

Rate Covenant Test - If during any fiscal year, the EBITDA of Pennichuck Water shall not equal at least 1.1 times all amounts paid or required to be paid during that year (“Amounts Paid”), then the Company shall undertake reasonable efforts to initiate a rate-making proceeding with the NH Public Utilities Commission, to rectify this coverage requirement in the succeeding fiscal years. Thereby, the ratio of EBITDA to Amounts Paid must be equal to or greater than 1.1; as of December 31, 2018, the Rate Covenant coverage ratio was 1.48.

Note 12 – Accumulated Other Comprehensive Income

The following table presents changes in accumulated other comprehensive income by component for the years ended December 31, 2018 and 2017:

(in thousands)	<u>Interest Rate Contract</u>	
	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 305	\$ 258
Other comprehensive income (loss) before reclassifications	32	1
Amounts reclassified from accumulated other comprehensive income	<u>35</u>	<u>46</u>
Net current period other comprehensive income	<u>67</u>	<u>47</u>
Ending balance	<u>\$ 372</u>	<u>\$ 305</u>

The following table presents reclassifications out of accumulated other comprehensive income for the years ended December 31, 2018 and 2017:

<u>Details about Accumulated Other Comprehensive Income Components</u>	<u>Amounts Reclassified from Accumulated Other Comprehensive Income</u>		<u>Affected Line Item in the Statement Where Net Income is Presented</u>
	<u>2018</u>	<u>2017</u>	
(in thousands)			
Gain (loss) on cash flow hedges			
Interest rate contracts	\$ 59	\$ 77	Interest expense
	<u>(24)</u>	<u>(31)</u>	Tax expense
Amounts reclassified from accumulated other comprehensive income	\$ <u>35</u>	\$ <u>46</u>	Net of tax

Note 13 – Transaction with the City of Nashua

On January 25, 2012, in full settlement of an ongoing Eminent Domain lawsuit filed by the City of Nashua (“City”) and with the approval of the New Hampshire Public Utilities Commission (“NHPUC”), the City acquired all of the outstanding shares of Pennichuck Corporation (“Pennichuck”) and, thereby, indirect acquisition of its regulated subsidiaries. The total amount of the acquisition was \$150.6 million (“Acquisition Price”) of which \$138.4 million was for the purchase of the outstanding shares, \$5.0 million for the establishment of a Rate Stabilization Fund, \$2.6 million for legal and due diligence costs, \$2.3 million for severance costs, \$1.3 million for underwriting fees, and \$1.0 million for bond discount and issue costs. The entire purchase of \$150.6 million was funded by General Obligation Bonds (“Bonds”) issued by the City of Nashua. Pennichuck is not a party to the Bonds and has not guaranteed nor is obligated in any manner for the repayment of the Bonds. Pennichuck remains an independent corporation with an independent Board of Directors, with the City of Nashua as its sole shareholder.

Pennichuck Water Works, Inc. (“PWW”), Pennichuck East Utility, Inc. (“PEU”), Pittsfield Aqueduct Company, Inc. (“PAC”), Pennichuck Water Service Corporation, and The Southwood Corporation will continue as subsidiaries of Pennichuck Corporation and PWW, PEU and PAC will continue as regulated companies under the jurisdiction of the New Hampshire Public Utilities Commission. The terms of the merger and the requisite accounting and rate-setting mechanisms were agreed to in the NHPUC Order 25,292 (“PUC Order”) dated November 23, 2011.

Transactions with Related Party – City of Nashua

Pennichuck issued a promissory note to the City of Nashua in the amount of approximately \$120 million to be repaid over a thirty (30) year period with monthly payments of approximately \$707,000, including interest at 5.75%. Pennichuck recorded an additional amount of approximately \$30.6 million as contributed capital. The remaining outstanding balance of the note payable to the City at December 31, 2018 and 2017 was approximately \$107 million and \$109 million, respectively, as disclosed in Note 10 to these consolidated financial statements. During 2018 and 2017, dividends of approximately \$280,000 and \$279,000, respectively, were declared and paid to the City. The dividends paid to the City during 2018 comprised approximately \$280,000 of regular quarterly dividends declared and paid; and no special dividend was declared or paid in 2018. The dividends paid to the City during 2017 comprised approximately \$279,000 of regular quarterly dividends declared and paid; and no special dividend was declared or paid in 2017.

Additional ongoing transactions occur in the normal course of business, between the Company and the City, related to municipal water usage, fire protection and sewer billing support services, and property taxes related to real property owned by the Company within the City of Nashua. For the years ended December 31, 2018 and 2017, respectively, approximately \$3.4 million and \$3.2 million were paid to the Company by the City for municipal water consumption, fire protection charges, and sewer billing support services. Conversely, the Company paid property taxes to the City of Nashua of approximately \$2.6 million for the year ended December 31, 2018, and approximately \$2.9 million for the year ended December 31, 2017.

Rate Stabilization Fund – Restricted Cash

As a part of the acquisition, Pennichuck agreed to contribute \$5,000,000 of the proceeds from the settlement transaction to PWW, which was used to establish a Rate Stabilization Fund (“RSF”), allowing for the maintenance of stable water utility rates and providing a mechanism to ensure the Company’s continued ability to meet its obligations under the promissory note to the City, in the event of adverse revenue developments. Restricted cash consists of amounts set aside in the RSF account and is adjusted monthly as required in the PUC Order, as discussed in Note 1 of these financial statements.

Municipal Acquisition Regulatory Asset (“MARA”)

Pursuant to the PUC Order, Pennichuck established a new Regulatory asset (MARA) which represents the amount that the Acquisition Price exceeded the net book assets of Pennichuck’s regulated subsidiaries (PWW, PEU, and PAC) at December 31, 2011. The initial amount of the MARA was approximately \$89 million for the regulated companies, offset by a non-regulated amount of approximately \$4.8 million. The MARA is to be amortized over a thirty (30) year period in the same manner as the repayment of debt service for the City’s acquisition bonds. The balance in the MARA at December 31, 2018 was approximately \$75.4 million, reduced by the non-regulated credit of approximately \$4.1 million.

Aggregate amortization expense for the years ended December 31, 2018 and 2017 totaled approximately \$1,958,000 and \$1,917,000, respectively.

The following table represents the total estimated amortization of MARA:

(in thousands)	Estimated Amortization Expense
2019	\$ 2,006
2020	2,061
2021	2,119
2022	2,183
2023	2,253
2024 and thereafter	<u>60,646</u>
Total	<u>\$ 71,268</u>

Note 14 – Segment Reporting

The Company is comprised of Pennichuck Corporation and its five wholly-owned subsidiaries, as described in Note 1 to these consolidated financial statements. For the years ended December 31, 2018 and 2017, and as of those dates, the following financial results were generated by the segments of the Company:

(in thousands)	<u>2018</u>	<u>2017</u>
<u>Operating Revenues:</u>		
Pennichuck Water Works, Inc.	\$ 32,391	\$ 29,584
Pennichuck East Utility, Inc.	8,724	7,198
Pittsfield Aqueduct Company, Inc.	791	792
Subtotal Regulated Segment	<u>41,906</u>	<u>37,574</u>
Water Management Services	3,347	3,308
Other	12	11
Total Operating Revenues	<u>\$ 45,265</u>	<u>\$ 40,893</u>
<u>Depreciation and Amortization Expense:</u>		
Pennichuck Water Works, Inc.	\$ 6,978	\$ 6,685
Pennichuck East Utility, Inc.	1,134	1,072
Pittsfield Aqueduct Company, Inc.	115	116
Subtotal Regulated Segment	<u>8,227</u>	<u>7,873</u>
Water Management Services	-	-
Other	(114)	(111)
Total Depreciation and Amortization Expense	<u>\$ 8,113</u>	<u>\$ 7,762</u>

(continued)

(continued)

(in thousands)	2018	2017
<u>Operating Income:</u>		
Pennichuck Water Works, Inc.	\$ 6,247	\$ 5,348
Pennichuck East Utility, Inc.	780	113
Pittsfield Aqueduct Company, Inc.	45	55
Subtotal Regulated Segment	<u>7,072</u>	<u>5,516</u>
Water Management Services	31	(93)
Other	-	53
Total Operating Income	<u>\$ 7,103</u>	<u>\$ 5,476</u>
<u>Interest Expense:</u>		
Pennichuck Water Works, Inc.	\$ 3,455	\$ 3,512
Pennichuck East Utility, Inc.	753	695
Pittsfield Aqueduct Company, Inc.	48	61
Subtotal Regulated Segment	<u>4,256</u>	<u>4,268</u>
Water Management Services	7	3
Other	6,647	6,562
Total Interest Expense	<u>\$ 10,910</u>	<u>\$ 10,833</u>
<u>Income Taxes Provision (Benefit):</u>		
Pennichuck Water Works, Inc.	\$ 2,351	\$ 1,366
Pennichuck East Utility, Inc.	771	66
Pittsfield Aqueduct Company, Inc.	111	17
Subtotal Regulated Segment	<u>3,233</u>	<u>1,449</u>
Water Management Services	7	(3)
Other	(1,548)	(338)
Total Income Taxes Provision (Benefit)	<u>\$ 1,692</u>	<u>\$ 1,108</u>
<u>Net Income (Loss):</u>		
Pennichuck Water Works, Inc.	\$ 459	\$ 490
Pennichuck East Utility, Inc.	(540)	(508)
Pittsfield Aqueduct Company, Inc.	(114)	24
Subtotal Regulated Segment	<u>(195)</u>	<u>6</u>
Water Management Services	16	(100)
Other	(5,103)	(6,347)
Total Net Income (Loss)	<u>\$ (5,282)</u>	<u>\$ (6,441)</u>

(continued)

(continued)

(in thousands)	2018	2017
<u>Total Net Assets:</u>		
Pennichuck Water Works, Inc.	\$ 279,467	\$ 267,689
Pennichuck East Utility, Inc.	55,942	51,915
Pittsfield Aqueduct Company, Inc.	3,332	3,499
Subtotal Regulated Segment	<u>338,741</u>	<u>323,103</u>
Water Management Services	(13)	(28)
Other	(15,594)	(8,284)
Total Net Assets	<u>\$ 323,134</u>	<u>\$ 314,791</u>
<u>Total Liabilities:</u>		
Pennichuck Water Works, Inc.	\$ 167,107	\$ 149,688
Pennichuck East Utility, Inc.	45,693	40,293
Pittsfield Aqueduct Company, Inc.	1,534	1,458
Subtotal Regulated Segment	<u>214,334</u>	<u>191,439</u>
Water Management Services	35	37
Other	100,355	109,410
Total Liabilities	<u>\$ 314,724</u>	<u>\$ 300,886</u>
<u>Total Long-Term Debt (including current portion):</u>		
Pennichuck Water Works, Inc.	\$ 80,838	\$ 78,096
Pennichuck East Utility, Inc.	18,435	16,273
Pittsfield Aqueduct Company, Inc.	146	151
Subtotal Regulated Segment	<u>99,419</u>	<u>94,520</u>
Water Management Services	-	-
Other	106,825	108,960
Total Long-Term Debt	<u>\$ 206,244</u>	<u>\$ 203,480</u>

Note 15 – Rate Cases

Pennichuck Water Works, Inc.

On September 23, 2016, Pennichuck Water Works, Inc. (“PWW”) filed a request with the New Hampshire Public Utilities Commission (“NHPUC”) for a rate increase of 17.21% over its current rates for the test year 2015, for which 7.86% was related to a permanent rate increase, and 9.35% was related to a prospective step increase (associated with capital investments and other allowable expenditures in the twelve months following the test year). The overall rate increase is subject to the normal regulatory filing process with the NHPUC, as followed for all prior rate case filings, and as such, the final permanent rate increase granted will be effective retroactive back to the filing date, once approved by the NHPUC. The step increase, once approved and granted, would be earned on a forward-looking basis, as of the date of the order granting such increase. In addition, PWW requested that a temporary rate increase of 6.21% be granted as a subset of the final permanent rate increase, with the intention that this temporary rate increase would be approved very early in 2017. The Company, NHPUC Staff and the Office of Consumer Advocate (OCA) agreed to a temporary rate increase at “current rates,” and as such, there was no impact on ratepayers for any temporary rate increases.

The request for the overall permanent rate increase was based upon increases in PWW’s operating costs since the last allowed rate increase in 2010/2011 (for the 2009 test year), as well as revenues needed to pay the debt service on over \$40 million of infrastructure replacements made since the last rate case, with those dollars being invested in its real property assets, distribution and treatment systems, and other necessary capital items, to ensure continued compliance with the Safe Drinking Water Act and prudent ongoing replacement of aging infrastructure to properly maintain the company’s operating systems.

On November 7, 2017, the PUC issued Order No. 26,070 approving a permanent rate increase of 3.12% and a 7.69% step increase for its customers. The permanent rate increase was effective on a bills-rendered basis on and after December 7, 2016. The step increase is effective the date of the order, November 7, 2017.

In addition to the rate increases granted in the order the NHPUC approved the following modifications to PWW’s rate structure:

- the establishment of a five-year average of revenues versus the previous test-year revenues methodology for allowed revenue calculations, and
- the creation of the following additional revenue requirements:
 - Operating Expense Revenue Requirement (OERR), and
 - Debt Service Revenue Requirement (DSRR)
- the establishment of dedicated Rate Stabilization Funds (RSFs) in support of the new revenue requirement structure, and
- the establishment of a QCPAC (Qualified Capital Project Annual Adjustment Charge) that will assess annual surcharges between rate cases for capital expenditures placed in service in the prior year to fund the annual principal and interest payments of the associated new debt, in addition to the incremental property taxes associated with that capital.

Pennichuck East Utility, Inc.

On October 18, 2017, Pennichuck East Utility, Inc. (“PEU”) filed a request with the NHPUC for a rate increase of 20.78% over its current rates for the test year 2016, for which 19.36% of this increase is related to a permanent rate increase and 1.42% is related to a prospective step increase (associated with capital investments and other allowable expenditures in the twelve months following the test year). The overall rate increase is subject to the normal regulatory filing process with the NHPUC, as followed for all prior rate case filings, and as such, the final permanent rate increase granted will be effective retroactive back to the filing date, once approved by the NHPUC. The step increase, once approved and granted, would be earned on a forward-looking basis, as of the date of the order granting such increase. As a part of this overall rate setting process, PEU entered into a settlement agreement with the NHPUC staff and the OCA staff, requesting a temporary rate increase of 12.24% be granted as a subset of the final permanent rate increase, with the intention that this temporary rate increase would be approved in early 2018, and with permanent rates being set in the summer or fall of 2018.

The last general rate increase for PEU was in 2014, based upon 2012 as a test year. Since then, PEU’s operating expenses have increased ratably, and for some items like local property taxes, well above the rate of inflation. Additionally, since the beginning of 2013, the Company has borrowed and invested over \$7.5 million in new capital assets to serve its customers through ongoing investments in infrastructure replacements and system improvements. The rate increase being requested would allow PEU to pay the debt service attributable to these new capital investments, pay its necessary operating costs, and continue to meet the needs of its customers.

On May 31, 2018, the NHPUC issued Order No. 26,136 approving the requested 12.24% increase in temporary rates effective on a bills-rendered basis as of January 8, 2018.

On October 4, 2018, the NHPUC issued Order No. 26,179 approving an overall permanent rate increase of 17.86%, inclusive of the 12.24% increase in temporary rates previously approved on May 31, 2018 on a bills-rendered basis as of January 8, 2018. This overall rate increase also includes a 1.43% Step increase earned on a forward-looking basis for bills rendered on or after November 16, 2018.

In addition to the rate increases granted in the order the NHPUC approved the following modifications to PEU’s rate structure:

- the establishment of a five-year average of revenues versus the previous test-year revenues methodology for allowed revenue calculations, and
- the creation of the following additional revenue requirements as similarly adopted for PWW in 2017:
 - Operating Expense Revenue Requirement (OERR), and
 - Debt Service Revenue Requirement (DSRR)
- the establishment of dedicated Rate Stabilization Funds (RSFs) in support of the revenue requirement structure, and
- the establishment of a QCPAC (Qualified Capital Project Annual Adjustment Charge) that will assess annual surcharges between rate cases for capital expenditures placed in service in the prior year to fund the annual principal and interest payments of the associated new debt, in addition to the incremental property taxes associated with that capital.

Qualified Capital Project Adjustment Charge (QCPAC)

On November 7, 2017, the NHPUC issued Order No. 26,070 which approved replacement of the PWW current WICA program with an annual QCPAC, which will apply an annual surcharge between rate cases. This surcharge will be based on essentially all of the capital projects undertaken and completed by PWW each year. The QCPAC is stipulated to include the full debt service (principal and interest), as well as the incremental property taxes, for annual additions to capital assets.

On October 29, 2018, the NHPUC issued Nisi Order No. 26,183 approving a 1.69% surcharge on all capital improvements completed and placed in service by PWW in 2017. This surcharge will go into effect in December 2018, on a going forward basis, as a subset of PWW's next allowed permanent rate increase.

Note 16 – Subsequent Events

The Company has evaluated the events and transactions that have occurred through March 20, 2019, the date that these consolidated financial statements were available for issuance, for which no reportable events were discovered.

Nashua Airport Authority
Notes to Financial Statements

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**NASHUA AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Nashua Airport Authority ("the Authority") conform to accounting principles generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Authority was established on August 27, 1961 by legislative act, as a separate legal entity. The Authority is located at Boire Field in Nashua, New Hampshire and provides general airport operations as well as airplane tie-down rentals. The Authority meets the criteria as a component unit of the City of Nashua, New Hampshire ("the City"). Such criteria includes appointment of the board of directors by the Mayor of the City, debt service guarantees by the City, inclusion of the Authority's employees in the City's retirement system (New Hampshire Retirement System) and budgetary appropriations from the City.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting, wherein revenues are recognized when earned and expenses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, cash and cash equivalents are comprised of demand deposits and cash on hand.

Investments - Investments are recorded at their fair value. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Accounts Receivable - At June 30, 2019 accounts receivable includes unpaid tie-down fees and land lease rental fees. An allowance for estimated uncollected receivables is not deemed necessary as of June 30, 2019.

Capital Assets - Capital assets are recorded at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. Improvements are capitalized; costs of normal maintenance and repairs that do not

add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets is also capitalized. All reported capital assets except for land and construction in progress are depreciated. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets.

Estimated useful lives are as follows:

Depreciation Life	<u>Years</u>
Land improvements	5-25
Buildings and improvements	10-39
Equipment	3-30

Compensated Absences - Employees earn vacation and sick leave as they provide services. Employees earn 1.25 sick days per month. Employees hired before July 1, 2014 may accumulate an unlimited number of sick days and upon retirement will be paid out 20% of unused sick time at current rates of pay. Employees hired after July 1, 2014 may accumulate up to 24 sick days and upon retirement will be paid out 50% of unused sick time at the current rate. Vacation amounts accrue according to length of employment. Employees may carry forward vacation days into the next year up to two times their annual accrual rate.

Other Post-Employment Benefits - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's 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 the benefit terms.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of bonds, notes or other borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Authority’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Revenues and Expenses

Operating Revenues and Expenses - Operating revenues for the Authority are those that result from providing services and producing and delivering goods in connection with its principal ongoing operations. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the services that are the primary activities of the Authority. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Capital Contributions - Funds received from other governments for the purpose of constructing assets are recorded as capital contributions.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 279,666
Investments	<u>313,027</u>
Total deposits and investments	<u>\$ 592,693</u>

Deposits and investments at June 30, 2019 consist of the following:

Cash on hand	\$ 200
Deposits with financial institutions	<u>592,493</u>
Total deposits and investments	<u>\$ 592,693</u>

The Authority’s investment policy requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Authority limits its investments to demand deposits, money market accounts, and certificates of deposit.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority’s deposits may not be returned. The Authority does not have a formal investment policy for assurance against custodial credit risk.

The Authority’s entire balance of deposits with financial institutions at year end was covered by federal depository insurance.

NOTE 3—DUE FROM OTHER GOVERNMENTS

Receivables due from other governments consist of balances due from federal and state funding for the various airport improvement projects. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables as of June 30, 2019 is as follows:

State and Federal share of Federal Aviation Grants -	
AIP Project SBG#-12-18-2017	\$ 65,317
AIP Project SBG#-12-19-2018	4,192
AIP Project SBG#-12-20-2019	4,511
	<u>\$ 74,020</u>

NOTE 4—CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019
Capital assets not being depreciated:				
Land	\$ 4,026,795			\$ 4,026,795
Construction in progress	<u>2,076,623</u>	\$ 97,161	\$ (1,645,000)	<u>528,784</u>
Total capital assets not being depreciated	<u>6,103,418</u>	<u>97,161</u>	<u>(1,645,000)</u>	<u>4,555,579</u>
Other capital assets:				
Land improvements	28,676,399	1,718,266		30,394,665
Buildings and improvements	1,525,306			1,525,306
Equipment	<u>2,115,663</u>	<u>156,244</u>		<u>2,271,907</u>
Total other capital assets at historical cost	<u>32,317,368</u>	<u>1,874,510</u>	<u>-</u>	<u>34,191,878</u>
Less accumulated depreciation for:				
Land improvements	(10,471,708)	(1,246,319)		(11,718,027)
Buildings and improvements	(1,014,075)	(39,630)		(1,053,705)
Equipment	<u>(1,023,668)</u>	<u>(136,378)</u>		<u>(1,160,046)</u>
Total accumulated depreciation	<u>(12,509,451)</u>	<u>(1,422,327)</u>	<u>-</u>	<u>(13,931,778)</u>
Total other capital assets, net	<u>19,807,917</u>	<u>452,183</u>	<u>-</u>	<u>20,260,100</u>
Total capital assets, net	<u>\$ 25,911,335</u>	<u>\$ 549,344</u>	<u>\$ (1,645,000)</u>	<u>\$ 24,815,679</u>

NOTE 5—OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. Political subdivision employees, teachers and State employees belong to Group I. Police officers and firefighters belong to Group II. The OPEB plan is closed to new entrants.

Benefits Provided

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two person plan.

Funding Policy

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Authority's contribution rates for the covered payroll of employees was 0.30% for the year ended June 30, 2019. Contributions to the OPEB plan for the Authority were \$741 for the year ended June 30, 2019. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2019, the Authority reported a liability of \$7,390 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2017. The Authority's proportion of the net OPEB liability was based on actual contributions by the Authority during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2018, the Authority's proportion was approximately 0.0016 percent, which was an increase of 0.0005 percentage points from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized OPEB expense of \$3,020. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 43	
Net difference between projected and actual earnings on OPEB plan investments		\$ 23
Changes in proportion and differences between Authority contributions and proportionate share of contributions	505	
Authority contributions subsequent to the measurement date	<u>741</u>	
Totals	<u>\$ 1,289</u>	<u>\$ 23</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$1,266. The Authority reported \$741 as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2019	\$ 541
2020	(7)
2021	(7)
2022	(2)
	<u>\$ 525</u>

Actuarial Assumptions

The total OPEB 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, unless otherwise specified:

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of OPEB plan investment expense, including inflation

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 actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on OPEB 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. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net OPEB Liability	\$ 7,692	\$ 7,390	\$ 6,546

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

The Authority contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and are available to pay retirement benefits to all members.

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members vested by January 1, 2012, who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have not attained status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by 1/4 of 1%. For Group II members who commenced service prior to July 1, 2011, who have not attained vested status prior to January 1, 2012, benefits are calculated depending on age and years of creditable service as follows:

<u>Years of Creditable Service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit 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%

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Funding Policy

Plan members are required to contribute 7.0% of their covered salary and the Authority is required to contribute at an actuarially determined rate. The Authority's contribution rates for the covered payroll of general employees was 11.08% for the year ended June 30, 2019. The Authority contributes 100% of the employer cost.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. Contributions to the pension plan for the Authority were \$27,386 for the year ended June 30, 2019.

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

At June 30, 2019, the Authority reported a liability of \$300,288 for its proportionate share of the 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 a roll forward of the actuarial valuation from June 30, 2017. The Authority's proportion of the net pension liability was based on actual contributions by the Authority during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2018, the Authority's proportion was approximately 0.0062 percent, which is the same percentage from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized pension income of \$2,974. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,397	\$ 2,431
Changes of assumptions	20,781	
Net difference between projected and actual earnings on pension plan investments		6,949
Changes in proportion and differences between Authority contributions and proportionate share of contributions	53,504	71,160
Authority contributions subsequent to the measurement date	<u>27,386</u>	
Totals	<u>\$ 104,068</u>	<u>\$ 80,540</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as a increase to unrestricted net position in the amount of \$23,528. The Authority reported \$27,386 as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in the measurement periods as follows:

<u>June 30,</u>	
2019	\$ (10,500)
2020	(245)
2021	7,785
2022	<u>(898)</u>
	<u>\$ (3,858)</u>

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:

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 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 actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed Income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that 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. Based on those assumptions, the pension plan's fiduciary net position was 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 all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Authority's proportionate share of the net pension liability	\$ 399,536	\$ 300,288	\$ 217,115

NOTE 7—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Authority's long-term obligations for the year ended June 30, 2019 are as follows:

Type	Balance <u>7/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2019</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ <u>9,200</u>	\$ <u>4,021</u>	\$ <u>(736)</u>	\$ <u>12,485</u>	\$ <u>-</u>

NOTE 8—OPERATING LEASES

The Authority leases land from the City of Nashua, New Hampshire under a master lease commencing October 8, 1974. The lease expires December 31, 2115. The rent for the term of the lease is \$1.

The Authority subleases a portion of this land pursuant to twenty-year operating leases. The base rent is adjusted biannually by the consumer price index. For the year ended June 30, 2019, lease income was \$344,234.

The Authority also leases the control tower under terms of a lease, which expires August 13, 2020. The rent for the term of the lease is \$1.

NOTE 9—CONTINGENCIES

Litigation

There may be various claims and suits pending against the Authority, which arise in the normal course of the Authority's activities. In the opinion of Authority management, any potential claims against the Authority, which are not covered by insurance, are immaterial and would not affect the financial position of the Authority.

Federal Grants

The Authority participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE 10—RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The Authority obtained commercial insurance coverage to manage risks related to property and liability. The coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

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Required Supplementary Information

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CITY OF NASHUA, NEW HAMPSHIRE
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	5.08694863%	\$ 244,946,874	\$ 139,528,277	175.55%	64.73%
June 30, 2018	June 30, 2017	4.96618324%	\$ 244,236,535	\$ 128,054,908	190.73%	62.66%
June 30, 2017	June 30, 2016	5.02485895%	\$ 267,201,666	\$ 130,717,303	204.41%	58.30%
June 30, 2016	June 30, 2015	5.01030399%	\$ 198,484,550	\$ 129,016,891	153.84%	65.47%
June 30, 2015	June 30, 2014	4.92539987%	\$ 184,879,108	\$ 102,555,267	180.27%	66.32%

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

See Independent Auditors' Report.

CITY OF NASHUA, NEW HAMPSHIRE
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	\$ 21,854,348	\$ (21,854,348)	\$ -	\$ 141,519,997	15.44%
June 30, 2018	\$ 23,924,823	\$ (23,924,823)	\$ -	\$ 139,528,277	17.15%
June 30, 2017	\$ 21,281,680	\$ (21,281,680)	\$ -	\$ 128,054,908	16.62%
June 30, 2016	\$ 21,048,967	\$ (21,048,967)	\$ -	\$ 130,717,303	16.10%
June 30, 2015	\$ 19,432,673	\$ (19,432,673)	\$ -	\$ 129,016,789	15.06%

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

See Independent Auditors' Report.

CITY OF NASHUA, NEW HAMPSHIRE
BOARD OF PUBLIC WORKS' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (GASB 67)

(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service cost	\$ 1,159,714	\$ 1,125,936	\$ 1,102,415	\$ 1,070,306	\$ 833,083
Interest on unfunded liability - time value of \$	3,413,621	3,302,509	3,317,923	3,201,701	3,165,454
Differences between expected and actual experience	(794,224)	-	(262,266)	-	84,012
Changes of assumptions	(466,050)	-	24,291	-	(1,231,934)
Benefit payments, including refunds of member contributions	<u>(2,921,280)</u>	<u>(2,830,049)</u>	<u>(2,752,954)</u>	<u>(2,650,932)</u>	<u>(2,526,991)</u>
Net change in total pension liability	391,781	1,598,396	1,429,409	1,621,075	323,624
Total pension liability - beginning	<u>49,042,240</u>	<u>47,443,844</u>	<u>46,014,435</u>	<u>44,393,360</u>	<u>44,069,736</u>
Total pension liability - ending (a)	49,434,021	49,042,240	47,443,844	46,014,435	44,393,360
Plan Fiduciary Net Position*					
Contributions - employer	832,686	823,768	795,263	794,440	772,343
Contributions - member	832,686	823,768	795,263	794,440	772,343
Net investment income	2,871,652	3,290,484	3,956,902	115,127	1,104,870
Benefit payments, including refunds of member contributions	(2,921,280)	(2,830,049)	(2,752,954)	(2,650,932)	(2,526,991)
Administrative expense	<u>(2,580)</u>	<u>(2,569)</u>	<u>(2,904)</u>	<u>(2,903)</u>	<u>(2,359)</u>
Net change in plan fiduciary net position	1,613,164	2,105,402	2,791,570	(949,828)	120,206
Plan fiduciary net position - beginning	<u>41,459,286</u>	<u>39,353,884</u>	<u>36,562,314</u>	<u>37,512,143</u>	<u>37,391,937</u>
Plan fiduciary net position - ending (b)	<u>43,072,450</u>	<u>41,459,286</u>	<u>39,353,884</u>	<u>36,562,315</u>	<u>37,512,143</u>
Net pension liability (asset) - ending (a-b)	<u>\$ 6,361,571</u>	<u>\$ 7,582,954</u>	<u>\$ 8,089,960</u>	<u>\$ 9,452,120</u>	<u>\$ 6,881,217</u>

*May reflect certain rounding and immaterial classification differences from the Statement of Changes in Fiduciary Net Position.

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 NASHUA, NEW HAMPSHIRE
BOARD OF PUBLIC WORKS' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF NET PENSION LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (GASB 67)

(Unaudited)

Schedule of Net Pension Liability	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability	\$ 49,434,021	\$ 49,042,240	\$ 47,443,844	\$ 46,014,435	\$ 44,393,360
Plan fiduciary net position	<u>43,072,450</u>	<u>41,459,286</u>	<u>39,353,884</u>	<u>36,562,315</u>	<u>37,512,143</u>
Net pension liability (asset)	<u>\$ 6,361,571</u>	<u>\$ 7,582,954</u>	<u>\$ 8,089,960</u>	<u>\$ 9,452,120</u>	<u>\$ 6,881,217</u>
Plan fiduciary net position as a percentage of the total pension liability	87.13%	84.54%	82.95%	79.46%	84.50%
Covered payroll	\$ 9,350,409	\$ 9,033,764	\$ 8,770,645	\$ 8,701,590	\$ 8,448,146
Participating employer net pension liability (asset) as a percentage of covered payroll	68.04%	83.94%	92.24%	108.63%	81.45%
Schedule of Contributions	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 832,686	\$ 823,768	\$ 795,263	\$ 794,440	\$ 772,343
Contributions in relation to the actuarially determined contribution	<u>(832,686)</u>	<u>(823,768)</u>	<u>(795,263)</u>	<u>(794,440)</u>	<u>(772,343)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,350,409	\$ 9,033,764	\$ 8,770,645	\$ 8,701,590	\$ 8,448,146
Contributions as a percentage of covered payroll	8.91%	9.12%	9.07%	9.13%	9.14%
Schedule of Investment Returns	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Year Ended June 30</i>					
Annual money weighted rate of return, net of investment expense	7.02%	8.47%	10.97%	0.31%	2.99%

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

See Independent Auditors' Report.

CITY OF NASHUA, NEW HAMPSHIRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE AND CONTRIBUTIONS
OF THE TOTAL OPEB LIABILITY (GASB 75)

JUNE 30, 2019

(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy						
Fiscal <u>Year</u>	Measurement <u>Date</u>	Proportion of the Net OPEB <u>Liability</u>	Proportionate Share of the Net OPEB <u>Liability</u>	Covered <u>Payroll</u>	Proportionate Share of the Net OPEB Liability as a <u>Percentage of Covered Payroll</u>	Plan Fiduciary Net Position Percentage of the Net <u>OPEB Liability</u>
June 30, 2019	June 30, 2018	5.50882885%	\$25,221,940	\$ 139,528,277	18.08%	7.53%
June 30, 2018	June 30, 2017	5.21812674%	\$23,859,048	\$ 128,054,908	18.63%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy						
Fiscal <u>Year</u>	Valuation <u>Date</u>	Contractually Required <u>Contribution</u>	Contributions Relative to Contractually Required <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Employee Payroll</u>
June 30, 2019	June 30, 2018	\$ 2,475,017	\$ 2,475,017	\$ -	\$139,528,277	1.77%
June 30, 2018	June 30, 2017	\$ 2,436,719	\$ 2,436,719	\$ -	\$128,054,908	1.90%

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

See Independent Auditors' Report.

CITY OF NASHUA, NEW HAMPSHIRE
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY (GASB 75)

(Unaudited)

City of Nashua OPEB Plan*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 2,412,885	\$ 2,526,279
Interest on unfunded liability - time value of \$	1,777,895	1,645,880
Differences between expected and actual experience	1,068,607	(3,613,115)
Changes of assumptions or other inputs	1,506,786	1,309,808
Benefit payments, including refunds of member contributions	<u>(1,598,222)</u>	<u>(1,978,182)</u>
Net change in total OPEB liability	5,167,951	(109,330)
Total OPEB liability - beginning	<u>44,319,084</u>	<u>44,428,414</u>
Total OPEB liability - ending	<u><u>\$ 49,487,035</u></u>	<u><u>\$ 44,319,084</u></u>

* Does not include New Hampshire Retirement System Medical Subsidy.

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.

Combining Financial Statements

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for resources obtained and expended for specified purposes and restricted by law or local action.

Special Revenue Funds are established for the following purposes:

- Police Grants: to account for federal and State grants for the Police Department.
- Fire Grants: to account for federal and State grants for the Fire Department.
- Community Health and Services Grants: to account for federal and State health and human services grants.
- Parks and Recreation Grants: to account for federal and State parks and recreation grants.
- Transit Grants: to account for federal and State transportation grants.
- CDBG/Home Grants: to account for the Community Development Block and HOME grants.
- Community Development Division Grants: to account for the federal and State grants for the Community Development Department.
- Other Public Safety Grants: to account for federal and state public safety grants.
- Other City Grants: to account for all other City grants.
- Food Services: to account for the School Department's Food Service Program.
- School Grants: to account for the School Department's federal, State and local grants.
- City Revolving Funds: to account for the City's revolving funds.
- School Revolving Funds: to account for the School Department's revolving funds, other than Food Service.
- Other Trust Funds: to account for other City's Trust Funds.

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment other than those employed in the delivery of services accounted for in Enterprise Funds.

The current funds were established for the following purposes:

- Fire Projects: to account for Fire Department Capital Projects.
- Public Works Projects: to account for Public Works Department Capital Projects.
- Community and Economic Development Projects: to account for Community and Economic Development Department Capital Projects.
- School Department Projects: to account for School Department Capital Projects.
- Technology Projects: to account for Technology projects.
- City Building Projects: to account for capital projects related to City facilities.
- City-wide Communication Projects: to account for capital projects related to city-wide communication issues.
- Hydroelectric Projects: to account for the acquisition of the Mine Falls Dam.
- Police Projects: to account for capital projects related to the police department.

PERMANENT FUNDS

Permanent Funds are established to account for certain assets held by the City in a fiduciary capacity as trustee. The following is a description of City Permanent Funds:

- Cemetery Permanent Funds: to account for the City's Cemetery Funds.
- Library Permanent Funds: to account for the City's Library Funds.
- Other Permanent Funds: to account for Other Nonexpendable Funds.

CITY OF NASHUA, NEW HAMPSHIRE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2019

	Special Revenue Funds			
	Police <u>Grants</u>	Fire <u>Grants</u>	Community Health & Services <u>Grants</u>	Parks & Recreation <u>Grants</u>
Assets				
Cash and short term investments	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other	-	-	-	-
Intergovernmental	52,865	614,365	244,893	-
Loans	-	-	-	-
Due from other funds	-	-	-	75,942
Total Assets	<u>\$ 52,865</u>	<u>\$ 614,365</u>	<u>\$ 244,893</u>	<u>\$ 75,942</u>
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	18,522	614,365	160,817	-
Due to other governments	-	-	-	-
Total Liabilities	<u>18,522</u>	<u>614,365</u>	<u>160,817</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	34,343	-	84,076	75,942
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>34,343</u>	<u>-</u>	<u>84,076</u>	<u>75,942</u>
Total Liabilities and Fund Balance	<u>\$ 52,865</u>	<u>\$ 614,365</u>	<u>\$ 244,893</u>	<u>\$ 75,942</u>

Special Revenue Funds

<u>Transit Grants</u>	<u>CDBG/Home Grants</u>	<u>Community Development Division Grants</u>	<u>Other Public Safety Grants</u>	<u>Other City Grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
70,156	-	-	-	-
254,875	455,852	267,399	34,171	-
-	-	-	-	-
<u>91,315</u>	<u>-</u>	<u>136,617</u>	<u>-</u>	<u>3,054</u>
<u>\$ 416,346</u>	<u>\$ 455,852</u>	<u>\$ 404,016</u>	<u>\$ 34,171</u>	<u>\$ 3,054</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	4,380	-
-	384,007	-	27,475	-
-	-	-	-	-
<u>-</u>	<u>384,007</u>	<u>-</u>	<u>31,855</u>	<u>-</u>
-	-	-	-	-
416,346	71,845	409,394	2,316	3,054
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(5,378)</u>	<u>-</u>	<u>-</u>
<u>416,346</u>	<u>71,845</u>	<u>404,016</u>	<u>2,316</u>	<u>3,054</u>
<u>\$ 416,346</u>	<u>\$ 455,852</u>	<u>\$ 404,016</u>	<u>\$ 34,171</u>	<u>\$ 3,054</u>

(continued)

(continued)

	Special Revenue Funds			
	Food Services	School Grants	City Revolving Funds	School Revolving Funds
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other	-	-	112,302	5,608
Intergovernmental	168,261	3,055,028	-	1,259
Loans	-	-	532,291	-
Due from other funds	648,210	-	10,248,975	1,426,300
Total Assets	<u>\$ 816,471</u>	<u>\$ 3,055,028</u>	<u>\$ 10,893,568</u>	<u>\$ 1,433,167</u>
Liabilities				
Accrued liabilities	\$ 563	\$ 289,808	\$ 38,506	\$ 4,174
Unearned revenue	-	259	800	14,220
Due to other funds	-	2,764,961	-	-
Due to other governments	-	-	22,090	-
Total Liabilities	563	3,055,028	61,396	18,394
Fund Balances				
Nonspendable	-	-	-	-
Restricted	815,908	-	1,840,865	-
Committed	-	-	8,991,307	1,414,773
Unassigned	-	-	-	-
Total Fund Balance	<u>815,908</u>	<u>-</u>	<u>10,832,172</u>	<u>1,414,773</u>
Total Liabilities and Fund Balance	<u>\$ 816,471</u>	<u>\$ 3,055,028</u>	<u>\$ 10,893,568</u>	<u>\$ 1,433,167</u>

Special Revenue Funds		Capital Project Funds			
Other Trust Funds	Subtotal	Fire Projects	Public Works Projects	Community and Economic Development Projects	School Department Projects
\$ 3,491,805	\$ 3,491,805	\$ -	\$ -	\$ -	\$ -
2,145,250	2,145,250	-	-	-	-
-	188,066	-	-	-	-
-	5,148,968	-	1,649,719	-	-
-	532,291	-	-	-	-
190,230	12,820,643	165,234	-	-	-
<u>\$ 5,827,285</u>	<u>\$ 24,327,023</u>	<u>\$ 165,234</u>	<u>\$ 1,649,719</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,023	\$ 334,074	\$ -	\$ -	\$ -	\$ -
-	19,659	-	-	-	-
-	3,970,147	-	1,619,552	2,403,090	2,347
-	22,090	-	-	-	-
1,023	4,345,970	-	1,619,552	2,403,090	2,347
-	-	-	-	-	-
-	3,754,089	165,234	4,935,115	71,819	156,367
5,826,262	16,232,342	-	-	-	-
-	(5,378)	-	(4,904,948)	(2,474,909)	(158,714)
<u>5,826,262</u>	<u>19,981,053</u>	<u>165,234</u>	<u>30,167</u>	<u>(2,403,090)</u>	<u>(2,347)</u>
<u>\$ 5,827,285</u>	<u>\$ 24,327,023</u>	<u>\$ 165,234</u>	<u>\$ 1,649,719</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

(continued)

	Capital Project Funds					
	Technology Projects	City Building Projects	City-wide Communications Projects	Hydroelectric Projects	Police Projects	Subtotal
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables, net of allowance for uncollectibles:						
Departmental and other	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,649,719
Loans	-	-	-	-	-	-
Due from other funds	<u>238,104</u>	<u>238,315</u>	<u>387,938</u>	<u>12,277</u>	<u>-</u>	<u>1,041,868</u>
Total Assets	<u>\$ 238,104</u>	<u>\$ 238,315</u>	<u>\$ 387,938</u>	<u>\$ 12,277</u>	<u>\$ -</u>	<u>\$ 2,691,587</u>
Liabilities						
Accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	14,450	4,039,439
Due to other governments	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,450</u>	<u>4,039,439</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	238,104	-	387,938	12,277	-	5,966,854
Committed	-	238,315	-	-	-	238,315
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,450)</u>	<u>(7,553,021)</u>
Total Fund Balance	<u>238,104</u>	<u>238,315</u>	<u>387,938</u>	<u>12,277</u>	<u>(14,450)</u>	<u>(1,347,852)</u>
Total Liabilities and Fund Balance	<u>\$ 238,104</u>	<u>\$ 238,315</u>	<u>\$ 387,938</u>	<u>\$ 12,277</u>	<u>\$ -</u>	<u>\$ 2,691,587</u>

Permanent Funds

Cemetery Permanent Funds	Library Permanent Funds	Other Permanent Funds	Subtotal	Total Nonmajor Governmental Funds
\$ 795,053	\$ 281,280	\$ 137,749	\$ 1,214,082	\$ 4,705,887
18,656,794	5,411,857	71,684	24,140,335	26,285,585
-	-	-	-	188,066
-	-	-	-	6,798,687
-	-	-	-	532,291
-	-	-	-	13,862,511
<u>\$ 19,451,847</u>	<u>\$ 5,693,137</u>	<u>\$ 209,433</u>	<u>\$ 25,354,417</u>	<u>\$ 52,373,027</u>
\$ -	\$ -	\$ -	\$ -	\$ 334,074
-	-	-	-	19,659
366,013	29,728	2,030	397,771	8,407,357
-	-	-	-	22,090
<u>366,013</u>	<u>29,728</u>	<u>2,030</u>	<u>397,771</u>	<u>8,783,180</u>
18,188,598	4,899,594	195,543	23,283,735	23,283,735
897,236	763,815	11,860	1,672,911	11,393,854
-	-	-	-	16,470,657
-	-	-	-	(7,558,399)
<u>19,085,834</u>	<u>5,663,409</u>	<u>207,403</u>	<u>24,956,646</u>	<u>43,589,847</u>
<u>\$ 19,451,847</u>	<u>\$ 5,693,137</u>	<u>\$ 209,433</u>	<u>\$ 25,354,417</u>	<u>\$ 52,373,027</u>

CITY OF NASHUA, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance

Nonmajor Governmental Funds

For Fiscal Year Ended June 30, 2019

	Special Revenue Funds			
	Police Grants	Fire Grants	Community Health & Services Grants	Parks & Recreation Grants
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Auto permits	-	-	-	-
Penalties, interest and other taxes	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	433,083	651,989	1,023,601	-
Investment income	-	-	-	-
Contributions	106,217	-	179,100	72,000
Cable TV franchise fees	-	-	-	-
Rentals and lease income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>539,300</u>	<u>651,989</u>	<u>1,202,701</u>	<u>72,000</u>
Expenditures				
Current:				
General government	-	-	-	-
Police	606,183	-	-	-
Fire	-	712,504	-	-
Education	-	-	-	-
Public works	-	-	-	-
Health and human services	-	-	1,162,594	-
Culture and recreation	-	-	-	9,052
Community development	-	-	-	-
Communications	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>606,183</u>	<u>712,504</u>	<u>1,162,594</u>	<u>9,052</u>
Excess (Deficiency) of Revenues Over Expenditures	(66,883)	(60,515)	40,107	62,948
Other Financing Sources (Uses)				
Issuance of bonds	-	-	-	-
Bond premiums	-	-	-	-
Transfers in	70,155	1,425	12,654	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>70,155</u>	<u>1,425</u>	<u>12,654</u>	<u>-</u>
Change in Fund Balance	3,272	(59,090)	52,761	62,948
Fund Balance at Beginning of Year	<u>31,071</u>	<u>59,090</u>	<u>31,315</u>	<u>12,994</u>
Fund Balance at End of Year	<u>\$ 34,343</u>	<u>\$ -</u>	<u>\$ 84,076</u>	<u>\$ 75,942</u>

Special Revenue Funds

Transit Grants	CDBG/Home Grants	Community Development Division Grants	Other Public Safety Grants	Other City Grants
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
558,101	-	-	-	-
2,619,924	2,231,545	544,742	262,089	-
-	-	-	-	-
-	-	-	19,982	241
-	-	-	-	-
-	-	-	-	-
<u>403,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
3,581,191	2,231,545	544,742	282,071	3,241
-	-	-	-	3,000
-	-	-	178,569	-
-	-	-	101,186	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	241
3,999,469	2,231,544	789,751	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,999,469</u>	<u>2,231,544</u>	<u>789,751</u>	<u>279,755</u>	<u>3,241</u>
(418,278)	1	(245,009)	2,316	-
-	-	-	-	-
-	-	-	-	-
578,508	46,846	312,042	-	-
(4)	-	(866)	-	-
<u>578,504</u>	<u>46,846</u>	<u>311,176</u>	<u>-</u>	<u>-</u>
160,226	46,847	66,167	2,316	-
256,120	24,998	337,849	-	3,054
<u>\$ 416,346</u>	<u>\$ 71,845</u>	<u>\$ 404,016</u>	<u>\$ 2,316</u>	<u>\$ 3,054</u>

(continued)

(continued)

Special Revenue Funds				
	Food Services	School Grants	City Revolving Funds	School Revolving Funds
Revenues				
Property taxes	\$ -	\$ -	\$ 785,080	\$ -
Auto permits	-	-	700,000	-
Penalties, interest and other taxes	-	-	408,315	-
Charges for services	1,920,147	-	1,416,618	1,257,832
Intergovernmental	3,030,729	9,017,241	1,742,338	45,226
Investment income	10,801	-	48,463	-
Contributions	-	-	44,902	-
Cable TV franchise fees	-	-	436,999	-
Rentals and lease income	-	-	45,950	-
Miscellaneous	-	-	21,973	6,123
Total Revenues	<u>4,961,677</u>	<u>9,017,241</u>	<u>5,650,638</u>	<u>1,309,181</u>
Expenditures				
Current:				
General government	-	-	428,464	-
Police	-	-	1,391,074	-
Fire	-	-	18,030	-
Education	4,791,851	9,097,072	-	1,017,204
Public works	-	-	60,907	-
Health and human services	-	-	2,496	-
Culture and recreation	-	-	355,100	-
Community development	-	-	49,902	-
Communications	-	-	-	-
Debt service:				
Principal	-	-	58,000	-
Interest	-	-	15,960	-
Total Expenditures	<u>4,791,851</u>	<u>9,097,072</u>	<u>2,379,933</u>	<u>1,017,204</u>
Excess (Deficiency) of Revenues Over Expenditures	169,826	(79,831)	3,270,705	291,977
Other Financing Sources (Uses)				
Issuance of bonds	-	-	-	-
Bond premiums	-	-	-	-
Transfers in	-	30,922	9,293	-
Transfers out	-	-	(331,621)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>30,922</u>	<u>(322,328)</u>	<u>-</u>
Change in Fund Balance	169,826	(48,909)	2,948,377	291,977
Fund Balance at Beginning of Year	646,082	48,909	7,883,795	1,122,796
Fund Balance at End of Year	<u>\$ 815,908</u>	<u>\$ -</u>	<u>\$ 10,832,172</u>	<u>\$ 1,414,773</u>

Special Revenue Funds		Capital Project Funds			
Other Trust Funds	Subtotal	Fire Projects	Public Works Projects	Community and Economic Development Projects	School Department Projects
\$ -	\$ 785,080	\$ -	\$ -	\$ -	\$ -
-	700,000	-	-	-	-
-	408,315	-	-	-	-
49,065	5,201,763	-	-	-	-
-	21,602,507	-	2,991,384	-	-
77,096	136,360	-	-	-	-
2,264,277	2,686,719	-	-	-	-
-	436,999	-	-	-	-
-	45,950	-	49,401	-	-
1,510	435,772	-	305,928	-	-
<u>2,391,948</u>	<u>32,439,465</u>	-	<u>3,346,713</u>	-	-
114,548	546,012	-	-	-	-
4,978	2,180,804	-	-	-	-
3,426	835,146	9,521	-	-	-
409,408	15,315,535	-	-	-	1,197,187
287,335	348,242	-	13,698,258	-	-
-	1,165,090	-	-	-	-
54,465	418,858	-	-	-	-
354	7,071,020	-	-	643,606	-
-	-	-	-	-	-
-	58,000	-	-	-	-
-	15,960	-	-	-	-
<u>874,514</u>	<u>27,954,667</u>	<u>9,521</u>	<u>13,698,258</u>	<u>643,606</u>	<u>1,197,187</u>
1,517,434	4,484,798	(9,521)	(10,351,545)	(643,606)	(1,197,187)
-	-	-	8,518,000	-	1,132,000
-	-	-	682,000	-	68,000
293,400	1,355,245	-	-	100,000	118,741
(100,000)	(432,491)	-	(118,741)	-	(46,976)
<u>193,400</u>	<u>922,754</u>	-	<u>9,081,259</u>	<u>100,000</u>	<u>1,271,765</u>
1,710,834	5,407,552	(9,521)	(1,270,286)	(543,606)	74,578
<u>4,115,428</u>	<u>14,573,501</u>	<u>174,755</u>	<u>1,300,453</u>	<u>(1,859,484)</u>	<u>(76,925)</u>
<u>\$ 5,826,262</u>	<u>\$ 19,981,053</u>	<u>\$ 165,234</u>	<u>\$ 30,167</u>	<u>\$ (2,403,090)</u>	<u>\$ (2,347)</u>

(continued)

(continued)

Capital Project Funds

	Technology Projects	City Building Projects	City-wide Communications Projects	Hydroelectric Projects	Police Projects	Subtotal
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auto permits	-	-	-	-	-	-
Penalties, interest and other taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	2,991,384
Investment income	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Cable TV franchise fees	-	-	-	-	-	-
Rentals and lease income	-	-	-	-	-	49,401
Miscellaneous	-	-	-	-	-	305,928
Total Revenues	-	-	-	-	-	3,346,713
Expenditures						
Current:						
General government	143,939	38,616	-	-	-	182,555
Police	-	-	-	-	14,450	14,450
Fire	-	-	-	-	-	9,521
Education	-	-	-	-	-	1,197,187
Public works	-	-	-	-	-	13,698,258
Health and human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	643,606
Communications	-	-	79,090	-	-	79,090
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	143,939	38,616	79,090	-	14,450	15,824,667
Excess (Deficiency) of Revenues Over Expenditures	(143,939)	(38,616)	(79,090)	-	(14,450)	(12,477,954)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	-	-	9,650,000
Bond premiums	-	-	-	-	-	750,000
Transfers in	-	253,098	-	-	-	471,839
Transfers out	-	-	-	-	-	(165,717)
Total Other Financing Sources (Uses)	-	253,098	-	-	-	10,706,122
Change in Fund Balance	(143,939)	214,482	(79,090)	-	(14,450)	(1,771,832)
Fund Balance at Beginning of Year	382,043	23,833	467,028	12,277	-	423,980
Fund Balance at End of Year	\$ 238,104	\$ 238,315	\$ 387,938	\$ 12,277	\$ (14,450)	\$ (1,347,852)

Permanent Funds

Cemetery Permanent Funds	Library Permanent Funds	Other Permanent Funds	Subtotal	Interfund Activity	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 785,080
-	-	-	-	-	700,000
-	-	-	-	-	408,315
-	-	-	-	-	5,201,763
-	-	-	-	-	24,593,891
770,167	315,676	15,938	1,101,781	-	1,238,141
111,110	-	-	111,110	-	2,797,829
-	-	-	-	-	436,999
-	-	-	-	-	95,351
-	-	-	-	-	741,700
<u>881,277</u>	<u>315,676</u>	<u>15,938</u>	<u>1,212,891</u>	-	<u>36,999,069</u>
71,046	-	809	71,855	-	800,422
-	-	-	-	-	2,195,254
-	-	-	-	-	844,667
-	-	-	-	-	16,512,722
-	-	-	-	-	14,046,500
-	-	248	248	-	1,165,338
-	114,138	-	114,138	-	532,996
-	-	-	-	-	7,714,626
-	-	-	-	-	79,090
-	-	-	-	-	58,000
-	-	-	-	-	15,960
<u>71,046</u>	<u>114,138</u>	<u>1,057</u>	<u>186,241</u>	-	<u>43,965,575</u>
810,231	201,538	14,881	1,026,650	-	(6,966,506)
-	-	-	-	-	9,650,000
-	-	-	-	-	750,000
-	-	-	-	(296,649)	1,530,435
<u>(681,703)</u>	<u>-</u>	<u>(2,030)</u>	<u>(683,733)</u>	<u>296,649</u>	<u>(985,292)</u>
<u>(681,703)</u>	<u>-</u>	<u>(2,030)</u>	<u>(683,733)</u>	<u>-</u>	<u>10,945,143</u>
128,528	201,538	12,851	342,917	-	3,978,637
<u>18,957,306</u>	<u>5,461,871</u>	<u>194,552</u>	<u>24,613,729</u>	<u>-</u>	<u>39,611,210</u>
<u>\$ 19,085,834</u>	<u>\$ 5,663,409</u>	<u>\$ 207,403</u>	<u>\$ 24,956,646</u>	<u>\$ -</u>	<u>\$ 43,589,847</u>

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**Detail and Combining Budget
and Actual Schedules**

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CITY OF NASHUA, NEW HAMPSHIRE

Detail Schedule of Revenues and Other Financing Sources -
Budget and Actual - General Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Adjusted Actual	Variance With Final Budget
Property Tax	\$ 212,536,659	\$ 212,536,659	\$ 213,141,933	\$ 605,274
Auto permits	12,370,000	12,370,000	15,282,066	2,912,066
Penalties, interest and other taxes:				
Interest and cost on redemption	382,660	382,660	377,032	(5,628)
Payments in lieu of taxes	250,000	250,000	305,393	55,393
Interest on taxes	410,000	410,000	993,234	583,234
Total Penalties, interest and other taxes	1,042,660	1,042,660	1,675,659	632,999
Charges for services:				
Income from departments	2,487,600	2,487,600	2,725,855	238,255
Total Charges for services	2,487,600	2,487,600	2,725,855	238,255
Intergovernmental:				
Revenue from federal grants	50,250	50,250	50,250	-
State Catastrophic Aid	683,000	683,000	684,568	1,568
State adequacy grant	34,758,108	34,758,108	34,790,833	32,725
State kindergarten aid	830,278	830,278	830,276	(2)
State charter school aid	30,000	30,000	39,457	9,457
State aid - buildings	2,281,549	2,281,549	2,281,549	-
Vocational Education	180,000	180,000	196,979	16,979
Medicaid	2,447,000	2,447,000	2,447,438	438
Meals and room tax	4,516,463	4,516,463	4,516,463	-
Other	34,717	34,717	37,461	2,744
Total Intergovernmental	45,811,365	45,811,365	45,875,274	63,909
Licenses and permits:				
Building permits	476,000	476,000	637,873	161,873
Business licenses and permits	161,200	161,200	174,705	13,505
Other licenses and permits	616,500	616,500	680,282	63,782
Total Licenses and permits	1,253,700	1,253,700	1,492,860	239,160
Interest	2,160,000	2,160,000	2,968,755	808,755
Miscellaneous:				
Cable TV franchise	890,000	890,000	907,612	17,612
Fines and forfeits	27,400	27,400	63,500	36,100
Sale of property	8,200	8,200	7,067	(1,133)
Rental of property	593,916	593,916	743,382	149,466
Reimbursements and other	28,416	28,416	207,640	179,224
Total Miscellaneous	1,547,932	1,547,932	1,929,201	381,269
Transfers In:				
Transfers from other funds	534,114	1,084,960	1,325,952	240,992
Total Transfers In	534,114	1,084,960	1,325,952	240,992
Other Financing Sources:				
Use of fund balance	4,500,000	4,500,000	4,500,000	-
Total Other Financing Sources	4,500,000	4,500,000	4,500,000	-
Total	\$ 284,244,030	\$ 284,794,876	\$ 290,917,555	\$ 6,122,679

CITY OF NASHUA, NEW HAMPSHIRE

Detail Schedule of Expenditures and Other Financing Uses
Budget and Actual - General Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Adjusted Actual	Variance With Final Budget
General Government:				
Mayor	\$ 450,773	\$ 440,613	\$ 440,261	\$ 352
Board of Aldermen	233,877	211,958	211,870	88
Legal	626,981	613,691	613,504	187
Administrative services	-	54,583	54,421	162
City Clerk	591,761	603,574	603,425	149
Civic and Community activities	891,693	916,693	916,104	589
Human resources	771,648	744,090	743,267	823
Insurance - Benefits	125,000	25,000	20,409	4,591
Pensions	600	75,600	75,300	300
Telecommunications	143,420	113,420	112,473	947
Information technology	2,679,458	2,637,510	2,636,337	1,173
Financial services	2,086,402	2,116,517	2,114,898	1,619
Risk Management	3,600,000	3,600,000	3,600,000	-
Building maintenance	581,789	574,419	573,889	530
Purchasing	311,262	308,768	307,888	880
Hunt building	27,382	27,613	27,604	9
Assessors	736,290	706,634	706,108	526
GIS	213,362	260,486	260,100	386
Cemeteries	756,191	721,601	719,553	2,048
Contingencies	672,193	398,154	387,193	10,961
Capital	2,872,500	2,872,500	2,872,500	-
Total General Government	18,372,582	18,023,424	17,997,104	26,320
Police	30,741,246	31,121,578	31,121,513	65
Fire	24,641,132	24,559,266	24,556,085	3,181
Water fire protection	3,100,000	2,957,308	2,956,563	745
Education	146,931,260	146,637,779	146,623,657	14,122
Public Works:				
PW Division and Engineering	1,550,490	1,852,405	1,852,104	301
Street department	7,165,987	6,601,834	6,601,550	284
Street lighting	575,000	457,000	456,879	121
Parking lots	335,269	423,054	422,098	956
Solid waste	4,585,551	4,085,551	4,085,551	-
Total Public Works	14,212,297	13,419,844	13,418,182	1,662
Health and Human Services:				
Community services	352,242	339,749	338,968	781
Community health	546,379	501,347	500,499	848
Environmental health	502,708	492,765	491,787	978
Welfare administration	464,953	398,679	398,016	663
Welfare costs	549,500	460,500	459,702	798
Total Health and Human Services	2,415,782	2,193,040	2,188,972	4,068
Culture and Recreation:				
Parks and recreation	3,323,965	3,301,402	3,300,546	856
Public libraries	3,305,219	3,215,757	3,211,455	4,302
Total Culture and Recreation	6,629,184	6,517,159	6,512,001	5,158
Community Development	2,977,107	3,328,994	3,326,109	2,885
Communications	518,770	467,814	466,829	985
Hydroelectric	554,120	548,120	547,917	203
Debt Service:				
Principal	11,530,000	11,530,000	11,530,000	-
Interest and cost	4,973,718	4,483,718	4,478,722	4,996
Total Debt Service	16,503,718	16,013,718	16,008,722	4,996
Intergovernmental	12,034,578	12,034,578	12,034,578	-
Transfers out	4,612,254	6,972,254	6,972,254	-
Total	\$ 284,244,030	\$ 284,794,876	\$ 284,730,486	\$ 64,390

Proprietary Fund Types

Internal Service Funds

Internal Service Funds are proprietary fund types established for the City's self-insurance programs.

The City of Nashua has the following Internal Service Funds:

Employee Benefits Fund: To account for the operation of the City's self-insurance program for employees' healthcare.

Property and Casualty Fund: To account for the operation of the City's self-insurance program for general property and casualty insurance.

CITY OF NASHUA, NEW HAMPSHIRE
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities Internal Service Fund		
	Employee Benefits Fund	Property & Casualty Fund	Total
Assets			
Current:			
Due from other funds	\$ 7,893,590	\$ 4,733,928	\$ 12,627,518
Other assets	2,282,771	-	2,282,771
Total Assets	10,176,361	4,733,928	14,910,289
Liabilities			
Current:			
Salaries payable	2,518	5,247	7,765
Accrued liabilities	3,542,501	3,676,783	7,219,284
Other liabilities	876,021	-	876,021
Total Liabilities	4,421,040	3,682,030	8,103,070
Net Position			
Unrestricted	5,755,321	1,051,898	6,807,219
Total Net Position	\$ 5,755,321	\$ 1,051,898	\$ 6,807,219

See notes to financial statements.

CITY OF NASHUA, NEW HAMPSHIRE

INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR FISCAL YEAR ENDED JUNE 30, 2019

	Governmental Activities Internal Service Fund		
	Employee Benefits Fund	Property & Casualty Fund	Total
Operating Revenues			
Employer contributions	\$ 30,588,980	\$ 3,800,000	\$ 34,388,980
Employee and retiree contributions	12,045,745	-	12,045,745
Other	<u>1,789,372</u>	<u>131,361</u>	<u>1,920,733</u>
Total Operating Revenues	44,424,097	3,931,361	48,355,458
Operating Expenses			
Salaries and benefits	340,851	562,139	902,990
Other operating expenses	33,383	188,594	221,977
Claims and policy costs	<u>47,110,147</u>	<u>3,512,753</u>	<u>50,622,900</u>
Total Operating Expenses	<u>47,484,381</u>	<u>4,263,486</u>	<u>51,747,867</u>
Operating (Loss)	(3,060,284)	(332,125)	(3,392,409)
Nonoperating Revenues			
Investment income	<u>203,304</u>	<u>113,224</u>	<u>316,528</u>
Total Nonoperating Revenues, Net	<u>203,304</u>	<u>113,224</u>	<u>316,528</u>
(Loss) Before Transfers	(2,856,980)	(218,901)	(3,075,881)
Transfers in	<u>1,000,000</u>	<u>105,000</u>	<u>1,105,000</u>
Change in Net Position	(1,856,980)	(113,901)	(1,970,881)
Net Position at Beginning of Year	<u>7,612,301</u>	<u>1,165,799</u>	<u>8,778,100</u>
Net Position at End of Year	<u>\$ 5,755,321</u>	<u>\$ 1,051,898</u>	<u>\$ 6,807,219</u>

See notes to financial statements.

CITY OF NASHUA, NEW HAMPSHIRE
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2019

	Governmental Activities		
	Internal Service Fund		
	Employee Benefits <u>Fund</u>	Property & Casualty <u>Fund</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 13,835,117	\$ 131,361	\$ 13,966,478
Receipts from interfund services provided	30,588,980	3,800,000	34,388,980
Payments to vendors	(47,710,404)	(3,617,234)	(51,327,638)
Payments to employees	<u>(340,263)</u>	<u>(560,910)</u>	<u>(901,173)</u>
Net Cash (Used for) Operating Activities	(3,626,570)	(246,783)	(3,873,353)
Cash Flows From Noncapital Financing Activities			
Proceeds from interfund loan agreements	2,423,266	28,559	2,451,825
Transfers	<u>1,000,000</u>	<u>105,000</u>	<u>1,105,000</u>
Net Cash Provided By Noncapital Financing Activities	3,423,266	133,559	3,556,825
Cash Flows From Investing Activities			
Investment income	<u>203,304</u>	<u>113,224</u>	<u>316,528</u>
Net Cash Provided By Investing Activities	203,304	113,224	316,528
Net Change in Cash and Short-Term Investments	-	-	-
Cash and Short-Term Investments, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Short-Term Investments, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash (Used For) Operating Activities			
Operating income (loss)	\$ (3,060,284)	\$ (332,125)	\$ (3,392,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Changes in assets and liabilities:			
Other assets	(582,619)	-	(582,619)
Accrued liabilities	-	84,113	84,113
Other liabilities	<u>16,333</u>	<u>1,229</u>	<u>17,562</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (3,626,570)</u></u>	<u><u>\$ (246,783)</u></u>	<u><u>\$ (3,873,353)</u></u>

See notes to financial statements.

Fiduciary Funds

Agency Fund

Agency Funds are established to account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others.

Agency Funds represent monies held in escrow from developers in the City.

CITY OF NASHUA, NEW HAMPSHIRE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2019</u>
<u>Developer Escrows</u>				
Assets - cash and short-term investments	\$ <u>286,030</u>	\$ <u>159,557</u>	\$ <u>(82,867)</u>	\$ <u>362,720</u>
Total Assets	\$ <u><u>286,030</u></u>	\$ <u><u>159,557</u></u>	\$ <u><u>(82,867)</u></u>	\$ <u><u>362,720</u></u>
Liabilities - escrow deposits	\$ 264,346	\$ 259,176	\$ (195,191)	\$ 328,331
Liabilities - due to external parties	<u>21,684</u>	<u>341,200</u>	<u>(328,495)</u>	<u>34,389</u>
Total Liabilities	\$ <u><u>286,030</u></u>	\$ <u><u>600,376</u></u>	\$ <u><u>(523,686)</u></u>	\$ <u><u>362,720</u></u>

CITY OF NASHUA, NEW HAMPSHIRE

STATISTICAL SECTION

The City of Nashua 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.

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	182
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	188
<i>Debt Capacity</i> 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.	194
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	197
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	199

City of Nashua, New Hampshire

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019
Governmental Activities										
Net investment in capital assets	\$ 103,436,163	\$ 111,077,357	\$ 119,796,245	\$ 133,385,506	\$ 139,619,179	\$ 158,392,742	\$ 180,254,617	\$ 189,557,227	\$ 204,799,330	\$ 216,707,625
Restricted	21,611,710	24,687,379	24,925,380	32,456,683	43,985,208	35,756,406	29,482,972	32,793,067	33,289,682	40,381,571
Unrestricted	43,639,686	35,368,271	41,041,536	30,724,278	28,043,671	(154,754,432)	(156,261,032)	(172,627,360)	(221,732,030)	(233,172,889)
Total governmental activities net position	168,687,559	171,133,007	185,763,161	196,566,467	211,648,058	39,394,716	53,476,557	49,722,934	16,356,982	23,916,307
Business-type Activities										
Net investment in capital assets	99,864,775	102,157,830	105,608,828	105,525,905	93,304,028	94,936,719	95,928,488	101,398,038	97,329,930	103,191,712
Restricted	3,773,376	3,972,974	3,863,829	4,270,548	4,472,662	4,473,789	4,953,019	5,216,670	6,223,823	6,597,212
Unrestricted	(5,306,300)	(6,555,882)	(8,272,538)	(6,549,015)	6,653,484	2,348,049	1,257,219	(3,430,629)	1,952,490	(2,194,866)
Total business-type activities net position	98,331,851	99,574,922	101,200,119	103,247,438	104,430,174	101,758,557	102,138,726	103,184,079	105,506,243	107,594,058
Primary Government										
Net investment in capital assets	203,300,938	213,235,187	225,405,073	238,911,411	232,923,207	253,329,461	276,183,105	290,955,265	302,129,260	319,899,337
Restricted	25,385,086	28,660,353	28,789,209	36,727,231	48,457,870	40,230,195	34,435,991	38,009,737	39,513,505	46,978,781
Unrestricted	38,333,386	28,812,389	32,768,998	24,175,263	34,697,155	(152,406,383)	(155,003,813)	(176,057,989)	(219,779,540)	(235,367,755)
Total primary government net position	\$ 267,019,410	\$ 270,707,929	\$ 286,963,280	\$ 299,813,905	\$ 316,078,232	\$ 141,153,273	\$ 155,615,283	\$ 152,907,013	\$ 121,863,225	\$ 131,510,363

Data Source:

Audited Financial Statements

Notes:

⁽¹⁾ In FY2015, the City's beginning net position as of July 1, 2014 was restated for the implementation of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*.

⁽²⁾ In FY2018, the City's beginning net position as of July 1, 2017 was restated for the implementation of Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Other Post Employment Benefits*.

City of Nashua, New Hampshire

Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 20,288,378	\$ 22,129,077	\$ 22,497,654	\$ 22,777,079	\$ 24,632,593	\$ 25,054,260	\$ 25,209,128	\$ 27,916,812	\$ 29,087,312	\$ 32,348,880
Police	27,426,675	28,223,669	27,563,038	27,321,535	28,778,248	30,448,888	30,929,494	35,886,974	35,258,730	38,376,236
Fire	21,026,095	22,111,191	21,696,948	21,094,654	21,098,266	22,657,301	23,741,032	27,710,416	26,374,113	26,981,791
Water Fire Protection Services	2,152,983	2,471,096	2,611,535	2,591,814	2,576,767	2,607,342	2,646,887	2,681,492	2,869,869	2,956,563
Education	143,489,872	150,017,895	146,755,939	149,765,273	153,294,183	153,499,901	156,246,648	169,485,517	169,231,339	173,171,018
Public Works	10,030,585	10,792,781	11,378,882	10,644,976	11,330,904	11,816,177	12,264,049	13,190,525	12,299,594	12,593,588
Health and Human Services	4,065,289	3,964,857	3,217,342	3,137,470	3,235,196	3,271,988	3,190,488	3,336,193	3,207,058	3,501,269
Culture and Recreation	7,929,703	8,156,558	7,593,302	7,181,489	7,166,496	7,123,288	7,231,779	7,899,430	7,538,581	8,024,166
Community Development	9,156,255	7,375,291	7,165,410	9,266,113	10,179,583	7,580,687	8,620,194	8,356,340	8,279,260	9,885,193
Communications	1,114,063	1,152,961	1,170,742	515,783	630,134	526,204	540,143	828,663	1,379,479	1,054,961
Hydroelectric	-	-	-	-	-	-	164,023	346,390	597,861	751,931
Interest, costs and amortization ⁽¹⁾	5,612,006	5,220,526	5,279,022	13,927,637	13,232,729	13,650,683	13,739,466	11,915,120	12,836,345	12,428,861
Intergovernmental ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	252,291,904	261,615,902	256,929,814	268,223,823	276,155,099	278,236,719	284,523,331	309,553,872	308,959,541	322,074,457
Business-type activities:										
Wastewater services	10,770,142	11,082,780	10,840,594	10,897,541	11,548,040	12,931,195	13,460,701	13,158,556	14,276,433	15,183,762
Solid waste services	6,177,791	5,277,700	5,554,950	6,730,422	6,023,797	6,766,342	6,533,084	6,690,214	7,098,224	7,286,191
Total business-type activities expenses	16,947,933	16,360,480	16,395,544	17,627,963	17,571,837	19,697,537	19,993,785	19,848,770	21,374,657	22,469,953
Total primary government expense:	\$ 269,239,837	\$ 277,976,382	\$ 273,325,358	\$ 285,851,786	\$ 293,726,936	\$ 297,934,256	\$ 304,517,116	\$ 329,402,642	\$ 330,334,198	\$ 344,544,410
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 3,153,839	\$ 5,585,985	\$ 1,822,436	\$ 2,478,975	\$ 3,112,192	\$ 685,849	\$ 538,460	\$ 2,177,399	\$ 4,023,809	\$ 2,893,210
Police	1,096,769	1,399,425	931,703	747,150	1,050,173	1,026,770	972,912	1,254,913	1,149,458	1,142,259
Fire	85,145	98,393	95,041	131,744	114,823	105,110	101,673	121,971	97,189	99,068
Education	3,962,169	4,277,635	3,860,116	3,529,902	3,206,524	3,180,186	3,309,792	3,234,910	3,246,307	3,331,855
Public Works	797,022	732,071	841,118	527,491	480,655	499,116	529,297	517,712	895,996	908,837
Health and Human Services	189,391	186,295	188,493	165,273	170,721	161,729	167,592	172,563	173,166	180,333
Culture and Recreation	632,545	904,781	580,426	685,656	783,194	486,871	347,096	937,266	815,812	944,283
Community Development	1,068,159	1,118,703	1,389,901	1,467,693	1,705,084	1,525,076	1,580,857	1,647,744	1,501,588	1,553,672
Hydroelectric	-	-	-	-	-	-	210,793	436,813	1,250,101	1,755,223
Total charges for services	10,985,039	14,303,288	9,709,234	9,733,884	10,641,827	7,652,246	7,758,472	10,501,291	13,153,426	12,808,740
Operating grants and contributions	65,039,056	63,121,867	61,098,263	63,830,475	63,496,397	64,217,133	64,494,438	63,241,241	63,751,085	67,164,696
Capital grants and contributions	5,823,681	4,278,212	8,473,140	9,255,920	15,561,488	19,443,198	11,047,038	8,655,967	11,724,485	10,191,698
Total governmental activities program revenues	81,847,776	81,703,367	79,280,637	82,820,279	89,699,712	91,312,577	83,299,948	82,398,499	88,628,996	90,165,134
Business-type activities:										
Wastewater services	8,969,303	8,762,187	10,182,311	10,208,509	10,849,984	11,804,073	11,631,724	12,377,696	13,394,083	13,384,020
Solid Waste services	2,588,522	2,640,001	2,393,635	2,744,245	2,632,259	2,800,729	3,415,207	3,530,241	4,767,621	4,423,119
Total charges for services	11,557,825	11,402,188	12,575,946	12,952,754	13,482,243	14,604,802	15,046,931	15,907,937	18,161,704	17,807,139
Capital grants and contributions	1,458,288	776,358	1,255,104	696,256	526,173	460,422	413,223	762,890	855,412	591,095
Total business-type activities program revenues	13,016,113	12,178,546	13,831,050	13,649,010	14,008,416	15,065,224	15,460,154	16,670,827	19,017,116	18,398,234
Total primary government program revenue	\$ 94,863,889	\$ 93,881,913	\$ 93,111,687	\$ 96,469,289	\$ 103,708,128	\$ 106,377,801	\$ 98,760,102	\$ 99,069,326	\$ 107,646,112	\$ 108,563,368
Net (Expenses) Revenue										
Governmental activities	\$ (170,444,128)	\$ (179,912,535)	\$ (177,649,177)	\$ (185,403,544)	\$ (186,455,387)	\$ (186,924,142)	\$ (201,223,383)	\$ (227,155,373)	\$ (220,330,545)	\$ (231,909,323)
Business-type activities	(3,931,820)	(4,181,934)	(2,564,494)	(3,978,953)	(3,563,421)	(4,632,313)	(4,533,631)	(3,177,943)	(2,357,541)	(4,071,719)
Total Primary government net expense:	\$ (174,375,948)	\$ (184,094,469)	\$ (180,213,671)	\$ (189,382,497)	\$ (190,018,808)	\$ (191,556,455)	\$ (205,757,014)	\$ (230,333,316)	\$ (222,688,086)	\$ (235,981,042)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property tax	\$ 163,353,082	\$ 169,333,116	\$ 174,911,173	\$ 179,660,929	\$ 183,226,901	\$ 189,294,796	\$ 194,040,451	\$ 200,936,953	\$ 207,031,735	\$ 214,534,934
Auto permits	10,427,551	10,347,555	11,077,345	11,422,224	12,352,468	13,157,966	14,310,889	14,816,739	15,255,808	15,982,066
Penalties, interest and other taxes	1,512,934	1,535,805	1,425,762	1,600,906	1,555,955	1,466,734	1,907,231	1,688,167	1,798,343	2,083,974
Grants and contributions not restricted to specific programs	3,971,032	4,720,761	5,599,971	5,453,477	4,890,823	5,957,113	5,038,876	5,590,537	5,720,113	6,470,744
Investment income	1,262,208	422,349	1,297,950	1,042,839	1,356,452	1,771,712	1,164,879	1,094,638	1,494,164	3,675,711
Miscellaneous	1,067,955	1,023,290	1,410,241	2,273,681	2,233,187	3,098,340	3,002,462	2,782,994	1,037,463	887,431
Permanent fund contributions	109,227	152,443	100,140	78,349	70,555	68,585	93,972	93,265	92,362	111,109
Transfers, net	(3,975,592)	(5,177,336)	(3,543,251)	(5,385,555)	(4,149,363)	(4,300,133)	(4,253,536)	(3,601,543)	(3,877,315)	(4,277,321)
Total governmental activities	177,728,397	182,357,983	192,279,331	196,206,850	201,536,978	208,921,113	215,305,224	223,401,750	228,552,673	239,468,648
Business-type activities:										
Grants and contributions not restricted to specific programs	230,507	214,895	610,336	618,567	581,824	540,023	621,536	525,105	1,308,208	1,289,177
Investment income	48,029	32,774	36,104	22,150	14,970	5,349	38,728	96,648	254,088	593,036
Transfers, net	3,975,592	5,177,336	3,543,251	5,385,555	4,149,363	4,300,133	4,253,536	3,601,543	3,877,315	4,277,321
Total business-type activities	4,254,128	5,425,005	4,189,691	6,026,272	4,746,157	4,845,505	4,913,800	4,223,296	5,439,611	6,159,534
Total primary government	\$ 181,982,525	\$ 187,782,988	\$ 196,469,022	\$ 202,233,122	\$ 206,283,135	\$ 213,766,618	\$ 220,219,024	\$ 227,625,046	\$ 233,992,284	\$ 245,628,182
Change in Net Position										
Governmental activities	\$ 7,284,269	\$ 2,445,448	\$ 14,630,154	\$ 10,803,306	\$ 15,081,591	\$ 21,996,971	\$ 14,081,841	\$ (3,753,623)	\$ 8,222,128	\$ 7,559,325
Business-type activities	322,308	1,243,071	1,625,197	2,047,319	1,182,736	213,192	380,169	1,045,353	3,082,070	2,087,815
Total primary government	\$ 7,606,577	\$ 3,688,519	\$ 16,255,351	\$ 12,850,625	\$ 16,264,327	\$ 22,210,163	\$ 14,462,010	\$ (2,708,270)	\$ 11,304,198	\$ 9,647,140
Data Source: Audited Financial Statements										
Notes: ⁽¹⁾ Beginning in FY13, interest, costs and amortization includes the amortization of the investment in Pennichuck Corporation.										

City of Nashua, New Hampshire

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 184,062	\$ 225,671	\$ 226,123	\$ 214,361	\$ 214,361	\$ 191,877	\$ 173,710	\$ 173,710	\$ 488,116	\$ 488,116
Committed	16,685,057	13,851,725	13,352,749	11,834,058	12,342,869	9,051,500	9,326,543	8,754,406	13,044,794	17,456,560
Assigned	6,550,000	5,950,000	9,738,926	8,907,711	11,009,824	9,677,264	10,523,462	13,444,947	12,157,462	12,876,332
Unassigned	26,560,824	25,540,287	25,940,691	26,570,103	27,350,130	27,729,910	28,021,501	28,338,600	29,110,930	30,039,098
Total General Fund	<u>\$ 49,979,943</u>	<u>\$ 45,567,683</u>	<u>\$ 49,258,489</u>	<u>\$ 47,526,233</u>	<u>\$ 50,917,184</u>	<u>\$ 46,650,551</u>	<u>\$ 48,045,216</u>	<u>\$ 50,711,663</u>	<u>\$ 54,801,302</u>	<u>\$ 60,860,106</u>
Other Governmental Funds										
Nonspendable	\$ 14,429,616	\$ 17,497,014	\$ 16,380,114	\$ 16,751,522	\$ 18,477,710	\$ 20,304,610	\$ 19,974,564	\$ 21,522,571	\$ 23,007,283	\$ 23,283,735
Restricted	3,899,609	5,106,464	11,785,274	12,327,951	20,633,754	26,041,685	13,510,027	16,651,715	14,322,842	15,706,890
Committed	8,733,406	7,740,332	9,063,280	10,160,993	10,193,612	12,915,004	12,225,319	12,708,583	13,145,852	16,470,657
Unassigned	(1,728,518)	(491,584)	(947,259)	(224)	(851,798)	(1,304,664)	(1,700,000)	(1,702,414)	(6,551,434)	(7,558,399)
Total Other Governmental Funds	<u>\$ 25,334,113</u>	<u>\$ 29,852,226</u>	<u>\$ 36,281,409</u>	<u>\$ 39,240,242</u>	<u>\$ 48,453,278</u>	<u>\$ 57,956,635</u>	<u>\$ 44,009,910</u>	<u>\$ 49,180,455</u>	<u>\$ 43,924,543</u>	<u>\$ 47,902,883</u>

Data Source:

Audited Financial Statements

City of Nashua, New Hampshire

Change in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property taxes	\$ 162,964,723	\$ 169,105,924	\$ 174,375,557	\$ 179,815,669	\$ 183,788,788	\$ 189,370,011	\$ 194,047,755	\$ 199,050,957	\$ 206,445,881	\$ 213,927,013
Licenses and Permits ⁽¹⁾	11,311,752	11,200,038	11,805,705	12,794,538	13,867,699	14,538,140	15,757,256	16,354,790	16,634,864	17,474,925
Penalties, interest and other taxes	1,447,191	1,471,786	1,425,762	1,660,906	1,555,955	1,466,734	1,907,231	1,688,167	1,798,343	2,083,974
Charges for services	7,324,028	7,888,220	7,813,660	5,973,297	6,022,688	5,872,118	6,258,235	6,768,517	6,537,798	6,172,397
Intergovernmental	74,194,941	71,166,117	66,239,007	67,730,460	73,373,088	78,695,688	69,787,963	66,429,861	69,956,923	70,469,165
Investment income	2,833,498	4,168,180	1,812,632	2,769,585	4,192,046	254,684	922,649	2,988,313	3,579,260	4,441,193
Contributions	510,942	460,903	7,068,853	9,323,019	9,364,136	9,471,751	10,247,890	9,583,563	10,197,512	11,564,288
Hydroelectric power generation	-	-	-	-	-	-	-	436,813	1,250,101	1,755,223
Cable TV franchise fees	1,041,465	1,108,954	1,145,886	1,202,354	1,216,960	1,302,789	1,555,757	1,486,576	1,430,865	1,344,611
Miscellaneous	459,315	490,415	990,630	1,240,986	1,282,603	2,067,816	1,687,685	1,124,623	1,181,237	1,857,772
Total revenues	262,087,855	267,060,537	272,677,692	282,510,814	294,663,963	303,039,731	302,172,421	305,912,180	319,012,784	331,090,561
Expenditures by Function										
General government ⁽²⁾	55,969,477	60,784,069	63,115,094	62,840,355	14,444,055	14,325,858	14,428,240	16,361,566	15,981,751	15,920,715
Public safety	35,144,492	37,093,411	34,474,733	34,242,016	48,920,203	55,413,117	53,494,202	54,789,614	58,552,665	59,263,973
Water supply/hydrants	2,152,983	2,471,096	2,611,535	2,591,814	2,576,767	2,607,342	2,646,887	2,681,492	2,869,869	2,956,563
Education	110,680,934	113,933,265	118,234,670	114,855,962	150,005,656	155,393,270	162,136,297	156,632,041	159,132,186	163,239,626
Public Works	11,766,925	10,100,177	11,822,833	15,807,593	24,212,322	32,002,905	33,627,376	15,182,696	15,659,968	25,016,782
Health and human services	3,328,537	3,141,990	2,595,897	2,601,117	3,191,206	3,300,614	3,402,629	3,192,830	3,082,118	3,346,664
Culture and recreation	5,357,914	5,725,091	5,581,693	5,400,579	6,753,340	6,965,269	7,584,864	8,094,970	7,386,324	7,489,494
Community development	9,495,558	7,942,209	6,607,068	7,610,838	11,429,576	6,976,564	8,549,603	7,649,824	14,761,235	10,483,003
Communications	285,390	289,648	364,299	1,980,823	1,454,151	3,680,775	1,672,699	1,030,784	638,803	558,299
Hydroelectric	-	-	-	-	-	-	164,023	4,032,866	1,138,081	911,961
Debt service										
Principal	12,221,828	11,924,348	12,259,833	16,364,611	16,496,389	16,365,778	16,553,750	15,535,000	14,990,000	15,093,000
Interest	5,892,249	5,455,421	5,796,412	10,308,650	10,209,365	10,450,189	10,393,660	10,211,172	10,182,947	9,756,438
Intergovernmental	9,367,968	9,416,623	9,569,306	9,420,187	9,763,895	10,383,051	11,020,217	11,477,790	11,820,795	12,034,578
Total expenditures	261,664,255	268,277,348	273,033,373	284,024,545	299,456,925	317,864,732	325,674,447	306,872,645	316,196,742	326,071,096
Excess of revenues										
Over (under) expenditures	423,600	(1,216,811)	(355,681)	(1,513,731)	(4,792,962)	(14,825,001)	(23,502,026)	(960,465)	2,816,042	5,019,465
Other Financing Sources (Uses)										
Issuance of bonds	-	6,000,000	164,030,000	7,136,000	19,480,000	21,888,749	14,010,500	12,308,000	-	9,650,000
Issuance of refunding bonds	-	-	-	-	-	4,760,000	27,164,500	-	-	-
Pennichuck acquisition	-	-	(150,011,079)	-	-	-	-	-	-	-
Bond premiums	-	-	-	1,054,848	2,068,011	2,488,519	1,369,723	196,000	-	750,000
Bond premiums on refunding bonds	-	-	-	-	-	610,993	1,943,902	-	-	-
Payment to refunded escrow agent	-	-	-	-	-	(5,386,403)	(29,180,123)	-	-	-
Transfers in	6,045,974	3,907,733	2,649,793	4,087,955	1,041,003	2,256,555	2,087,353	3,165,805	1,577,295	2,353,383
Transfers out	(8,721,566)	(8,585,069)	(6,193,044)	(9,538,495)	(5,192,065)	(6,556,688)	(6,445,889)	(6,872,348)	(5,559,610)	(7,735,704)
Total other financing sources (uses)	(2,675,592)	1,322,664	10,475,670	2,740,308	17,396,949	20,061,725	10,949,966	8,797,457	(3,982,315)	5,017,679
Net Change in Fund Balances	\$ (2,251,992)	\$ 105,853	\$ 10,119,989	\$ 1,226,577	\$ 12,603,987	\$ 5,236,724	\$ (12,552,060)	\$ 7,836,992	\$ (1,166,273)	\$ 10,037,144
Debt Service as a percentage of non-capital outlay expenditures	7.24%	6.80%	7.12%	10.07%	9.83%	9.65%	9.50%	9.07%	8.58%	8.26%
Data Source:	Audited Financial Statements									
Notes:										
⁽¹⁾ Includes Auto Permits.										
⁽²⁾ Includes City-wide employee health and pension benefits through FY13. Beginning in FY14 employee health and pension benefits are allocated from General Government to applicable departments/divisions.										

City of Nashua, New Hampshire

Expenditures and Other Financing Uses by Department and Budget Category, General Fund

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenditures and Other Financing Uses by Department										
Financial Services	\$ 2,878,399	\$ 3,771,283	\$ 2,785,087	\$ 2,767,961	\$ 3,622,100	\$ 3,891,072	\$ 3,711,551	\$ 3,946,503	\$ 4,100,341	\$ 4,331,422
Information Technology	1,230,025	1,459,019	1,534,232	2,031,718	2,334,058	2,441,848	2,621,375	2,621,174	2,672,404	2,683,646
General Government ⁽¹⁾	49,966,148	51,667,255	54,103,026	54,753,971	7,261,566	7,102,983	7,334,142	7,476,045	7,539,267	8,155,316
Police	18,343,212	19,165,600	17,753,964	17,954,600	26,394,497	29,200,580	28,584,029	29,198,947	30,449,350	31,643,935
Fire	15,211,313	16,203,772	14,148,512	14,312,925	20,534,919	21,920,727	22,180,905	22,810,279	24,279,282	24,580,117
Water Supply/Hydrants	2,152,983	2,471,096	2,611,535	2,591,814	2,576,767	2,607,342	2,646,887	2,681,492	2,869,869	2,956,563
Community Health and Welfare	1,966,721	1,894,004	1,673,763	1,755,105	2,178,171	2,192,487	2,259,909	2,066,913	2,101,913	2,181,326
Street Department	7,278,181	6,856,012	6,891,075	8,556,496	8,262,774	9,985,150	7,828,905	7,331,846	6,612,874	8,659,582
Parks and Recreation	2,741,007	3,015,085	2,767,434	2,862,915	3,373,369	3,681,695	3,592,263	3,821,450	3,844,024	3,721,681
Other Public Works	2,406,616	2,515,392	2,340,871	1,847,306	2,163,812	2,225,745	2,433,332	2,195,594	2,417,542	2,310,700
Community Development Division	1,461,688	1,445,969	1,545,458	1,416,358	1,993,206	2,116,217	2,035,767	2,288,038	2,445,154	2,768,377
Public Libraries	2,293,340	2,295,731	2,320,114	2,195,853	2,959,337	2,914,767	3,030,523	2,975,120	3,102,268	3,184,726
Communications	285,390	289,648	280,075	425,232	302,102	299,615	300,515	293,524	514,449	479,209
Hydroelectric	-	-	-	-	-	-	164,023	255,514	727,710	911,961
Transfers Out	5,916,468	6,301,394	4,231,574	6,450,979	4,685,182	5,226,209	5,264,158	4,546,835	4,948,805	6,719,490
Total City Departments	114,131,491	119,351,260	114,986,720	119,923,233	88,641,860	95,806,437	93,988,284	94,509,274	98,625,252	105,288,051
Education (includes transfers out)	92,619,046	93,588,224	93,475,962	97,637,607	130,325,123	133,844,372	136,164,461	139,291,004	143,866,888	146,757,826
Debt service										
Principal	12,161,828	11,864,348	12,199,833	12,914,611	13,186,389	13,025,778	13,168,934	12,105,000	11,500,000	11,530,000
Interest	5,851,245	5,416,517	5,200,837	4,897,909	4,664,660	4,938,213	4,921,776	4,794,290	4,828,818	4,478,722
Total Debt Service	18,013,073	17,280,865	17,400,670	17,812,520	17,851,049	17,963,991	18,090,710	16,899,290	16,328,818	16,008,722
Intergovernmental	9,367,968	9,416,623	9,569,306	9,420,187	9,763,895	10,383,051	11,020,217	11,477,790	11,820,795	12,034,578
Total expenditures (includes transfers out)	\$ 234,131,578	\$ 239,636,972	\$ 235,432,659	\$ 244,793,547	\$ 246,581,927	\$ 257,997,851	\$ 259,263,672	\$ 262,177,358	\$ 270,641,753	\$ 280,089,177
Expenditures as a percentage of total										
City Departments	48.7%	49.8%	48.8%	49.0%	35.9%	37.1%	36.3%	36.0%	36.4%	37.6%
Education	39.6%	39.1%	39.7%	39.9%	52.9%	51.9%	52.5%	53.1%	53.2%	52.4%
Debt service	7.7%	7.2%	7.4%	7.3%	7.2%	7.0%	7.0%	6.4%	6.0%	5.7%
Intergovernmental	4.0%	3.9%	4.1%	3.8%	4.0%	4.0%	4.3%	4.4%	4.4%	4.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expenditure Percentage Change										
City Departments	1.8%	4.6%	-3.7%	4.3%	-26.1%	8.1%	-1.9%	-1.4%	2.9%	12.0%
Education	-1.6%	1.0%	-0.1%	4.5%	33.5%	2.7%	1.7%	4.1%	7.5%	7.8%
Debt service	-2.3%	-4.1%	0.7%	2.4%	0.2%	0.6%	0.7%	-5.9%	-9.1%	-11.5%
Intergovernmental	-1.9%	0.5%	1.6%	-1.6%	3.6%	6.3%	6.1%	10.5%	13.8%	9.2%
Total	0.0%	2.4%	-1.8%	4.0%	0.7%	4.6%	0.5%	1.6%	4.9%	8.0%

Data Source:
Audited internal City of Nashua Financial Statements and Audited Financial Statements

Notes:

⁽¹⁾ Includes City-wide employee health and pension benefits through FY13. Beginning in FY14 employee health and pension benefits are allocated from General Government to applicable departments/divisions.

City of Nashua, New Hampshire

Combined Enterprise Funds Revenue, Expenses, Other Financing Sources and Uses and Change in Total Fund Net Position
Last Ten Fiscal Years

Fiscal Year	Revenue and Other Financing Sources					Expenses & Other Financing Uses					Increase (Decrease) Total Net Position ⁽¹⁾	Contributed Capital	Total Net Position
	Intergovernmental	Charges for Services	Other	Transfers In	Total	Operations & Maintenance	Depreciation	Interest Expense	Transfers Out	Total			
2019	\$ 1,289,177	\$ 17,459,020	\$ 348,119	\$ 4,382,321	\$ 23,478,637	\$ 12,960,123	\$ 7,919,613	\$ 1,548,448	\$ 105,000	\$ 22,533,184	\$ 1,496,720	\$ 591,095	\$ 107,594,058
2018	1,308,208	17,921,082	240,622	3,982,315	23,452,227	12,451,336	7,455,547	1,462,493	105,000	21,474,376	2,226,658	855,412	105,506,243
2017	525,105	15,673,578	234,359	3,706,543	20,139,585	10,992,070	7,314,250	1,534,482	105,000	19,945,802	282,463	762,890	103,184,079
2016	621,536	14,738,388	308,543	4,358,536	20,027,003	10,968,774	7,177,418	1,817,527	105,000	20,068,719	(33,054)	413,223	102,138,726
2015	540,023	14,284,435	325,716	4,355,133	19,505,307	11,396,186	6,707,836	1,593,515	-	19,752,537	(3,132,039)	460,422	101,758,557
2014	581,824	13,246,142	251,071	4,149,363	18,228,400	10,243,280	6,211,677	1,116,880	-	17,571,837	656,563	526,173	104,430,174
2013	618,567	12,732,254	242,650	5,385,555	18,979,026	10,134,405	6,258,987	1,234,571	-	17,627,963	1,351,063	696,256	103,247,438
2012	809,505	12,343,860	268,190	3,543,251	16,964,806	9,112,439	5,846,516	1,436,589	-	16,395,544	569,262	1,055,935	101,200,119
2011	764,434	11,031,678	403,284	5,177,336	17,376,732	9,043,390	5,677,492	1,639,598	-	16,360,480	1,016,252	226,819	99,574,922
2010	1,394,420	11,310,759	295,095	3,985,092	16,985,366	9,902,650	5,874,516	1,170,767	-	16,957,433	27,933	294,375	98,331,851

Includes Wastewater and Solid Waste fund:

Wastewater Fund Revenue, Expenditures, Other Financing Sources and Uses and Change in Fund Equity
Last Ten Fiscal Years

Fiscal Year	Revenue and Other Financing Sources					Expenses & Other Financing Uses					Increase (Decrease) Total Net Position ⁽¹⁾	Contributed Capital	Total Net Position
	Intergovernmental	Charges for Services	Other	Transfers In	Total	Operations & Maintenance	Depreciation	Interest Expense	Transfers Out	Total			
2019	\$ 1,134,345	\$ 13,378,596	\$ 5,424	\$ -	\$ 14,518,365	\$ 7,921,117	\$ 5,940,135	\$ 1,322,510	\$ 105,000	\$ 15,288,762	\$ (473,280)	\$ 591,095	\$ 103,379,326
2018	1,115,199	13,394,083	-	-	14,509,282	7,385,978	5,648,557	1,236,617	105,000	14,376,152	298,550	855,412	103,261,511
2017	328,393	12,374,250	3,446	-	12,706,089	6,343,217	5,520,774	1,294,565	105,000	13,263,556	(492,319)	762,890	102,563,067
2016	421,121	11,562,724	69,000	-	12,052,845	6,497,886	5,404,702	1,552,114	105,000	13,559,702	(1,485,797)	413,223	102,292,496
2015	331,785	11,727,364	80,843	-	12,139,992	6,701,574	4,993,740	1,235,881	55,000	12,986,195	(2,468,908)	460,422	103,365,070
2014	373,201	10,849,064	4,112	-	11,226,377	6,300,878	4,468,223	778,939	-	11,548,040	(321,663)	526,173	105,373,556
2013	190,843	10,197,610	14,089	-	10,402,542	5,734,690	4,562,988	599,863	-	10,897,541	(494,999)	677,133	105,169,046
2012	199,169	10,161,716	31,258	-	10,392,143	5,697,549	4,401,079	741,966	-	10,840,594	(448,451)	930,935	104,986,912
2011	549,539	8,762,187	12,170	10,550	9,334,446	5,881,704	4,319,104	881,972	-	11,082,780	(1,748,334)	226,819	104,504,428
2010	1,163,913	8,969,303	18,992	-	10,152,208	5,987,223	4,438,309	344,610	9,500	10,779,642	(627,434)	294,375	106,025,943

Solid Waste Fund Revenue, Expenditures, Other Financing Sources and Uses and Change in Fund Equity
Last Ten Fiscal Years

Fiscal Year	Revenue and Other Financing Sources					Expenses & Other Financing Uses					Increase (Decrease) Total Net Position ⁽¹⁾	Contributed Capital	Total Net Position
	Intergovernmental	Charges for Services	Other	Transfers In	Total	Operations & Maintenance	Depreciation	Interest Expense	Transfers Out	Total			
2019	\$ 154,832	\$ 4,080,424	\$ 342,695	\$ 4,382,321	\$ 8,960,272	\$ 5,039,006	\$ 1,979,478	\$ 225,938	\$ -	\$ 7,244,422	\$ 1,970,000	\$ -	\$ 4,214,732
2018	193,009	4,526,999	240,622	3,982,315	8,942,945	5,065,358	1,806,990	225,876	-	7,098,224	1,928,108	-	2,244,732
2017	196,712	3,299,328	230,913	3,706,543	7,433,496	4,648,853	1,793,476	239,917	-	6,682,246	774,782	-	621,012
2016	200,415	3,175,664	239,543	4,358,536	7,974,158	4,470,888	1,772,716	265,413	-	6,509,017	1,452,743	-	(153,770)
2015	208,238	2,557,071	244,873	4,355,133	7,365,315	4,694,612	1,714,096	357,634	-	6,766,342	(663,131)	-	(1,606,513)
2014	208,623	2,397,078	246,959	4,149,363	7,002,023	3,942,402	1,743,454	337,941	-	6,023,797	978,226	-	(943,382)
2013	427,724	2,534,644	228,561	5,385,555	8,576,484	4,399,715	1,695,999	634,708	-	6,730,422	1,846,062	19,123	(1,921,608)
2012	610,336	2,182,144	236,932	3,543,251	6,572,663	3,414,890	1,445,437	694,623	-	5,554,950	1,017,713	125,000	(3,786,793)
2011	214,895	2,269,491	391,114	5,166,786	8,042,286	3,161,686	1,358,388	757,626	-	5,277,700	2,764,586	-	(4,929,506)
2010	230,507	2,341,456	276,103	3,985,092	6,833,158	3,915,427	1,436,207	826,157	-	6,177,791	655,367	-	(7,694,092)

Data Source:
Audited Financial Statements

Notes:

⁽¹⁾ Due to the implementation of GASB 68, the restatement of Net Position is not applied to FY2014, but rather to the Total Net Position Increase/(Decrease) in FY2015.

City of Nashua, New Hampshire

General Government Tax Revenues by Source Last Ten Fiscal Years

Fiscal Year	Property Taxes	Current Use Penalties	Yield Tax	Railroad Tax	Payment in Lieu of Tax	Excavation Tax	Tax Interest & Penalties	Total
2019	\$ 213,926,086	\$ 800	\$ 127	\$ 3,913	\$ 377,032	\$ -	\$ 1,298,627	\$ 215,606,585
2018	206,442,742	-	3,139	5,523	368,657	93	1,047,557	207,867,711
2017	198,849,235	200,000	1,722	-	365,141	-	905,001	200,321,099
2016	194,035,434	8,960	3,361	7,449	332,982	-	1,190,420	195,578,606
2015	189,118,341	251,000	670	3,500	325,289	-	774,951	190,473,751
2014	183,735,667	48,000	5,121	6,409	234,523	-	914,147	184,943,867
2013	179,452,907	372,500	2,032	407	429,355	-	836,626	181,093,827
2012	174,426,233	770	4,651	4,096	119,273	389	843,508	175,398,919
2011	169,572,998	92,890	2,654	7,172	130,243	1,041	787,463	170,594,460
2010	163,664,814	45,000	2,052	12,175	111,386	115	771,023	164,606,565

Data Source:
Audited Internal Financial Statements

City of Nashua, New Hampshire

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Property Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Lien Amount Balance at Fiscal Year End of Levy Year	Subsequent Tax lien Collections	Balance at end of Current Fiscal year	Total Collections to Date		Number of Parcels		
		Amount	% of Levy				Amount	% of Levy	in Levy	Liened	% Liened
2019	\$ 216,415,678	\$ 213,880,141	98.8 %	\$ 2,535,538	\$ 1,117,469	\$ 1,418,069	\$ 214,997,610	99.3 %	28,303	544	1.9 %
2018	208,199,062	206,302,511	99.1	1,896,551	401,337	1,495,214	206,703,848	99.3	27,893	555	2.0
2017	201,217,434	198,956,780	98.9	2,260,654	411,021	1,849,633	199,367,801	99.1	28,276	578	2.0
2016	196,246,981	194,196,552	99.0	2,050,429	447,706	1,602,726	194,644,258	99.2	28,226	629	2.2
2015	190,747,374	188,473,339	98.8	2,274,035	461,585	1,812,450	188,934,924	99.0	28,173	632	2.2
2014	185,563,420	183,499,092	98.9	2,064,328	312,751	1,751,577	183,811,843	99.1	28,082	640	2.3
2013	181,191,086	178,655,327	98.6	2,535,759	350,811	2,184,948	179,006,138	98.8	28,072	601	2.1
2012	180,052,101	177,497,774	98.6	2,554,327	376,603	2,177,724	177,874,377	98.8	28,010	685	2.4
2011	170,706,403	168,303,403	98.6	2,403,000	539,882	1,863,350	168,843,285	98.9	27,992	671	2.4
2010	165,010,958	162,496,172	98.5	2,514,786	359,829	2,154,957	162,856,001	98.7	27,983	741	2.6

Data Source:

Audited Internal Financial Statements, Property Tax Warrants and Reports of Tax Lien Executions

Notes:

Once a lien is executed a taxpayer has 2 years and 1 day to redeem the taxes before a deed may be executed.

City of Nashua, New Hampshire

Assessed and Estimated Full Value of Real Property

Last Ten Fiscal Years

Fiscal Year	Local Assessed Value ⁽¹⁾			Total Assessed Value	Less Exemptions to Assessed Value ⁽¹⁾	Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate per \$1,000 of Assessed Value	Estimated Full Value ⁽²⁾	Ratio of Total Assessed Value to Total Estimated Full Value
	Residential	Commercial/Industrial	Utilities						
2019	\$ 6,710,042,204	\$ 3,353,611,930	\$ 396,915,688	\$ 10,460,569,822	\$ 151,131,343	\$ 10,309,438,479	\$ 20.04	\$ 10,982,386,438	95.2 %
2018	5,325,000,474	2,683,933,180	278,113,204	8,287,046,858	138,569,243	8,148,477,615	24.34	10,483,845,142	79.0
2017	5,293,016,454	2,674,969,959	278,114,700	8,246,101,113	135,463,827	8,110,637,286	23.65	9,622,829,137	85.7
2016	5,256,667,912	2,680,620,863	276,340,700	8,213,629,475	126,697,477	8,086,931,998	23.17	9,162,709,894	89.6
2015	5,232,018,998	2,650,084,562	267,676,980	8,149,780,540	129,962,577	8,019,817,963	22.76	8,684,907,808	93.8
2014	5,203,931,164	2,655,590,811	263,764,280	8,123,286,255	134,185,527	7,989,100,728	22.28	8,386,760,928	96.9
2013	5,737,764,215	2,647,698,426	259,493,680	8,644,956,321	147,079,600	8,497,876,721	20.38	7,949,863,821	108.7
2012	5,724,498,363	2,665,435,268	247,580,080	8,637,513,711	139,825,150	8,497,688,561	19.84	8,248,187,902	104.7
2011	5,716,945,366	2,637,335,441	233,956,480	8,588,237,287	146,159,148	8,442,078,139	19.28	8,519,356,326	100.8
2010	5,696,232,358	2,626,290,983	214,500,880	8,537,024,221	147,658,598	8,389,365,623	18.70	8,575,136,081	99.6

Data Sources:

⁽¹⁾ State MS-1 Report of Assessed Values, and NHDRA website to conform with final residential values.

⁽²⁾ NH Department of Revenue Administration's annual Equalization Survey including utilities and railroad.

Notes:

Residential values include value of land in current use.

City of Nashua, New Hampshire

Principal Taxpayers

Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2019		Percentage of		Fiscal Year 2010		Percentage of	
		Assessed Value	Rank	Total Assessed Value	%	Assessed Value	Rank	Total Assessed Value	%
Public Service Co of NH	Utility	\$166,903,400	1	1.62	%	\$76,128,700	4	0.91	%
Pheasant Lane Realty Trust	Shopping Mall	148,056,396	2	1.44		143,796,408	1	1.71	
Aimco Royal Crest-Nashua LLC	Apartment Complex	122,873,500	3	1.19		81,595,500	2	0.97	
Flatley, John J Company	Office/Land/Apts/Retail	118,512,400	4	1.15		71,619,900	5	0.85	
Pennichuck Water Works Inc	Water Distributor	118,029,300	5	1.14		79,878,200	3	0.95	
Energy North Natural Gas d/b/a Liberty Utilities	Utility	117,559,488	6	1.14		45,216,200.00	6	0.54	
St. Joseph Hospital and Trauma Center	Hospital	75,148,600	7	0.73					
Southern New Hampshire Hospital	Hospital	64,543,900	8	0.63		36,349,800	10	0.43	
DSM MB I LLC	Real Estate/Grocers	55,586,500	9	0.54					
BAE Systems Info & Elec System	Electronics Manufacturer	55,010,600	10	0.53		42,991,600	7	0.51	
Nashua Oxford-Bay Associates	Real Estate	-		-		38,804,700	8	0.46	
OCW Retail-Nashua LLC	Real Estate Investment Co.	-		-		37,204,800	9	0.44	
Total Principal Taxpayers		1,042,224,084		10.11	%	653,585,808		7.79	%
Total Net Assessed Taxable Value		<u>\$ 10,309,438,479</u>				<u>\$ 8,389,365,623</u>			

Data Source:

City of Nashua Assessing Records and State MS-1 Report

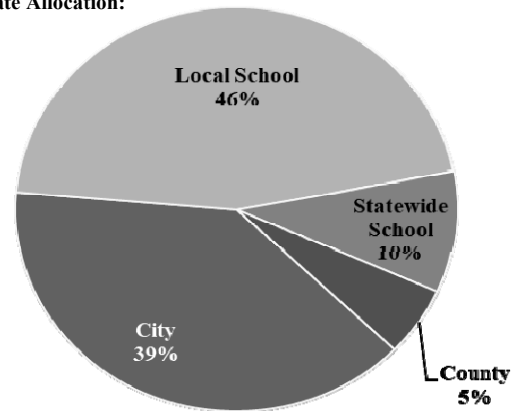
City of Nashua, New Hampshire

Property Tax Rates per \$ 1,000 of Assessed Value Direct and Overlapping Governments Last Ten Fiscal Years

Fiscal Year	City Direct Rates					Overlapping Rate		Estimated Full Value Rate
	City	Local School	State School	Total School	Total Direct	County	Total	
2019	\$ 8.31	\$ 9.67	\$ 2.06	\$ 11.73	\$ 20.04	\$ 1.17	\$ 21.21	\$ 19.76
2018	9.92	11.85	2.57	14.42	24.34	1.45	25.79	19.98
2017	9.75	11.36	2.54	13.90	23.65	1.42	25.07	21.06
2016	9.52	11.11	2.54	13.65	23.17	1.36	24.53	21.57
2015	9.28	11.00	2.48	13.48	22.76	1.29	24.05	22.13
2014	9.01	10.72	2.55	13.27	22.28	1.22	23.50	22.31
2013	8.56	9.39	2.43	11.82	20.38	1.11	21.49	22.89
2012	8.30	9.16	2.38	11.54	19.84	1.13	20.97	21.53
2011	7.87	9.03	2.38	11.41	19.28	1.12	20.40	20.15
2010	7.91	8.37	2.42	10.79	18.70	1.12	19.82	19.33

Data Source:
NH State Department of Revenue Administration

FY2019 Tax Rate Allocation:



City of Nashua, New Hampshire

Nashua's Share of the Hillsborough County Tax Apportionment

Last Ten Fiscal Years

(based on percentage of equalized value)

Total Equalized Values				Apportionment of County Tax Levy					
Fiscal Year	Nashua	County	Nashua's %	Fiscal Year	County Tax Levy	Nashua's Share %	Nashua's Share \$	Nashua's Share \$ Change	Nashua's Share % Change
2019	\$ 10,982,386,438	\$ 50,142,003,784	21.903 %	2019	\$ 53,921,321	22.319%	\$ 12,034,578	\$ 213,783	0.02 %
2018	10,483,845,142	46,973,213,021	22.319	2018	54,113,661	21.844%	11,820,795	343,005	0.03
2017	9,622,829,137	44,051,733,277	21.844	2017	53,086,847	21.621%	11,477,790	457,573	0.04
2016	9,162,709,894	42,379,187,890	21.621	2016	51,063,836	21.581%	11,020,217	637,166	0.06
2015	8,684,907,808	40,242,829,534	21.581	2015	48,074,150	21.598%	10,383,051	619,156	0.06
2014	8,386,760,928	38,831,207,211	21.598	2014	46,213,110	21.128%	9,763,895	343,708	0.04
2013	7,949,863,821	37,627,191,420	21.128	2013	44,109,420	21.356%	9,420,187	(149,119)	(0.02)
2012	8,248,187,902	38,621,608,517	21.356	2012	44,109,421	21.694%	9,569,306	152,683	0.02
2011	8,519,356,326	39,269,708,789	21.694	2011	44,109,838	21.348%	9,416,623	48,655	0.01
2010	8,575,136,081	40,168,096,310	21.348	2010	44,720,387	20.948%	9,367,968	(178,354)	(0.02)

Data Source:

NH Department of Revenue Administration

City of Nashua, New Hampshire

**Ratios of Long Term Debt Outstanding and Legal Debt Limits
Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt at June 30										
General Obligation Debt										
City Depts. (includes unamortized bond premium)	\$ 26,300,733	\$ 30,123,644	\$ 33,709,247	\$ 35,856,708	\$ 50,161,880	\$ 60,724,460	\$ 59,909,512	\$ 68,195,428	\$ 64,544,913	\$ 62,720,822
School Dept. (includes unamortized bond premium)	103,171,230	93,590,969	88,662,534	81,345,462	74,986,901	75,220,291	76,753,489	67,054,955	58,464,492	51,469,104
Pennichuck Acquisition	-	-	150,570,000	147,180,000	143,930,000	140,650,000	137,330,000	133,960,000	130,530,000	127,025,000
	-	-	-	-	-	-	-	-	-	6,913,000
Total Governmental Activities	129,471,963	123,714,613	272,941,781	264,382,170	269,078,781	276,594,751	273,993,001	269,210,383	253,539,405	248,127,926
Solid Waste Fund										
General Obligation Debt (includes unamortized bond premium)	6,977,332	6,431,222	5,885,555	5,341,304	4,796,886	4,992,616	4,399,651	4,802,036	4,154,421	6,065,223
State Revolving Loan Funds	15,415,257	14,168,989	12,922,713	11,676,455	10,264,126	9,041,467	7,818,809	6,596,150	5,373,491	4,329,784
Wastewater Fund										
General Obligation Debt (includes unamortized bond premium)	883,710	514,167	144,667	13,068,529	14,738,336	13,929,634	13,135,585	12,341,525	11,547,465	13,246,305
State Revolving Loan Funds	19,773,978	18,577,707	18,023,657	17,018,570	27,658,815	30,260,415	42,060,573	39,130,661	36,200,747	36,636,030
Total Business-Type Activities	43,050,277	39,692,085	36,976,592	47,104,858	57,458,163	58,224,132	67,414,618	62,870,372	57,276,124	60,277,342
Total Debt at June 30	\$ 172,522,240	\$ 163,406,698	\$ 309,918,373	\$ 311,487,028	\$ 326,536,944	\$ 334,818,883	\$ 341,407,619	\$ 332,080,755	\$ 310,815,529	\$ 308,405,268
Base Value for Debt Limits	\$ 8,574,513,075	\$ 8,519,004,742	\$ 8,247,999,918	\$ 7,947,891,505	\$ 8,377,389,979	\$ 8,675,523,269	\$ 9,152,672,919	\$ 9,612,119,743	\$ 10,472,564,508	\$ 10,970,554,041
Legal Debt Limits (% of Base Value)										
City - 2% ⁽¹⁾	171,490,262	170,380,095	164,959,998	158,957,830	167,547,800	173,510,465	183,053,458	192,242,395	209,451,290	219,411,081
School - 6% ⁽¹⁾	514,470,785	511,140,285	494,879,995	476,873,490	502,643,399	520,531,396	549,160,375	576,727,185	628,353,870	658,233,242
Debt Against Legal Debt Limits										
City Depts.	26,300,733	30,123,644	33,709,247	35,856,708	50,161,880	60,724,460	59,909,512	68,195,428	64,544,913	62,720,822
School Dept.	103,171,230	93,590,969	88,662,534	81,345,462	74,986,901	75,220,291	76,753,489	67,054,955	58,464,492	51,469,104
Exempt from Legal Debt Limits	43,050,277	39,692,085	187,546,592	194,284,858	201,388,163	198,874,132	204,744,618	196,830,372	187,806,124	187,302,342
Total Debt at June 30	\$ 172,522,240	\$ 163,406,698	\$ 309,918,373	\$ 311,487,028	\$ 326,536,944	\$ 334,818,883	\$ 341,407,619	\$ 332,080,755	\$ 310,815,529	\$ 301,492,268
Unused Capacity of Legal Debt Limits										
City Depts.	\$ 145,189,528	\$ 140,256,451	\$ 131,250,751	\$ 123,101,122	\$ 117,385,920	\$ 112,786,006	\$ 123,143,946	\$ 124,046,967	\$ 144,906,377	\$ 156,690,259
School Dept.	411,299,555	417,549,316	406,217,461	395,528,028	427,656,497	445,311,105	472,406,887	509,672,230	569,889,379	606,764,138
% of Legal Debt Limits Used										
City Depts.	15.3%	17.7%	20.4%	22.6%	29.9%	35.0%	32.7%	35.5%	30.8%	28.6%
School Dept.	20.1%	18.3%	17.9%	17.1%	14.9%	14.5%	14.0%	11.6%	9.3%	7.8%

Data Source:
Audited Financial Statements
N.H. Department of Revenue Administration

Notes:

⁽¹⁾ City has imposed more restrictive limits (2% City; 6% School) than state statute allows (3% City; 7% School).

City of Nashua, New Hampshire

Ratios of Outstanding Debt by Debt Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities - General Obligation Debt						Less Est. State School Aid	Tax Supported Debt	% of Net Debt to Assessed Value	Tax Supported Debt per capita
	City Departments	Pennichuck Acquisition	School Department	Citywide Paving Prog	Total					
2019	\$ 62,720,822	\$ 127,025,000	\$ 51,469,104	\$ 6,913,000	248,127,926	\$ 15,440,731	\$ 232,687,195	2.3 %	\$ 2,623	
2018	64,544,913	130,530,000	58,464,492	-	253,539,405	17,539,348	236,000,057	2.9	2,677	
2017	68,195,428	133,960,000	67,054,955	-	269,210,383	20,116,487	249,093,896	3.1	2,844	
2016	59,909,512	137,330,000	76,753,489	-	273,993,001	23,026,047	250,966,954	3.1	2,867	
2015	60,724,460	140,650,000	75,220,291	-	276,594,751	22,566,087	254,028,664	3.2	2,919	
2014	50,161,880	143,930,000	74,986,901	-	269,078,781	22,496,070	246,582,711	3.1	2,842	
2013	35,856,708	147,180,000	81,345,462	-	264,382,170	24,403,639	239,978,531	2.8	2,784	
2012	33,709,247	150,570,000	88,662,534	-	272,941,781	26,598,760	246,343,021	2.9	2,852	
2011	30,123,644	-	93,590,969	-	123,714,613	28,077,291	95,637,322	1.1	1,105	
2010	26,300,733	-	103,171,230	-	129,471,963	30,951,369	98,520,594	1.2	1,125	

Fiscal Year	Business-Type Activities - General Obligation Debt and State Revolving Loan Funds						
	Solid Waste Fund	Wastewater Fund	Total	Less Est. State Aid ⁽¹⁾	Net Debt	Net debt per capita	% of Personal Income
2019	\$ 10,395,007	\$ 49,882,335	\$ 60,277,342	\$ 1,163,344	\$ 59,113,998	\$ 666	1.6 %
2018	9,527,912	47,748,212	57,276,124	2,220,786	55,055,338	625	1.7
2017	11,398,186	51,472,186	62,870,372	3,508,993	59,361,379	678	2.0
2016	12,218,460	55,196,158	67,414,618	2,459,133	64,955,485	742	2.2
2015	14,034,083	44,190,049	58,224,132	2,989,039	55,235,093	635	1.9
2014	15,061,012	42,397,151	57,458,163	3,527,866	53,930,297	622	2.0
2013	17,017,759	30,087,099	47,104,858	2,873,041	44,231,817	513	1.6
2012	18,808,268	18,168,324	36,976,592	3,246,099	33,730,493	391	1.3
2011	20,600,211	19,091,874	39,692,085	3,644,814	36,047,271	417	1.2
2010	22,392,589	20,657,688	43,050,277	4,057,901	38,992,376	445	1.4

Fiscal Year	Total Primary Government	Less State Aid	Net Debt	% of Net Debt to Assessed Value	Net Debt per capita	% of Personal Income
2019	\$ 308,405,268	\$ 16,604,075	\$ 291,801,193	2.8 %	\$ 3,290	- %
2018	310,815,529	19,760,134	291,055,395	3.6	3,302	8.8
2017	332,080,755	23,625,480	308,455,275	3.8	3,522	10.3
2016	341,407,619	25,485,180	315,922,439	3.9	3,608	10.5
2015	334,818,883	25,555,126	309,263,757	3.9	3,554	10.4
2014	326,536,944	26,023,936	300,513,008	3.8	3,463	11.4
2013	311,487,028	27,276,680	284,210,348	3.3	3,297	10.2
2012	309,918,373	29,844,859	280,073,514	3.3	3,243	10.5
2011	163,406,698	31,722,105	131,684,593	1.6	1,522	4.4
2010	172,522,240	35,009,270	137,512,970	1.6	1,570	4.9

Data Source:
Audited Financial Statements
U.S. Census Bureau
Assessors Department MS-1 Report

Notes:

⁽¹⁾ The State of NH has suspended the State Aid Grant (SAG) program relating to debt issued after 7/1/2008 for business type activities. The State of NH Senate Bill 57 established an appropriation for additional State Aid Grants for Fiscal Years 2018 and 2019.

City of Nashua, New Hampshire

**Computation of Overlapping Debt
Hillsborough County Long Term Debt
Last Ten Fiscal Years**

End of Fiscal Year	Net General Obligation Debt Outstanding⁽¹⁾	Percentage Applicable to Government⁽²⁾	Amount Applicable to Government
2019	-	22.319%	-
2018	-	21.844%	-
2017	-	21.621%	-
2016	-	21.581%	-
2015	-	21.598%	-
2014	-	21.128%	-
2013	-	21.356%	-
2012	-	21.694%	-
2011	-	21.348%	-
2010	-	20.948%	-

Data Sources:

- ⁽¹⁾ Hillsborough County Audited Financial Statements at fiscal year end including interest, does not include leases.
- ⁽²⁾ NH Department of Revenue Administration.

City of Nashua, New Hampshire

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Median Family Income ⁽²⁾	Personal Income	Per Capita Income ⁽²⁾	City ⁽³⁾		Unemployment Rates		
					Unemployed	Labor Force	City ⁽³⁾	State of NH ⁽³⁾	US ⁽³⁾
2019	88,706	\$ 92,839	\$ 3,781,802,898	\$ 42,633	1,470	50,300	2.9 %	2.5 %	3.9 %
2018	88,143	87,393	3,309,240,792	37,544	1,620	49,670	3.3	2.7	4.4
2017	87,590	81,820	3,003,548,690	34,291	1,650	49,480	3.3	2.7	4.9
2016	87,551	80,813	3,015,694,195	34,445	1,950	48,660	4.0	3.4	5.3
2015	87,029	77,923	2,981,613,540	34,260	2,470	48,850	5.1	4.3	6.2
2014	86,766	77,441	2,639,074,656	30,416	2,950	50,140	5.9	5.3	7.4
2013	86,211	81,905	2,794,184,721	32,411	3,030	50,030	6.1	5.5	8.1
2012	86,366	76,612	2,671,904,942	30,937	3,040	49,370	6.1	5.5	8.9
2011	86,543	75,999	2,993,262,741	34,587	3,340	49,750	6.7	6.2	9.6
2010	87,566	74,807	2,789,940,326	31,861	3,430	49,380	7.0	6.2	9.3

Data Sources:

⁽¹⁾ Population Estimates - New Hampshire Office of Energy and Planning (2007-2016 calendar year data), <http://www.nh.gov/oep/data-center/population-estimates.htm>

⁽²⁾ U.S. Census Bureau, American Community Survey (2007-2016 calendar year data), DP03, 1-year estimates, <http://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

⁽³⁾ New Hampshire Employment Security, Economic & Labor Market Information Bureau (2007-2016 calendar year data), www.nhes.nh.gov/elmi/statistics/laus-arch.htm

City of Nashua, New Hampshire

Principal Employers Current Year and Nine Years Ago

Employer	Type of Business	2019			2010		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
BAE Systems ⁽¹⁾	Aerospace/Electronics	3,800	1	7.55 %	2,900	1	5.87 %
Southern New Hampshire Medical Center	Hospital	2,567	2	5.10	2,140	2	4.33
Nashua School District	Schools	1,724	3	3.43	1,980	3	4.01
St. Joseph Hospital and Trauma Center ⁽²⁾	Hospital	1,800	4	3.58	1,973	4	4.00
City of Nashua	City Government	817	5	1.62	805	5	1.63
Oracle Corporation	Software	602	6	1.20	473	9	0.96
US Post Office	Postal Service	555	7	1.10	484	8	0.98
Federal Aviation Administration	Air Traffic Control	490	8	0.97	531	6	1.08
Benchmark Electronics	Hi-tech manufacturing	330	9	0.66	500	7	1.01
Amphenol ⁽³⁾	Backplane Connection Systems	288	10	0.57	470	10	0.95
Total Principal Employers		12,973		25.79 %	12,256		24.82 %
Total City Employment		50,300			49,380		

Data Source:

Various Human Resources Departments; NHES Top Employer List

Notes:

- (1) Previously identified as Sanders, a Lockheed Martin Company.
- (2) Totals previously included Per Diem employees.
- (3) Previously identified as Teradyne Connection Systems Inc. (TER).

City of Nashua, New Hampshire

**Operating Indicators by Function
Last Ten Fiscal Years**

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Finance										
Taxable property parcels assessed	27,983	27,992	28,010	28,072	28,082	28,173	28,226	28,273	28,306	28,303
Property transfers processed ⁽¹⁾	2,351	1,946	1,943	2,192	2,310	2,288	2,615	2,659	2,662	2,706
Motor vehicles registered	85,379	83,606	87,575	87,932	89,364	90,924	94,839	93,861	93,818	95,250
Parking violations	24,217	22,528	21,799	20,899	22,205	19,547	23,503	23,503	17,029	20,807
Planning - Inspection Division										
Building inspections	5,300	6,571	6,329	6,442	7,571	8,362	9,171	9,320	8,732	8,929
Estimated construction value in millions	123	101	61	98	112	88	89	88	89	95
Police ⁽²⁾										
Physical arrests	4,334	4,731	4,616	4,511	4,476	4,414	3,356	4,555	4,189	4,075
Traffic violations	32,786	35,518	31,596	31,616	28,430	25,087	15,141	20,302	20,221	24,609
Fire and Rescue										
Calls answered ⁽³⁾	25,297	29,348	29,599	29,296	30,422	30,061	30,903	32,948	36,838	34,018
Emergency responses	4,503	5,678	5,914	6,052	5,985	8,927	9,592	11,131	13,985	12,305
Fires extinguished	540	648	778	934	1,121	1,983	1,834	1,879	223	227
Number of inspections conducted	1,612	1,634	1,848	2,050	2,103	1,556	1,753	1,841	2,115	1,856
Emergency medical responses	4,503	4,781	5,100	5,079	5,338	4,186	5,172	7,656	8,399	7,270
Public Works										
Refuse collected (tons) ⁽⁴⁾	53,762	50,534	50,456	52,440	52,098	51,230	54,193	59,500	63,032	62,247
Recycling (tons) ⁽⁵⁾	17,490	11,451	12,578	12,122	12,103	12,375	13,442	14,137	13,835	12,709
Streets resurfaced (miles)	5.9	5.0	9.9	7.7	4.5	7.8	8.22	7.6	26	26
Potholes repaired	1,385	1,412	853	945	1,310	1,151	1,060	1,125	4,295	1,294
Wastewater System										
Daily average treatment (millions of gallons)	11.9	10.3	11.2	10.8	10.5	10.9	10.9	11	11	13
Public Library										
Items in collection	262,929	263,462	254,104	243,281	230,321	201,678	193,933	181,822	176,348	175,270
Items circulated	817,953	769,606	709,322	640,353	599,881	519,346	523,246	463,561	424,227	429,250
Public Health-Environmental Health										
Food service establishment inspections	1,619	1,565	1,395	1,732	1,692	1,145	1,494	1,712	1,307	1,434
Residential inspections	31	17	248	115	390	363	78	233	19	24
Pools/spas sampled	147	141	81	108	84	46	166	102	120	105
Public Health-Welfare/Assistance										
General assistance	857,843	693,291	602,989	620,190	605,677	559,665	538,730	490,248	414,325	459,702
Number of contacts	11,440	11,373	10,146	9,181	8,490	8,115	9,259	8,603	7,410	7,787
Applicants	2,160	2,084	1,857	1,695	1,540	1,371	1,094	924	788	902
Interviews	3,906	3,572	3,111	2,888	2,673	2,362	1,990	1,500	1,592	1,526
Assisted cases	2,600	2,260	1,996	1,868	1,641	1,385	1,215	1,012	863	870
Public Health-Community Health/Clinic Services										
Childhood immunizations	1,401	507	1,971	2,116	1,741	1,900	1,820	1,782	1,602	1,412
Adult influenza vaccinations	1,917	1,407	768	1,370	1,523	978	1,045	1,144	1,050	1,274
Outreach clients	503	502	133	182	182	262	605	621	627	464
Clinic counseling and testing	910	922	101	58	112	312	532	467	537	374

Data Source:
Various city departments

Notes:

- ⁽¹⁾ Based on an estimate per the City of Nashua, Assessing Department.
- ⁽²⁾ Police data for physical arrests and traffic violations is based on the previous calendar year.
- ⁽³⁾ In FY2016, Nashua Fire Rescue restated all prior year numbers to include all calls for service. Prior CAFRs counted only "red light" incidents.
- ⁽⁴⁾ Refuse consists of residential, commercial, and industrial municipal solid waste (MSW) by calendar year.
- ⁽⁵⁾ Recycling consists of mixed paper, mixed containers, scrap metal, soft yard waste, auto tires and batteries by calendar year.

City of Nashua, New Hampshire

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units ⁽¹⁾	25	25	25	25	25	25	25	27	27	27
Fire and Rescue										
Number of stations	7	7	7	7	7	7	7	7	7	7
Number of ladder trucks	4	4	4	4	4	4	4	4	4	4
Number of pumpers	8	8	8	8	8	8	8	8	8	8
Number of support vehicles	25	25	25	25	25	25	25	25	25	25
Public Works										
Miles of streets	344	344	344	344	344	344	344	344	344	344
Miles of storm drains	134	134	135	135	135	135	135	135	135	135
Number of traffic lights	92	92	92	92	91	94	94	94	94	94
Number of bridges	19	19	19	19	19	19	22	22	22	22
Culture and Recreation										
Number of Parks	52	52	53	53	53	53	53	53	53	53
Park acreage	931	931	932	932	932	1,200	1,200	1,200	1,200	1,200
Playgrounds	24	24	25	25	25	25	26	27	27	27
Baseball fields	27	27	27	27	27	27	27	27	27	27
Softball fields	12	12	12	12	12	12	12	12	11	11
Football fields	3	3	3	1	1	2	2	2	2	2
Soccer fields	14	14	14	14	14	14	14	14	16	16
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	17	17	17	17	17	15	14	14	13	13
Pickle ball courts	-	-	-	-	-	-	-	-	4	4
Sewage System										
Miles of sanitary sewers	285.7	285.7	285.7	285.7	285.7	285.7	285.7	286	286	286
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of service connections	22,993	23,074	23,107	23,117	23,246	23,311	23,355	23,430	23,492	23,564
Average Daily Flow (MGD)	12	10	11	11	11	11	11	11	11	13
Maximum daily capacity of treatment (MGD) dry weather	16	16	16	16	16	16	16	16	16	16
Maximum daily capacity of treatment (MGD) wet weather	110	110	110	110	110	110	110	110	110	110
Education										
Elementary School Buildings	12	12	12	12	12	12	12	12	12	12
Middle School Buildings	4	3	3	3	3	3	3	3	3	3
High School Buildings	2	2	2	2	2	2	2	2	2	2

Data Source:

Various city departments

Notes:

⁽¹⁾ Updated FY2006-FY2015 based on description of "Patrol" as sourced from:

Gauthier, Stephen J. "Appendix E, Illustrative Accounts, Classifications, and Descriptions." Governmental Accounting, Auditing, and Financial Reporting. Chicago, IL: Government Finance Officers Association, 2005. 657. Print.

City of Nashua, New Hampshire

**City Government Employees by Division - Full Time Equivalents
Last Ten Fiscal Years**

Division	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government Division										
Mayor's Office	6.0	6.0	6.0	6.0	5.8	5.0	5.0	5.0	5.0	5.0
Legal	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Board of Aldermen	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.6	1.6
Citistat ⁽¹⁾	2.0	2.0	2.0	2.0	2.0	-	-	-	-	-
Employee Benefits	2.8	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Office of the City Clerk	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Human Resources ⁽²⁾	4.1	3.7	3.7	3.4	3.5	3.4	6.4	7.4	7.5	7.5
Government & Education Access Channels ⁽³⁾	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total General Government	30.6	29.6	29.6	29.3	29.2	26.2	29.2	30.2	30.3	30.3
Financial Services Division										
Finance	31.0	32.0	32.0	30.4	30.5	32.7	27.8	27.8	27.3	26.3
Risk Management	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
Purchasing	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.6	3.5
Building Maintenance	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	5.6
Hunt Building	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Assessing/GIS	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.6	10.6	10.6
Total Financial Services	55.1	56.1	56.1	54.5	54.7	56.8	51.9	52.5	52.6	52.5
Information Technology Division	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	12.8	12.8
Public Safety Division										
Police	240.9	245.9	245.9	245.9	247.7	247.7	246.0	247.0	246.2	246.2
Fire	175.0	175.0	175.0	175.0	176.0	176.0	176.0	176.0	176.0	180.0
Emergency Management	-	-	1.0	1.0	1.0	1.0	1.0	1.3	1.7	1.6
Communications	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Total Public Safety	417.7	422.7	423.7	423.7	426.5	426.5	424.8	426.1	425.7	429.6
Public Health & Community Services Division										
Community Services	6.9	6.1	6.1	7.2	7.2	7.4	7.6	7.5	7.1	7.0
Community Health	9.7	8.9	8.9	8.3	8.3	8.0	7.5	7.5	9.4	9.1
Environmental Health	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Welfare	7.4	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	3.0
Total Health & Comm. Services	29.9	28.0	28.0	28.5	28.5	28.4	28.1	28.0	28.5	25.1
Public Works Division										
Admin/Engineering	14.0	14.0	14.0	15.3	13.6	13.6	13.6	14.1	13.7	13.9
Parks & Recreation	28.0	27.0	27.0	27.0	25.0	25.0	25.0	26.5	25.0	26.0
Streets	56.5	55.5	55.5	59.8	60.8	60.7	59.7	58.7	57.7	57.7
Traffic ⁽⁵⁾	9.5	9.5	9.5	-	-	-	-	-	-	-
Parking	2.5	3.1	3.1	3.1	3.1	3.1	3.1	3.0	3.0	2.8
Wastewater	35.0	35.0	35.0	37.0	40.5	40.3	40.3	43.8	44.2	43.9
Solid Waste	30.5	30.0	30.0	30.0	32.3	33.5	33.5	33.5	33.5	33.6
Total Public Works	176.0	174.1	174.1	172.1	175.2	176.2	175.2	179.6	177.1	177.9
Community Development Division										
Community Development	2.0	2.2	2.2	2.2	2.5	2.5	4.5	4.5	4.5	4.5
Planning	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0
Office of Economic Development	1.5	1.5	1.5	2.0	2.0	2.0	2.0	1.8	2.5	2.5
Urban Programs	10.0	3.5	3.5	6.0	6.8	6.9	7.1	7.2	6.9	7.0
Building	9.3	8.2	8.2	8.2	7.8	7.8	7.8	7.8	7.8	8.0
Code Enforcement	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5
Total Community Development	33.8	26.4	26.4	29.4	30.0	30.2	31.4	31.2	32.1	32.5
Public Services										
Edgewood Cemetery	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Woodlawn Cemetery	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Total Public Services	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Library Department	44.5	41.5	41.5	43.0	43.0	42.9	43.4	43.0	42.3	43.8
School Department										
Teachers	800.0	793.0	798.0	797.3	801.7	803.9	827.6	830.0	829.5	874.7
Other staff	811.0	903.6	864.2	865.7	870.3	875.4	861.9	861.0	862.6	849.6
Total School Department	1,611.0	1,696.6	1,662.2	1,663.0	1,672.0	1,679.3	1,689.5	1,691.0	1,692.1	1,724.3
Total All Functions	2,418.5	2,495.9	2,462.5	2,464.4	2,480.0	2,487.4	2,494.4	2,502.6	2,501.6	2,536.7
Percent of Total										
General Government Division	1.3%	1.2%	1.2%	1.2%	1.2%	1.1%	1.2%	1.2%	1.2%	1.2%
Financial Services Division	2.3%	2.2%	2.3%	2.2%	2.2%	2.3%	2.1%	2.1%	2.1%	2.1%
Information Technology Division	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Public Safety Division	17.3%	16.9%	17.2%	17.2%	17.2%	17.1%	17.0%	17.0%	17.0%	16.9%
Public Health & Community Services Division	1.2%	1.1%	1.1%	1.2%	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%
Public Works Division	7.3%	7.0%	7.1%	7.0%	7.1%	7.1%	7.0%	7.2%	7.1%	7.0%
Community Development Division	1.4%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%	1.2%	1.3%	1.3%
Public Services Division	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Library Department	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
School Department	66.6%	68.0%	67.5%	67.5%	67.4%	67.5%	67.7%	67.6%	67.6%	68.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source
City of Nashua Budget. Full time equivalent based on 40 hours per week.

- Notes:
- ⁽¹⁾ CitiStat was dissolved in FY2015 with departmental functions reassigned to the Financial Services Division.
 - ⁽²⁾ In FY2016 the Payroll department was organizationally reassigned to the Human Resources Department.
 - ⁽³⁾ Traffic Department was merged with the Street Department in FY2013.

City of Nashua, New Hampshire

Student/Teacher Statistical Information

Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Student Enrollment:										
Elementary	5,632	5,633	5,587	5,644	5,433	5,335	5,340	5,203	5,147	5,053
Middle School	2,575	2,646	2,557	2,508	2,425	2,435	2,373	2,392	2,418	2,454
High School	4,178	3,887	3,752	3,750	3,642	3,598	3,707	3,593	3,655	3,547
Total	12,385	12,166	11,896	11,902	11,500	11,368	11,420	11,188	11,220	11,054
Teacher FTEs:⁽¹⁾										
Elementary	317	317	327	326	329	344	347	348	347	376
Middle School	200	193	193	193	194	193	191	192	192	194
High School	250	250	243	243	244	215	240	239	239	253
District-wide	33	33	35	35	35	51	51	51	51	52
Total	800	793	798	797	802	803	828	830	830	875

Data Source:

Nashua School District

Notes:

⁽¹⁾ The distribution among teachers by grade level is an estimate.

City of Nashua, New Hampshire

School Department Operating Statistics Last Ten Fiscal Years

Fiscal Year	Operating Budget ⁽¹⁾	Debt Service	Total Budget	Enrollment	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio
2019	\$ 146,931,260	\$ 9,408,742	\$ 156,340,002	11,054	\$ 14,143	3.1 %	875	12.6
2018	143,380,073	10,579,275	153,959,348	11,220	13,722	2.9	829	13.5
2017	137,871,592	11,326,924	149,198,516	11,188	13,336	2.4	830	13.5
2016	136,234,102	11,748,448	147,982,550	11,420	12,958	1.2	828	13.8
2015	133,799,926	11,776,596	145,576,522	11,368	12,806	3.4	803	14.2
2014 ⁽²⁾	130,031,022	12,401,961	142,432,983	11,500	12,385	35.5	802	14.3
2013	95,713,047	13,090,777	108,803,824	11,902	9,142	2.0	797	14.9
2012	93,386,383	13,274,475	106,660,858	11,896	8,966	1.8	798	14.9
2011	93,425,591	13,729,516	107,155,107	12,166	8,808	5.9	793	15.3
2010	88,630,820	14,384,073	103,014,893	12,385	8,318	1.8	800	15.5

Budget information from City Adopted Budget and enrollment/teaching staff information provided by the School Department.

⁽¹⁾ Budget is for the General Fund only and excludes special revenue funds and grants.

⁽²⁾ Beginning in FY2014, employee health and pension costs previously budgeted in General Government are allocated to the School operating budget.

Annual Report Year	2019 Calendar Year
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Pursuant to RSA 162-K:11, the City, by and through the Administrator of the District:

A Narrative Report on the status of the implementation of the Plan and a summary of the work that has been completed within the previous year

The original Riverfront Promenade TIF was amended in 2018 and the newly amended TIF Development and Financing Plan govern associated with the Downtown Riverfront Plan will be implemented going forward.

It should be noted that the prior TIF was relatively dormant beyond being a mechanism to pay the bond issued and for minor landscaping and miscellaneous expenses the prior TIF along the riverfront “the Promenade” was inactive. Essentially the TIF funds covered the bonded debt and there was very little available funds.

Moving forward under the newly adopted amended Riverfront TIF the plan will be implementing the Downtown Riverfront Plan.

The amount and source of revenue of the District

Property Taxes \$784,153

Revenue for the Riverfront TIF District is \$784,153 and it is from the incremental property taxes. The figure represents the entirety of all the sources of funds for the Riverfront TIF.

The amount and purpose of expenditures (Calendar Year)

Amount	Purpose of Expenditure(s)
\$58,000	Principal paid; \$15,960 Interest paid on bonds
\$12,620	Building/Grounds Maintenance
\$223.63	Supplies

The amount of principal and interest on any outstanding bonded indebtedness

As of FY19 - \$370,000 Principal; \$50,600 Interest

The original assessed value of the District

4/1/2018 \$36,970,900 on the MS-1 – district expanded with new development
 *Please note this date represents assessed value prior to amendment, which expanded the TIF district

The tax increments received

Tax Increment Received In 2019: \$784,153.

Any additional information necessary to demonstrate compliance with the TIF Plan

The newly amended TIF plan will be amended again for a minor expansion next year to make sure the entire area of the downtown is covered in the TIF.

NASHUA PUBLIC LIBRARY
Fiscal Year ended June 30, 2019

Report of the Trustees and Director

Nashua Public Library

JULY 1, 2018–JUNE 30, 2019

The Honorable James Donchess,
President Ex-Officio
President of the Board of Aldermen Lori Wilshire,
Trustee Ex-Officio

BOARD OF TRUSTEES

Linda LaFlamme, Chairman
David K. Pinsonneault, Secretary
Paul Bergeron
Scott Jaquith
Padmaja Kunapareddy
Kristin Kane

DIRECTOR

Jennifer McCormack

ASSISTANT DIRECTOR

Jennifer Hosking

Staff of the Nashua Public Library FY2019

Administration

Jennifer McCormack, Director
Jennifer Hosking, Assistant Director
Angela Smith, Exec. Asst./Office Mgr.
Elena Kolbenson, Admin. Asst. /
Cost Accountant
Weston Bent, IT Coordinator

Collection Management

Linda Walker, Page Coordinator

Community/Outreach Services

Carol L. Eyman, Librarian

Children's

Kathy E. Bolton, Librarian
Susan M. Willmore, Assistant Librarian
Lindsey K. Jackson, Library Assistant
Kristin Murphy, Library Assistant

Circulation

Loren H. Rosson, Librarian
Lea L. Touchette, Assistant Librarian
Karen Beaver, Assistant Librarian
Christina H. Lozeau, Library Assistant
John C. Milton, Library Assistant
Julie M. Andrews, Library Assistant
Julianne Franzek, Library Assistant
Santhi V. Ramaswamy, Library Assistant
Mark King, Library Assistant
George Demosthenes, Library Assistant
Kylie Hargrove, Library Assistant

Emerging Technologies

Rachel Gualco, Assistant Librarian

General Adult Services

Marita Klements, Librarian
Kristen Gurciullo, Reference Librarian
Kersten Matera, Reference Librarian
Theresa Webster, Reference Librarian
Alex Estabrook, Reference Librarian
MaryEllen Carter-Gilson

Teen Services

Ashlee Norwood, Librarian
Ashlee Lykansion, Library Assistant

Maintenance

Larry R. Case, Supervisor
Steve Wilson, Janitor
Desiree Carrier, Janitor

Security

Bryant McNamara, Security Guard

Technical Services

Margaret L. Gleeson, Librarian
Caroline Allen, Reference Librarian
Amanda Darah, Library Assistant
Holly A. Sullivan, Library Assistant
Steven E. Lowe, Library Assistant

The Mission, Purposes, and Activities of the Nashua Public Library

Our Vision

The Library is a forum for ideas and a source of information for the enrichment of the entire Nashua community.

Municipal Government Report

Our Mission

The Library serves our community by providing access to resources for information, inspiration and enrichment.

Our Values

The Library—its Board of Trustees, staff and volunteers—is committed to the following values:

We value the library as a public forum: it is a community facility for open communication of ideas and information; its collection, displays, programs and services reflect an array of opinions and viewpoints.

We value the community by actively participating in it and endeavoring to enhance the quality of its life.

We value full and equal access to information, the building, its services and its programs.

We value the collection of and accessibility to information in up-to-date, existing and emerging formats: print, electronic, audio and video.

We value our customers by responding to them with equal, respectful, accurate and friendly service in a safe environment.

We value the many contributions we receive each year from Friends, volunteers and donors and we endeavor to respect the wishes of all who leave bequests.

We value reading and learning and promote both for all ages.

We value the privacy of our users by keeping their transactions strictly confidential.

Adopted by the Board of Trustees, October 2, 2007

Municipal Government Report

Director's Report for FY 2019

During this fiscal year the library Director and Trustees made substantial progress on a number of improvements and repairs to the physical plant:

- Replaced the flooring in the entrance of the main floor, including rubber flooring on the stairs
- Designed and installed a new main circulation desk to replace the existing desk which was original to the building
- Purchased updated display fixtures for book displays throughout the main floor of the library and informational kiosks to direct customers through the building
-

Also during FY 2019 the library staff continued to provide superior service to the community including:

- Established a Celebrity Reading Radar page on the library website to feature reading recommendations by local "celebrities"
- Partnered with the Mayor's office to host a winter reading challenge for elementary grades
- Established self-service holds pickup for customers
- Introduced a new streaming video service, free with a library card
- Extended Sunday hours through the summer months
- Established a series of Lithuanian cooking programs hosted by Oonagh Williams in other area libraries, funded by the Zylonis trust
- Hosted Juneteenth celebration in partnership with the city's My Brother's Keeper initiative

Total cost of operations FY2019

Appropriated budget:

Salary	\$1,927,638
Benefits	\$ 780,282
Operating costs	\$ 597,299

Total appropriated budget: \$3,305,219

Fines: overdue, lost and damaged

Income:	\$ 33,071
Expenditures:	\$ 76,406

Trust funds expenditures: \$105,629

Total expenditures, all sources: \$3,487,254

FY2019 Statistics:

	<i>FY2018</i>	<i>FY2019</i>
Items circulated	424,227	429,250
Digital items circulated	60,468	76,004
Library visits	286,144	277,488
Number of programs (all ages)	1,284	756
Attendance at programs	33,265	18,945
Reference questions answered	40,155	46,468
Meeting room usage by community groups	2,193	3,264
Museum pass usage	2,168	2,188
Public computer usage	35,226	22,086

CONSERVATION COMMISSION
Fiscal Year Ended June 30, 2019

The Nashua Conservation Commission: Annual Report FY 2019

Commission Members:

Chair	Sherry Dutzy
Vice-Chair	Dan Sloan
Clerk	Richard Gillespie
Treasurer	Brandon Pierotti
Member	William Parker
Member	Gene Porter
Member (Alternate)	Michael Reinke
Aldermanic Liaison	Shoshonna Kelly

Activities of the NCC from July 2018 – June 2019

Revenue & Expenses

The Conservation Fund received **\$800** from the Land Use Change Tax for the following properties as well as **\$800** from LCHIP for compliance reporting for the Northwest properties. Maintenance of the Southwest Park Lands Conservation Area was **\$1,340**. The memorial plaque for Brian McCarthy was **\$3,500**.

Site Walks

5 site walks were completed:

- 1) Fairmount Street @ Broad Street Parkway for construction of 48-units of housing
- 2) Reconstruction & improvements to the Greeley Park boat ramp & access road
- 3) Pennichuck Water updating of pipes along Tinker Rd.
- 4) 200 Innovative Way for construction of climate-controlled storage unit building
- 5) 35 Groton Road for condominium construction project

Summary & Project Highlights

The Nashua Conservation Commission met 10 times during FY2019.

Purchase and installation of a plaque and dedication ceremony in memory of Brian McCarthy for his efforts in conserving land in Nashua

Site walks and quotes for on-going maintenance of Terrell & Southwest Park Lands Conservation Areas

Finalization and Board of Aldermen approval of SPLCA Stewardship Plan

Revision of wetlands brochure

Submitted by:

Sherry Dutzy, Chair

DIVISION OF PUBLIC WORKS
Fiscal Year Ended June 30, 2019

BOARD OF PUBLIC WORKS

Mayor James Donchess, Chairman
Commissioner Joel Ackerman, Vice-
Chairman
Commissioner Tracy Pappas
Commissioner Kevin S. Moriarty
Commissioner G. Frank Teas

Aldermanic Liaison, Ernest Jette

DIVISION LEADERSHIP

Director of Public Works, Lisa Fauteux
Assistant Director of Public Works, Andy
Patrician

DEPARTMENT HEADS

City Engineer, Steve Dookran, P.E.
Superintendent Street Department, Jon
Ibarra
Superintendent Parks & Recreation, Nicholas
Caggiano Superintendent Solid Waste, Jeffrey
Lafleur
Superintendent Wastewater, David Boucher

The Division of Public works provides the leadership and framework necessary to build and maintain a safe and sustainable City infrastructure that will be utilized by many future generations of Nashua residents.

SERVICES AND FUNCTIONS

The Division of Public Works is comprised of six departments; Administration, Engineering, Street, Park & Recreation, Solid Waste and Wastewater.

Administration provides the overall management of the Division including policy development and fiscal administration. Engineering ensures compliance to the intent of the City standards and ordinances of any use or construction in the City right of way. Engineering provides project management of various capital improvement projects including sewer improvement projects and the street paving program. Design and

Municipal Government Report

supervision of construction of drainage, roadway, and sidewalk projects are provided by the department.

The Street Department maintains 1,300 City streets through such projects as building and widening roads; constructing curbs; gutters; improving sidewalks; construction and repair of sidewalks; pothole repair and street sweeping. Additionally, the Department is responsible for winter snow removal and controlling ice during inclement winter weather.

The Parks & Recreation Department maintains over 900 acres of parks throughout the City. Parks & Recreation strives to provide a variety of quality, self-supporting recreational and leisure programs for all ages of people in the Nashua.

The Solid Waste Department provides safe and efficient services for residents and businesses of Nashua in the areas of recycling, solid waste and hazardous waste.

The Wastewater Department is dedicated to collection and treating wastewater that flows into our facility from Nashua and Hudson and delivering a clean, clear effluent into the Merrimack River. Wastewater also maintains 440 miles of sanitary lines, 13 pump stations and stormwater collections systems.

FY18 Accomplishments:

Engineering

- Designed repairs for Canal St. Bridge
- Paved 14 miles of roadways
- Crack sealed almost 16 miles of roadways and seven bridge decks.
- Designed Amherst Street sidewalks and ramps.
- Repaired/Replaced 1,710 feet of sewer and drain pipes - \$1.7 mil
- Street Light LED conversion completed
- Repaired Pennichuck School Pedestrian Bridge
- Designed improvements to Lincoln Park and Charlotte Ave Soccer Field
- Complete evaluation of Taylor Falls Bridge
- Permits expected to be issued by end of FY18: 100 Sewer Permits, 370 Street Opening Permits and 110 Encumbrance Permits
- Outdoor Dining Permits issued 16.

Streets

- Winter – 20+ snow events with over 87 inches of snow
- Completed Whipple Street parking expansion project.
- Completed the installation of the City Seal and brick work at City Hall plaza.
- Repaired street lamps on West Pearl Street.
- Completed the David Deane Skate Park.
- Purchased Brine making equipment.
- Assisted Parks and Rec. with the construction of the Charlotte Ave soccer field.
- Completed the installation of the Historical markers citywide.

Municipal Government Report

- Sidewalks projects included: Berkeley Street, Raymond Street, Charles Street, Farley Street and Fairway Ave., Kinsley Street, Crown Street, Reservoir Street, Stark Street which included approximately 1800 feet of replacement with numerous repairs made city wide.
- Mill & Fill Program - Ridge Rd, Gilson Rd, Mill Pond Rd. Panther Drive, Lake Street, Kinsley Street and Ridge Rd.
- Striping – crosswalks, symbols and long lines City wide; school zone red crosswalks.
- Maintain more than 90 signal controlled intersections Citywide.

Parks & Recreation

- Installation of a new scoreboard at Holman Stadium
- Reconstruction of the visitor's dugout at Holman Stadium
- Rehabilitation of Mine Falls Field #6
- Laser graded the infields of fields 1, 2, and 3 at Lincoln Park
- Worked with the school Department on constructing two 4 v 4 rectangular fields at the Charlotte Ave Elementary School.
- Opening of the new David W Deane Skateboard Park
- Repaired the drainage at Roby Park playground and replaced the wood carpet.

Solid Waste

- Continued Landfill Gas Expansion
- Continued Setback Barrier Wall Expansion
- Permitting Construction of Phase II
- Permitting and design of Phase IV Landfill

Wastewater

- Completion of HVAC Upgrade project
- Completion of Headworks Upgrade project
- Completion of Yard Hydrant Replacement Project
- Completion of Primary and Secondary Digester Cleaning and Repair project
- 100% Design on Pump Station Upgrade project
- 100% Design on Energy Recovery Upgrade project
- 100% Design on Water Booster Station Upgrade project

FY19 Goals:

Engineering

- Pave 25 miles of roadways
- Crack seal 15 miles of roadways
- Completely close out Broad Street Parkway Project
- Repair/replace 5,000 feet of sewer for \$5 mil
- Implement 30% of recommended CMOM program
- Repair Canal Street Bridge

Municipal Government Report

- Permits expected to be issued by end of FY19: 110 Sewer Permits, 380 Street Opening Permits and 110 Encumbrance Permits
- Estimate 18 Outdoor Dining Permits will be issued

Streets

- Finish paving the parking at Mine Falls entrance
- Construct a new access road to the Hills Ferry Boat ramp.
- Rehabilitate and/or replace concrete sidewalks Citywide.
- Expand the mill and fill program
- City-wide Catch basin/ manhole repairs.
- Pave roads in Greeley Park
- Update street signs
- Install wayfinding signage.
- Work with Sculpture Association to install art.
- Line Striping – long lines and crosswalks Citywide.
- Upgrade controls at signalized intersections.

Parks & Recreation

- The repurposing of Mark Roland field at Jewel Lane from a baseball field to a rectangular field.
- Resurface basketball courts at the Vietnam Veterans Memorial
- Installation of central irrigation at various fields throughout the city.
- Resurfacing of Crown Hill pool
- Develop plans for rehabilitation of Salem Street Tot Lot
- Develop a landscape plan for Broad Street round-a-about
- Installation of cameras at Stellos Stadium and the David W Deane Skateboard Park
- Removal and closure of the underground fuel tank at Greeley Park.

Solid Waste

- Continue Landfill Gas Expansion
- Continue to build the Set Back Barrier wall
- Upon approval from NHDES put to bid construction of Phase III Landfill
- Permitting and design Phase IV of landfill
- Purchase collection equipment vehicles

Wastewater

- SCADA Upgrade project continuation
- 100% Design on Primary Tank Upgrade
- Begin construction on Pump Station Upgrade
- Completion of Facility Door Replacement
- Begin Valve and Gate Replacement
- Begin Energy Recovery Upgrade
- Begin Water Booster Station Upgrade