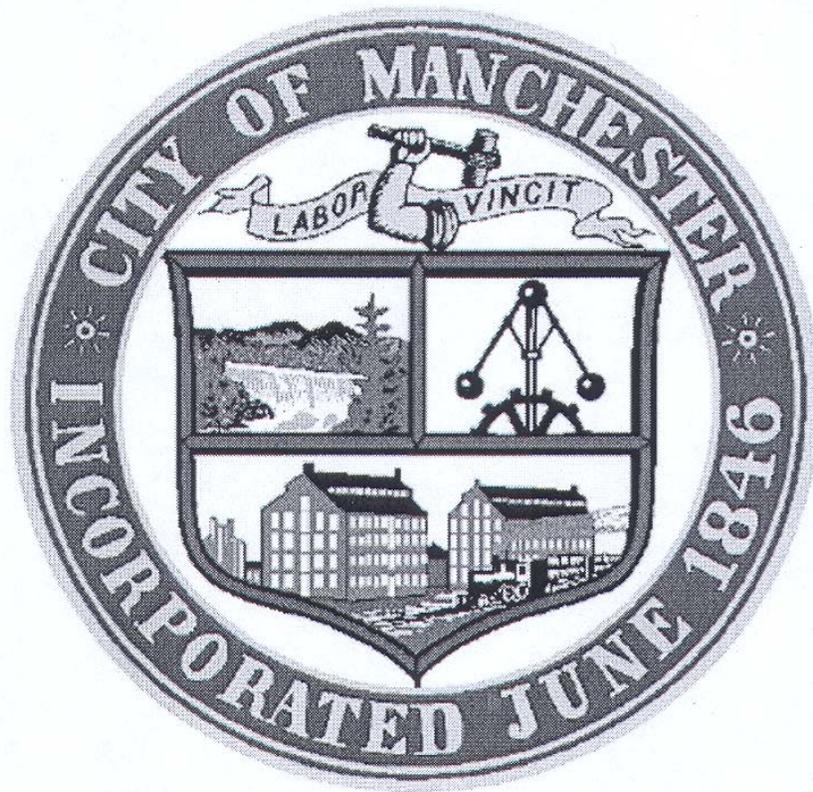


CITY OF MANCHESTER, NEW HAMPSHIRE



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

CITY OF MANCHESTER, NEW HAMPSHIRE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year
July 1, 2017 to June 30, 2018**

Prepared By:
FINANCE DEPARTMENT

William E. Sanders
Finance Officer



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CITY OF MANCHESTER, NEW HAMPSHIRE

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2018**

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Introductory Section



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**City of Manchester
Department of Finance**

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

March 20, 2019

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

The Comprehensive Annual Financial Report (CAFR) for the City of Manchester (the City) for the fiscal year ended June 30, 2018 is hereby submitted. The City's Finance Department prepared this CAFR. The purpose of this report is to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

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

The City's Charter requires an annual audit by an independent certified public accountant. The City has engaged Melanson Heath, Certified Public Accountants, to conduct the City's audit for the fiscal year ended June 30, 2018. The auditors' report on the basic financial statements is included in the financial section of this report. In addition to meeting the requirements set forth in State statutes and the Charter, the audit was designed to meet the requirements of the Single Audit Amendments of 1996 and related OMB Circular A-133, including requirements relating to the preparation of the schedule of expenditures of federal awards, or Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance), as applicable. The auditor's reports on internal controls and compliance can be found in a separately issued Single Audit Report.

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

General – Manchester, the largest City north of Boston, is located on the Merrimack River in south central New Hampshire. It is bordered by the towns of Hooksett, Bedford, Londonderry, Goffstown, Auburn, Litchfield, and Merrimack. According to the 2018 New Hampshire Business Review Book of Lists, the City has a population of 111,196 and occupies a land area of 33.0 square miles. The Manchester Metropolitan Area, with a ten-mile radius, has a population of over 400,000. The Manchester Metropolitan Area is an area that the City believes to represent a key geographic region for the City's economy.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection and disposal of garbage and rubbish, water and sewer services, highways, and street and sidewalk maintenance, public health and welfare, and code compliance. Public education is provided through the MSD for grades kindergarten through twelve and vocational education is available in grades nine through twelve. In addition, the City maintains 55 parks, 2 ice-skating coliseums, the McIntyre Ski Area, the Derryfield Country Club, 3 municipal pools, a minor league baseball stadium, and a 10,000-seat civic arena. The City also owns and operates the Manchester-Boston Regional Airport.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The labor force in the Manchester NH MetroNECTA numbers 119,292 while the unemployment rate is 2.3% at November 30, 2018.

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

As of June 30, 2018, the City has a total outstanding General Obligation debt of \$250,834,458 for various improvements, infrastructure improvements, and economic development projects. Authorized and unissued debt obligations as of June 30, 2018 totaled \$3,525,000.

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

¹Base valuation for debt limits is provided annually by the State of New Hampshire Department of Revenue Administration as part of the calculations for equalized assessed valuations for each municipality, and amounted to \$10,080,090,043. The general debt limit of the City amounted to \$982,808,779.

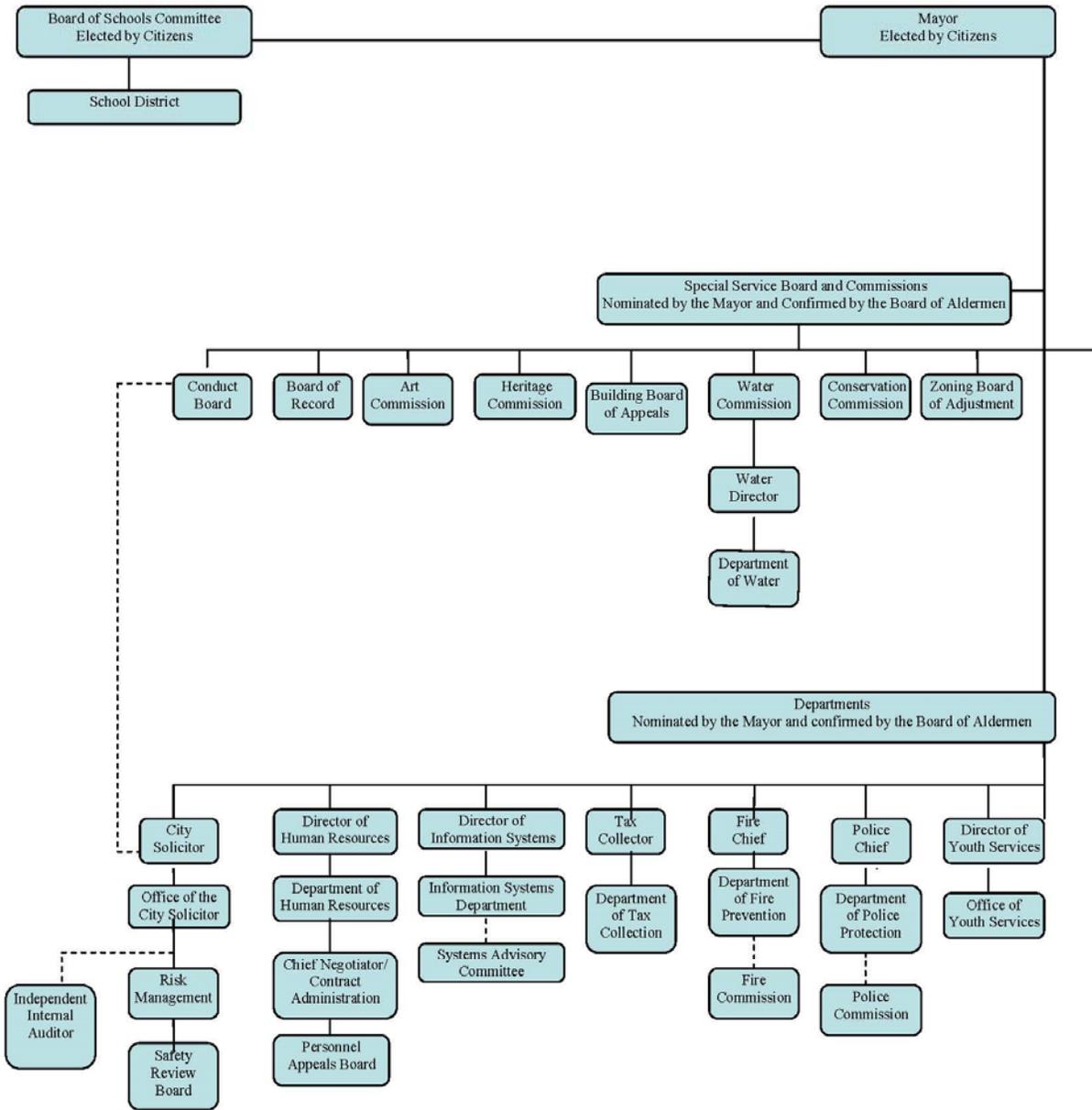
I would like to thank the City's department heads and their hard-working staff for their help in the completion of another successful year. I would especially like to thank the employees of the Finance Department for their commitment and dedication.

Respectfully submitted,

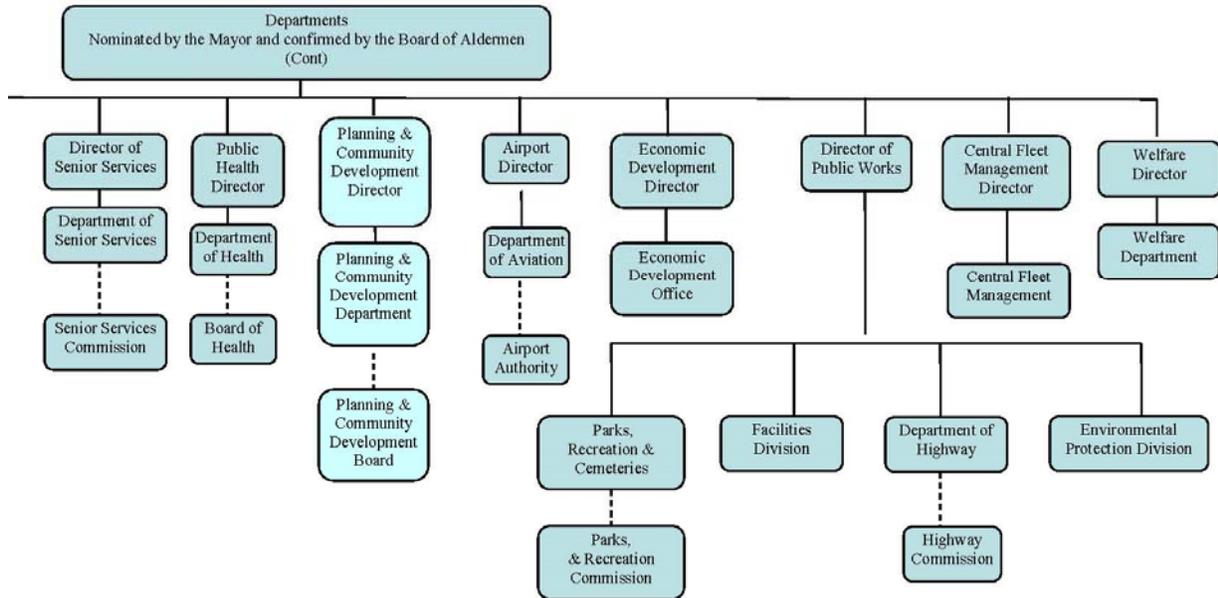
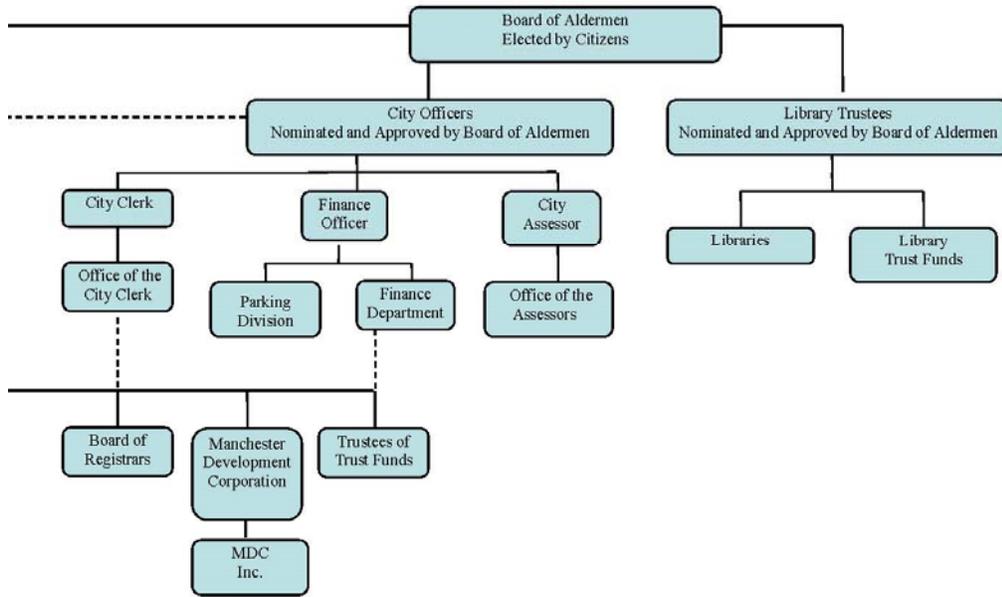
A handwritten signature in black ink, appearing to read "William E. Sanders", followed by a horizontal line extending to the right.

William E. Sanders
Finance Officer

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



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



**List of Principal Officials
in office at the close of fiscal year ended June 30, 2018**

Mayor

Joyce Craig

Aldermen

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

* Chairman of the Board

City Departments

Finance Officer	William E. Sanders
City Clerk	Matthew P. Normand
City Solicitor	Emily Gray Rice
Director of Welfare	Charleen Michaud
Chief of Police	Enoch F. Willard
Fire Chief	Daniel A. Goonan
Public Health Director	Timothy M. Soucy, M.P.H., R.E.H.S.
Director of Public Works	Kevin Sheppard, P.E.
Chief of Parks, Recreation & Cemetery	Donald Pinard
Director of Economic Development	Melanie Sanuth
Director of Fleet Management	Kevin O'Maley
Airport Director	Thomas Malafronte, Interim
Director of Water	Phil Croasdale
Director of Information Systems	Jennie Angell
Director of City Library	Denise Van Zanten
Director of Planning & Community Development	Leon LaFreniere
Superintendent of Schools	Dr. Bolgen Vargas
Director of Human Resources	Jane Gile
Director of Senior Services	Gail Senno
Director of Youth Services	Jon Donovan
Chairman Board of Assessors	Robert Gagne
Collector of Taxes	Brenda Masewic

Financial Section



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, New Hampshire, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Additional Offices:

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Manchester School District or the Manchester Transit Authority, component units of the City, which represent 95.5% percent of the assets and 99.7 percent of the revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the City of Manchester Employees' Contributory Retirement System, a blended component unit reported as a pension trust of the City, which represents 79.6 percent of the assets and 63.8 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Manchester School District, the Manchester Transit Authority, and the City of Manchester Employees' Contributory Retirement System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment,

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, New Hampshire, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Budgetary Comparison information, and the Pension and OPEB schedules appearing on pages 110 to 120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2019 on our consideration of the City of Manchester, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Manchester's internal control over financial reporting and compliance.

Melanson Heath

March 20, 2019

City of Manchester, New Hampshire Management's Discussion and Analysis June 30, 2018

As management of the City of Manchester, New Hampshire (the City) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented herein along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

Financial Highlights

- ◆ On a government-wide basis of the primary government, the assets/deferred outflows of the City exceeded its liabilities/deferred inflows resulting in a total net position at the close of the fiscal year of \$344 million. The total net deficit for Governmental Activities at fiscal year-end was \$81.3 million and total net position for Business-Type Activities was \$425.1 million.
- ◆ On a government-wide basis, during the fiscal year, the City's net position decreased by \$326 thousand or .09%, to \$344 million. The net position decreased by \$3.2 million for Governmental Activities and the net position increased by \$2.9 million for Business-Type Activities. Government-wide expenses were \$274 million, while revenues were \$274 million.
- ◆ At the close of the fiscal year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$69.5 million, an increase of \$34.2 million from the prior fiscal year.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund was \$25.3 million, an increase of \$3 million from the prior fiscal year. As of June 30, 2018, the general fund had an unassigned fund balance of \$9.9 million which represents 6.6% of total FY 18 General Fund expenditures and transfers of \$150.9 million.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

The City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures and changes in fund balance on a budgetary basis can be found on page 118.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 32-34 of this report.

Proprietary funds. The City maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water Works, Environmental Protection Division, Aviation, and the Parking Funds. The proprietary fund financial statements provide separate information for the Water Works, Environmental Protection Division and Aviation, which are considered to be major funds of the City. Individual fund data for the proprietary funds is provided on pages 36 -39.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-107 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the City's assets exceeded its liabilities by \$344 and \$375 million at June 30, 2018 and 2017, respectively.

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

	1) <u>June 30, 2018</u>			<u>June 30, 2017</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Current and other assets	\$ 164,138	\$ 66,938	\$ 231,076	\$ 134,547	\$ 65,313	\$ 199,860
Noncurrent	42,697	45,064	87,761	42,029	49,941	91,970
Capital assets	311,499	596,373	907,872	325,310	601,922	927,232
Total Assets	518,334	708,375	1,226,709	501,886	717,176	1,219,062
Deferred Outflows of Resources	41,316	7,963	49,279	54,858	9,861	64,719
Current liabilities	61,900	15,071	76,971	65,976	19,062	85,038
Noncurrent liabilities	493,790	273,032	766,822	465,013	281,303	746,316
Total Liabilities	555,690	288,103	843,793	530,989	300,365	831,354
Deferred Inflows of Resources	85,250	3,159	88,409	75,393	1,896	77,289
Net Position:						
Net investment in capital assets	111,460	359,021	470,481	136,784	353,803	490,587
Restricted	34,007	41,422	75,429	31,985	42,791	74,776
Unrestricted (Deficit)	(226,759)	24,632	(202,127)	(218,407)	28,182	(190,225)
Total Net Position	\$ (81,292)	\$ 425,075	\$ 343,783	\$ (49,638)	\$ 424,776	\$ 375,138

1) In FY 2018, the City implemented the requirements of Governmental Accounting Standards Board (GASB) Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. Prior periods, as noted above, were not restated as the City applied GASB 75 prospectively.

A portion of the City's net position totaling \$470.5 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), net any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The portion of the City's net position that is restricted, \$75.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$202 million, primarily resulting from the City's unfunded net pension liability (see Note 8) and the City's unfunded other post-employment benefits liability (see Note 9).

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

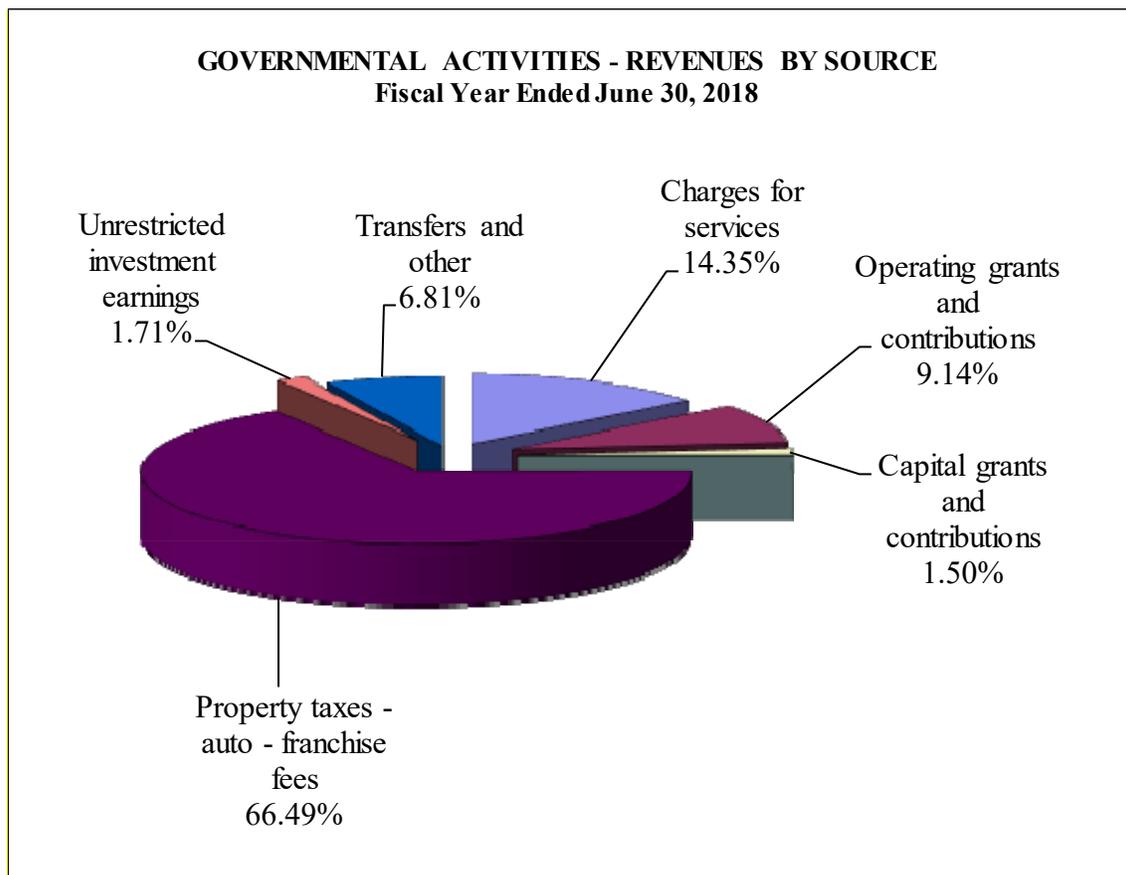
	<u>June 30, 2018</u>			<u>June 30, 2017</u>		
	<u>Govern- mental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Govern- mental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
	Revenues:					
Program Revenues:						
Charges for services	\$ 26,011	\$ 86,670	\$ 112,681	\$ 26,986	\$ 88,288	\$ 115,274
Operating grants and contributions	16,567	152	16,719	17,475	173	17,648
Capital grants and contributions	2,724	6,814	9,538	1,856	13,153	15,009
General Revenues:						
Property taxes/auto/franchise fees	120,535	-	120,535	117,751	-	117,751
Unrestricted investment earnings	3,092	1,157	4,249	3,706	817	4,523
Transfers and other	12,367	(2,491)	9,876	11,237	(3,108)	8,129
Total revenues	<u>181,296</u>	<u>92,302</u>	<u>273,598</u>	<u>179,011</u>	<u>99,323</u>	<u>278,334</u>
Expenses:						
General government	51,012	-	51,012	50,890	-	50,890
Public safety	72,299	-	72,299	78,399	-	78,399
Health and sanitation	6,923	-	6,923	8,176	-	8,176
Highways and streets	29,856	-	29,856	30,951	-	30,951
Welfare	1,356	-	1,356	1,354	-	1,354
Education and library	10,263	-	10,263	13,374	-	13,374
Parks and recreation	8,121	-	8,121	8,364	-	8,364
Cemetery trust	37	-	37	83	-	83
Investment management fee	74	-	74	73	-	73
Interest expense	4,633	-	4,633	4,704	-	4,704
Operations	-	89,350	89,350	-	89,936	89,936
Total Expenses	<u>184,574</u>	<u>89,350</u>	<u>273,924</u>	<u>196,368</u>	<u>89,936</u>	<u>286,304</u>
Change in net position	(3,278)	2,952	(326)	(17,357)	9,387	(7,970)
Net position - beginning, as restated	<u>(78,014)</u>	<u>422,123</u>	<u>344,109</u>	<u>(32,281)</u>	<u>415,389</u>	<u>383,108</u>
Net position - ending	<u><u>\$ (81,292)</u></u>	<u><u>\$ 425,075</u></u>	<u><u>\$ 343,783</u></u>	<u><u>\$ (49,638)</u></u>	<u><u>\$ 424,776</u></u>	<u><u>\$ 375,138</u></u>

*July 1, 2017 net position was restated for GASB 75, prior periods noted above were not.

The City's total net position decreased by \$326 thousand during the fiscal year, with the net position of Governmental Activities decreasing by \$3.3 million, and the net position of Business-type Activities increasing by \$2.9 million. Highlights in the change in net position in governmental activities from 2017 to 2018 include the following: Charges for Services decreased by \$974 thousand primarily due to the decrease in excavation fees charged to utilities by the Highway Department; property taxes/auto/franchise fees increased by \$2.8 million primarily due to increase in auto registrations; Public safety expenditures decreased by \$6.1 million primarily due to lower costs in community improvement programs and protective equipment, a decrease in compensated absences and pension liability costs. Health and Sanitation expenditures decreased by \$1.3 million primarily due to a decrease in compensated absence and pension liability costs; Highway and streets expenditures decreased by \$1.1 million primarily due to a decrease in compensated absence, pension liability costs and liability claims.

Governmental Activities

Overall, 66.49% of the governmental funds revenues were derived from property taxes, auto registrations and franchise fees, 14.35% from charges for services then followed by 10.64% from operating and capital grants and contributions, and finally, about 8.54% of the City's revenue in this fiscal year was derived from a combination of investment earnings, gain (loss) of sales of capital assets, transfers, and other revenues. The chart below identifies revenues by source for governmental activities:



Business-type Activities

Business-type activities increased the City's net position by \$3 million, which is a decrease of \$6.4 million from last year.

- ◆ As shown in the Water Works Statement of Revenue, Expenses and Changes in Net Position, the revenue earned from users of the system was \$17,747,567 for the year ended June 30, 2018. There was an increase in water usage as compared to the same twelve-month period ending June 30, 2017 due primarily to a 2% rate increase for services after October 1, 2017 in water usage and fire and service charges. Capital contributions were \$1,252,707 primarily from contributions for the MSDP Project of \$337,072 and non-cash contributions from developers adding to distribution system approximately \$395,287. Interest earnings from investments were \$142,023 and other revenues for the year were \$375,512 due primarily to rental income and miscellaneous income related to a premium on bond issuance and energy savings rebates.

- ◆ EPDs net position is \$167.1 million, which is comprised of \$151.7 million in invested capital assets, \$0.7 million for the designated replacement fund and \$14.6 million in unrestricted funds. User charges, EPD's largest revenue stream, were \$17.4 million in fiscal year 2018, a decrease of 1.32% from the prior year. Operating expenses totaled \$17.3 million in FY 2018, an increase of .82% from the prior year.
- ◆ Aviation net position decreased by 0.3% for the year or \$413 thousand. Aviation fund capital contributions amounted to \$5.5 million, a decrease from \$6.6 million in the previous year. Manchester-Boston Regional Airport experienced a decrease of 0.7% in passenger enplanements in FY 2018, as enplanements decreased by 7,089 from FY 2017.

Financial Analysis of the Fund Financial Statements

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$69.5 million, an increase from \$35.2 million as reported on June 30, 2017. The increase of \$34.2 million in fund balances was mainly due to receipt of bond proceeds. The balances in fund balance is considered either nonspendable, restricted, committed, or assigned as defined by GASB 54 fund balance definitions. These fund balance definitions can be found in Note 1 in the notes to the financial statements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$9.9 million while the total fund balance reached \$25.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and operating transfers out. Unassigned fund balance represents 6.7% of total general fund expenditures and operating transfers out of \$150.9 million, while total fund balance represents 16.77% of that same amount.

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

As shown in the Statement of Revenues, Expenses, and Changes in Net Position for Water Works, the revenue earned from users of the system was \$17,747,567 for the fiscal year. The increase in operating revenues was driven by Service line protection revenues, which were \$240,908, an increase of 52.86% over the prior year primarily due to new enrollees. Capital contributions were \$1,252,707, a decrease of \$848,683. The decrease was due primarily to a specific development area in the prior year. Interest earnings from investments were \$142,023, an increase of 59.1% due primarily to the balance of invested funds and uptick of earning rates.

Total assets and deferred outflows of resources for the Environmental Protection Division (EPD) decreased from \$223.0 million at June 30, 2017 to \$221.4 million at June 30, 2018 for a net decrease of \$1.6 million.

The primary contributing factor was a \$1.7 million decrease in net charges and receipts for Bedford, Goffstown and Londonderry due to the true up of the prior eight years of the assessed operations and maintenance billings to these three member communities.

Other notable items were a \$5.7 million decrease in the unrestricted cash. Along with the above \$1.7 million, there was a \$4.0 million increase to capital project related outlays in FY 2018.

The balances due from the State of NH for grants saw a \$0.7 million decrease as final payments for 11 grants were received in FY17. And the Deferred Outflow of Resources related to pensions also saw a \$.03 million decrease.

Finally, an offset to these decreases can be accounted for in the \$5.4 million increase EPD's net capital assets as shown in the EPD Statement of Net Position.

The Change in Net Position decreased by \$6.6 million; from \$6.9 million in FY 2017 to \$0.3 million in FY 2018. The majority of this decrease is attributed to \$4.2 million in amortization schedules for the member communities' share of the Aeration System recorded as capital contribution in FY 2017.

In addition, the net operating income for EPD decreased from \$3.1 million in 2017 to \$1.0 million in 2018. This \$2.1 million decrease is attributed to a decrease of \$0.5 million in user charges and the \$1.7 million decrease relating to the operations and maintenance true up billings to the three member communities.

Manchester-Boston Regional Airport experienced a decrease of 0.7% in passenger enplanements in FY2018, as enplanements decreased by 7,089 from FY2017. The operating loss decreased from (\$5,567,288) in FY2017 to (\$5,079,901) in FY2018, a decrease of 8.75%. The operating loss decrease was due primarily to decreased operational expenses and increased revenues. Increased non-aeronautical revenues, a lighter winter and unfilled positions contributed to the decrease in the operating loss.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were \$151.4 million, \$1,473,135 more than the estimated revenues. Actual tax revenues were less than budgeted by \$1,386,667. Actual intergovernmental revenue was \$38,050 under budgetary estimates. Investment income was \$220,900 less than budgetary estimates. An additional positive outcome of \$2,424,226 resulted from an overall increase in auto registrations, licenses, and permits over budgetary estimates. Non enterprise charges for sales and services were \$121,883 more than budgeted. Other revenues were \$831,350 more than budgeted. Transfers in were \$258,707 less than budgeted estimates.

Actual expenditures on a budgetary basis and other financing uses totaled \$149,331,882 million, \$568,779 less than budgeted. Highlights in expenditures variances include the following: General Government expenditures were \$469,532 less than budgeted primarily due to lower costs than anticipated for City retirement contributions and FICA requirements. Other departments resulted in positive variances due to attrition and savings in effective budget maintenance. The combined net difference of budgeted revenues and expenses on a budgetary basis resulted in a positive variance of \$2,041,914.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business type activities as of June 30, 2018, amounts to \$908 million, net of accumulated depreciation. This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges. The total decrease in the City's capital assets for the current fiscal year was \$19.4 million or 1.6%.

City of Manchester, New Hampshire
Capital Assets (net of depreciation) (000s)
June 30, 2018 and 2017
Primary Government

	2018			2017			Change
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Land	\$ 12,251	\$ 61,576	\$ 73,827	\$ 12,252	\$ 61,585	\$ 73,837	\$ (10)
Easements	52	-	52	52	-	52	-
Buildings and improvements	222,207	433,924	656,131	234,971	428,383	663,354	(7,223)
Infrastructure	61,416	-	61,416	58,246	-	58,246	3,170
Interceptors	-	53,689	53,689	-	55,959	55,959	(2,270)
Equipment, vehicles & intangibles	13,033	34,509	47,542	13,259	36,464	49,723	(2,181)
Construction in progress	2,539	12,675	15,214	6,530	19,531	26,061	(10,847)
Total	\$ 311,498	\$ 596,373	\$ 907,871	\$ 325,310	\$ 601,922	\$ 927,232	\$ (19,361)

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

- ◆ Improvements and renovations to school facilities.
- ◆ Continued rehabilitation of playgrounds and athletic fields.
- ◆ Infrastructure improvements including roads, bridges, and sanitary and sewer projects.
- ◆ Replacement of emergency and rescue equipment and purchase of police vehicles.
- ◆ Aviation capital improvements and buildings.
- ◆ Water Works buildings and structures.
- ◆ EPD capital improvements and infrastructure.
- ◆ Recreation capital improvements.
- ◆ Improvements in Information Security services, programs and security.

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

City of Manchester, New Hampshire
Outstanding Debt
General Obligation and Revenue Bonds (000s)
June 30, 2018 and 2017

	2018			2017		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation Bonds	\$ 160,599	\$ 90,235	\$ 250,834	\$ 142,212	\$ 82,943	\$ 225,155
Revenue Bonds	57,470	140,634	198,104	61,785	150,712	212,497
Net Bond Premium	12,586	2,896	15,482	10,031	3,593	13,624
Totals	<u>\$ 230,655</u>	<u>\$ 233,765</u>	<u>\$ 464,420</u>	<u>\$ 214,028</u>	<u>\$ 237,248</u>	<u>\$ 451,276</u>

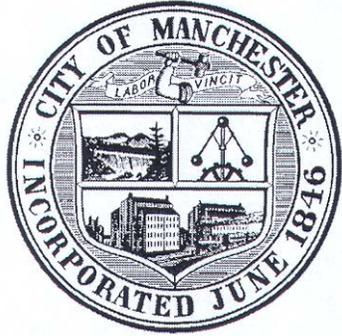
Long-term debt. At the end of the current fiscal year, the City had total debt service requirements including interest payments, on bonded debt outstanding, of \$589 million. General obligation debt is backed by the full faith and credit of the City government.

As of December 31, 2018, the City was assigned the following credit ratings; Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., have assigned the ratings of “Aa3,” and “AA,” respectively.

The general debt limit of the City is 9.75% of base valuation. Base valuation (\$10,080,090) is determined by adding the amount of taxable property lost to the City as a result of the enactment of the State Business Profit Tax Law to the “equalize assessed valuation.” Not more than 7% of the base valuation may be incurred for school purposes. Water and sewer projects ordered by the State Water Supply and Pollution Control Commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City’s base valuation. Borrowings authorized by legislative acts rather than the general municipal finance statutes are sometimes excluded from the city’s debt limit. The Total Equalized Valuation figure includes Utility Valuation and Railroad Monies Reimbursements. Total bonded debt for the general government includes the MSD portion. As of June 30, 2018, the City recorded long-term debt of \$231 million related to Governmental Activities (including \$88.4 million related to the MSD) and \$234 million related to Business-Type Activities, well below its statutory debt limit. Information on the City’s long-term debt can be found in Note 7 on pages 68-72 of this report.

Requests for Information

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



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Basic Financial Statements



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Statement of Net Position

City of Manchester New Hampshire
June 30, 2018

	Primary Government			Component Units			
	Governmental	Business-type	Total	Manchester	Manchester	Manchester	Manchester
	Activities	Activities		School	Transit	Public Television	Development
				District	Authority	Service, Inc.	Corporation
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 59,671,354	\$ 42,985,081	\$ 102,656,435	\$ 7,090,097	\$ 356,105	\$ 9,301	\$ -
Restricted cash	17,752,203	5,099,827	22,852,030	-	-	-	3,523,820
Investments	40,918,398	-	40,918,398	-	-	-	-
Receivables, net of allowance for collection losses	42,656,291	15,585,300	58,241,591	6,439,608	394,697	-	457,610
Due from local governments	-	213,166	213,166	-	-	-	-
Due from State of New Hampshire	889,974	453,481	1,343,455	-	-	-	-
Prepaid expenses	1,146,444	993,100	2,139,544	-	-	-	172
Internal balances	(118,922)	118,922	-	-	-	-	-
Due from other governments	218,201	-	218,201	-	128,902	-	-
Due from primary government	-	-	-	34,848,990	-	-	-
Inventories	847,763	1,488,988	2,336,751	30,500	242,168	-	-
Other assets	156,250	-	156,250	51,983	66,712	-	300,000
Total current assets	164,137,956	66,937,865	231,075,821	48,461,178	1,188,584	9,301	4,281,602
Noncurrent assets:							
Restricted cash	-	36,781,640	36,781,640	-	-	-	-
Restricted investments	32,364,751	-	32,364,751	-	-	-	-
Receivables	10,332,026	711,621	11,043,647	-	-	-	-
Due from local governments	-	3,615,711	3,615,711	-	-	-	-
Due from State of New Hampshire	-	3,955,186	3,955,186	-	-	-	-
Capital assets, net of depreciation	311,498,638	596,372,620	907,871,258	3,143,917	3,120,411	-	-
Total noncurrent assets	354,195,415	641,436,778	995,632,193	3,143,917	3,120,411	-	-
Total Assets	518,333,371	708,374,643	1,226,708,014	51,605,095	4,308,995	9,301	4,281,602
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions	37,381,535	5,225,493	42,607,028	34,080,224	-	-	-
Related to OPEB	1,169,383	272,741	1,442,124	1,928,864	1,484,590	-	-
Other	2,764,762	2,464,299	5,229,061	-	-	-	-
Total deferred outflows of resources	41,315,680	7,962,533	49,278,213	36,009,088	1,484,590	-	-
LIABILITIES							
Current liabilities:							
Accounts payable	4,903,549	6,468,975	11,372,524	2,091,820	113,647	-	3,898
Retainage payable	54,231	1,080,977	1,135,208	-	-	-	-
Accrued liabilities	6,118,183	7,384,026	13,502,209	22,345,668	293,696	-	-
Other liabilities	4,305,867	137,358	4,443,225	-	-	-	-
Insurance claims payable	921,682	-	921,682	-	-	-	-
Due to school district	34,848,990	-	34,848,990	-	-	-	-
Unearned revenue	10,747,543	-	10,747,543	-	-	-	-
Total current liabilities	61,900,045	15,071,336	76,971,381	24,437,488	407,343	-	3,898
Noncurrent liabilities:							
Due within one year	31,135,654	18,736,930	49,872,584	541,484	239,305	-	-
Net pension liability	202,934,691	30,033,739	232,968,430	159,814,090	-	-	-
Net/total OPEB liability	39,012,774	3,660,055	42,672,829	30,444,045	5,757,569	-	-
Due in more than one year	220,707,162	220,601,399	441,308,561	10,853,500	-	-	-
Total noncurrent liabilities	493,790,281	273,032,123	766,822,404	201,653,119	5,996,874	-	-
Total Liabilities	555,690,326	288,103,459	843,793,785	226,090,607	6,404,217	-	3,898
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	10,553,130	2,504,278	13,057,408	8,960,026	-	-	-
Related to OPEB	5,576,244	566,964	6,143,208	908,955	-	-	-
Other	69,120,851	88,000	69,208,851	36,337,644	-	-	-
Total deferred inflows of resources	85,250,225	3,159,242	88,409,467	46,206,625	-	-	-
NET POSITION (DEFICIT)							
Net investment in capital assets	111,460,362	359,020,913	470,481,275	3,143,917	3,120,411	-	-
Restricted for:							
Passenger facility charges	-	2,515,138	2,515,138	-	-	-	-
MSDC	-	11,415,084	11,415,084	-	-	-	-
Revenue bond O&M	-	9,832,000	9,832,000	-	-	-	-
Renewal and replacement	-	250,000	250,000	-	-	-	-
Bond funds	-	16,672,821	16,672,821	-	-	-	-
Worker's compensation	2,224,364	-	2,224,364	-	-	-	-
Cemetery and other trust funds - nonspendable	28,204,202	-	28,204,202	-	-	-	-
Cemetery and other trust funds - restricted	3,578,731	-	3,578,731	-	-	-	-
Equipment replacement	-	737,008	737,008	-	-	-	-
Food service	-	-	-	583,855	-	-	-
Unrestricted (deficit)	(226,759,159)	24,631,511	(202,127,648)	(188,410,821)	(3,731,043)	9,301	4,277,704
Total Net Position (Deficit)	\$ (81,291,500)	\$ 425,074,475	\$ 343,782,975	\$ (184,683,049)	\$ (610,632)	\$ 9,301	\$ 4,277,704

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

Statement of Activities

	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 51,012,199	\$ 13,877,979	\$ 10,027,247	\$ -
Public safety	72,298,704	2,392,128	1,669,240	-
Health and sanitation	6,922,876	2,643,689	2,285,123	-
Highways and streets	29,855,676	3,803,260	2,220,977	2,511,054
Welfare	1,355,851	15,042	-	-
Education and library	10,263,012	598,787	-	-
Parks and recreation	8,121,107	2,680,624	364,532	212,637
Cemetery trust	37,000	-	-	-
Investment management fee	74,411	-	-	-
Interest	4,632,611	-	-	-
Total governmental activities	184,573,447	26,011,509	16,567,119	2,723,691
Business-type activities:				
Water	17,194,578	17,903,419	-	1,252,707
EPD	18,405,793	18,333,959	152,067	59,842
Aviation	51,294,318	44,831,750	-	5,501,802
Parking	2,455,840	5,600,801	-	-
Total business-type activities	89,350,529	86,669,929	152,067	6,814,351
Total primary government	\$ 273,923,976	\$ 112,681,438	\$ 16,719,186	\$ 9,538,042
Component units:				
Manchester School District	\$ 197,252,932	\$ 8,142,057	\$ 22,720,737	\$ 3,015,876
Manchester Transit Authority	8,380,670	3,709,687	-	3,317,933
Manchester Public Television Service, Inc.	467,061	-	451,253	-
Manchester Development Corporation	209,247	-	-	-
Total component units	\$ 206,309,910	\$ 11,851,744	\$ 23,171,990	\$ 6,333,809
General revenues:				
Property taxes				
Auto registration fees				
Franchise fees				
Unrestricted investment earnings				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Debt reimbursement from MSD				
Gain (loss) on disposal of assets				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position (deficits) - beginning, as restated				
Net position (deficits) - ending				

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

City of Manchester New Hampshire
For the Fiscal Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position (Deficits)							
Primary Government			Component Units				
Governmental Activities	Business-type Activities	Total	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation	
\$ (27,106,973)	\$ -	\$ (27,106,973)	\$ -	\$ -	\$ -	\$ -	\$ -
(68,237,336)	-	(68,237,336)	-	-	-	-	-
(1,994,064)	-	(1,994,064)	-	-	-	-	-
(21,320,385)	-	(21,320,385)	-	-	-	-	-
(1,340,809)	-	(1,340,809)	-	-	-	-	-
(9,664,225)	-	(9,664,225)	-	-	-	-	-
(4,863,314)	-	(4,863,314)	-	-	-	-	-
(37,000)	-	(37,000)	-	-	-	-	-
(74,411)	-	(74,411)	-	-	-	-	-
(4,632,611)	-	(4,632,611)	-	-	-	-	-
<u>(139,271,128)</u>	<u>-</u>	<u>(139,271,128)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,961,548	1,961,548	-	-	-	-	-
-	140,075	140,075	-	-	-	-	-
-	(960,766)	(960,766)	-	-	-	-	-
-	3,144,961	3,144,961	-	-	-	-	-
-	<u>4,285,818</u>	<u>4,285,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(139,271,128)	4,285,818	(134,985,310)	-	-	-	-	-
-	-	-	(163,374,262)	-	-	-	-
-	-	-	-	(1,353,050)	-	-	-
-	-	-	-	-	(15,808)	-	-
-	-	-	-	-	-	-	(209,247)
-	-	-	<u>(163,374,262)</u>	<u>(1,353,050)</u>	<u>(15,808)</u>	<u>-</u>	<u>(209,247)</u>
99,008,663	-	99,008,663	79,421,862	-	-	-	-
19,476,158	-	19,476,158	-	-	-	-	-
2,049,843	-	2,049,843	-	-	-	-	-
3,092,409	1,156,762	4,249,171	-	61	19	-	76,202
-	-	-	78,613,219	-	14,602	-	-
-	204,790	204,790	2,156,508	56,731	-	-	-
8,990,298	-	8,990,298	-	-	-	-	-
112,407	568,006	680,413	-	2,235	-	-	-
3,264,293	(3,264,293)	-	-	-	-	-	-
<u>135,994,071</u>	<u>(1,334,735)</u>	<u>134,659,336</u>	<u>160,191,589</u>	<u>59,027</u>	<u>14,621</u>	<u>-</u>	<u>76,202</u>
(3,277,057)	2,951,083	(325,974)	(3,182,673)	(1,294,023)	(1,187)	-	(133,045)
<u>(78,014,443)</u>	<u>422,123,392</u>	<u>344,108,949</u>	<u>(181,500,376)</u>	<u>683,391</u>	<u>10,488</u>	<u>-</u>	<u>4,410,749</u>
<u>\$ (81,291,500)</u>	<u>\$ 425,074,475</u>	<u>\$ 343,782,975</u>	<u>\$ (184,683,049)</u>	<u>\$ (610,632)</u>	<u>\$ 9,301</u>	<u>\$ -</u>	<u>\$ 4,277,704</u>

Balance Sheet
Governmental Funds

City of Manchester, New Hampshire
June 30, 2018

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 53,229,142	\$ 3,418	\$ 6,438,794	\$ 59,671,354
Restricted cash and cash equivalents	8,461,516	7,299,344	1,991,343	17,752,203
Restricted investments	-	-	32,364,751	32,364,751
Investments	40,918,398	-	-	40,918,398
Receivables, net of allowances for collection losses	44,090,825	8,500	11,579,074	55,678,399
Prepaid expenses	1,146,444	-	-	1,146,444
Due from other funds	1,139,422	-	-	1,139,422
Inventories	847,763	-	-	847,763
Other current assets	156,250	-	-	156,250
Total Assets	\$ 149,989,760	\$ 7,311,262	\$ 52,373,962	\$ 209,674,984
Liabilities				
Accounts and warrants payable	\$ 3,445,921	\$ 955,953	\$ 501,675	\$ 4,903,549
Retainage payable	54,231	-	-	54,231
Accrued liabilities	3,764,418	-	30,714	3,795,132
Tax refunds payable	2,081,498	-	-	2,081,498
Other liabilities	2,241,975	-	2,063,892	4,305,867
Insurance claims payable	921,682	-	-	921,682
Due to other funds	-	1,258,344	-	1,258,344
Due to Manchester School District	35,466,356	-	-	35,466,356
Unearned revenue	140,822	-	10,606,721	10,747,543
Total Liabilities	48,116,903	2,214,297	13,203,002	63,534,202
Deferred inflows of resources				
Unavailable revenues - property taxes	5,233,957	-	-	5,233,957
Unearned revenues - property taxes	28,936,484	-	-	28,936,484
Unearned revenues - taxes collected in advance	39,724,081	-	-	39,724,081
Unavailable revenues - other revenues collected in advance	2,717,508	-	-	2,717,508
Total deferred inflows of resources	76,612,030	-	-	76,612,030
Fund Balances (Deficits)				
Nonspendable	4,794,207	-	28,204,202	32,998,409
Restricted	2,224,364	5,162,757	8,833,058	16,220,179
Committed	6,624,726	-	2,678,803	9,303,529
Assigned	1,695,580	-	-	1,695,580
Unassigned	9,921,950	(65,792)	(545,103)	9,311,055
Total Fund Balances (Deficits)	25,260,827	5,096,965	39,170,960	69,528,752
Total liabilities, deferred inflows of resources and fund balances (Deficits)	\$ 149,989,760	\$ 7,311,262	\$ 52,373,962	\$ 209,674,984

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

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

**City of Manchester, New Hampshire
Year Ended June 30, 2018**

Total governmental fund balances	\$ 69,528,752
Capital assets used in governmental activities are not financial resources and, therefore, are not required in governmental funds.	311,498,638
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	499,591
Deferred loss on refunding that is not available to pay for current period expenditures and, therefore, is not reported in the funds.	2,764,762
Deferred outflows of resources related to pension resulting from projected vs. actual earnings, changes in proportion, and contributions subsequent to the measurement date will be recognized as an increase of pension expense in future years.	37,381,535
Deferred outflows of resources related to OPEB resulting from projected vs. actual earnings, changes in proportion, and contributions subsequent to the measurement date will be recognized as an increase of OPEB expense in future years.	1,169,383
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	7,491,179
Long-term liabilities consisting of accruals are not due and payable in current period and, therefore, are not reported in the funds.	(1,705,685)
Deferred inflows of resources related to pensions resulting from expected vs. actual experience, projected vs. actual earnings, and change in proportion will be recognized as a reduction of pension expense in future years.	(10,553,130)
Deferred inflows of resources related to OPEB resulting from expected vs. actual experience, projected vs. actual earnings, and change in proportion will be recognized as a reduction of pension expense in future years.	(5,576,244)
Long-term liabilities consisting of bonds payable, net pension liability, net OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(493,790,281)</u>
Net position of governmental activities	<u><u>\$ (81,291,500)</u></u>

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

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

City of Manchester, New Hampshire
Year Ended June 30, 2018

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 101,624,767	\$ -	\$ -	\$ 101,624,767
Federal and state grants and aid	3,625,250	-	15,387,437	19,012,687
Charges for sales and services	4,769,187	-	-	4,769,187
Licenses and permits	25,049,001	-	-	25,049,001
Interest	524,440	47,597	1,073,556	1,645,593
Contributions	-	-	1,790,987	1,790,987
Net appreciation in fair value of securities	-	-	1,446,816	1,446,816
School charge backs	9,264,906	-	-	9,264,906
Lease and rent income	1,124,918	-	-	1,124,918
Debt recovery	1,117,410	-	-	1,117,410
Miscellaneous	2,953,201	-	129,094	3,082,295
Total Revenues	150,053,080	47,597	19,827,890	169,928,567
Expenditures				
Current:				
General government	31,384,669	2,822,104	9,693,696	43,900,469
Public safety	66,428,451	300,874	1,651,156	68,380,481
Health and sanitation	4,229,683	-	2,320,574	6,550,257
Highway and streets	20,715,962	1,589,248	416,072	22,721,282
Welfare	1,332,476	-	-	1,332,476
Education	2,906,686	1,354	-	2,908,040
Parks and recreation	5,701,773	-	97,821	5,799,594
Cemetery trust	-	-	37,000	37,000
Investment management fee	-	-	74,411	74,411
Capital outlay	43,531	5,392,068	3,287,874	8,723,473
Debt service:				
Principal retirement	11,537,019	-	-	11,537,019
Interest	4,808,251	279,817	47,032	5,135,100
Total Expenditures	149,088,501	10,385,465	17,625,636	177,099,602
Excess (Deficiency) of revenues over expenditures	964,579	(10,337,868)	2,202,254	(7,171,035)
Other Financing Sources (Uses)				
Issuance of bonds	-	34,599,001	-	34,599,001
Bond premiums	-	3,465,347	-	3,465,347
Proceeds from sale of capital assets	318	-	-	318
Transfers in	3,764,393	-	1,761,343	5,525,736
Transfers out	(1,761,343)	-	(500,100)	(2,261,443)
Total Other Financing Sources (Uses)	2,003,368	38,064,348	1,261,243	41,328,959
Net Change in Fund Balances (Deficit)	2,967,947	27,726,480	3,463,497	34,157,924
Fund Balance (Deficit), beginning, as restated	22,292,880	(22,629,515)	35,707,463	35,370,828
Fund Balance (Deficit), ending	\$ 25,260,827	\$ 5,096,965	\$ 39,170,960	\$ 69,528,752

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

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

**City of Manchester, New Hampshire
Year Ended June 30, 2018**

Net change in fund balances - total governmental funds \$ 34,157,924

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. (13,810,946)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate) differ between the two statements. This amount represents the net change in deferred revenue. (806,259)

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

Issuance of debt	(38,064,347)
Repayments of debt	20,527,316
Repayments of capital leases	28,666
Bond premium amortization	910,680
Amortize loss on prior year refunding bonds	(328,318)

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. (54,747)

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

Change in net pension liability	(3,456,549)
Change in pension related deferred outflows	(14,383,703)
Change in pension related deferred inflows	13,757,482
Change in net OPEB liability	3,508,597
Change in OPEB related deferred outflows	(324,844)
Change in OPEB related deferred inflows	(5,576,244)
Change in other liabilities	638,235

Change in net position of governmental activities \$ (3,277,057)

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

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Funds	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 2,741,480	\$ 10,271,239	\$ 29,847,536	\$ 124,826	\$ 42,985,081
Restricted cash and cash equivalents	1,708	-	5,098,119	-	5,099,827
Receivables, net of allowances for collection losses	5,130,021	5,560,281	4,700,090	194,908	15,585,300
Due from local governments	-	213,166	-	-	213,166
Due from State of New Hampshire	-	453,481	-	-	453,481
Prepaid items	128,127	-	864,973	-	993,100
Due from other funds	65,272	26,792	72,514	-	164,578
Inventories	1,170,003	76,626	242,359	-	1,488,988
Total current assets	9,236,611	16,601,585	40,825,591	319,734	66,983,521
Noncurrent assets					
Restricted cash and cash equivalents	8,500,844	1,542,905	26,646,693	91,198	36,781,640
Receivables	496,375	215,246	-	-	711,621
Due from local governments	-	3,615,711	-	-	3,615,711
Due from State of New Hampshire	-	3,955,186	-	-	3,955,186
Capital assets, net, where applicable, of accumulated depreciation	122,144,432	194,562,663	273,280,580	6,384,945	596,372,620
Total noncurrent assets	131,141,651	203,891,711	299,927,273	6,476,143	641,436,778
Total Assets	140,378,262	220,493,296	340,752,864	6,795,877	708,420,299
Deferred Outflows of Resources					
Related to pensions	1,819,262	823,007	2,088,061	495,163	5,225,493
Related to OPEB	104,640	50,326	105,856	11,919	272,741
Other	1,291,433	-	1,050,722	122,144	2,464,299
Total deferred outflows of resources	3,215,335	873,333	3,244,639	629,226	7,962,533
Total Assets and Deferred Outflow of Resources	143,593,597	221,366,629	343,997,503	7,425,103	716,382,832
Liabilities					
Current liabilities					
Accounts and warrants payable	731,990	2,022,490	3,681,182	33,313	6,468,975
Retainage payable	254,130	805,897	20,950	-	1,080,977
Accrued liabilities	1,402,334	1,183,979	4,755,729	41,984	7,384,026
Bonds and notes payable	2,367,672	2,991,555	11,045,505	284,878	16,689,610
Due to State of New Hampshire	287,050	-	-	-	287,050
Compensated absences	275,561	355,599	1,019,757	109,353	1,760,270
Other liabilities	-	-	36,633	100,725	137,358
Total current liabilities	5,318,737	7,359,520	20,559,756	570,253	33,808,266
Noncurrent liabilities					
Due to other funds	-	-	-	45,656	45,656
Bonds and notes payable	46,143,341	37,383,250	132,374,892	1,174,152	217,075,635
Due to State of New Hampshire	-	2,468,534	-	-	2,468,534
Net/total OPEB liability	1,532,435	656,035	1,321,781	149,804	3,660,055
Net pension liability	11,102,408	5,703,999	11,888,331	1,339,001	30,033,739
Compensated absences	1,057,230	-	-	-	1,057,230
Total noncurrent liabilities	59,835,414	46,211,818	145,585,004	2,708,613	254,340,849
Total Liabilities	65,154,151	53,571,338	166,144,760	3,278,866	288,149,115
Deferred Inflows of Resources					
Related to pensions	875,285	605,862	882,913	140,218	2,504,278
Related to OPEB	257,531	104,013	184,650	20,770	566,964
Other	-	-	-	88,000	88,000
Total deferred inflows of resources	1,132,816	709,875	1,067,563	248,988	3,159,242
Total Liabilities and Deferred Inflow of Resources	66,286,967	54,281,213	167,212,323	3,527,854	291,308,357
Net Position					
Net investment in capital assets	71,342,623	151,719,326	130,910,905	5,048,059	359,020,913
Restricted	11,415,084	737,008	29,269,959	-	41,422,051
Unrestricted (deficit)	(5,451,077)	14,629,082	16,604,316	(1,150,810)	24,631,511
Total Net Position	\$ 77,306,630	\$ 167,085,416	\$ 176,785,180	\$ 3,897,249	\$ 425,074,475

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

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

City of Manchester, New Hampshire
 Year Ended June 30, 2018

	<u>Business-type Activities-Enterprise Funds</u>				
	<u>Water Works</u>	<u>EPD</u>	<u>Aviation</u>	<u>Non-major</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	
<u>Operating Revenues</u>					
Charges for goods and services	\$ 17,239,208	\$ 17,425,079	\$ 36,772,502	\$ 5,598,051	\$ 77,034,840
Other	508,359	869,300	2,781,278	2,750	4,161,687
Total Operating Revenues	17,747,567	18,294,379	39,553,780	5,600,801	81,196,527
<u>Operating Expenses</u>					
Personnel services	7,617,559	4,214,403	8,579,975	1,142,623	21,554,560
Plant maintenance	1,307,618	3,218,798	1,139,164	98,541	5,764,121
Light/heat and power	1,094,496	1,763,240	1,983,550	30,942	4,872,228
General and administrative	1,467,631	897,861	14,265,482	822,515	17,453,489
Depreciation and amortization	4,064,692	7,208,274	18,665,510	288,521	30,226,997
Total Operating Expenses	15,551,996	17,302,576	44,633,681	2,383,142	79,871,395
Operating Income (Loss)	2,195,571	991,803	(5,079,901)	3,217,659	1,325,132
<u>Non-Operating Revenues (Expenses)</u>					
Interest income	142,023	177,401	811,534	25,804	1,156,762
Interest expense	(1,642,582)	(1,103,217)	(6,609,348)	(72,698)	(9,427,845)
Passenger facility charges	-	-	3,725,364	-	3,725,364
Customer facility charges	-	-	1,552,606	-	1,552,606
Rent and other income	155,852	39,580	-	-	195,432
Reimbursement of interest expenses	-	152,067	-	-	152,067
Bond rating fees	-	-	(51,289)	-	(51,289)
Gain (loss) on disposal of capital assets	14,870	-	562,216	(9,080)	568,006
Miscellaneous income	204,790	-	-	-	204,790
Total Non-Operating Revenues (Expenses), net	(1,125,047)	(734,169)	(8,917)	(55,974)	(1,924,107)
Net income (loss) before capital contributions and transfers	1,070,524	257,634	(5,088,818)	3,161,685	(598,975)
<u>Capital Contributions and Transfers</u>					
Capital contributions	1,252,707	59,842	5,501,802	-	6,814,351
Transfer to general fund	-	-	-	(3,264,293)	(3,264,293)
Total Capital Contributions and Transfers	1,252,707	59,842	5,501,802	(3,264,293)	3,550,058
Change in Net Position (Deficit)	2,323,231	317,476	412,984	(102,608)	2,951,083
Fund Net Position, beginning of year, as restated	74,983,399	166,767,940	176,372,196	3,999,857	422,123,392
Fund Net Position, end of year	\$ 77,306,630	\$ 167,085,416	\$ 176,785,180	\$ 3,897,249	\$ 425,074,475

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

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Funds	Total
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 17,505,556	\$ 18,396,407	\$ 40,050,197	\$ 5,520,317	\$ 81,472,477
Cash payments for goods and services	(11,131,755)	(11,391,577)	(17,958,112)	(938,196)	(41,419,640)
Cash payments to employees for services	-	-	(8,095,202)	(993,547)	(9,088,749)
Other operating revenues	-	-	-	2,750	2,750
Net Cash Provided by Operating Activities	6,373,801	7,004,830	13,996,883	3,591,324	30,966,838
<u>Cash Flows from Non-Capital and Related Financing Activities</u>					
Due to (from) general fund	-	-	-	64,320	64,320
Cash payment to general fund	-	-	-	(3,264,293)	(3,264,293)
Proceeds from rental income	155,852	39,580	-	-	195,432
Net Cash Provided by (Used For) Non-Capital & Related Financing Activities	155,852	39,580	-	(3,199,973)	(3,004,541)
<u>Cash Flows from Capital and Related Financing Activities</u>					
Passenger and customer facility charges	-	-	5,293,504	-	5,293,504
Reimbursement of bond interest expenses	-	157,376	-	-	157,376
Payments on bond arbitrage & financing	-	-	(51,289)	-	(51,289)
Proceeds from bonds and notes	2,355,000	2,468,534	-	-	4,823,534
Principal paid on bonds and notes	(1,958,242)	(2,991,555)	(10,078,602)	(332,815)	(15,361,214)
Interest paid on bonds and notes	(1,745,168)	(1,143,878)	(6,609,348)	(72,698)	(9,571,092)
Proceeds from premiums	204,790	-	-	-	204,790
Proceeds from notes	207,521	-	-	-	207,521
Proceeds from sale of capital assets	14,870	-	507,136	-	522,006
Contributed capital by federal, state & local governments	1,252,706	1,026,090	6,011,335	-	8,290,131
Acquisition and construction of capital assets	(5,307,201)	(12,216,626)	(7,192,291)	-	(24,716,118)
Net Cash Used For Capital & Related Financing Activities	(4,975,724)	(12,700,059)	(12,119,555)	(405,513)	(30,200,851)
<u>Cash Flows from Investing Activities</u>					
Interest and dividends from investments	142,023	177,401	811,534	25,804	1,156,762
Net Cash Provided by Investing Activities	142,023	177,401	811,534	25,804	1,156,762
Net Increase (Decrease) in Cash and Cash Equivalents	1,695,952	(5,478,248)	2,688,862	11,642	(1,081,792)
Cash and Cash Equivalents at Beginning of Year	9,548,080	17,292,392	58,903,486	204,382	85,948,340
Cash and Cash Equivalents at End of Year	\$ 11,244,032	\$ 11,814,144	\$ 61,592,348	\$ 216,024	\$ 84,866,548

(continued)

	<u>Business-type Activities-Enterprise Funds</u>				
	<u>Water Works Fund</u>	<u>EPD Fund</u>	<u>Aviation Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 2,195,571	\$ 991,803	\$ (5,079,901)	\$ 3,217,659	\$ 1,325,132
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	4,064,692	7,208,274	18,665,510	288,521	30,226,997
Change in Assets/Deferred Outflows and Liabilities/Deferred Inflows					
Decrease (increase) in receivables	(207,315)	(41,901)	496,417	(77,734)	169,467
Decrease (increase) in unbilled revenue	-	143,929	-	-	143,929
Decrease (increase) in due from other funds	(17,459)	(26,792)	(97,903)	-	(142,154)
Decrease (increase) in prepaid expenses and other assets	(22,024)	(35,070)	247,753	-	190,659
Decrease (increase) in inventories	-	-	25,666	-	25,666
Decrease (increase) in deferred outflows of resources	743,432	233,755	559,329	176,378	1,712,894
Increase (decrease) in accounts payable	(410,122)	(1,555,504)	(709,452)	3,957	(2,671,121)
Increase (decrease) in accrued liabilities	-	116,012	(31,946)	(6,899)	77,167
Increase (decrease) in accrued expenses	327,486	-	-	-	327,486
Increase (decrease) in due to other funds	-	(32,926)	-	-	(32,926)
Increase (decrease) in compensated absences	(76,729)	-	(109,370)	12,199	(173,900)
Increase (decrease) in deposits & retainage	(144,364)	-	(4,034)	-	(148,398)
Increase (decrease) in net pension liability	(655,489)	(110,723)	(340,689)	(64,542)	(1,171,443)
Increase (decrease) in net OPEB liability	(110,565)	(44,856)	1,117	(6,193)	(160,497)
Increase (decrease) in other liabilities	-	-	-	9,845	9,845
Increase (decrease) in deferred inflows of resources	686,687	158,829	374,386	38,133	1,258,035
Net Cash Provided by Operating Activities	\$ 6,373,801	\$ 7,004,830	\$ 13,996,883	\$ 3,591,324	\$ 30,966,838

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

Fiduciary Funds
Statement of Fiduciary Net Position

City of Manchester, New Hampshire
June 30, 2018

	<u>Pension and Medical Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 4,969,873
Investments	235,862,885
Receivables, net of allowances for collection losses	367,200
Other assets	50
Capital assets, net, where applicable, of accumulated depreciation	<u>2,504</u>
Total Assets	241,202,512
Liabilities	
Accounts and warrants payable	424,887
Accrued liabilities	<u>1,425,243</u>
Total Liabilities	<u>1,850,130</u>
NET POSITION	
Restricted for:	
Pension trust	226,819,186
OPEB	<u>12,533,196</u>
Net Position Restricted for Pension and OPEB Benefits	<u>\$ 239,352,382</u>

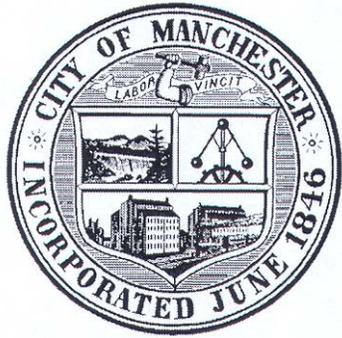
The accompanying notes are an integral part of these financial statements.

Fiduciary Trusts
Statement of Changes in Fiduciary Net Position

City of Manchester New Hampshire
Year Ended June 30, 2018

	<u>Pension and Medical Trust Funds</u>
Additions	
Contributions	
Employer	\$ 12,937,285
Plan members	<u>3,022,314</u>
Total Contributions	15,959,599
Investment Income	
Interest and dividends	2,724,736
Net realized and unrealized appreciation in fair value of investments	30,782,159
Other income	4,113
Less investment expense	<u>(934,153)</u>
Net Investment Income	<u>32,576,855</u>
Total additions	48,536,454
Deductions	
Benefits paid directly to participants	18,907,255
Refunds of employee contributions	229,271
Administrative expenses	<u>814,190</u>
Total Deductions	<u>19,950,716</u>
Net Increase	28,585,738
Net Position Restricted for Pension and OPEB Benefits	
Beginning of year	<u>210,766,644</u>
End of year	<u><u>\$ 239,352,382</u></u>

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



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Notes to Financial Statements



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Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

Discretely Presented Component Units

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

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

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

Manchester Transit Authority (MTA) - The MTA was created by the BMA to provide a public transportation system for the citizens of the City. A five-member board appointed by the BMA oversees the MTA. The BMA determines the annual operating subsidy and approves the issuance of bonds. Other independent auditors audited the MTA, a June 30 year-end, and their report, dated January 8, 2019, was issued under separate cover. The MTA is presented as a proprietary fund type.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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

Manchester Transit Authority
110 Elm Street
Manchester NH 03101 - 2799

Manchester School District
20 Hecker Street
Manchester NH 03102

Blended Component Unit

City of Manchester Employees' Contributory Retirement System (MECRS) - The MECRS was created by the BMA for the purpose of administering the assets of the employees' contributory retirement system. The MECRS' Board of Trustees consists of seven members, as follows: the City Finance Officer, the Mayor, one person appointed by the Board of Aldermen, two citizens of the City - one appointed by the Mayor, one elected by the MECRS members and two MECRS members also elected by the MECRS members. Other independent auditors audited the MECRS, a December 31 year end, for the year ended December 31, 2017, and their report; dated July 26, 2018 was issued under separate cover. MECRS is presented as a pension trust fund.

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

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

Government-wide and Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

Additionally, the City reports the following fiduciary fund types:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

Accounting Estimates

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

Cash Equivalents

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Investments

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

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

Allowances for Doubtful Accounts

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

Interfund Receivables and Payables

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

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$25,000 or more and an estimated useful life equal to or in excess of three years. Such assets are recorded at historical cost or estimated

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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

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

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

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

Compensated Absences

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

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

Deferred Outflows/Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Long-term Obligations

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

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

Pension Accounting

Pension Trust Funds:

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

Governmental Fund/Activities:

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

Funding Policy:

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

OPEB Accounting

Governmental Funds/Activities:

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

Funding Policy:

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

Inventory

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

Fund Equity and Net Position

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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

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

Concentration Risk – Major Customers

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

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

FY 2018	
Southwest Airlines	56%
American	23%

Note 2. Cash, Cash Equivalents and Investments

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

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

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

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

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Cash, cash equivalents, and investments of the City consist of the following at June 30, 2018:

Cash and Cash Equivalents		
Deposits with Financial Institutions	\$	145,316,025
Municipal Backed Investment Fund		17,387,407
Contributory Retirement Pension Cash		4,556,530
Total Cash and Cash Equivalents	\$	167,259,962
General Fund Investments		
U.S. Government Agencies	\$	40,918,398 **
Total General Fund Investments		40,918,398
Library Trust Funds:		
U.S. Treasury Notes		387,450 ***
Corporate Bonds		835,409 ***
Municipal Obligations		643,045 ***
Common Stocks		1,957,190 ***
Equity Mutual Funds		1,026,632
Fixed Income Mutual Funds		189,507
Total Library Trust Funds		5,039,233
Cemetery Trust Funds:		
U.S. Treasury Notes		8,071,604 ***
Mutual Funds		18,483,257
Total Cemetery Trust Funds		26,554,861
Expendable Trust Funds:		
U.S. Treasury Notes		758,754 ***
Total Expendable Trust Funds		758,754
Old System Pension Trust Fund:		
U.S. Treasury Notes		1,485,058 ***
Corporate Bonds		1,210,834 ***
Mortgage Backed		268,535 ***
Mutual Funds		4,211,233
Total Old System Pension Trust Fund		7,175,660
City Retirement System Investments		
Equity funds		66,758,033
International equity		37,279,881
Alternative equity		3,443,956
Hedge funds		12,555,973
Fixed income		50,916,694
Emerging market funds		14,367,728
Real estate		20,552,429
Specialty investments		22,838,104
Total City Retirement System		228,712,798
Total Investments		309,159,704
Total Cash, Cash Equivalents and Investments	\$	476,419,666

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Statement of Net Position

Cash and cash equivalents	\$ 102,656,435
Restricted cash	59,633,670
Investments	40,918,398
Restricted investments	32,364,751
	235,573,254

Pension Trust Funds

Cash and cash equivalents	4,969,873
Investments	235,862,885
Open trades/purchases	13,654
	240,846,412

Total \$ 476,419,666

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Market Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Over 10 Years
US treasury notes	\$ 10,702,867	\$ 291,643	\$ 7,763,891	\$ 2,647,333	\$ -
US government agencies	40,918,398	35,823,079	-	-	5,095,319
Corporate bonds	2,046,243	162,670	1,065,637	586,628	231,308
Municipal obligations	643,045	49,912	189,568	94,238	309,327
Mortgage backed	268,535	-	-	46,458	222,077
Fixed income funds	50,916,694	12,631,215	13,040,360	21,219,267	4,025,852
Municipal backed investment fund	17,387,407	17,387,407	-	-	-
Total	\$ 122,883,189	\$ 66,345,926	\$ 22,059,456	\$ 24,593,924	\$ 9,883,883

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Average Rating	Corporate Bonds	Mortgage Backed	Municipal Obligations	Municipal Backed Investment Fund	Fixed Income Funds
AAA	\$ 173,411	\$ 36,754	\$ 145,565	\$ -	\$ -
AA+	271,911	46,458	51,091	-	-
AA	73,915	-	228,325	17,387,407	-
AA-	274,188	-	-	-	12,597,344
A+	214,061	-	-	-	-
A	491,950	-	148,282	-	-
A-	288,413	-	-	-	-
BBB+	96,318	-	-	-	-
BBB	48,064	-	-	-	-
Unrated	114,012	185,323	69,782	-	38,319,350
	<u>\$ 2,046,243</u>	<u>\$ 268,535</u>	<u>\$ 643,045</u>	<u>\$ 17,387,407</u>	<u>\$ 50,916,694</u>

Fair Value:

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

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

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

The City has the following fair value measurements as of June 30, 2018:

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
		Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant observable inputs <u>(Level 2)</u>
Investments by fair value level:			
Debt securities:			
U.S. Treasury notes	\$ 10,702,867	\$ -	\$ 10,702,867
U.S. Government agencies	40,918,398	-	40,918,398
Corporate bonds	2,046,243	2,046,243	-
Municipal obligations	643,045	643,045	-
Mortgage backed	268,535	268,535	-
Equity securities:			
Fixed income	189,507	189,507	-
Common stocks	1,957,190	1,957,190	-
Mutual funds	<u>23,721,120</u>	<u>23,721,120</u>	<u>-</u>
Total	<u>\$ 80,446,905</u>	<u>\$ 28,825,640</u>	<u>\$ 51,621,265</u>

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

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

Manchester Employees Contributory Retirement System (MECRS)

Cash, Cash Equivalents and Investments

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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

MECRS Pension Trust

Blackrock (Strategic Income Opportunities)	\$ 12,631,215
City of London (Emerging Market Equities)	\$ 14,367,728
Gryphon International (International Equity)	\$ 24,426,620
Income Research & Mgt. (Core Bonds Fund)	\$ 12,597,344
Kabouter International (International Smid Cap)	\$ 12,853,262
Loomis Sayles (Fixed Income Fund)	\$ 13,040,360
Sands Capital (US Large Cap Growth)	\$ 20,029,544
Pzena Management (US Large Cap Value Fund)	\$ 18,530,097
Rothschild (Smid Cap Equity Fund)	\$ 15,478,723
PRISA (Real Estate)	\$ 14,806,218
Vanguard S&P 500 (Index Fund)	\$ 12,764,348
Standard Life (Global Absolute Return Strategy)	\$ 12,555,973

Foreign Currency Risk:

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

Investment Policy:

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

	Policy Mix	Current Mix		Policy Mix	Current Mix
Domestic Large Cap Equity	14% - 24%	22.00%	Treasury Inflation Protected Securities	0% - 6%	3.70%
Domestic SMId Cap Equity	4% - 8%	6.60%	Real Estate/Real Assets	8% - 15%	8.80%
International Equity	12% - 20%	16.00%	GAA Composite	8% - 15%	9.80%
Emerging International Equity	2% - 8%	6.20%	Private Equity	0% - 15%	3.20%
Core Bonds	4% - 8%	5.40%	Liquid Alternatives	0% - 7%	5.40%
Diversified Fixed Income	4% - 9%	5.60%	Cash	0% - 4%	1.90%
Absolute Return	2% - 8%	5.40%			

Fair Value:

The MECRS has the following fair value measurements as of December 31, 2017:

<u>Description</u>	<u>Fair Value Measurements Using:</u>			
	Quoted prices in active markets for identical assets (Level 1)	Net asset value	Unfunded commitments	
Investments by fair value level:				
Equity securities:				
Fixed income	\$ 46,890,842	\$ 34,293,498	\$ 12,597,344	\$ -
Domestic equity	66,758,033	51,279,310	15,478,723	-
Emerging markets	14,367,728	-	14,367,728	-
Specialty investments	22,838,104	11,547,374	11,290,730	-
International equities	37,279,881	-	37,279,881	5,000,000
Real estate	20,552,429	-	20,552,429	3,052,276
Alternative equity	3,443,956	-	3,443,956	2,897,284
Fixed income alternative	4,025,852	-	4,025,852	7,084,737
Hedge funds of funds	12,555,973	-	12,555,973	-
	<u>\$ 228,712,798</u>	<u>\$ 97,120,182</u>	<u>\$ 131,592,616</u>	<u>\$ 18,034,297</u>

Note 3. Taxes and Abatements

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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

Note 4. Receivables

Primary Government

	General	Capital Projects	Nonmajor governmental	Water Works	EPD	Aviation	Nonmajor business type	Total
Property Taxes	\$ 29,001,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,001,630
Due from State of NH and other local governments	454,927	-	435,047	-	8,452,790	-	-	9,342,764
Prior year tax liens	325,724	-	-	-	-	-	-	325,724
Tax titles	6,004,367	-	-	-	-	-	-	6,004,367
Due from federal government	-	-	218,201	-	-	1,889,480	-	2,107,681
Accounts receivable-trade	5,378,669	8,500	231,111	4,746,665	5,488,936	2,810,610	194,908	18,859,399
Notes receivable	-	-	1,201,935	534,316	-	-	-	1,736,251
MSD book loan	2,800,000	-	-	-	-	-	-	2,800,000
CDBG Fund Receivable	-	-	8,747,069	-	-	-	-	8,747,069
Other	125,508	-	907,283	345,415	71,345	-	-	1,449,551
Total fund basis gross receivables	44,090,825	8,500	11,740,646	5,626,396	14,013,071	4,700,090	194,908	80,374,436
Allowance for collection losses	-	-	(161,572)	-	-	-	-	(161,572)
Total fund basis receivables, net	44,090,825	8,500	11,579,074	5,626,396	14,013,071	4,700,090	194,908	80,212,864
Interest receivable	499,591	-	-	-	-	-	-	499,591
Allowance for collection losses	(2,081,498)	-	-	-	-	-	-	(2,081,498)
Total entity-wide receivables, net	\$ 42,508,918	\$ 8,500	\$ 11,579,074	\$ 5,626,396	\$ 14,013,071	\$ 4,700,090	\$ 194,908	\$ 78,630,957

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

On July 1, 2010, the Manchester School District (MSD) accepted a promissory note from the City in the amount of \$3,200,000, with an interest rate of 1%. The note was originally issued for the purpose of purchasing textbooks and classroom technology. Per an amended agreement between the City and MSD, the City authorized MSD to spend the monies as they see fit. At a meeting of the Board of Mayor and Aldermen on May 7, 2013, the Board voted to forgive interest related to the textbook loan. In addition, further payments on the loan have been deferred until fiscal year 2022. The City will reimburse the MSD for eligible expenditures as they are made. The balance of this receivable at June 30, 2018 was \$2,800,000.

Note 5. Interfund Receivables, Payables, and Transfers

Due from/to other funds consist of the following at June 30, 2018:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,139,422	\$ -
Capital Projects	-	1,258,344
Major Enterprise Funds:		
Water Works Fund	65,272	-
Environmental Protection Division Fund	26,792	-
Aviation Fund	72,514	-
Nonmajor Enterprise Funds:		
Parking Fund	-	45,656
	<u>\$ 1,304,000</u>	<u>\$ 1,304,000</u>

The balance of \$ 1,258,344 due from Capital Projects to the General Fund is the result of a short-term advance. The remaining outstanding balances resulted from the time lag between the dates payments occur between funds for various activities, and are expected to be collected within one year.

Interfund transfers during the year ended June 30, 2018 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 3,764,393	\$ 1,761,343
Nonmajor Governmental Funds:		
Special Revenue Funds	1,761,343	-
Permanent Funds	-	500,100
Nonmajor Enterprise Funds:		
Parking Fund	-	3,264,293
Total	<u>\$ 5,525,736</u>	<u>\$ 5,525,736</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Major interfund transfers include the following:

Transfer from the Parking Fund to the General Fund in the amount of \$ 3,264,293 for the annual transfer of profits. Transfer from the Cemetery Trust Fund to the General Fund of \$500,100 for the annual contribution into the general fund operating budget. Transfer from the General Fund to the Special Revenue Fund in the amount of \$1,761,343 to fund community improvement projects.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Capital Assets

Governmental Activities

Changes in the governmental capital assets for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets, not being depreciated				
Land	\$ 12,251,267	\$ -	\$ -	\$ 12,251,267
Easements	52,426	-	-	52,426
Construction-in-progress	6,530,223	604,023	(4,594,896)	2,539,350
Total capital assets, not being depreciated	18,833,916	604,023	(4,594,896)	14,843,043
Capital assets, being depreciated				
Buildings	408,051,034	-	-	408,051,034
Improvements other than buildings	33,839,294	577,792	-	34,417,086
Equipment	19,623,218	574,392	(67,067)	20,130,543
Vehicles	30,474,467	2,576,896	(1,799,356)	31,252,007
Infrastructure	119,015,904	7,587,383	-	126,603,287
Total capital assets, being depreciated	611,003,917	11,316,463	(1,866,423)	620,453,957
Less accumulated depreciation				
Buildings	188,237,175	12,225,693	-	200,462,868
Improvements other than buildings	18,682,077	1,117,456	-	19,799,533
Equipment	15,961,602	1,218,716	(67,067)	17,113,251
Vehicles	20,877,366	2,077,040	(1,718,528)	21,235,878
Infrastructure	60,770,029	4,416,803	-	65,186,832
Total accumulated depreciation	304,528,249	21,055,708	(1,785,595)	323,798,362
Governmental Activities Capital Assets, Net	\$ 325,309,584	\$ (9,135,222)	\$ (4,675,724)	\$ 311,498,638

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Business-type Activities

Changes in the business-type capital assets for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets, not being depreciated				
Land	\$ 61,584,918	\$ 35,637	\$ (44,460)	\$ 61,576,095
Construction-in-progress	19,531,010	15,832,526	(22,688,190)	12,675,346
Total capital assets, not being depreciated	81,115,928	15,868,163	(22,732,650)	74,251,441
Capital assets, being depreciated				
Buildings	486,217,381	16,707,144	(17,550)	502,906,975
Improvements other than buildings	395,366,067	13,647,711	-	409,013,778
Interceptors	91,856,370	-	-	91,856,370
Equipment, vehicles and intangibles	71,088,760	1,674,915	(546,002)	72,217,673
Total capital assets, being depreciated	1,044,528,578	32,029,770	(563,552)	1,075,994,796
Less accumulated depreciation				
Buildings	228,452,124	11,093,795	(17,550)	239,528,369
Improvements other than buildings	224,748,720	13,720,395	-	238,469,115
Interceptors	35,897,022	2,270,028	-	38,167,050
Equipment, vehicles and intangibles	34,624,680	3,621,326	(536,923)	37,709,083
Less total accumulated depreciation	523,722,546	30,705,544	(554,473)	553,873,617
Business-type Total Capital Assets, Net	\$ 601,921,960	\$17,192,389	\$(22,741,729)	\$ 596,372,620

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Discretely Reported Component Units

Capital assets activity in the School District at June 30, 2018, consisted of the following:

	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Capital assets, not being depreciated				
Land	\$ 169,400	\$ -	\$ -	\$ 169,400
Total capital assets, not being depreciated	169,400	-	-	169,400
Capital assets, being depreciated				
Portable classrooms	548,612	-	-	548,612
Improvements	172,068	-	-	172,068
Instruments	11,949	-	-	11,949
Other machinery and equipment	7,377,211	617,526	(1,660,411)	6,334,326
Total capital assets, being depreciated	8,109,840	617,526	(1,660,411)	7,066,955
Total all capital assets	8,279,240	617,526	(1,660,411)	7,236,355
Less accumulated depreciation				
Portable classrooms	288,425	17,120	-	305,545
Improvements	68,828	5,736	-	74,564
Instruments	8,365	2,390	-	10,755
Other machinery and equipment	4,151,001	1,210,984	(1,660,411)	3,701,574
Less total accumulated depreciation	4,516,619	1,236,230	(1,660,411)	4,092,438
Total Capital Assets being depreciated, Net	\$ 3,762,621	\$ (618,704)	\$ -	\$ 3,143,917

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Capital asset activity in the MTA at June 30, 2018, consisted of the following:

	Balance		Balance	
	June 30, 2017	Additions	Retirements	June 30, 2018
Capital assets, not being depreciated				
Land	\$ 129,109	\$ -	\$ -	\$ 129,109
Total capital assets, not being depreciated	129,109	-	-	129,109
Capital assets, being depreciated				
Buildings and improvements	2,612,475	-	-	2,612,475
Buses	11,296,710	8,400	(591,355)	10,713,755
Equipment	1,936,068	113,433	(13,690)	2,035,811
Total capital assets being depreciated	15,845,253	121,833	(605,045)	15,362,041
Less accumulated depreciation	12,206,342	755,752	(591,355)	12,370,739
Total Capital Assets being depreciated, Net	\$ 3,768,020	\$ (633,919)	\$ (13,690)	\$ 3,120,411

Capital asset activity in the MPTS at June 30, 2018, consisted of the following:

	Balance		Balance	
	June 30, 2017	Additions	Retirements	June 30, 2018
Capital assets, not being depreciated				
Equipment	\$ 104,125	\$ -	\$ -	\$ 104,125
Improvements	132,702	-	-	132,702
Total capital assets, being depreciated	236,827	-	-	236,827
Less accumulated depreciation				
Equipment	104,125	-	-	104,125
Improvements	132,702	-	-	132,702
Less total accumulated depreciation	236,827	-	-	236,827
Total capital assets being depreciated, Net	\$ -	\$ -	\$ -	\$ -

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Governmental Activities:

General government	\$ 3,794,800
Public safety	1,809,804
Highways and streets	6,077,934
Health and welfare	234,479
Education and library	7,169,672
Parks and recreation	1,969,019
Total depreciation expense – governmental activities	<u>\$ 21,055,708</u>

Business-type Activities:

Water Works	\$ 4,064,693
EPD	7,208,274
Aviation	19,144,056
Parking	288,521
Total depreciation expense – business-type activities	<u>\$ 30,705,544</u>

Note 7. Long-Term Debt

Below is a listing of all the Governmental long-term debt outstanding at June 30, 2018:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2018
POB Series 2001 C	November-01	6.22	\$ 19,006,862	2018 - 2031	\$ 301,348 - \$ 700,694	\$ 6,585,597
SRF Landfill	July-03	3.728	\$ 13,221,166	2018 - 2024	\$661,058	3,966,350
GO Series 2003 B	December-03	5.00	\$ 22,718,111	2018 - 2020	\$1,164,681 - \$2,127,127	2,342,021
GO Series 2003 C	December-03	5.75	\$ 24,215,000	2018 - 2029	\$95,695 - \$185,000	1,496,975
GO Series 2004	September-04	4.00	\$ 11,280,038	2018 - 2019	\$959,728	959,728
School Series 2004	October-04	5.50	\$ 61,970,000	2018 - 2028	\$2,520,000 - \$5,745,000	42,805,000
GO Series 2010 B	June-10	4.25 - 5.40	\$ 12,454,634	2018 - 2030	\$550,000 - \$1,583,049	10,872,317
GO Series 2010 C	December-10	4.00	\$ 16,015,000	2018 -2019	\$2,135,000	2,135,000
GO Series 2010 D	December-10	4.00 - 4.50	\$ 4,435,000	2020 - 2023	\$1,065,000 - \$1,155,000	4,435,000
GO Series 2010 E	December-10	4.75 - 6.125	\$ 28,910,000	2024 - 2041	\$1,185,000 - \$2,130,000	28,910,000
GO Series 2010 F	December-10	4.00 - 5.00	\$ 31,584,742	2018 - 2029	\$980,000 - \$2,410,540	19,131,175
MERF loan	July-11	.924-3.00	\$ 400,000	2018 - 2022	\$41,166 - \$44,544	170,945
Go Series 2011 A	December-11	3.00	\$ 2,855,000	2018 - 2022	\$290,000 - \$315,000	1,215,000
School Series 2011	December-11	3.00 - 4.00	\$ 16,695,000	2018 - 2028	\$50,000 - \$4,510,000	14,665,000
GO Series 2015 A	June-15	3.00 - 5.00	\$ 29,990,000	2018 - 2035	\$1,240,000 - \$2,280,000	29,480,000
GO Series 2015 B	June-15	3.00 - 3.15	\$ 3,285,000	2018 - 2025	\$315,000 - \$385,000	2,415,000
GO Series 2016	June-16	1.55	\$ 12,167,005	2018 - 2022	\$2,850,000 - \$3,175,000	11,885,000
GO Series 2018 A	May-18	3.125 - 3.25	\$ 32,835,000	2019 - 2038	\$30,550 - \$1,453,925	32,835,000
GO Series 2018 B	May-18	3.10 - 4.00	\$ 1,764,000	2019 - 2025	\$225,000 - \$275,000	1,764,000
Governmental long-term debt						<u>\$ 218,069,108</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Below is a listing of all the Business Type long-term debt outstanding at June 30, 2018:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2018
POB Series 2001 C	November-01	6.22	\$ 1,803,138	2019 - 2031	\$18,652 - \$59306	\$ 494,403
GO Series 2003 B	December-03	5.00	\$ 2,776,889	2019 -2020	\$215,319 - \$217,600	432,979
GO Series 2003 C	December-03	5.75	\$ 3,545,000	2019 -2024	\$8,537 - \$9,307	53,025
GO Series 2004	September-04	4.00	\$ 449,962	2019	55,272	55,272
SRF 2007	December-05	3.27	\$ 2,970,000	2019 -2021	\$230,328 - \$245,638	713,827
SRF 2008 2	July-07	3.488	\$ 3,426,462	2019 - 2028	\$171,323	1,713,231
SRF 2008 3	January-08	3.488	\$ 4,412,033	2019 - 2028	\$220,602	2,206,016
SRF 2008 4	July-08	3.488	\$ 4,881,959	2019 - 2028	\$244,098	2,440,980
SRF 2009	September-08	4.208	\$ 4,147,317	2019 - 2028	\$207,366	2,073,659
SRF 2011 6	February-09	2.864	\$ 1,800,000	2019 - 2031	\$36,844 - \$ 51,761	571,200
Airport Series 2009 A	December-09	4.00 - 4.25	\$ 64,830,000	2019 - 2030	\$2,505,000 - \$10,865,000	50,605,000
SRF 2012 2	January-10	1.940	\$ 700,000	2019- 2022	\$37,411 - \$39,631	154,056
SRF 2011 1	March-10	2.864	\$ 3,321,513	2019 - 2030	\$166,076	1,992,908
SRF 2011 4	April-10	2.864	\$ 3,655,662	2019 - 2030	\$182,783	2,193,397
GO Series 2010 B	June-10	4.25 - 5.00	\$ 12,454,634	2019 - 2025	\$21,220 - \$25,366	162,683
SRF 2011 3	July-10	1.790	\$ 920,948	2019 - 2020	\$92,095	184,190
SRF 2011 5	July-10	2.864	\$ 205,000	2019 - 2030	\$10,026 - \$13,678	141,200
SRF 2011 2	September-10	2.864	\$ 2,733,457	2019 - 2030	\$136,673	1,640,074
GO Series 2010 C	December-10	4.00	\$ 740,000	2019	\$80,000	80,000
GO Series 2010 D	December-10	4.00 - 4.50	\$ 330,000	2020 - 2023	\$80,000 - \$85,000	330,000
GO Series 2010 E	December-10	4.75 - 5.50	\$ 805,000	2024 - 2031	\$90,000 - \$110,000	805,000
GO Series 2010 F	December-10	4.00 - 5.00	\$ 2,810,258	2019 - 2024	\$151,838 - \$246,676	1,133,825
SRF 2011 7	March-11	3.104	\$ 2,200,000	2019 - 2031	\$110,000	1,430,000
SRF 2012 1	March-11	3.104	\$ 2,875,000	2019 - 2031	\$143,750	1,868,750
Go Series 2011 C	December-11	3.00 - 5.00	\$ 36,375,000	2019 - 2034	\$1,225,000 - \$2,665,000	32,420,000
SRF 2012 3	January-12	2.72	\$ 5,353,116	2019 - 2032	\$267,656	3,747,181
Airport Series 2012 A	June-12	4.00 - 5.00	\$ 59,215,000	2020 - 2032	\$1,000,000 - \$8,325,000	59,215,000
Airport Series 2012 B	June-12	5.00	\$ 25,725,000	2019 - 2020	\$5,180,000 - \$5,885,000	11,065,000
Airport Series 2013	February-13	3.06	\$ 21,800,000	2019 - 2022	\$1,264,554 - \$2,124,410	7,452,881
Airport Series 2014	December-14	2.44	\$ 10,000,000	2019 - 2027	\$22,311 - \$2,136,521	9,927,745
Airport Series 2015	January-15	2.38	\$ 2,630,000	2019 - 2027	\$7,119 - \$482,763	2,368,185
SRF 2016 1	December-16	2.38	\$ 2,630,000	2019 - 2027	\$1,049,134	18,884,419
GO Series 2018 A	May-18	3.125 - 5.00	\$ 2,355,000	2019 - 2038	\$75,000 - \$165,000	2,355,000
SRF 2018 1	July-17	1.96	\$ 9,000,000	2019 - 2047	\$226,033 - \$531,217	8,857,627
SRF 2018 2	July-17	1.225	\$ 1,200,000	2019 -2027	\$114,752 - \$142,093	1,100,449
Business Type long-term debt						<u>\$ 230,869,162</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Primary Government

The debt service requirements of the City’s outstanding General Obligation (GO) bonds, revenue bonds and notes payable at June 30, 2018 are as follows:

Governmental Activities long-term debt:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 19,824,000	\$ 9,638,630	\$ 29,462,630
2020	20,035,210	8,807,935	28,843,145
2021	18,051,583	7,978,570	26,030,153
2022	18,694,776	7,207,376	25,902,152
2023	15,452,976	6,409,002	21,861,978
2024 - 2028	72,449,925	21,388,843	93,838,768
2029 - 2033	29,435,638	9,217,527	38,653,165
2034 - 2038	17,945,000	3,939,663	21,884,663
2039 - 2041	6,180,000	576,363	6,756,363
Debt Service Requirement	218,069,108	75,163,909	293,233,017
Add Net Bond Premium	12,585,544	-	12,585,544
Total Governmental Activities	<u>\$ 230,654,652</u>	<u>\$ 75,163,909</u>	<u>\$ 305,818,561</u>

Business-type Activities long-term debt:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 16,115,394	\$ 9,059,665	\$ 25,175,059
2020	16,550,947	8,403,303	24,954,250
2021	17,051,065	7,731,660	24,782,725
2022	16,712,515	7,027,987	23,740,502
2023	17,953,160	6,331,080	24,284,240
2024 - 2028	95,755,581	20,397,820	116,153,401
2029 - 2033	39,183,076	4,757,158	43,940,234
2034 - 2037	8,159,983	677,367	8,837,350
2039 - 2041	1,732,853	265,360	1,998,213
2044 - 2047	1,654,588	85,968	1,740,556
Debt Service Requirement	230,869,162	64,737,368	295,606,530
Add Net Bond Premium	2,896,083	-	2,896,083
Total Business-type Activities	<u>\$ 233,765,245</u>	<u>\$ 64,737,368</u>	<u>\$ 298,502,613</u>

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

Interest rates for the City’s outstanding GO bonds range from .924% to 6.22%. At June 30, 2018, the City’s legal debt limit was \$ 982,809,000. Authorized and unissued financing resolutions as of June 30, 2018 totaled \$ 3,525,000.

In prior years, the City defeased certain GO and other bonds by placing the securities purchased with the proceeds of new bonds in irrevocable trust accounts to provide for all future debt service payments

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

of the refunded bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements.

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Due within One year
Governmental activities:					
General obligation debt - City	\$ 111,198,552	\$ 29,995,000	\$ 11,537,018	\$ 129,656,534	\$ 11,594,711
Revenue bonds payable - MSD	61,785,000	-	4,315,000	57,470,000	4,555,000
General obligation bonds payable - MSD	31,013,872	4,604,000	4,675,298	30,942,574	3,674,289
Premiums (discounts)	10,030,877	3,465,347	910,680	12,585,544	1,055,073
Net Bonds Payable	214,028,301	38,064,347	21,437,996	230,654,652	20,879,073
Compensated absences	14,052,479	965,828	986,634	14,031,673	3,507,918
Insurance claims	7,304,568	16,043,476	16,625,649	6,722,395	6,722,395
Capital lease	62,762	-	28,666	34,096	26,268
Net OPEB obligations *	41,027,144	-	2,014,370	39,012,774	-
Net pension liability	216,692,173	-	13,757,482	202,934,691	-
Landfill post-closure care	425,000	-	25,000	400,000	-
	<u>\$ 493,592,427</u>	<u>\$ 55,073,651</u>	<u>\$ 54,875,797</u>	<u>\$ 493,790,281</u>	<u>\$ 31,135,654</u>
Business-type activities					
General obligation debt	\$ 82,943,072	\$ 12,555,000	\$ 5,262,722	\$ 90,235,350	\$ 5,624,213
Revenue bonds	150,712,413	-	10,078,601	140,633,812	10,491,180
Premiums (discounts)	3,592,917	-	696,834	2,896,083	574,217
Net Bonds Payable	237,248,402	12,555,000	16,038,157	233,765,245	16,689,610
Net OPEB obligations *	3,813,162	-	153,107	3,660,055	-
Net pension liability	31,205,182	-	1,171,443	30,033,739	-
Due to State of New Hampshire	10,279,529	2,468,537	9,992,482	2,755,584	287,050
Compensated absences **	2,989,266	-	171,766	2,817,500	1,760,270
	<u>\$ 285,535,541</u>	<u>\$ 15,023,537</u>	<u>\$ 27,526,955</u>	<u>\$ 273,032,123</u>	<u>\$ 18,736,930</u>

*The balance at June 30, 2017 has been restated due to the implementation of GASB 75.

**The balance at June 30, 2017 has been adjusted to reflect a prior year update.

On May 1, 2018, the City closed on a \$ 36,954,000 issue of General Obligation Public Improvement Bonds. The General Obligation Public Improvement Bonds were issued in two series: \$ 35,190,000 Series 2018 A Bond is a new -money, non taxable issuance which will be used to finance various projects throughout the City including improvements to several of the City's schools, road construction and the replacement of the City-wide Radio System; Series 2018 B is a new money, taxable issuance which will be used to finance School Buses and the replacement of motorized equipment within the City. The true interest cost on the Series 2018 A is 2.85%, while the true interest cost on the Series 2018 B is 2.95%.

The EPD Enterprise Fund has twelve loan agreements with original principal balances amounting to \$ 61,785,154 with the State of New Hampshire, State Water Pollution Control Revolving Fund (SRF) program for the purpose of financing certain projects in connection with the expansion of the

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

wastewater treatment facility and water pollution abatement projects. The balance at June 30, 2018 totaled \$ 40,374,804; this amount is included in the \$ 90,235,350 General Obligation Debt for business-type activities.

The City has pledged future airport revenues, net of specified operating expenses, to repay \$ 140,633,811 in airport revenue bonds. Pledged revenues total \$ 42,164,157 and include certain operating and non-operating revenues and account balances under restricted assets. Proceeds from the bonds were used for various airport construction projects. The bonds are payable solely from the airport net revenues and are payable through 2032. As required by the bond agreement, the Authority must maintain a debt services coverage ratio of 1.25 to 1. The current year coverage ratio is 1.61. The total principal and interest remaining to be paid on the bonds is \$ 182,492,166. Principal and interest paid for the current year was \$ 16,687,949.

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

Note 8. Retirement Plans

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

City Pension Plans

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

SCHEDULE OF PLAN NET POSITION - PENSION AND MEDICAL TRUST FUNDS

	MECRS Pension Trust 12/31/2017	MECRS Medical Trust 12/31/2017	Old System Pension Trust 6/30/2018	Total
Assets				
Cash and cash equivalents	\$ 3,846,526	\$ 710,004	\$ 413,343	\$ 4,969,873
Investments	216,895,960	11,816,838	7,150,087	235,862,885
Receivables, net of allowances for collection losses	319,721	28,262	19,217	367,200
Other assets	47	3	-	50
Capital assets, net where applicable, of accumulated depreciation	2,375	129	-	2,504
Total Assets	221,064,629	12,555,236	7,582,647	241,202,512
Liabilities				
Accounts and warrants payable	424,800	87	-	424,887
Accrued liabilities	1,403,290	21,953	-	1,425,243
Total Liabilities	1,828,090	22,040	-	1,850,130
Net Position				
Restricted for:				
Pension trust	219,236,539	-	7,582,647	226,819,186
OPEB	-	12,533,196	-	12,533,196
Net Position Restricted for Pension and OPEB Benefits	\$ 219,236,539	\$ 12,533,196	\$ 7,582,647	\$ 239,352,382

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

	MECRS Pension Trust 12/31/2017	MECRS Medical Trust 12/31/2017	Old System Pension Trust 6/30/2018	Total
Additions				
Contributions				
Employer	\$ 12,221,415	\$ 715,870	\$ -	\$ 12,937,285
Plan members	2,342,147	680,167	-	3,022,314
Total Contributions	14,563,562	1,396,037	-	15,959,599
Investment Income				
Interest and dividends	2,333,552	130,369	260,815	2,724,736
Net realized and unrealized appreciation in fair value of investments	28,850,320	1,593,483	338,356	30,782,159
Other income	3,897	216	-	4,113
Less investment expense	(887,029)	(47,124)	-	(934,153)
Net Investment Income	30,300,740	1,676,944	599,171	32,576,855
Total Additions	44,864,302	3,072,981	599,171	48,536,454
Deductions				
Benefits paid directly to participants	16,605,774	954,291	1,347,190	18,907,255
Refunds of employee contributions	229,271	-	-	229,271
Administrative expenses	722,990	42,160	49,040	814,190
Total Deductions	17,558,035	996,451	1,396,230	19,950,716
Net Increase (Decrease)	27,306,267	2,076,530	(797,059)	28,585,738
Net Position Restricted for Pension and OPEB Benefits				
Beginning of year	191,930,272	10,456,666	8,379,706	210,766,644
End of year	\$ 219,236,539	\$ 12,533,196	\$ 7,582,647	\$ 239,352,382

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Total Net Pension Liability – Primary Government

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

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

	GOVERNMENTAL ACTIVITIES			
	Deferred Outflows	Net Pension Liability	Deferred Inflows	Pension Expense
MECRS	\$ 11,723,811	\$ 73,244,631	\$ 4,775,839	\$ 10,789,929
Old System	240,680	5,239,546	392,645	128,347
NHRS	<u>25,417,044</u>	<u>124,450,514</u>	<u>5,384,646</u>	<u>12,619,938</u>
Subtotal	37,381,535	202,934,691	10,553,130	23,538,214
	BUSINESS-TYPE ACTIVITIES			
	Deferred Outflows	Net Pension Liability	Deferred Inflows	Pension Expense
MECRS	5,225,493	29,107,639	2,477,418	4,267,682
Old System	<u>-</u>	<u>926,100</u>	<u>26,860</u>	<u>22,686</u>
Subtotal	<u>5,225,493</u>	<u>30,033,739</u>	<u>2,504,278</u>	<u>4,290,368</u>
TOTAL	<u>\$ 42,607,028</u>	<u>\$ 232,968,430</u>	<u>\$ 13,057,408</u>	<u>\$ 27,828,582</u>

Manchester Employees' Contributory Retirement System (MECRS)

A. MECRS Plan Description

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Membership in the Plan consisted of the following at December 31, 2017, the date of the last actuarial valuation:

	<u>Pension</u>	<u>Medical</u>
Retirees and beneficiaries receiving benefits	882	325
Terminated vested members	96	96
Active members	<u>1,176</u>	<u>1,176</u>
Total Participants	<u>2,154</u>	<u>1,597</u>

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

B. MECRS Benefits Provided

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

C. MECRS Contributions

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

Prior to January 1, 1999, all eligible employees were required to contribute 2.5% of their salaries to the MECRS; this contribution increased to 3.75% after January 1, 1999. If an employee leaves covered employment or dies before 5 years of service, the MECRS refunds accumulated employee contributions and their investment earnings, calculated at rates determined annually by the MECRS Board of Trustees (5% for 2017).

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

The City's contribution rates as a percentage of payrolls in 2017 were based on actuarial valuations performed as of December 31, 2016. The City's contributions for 2017 were based on the amount recommended by the actuary. The recommended City contributions for 2017 consisted of normal cost of \$12,937,285 (this amount differs from the schedule presented on pg. 111 due to a transition from an actuarial determined contribution to a weekly percentage of payroll method) which included amortization of the net pension liability and unfunded actuarial accrued liability (credits) related to actuarial gains and assumption changes. At December 31, 2017, the unfunded prior service costs are being amortized over periods of twenty-two years. The employer customary actuarial determined contributions represented 24.45% of covered payroll for 2017.

D. MECRS Summary of Significant Accounting Policies

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

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

At June 30, 2018, the City (not including the Manchester School District, a component unit of the City) reported a net pension liability of \$102,352,270 for the MECRS. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

For the year ended June 30, 2018, the City (not including the Manchester School District, a component unit of the City) recognized pension expense of \$15,057,611. In addition, the City (not including the Manchester School District, a component unit of the City) reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,612,532	\$ 2,750,419
Changes of assumptions	6,599,564	-
Net difference between projected and actual earnings on pension plan investments	-	2,807,616
Changes in proportion and differences between contributions and proportionate share of contributions	<u>2,306,467</u>	<u>1,695,222</u>
Subtotal	11,518,563	7,253,257
Contributions subsequent to the measurement date	<u>5,430,742</u>	-
Total	<u>\$ 16,949,305</u>	<u>\$ 7,253,257</u>

Deferred outflows of resources related to the MECRS resulting from contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2018.

A summary of the amortization of the deferred outflows and deferred inflows can be found on page 89.

F. MECRS Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	December 31, 2017
Actuarial Cost Method:	Entry-Age Normal
Rate of investment return:	7.00%
Projected salary increases:	3.75% - 7.43%
Inflation Rate:	2.75%
COLA assumption	1.0% compounded annually

Mortality rates were based on the RP 2014 Mortality Table projected to 2026 for males and MP-2017 for females. This assumption is used to measure the probabilities of members dying after retirement. Eighty percent of these rates are used to measure the probability of dying before retirement. The projection to 2026 is the margin for mortality improvement. Post-retirement disabled mortality rates are based on the health mortality rates, set forward 10 years.

CITY OF MANCHESTER, NEW HAMPSHIRE

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation at December 31, 2017, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Current Target</u>	<u>2018 Assumption</u>	<u>30 Year Real Returns Weighted Return</u>
Cash	2.0%	2.8%	0.1%
Equities:			
Large cap equities	16.0%	8.8%	1.4%
Small/mid cap equities	6.0%	9.6%	0.6%
International equities (unhedged)	10.0%	9.6%	1.0%
International small cap (unhedged)	5.0%	10.1%	0.5%
Emerging international equities	<u>5.0%</u>	12.5%	0.6%
Total Equity	42.0%		
Fixed Income:			
Core bonds	5.0%	3.9%	0.2%
Treasury Inflation Protected Securities	5.0%	4.0%	0.2%
Absolute return fixed income	5.0%	4.5%	0.2%
Diversified fixed income	<u>6.0%</u>	5.3%	0.3%
Total Fixed Income	21.0%		
Alternatives:			
Real estate (core)	10.0%	7.3%	0.7%
Liquid alternatives	5.0%	5.5%	0.3%
Private equity	10.0%	11.7%	1.2%
Global asset allocation	<u>10.0%</u>	7.1%	0.7%
Total Alternatives	35.0%		
2018 Expected 30 year real return			<u><u>8.0%</u></u>

G. MECRS Discount Rate

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

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

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

<u>Year Ended</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
December 31, 2017	\$ 165,985,846	\$ 102,352,270	\$ 90,540,676

I. MECRS Retiree Health Insurance Sub-Trust

Beginning in 2006, following the November 2005 ratification by City referendum of Chapter 41 Laws of 2005, the MECRS began operating a Retiree Health Insurance Sub-Trust (Sub-Trust) pursuant to the provisions of Internal Revenue Code Section 401(h). In March 2006, the member contribution rate increased by 1.25% to accumulate assets from which to pay benefits and on July 1, 2006, the MECRS began providing health insurance subsidies to both new and existing retirees based upon their creditable service at retirement. The benefit is limited to members who continue to obtain their health insurance through the City’s health insurance plan after they retire. The benefit amount for those already retired on March 1, 2006 was equal to 50% of the amount paid to those retiring after that date. As of July 1, 2017, the City’s employer contribution rate, which helps fund the benefit, was 1.26% based upon actuarial valuation results.

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

Old System Retirement Plan

A. Old System Plan Description

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

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As of July 1, 2018, the date of the latest actuarial valuation, Old System membership consisted of:

Members currently receiving benefits	83
Active Vested Members	<u>4</u>
Total Members	<u>87</u>

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

B. Old System Benefits Provided

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

C. Contributions

Active members are not required to contribute to the Old System plan. Actuarially determined employer contributions are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported. For the years ended June 30, 2018 and June 30, 2017, the City's actuarially determined contributions were \$791,915 and \$665,949 respectively; however, the City made no contributions to the Old System pension plan in either of these two fiscal years.

D. Old System Summary of Significant Accounting Policies

The accounting policies of the Old System as reflected in the accompanying financial statements for the year ended June 30, 2018 conform to generally accepted accounting principles for public employee retirement systems (PERS). The more significant accounting policies of the Old System are summarized below:

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

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

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

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

At June 30, 2018, the City reported a net pension liability of \$6,165,646 for the Old System plan. 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 July 1, 2018.

The components of the Old System net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	\$ 13,748,292
Plan fiduciary net position	<u>7,582,646</u>
Net pension liability	<u>\$ 6,165,646</u>
Plan fiduciary net position as a percentage of the total pension liability	55.15%

For the year ended June 30, 2018, the City recognized pension expense of \$151,033. In addition, the City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ <u>240,680</u>	\$ <u>419,505</u>
Total	\$ <u>240,680</u>	\$ <u>419,505</u>

A summary of the amortization of the deferred outflows and deferred inflows can be found on page 89.

F. Old System Actuarial Assumptions

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

Valuation date	July 1, 2018
Actuarial cost method	Entry age normal
Investment rate of return	5.00%, net investment expenses
Projected salary increases	4.50%

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

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

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are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Domestic equities	42.00%	5.20%
International equities	11.00%	4.70%
Fixed income	42.00%	0.30%
Cash	<u>5.00%</u>	0.00%
Total	<u><u>100.0%</u></u>	

G. Old System Discount Rate

The discount rate used to measure the Old System total pension liability was 4.12%. The projection of cash flows used to determine the discount rate assumed there will continue to be no future contributions made by plan members or the City. Based on those assumptions, the Old System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to the first 7 periods of projected benefit payments and a 3.87% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 3.87% municipal bond rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index as of June 30, 2018.

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

The following presents the net pension liability of the Old System, calculated using the current discount rate of (4.12%), as well as what the Old System's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.12%) or 1 percentage-point higher (5.12%) than the current rate:

<u>Year Ended</u>	<u>1% Decrease (3.12%)</u>	<u>Current Discount Rate (4.12%)</u>	<u>1% Increase (5.12%)</u>
June 30, 2018	\$ 7,246,637	\$ 6,165,646	\$ 5,221,122

New Hampshire Retirement System (NHRS)

A. NHRS Plan Description

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

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

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

B. NHRS Benefits Provided

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

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

<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	12	2.2%
Less than 4 years	49	24	2.1%

C. NHRS Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan. For fiscal year 2018, member contribution rates were set at 7% for Group I employees and teachers, 11.55% for Group II police members, and 11.80% for Group II fire members. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16. For fiscal year 2018, the City's pension contribution percentages for covered employee compensation were set at 11.08% for Group I employees, 15.7% for Group I teachers, 25.33% for Group II police members, and 27.79% for Group II fire members.

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The City’s contributions to the NHRS pension plan for its covered police and fire members for the year ended June 30, 2018 totaled \$10,539,221 (exclusive of a \$1,634,540 medical subsidy), which was equal to its annual required contribution.

D. NHRS Summary of Significant Accounting Policies

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

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

At June 30, 2018, the City reported a net pension liability of \$124,450,514 for its proportionate share of the NHRS’ total net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City’s proportion of the net pension liability was based on an actuarially determined projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At June 30, 2018, the City’s proportion was 2.53051435%.

For the year ended June 30, 2018, the City recognized pension expense of \$12,619,938. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 282,181	\$ 1,583,898
Changes of assumptions	12,496,474	-
Net difference between projected and actual earnings on pension plan investments	-	1,584,940
Changes in proportion and differences between contributions and proportionate share of contributions	<u>464,628</u>	<u>2,215,808</u>
Subtotal	13,243,283	5,384,646
Contributions subsequent to the measurement date	<u>12,173,761</u>	-
Total	<u>\$ 25,417,044</u>	<u>\$ 5,384,646</u>

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Deferred outflows of resources related to the NHRS resulting from contributions subsequent to the measurement date (inclusive of the medical subsidy) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

A summary of the amortization of the deferred outflows and deferred inflows can be found on page 89.

F. NHRS Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016 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:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Large cap equities	22.50%	4.25%
Small/mid cap equities	<u>7.50%</u>	4.50%
Total domestic equities	30.00%	
International equities (unhedged)	13.00%	4.50%
Emerging international equities	<u>7.00%</u>	6.25%
Total international equities	20.00%	
Core bonds	5.00%	0.75%
Short Duration	2.00%	-0.25%
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	<u>7.00%</u>	1.26%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	<u>5.00%</u>	2.84%
Total alternative investments	15.00%	
Real estate	<u>10.00%</u>	3.25%
Total investments	<u><u>100.00%</u></u>	

G. NHRS Discount Rate

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

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

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

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 163,957,306	\$ 124,450,514	\$ 92,076,262

I. NHRS Fiduciary Net Position

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

Amortization of Deferred Outflows and Deferred Inflows Related to Pensions

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

	<u>Deferred Outflows</u>			
	<u>MECRS</u>	<u>Old System</u>	<u>NHRS</u>	<u>Total</u>
Governmental Activities	\$ 7,893,260	\$ 240,680	\$ 13,243,283	\$ 21,377,223
Business-Type Activities:				
Water Works	1,246,492	-	-	1,246,492
EPD	542,691	-	-	542,691
Aviation	1,412,038	-	-	1,412,038
Nonmajor	424,081	-	-	424,081
Subtotal	<u>3,625,302</u>	<u>-</u>	<u>-</u>	<u>3,625,302</u>
Total	<u>\$ 11,518,562</u>	<u>\$ 240,680</u>	<u>\$ 13,243,283</u>	<u>\$ 25,002,525</u>

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		Deferred Inflows			
		<u>MECRS</u>	<u>Old System</u>	<u>NHRS</u>	<u>Total</u>
Governmental Activities	\$	4,775,839	\$ 392,645	\$ 5,384,646	\$ 10,553,130
Business-Type Activities:					
Water Works		857,792	17,493	-	875,285
EPD		596,495	9,367	-	605,862
Aviation		882,913	-	-	882,913
Nonmajor		140,218	-	-	140,218
Subtotal		2,477,418	26,860	-	2,504,278
Total	\$	7,253,257	\$ 419,505	\$ 5,384,646	\$ 13,057,408

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

		Business-Type Activities				
Governmental	<u>Activities</u>	<u>Water Works</u>	<u>EPD</u>	<u>Aviation</u>	<u>Nonmajor</u>	<u>Total</u>
2019	\$ 4,369,526	\$ 374,691	\$ 111,682	\$ 419,716	\$ 75,841	\$ 5,351,456
2020	6,648,825	252,066	48,825	280,877	60,276	7,290,869
2021	2,738,174	(134,890)	(118,250)	(79,181)	20,619	2,426,472
2022	(3,417,308)	(208,191)	(99,917)	(151,415)	(21,323)	(3,898,154)
2023	484,875	87,531	(5,510)	59,128	148,450	774,474
	\$ 10,824,092	\$ 371,207	\$ (63,170)	\$ 529,125	\$ 283,863	\$ 11,945,117

Note 9. Other Post Employment Benefits (GASB 75)

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

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CITY OPEB PLANS

Plan Descriptions and Background

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

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

The City-administered MECRS Medical Trust is aggregated and reported as a component of the fiduciary fund type in the City's financial statements. Details of the financial position and results of operations are on page 73.

Total/Net OPEB Liability – Primary Government

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

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

	GOVERNMENTAL ACTIVITIES			
	Deferred <u>Outflows</u>	Net/Total OPEB <u>Liability</u>	Deferred <u>Inflows</u>	OPEB <u>Expense</u>
MECRS	\$ 1,169,383	\$ 8,663,716	\$ 542,196	\$ 631,936
City	-	18,821,972	4,978,396	992,848
NHRS	-	11,527,086	55,652	808,287
Subtotal	1,169,383	39,012,774	5,576,244	2,433,071
	BUSINESS-TYPE ACTIVITIES			
	Deferred <u>Outflows</u>	Net/Total OPEB <u>Liability</u>	Deferred <u>Inflows</u>	OPEB <u>Expense</u>
MECRS	272,741	2,020,686	126,459	147,390
City	-	1,639,369	440,505	81,687
Subtotal	272,741	3,660,055	566,964	229,077
TOTAL	\$ 1,442,124	\$ 42,672,829	\$ 6,143,208	\$ 2,662,148

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A. City OPEB Plan

All the following OPEB disclosures are based on a measurement date of June 30, 2018.

General Information about the OPEB Plan

Plan Description

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

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

Plan Description

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

Plan Membership

At June 30, 2018, the following City (not including the Manchester School District, a component unit of the City) employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	154
Active employees	<u>1,171</u>
Total	<u><u>1,325</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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Inflation	3.00 percent
Discount rate	3.87 percent
Healthcare cost trend rates	9 percent for 2017, decreasing 1 percent per year to an ultimate rate of 5 percent for 2021 and later years.
Mortality	Pre- Retirement Mortality: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvement using scale MP-2015; Post-Retirement Mortality: RP-2014 Healthy Annuitant Mortality Tables for males and females projected with generational mortality improvement using scale MP-2015
Retirees' share of benefit-related costs	100 percent

The discount rate was based on the Bond Buyer 20-Bond GO Index published rate on June 28, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The City's (not including the Manchester School District, a component unit of the City) total OPEB liability of \$20,461,341, was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

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Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2017	\$ 24,527,276
Changes for the year:	
Service cost	1,080,725
Interest	895,624
Changes of benefit terms	-
Differences between expected and actual experience	(4,353,244)
Changes in assumptions or other inputs	(509,511)
Benefit payments	<u>(1,179,529)</u>
Net Changes	<u>(4,065,935)</u>
Balances at June 30, 2018	<u>\$ 20,461,341</u>

Changes of benefit terms reflect changes in collective bargaining agreements.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018. All other assumptions were the same as those used in the previous measurement.

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

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

1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
\$ 22,281,425	\$ 20,461,341	\$ 18,814,682

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

The following presents the City (not including the Manchester School District, a component unit of the City) total OPEB liability, as well as what the total OPEB liability would

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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:

1% Decrease (4.00%)	Current Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
\$ 18,190,765	\$ 20,461,341	\$ 23,144,085

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

For the year ended June 30, 2018, the City (not including the Manchester School District, a component unit of the City) recognized an OPEB expense of \$992,848. At June 30, 2018, 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	\$	\$ 3,700,738
Change in assumptions	<u> </u>	<u>1,718,163</u>
Total	\$ <u> -</u>	\$ <u>5,418,901</u>

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

<u>Year Ended June 30:</u>	
2019	\$ (961,840)
2020	(961,840)
2021	(961,840)
2022	(961,840)
2023	(940,947)
Thereafter	<u>(630,594)</u>
Total	\$ <u>(5,418,901)</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 above, the City participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

Benefits Provided

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

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

Actuarial Assumptions and Other Inputs

The City (not including the Manchester School District, a component unit of the City) proportionate share of the NHRS Medical Subsidy as of June 30, 2018 is based upon an actuarial valuation performed as of June 30, 2016 (rolled forward to June 30, 2017) using a measurement date of June 30, 2017. The actuarial valuation used the following actuarial assumptions:

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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, 2016 valuation were based on the results of the most recent 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, 2017 was \$11,527,086.

For the year ended June 30, 2018, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$808,287. At June 30, 2018, 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>
Changes in proportion	\$ -	\$ 19,278
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>36,374</u>
Total	<u>\$ -</u>	<u>\$ 55,652</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year have been included and disclosed in Footnote 9 C.

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

<u>Year Ended June 30:</u>	
2019	\$ (28,371)
2020	(9,093)
2021	(9,093)
2021	<u>(9,095)</u>
Total	<u>\$ (55,652)</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 12,544,897	\$ 11,527,086	\$ 10,645,229

C. MECRS OPEB Plan

All the following OPEB disclosures are based on a measurement date of December 31, 2017.

General Information about the OPEB Plan

Plan Description

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

Plan Membership

At June 30, 2018, the following City (not including the Manchester School District, a component unit of the City) employees were covered by the benefit terms:

Inactive plan members or beneficiaries entitled to but not yet receiving benefit payments	96
Inactive plan members or beneficiaries currently receiving benefit payments	325
Active employees	<u>1,176</u>
Total	<u><u>1,597</u></u>

Actuarial Assumptions and Other Inputs

The Net OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified all assumptions are substantially the same as reported in Note 8 F.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Discount Rate

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

Net OPEB Liability

The MECRS's (not including the Manchester School District, a component unit of the City) Net OPEB liability of \$10,684,402, was measured as of December 31, 2017, and was determined by an actuarial valuation as of December 31, 2017.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 23,023,666	\$ 10,456,665	\$ 12,567,001
Changes for the year:			
Service cost	629,368	-	629,368
Interest	1,657,437	-	1,657,437
Contributions - employer		715,870	(715,870)
Contributions - employee	-	680,166	(680,166)
Net investment income	-	1,681,916	(1,681,916)
Plan amendment	-	-	-
Differences between expected and actual experience	(139,278)	-	(139,278)
Changes in assumptions or other inputs	2,188,276	-	2,188,276
Benefit payments	(954,291)	(954,291)	-
Administrative expense	-	(44,790)	44,790
Net Changes	3,381,512	2,078,871	1,302,641
Balances, end of year	\$ 26,405,178	\$ 12,535,536	\$ 13,869,642
OPEB liability applicable to Manchester School District			(3,185,240)
Net OPEB liability applicable to the City			10,684,402

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 13,412,262	\$ 10,684,402	\$ 8,406,454

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

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

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

At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual investment earnings	\$ -	\$ 668,655
Change in assumptions	<u>1,442,124</u>	<u>-</u>
Total	<u>\$ 1,442,124</u>	<u>\$ 668,655</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

<u>Year Ended June 30:</u>	
2019	\$ 128,912
2020	128,912
2021	128,912
2022	128,912
2023	128,912
Thereafter	<u>128,909</u>
Total	\$ <u><u>773,469</u></u>

Manchester School District

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

MTA

MTA contracted with an outside consultant to assist in the determination and valuation of the OPEB liability under GASB 75. An OPEB liability actuarial valuation was completed by the consultants as of June 30, 2018.

Plan Description

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 10. Contingent Liabilities and Risk Management

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

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

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

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2018	\$7,304,568	\$16,043,476	\$16,625,649	\$6,722,395
2017	\$7,324,237	\$15,988,602	\$16,008,271	\$7,304,568
2016	\$6,862,036	\$14,191,604	\$13,729,403	\$7,324,237

Health

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

Property

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

General Liability

Liability claims are administered through a private carrier. The City is self-insured under this program, except for the Aviation Fund which maintains a liability insurance policy which provides coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. State law generally limits a city’s liability for an incident to \$325,000 per individual and \$1,000,000 per incident. \$628,038 was recorded in the government wide statements governmental activities for fiscal year 2018 as the City’s estimated liabilities for unsettled claims.

Worker's Compensation

Worker's compensation claims are administered through a private carrier. The City is self-insured under this program for all City employees. There is a \$1,150,000 limit per employee per claim. \$5,541,205 was recorded in the government wide statements governmental activities as the City's estimated liability for all types of claims incurred in 2018 or prior, which have not been settled.

Department of Aviation

The DA has comprehensive airport liability insurance policies with insurance companies, which provide coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. Claims are subject to a deductible amount of \$1,000 for each occurrence up to a maximum of \$5,000 during any one annual insurance period. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Regulatory

The City was issued an Administrative Order in 1998 by the United States Environmental Protection Agency (EPA), requiring the City to evaluate and plan for appropriate treatment of Combined Sewer Overflows (CSOs) pursuant to the Federal Clean Water Act. The City completed all work required by the Administrative Order on schedule in 2010.

The City prepared a Phase II Long-Term Control Plan to address the CSOs on the City's East Side and submitted it to the EPA in March 2010. The Phase II CSO abatement program recommends \$165 million in environmental infrastructure improvements over 20 years to the City's East Side. The City is currently negotiating a Consent Decree with the EPA for the CSO Phase II program. Due to area flooding, the City completed construction of the first Phase II contract in 2014 and 2016.

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

Note 11. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations required the City to place final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$400,000 reported as landfill closure and postclosure care liability at June 30, 2018 represents the cumulative amount reported to date based on use of 100 percent of the estimated capacity of the landfill. The City closed the landfill on June 28, 1996. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 12. Fund Deficits

As of June 30, 2018, the Capital Projects Fund, CDBG Fund and Other Grants Fund had unassigned fund balance deficits in the amount of \$65,792, \$159,741, and \$385,362, respectively.

The City anticipates financing the deficit through future revenues.

Note 13. Restricted Net Position

Below is a listing of restricted net position at June 30, 2018:

	Governmental			
	Activities	Water Works	EPD	Aviation
Bond fund	\$ -	\$ -	\$ -	\$ 5,098,119
Bond reserve fund	-	-	-	14,534,685
Revenue bond operations and maintenance reserve	-	-	-	9,832,000
Renewal and replacement	-	-	-	250,000
Passenger facility charges	-	-	-	2,515,138
Capital improvement account	-	-	737,008	-
Workers compensation	2,224,364	-	-	-
Cemetery and other trust funds-nonspendable	28,204,202	-	-	-
Cemetery and other trust funds-restricted	3,578,731	-	-	-
Merrimack source development	-	11,415,084	-	-
Total Restricted Net Position	34,007,297	11,415,084	737,008	32,229,942
Less accrued bond interest	-	-	-	(2,959,983)
Total Restricted Net Position	\$ 34,007,297	\$ 11,415,084	\$ 737,008	\$ 29,269,959

Note 14. Fund Balances

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

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

The following types of fund balances are reported at June 30, 2018:

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

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

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Below is a table of fund balance categories and classifications at June 30, 2018 for the City governmental funds:

	General Fund	Capital Projects	Other Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid expenses	\$ 1,146,444	\$ -	\$ -	\$ 1,146,444
Inventories	847,763	-	-	847,763
MSD book loan	2,800,000	-	-	2,800,000
Cemetery/library trust	-	-	28,204,202	28,204,202
Total nonspendable	4,794,207	-	28,204,202	32,998,409
Restricted:				
Capital projects	-	5,162,757	-	5,162,757
Worker's compensation	2,224,364	-	-	2,224,364
Grants	-	-	4,593,072	4,593,072
Cemetery/library trust	-	-	3,578,731	3,578,731
Civic center	-	-	661,255	661,255
Total restricted	2,224,364	5,162,757	8,833,058	16,220,179
Committed:				
Health insurance	1,329,463	-	-	1,329,463
General liability insurance	346,265	-	-	346,265
Snow reserve	200,000	-	-	200,000
Municipal and Transportation Improvement	95,271	-	-	95,271
Severance reserve	1,659,969	-	-	1,659,969
Roadway degradation fee reserve	2,851,310	-	-	2,851,310
General government	72,736	-	-	72,736
Public safety	16,644	-	-	16,644
Expendable Trust	-	-	2,487,023	2,487,023
Hud Section 108 Fund	-	-	191,780	191,780
Parks and Recreation	53,068	-	-	53,068
Total committed	6,624,726	-	2,678,803	9,303,529
Assigned:				
General government - encumbrances	858,168	-	-	858,168
Public safety - encumbrances	173,182	-	-	173,182
Health and sanitation - encumbrances	3,208	-	-	3,208
Highway and streets - encumbrances	631,397	-	-	631,397
Welfare - encumbrances	2,933	-	-	2,933
Education - encumbrances	7,112	-	-	7,112
Parks and recreation - encumbrances	19,580	-	-	19,580
Total assigned	1,695,580	-	-	1,695,580
Unassigned:				
Unassigned	9,921,950	(65,792)	(545,103)	9,311,055
Total unassigned	9,921,950	(65,792)	(545,103)	9,311,055
Total fund balance	\$ 25,260,827	\$ 5,096,965	\$ 39,170,960	\$ 69,528,752

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 15. Accounting Change/Restatement

The beginning (July 1, 2017) net position has been restated due to the following

Entity-Wide Financial Statements:	Governmental Activities	Business-type Activities				
		Water	EPD	Aviation	Parking	Total
Net position, June 30, 2017, as previously reported	\$ (49,638,328)	\$ 76,217,301	\$167,247,898	\$ 177,217,081	\$4,093,707	\$ 424,775,987
To record HUD Section 108 interest	203,551	-	-	-	-	-
Implementation of GASB 75 OPEB	(28,579,666)	(1,233,902)	(479,958)	(844,885)	(93,850)	(2,652,595)
Net position, June 30, 2017, as restated	<u>\$ (78,014,443)</u>	<u>\$ 74,983,399</u>	<u>\$166,767,940</u>	<u>\$ 176,372,196</u>	<u>\$3,999,857</u>	<u>\$ 422,123,392</u>

Fund Basis Financial Statements:

	Nonmajor Funds
As previously reported	\$ 35,503,912
To record and post HUD Section 108 interest not previously reported	203,551
As restated	<u>\$ 35,707,463</u>

	Manchester School District	Manchester Transit Authority
Net Position, June 30, 2017, as previously reported	\$(165,437,530)	\$ 2,167,886
Implementation of GASB 75	(16,062,846)	(1,484,495)
Net Position, June 30, 2017, as restated	<u>\$(181,500,376)</u>	<u>\$ 683,391</u>

Note 16. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statements No. 84 and 87 which will apply to the City in fiscal years 2020 and 2021, respectively. Statement No. 84 addressed fiduciary activities and may require a change in how the City accounts for and reports these activities. Statement No. 87 addresses leases and significantly changes the accounting standards related to them, including requiring various operating leases to be reported on the City's balance sheet.

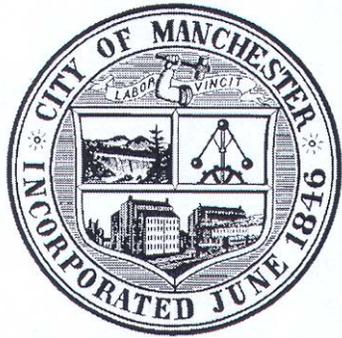
Note 17. Subsequent Events

Airport Revenue Bond Refunding

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

Manchester Development Corporation

On January 24, 2019 the Manchester Development Corporation (MDC), a component unit of the City of Manchester entered into a Lease, Construction Agreement and Option to Purchase with the Palace Theater Trust. The terms of the agreement stipulate that MDC, owner of the historic REX Theater, located at 23 Amherst Street in the City of Manchester, agreed to jointly proceed to renovate and rehabilitate the REX Theater with the Palace Theater Trust. The agreement indicated that MDC will advance construction costs to the Palace Theater Trust via a promissory note in the amount of \$1,700,000 with a stated interest rate of 2% to be charged on the outstanding balance. The note also states that the Palace Theater Trust will pay interest only on a quarterly basis with the principal amount due at either the earlier of October 1, 2029 or ten years from the date of the note. The note contains provisions of the option to prepay the principal due, in whole or in part at any time without premium or penalty. The terms of the lease also indicate that upon full repayment of the promissory note, that MDC will convey good and marketable title to the REX theater to the Palace Theater Trust or its related entity to be formed.



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**Required Supplementary Information
(Unaudited)**

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

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY*

(Unaudited)

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

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

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

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

See Independent Auditors' Report

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

SCHEDULES OF THE NET PENSION LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS*

(Unaudited)

Schedule of the Net Pension Liability

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

Schedule of Contributions

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

Schedule of Investment Returns

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

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

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

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

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

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

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
OLD SYSTEM PENSION TRUST**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

(Unaudited)

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

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

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

See Independent Auditors' Report

**CITY OF MANCHESTER, NEW HAMPSHIRE
OLD SYSTEM PENSION TRUST**

SCHEDULES OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

(Unaudited)

Schedule of the Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability	\$ 13,748,292	\$ 14,584,533	\$ 16,021,880	\$ 16,050,899
Plan fiduciary net position	<u>7,582,646</u>	<u>8,379,707</u>	<u>8,882,234</u>	<u>10,520,563</u>
Net pension liability	<u>\$ 6,165,646</u>	<u>\$ 6,204,826</u>	<u>\$ 7,139,646</u>	<u>\$ 5,530,336</u>
Plan fiduciary net position as a percentage of the total pension liability	55.15%	57.46%	55.44%	65.55%
Covered payroll	\$ 283,421	\$ 283,420	\$ 280,592	\$ 458,869
Net pension liability as a percentage of covered payroll	2175.44%	2189.27%	2544.49%	1205.21%

Schedule of Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 791,915	\$ 665,949	\$ 692,354	\$ 390,514
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ 791,915</u>	<u>\$ 665,949</u>	<u>\$ 692,354</u>	<u>\$ 390,514</u>
Covered payroll	\$ 283,421	\$ 283,420	\$ 280,592	\$ 458,869
Actual contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

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

See Independent Auditors' Report.

CITY OF MANCHESTER, NEW HAMPSHIRE
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(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, 2018	June 30, 2017	2.531%	\$124,450,514	\$ 38,912,144	319.82%	62.7%
June 30, 2017	June 30, 2016	2.554%	\$135,802,989	\$ 38,348,521	354.13%	58.3%
June 30, 2016	June 30, 2015	2.594%	\$102,751,888	\$ 37,094,467	277.00%	66.5%
June 30, 2015	June 30, 2014	2.569%	\$96,430,327	\$ 38,767,121	248.74%	66.3%

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

See Independent Auditors' Report.

CITY OF MANCHESTER, NEW HAMPSHIRE

**SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(Unaudited)**

New Hampshire Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2018	\$ 10,539,221	\$ 10,539,221	\$ -	\$ 39,866,826	26.44%
June 30, 2017	\$ 9,270,373	\$ 9,270,373	\$ -	\$ 38,912,144	23.82%
June 30, 2016	\$ 9,144,766	\$ 9,144,766	\$ -	\$ 38,348,521	23.85%
June 30, 2015	\$ 8,715,379	\$ 8,715,379	\$ -	\$ 37,094,327	23.50%

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

See Independent Auditors' Report.

CITY OF MANCHESTER, NEW HAMPSHIRE

SCHEDULE OF PROPORTIONATE SHARE
OF THE TOTAL OPEB LIABILITY

JUNE 30, 2018

(Unaudited)

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Total OPEB Liability</u>	<u>Proportionate Share of the Total OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2018	June 30, 2017	2.521%	\$11,527,086	\$ 39,866,826	28.91%	7.91%
June 30, 2017	June 30, 2016	2.534%	\$12,268,677	\$ 38,912,144	31.53%	5.21%

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

See Independent Auditors' Report.

**CITY OF MANCHESTER, NEW HAMPSHIRE
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)

(Unaudited)

City OPEB Plan

Changes in Total OPEB Liability

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 1,080,725
Interest on unfunded liability - time value of \$	895,624
Differences between expected and actual experience	(4,353,244)
Changes of assumptions	(509,511)
Benefit payments, including refunds of member contributions	<u>(1,179,529)</u>
Net change in total OPEB liability	(4,065,935)
Total OPEB liability - beginning	<u>24,527,276</u>
Total OPEB liability - ending (a)	<u><u>\$ 20,461,341</u></u> *

Does not include New Hampshire Retirement System or MECRS Medical Subsidy.

Schedule of Contributions

	<u>2018</u>
Actuarially determined contribution	\$ 2,466,464
Contributions in relation to the actuarially determined contribution	<u>1,179,529</u>
Contribution deficiency (excess)	<u><u>\$ 1,286,935</u></u>

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

* Does not Include New Hampshire Medical Subsidy

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

See Independent Auditors' Report.

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

City of Manchester, New Hampshire
 Year Ended June 30, 2018

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 101,959,707	\$ 101,959,707	\$ 100,573,040	\$ (1,386,667)
Federal and state grants and aid	3,663,300	3,663,300	3,625,250	(38,050)
Nonenterprise charges for sales and services	4,732,232	4,732,232	4,854,115	121,883
Licenses and permits	21,263,353	21,263,353	23,687,579	2,424,226
Interest	580,000	580,000	359,100	(220,900)
Other	13,678,969	13,678,969	14,510,319	831,350
Total Revenues	145,877,561	145,877,561	147,609,403	1,731,842
Expenditures				
Current:				
General government	61,660,558	62,995,036	62,525,504	469,532
Public safety	44,202,064	44,214,719	44,214,719	-
Health and sanitation	2,794,100	2,744,632	2,744,632	-
Highway and streets	16,283,283	16,277,851	16,277,851	-
Welfare	964,026	949,670	949,670	-
Education	1,998,154	1,997,905	1,997,905	-
Parks and recreation	4,285,831	4,264,094	4,264,094	-
Debt service:				
Principal retirement	11,863,203	11,537,019	11,537,019	-
Interest	5,849,442	4,907,498	4,808,251	99,247
Total Expenditures	149,900,661	149,888,424	149,319,645	568,779
Excess (Deficiency) of revenues under expenditures	(4,023,100)	(4,010,863)	(1,710,242)	2,300,621
Other Financing Sources (Uses)				
Transfers in	4,023,100	4,023,100	3,764,393	(258,707)
Transfers out	-	(12,237)	(12,237)	-
Total Other Financing Sources (Uses)	4,023,100	4,010,863	3,752,156	(258,707)
Expenses and Other Financing Uses Over Revenues and Other Financing Sources	\$ -	\$ -	\$ 2,041,914	\$ 2,041,914

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

City of Manchester, New Hampshire
Year Ended June 30, 2018

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Taxes</u>				
Property tax	\$ 98,861,480	\$ 98,861,480	\$ 97,373,488	\$ (1,487,992)
Miscellaneous taxes	21,625	21,625	21,652	27
Interest and penalties	1,100,000	1,100,000	1,275,239	175,239
Cable franchise fees	1,976,602	1,976,602	1,902,661	(73,941)
Total Taxes	101,959,707	101,959,707	100,573,040	(1,386,667)
<u>Federal and State Grants and Aid</u>				
Federal grants	350,000	350,000	297,731	(52,269)
Payments in lieu of taxes	654,300	654,300	669,688	15,388
State Grants	2,659,000	2,659,000	2,657,831	(1,169)
Total Federal and State Grants and Aid	3,663,300	3,663,300	3,625,250	(38,050)
<u>Nonenterprise Charges for Sales and Services</u>				
<u>Sales and Services</u>				
General revenues	185,930	185,930	202,760	16,830
Public safety	271,450	271,450	373,015	101,565
Highway	1,063,258	1,063,258	1,208,641	145,383
Health	13,500	13,500	10,160	(3,340)
Cemetery, Parks & Recreation	1,897,802	1,897,802	1,696,307	(201,495)
Zoning board	70,500	70,500	77,130	6,630
Parking violations	2,500	2,500	4,950	2,450
Court fines	9,000	9,000	13,891	4,891
Fees	1,138,292	1,138,292	1,189,685	51,393
Witness fees	80,000	80,000	77,576	(2,424)
Total Nonenterprise Charges for Sales and Services	4,732,232	4,732,232	4,854,115	121,883
<u>Licenses and Permits</u>				
Auto registrations	18,104,616	18,104,616	19,778,186	1,673,570
Licenses	475,550	475,550	511,350	35,800
Permits	2,683,187	2,683,187	3,398,043	714,856
Total Licenses and Permits	21,263,353	21,263,353	23,687,579	2,424,226
<u>Interest</u>				
Income from invested funds	580,000	580,000	359,100	(220,900)
<u>Other Revenues</u>				
Reimbursements	3,322,660	3,322,660	3,911,582	588,922
Rentals & Leases	1,112,832	1,112,832	1,158,350	45,518
School chargebacks	9,230,827	9,230,827	9,264,905	34,078
Miscellaneous	12,650	12,650	175,482	162,832
Total Other Revenues	13,678,969	13,678,969	14,510,319	831,350
Total Revenues	145,877,561	145,877,561	147,609,403	1,731,842
Transfers in	4,023,100	4,023,100	3,764,393	(258,707)
Total Transfers in	4,023,100	4,023,100	3,764,393	(258,707)
Total Revenues and Transfers in	\$ 149,900,661	\$ 149,900,661	\$ 151,373,796	\$ 1,473,135

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

City of Manchester, New Hampshire
Year Ended June 30, 2018

	Original Budget	Revised Budget	Total Commitments	Commitments vs Revised Budget Variance
General Government				
Aldermen	\$ 70,000	\$ 68,750	\$ 68,750	\$ -
Assessors	612,629	567,402	548,902	18,500
City Clerk	990,419	952,357	952,357	-
City Solicitor	1,175,682	1,242,988	1,242,988	-
Civic Contribution	115,286	154,802	150,023	4,779
Central Fleet Management	3,188,433	3,189,852	3,189,852	-
Economic Development Office	139,151	135,941	135,941	-
Senior Services	222,007	223,414	223,414	-
Finance	952,853	916,250	916,250	-
Information Systems	1,589,242	1,583,876	1,583,876	-
Mayor	235,784	236,989	236,989	-
MPTS	451,253	451,253	451,253	-
MTA	1,165,724	1,165,724	1,165,724	-
Nondepartmental	40,149,901	41,762,989	41,316,736	446,253
Human Resources	776,763	778,838	778,838	-
Planning and Community Development	2,032,556	1,937,872	1,937,872	-
Facilities Division	6,689,148	6,597,458	6,597,458	-
Tax Collector	512,495	472,186	472,186	-
Youth Services	591,232	556,095	556,095	-
Total General Government	61,660,558	62,995,036	62,525,504	469,532
Public Safety				
Fire	19,732,544	19,861,211	19,861,211	-
Police	24,469,520	24,353,508	24,353,508	-
Total Public Safety	44,202,064	44,214,719	44,214,719	-
Health and Sanitation				
Health	2,794,100	2,744,632	2,744,632	-
Total Health and Sanitation	2,794,100	2,744,632	2,744,632	-
Highway and Streets				
Highway	16,283,283	16,277,851	16,277,851	-
Total Highway and Streets	16,283,283	16,277,851	16,277,851	-
Welfare				
Welfare	964,026	949,670	949,670	-
Total Welfare	964,026	949,670	949,670	-
Education				
Library	1,998,154	1,997,905	1,997,905	-
Total Education	1,998,154	1,997,905	1,997,905	-
Parks and Recreation				
Parks & Recreation	4,285,831	4,264,094	4,264,094	-
Total Parks and Recreation	4,285,831	4,264,094	4,264,094	-
Debt Service				
Principal retirement	11,863,203	11,537,019	11,537,019	-
Interest	5,849,442	4,907,498	4,808,251	99,247
Total Debt Service	17,712,645	16,444,517	16,345,270	99,247
Total Expenditures	149,900,661	149,888,424	149,319,645	568,779
Other Financing Uses				
Community Improvement Program	-	12,237	12,237	-
Total Other Financing Uses	-	12,237	12,237	-
Total Expenditures and Other Financing Uses	\$ 149,900,661	\$ 149,900,661	\$ 149,331,882	\$ 568,779

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2018 – Unaudited

Budgets and Appropriations

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

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

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

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

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

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

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

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

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2018 – Unaudited

Limitation on Budget Increase

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

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

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

Section 6.15 further provides as follows: “Capital expenditures may be excepted from being included in the expenditures that are subject to the prior limitation upon a two-thirds (2/3) vote of all the Aldermen elected. The exception made under this section shall expire upon adoption of the budget for the next budget year, unless two-thirds (2/3) of all the Alderman elected vote to renew the exception for the next budget year. If the average of the changes in the Consumer Price Index-Urban as published by the United States Department of Labor for the three (3) immediately preceding calendar years declines, then the increase in total expenditures, excluding amounts payable in connection with municipal bond obligations, shall be zero.” The FY 2018 and 2019 budget increases are capped at 1.20% and 1.63%, respectively.

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

Budgetary Accounting

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

City of Manchester, New Hampshire
 Note to Required Supplementary Information
 June 30, 2018 – Unaudited

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

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

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

Budget/GAAP reconciliation

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

	Revenues	Expenditures	Transfers In	Transfers Out	Net Change
Statement of revenues, expenditures and changes in fund balance - budgetary basis	\$ 147,609,403	\$ 149,319,645	\$ 3,764,393	\$ 12,237	\$ 2,041,914
Central Business District	258,000	258,000	-	-	-
Transfer out to projects from reserves	-	-	-	1,771,954	(1,771,954)
Tax revenues of 2017 recognized in 2018	5,701,958	-	-	-	5,701,958
Tax revenues of 2018 deferred until 2019	(4,908,212)	-	-	-	(4,908,212)
Interest paid on notes receivable	165,318	-	-	-	165,318
Excavation fee program	700,085	-	-	-	700,085
Municipal & Transportation improvement	526,847	-	-	-	526,847
Special projects	-	72,764	22,847	-	(49,917)
Miscellaneous	-	12,674	-	-	(12,674)
Insurance - CGL	-	4,943	-	-	(4,943)
Health insurance	-	(156,544)	-	-	156,544
Transfer of severance pay surplus to reserve	-	200,000	-	-	(200,000)
Expenditures of prior year encumbrances	-	946,835	-	-	(946,835)
Current year encumbrances	-	(1,569,816)	-	-	1,569,816
Statement of revenues, expenditures and changes in fund balance (in conformity with GAAP)	<u>\$ 150,053,399</u>	<u>\$ 149,088,501</u>	<u>\$ 3,787,240</u>	<u>\$ 1,784,191</u>	<u>\$ 2,967,947</u>



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



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General Fund

General Fund

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

**General Fund
Comparative Balance Sheets**

**City of Manchester, New Hampshire
June 30, 2018 and 2017**

	2018	2017
<u>Assets</u>		
Cash and cash equivalents	\$ 53,229,142	\$ 38,684,763
Restricted cash and cash equivalents	8,461,516	6,902,475
Investments	40,918,398	30,630,196
Receivables, net of allowances for collection losses	44,090,825	46,297,330
Prepaid expenses	1,146,444	1,147,199
Due from other funds	1,139,422	23,098,119
Inventories	847,763	733,147
Other current assets	156,250	187,500
Total Assets	\$ 149,989,760	\$ 147,680,729
<u>Liabilities</u>		
Accounts and warrants payable	\$ 3,445,921	\$ 4,403,862
Retainage payable	54,231	60,839
Accrued liabilities	3,764,418	3,274,467
Tax refunds payable	2,081,498	2,144,198
Other liabilities	2,241,975	2,470,499
Insurance claims payable	921,682	891,203
Due to Manchester School District	35,466,356	34,341,099
Unearned revenue	140,822	1,191,531
Total Liabilities	48,116,903	48,777,698
<u>Deferred inflows of resources</u>		
Unavailable revenues - property taxes	5,233,957	5,963,911
Unearned revenues - property taxes	28,936,484	28,163,275
Unearned revenues - taxes collected in advance	39,724,081	39,886,550
Unavailable revenues - other revenues collected in advance	2,717,508	2,596,415
Total deferred inflows of resources	76,612,030	76,610,151
<u>Fund Balances</u>		
Nonspendable	4,794,207	4,680,346
Restricted	2,224,364	2,524,364
Committed	6,624,726	5,878,562
Assigned	1,695,580	1,157,202
Unassigned	9,921,950	8,052,406
Total Fund Balances	25,260,827	22,292,880
Total liabilities, deferred inflows of resources and fund balances	\$ 149,989,760	\$ 147,680,729

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

**City of Manchester, New Hampshire
Years Ended June 30, 2018 and 2017**

	2018	2017
<u>Revenues</u>		
Taxes	\$ 101,624,767	\$ 100,208,002
Federal and state grants and aid	3,625,250	3,676,574
Charges for sales and services	4,769,187	4,580,815
Licenses and permits	25,049,001	26,221,183
Interest	524,440	334,198
School charge backs	9,264,906	9,291,929
Lease and rent income	1,124,918	946,557
Debt Recovery	1,117,410	1,075,282
Miscellaneous	2,953,201	2,958,119
Total Revenues	150,053,080	149,292,659
<u>Expenditures</u>		
Current:		
General government	31,384,669	32,285,373
Public safety	66,428,451	63,967,322
Health and sanitation	4,229,683	4,054,849
Highway and streets	20,715,962	21,466,301
Welfare	1,332,476	1,194,319
Education	2,906,686	2,924,875
Parks and recreation	5,701,773	5,638,509
Capital Outlay	43,531	139,774
Debt service:		
Principal retirement	11,537,019	11,675,985
Interest	4,808,251	5,418,794
Total Expenditures	149,088,501	148,766,101
Deficiency of revenues over expenditures	964,579	526,558
<u>Other Financing Sources (Uses)</u>		
Proceeds from sale of capital assets	318	240,437
Transfers in	3,764,393	4,014,949
Transfers out	(1,761,343)	(2,300,681)
Total Other Financing Sources (Uses)	2,003,368	1,954,705
Net Change in Fund Balance	2,967,947	2,481,263
Fund Balance, beginning of year	22,292,880	19,811,617
Fund Balance, end of year	\$ 25,260,827	\$ 22,292,880

Nonmajor Governmental Funds



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Special Revenue Funds

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

HUD Section 108 Fund

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

CDBG Fund

To account for various Community Development Block Grant funded programs.

Other Grant Fund

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

Civic Center Fund

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

Revolving Loan Fund

To account for a loan program funded by CDBG funds.

Expendable Trust Fund

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

Permanent Funds

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

Cemetery Trust Fund

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

Library Trust Fund

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

Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue			
	HUD Section 108 Fund	CDBG Fund	Other Grant Fund	Civic Center Fund
Assets				
Cash and cash equivalents	\$ 728,218	\$ 333,854	\$ 3,685,608	\$ -
Restricted cash and cash equivalents	-	-	615,658	661,255
Restricted investments	-	-	-	-
Receivables, net of allowances for collection losses	958,430	8,746,982	1,782,296	-
Total Assets	\$ 1,686,648	\$ 9,080,836	\$ 6,083,562	\$ 661,255
Liabilities and Fund Equity				
Liabilities				
Accounts and warrants payable	\$ -	\$ 16,584	\$ 484,191	\$ -
Accrued liabilities	-	2,751	27,963	-
Other liabilities	1,494,868	-	110,375	-
Unearned revenue	-	9,107,149	1,499,572	-
Total Liabilities	1,494,868	9,126,484	2,122,101	-
Fund balances (deficits)				
Nonspendable	-	-	-	-
Restricted	-	114,093	4,346,823	661,255
Committed	191,780	-	-	-
Unassigned	-	(159,741)	(385,362)	-
Total Fund balances (deficits)	191,780	(45,648)	3,961,461	661,255
Total Liabilities and Fund Equity	\$ 1,686,648	\$ 9,080,836	\$ 6,083,562	\$ 661,255

City of Manchester, New Hampshire

June 30, 2018

Special Revenue		Permanent Funds		
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total
\$ 1,050	\$ 1,098,134	\$ 521,048	\$ 70,882	\$ 6,438,794
507,822	-	-	206,608	1,991,343
-	1,388,889	25,936,629	5,039,233	32,364,751
81,933	-	87	9,346	11,579,074
\$ 590,805	\$ 2,487,023	\$ 26,457,764	\$ 5,326,069	\$ 52,373,962
\$ -	\$ -	\$ 900	\$ -	\$ 501,675
-	-	-	-	30,714
458,649	-	-	-	2,063,892
-	-	-	-	10,606,721
458,649	-	900	-	13,203,002
-	-	23,656,012	4,548,190	28,204,202
132,156	-	2,800,852	777,879	8,833,058
-	2,487,023	-	-	2,678,803
-	-	-	-	(545,103)
132,156	2,487,023	26,456,864	5,326,069	39,170,960
\$ 590,805	\$ 2,487,023	\$ 26,457,764	\$ 5,326,069	\$ 52,373,962

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

	Special Revenue			
	HUD		Other	Civic
	Section 108	CDBG	Grant	Center
	Fund	Fund	Fund	Fund
Revenues				
Federal and state grants and aid	\$ -	\$ 2,845,478	\$ 7,332,561	\$ 5,209,398
Interest	35,261	-	-	7,129
Contributions	-	-	819,237	-
Net appreciation (depreciation) in fair value of securities	-	-	-	-
Other	-	-	-	118,750
Total Revenues	35,261	2,845,478	8,151,798	5,335,277
Expenditures				
Current:				
General government	-	2,640,350	1,205,510	5,667,466
Public safety	-	76,583	1,574,573	-
Health and sanitation	-	-	2,320,574	-
Highway and streets	-	19,627	396,445	-
Parks and recreation	-	37,665	60,156	-
Cemetery trust	-	-	-	-
Investment management fee	-	-	-	-
Capital outlay	-	71,255	3,216,619	-
Debt service:				
Interest	47,032	-	-	-
Total Expenditures	47,032	2,845,480	8,773,877	5,667,466
Excess (deficiency) of revenues over expenditures	(11,771)	(2)	(622,079)	(332,189)
Other Financing Sources (Uses)				
Transfers in	-	-	1,761,343	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,761,343	-
Net Change in Fund Balance (Deficit)	(11,771)	(2)	1,139,264	(332,189)
Fund Balance (Deficit), beginning of year, as restated	203,551	(45,646)	2,822,197	993,444
Fund Balance (Deficit), end of year	\$ 191,780	\$ (45,648)	\$ 3,961,461	\$ 661,255

City of Manchester, New Hampshire
Year Ended June 30, 2018

Special Revenue		Permanent Funds			
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total	
\$ -	\$ -	\$ -	\$ -	\$	15,387,437
9,122	39,260	809,125	173,659		1,073,556
-	332,936	372,963	265,851		1,790,987
-	(37,736)	1,412,476	72,076		1,446,816
10,344	-	-	-		129,094
19,466	334,460	2,594,564	511,586		19,827,890
-	8,069	-	172,301		9,693,696
-	-	-	-		1,651,156
-	-	-	-		2,320,574
-	-	-	-		416,072
-	-	-	-		97,821
-	-	37,000	-		37,000
-	-	47,180	27,231		74,411
-	-	-	-		3,287,874
-	-	-	-		47,032
-	8,069	84,180	199,532		17,625,636
19,466	326,391	2,510,384	312,054		2,202,254
-	-	-	-		1,761,343
-	-	(500,100)	-		(500,100)
-	-	(500,100)	-		1,261,243
19,466	326,391	2,010,284	312,054		3,463,497
112,690	2,160,632	24,446,580	5,014,015		35,707,463
\$ 132,156	\$ 2,487,023	\$ 26,456,864	\$ 5,326,069	\$	39,170,960



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Statistical Section

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

City of Manchester, New Hampshire
 Table I

	2009	2010 *	2011	2012	2013	2014	2015	2016	2017	2018 *
Governmental activities:										
Net investment in capital assets	\$ 144,179,247	\$ 134,654,018	\$ 140,218,259	\$ 141,589,820	\$ 138,136,953	\$ 141,643,156	\$ 132,864,167	\$ 129,313,006	\$ 136,783,674	\$ 111,460,362
Restricted	18,254,369	19,466,347	18,990,583	23,071,145	24,720,045	27,640,940	28,475,544	28,332,984	31,984,959	34,007,297
Unrestricted	(37,769,673)	(27,211,134)	(24,479,074)	(22,513,971)	(18,702,119)	(39,935,901)	(194,919,019)	(191,048,782)	(218,406,961)	(226,759,159)
Total governmental activities net position	\$ 124,663,943	\$ 126,909,231	\$ 134,729,768	\$ 142,146,994	\$ 144,154,879	\$ 129,348,195	\$ (33,579,308)	\$ (33,402,792)	\$ (49,638,328)	\$ (81,291,500)
Business-type activities:										
Net investment in capital assets	\$ 315,979,117	\$ 304,237,386	\$ 306,967,260	\$ 318,572,917	\$ 318,507,431	\$ 338,138,218	\$ 340,731,477	\$ 357,446,113	\$ 353,802,649	\$ 359,020,913
Restricted	59,319,350	59,496,926	63,087,461	55,255,580	54,860,666	49,641,409	47,118,514	42,767,676	47,520,434	41,422,051
Unrestricted	16,858,763	28,740,551	32,711,684	32,527,468	37,638,450	35,909,989	18,791,549	16,297,466	23,452,904	24,631,511
Total business-type activities net position	\$ 392,157,230	\$ 392,474,863	\$ 402,766,405	\$ 406,355,965	\$ 411,006,547	\$ 423,689,616	\$ 406,641,540	\$ 416,511,255	\$ 424,775,987	\$ 425,074,475
Primary government:										
Net investment in capital assets	\$ 460,158,364	\$ 438,891,404	\$ 447,185,519	\$ 460,162,737	\$ 456,644,384	\$ 479,781,374	\$ 473,595,644	\$ 486,759,119	\$ 490,586,323	\$ 470,481,275
Restricted	77,573,719	78,963,273	82,078,044	78,326,725	79,580,711	77,282,349	75,594,058	71,100,660	79,505,393	75,429,348
Unrestricted	(20,910,910)	1,529,417	8,232,610	10,013,497	18,936,331	(4,025,912)	(176,127,470)	(174,751,316)	(194,954,057)	(202,127,648)
Total primary government net position	\$ 516,821,173	\$ 519,384,094	\$ 537,496,173	\$ 548,502,959	\$ 555,161,426	\$ 553,037,811	\$ 373,062,232	\$ 383,108,463	\$ 375,137,659	\$ 343,782,975

* As restated for OPEB accrual.

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

City of Manchester, New Hampshire
Table II

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 42,805,918	\$ 44,072,312	\$ 43,125,554	\$ 44,278,816	\$ 47,682,276	\$ 49,677,821	\$ 45,477,734	\$ 47,456,518	\$ 50,891,446	\$ 51,012,199
Public safety	53,056,030	56,344,474	61,213,077	60,454,957	59,542,996	63,484,399	60,724,148	67,169,582	78,398,684	72,298,704
Health and sanitation	5,050,940	5,775,524	5,867,746	6,031,708	5,620,653	5,860,696	6,252,648	6,932,313	8,175,993	6,922,876
Highways and streets	28,332,502	28,611,754	29,260,549	27,764,814	24,209,780	26,964,556	27,638,943	28,954,003	30,950,866	29,855,676
Welfare	1,290,779	1,478,191	1,343,084	1,325,476	1,307,546	1,454,060	1,261,955	1,243,227	1,353,827	1,355,851
Education and library	8,183,872	8,318,868	8,680,202	8,964,830	9,515,356	10,831,748	9,444,111	10,729,959	13,374,099	10,263,012
Parks and recreation	6,229,200	5,538,284	5,737,764	6,574,730	5,737,521	6,216,146	5,555,694	6,193,407	8,363,631	8,121,107
Cemetery Trust	125,855	79,055	36,359	46,182	48,195	49,000	97,742	89,514	82,500	37,000
Investment management fee	56,649	57,695	55,407	54,125	57,837	68,533	70,922	63,729	72,638	74,411
Interest	4,042,827	3,895,389	5,466,279	5,824,536	5,139,884	5,226,003	5,473,060	5,004,183	4,703,688	4,632,611
Total governmental activities expenses	149,174,572	154,171,546	160,786,021	161,320,174	158,862,044	169,832,962	161,996,957	173,836,435	196,367,372	184,573,447
Business-type activities:										
Water	17,756,287	17,507,643	18,455,490	17,512,501	18,234,535	15,895,647	16,129,517	16,910,802	16,717,107	17,194,578
EPD	14,429,389	14,564,969	15,127,410	15,419,089	18,177,753	17,545,488	18,031,956	17,792,589	18,410,901	18,405,793
Aviation	66,214,304	59,678,505	54,480,487	56,169,425	50,443,553	53,224,987	51,023,435	49,823,452	52,020,524	51,294,318
Recreation	3,190,810	2,724,185	2,431,535	2,219,200	1,811,568	1,997,040	2,218,010	2,217,413	-	-
Parking	2,938,857	2,337,593	2,582,954	2,455,616	2,822,173	2,649,591	2,264,591	2,426,118	2,787,272	2,455,840
Total business-type activities expenses	104,529,647	96,812,895	93,077,876	93,775,831	91,489,582	91,312,753	89,667,509	89,170,374	89,935,804	89,350,529
Total primary government expenses	253,704,219	250,984,441	253,863,897	255,096,005	250,351,626	261,145,715	251,664,466	263,006,809	286,303,176	273,923,976
Program revenue:										
Governmental activities:										
Charges for services:										
General government	11,269,228	15,431,257	20,430,052	18,121,623	14,529,316	14,635,734	14,108,926	13,681,090	12,968,718	13,877,979
Public safety	1,360,027	1,273,527	1,601,622	1,818,606	1,704,115	1,692,413	1,799,449	2,332,003	2,055,032	2,392,128
Health and sanitation	1,954,809	2,010,744	2,212,021	2,286,383	2,495,061	2,605,847	2,371,922	2,394,618	2,574,894	2,643,689
Highways and streets	1,610,511	1,579,244	1,572,687	2,347,920	3,048,308	2,987,032	3,608,999	3,302,528	6,432,619	3,803,260
Welfare	47,925	31,092	21,544	31,293	24,048	34,996	16,157	12,851	18,172	15,042
Education and library	-	121,260	441,807	(68,672)	-	-	200,000	2,325,745	475,691	598,787
Parks and recreation	547,336	1,955,050	3,673,131	653,918	737,419	987,494	1,212,081	739,982	2,460,752	2,680,624
Operating grants and contributions:										
General government	18,508,228	15,433,226	10,852,586	8,581,356	8,187,673	9,001,774	8,905,625	10,025,686	9,643,349	10,027,247
Public safety	738,082	2,416,018	2,678,785	2,668,080	2,221,939	1,583,883	1,377,785	1,123,910	1,451,897	1,669,240
Health and sanitation	1,621,655	1,891,185	1,918,638	1,637,322	1,435,364	1,494,283	1,673,351	2,233,546	3,161,464	2,285,123
Highways and streets	2,264,109	2,039,904	2,304,118	2,898,538	2,089,952	2,149,114	1,990,204	2,297,104	2,172,676	2,220,977
Education and library	154,977	57,045	55,380	45,166	57,027	502,722	55,806	68,976	-	-
Parks and recreation	662,097	815,756	696,688	179,133	210,980	39,107	49,543	70,228	1,045,189	364,532
Capital grants and contributions:										
General government	-	-	406,928	400,000	394,258	238,000	-	-	-	-
Public safety	-	-	-	37,705	171,905	131,000	-	-	-	-
Highways and streets	2,690,181	908,525	4,099,925	2,769,813	1,281,282	794,638	519,786	2,717,364	1,777,474	2,511,054
Parks and recreation	-	315,029	-	-	-	15,829	14,689	509,915	78,128	212,637
Total governmental activities program revenue	43,429,165	46,278,862	52,965,912	44,408,184	38,588,647	38,893,866	37,904,323	43,835,546	46,316,055	45,302,319

(Continued)

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

City of Manchester, New Hampshire
 Table II

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Water	\$ 15,706,634	\$ 15,855,099	\$ 16,987,128	\$ 16,187,322	\$ 17,672,365	\$ 15,061,978	\$ 16,290,013	\$ 17,366,473	\$ 17,376,705	\$ 17,903,419
EPD	18,947,577	21,103,987	21,558,040	19,917,784	20,670,900	20,414,119	21,076,122	20,956,366	20,530,182	18,333,959
Aviation	50,879,087	46,551,051	46,497,429	44,508,490	44,746,976	44,420,536	44,976,038	44,298,025	44,661,332	44,831,750
Recreation	2,117,984	1,673,650	1,587,848	1,567,601	1,574,731	1,450,735	1,306,300	1,559,492	-	-
Parking	4,849,094	4,534,452	4,365,668	4,407,972	4,487,839	4,825,369	5,641,262	5,790,373	5,719,446	5,600,801
Operating grants and contributions:										
EPD	-	-	49,906	34,865	26,885	265,603	189,568	174,158	163,113	152,067
Aviation	4,049,880	1,871,938	94,541	-	-	1,400,000	-	-	10,000	-
Capital grants and contributions:										
Water	732,896	1,029,149	3,470,596	1,459,935	620,019	893,519	875,555	1,037,752	2,101,390	1,252,707
EPD	1,520,198	1,192,828	761,826	3,794,290	447,984	8,131,231	351,418	140,800	4,402,331	59,842
Aviation	2,962,441	4,747,164	8,810,475	6,648,304	7,151,330	5,224,240	6,021,700	9,747,920	6,648,922	5,501,802
Recreation	120,200	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	101,885,991	98,559,318	104,183,457	98,526,563	97,399,029	102,087,330	96,727,976	101,071,359	101,613,421	93,636,347
Total primary government program revenues	140,779,857	136,463,641	104,183,457	98,526,563	97,399,029	140,981,196	134,632,299	144,906,905	147,929,476	138,938,666
Net (expense) revenue:										
Governmental activities	(98,187,702)	(105,745,407)	(107,892,684)	(116,911,990)	(120,273,397)	(130,939,096)	(124,092,634)	(130,000,889)	(150,051,317)	(139,271,128)
Business-type activities	(2,643,656)	1,746,423	11,105,581	4,750,732	5,909,447	10,774,577	7,060,467	11,900,985	11,677,617	4,285,818
Total primary government net expense	(100,831,358)	(103,998,984)	(96,787,103)	(112,161,258)	(114,363,950)	(120,164,519)	(117,032,167)	(118,099,904)	(138,373,700)	(134,985,310)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	77,269,610	89,492,106	90,457,552	94,089,096	93,837,225	93,362,542	101,135,415	98,166,170	96,974,549	99,008,663
Auto registration fees	13,958,285	13,644,776	13,953,158	14,328,534	15,115,730	16,141,777	16,658,483	18,900,997	18,678,231	19,476,158
Franchise fees	1,224,321	1,692,256	1,755,899	1,791,461	1,840,954	1,893,672	1,960,231	2,012,078	2,098,503	2,049,843
Unrestricted investment earnings programs	(1,006,154)	1,187,001	1,202,692	1,285,836	2,904,064	3,912,561	1,477,956	224,117	3,705,972	3,092,409
Investment income	-	-	-	4,660,770	-	-	-	-	-	-
Debt reimbursement from MSD	5,900,612	6,001,664	6,162,664	6,208,443	6,906,691	6,926,952	7,296,407	7,896,842	8,075,793	8,990,298
Wall Street Tower Recovery	1,600,978	-	-	-	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-	39,610	-	-
Transfer of debt	-	-	-	-	-	-	-	-	-	-
Transfer of capital assets	(75,000)	-	-	-	-	-	-	-	-	-
Transfers in (out)	1,339,474	1,971,376	1,979,574	1,966,382	1,638,702	(4,408,790)	2,206,984	2,887,792	3,243,851	3,264,293
Gain (Loss) on disposal of assets	-	1,689,667	129,107	(1,306)	37,916	160,317	(2,035,020)	49,799	(83,098)	112,407
Total governmental activities	100,212,126	115,678,846	115,640,646	124,329,216	122,281,282	117,989,031	128,700,456	130,177,405	132,693,801	135,994,071
Business-type activities:										
Unrestricted investment earnings programs	824,396	1,032,108	872,337	797,856	381,184	336,537	474,142	748,022	817,168	1,156,762
Miscellaneous	89,096	-	-	-	-	-	-	15,960	52,437	204,790
Transfer of capital assets	-	-	-	-	-	-	-	-	-	-
Transfer of debt	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(1,339,474)	(1,971,376)	(1,979,574)	(1,966,382)	(1,638,702)	4,408,790	(2,206,984)	(2,887,792)	(3,243,851)	(3,264,293)
Service line protection	-	-	-	-	-	-	-	195,419	157,596	-
Gain (loss) on disposal of assets	44,867	(489,522)	293,198	7,354	(1,347)	14,042	27,905	(102,879)	(74,252)	568,006
Total business-type activities	(381,115)	(1,428,790)	(814,039)	(1,161,172)	(1,258,865)	4,759,369	(1,704,937)	(2,031,270)	(2,290,902)	(1,334,735)
Total primary government	\$ 99,831,011	\$ 114,250,056	\$ 114,826,607	\$ 123,168,044	\$ 121,022,417	\$ 122,748,400	\$ 126,995,519	\$ 128,146,135	\$ 130,402,899	\$ 134,659,336
Changes in net position:										
Governmental activities	\$ 2,024,424	\$ 9,933,439	\$ 7,747,962	\$ 7,417,226	\$ 2,007,885	\$ (12,950,065)	\$ 4,607,822	\$ 176,516	\$ (17,357,516)	\$ (3,277,057)
Business-type activities	(3,024,771)	317,633	10,291,542	3,589,560	4,650,582	15,533,946	5,355,530	9,869,715	9,386,715	2,951,083
Total primary government	\$ (1,000,347)	\$ 10,251,072	\$ 18,039,504	\$ 11,006,786	\$ 6,658,467	\$ 2,583,881	\$ 9,963,352	\$ 10,046,231	\$ (7,970,801)	\$ (325,974)

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

City of Manchester, New Hampshire
Table III

Function / Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 29,777,456	\$ 30,864,483	\$ 31,689,566	\$ 27,102,979	\$ 23,111,247	\$ 23,875,508	\$ 23,014,551	\$ 23,706,776	\$ 22,612,067	\$ 23,905,226
Public safety	2,098,109	3,689,545	4,280,407	4,524,391	4,097,959	3,407,296	3,177,234	3,455,913	3,506,929	4,061,368
Health and sanitation	3,576,464	3,901,929	4,130,659	3,923,705	3,930,425	4,100,130	4,045,273	4,628,164	5,736,358	4,928,812
Highways and streets	6,564,801	4,527,673	7,976,730	8,016,271	6,419,542	5,930,784	6,118,989	8,316,996	10,382,769	8,535,291
Welfare	47,925	31,092	21,544	31,293	24,048	34,996	16,157	12,851	18,172	15,042
Education and library	154,977	178,305	497,187	(23,506)	57,027	502,722	255,806	2,394,721	475,691	598,787
Parks and recreation	1,209,433	3,085,835	4,369,819	833,051	948,398	1,042,430	1,276,313	1,320,125	3,584,069	3,257,793
Total governmental activities	43,429,165	46,278,862	52,965,912	44,408,184	38,588,646	38,893,866	37,904,323	43,835,546	46,316,055	45,302,319
Business-type activities:										
Water	16,439,530	16,884,248	20,457,724	17,647,257	18,292,384	15,955,497	17,165,568	18,404,225	19,478,095	19,156,126
EPD	20,467,775	22,296,815	22,369,772	23,746,939	21,145,769	28,810,953	21,617,108	21,271,324	25,095,626	18,545,868
Aviation	57,891,408	53,170,153	55,402,445	51,156,794	51,898,306	51,044,776	50,997,738	54,045,945	51,320,254	50,333,552
Recreation	2,238,184	1,673,650	1,587,848	1,567,601	1,574,731	1,450,735	1,306,300	1,559,492	-	-
Parking	4,849,094	4,534,452	4,365,668	4,407,972	4,487,839	4,825,369	5,641,262	5,790,373	5,719,446	5,600,801
Total business-type activities	101,885,991	98,559,318	104,183,457	98,526,563	97,399,029	102,087,330	96,727,976	101,071,359	101,613,421	93,636,347
Total government	\$ 145,315,156	\$ 144,838,180	\$ 157,149,369	\$ 142,934,747	\$ 135,987,675	\$ 140,981,196	\$ 134,632,299	\$ 144,906,905	\$ 147,929,476	\$ 138,938,666



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

	2009	2010	2011	2012
General Fund:				
Nonspendable	\$ -	\$ -	\$ 10,493,541	\$ 10,955,951
Restricted	-	-	1,127,897	1,954,897
Committed	-	-	3,386,978	2,796,925
Assigned	-	-	376,310	719,593
Unassigned	-	-	7,620,229	7,512,470
Reserved	6,085,726	7,282,959	-	-
Designated	14,656,303	18,601,566	-	-
Unreserved	(4,292,560)	(4,697,684)	-	-
Total General Fund	\$ 16,449,469	\$ 21,186,841	\$ 23,004,955	\$ 23,939,836
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ 17,862,686	\$ 17,871,615
Restricted	-	-	49,116,167	9,585,968
Committed	-	-	6,050,816	9,493,873
Assigned	-	-	1,254,670	9,562,724
Unassigned	-	-	(2,266,539)	(767,566)
Reserved	4,775,205	1,303,620	-	-
Unreserved, reported in:				
Special revenue funds	1,132,950	2,496,791	-	-
Capital projects funds	(8,227,489)	8,968,775	-	-
Designated				
Permanent funds	16,952,664	18,164,642	-	-
Total All Other Government Funds	\$ 14,633,330	\$ 30,933,828	\$ 72,017,800	\$ 45,746,614

Manchester, New Hampshire
Table IV

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 10,876,516	\$ 4,574,066	\$ 4,279,443	\$ 4,296,436	\$ 4,680,346	\$ 4,794,207
1,618,788	1,128,600	1,602,649	2,357,499	2,524,364	2,224,364
2,243,078	1,068,556	2,304,671	4,235,311	5,878,562	6,624,726
1,115,449	586,585	691,975	1,242,448	1,157,202	1,695,580
7,688,929	6,449,466	6,265,510	7,696,350	8,052,406	9,921,950
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 23,542,760</u>	<u>\$ 13,807,273</u>	<u>\$ 15,144,248</u>	<u>\$ 19,828,044</u>	<u>\$ 22,292,880</u>	<u>\$ 25,260,827</u>
\$ 19,850,387	\$ 22,403,033	\$ 23,833,678	\$ 22,905,823	\$ 26,346,686	\$ 28,204,202
6,411,738	6,940,746	18,255,978	10,632,100	10,110,038	13,995,815
4,675,607	2,507,593	3,103,054	4,770,528	2,160,632	2,678,803
-	-	-	-	-	-
(2,553,299)	(10,349,229)	(875,772)	(12,768,835)	(25,742,959)	-
-	-	-	-	-	-
-	-	-	-	-	(545,103)
-	-	-	-	-	(65,792)
-	-	-	-	-	-
<u>\$ 28,384,433</u>	<u>\$ 21,502,143</u>	<u>\$ 44,316,938</u>	<u>\$ 25,539,616</u>	<u>\$ 12,874,397</u>	<u>\$ 44,267,925</u>

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

	2009	2010	2011	2012
Revenues:				
Taxes	\$ 77,904,205	\$ 90,436,153	\$ 92,102,359	\$ 95,403,257
Federal and state grants and aid	26,231,368	23,095,722	22,139,779	18,709,403
Charges for sales and services	2,368,050	2,165,049	2,277,246	2,500,250
Licenses and permits	17,115,452	17,617,599	17,505,243	17,789,758
Interest	1,814,972	1,187,000	1,202,693	1,285,835
Contributions	402,087	135,880	4,803,681	3,508,925
Net gain (loss) on sale of securities	(3,637,617)	1,458,322	3,491,857	(195,946)
School charge backs	-	-	-	-
Lease and rent income	-	-	-	-
Debt recovery	-	-	-	-
Wall Street Tower recovery	1,600,978	-	-	-
Miscellaneous	11,647,136	15,072,675	16,321,844	16,401,661
Total revenues	135,446,631	151,168,400	159,844,702	155,403,143
Expenditures:				
General government	38,316,759	39,216,341	36,255,021	37,623,065
Public safety	51,665,596	54,795,033	59,337,519	57,758,252
Health and sanitation	4,887,210	5,527,220	5,750,650	5,612,106
Highway and streets	24,601,891	23,418,349	24,687,830	23,730,684
Welfare	1,249,651	1,436,588	1,360,692	1,314,382
Education	2,609,605	2,809,571	2,880,827	2,745,594
Parks and recreation	4,075,944	3,939,829	3,867,091	4,399,399
Cemetery trust	125,855	79,055	36,358	46,182
Investment management fee	56,649	57,695	55,407	54,125
Capital outlay	18,682,024	16,344,382	20,085,277	34,291,831
Debt service:				
Principal retirement	9,469,389	7,972,425	9,330,350	11,434,283
Interest	5,131,797	4,742,047	5,170,992	6,767,364
Total expenditures	160,872,370	160,338,535	168,818,014	185,777,267
Excess of expenditures over revenues	(25,425,739)	(9,170,135)	(8,973,312)	(30,374,124)
Other financing sources (uses):				
Proceeds of bonds	-	-	-	-
Proceeds from premium of bonds	-	-	-	-
Proceeds of refunding bonds	-	25,758,915	49,360,000	2,855,000
Payment to refunded bond escrow agent	-	-	(34,440,529)	(20,624,886)
Proceeds from sale of capital assets	412,670	1,562,670	4,584,498	598,014
Transfers in	3,252,946	3,818,579	2,713,249	2,669,856
Transfers out	(1,988,472)	(1,733,913)	(993,099)	(716,046)
Total other financing sources	1,677,144	30,208,005	51,875,398	5,037,819
Net changes in fund balance	\$ (23,748,595)	\$ 21,037,870	\$ 42,902,086	\$ (25,336,305)
Debt service as a percentage of noncapital expenditures	9.08%	7.93%	8.59%	9.80%

City of Manchester, New Hampshire
Table V

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	95,394,620	\$	94,909,143	\$	101,273,122	\$	99,360,223	\$	100,208,002	\$	101,624,767
	15,265,886		14,788,343		14,074,310		17,519,784		18,814,113		19,012,687
	2,482,741		2,794,063		3,160,621		3,150,831		4,580,815		4,769,187
	18,489,427		19,676,747		20,393,820		23,364,179		26,221,183		25,049,001
	1,007,663		1,186,033		1,255,173		1,178,053		881,243		1,645,593
	140,452		4,222,939		2,538,785		3,131,573		1,742,526		1,790,987
	1,896,401		2,724,044		222,783		(953,936)		2,824,729		1,446,816
	-		9,210,982		9,344,919		9,379,583		9,291,929		9,264,906
	-		958,606		960,031		962,763		946,557		1,124,918
	-		1,187,603		1,192,075		909,301		1,075,282		1,117,410
	-		-		-		-		-		-
	16,927,548		2,213,862		3,073,976		2,888,929		2,963,559		3,082,295
	151,604,738		153,872,365		157,489,615		160,891,283		169,549,938		169,928,567
	43,760,870		42,986,136		40,975,792		42,373,716		44,566,109		43,900,469
	58,232,991		61,249,963		62,354,415		66,543,229		68,083,493		68,380,481
	5,338,405		5,325,041		5,962,648		6,383,434		7,166,483		6,550,257
	20,440,116		22,725,604		22,432,823		21,400,697		23,153,464		22,721,282
	1,308,246		1,462,618		1,212,288		1,171,783		1,194,319		1,332,476
	3,206,756		2,858,466		2,885,462		3,626,769		5,797,495		2,908,040
	3,882,722		4,207,365		4,183,541		4,271,144		6,206,516		5,799,594
	48,195		49,000		97,742		89,514		82,500		37,000
	57,837		68,532		70,922		63,729		72,638		74,411
	17,282,136		7,684,575		12,107,841		14,933,976		9,901,415		8,723,473
	11,926,329		11,931,546		11,264,935		11,601,455		11,675,985		11,537,019
	6,291,348		5,939,981		5,687,494		5,489,115		5,418,794		5,135,100
	171,775,951		166,488,827		169,235,903		177,948,561		183,319,211		177,099,602
	(20,171,213)		(12,616,462)		(11,746,288)		(17,057,278)		(13,769,273)		(7,171,035)
	-		-		33,275,000		-		-		34,599,001
	-		-		1,398,151		-		-		3,465,347
	-		-		-		12,167,005		-		-
	-		-		-		(12,112,045)		-		-
	(70,000)		598,600		1,439,571		21,000		240,437		318
	3,320,012		3,119,645		3,675,423		4,846,219		6,315,630		5,525,736
	(1,388,040)		(7,719,500)		(1,218,440)		(1,958,427)		(3,071,779)		(2,261,443)
	2,411,956		(4,001,255)		38,569,705		2,963,752		3,484,288		41,328,959
\$	(17,759,257)	\$	(16,617,717)	\$	26,823,417	\$	(14,093,526)	\$	(10,284,985)	\$	34,157,924
	10.61%		10.73%		10.02%		9.60%		9.33%		9.41%

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

Fiscal Year	Property Tax	Fee	Deferred Tax	Cost on Tax Title	Interest on Tax
2009	\$ 75,500,428	\$ 1,224,321	\$ 41,577	\$ 24,019	\$ 491,936
2010	87,560,329	1,523,139	44,385	29,022	498,715
2011	88,951,612	1,599,521	41,904	40,447	514,970
2012	92,353,239	1,639,884	39,789	30,113	468,646
2013	92,036,185	1,670,643	38,313	21,684	461,086
2014	91,681,426	1,731,700	39,538	24,074	487,410
2015	97,790,358	1,798,349	41,419	23,539	500,098
2016	95,964,486	1,870,203	34,803	21,999	416,324
2017	96,497,427	1,962,707	33,018	26,828	420,911
2018	98,167,213	1,903,169	33,140	21,632	427,844
Change from first year on record versus 2018	30.02%	55.45%	-20.29%	-9.94%	-13.03%

City of Manchester, New Hampshire
Table VI

Lien	Railroad Tax	Tax Lien	Yield / Miscellaneous tax	Central Business District	Total
\$ 332,065	\$ 715	\$ 41,430	\$ 2,123	\$ 245,591	\$ 77,904,205
470,802	3,644	43,193	4,834	258,090	90,436,153
651,006	2,147	28,222	14,529	258,001	92,102,359
575,337	1,226	36,579	442	258,002	95,403,257
721,366	122	187,218	-	258,003	95,394,620
628,223	1,918	56,854	-	258,000	94,909,143
822,914	-	36,344	2,507	258,000	101,273,528
706,720	1,048	83,538	3,102	258,000	99,360,223
994,700	2,230	4,138	8,043	258,000	100,208,002
792,623	541	14,674	5,931	258,000	101,624,767
138.70%	-24.34%	-64.58%	179.37%	5.05%	30.45%

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

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

Fiscal Year	Residential Property	Non-Residential Property	Total Taxable Assessed Value	Percent Growth (Reduction)	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2009	\$ 6,448,737,925	\$ 3,576,246,275	\$ 10,024,984,200	0.86%	\$ 17.35	\$ 9,718,783,150	96.95%
2010	6,480,845,279	3,560,911,021	10,041,756,300	0.17%	17.85	9,752,599,500	97.12%
2011	6,488,365,904	3,603,925,896	10,092,291,800	0.50%	17.81	9,807,261,625	97.18%
2012	5,276,088,576	3,138,997,224	8,415,085,800	-16.62%	21.96	8,197,207,000	97.41%
2013	5,281,188,600	3,210,164,000	8,491,352,600	0.91%	22.18	8,285,246,013	97.57%
2014	5,307,185,900	3,216,732,700	8,523,918,600	0.38%	22.67	8,339,261,400	97.83%
2015	5,321,822,431	3,257,084,769	8,578,907,200	0.65%	23.50	8,409,714,728	98.03%
2016	5,340,634,374	3,340,650,306	8,681,284,680	1.19%	23.44	8,548,613,841	98.47%
2017	5,544,356,799	3,533,730,190	9,078,086,989	5.82%	23.14	8,946,360,522	98.55%
2018	5,578,766,428	3,550,955,561	9,129,721,989	0.57%	23.32	9,004,365,407	98.63%

Source: City of Manchester Assessor's Office

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

Total Assessed and Actual Taxable Values represent valuations reported on the MS-1 Summary Inventory of Valuation. The values on the 2017 MS-1 form were used for fiscal year 2018.

REAL PROPERTY TAX RATES

DRA	Fiscal Year	Rate per thousand (1)				
		City	School Local	School State	County	Total
2008	2009	\$ 8.05	\$ 5.98	\$ 2.28	\$ 1.04	\$ 17.35
2009	2010	9.27	5.34	2.22	1.02	17.85
2010	2011	9.28	5.41	2.16	0.96	17.81
2011	2012	11.62	6.72	2.46	1.16	21.96 (1)
2012	2013	11.40	7.16	2.46	1.16	22.18
2013	2014	11.22	7.77	2.48	1.20	22.67
2014	2015	11.76	8.09	2.41	1.24	23.50
2015	2016	11.53	8.20	2.42	1.29	23.44
2016	2017	10.96	8.58	2.31	1.29	23.14 (1)
2017	2018	10.88	8.82	2.32	1.30	23.32

Notes

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

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

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

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Manchester Mall Realty Trust	\$ 147,066,000	1	1.62%	\$ 155,000,000	1	1.58%
Public Service Co. of NH	143,046,000	2	1.58%	105,397,100	2	1.08%
Energy North Natural Gas, Inc.	95,086,900	3	1.05%	37,331,400	7	0.38%
SMC Waterford Place Apts, LP	50,542,900	4	0.56%	46,000,000	3	0.47%
Hilltop Apartments, LLC	43,423,700	5	0.48%	-		0.00%
Wellington DHC, LLC	39,672,400	6	0.44%	-		0.00%
Merion Countryside, LLC	38,525,500	7	0.42%	38,000,000	4	0.39%
Brady Sullivan Plaza, LLC	31,697,000	8	0.35%	29,448,700	9	0.30%
1200 Elm Street, LLC	30,111,900	9	0.33%	31,434,200	8	0.32%
N & N Canton TR	27,327,400	10	0.30%	-		0.00%
Manchester Hill Vistas Inc	-		-	33,311,800	5	0.34%
IPC Office Properties, LLC	-		-	33,223,200	6	0.34%
Farley White Manchester, LLC	-		-	25,000,000	10	0.26%
Total	<u>\$ 646,499,700</u>		<u>7.13%</u>	<u>\$ 534,146,400</u>		<u>5.46%</u>

Source: City of Manchester, Board of Assessors' total taxable value for the November 2018 tax billing

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

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

Fiscal Year Ended June 30:	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	2008	\$ 166,837,817	\$ 163,671,486	98.10%	\$ 1,778,931	\$ 165,450,417	99.17%
2010	2009	172,560,076	169,338,645	98.13%	2,391,041	171,729,686	99.52%
2011	2010	173,060,676	170,247,675	98.37%	2,864,001	173,111,676	100.03%
2012	2011	179,018,678	176,015,644	98.32%	3,038,303	179,053,947	100.02%
2013	2012	182,298,518	179,154,037	98.28%	3,179,750	182,333,787	100.02%
2014	2013	187,708,795	184,547,925	98.32%	3,196,137	187,744,062	100.02%
2015	2014	196,369,088	192,851,239	98.21%	3,553,119	196,404,358	100.02%
2016	2015	198,594,226	195,619,849	98.50%	3,009,646	198,629,495	100.02%
2017	2016	205,299,084	202,768,901	98.77%	2,552,709	205,321,610	100.01%
2018	2017	208,655,860	205,869,755	98.66%	2,808,631	208,678,386	100.01%

Note:

There is no personal property tax (on cars or jewelry); only real property is taxed.
The above information presents the information for each period for which it is levied.
A tax levy provides taxes remitted in the following year.

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government		
	General Obligation	Percentage of Actual Property Value (1)	Debt Per Capita (2)	General Obligation	Percentage of Actual Property Value (1)	Debt Per Capita (2)	Total Primary Government	Percentage of Per Capita Income	Per Capita (2)
	Bonds			Bonds			Government		
2009	\$ 136,029,614	1.39%	\$ 1,258	\$ 46,667,578	0.48%	\$ 431	\$ 182,697,192	0.0245%	\$ 1,689
2010	150,689,440	1.54%	1,387	42,191,320	0.43%	388	192,880,760	0.0236%	1,776
2011	189,869,044	2.32%	1,733	49,922,515	0.51%	456	239,791,559	0.0191%	2,189
2012	178,249,438	2.15%	1,625	85,078,576	1.04%	776	263,328,014	0.0182%	2,401
2013	162,826,417	1.95%	1,484	85,255,508	1.03%	777	248,081,925	0.0198%	2,262
2014	147,808,735	1.77%	1,339	79,660,378	0.96%	722	227,469,113	0.0231%	2,061
2015	166,497,393	1.98%	1,507	77,527,779	0.92%	702	244,025,172	0.0215%	2,209
2016	151,443,024	1.77%	1,384	73,297,890	0.86%	670	224,740,914	0.0246%	2,054
2017	142,212,424	1.59%	1,300	82,943,072	0.93%	758	225,155,496	0.0251%	2,058
2018	160,599,107	1.78%	1,444	90,235,350	1.00%	811	250,834,457	0.0239%	2,256

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

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

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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

City of Manchester, New Hampshire
Table XII

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CITY										
Debt limit	\$ 954,056	\$ 834,777	\$ 822,217	\$ 818,504	\$ 790,137	\$ 819,245	\$ 846,821	\$ 897,270	\$ 928,117	\$ 982,809
Total net debt applicable to limit	94,848	108,476	143,510	135,516	124,591	113,399	125,423	114,593	103,689	122,905
Legal debt margin	\$ 859,208	\$ 726,301	\$ 678,707	\$ 682,988	\$ 665,546	\$ 705,846	\$ 721,398	\$ 782,677	\$ 824,428	\$ 859,904
Total net debt applicable to the limit as a percentage of debt limit	9.94%	12.99%	17.45%	16.56%	15.77%	13.84%	14.81%	12.77%	11.17%	12.51%
Legal Debt Margin Calculation for Fiscal Year 2018										
Base equalized valuation - real estate										\$ 10,080,090
Debt limit (9.75% of base valuation)										<u>982,809</u>
Debt applicable to limit:										
Total bonded debt for general government										130,151
Less debt for urban redevelopment										(166)
Less debt for pension obligation bonds										<u>(7,080)</u>
Total net debt applicable to limit										<u>122,905</u>
Legal debt margin										<u>\$ 859,904</u>
SCHOOL										
Debt limit	\$ 684,963	\$ 599,327	\$ 590,310	\$ 587,644	\$ 567,278	\$ 588,176	\$ 607,974	\$ 644,194	\$ 666,341	\$ 705,606
Total net debt applicable to limit	32,538	34,734	37,712	34,746	31,250	27,838	38,801	34,995	31,014	30,943
Legal debt margin	\$ 652,425	\$ 564,593	\$ 552,598	\$ 552,898	\$ 536,028	\$ 560,338	\$ 569,173	\$ 609,199	\$ 635,327	\$ 674,663
Total net debt applicable to the limit as a percentage of debt limit	4.75%	5.80%	6.39%	5.91%	5.51%	4.73%	6.38%	5.43%	4.65%	4.39%
Legal Debt Margin Calculation for Fiscal Year 2018										
Base valuation - real estate										\$ 10,808,090
Debt limit (7% of base valuation)										<u>705,606</u>
Debt applicable to limit:										
Total bonded debt for school district										88,413
Less debt for facilities revenue bond										<u>(57,470)</u>
Total net debt applicable to limit										<u>30,943</u>
Legal debt margin										<u>\$ 674,663</u>
WATER AND WASTE WATER										
Debt limit	\$ 978,519	\$ 856,182	\$ 843,299	\$ 839,492	\$ 810,397	\$ 840,252	\$ 868,535	\$ 920,277	\$ 951,915	\$ 1,008,009
Total net debt applicable to limit	34,660	30,710	40,182	40,649	78,035	73,253	68,346	64,887	81,280	88,886
Legal debt margin	\$ 943,859	\$ 825,472	\$ 803,117	\$ 798,843	\$ 732,362	\$ 766,999	\$ 800,189	\$ 855,390	\$ 870,635	\$ 919,123
Total net debt applicable to the limit as a percentage of debt limit	3.54%	3.59%	4.76%	4.84%	9.63%	8.72%	7.87%	7.05%	8.54%	8.82%
Legal Debt Margin Calculation for Fiscal Year 2018										
Base valuation - real estate										\$ 10,080,090
Debt limit (10% of base valuation)										\$ 1,008,009
Debt applicable to limit:										
Total bonded debt for water projects										48,511
Total bonded debt for sewer projects										<u>40,375</u>
Total net debt applicable to limit										<u>88,886</u>
Legal debt margin										<u>\$ 919,123</u>

Aviation Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Revenue Credit From Prior Year ⁽³⁾	Coverage Amount From Prior Year ⁽³⁾	Expenses ⁽¹⁾
2009	\$ 44,732,558	\$ 3,987,000	\$ 3,037,745	\$ 27,790,716
2010	40,739,466	2,485,000	3,275,222	25,547,284
2011	40,820,451	1,909,000	3,275,222	25,234,918
2012	39,346,192	2,024,000	3,275,222	24,863,023
2013	39,970,021	979,000	3,275,222	24,613,776
2014	40,109,455	1,410,000	3,275,222	25,781,498
2015	40,681,868	43,000	3,275,222	25,250,914
2016	40,362,305	502,734	3,298,279	24,709,385
2017	41,071,582	754,952	3,298,279	25,884,955
2018	42,164,157	559,349	3,298,279	25,350,030

Notes

- ⁽¹⁾ Exclusive of depreciation and bond interest.
- ⁽²⁾ Principal, interest, and O&M reserve required at year end to fund three months of operations and maintenance expense.
- ⁽³⁾ Provided by Leigh Fisher Management Consultants, formerly known as Jacob's Consultancy formerly known as Leigh Fisher Associates, Aviation Consultants
- ⁽⁴⁾ As of fiscal 2009, the O & M Reserve and bond issuance costs of \$609,400 were not included in the coverage ratio calculation.

City of Manchester, New Hampshire
Table XIII

Net Revenue Available for 1998/2000/2001/2002 Debt Service	REQUIREMENTS 1998/2000/2001/2002 Debt Service		Coverage Ratio
	Total ⁽²⁾	O & M Reserve ⁽³⁾	
\$ 23,966,587	\$ 12,671,309	\$ 609,400 ⁽⁴⁾	1.89
20,952,405	11,872,671	-	1.76
20,769,755	10,515,216	-	1.98
19,782,391	12,230,032	-	1.62
19,610,467	10,718,720	-	1.83
19,013,179	12,770,897	-	1.49
18,749,176	13,193,116	-	1.42
19,453,933	12,187,053	-	1.60
19,239,858	12,909,883	-	1.49
20,671,755	12,807,954	-	1.61

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

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

MWW Fiscal Year ⁽³⁾	Gross Revenue	Expenses ⁽¹⁾	Net Revenue Available for Debt Service	REQUIREMENTS	
				Revenue Bonds Section 705	
				Total	Coverage Ratio
12/31/2009	\$ 14,316,685	\$ 10,391,946	\$ 3,924,739	\$ 3,336,488	1.18
12/31/2010	15,347,925	10,758,562	4,589,363	3,186,496	1.44
12/31/2011 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
12/31/2012 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2013 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2014 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2015 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2016 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2017 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2018 ⁽²⁾	N/A	N/A	N/A	N/A	N/A

Note

⁽¹⁾ Exclusive of depreciation and bond interest.

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

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

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

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

Fiscal Year Ended June 30	Population ⁽¹⁾	Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾	Monthly Unemployment Rate ⁽⁴⁾
2009	108,154	\$ 44,726	16,159	7.5%
2010	108,625	45,432	16,153	6.5%
2011	109,565	45,892	16,117	5.2%
2012	109,687	47,981	15,875	6.0%
2013	109,693	49,129	15,442	5.5%
2014	110,378	52,509	14,806	4.6%
2015	110,448	55,379	14,799	3.8%
2016	109,419	57,180	14,430	3.0%
2017	109,419	56,531	14,198	3.0%
2018	111,196	60,064	13,967	2.8%

Sources:

- ⁽¹⁾ NH Office of Energy and Planning, using most recent data available up through FY2013. NH Business Review Book of Lists used for FY 2014 and FY2017. U.S Census Bureau data used for FY2018
- ⁽²⁾ U.S. Department of Commerce, BEA (Bureau of Economic Analysis), using Manchester-Nashua MSA, based on most recent data available up through 2017.
- ⁽³⁾ City of Manchester, NH School Department
- ⁽⁴⁾ State of New Hampshire, Economic and Labor Market Information Bureau

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

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

Employer	2018			2009		
	Employees ⁽¹⁾	Rank ⁽¹⁾	Percentage of Total Average City Employment ⁽³⁾	Employees ⁽²⁾	Rank ⁽²⁾	Percentage of Total Average City Employment ⁽³⁾
Hannaford Brothers	4,900	1	7.63%	4,474	1	4.49%
Elliot Hospital	3,800	2	5.92%	3,060	2	3.07%
Catholic Medical Center	2,800	3	4.36%	1,700	4	1.71%
Home Depot	2,571	4	4.01%	2,560	3	2.57%
Southern NH University	2,093	5	3.26%	1,400	5	1.40%
Eversource	1,400	6	2.18%	1,320	6	1.32%
United Parcel Service	1,131	7	1.76%			
FairPoint Communications, Inc	1,050	8	1.64%	1,175	7	1.18%
TD Bank, N.A.	900	9	1.40%	1,150	8	1.15%
Veterans Affairs Medical Center	800	10	1.25%			
Velcro USA, Inc	800	10	1.25%	-		
Citizens Bank				1,100	9	1.10%
Anthem Blue Cross				700	10	0.70%

Sources:

⁽¹⁾ 2018 Book of Lists, NH Business Review

⁽²⁾ 2009 Book of Lists, NH Business Review

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

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

City of Manchester, New Hampshire
Table XVII

<u>Functions/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government:										
Aldermen	14	14	14	14	14	14	14	14	13	14
Assessors	8	8	7	7	7	7	7	7	7	7
Building	19	-	-	-	-	-	-	-	-	-
Building Maintenance	18	18	20	18	17	20	20	20	20	21
City Clerk	15	16	17	15	14	14	12	14	14	13
City Solicitor	13	13	13	13	13	12	12	12	12	11
Economic Development Office	4	4	3	2	-	2	2	2	2	2
Elderly Services	4	4	4	4	4	4	1	4	4	4
Finance	12	12	11	10	10	10	10	11	10	11
Human Resources	8	9	9	9	9	9	9	10	10	9
Information Systems	15	15	15	14	14	14	14	14	15	17
Mayor	4	4	4	4	4	4	4	4	4	4
MCAM/MPTS	5	5	5	4	4	4	4	4	4	4
Office of Youth Services	10	12	10	9	9	9	7	9	9	8
Planning & Community Develop	10	30	32	30	31	30	24	29	30	28
Tax Collector	12	11	10	10	8	9	7	8	9	8
Parks and Recreation:										
Cemetery Care	12	9	11	11	11	10	9	11	11	9
Derryfield Golf Course	4	4	3	3	3	3	3	3	3	2
Forestry	2	2	2	2	2	2	2	2	2	2
General & Administrative	8	10	8	8	4	3	3	4	4	4
Gill Stadium	2	2	-	-	-	-	-	-	-	-
McIntyre Ski Area	1	-	-	-	-	-	-	-	-	-
Public Swimming Pools	1	1	1	1	1	1	1	1	1	1
Parks Maintenance	16	12	15	15	13	13	9	13	13	15
Recreation	1	1	1	1	1	1	1	-	1	1
Skating Arenas	6	6	5	4	4	4	4	4	4	4
Police:										
Officers	215	217	206	207	214	199	205	216	223	222
Civilians	62	65	65	62	57	57	52	55	53	52
Fire:										
Firefighters and Officers	232	233	226	211	208	208	207	208	208	208
Civilians	18	17	17	16	16	15	16	16	16	16
Fleet	-	-	-	1	23	23	21	22	23	24
Public Works:										
Administration	14	14	13	13	14	13	14	15	15	13
Street Maintenance/Const.	63	62	65	62	63	56	55	51	56	58
Street Sweeping	5	5	4	4	5	5	5	5	5	4
Refuse Collection	36	35	31	31	32	29	33	33	34	30
Vehicle Maintenance	20	20	19	19	-	-	-	-	-	-
Boiler Plant	1	1	-	-	1	-	-	-	-	-
Drain/Sewer Repair/Const.	19	20	19	18	16	16	14	17	17	15
Engineering	18	17	17	16	15	16	12	15	15	15
Traffic	11	11	9	9	9	10	8	11	12	12
Parking:										
Administration	4	4	3	3	3	4	4	4	4	3
Meters	2	2	2	2	2	2	2	1	1	2
Myrna Lot	1	1	1	1	-	-	-	-	-	-
Victory Garage	5	5	5	5	5	5	4	3	4	2
PCOs	7	7	7	7	7	5	7	5	7	8
Water:										
Administration & Financial	15	15	15	15	14	14	14	16	16	16
Water Distribution	42	41	41	42	42	41	39	40	39	41
Water Supply	25	25	24	21	22	20	19	21	21	22
Sewer:										
Administration & Financial	10	10	11	11	11	11	7	8	8	8
Monitoring	2	2	2	2	2	2	1	2	2	2
Sewer Plant Operation	14	15	14	13	15	14	12	16	15	16
Maintenance	14	15	15	15	15	15	13	13	13	14
Airport - total										
Administration & Financial	26	25	24	23	22	22	22	20	20	18
Airfield Maintenance	25	26	25	24	25	25	23	25	25	22
Terminal Maintenance	25	22	22	23	25	24	25	24	23	26
Other Programs/Functions:										
Health	63	60	61	57	57	53	50	55	55	53
Library	39	46	43	39	41	38	36	38	37	37
Welfare	12	13	11	12	12	11	12	12	11	10
Total	1,269	1,273	1,237	1,192	1,190	1,152	1,111	1,167	1,180	1,168

N/A = Not Available.

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

Function/Program	2009	2010	2011	2012
Police:				
Physical arrests	6,769	6,319	6,033	5,996
Parking violations	45,969	67,016	45,053	40,317
Traffic citations	10,183	8,616	6,790	6,620
Fire:				
Number of calls answered	16,935	18,102	20,129	19,947
Inspections	1,079	1,380	1,389	1,206
Property loss	\$ 3,192,135	\$ 2,452,800	\$ 2,711,350	\$ 4,708,700
Building safety ⁽³⁾:				
Total building permits	1,788	1,913	1,648	1,850
Total value all permits	\$ 137,637,515	\$ 89,116,581	\$ 123,498,877	\$ 104,982,994
Library, visits	476,981	486,205	447,158	458,826
Public service:				
Garbage collected (ton)	40,492	38,887	39,335	37,470
Recycle collected (ton)	4,281	4,300	4,457	5,423
Streets paved resurf (miles)	9.40	8.74	1.02	3.54
Streets reconstructed (miles)	1.01	3.07	6.20	4.04
Drain reconstruction (miles)	0.55	0.27	0.10	0.16
Sewer reconstruction(miles)	0.12	0.05	3.62	1.09
New drain (miles)	N/A	N/A	N/A	N/A
Airport:				
Enplane	1,595,477	1,409,600	1,359,187	1,227,286
Deplane	1,585,772	1,404,832	1,351,560	1,224,378
Total passengers	3,181,249	2,814,432	2,710,747	2,451,664
Cargo (in pounds)	161,670,797	174,425,531	174,675,282	176,467,795
Air mail (in pounds)	900	10	-	9
Parks and Recreation:				
Public skating attendance	6,675	6,658	6,084	8,290
Aquatics program attendance	77,786	96,891	75,622	92,307
Golf rounds played	31,836	33,593	30,691	34,731
Ski passes sold	32	-	-	-
Street trees maintained	40,000	40,000	40,000	40,000

(1) The figures in column 2017 have been updated to reflect the full calendar year.

(2) The figures in column 2018 are January thru June only.

N/A = Not Available.

City of Manchester, New Hampshire
Table XVIII

Calendar Year					
2013	2014	2015	2016	2017 ⁽¹⁾	2018 ⁽²⁾
5,743	5,279	5,535	5,175	5,816	2,917
27,853	36,853	41,305	43,049	46,731	22,057
6,430	6,640	6,936	5,274	6,090	2,828
19,150	20,709	21,697	24,471	25,198	12,158
1,480	1,480	1,423	1,501	1,612	685
\$ 3,164,125	\$ 3,354,014	\$ 2,814,210	\$ 4,137,173	\$ 2,753,224	\$ 1,154,463
1,692	1,796	1,894	2,041	1,938	974
\$ 79,116,666	\$ 90,203,357	\$ 123,400,416	\$ 141,511,026	\$ 137,542,039	\$ 61,746,151
432,561	413,475	428,500	358,439	289,558	191,475
36,548	36,215	36,039	35,906	36,410	17,940
6,275	6,478	6,331	6,682	6,971	3,398
5.97	7.75	21.90	15.00	14.50	5.40
3.16	1.10	5.96	6.20	8.70	3.30
0.68	1.10	0.83	0.80	-	-
0.47	2.95	1.09	0.98	0.70	-
N/A	N/A	0.13	0.32	-	-
1,214,126	1,048,128	1,038,454	1,010,408	986,554	456,346
1,207,976	1,047,546	1,034,617	1,010,871	984,134	458,672
2,422,102	2,095,674	2,073,071	2,021,279	1,970,688	915,018
167,291,943	159,371,572	159,025,507	172,256,058	171,008,590	87,868,301
190	507	30	-	-	-
8,194	10,627	8,585	7,395	7,396	4,942
68,757	68,569	74,038	61,525	68,336	13,292
31,942	26,188	21,521	27,460	28,335	11,404
-	-	-	-	-	-
40,000	40,000	40,000	40,000	40,000	40,000

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Facilities	5	5	5	5	5	5	5	5	5	1
Marked patrol vehicles	35	35	32	35	35	35	35	35	35	55
Unmarked vehicles	19	19	22	26	26	26	26	26	26	38
Specialty vehicles	17	17	15	15	15	15	15	15	15	13
Bikes for bike patrols	21	21	18	18	18	18	18	18	18	18
Motorcycles	4	4	3	3	3	3	3	3	3	0
Horses	2	2	2	2	2	2	2	2	2	2
Canine	6	6	9	8	8	8	8	8	9	11
Fire:										
Fire stations	10	10	10	10	10	10	10	10	10	10
Refuse Collection:										
Collection trucks	14	14	14	14	14	14	14	14	13	13
Other Public Works:										
Streets (miles)	395.00	395.00	395.15	395.15	395.15	395.50	395.50	402.85	402.85	402.85
Street lights	8,849	8,861	8,889	8,881	8,923	8,923	8,919	9,113	9,031	9,035
Traffic signals	151.0	151.0	151.0	154.0	157.0	157.0	157.0	159.0	159.0	145.0
Parks & Recreation:										
Acreage	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073
Parks	55	55	55	55	55	55	55	55	55	55
Golf course	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	44	44	44	44	44	44	44	44	44	44
Walking trail(s)	8	8	8	8	8	8	8	8	8	8
Soccer/football fields	24	24	24	24	24	24	24	24	24	24
Indoor ice rinks	2	2	2	2	2	2	2	2	2	2
Basketball courts	26	26	26	26	25	25	25	25	25	25
Tennis courts	8	8	8	5	5	5	5	5	5	5
Swimming pools	4	4	4	4	4	4	4	3	3	3
Parks with playground equipment	20	20	20	20	20	20	20	20	20	20
Public beaches	1	1	1	1	1	1	1	1	1	1
Pickleball court	-	-	-	6	6	6	6	6	6	6
Cemeteries	9	9	9	9	9	9	9	9	9	9
Splash pad	-	-	-	-	-	-	-	1	1	1
18 hole disc golf course	-	-	-	-	-	-	-	1	1	2
Library:										
Facilities	2	2	2	2	2	2	2	2	2	2
Volumes	250,156	250,090	246,599	235,225	224,624	224,566	205,778	184,528	201,804	174,126
Water:										
Finished water storage capacity (MG)	38.8	38.8	38.8	38.8	38.8	38.8	38.8	38.8	31.8	31.8
Average daily consumption (MGD)	16.902	16.048	17.593	17.147	17.185	17.214	17.457	17.944	17.819	16.724
Peak consumption (MGD)	30.461	24.476	32.267	31.266	28.864	26.308	27.789	27.911	30.495	25.030
Municipal fire hydrants	3,309	3,327	3,337	3,344	3,374	3,380	3,391	3,399	3,418	3,428
Water main in system (million feet)	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary sewers (miles)	354.40	354.40	375.00	380.00	385.00	388.00	391.00	391.00	391.00	391.00
Maximum daily treatment capacity (MGPD)	34	34	34	34	34	34	34	42	42	42
Information Systems Department										
PC's	1,065	1,066	1,041	1,028	1,034	1,093	1,108	1,120	1,110	1,112
Miles of fiber optic cabling	50.00	51.00	52.00	53.00	53.00	54.00	54.00	55.00	57.00	57.00
Airport:										
Runways	2	2	2	2	2	2	2	2	2	2
Terminals	1	1	1	1	1	1	1	1	1	1
Buildings - square footage	332,600	332,600	332,600	332,600	332,600	332,600	332,600	343,600	343,600	343,600

N/A = Not Available.