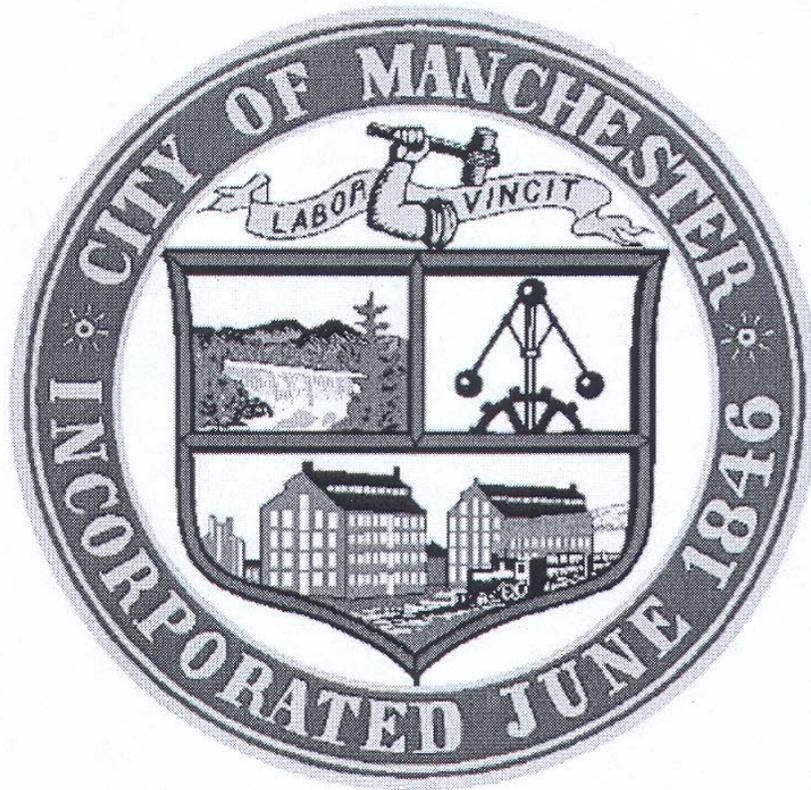


CITY OF MANCHESTER, NEW HAMPSHIRE



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015**

CITY OF MANCHESTER, NEW HAMPSHIRE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year
July 1, 2014 to June 30, 2015**

Prepared By:
FINANCE DEPARTMENT

William E. Sanders
Finance Officer



This page left intentionally blank.

CITY OF MANCHESTER, NEW HAMPSHIRE

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2015**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Letter of Transmittal	1
Organization Chart.....	6
City Officials.....	8

II. FINANCIAL SECTION

Independent Auditor's Report.....	9
Management's Discussion and Analysis	12

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position	23
Statement of Activities.....	24

Fund Financial Statements:

Balance Sheet – Governmental Funds	26
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds.....	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Position - Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	31
Statement of Fiduciary Net Position - Pension Trust and Agency Funds.....	33
Statement of Changes in Fiduciary Net Position - Pension Trust.....	34
Notes to Financial Statements.....	35

CITY OF MANCHESTER, NEW HAMPSHIRE

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2015**

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress	87
Schedule of Changes in Net Pension Liability	89
Schedule of Net Pension Liability, Contributions, and Investment Returns	90
Schedule of Changes in Net Pension Liability – Old System.....	91
Schedules of the Net Pension Liability and Contributions – Old System	92
Schedule of Proportionate Share of the Net Pension Liability	93
Schedules of Contributions	94

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND OTHER SCHEDULES**

GENERAL FUND

Statement of Revenues, Expenditures – Budget and Actual (Budget Basis) – General Fund	95
Schedule of Revenues and Operating Transfers In – Budget and Actual (Budget Basis).....	96
Schedule of Expenditures, Encumbrances and Other Financing Uses Budget and Actual (Budget Basis)	97
Comparative Balance Sheets.....	101
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	102

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet.....	104
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances (Deficits).....	106

NONMAJOR PROPRIETARY FUNDS

Combining Statement of Net Position	108
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position (Deficits)	109
Combining Statement of Cash Flows	110

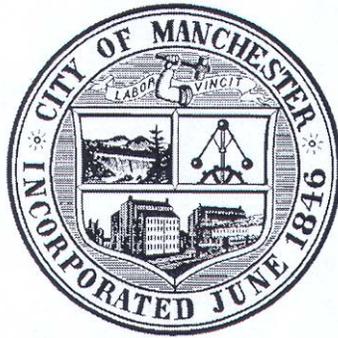
CITY OF MANCHESTER, NEW HAMPSHIRE

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2015**

TABLE OF CONTENTS

III. STATISTICAL SECTION

Net Position By Component	Table I	111
Changes In Net Position.....	Table II	112
Program Revenues by Function/Program	Table III	114
Fund Balances, Governmental Funds	Table IV	116
Changes In Fund Balances, Governmental Funds	Table V	118
Tax Revenues by Source, Governmental Funds	Table VI	120
Assessed Value and Estimated Actual Value of Taxable		
Property	Table VII	122
Property Tax Rates.....	Table VIII	123
Principal Property Taxpayers.....	Table IX	124
Property Tax Levies and Collections.....	Table X	125
Ratios of Net General Bonded Debt Outstanding by Type.....	Table XI	126
Legal Debt Margin Information.....	Table XII	127
Aviation Revenue Bond Coverage.....	Table XIII	128
Water Department Revenue Bond Coverage.....	Table XIV	130
Demographic and Economic Statistics	Table XV	131
Principal Employers.....	Table XVI	132
Full-Time Equivalent City Government Employees By		
Functions/Programs	Table XVII	133
Operating Indicators By Function/Program.....	Table XVIII	134
Capital Asset Statistics By Function/Program.....	Table XIX	136



This page intentionally left blank.

Introductory Section



This page intentionally left blank.

**City of Manchester
Department of Finance**

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

March 22, 2016

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, 2015 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 auditor's 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 & Co, Certified Public Accountants, to conduct the City's audit for the fiscal year ended June 30, 2015. The auditor's 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 federal Single Audit Act and related OMB Circular 133. 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 2016 New Hampshire Business Review Book of Lists, the City has a population of 110,448 and occupies a land area of 33.0 square miles. The Manchester Metropolitan Area, with a ten mile radius, has a population of over 400,000. The Manchester Metropolitan Area is an area that the City believes to represent a key geographic region for the City's economy.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection and disposal of garbage and rubbish, water and sewer services, highways, and street and sidewalk maintenance, public health and welfare, and code compliance. Public education is provided through the MSD for grades kindergarten through twelve and vocational education is available in grades nine through twelve. In addition, the City maintains 55 parks, two ice-skating coliseums, the McIntyre Ski Area, the Derryfield Country Club, four 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, 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, 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. Treasury Bills, 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 three years, with the average maturity closer to the thirty-day range. Between 65% - 70% 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 Verizon Wireless 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 115,090 while the unemployment rate is 2.8% at December 31, 2015.

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, 2015 the City has a total outstanding General Obligation debt of \$244,025,172 for various improvements, infrastructure improvements, and economic development projects. Authorized and unissued debt obligations as of June 30, 2015 totaled \$11,850,000.

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 \$846,821,000.

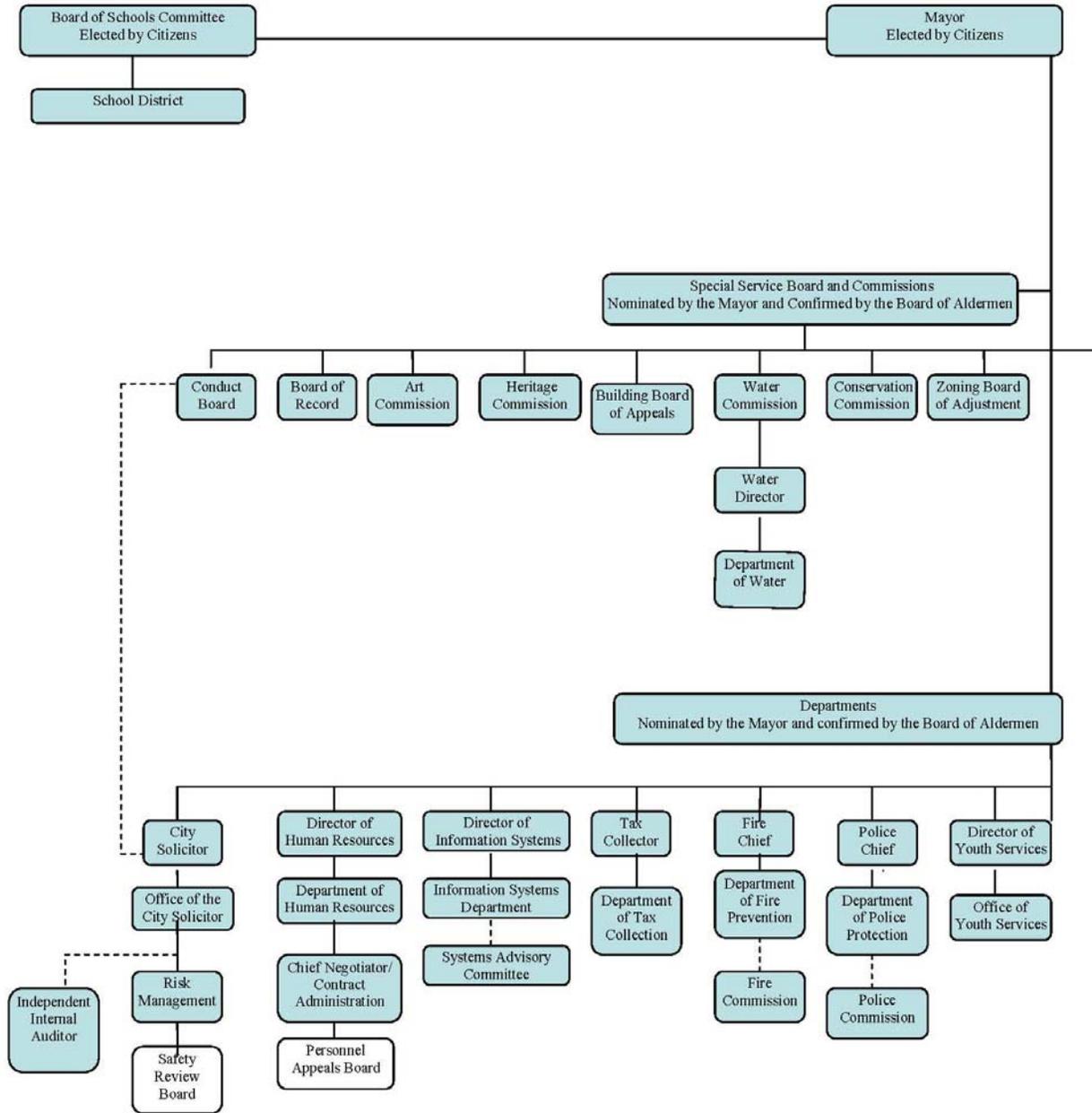
I would like to thank the City's department heads and their hard working staff for their help in the completion of another successful year. I would especially like to thank the employees of the Finance Department for their commitment and dedication.

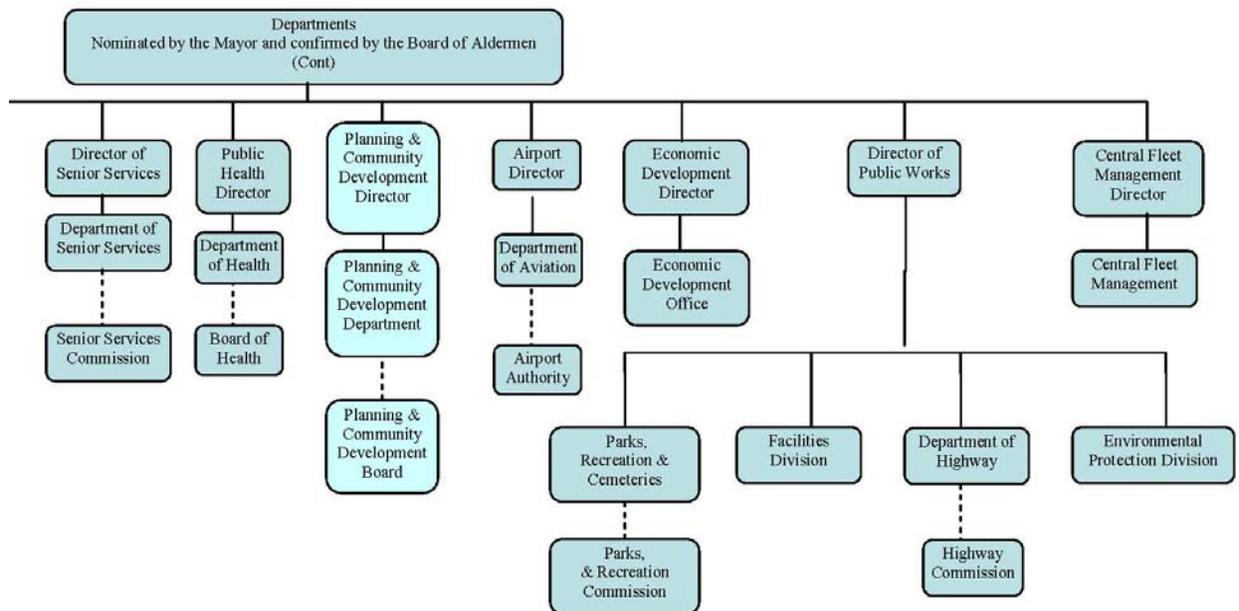
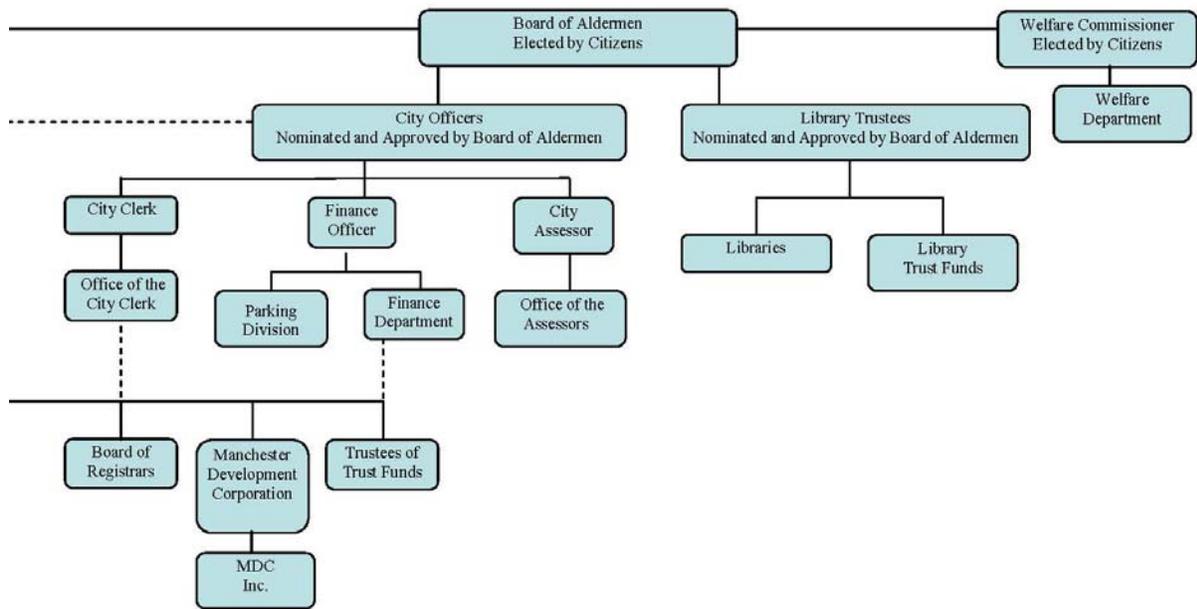
Respectfully submitted,

A handwritten signature in black ink, appearing to read "William E. Sanders". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William E. Sanders
Finance Officer

City of Manchester New Hampshire Organization Chart





**List of Principal Officials
in office at the close of fiscal year ended June 30, 2015**

Mayor

Theodore L. Gatsas

Aldermen

Ward 1	Joyce Craig	Ward 7	William P. Shea
Ward 2	Ron Ludwig	Ward 8	Thomas Katsiantonis
Ward 3	Patrick Long	Ward 9	Barbara E. Shaw
Ward 4	Jim Roy	Ward 10	Bill Barry
Ward 5	Anthony Sapienza	Ward 11	Normand Gamache
Ward 6	Garth Corriveau	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	Thomas R. Clark
Commissioner of Welfare	Paul R. R. Martineau
Chief of Police	David J. Mara
Fire Chief	James A. Burkush
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	William Craig
Director of Fleet Management	Wesley Anderson, P.E.
Airport Director	Mark Brewer, A.A.E.
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	Debra Livingston
Director of Human Resources	Jane Gile
Director of Senior Services	Barbara Vigneault
Director of Youth Services	Acting - Jon Donovan
Chairman Board of Assessors	Robert Gagne
Collector of Taxes	Acting - Brenda Masewic

Financial Section



This page intentionally left blank.

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 90.8 percent of the assets and 99.7 percent of the revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the City of Manchester Employees' Contributory Retirement System, a blended component unit reported as a pension trust of the City, which represents 78.9 percent of the assets and 51.3 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 auditor's judgment,

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the combined financial statements, in 2015, the City adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

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, the Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, the Schedule of Contributions, the Schedule of Changes in Net Pension Liability, and the Schedules of Net Pension Liability, Contributions, and Investment Returns 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 104 through 119 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.

Prior-Year Comparative Information

The accompanying General Fund Balance Sheet and General Fund Statement of Revenues, Expenditures and Changes in Fund Balance as of and for the year-ended June 30, 2014 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. Those statements were audited by another auditor who expressed an unmodified opinion on the major general fund on March 12, 2015.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2016 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Manchester's internal control over financial reporting and compliance.

Melanson Heath

March 22, 2016

City of Manchester, New Hampshire
Management's Discussion and Analysis
June 30, 2015

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, 2015. 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

- ◆ During the fiscal year, the City implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions. Compliance with GASB 68 requires that the City's net pension liability be recorded on the Statement of Net Position, which reduces unrestricted net position, and in the City's case, creates a negative unrestricted net position. The City's net pension liability as of June 30, 2015 is \$185.2 million.
- ◆ On a government-wide basis of the primary government, the assets of the City exceeded its liabilities resulting in a total net position at the close of the fiscal year of \$373.1 million. The total net deficit for Governmental Activities at fiscal year-end was \$33.6 million and total net position for Business-Type Activities was \$406.7 million.
- ◆ On a government-wide basis, during the fiscal year, the City's net position increased by \$10 million or 2.7%, as restated, to 373.1 million. See Note 17 for Accounting Change/Restatement. The net position increased by \$4.6 million for Governmental Activities and the net position increased by \$5.4 million for Business-Type Activities. Government-wide expenses were \$251.7 million, while revenues were \$261.6 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 \$59.5 million, an increase of \$26.8 million from the prior fiscal year. The overall increase was in part due to the timing of receipt of the Series 2015A bond proceeds and the related expenditures in the Capital Projects Fund. See Note 9.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund was \$15.1 million, an increase of \$4 million from the prior fiscal year, as restated. As of June 30, 2015, the general fund had an unassigned fund balance of \$6.3 million which represents 4.3% of total FY 15 General Fund expenditures and transfers (\$144.3 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 are comprised of 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 government'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, Recreation and the Parking Program. 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 23-25 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 Other 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 Fund and the Library Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on pages 104-105 and in the combining statement of revenues, expenditures and changes in fund balance on pages 106-107.

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 95.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 26-27 of this report.

Proprietary funds. The City maintains five 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, Recreation 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. Conversely, both of the remaining funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Recreation Fund and the Parking Fund is provided on pages 108-110 in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 29-32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City's constituency. The City has two pension trust funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 33-34 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 35-85 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 \$373.1 and \$363.1 million at June 30, 2015 and 2014, respectively.

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

	6/30/2015 ¹			June 30, 2014		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and Other Assets	\$ 153,087	\$ 52,953	\$ 206,039	\$ 116,993	\$ 45,252	\$ 162,245
Non-Current	38,921	71,034	109,955	43,988	73,681	117,669
Capital Assets	331,891	593,722	925,613	343,020	589,517	932,537
Total Assets	523,898	717,708	1,241,606	504,001	708,450	1,212,451
Deferred Outflows	19,374	6,631	26,005	3,621	3,768	7,389
Current Liabilities	44,788	21,734	66,522	45,894	18,550	64,444
Long-term liabilities outstanding	438,503	295,919	734,422	266,086	269,936	536,022
Total Liabilities	483,291	317,653	800,944	311,980	288,486	600,466
Deferred Inflows	93,561	44	93,605	66,294	42	66,336
Net Position:						
Net investment in						
Capital Assets	132,864	340,731	473,596	141,643	338,138	479,781
Restricted	28,476	47,119	75,594	27,641	49,642	77,283
Unrestricted (Deficit)	(194,919)	18,792	(176,127)	(39,936)	35,910	(4,026)
Total Net Position	\$ (33,579)	\$ 406,642	\$ 373,062	\$ 129,348	\$ 423,690	\$ 553,038

¹In FY2015, the City implemented the requirements of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. Prior periods, as noted above, have not been restated.

A portion of the City's net position totaling \$473.6 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, \$75.6 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 \$(176.1) million, primarily resulting from the City's unfunded net pension liability (see Notes 10 and 17).

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

	June 30, 2015			June 30, 2014		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 23,318	\$ 89,290	\$ 112,607	\$ 22,944	\$ 86,173	\$ 109,117
Operating grants and contributions	14,052	190	14,242	14,771	1,665	16,436
Capital grants and contributions	534	7,249	7,783	1,179	14,249	15,428
General Revenues:						
Property taxes/auto/franchise fees	119,754	-	119,754	111,399	-	111,399
Unrestricted investment earnings	1,478	474	1,952	3,913	337	4,250
Transfers and other	7,468	(2,179)	5,289	2,678	4,423	7,101
Total revenues	166,605	95,023	261,628	156,884	106,847	263,731
Expenses:						
General government	45,478	-	45,478	49,678	-	49,678
Public safety	60,724	-	60,724	63,484	-	63,484
Health and sanitation	6,253	-	6,253	5,861	-	5,861
Highways and streets	27,639	-	27,639	26,965	-	26,965
Welfare	1,262	-	1,262	1,454	-	1,454
Education and library	9,444	-	9,444	10,832	-	10,832
Parks and recreation	5,556	-	5,556	6,216	-	6,216
Cemetery Trust	98	-	98	49	-	49
Investment management fee	71	-	71	69	-	69
Interest expense	5,473	-	5,473	5,226	11,648	16,874
Operations	-	89,668	89,668	-	79,665	79,665
Total Expenses	161,997	89,668	251,664	169,834	91,313	261,147
Change in net position	4,608	5,356	9,963	(12,950)	15,534	2,584
Net position - beginning (as restated)	(38,187)	401,286	363,099	142,298	408,156	550,454
Net position - ending	\$ (33,579)	\$ 406,642	\$ 373,062	\$ 129,348 *	\$ 423,690 *	\$ 553,038

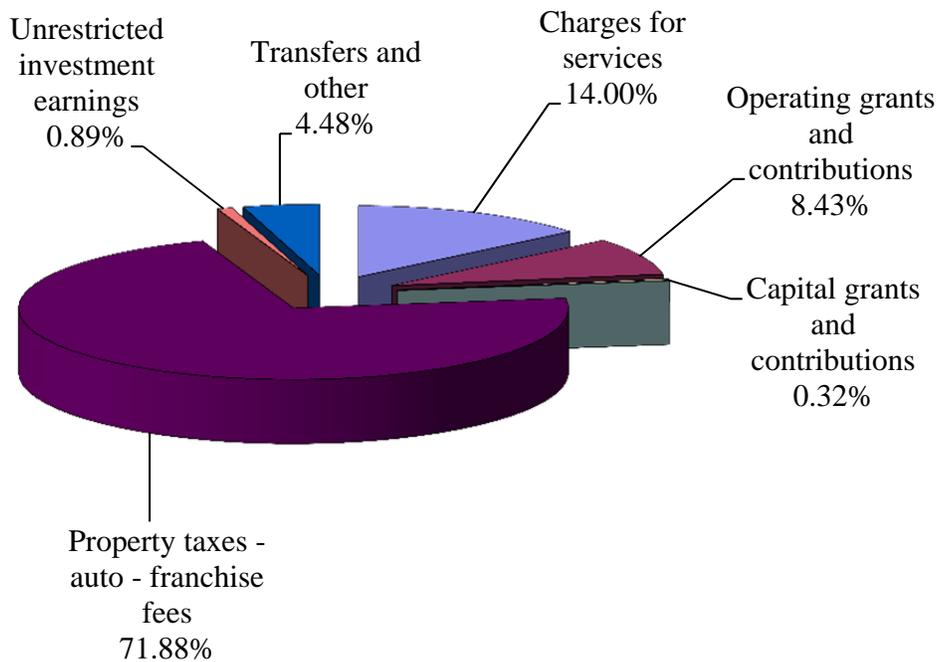
* July 1, 2014 net position was restated for GASB 68, while prior periods were not restated.

The City's total net position increased by \$10 million during the fiscal year, with the net position of Governmental Activities increasing by \$4.6 million, and the net position of Business-Type Activities increasing by \$5.4 million. Highlights in the change in net position in governmental activities from 2014 to 2015 include the following: Property taxes/franchise/auto fees increased by \$8.3 million; unrestricted investment earnings decreased by \$2.4 million mainly due to a decrease in net appreciation in fair value of securities. General government and public safety expenditures decreased by \$4.2 million and \$2.8 million, respectively primarily due to the implementation of GASB 68 and the reduction of accrued compensated absences and risk reserves.

Governmental Activities

More than 71.88% of the governmental funds revenues were derived from property taxes, auto registrations and franchise fees, 14.00% from charges for services then followed by 8.76% from operating and capital grants and contributions, and finally, about 5.37% 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:

GOVERNMENTAL ACTIVITIES - REVENUES BY SOURCE
Fiscal Year Ended June 30, 2015



Business-Type Activities

Business-Type activities increased the City’s net position by \$5.4 million, which is an increase of \$10.2 million from last year.

- ◆ Water Works total net position decreased by 8.8% or \$6.9 million, as previously reported prior to the restatement of the beginning net position at July 1, 2014. Invested capital assets decreased 2% primarily from the acquisition of infrastructure asset, payment of debt service associated with capital assets and normal depreciation. Restricted assets increased 2% due from contributions to the Merrimack Source Development Project. Unrestricted net position decreased 239.8%, due primarily to the recognition of Net Pension Liability and Other Post-Employment Benefits (OPEB).
- ◆ EPDs net position decreased by less than 1% for the year or \$1.0 million, as previously reported prior to the restatement of the beginning net position at July 1, 2014. Investments in capital assets increased by 2.9% significantly due to the construction-in-progress of the Aeration project, payment of existing debt service and the depreciation of assets. The unrestricted net position decreased by \$5 million, a 19.4% change due primarily to the City’s recognition of Net Pension Liability and OPEB.
- ◆ Aviation net position decreased by 4.8% for the year or \$8.7 million, as previously reported prior to the restatement of the beginning net position at July 1, 2014. Aviation fund capital contributions amounted to \$6.0 million, an increase

from \$5.2 million in the previous year. Manchester-Boston Regional Airport experienced a decrease of (9%) in passenger enplanements in FY 2015, as enplanements decreased by 102,529 from FY 2014.

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 \$59.5 million, an increase from \$26.8 million as reported on June 30, 2014. The increase of \$26.8 million in fund balances was in part due to the timing of receipt of the Series 2015A bond proceeds and the related expenditures in the Capital Projects Fund. Approximately 9% of this total amount constitutes unassigned fund balance. The remainder of the 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 \$6.3 million while the total fund balance reached \$15.1 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 4.3% of total general fund expenditures of \$144.3 million, while total fund balance represents 10.5% of that same amount.

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

As shown in the Water Works Statement of Revenue, Expenses and Changes in Net Position, the revenue earned from users of the system was \$16,075,185 for the year ended June 30, 2015. There was a slight increase in water usage as compared to the same twelve month period ending June 30, 2014 due primarily to a 3% rate increase for services after January 1, 2015 in water usage and fire and service charges. Capital contributions were \$875,555 primarily from contributions for the MSDP Project of \$278,714 and non-cash contributions from developers adding to distribution system approximately \$104,000. Interest earnings from investments were \$23,980 and other revenues for the year were \$214,828 due primarily to rental income on owned property.

Total assets for the Environmental Protection Division (EPD) increased from \$197.1 million at June 30, 2014 to \$209.5 million at June 30, 2015 for a net increase of \$12.4 million. The majority of this change is accounted for in EPD's capital assets as shown in the EPD Statement of Net Position. There was an increase of \$17.5 million in construction-in-progress primarily due to the ongoing upgrade of the Aeration System at the Wastewater Treatment Plant. In addition, depreciation expense was \$8.2 million, decreasing the overall basis of EPD's capital assets.

Operating revenues, consisting primarily of sewer usage charges, increased from \$20.1 million in fiscal year 2014 to \$20.7, an overall 3% increase for fiscal year 2015. There was a \$611,578 increase in operating expenses from fiscal year 2014 to 2015 due primarily to an increase in the capacity, management, operations, and maintenance (CMOM) program.

Manchester-Boston Regional Airport experienced a decrease of (9.0%) in passenger enplanements in FY 2015, as enplanements decreased by 102,529 from FY 2014. Manchester-Boston Regional Airport is not alone in this decrease, as many airports in the small and medium hub categories experienced reductions in capacity, either from the airlines substituting regional jets for mainline jets or by the airlines eliminating service altogether. Operating loss decrease was due primarily to increased rental of facilities, landing fee revenues, and decreased depreciation expense.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were \$142.5 million, \$1,374,606 more than the estimated revenues. Actual tax revenues were less than budgeted by \$561,278. Actual intergovernmental revenue was \$102,561 over budgetary estimates. Investment income was \$31,401 less than budgetary estimates. An additional positive outcome of \$847,205 resulted from an overall increase in auto registrations, licenses, and permits over the revised budgeted amount. Nonenterprise charges for sales and services were \$324,305 more than budgeted. Other revenues were \$693,214 more than budgeted. Transfers in were \$65,637 less than budgeted estimates.

Actual expenditures on a budgetary basis and other financing uses totaled \$142.9 million, \$1,998,098 less than budgeted. Highlights in expenditures variances include the following: General Government expenditures were \$1,943,381 less than budgeted primarily due to lower costs than anticipated for health insurance and workers compensation. 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 \$2,749,495.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounts to \$925.6 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 investment in capital assets for the current fiscal year was \$6.9 million or less than 1%.

City of Manchester, New Hampshire
Capital Assets (net of depreciation) (000's)
June 30, 2015 and 2014
Primary Government

	2015			2014			Change
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total	
Land	\$ 12,258	\$ 60,647	\$ 72,905	\$ 12,490	\$ 60,647	\$ 73,137	\$ (232)
Easements	52	-	52	52	-	52	-
Buildings and improvements	242,648	423,966	666,614	258,554	437,113	695,667	(29,053)
Infrastructure	55,464	-	55,464	56,684	-	56,684	(1,220)
Interceptors	-	50,299	50,299	-	51,984	51,984	(1,685)
Equipment, vehicles & intangibles	15,929	15,512	31,441	13,178	16,764	29,942	1,499
Construction in progress	5,540	43,297	48,837	2,062	23,009	25,071	23,766
Total	\$ 331,891	\$ 593,722	\$ 925,612	\$ 343,020	\$ 589,517	\$ 932,537	\$ (6,925)

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.

Information on the City's capital assets can be found in Note 6 on pages 51-54 of this report.

City of Manchester, New Hampshire
Outstanding Debt
General Obligation and Revenue Bonds (000s) in thousands
June 30, 2015 and 2014

	2015			2014		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation Bonds	\$ 166,497	\$ 77,528	\$ 244,025	\$ 147,809	\$ 79,660	\$ 227,469
Revenue Bonds	69,855	169,894	239,749	73,830	181,933	255,763
Net Bond Premium	11,992	5,519	17,511	11,501	6,309	17,810
Totals	\$ 248,344	\$ 252,941	\$ 501,285	\$ 233,140	\$ 267,902	\$ 501,042

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 \$662.9 million. General obligation debt is backed by the full faith and credit of the City government.

As of December 31, 2015, 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 (\$8,685,345,000) is determined by adding the amount of taxable property lost to the City as a result of the enactment of the State Business Profit Tax Law to the "equalize assessed valuation." Not more than 7% of the base valuation may be incurred for school purposes. Water and sewer projects ordered by the State Water Supply and Pollution Control Commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City's base valuation. Borrowings authorized by legislative acts rather than the general municipal finance statutes are sometimes excluded from the city's debt limit. The Total Equalized Valuation figure includes Utility Valuation and Railroad Monies Reimbursements. Total bonded debt for the general government includes the MSD portion. As of June 30, 2015, the City recorded long-term debt of \$248.3 million related to Governmental Activities (including \$108.6 million related to the MSD) and \$252.9 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 9 on pages 56-60 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, NH 03101.

Basic Financial Statements



This page intentionally left blank.

Statement of Net Position

City of Manchester New Hampshire
June 30, 2015

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 45,366,713	\$ 23,055,591	\$ 68,422,304	\$ 6,461,613	\$ 1,225,425	\$ 16,625	\$ -
Restricted cash	31,720,690	7,522,070	39,242,760	-	-	-	3,691,639
Investments	10,561,770	-	10,561,770	-	-	-	-
Receivables, net of allowance for collection losses	63,441,213	18,137,579	81,578,792	10,417,127	218,838	-	97,059
Prepaid expenses	751,053	1,457,138	2,208,191	29,138	114,720	29	330
Internal balances	(389,794)	389,794	-	-	-	-	-
Due from other governments	656,723	-	656,723	-	-	-	-
Due from primary government	-	-	-	16,188,598	-	-	-
Inventories	728,390	2,390,399	3,118,789	29,292	211,599	-	-
Other assets	250,000	-	250,000	-	-	-	-
Total current assets	153,086,758	52,952,571	206,039,329	33,125,768	1,770,582	16,654	3,789,028
Noncurrent assets:							
Restricted cash	-	62,751,203	62,751,203	-	-	-	-
Restricted investments	26,630,448	-	26,630,448	-	-	-	-
Receivables	12,290,062	8,282,889	20,572,951	-	-	-	516,541
Capital assets, net of depreciation	331,890,938	593,721,572	925,612,510	4,977,897	2,558,910	-	-
Total noncurrent assets	370,811,448	664,755,664	1,035,567,112	4,977,897	2,558,910	-	516,541
Total Assets	\$ 523,898,206	\$ 717,708,235	\$ 1,241,606,441	\$ 38,103,665	\$ 4,329,492	\$ 16,654	\$ 4,305,569
DEFERRED OUTFLOWS OF RESOURCES	19,374,149	6,630,933	26,005,082	12,904,671	-	-	-
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 9,768,875	\$ 8,990,851	\$ 18,759,726	\$ 955,949	\$ 113,638	\$ -	\$ 201
Retainage payable	63,350	2,423,107	2,486,457	-	-	-	-
Accrued liabilities	5,026,965	10,161,693	15,188,658	20,545,978	58,871	-	-
Tax refunds payable	2,736,932	-	2,736,932	-	-	-	-
Other liabilities	8,018,468	158,803	8,177,271	-	-	-	-
Insurance claims payable	944,062	-	944,062	-	-	-	-
Due to school district	16,188,598	-	16,188,598	-	-	-	-
Unearned revenue	2,040,534	-	2,040,534	-	-	-	-
Total current liabilities	44,787,784	21,734,454	66,522,238	21,501,927	172,509	-	201
Noncurrent liabilities:							
Due within one year	29,332,580	13,850,283	43,182,863	1,867,086	216,205	-	-
Net OPEB obligation	11,353,384	1,066,192	12,419,576	13,728,176	2,159,706	-	-
Net pension liability	159,568,991	25,614,746	185,183,737	124,992,279	-	-	-
Due in more than one year	238,247,910	255,387,803	493,635,713	10,488,581	194,105	-	-
Total noncurrent liabilities	438,502,865	295,919,024	734,421,889	151,076,122	2,570,016	-	-
Total Liabilities	483,290,649	317,653,478	800,944,127	172,578,049	2,742,525	-	201
DEFERRED INFLOWS OF RESOURCES	93,561,014	44,150	93,605,164	32,461,393	-	-	-
NET POSITION (DEFICIT)							
Net investment in capital assets	132,864,167	340,731,477	473,595,644	4,977,897	2,558,910	-	-
Restricted for:							
Coverage account	-	8,767,364	8,767,364	-	-	-	-
PFCs	-	3,436,752	3,436,752	-	-	-	-
MSDC	-	9,726,693	9,726,693	-	-	-	-
Revenue bond O&M	-	10,334,734	10,334,734	-	-	-	-
Revenue bond fund	-	3,990,546	3,990,546	-	-	-	-
Bond funds - capital improvements	-	10,321,367	10,321,367	-	-	-	-
Workmen's compensation	1,602,649	-	1,602,649	-	-	-	-
Cemetery and other trust funds - nonspendable	23,833,678	-	23,833,678	-	-	-	-
Cemetery and other trust funds - restricted	3,039,217	-	3,039,217	-	-	-	-
Designated for:							
Equipment replacement	-	541,058	541,058	-	-	-	-
Food service	-	-	-	168,471	-	-	-
Unrestricted (deficit)	(194,919,019)	18,791,549	(176,127,470)	(159,177,474)	(971,943)	16,654	4,305,368
Total Net Position (Deficit)	\$ (33,579,308)	\$ 406,641,540	\$ 373,062,232	\$ (154,031,106)	\$ 1,586,967	\$ 16,654	\$ 4,305,368

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	\$ 45,477,734	\$ 14,108,926	\$ 8,905,625	\$ -
Public safety	60,724,148	1,799,449	1,377,785	-
Health and sanitation	6,252,648	2,371,922	1,673,351	-
Highways and streets	27,638,943	3,608,999	1,990,204	519,786
Welfare	1,261,955	16,157	-	-
Education and library	9,444,111	200,000	55,806	-
Parks and recreation	5,555,694	1,212,081	49,543	14,689
Cemetery Trust	97,742	-	-	-
Investment management fee	70,922	-	-	-
Interest	5,473,060	-	-	-
Total governmental activities	161,996,957	23,317,534	14,052,314	534,475
Business-type activities:				
Water	16,129,517	16,290,013	-	875,555
EPD	18,031,956	21,076,122	189,568	351,418
Aviation	51,023,435	44,976,038	-	6,021,700
Recreation	2,218,010	1,306,300	-	-
Parking	2,264,591	5,641,262	-	-
Total business-type activities	89,667,509	89,289,735	189,568	7,248,673
Total primary government:	\$ 251,664,466	\$ 112,607,269	\$ 14,241,882	\$ 7,783,148
Component units:				
Manchester School District	\$ 184,718,640	\$ 12,625,722	\$ 22,877,901	\$ 3,165,393
Manchester Transit Authority	8,156,043	3,741,014	3,125,273	1,091,483
Manchester Public Television Service, Inc.	406,004	-	451,253	-
Manchester Development Corporation	8,512	-	-	-
Total component units	\$ 193,289,199	\$ 16,366,736	\$ 26,454,427	\$ 4,256,876
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				
Impact fees				
Gain (loss) on disposal of assets				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position (deficits) - beginning, as restated (Note 17)				
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, 2015**

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	
\$ (22,463,183)	\$ -	\$ (22,463,183)	-	-	-	-	-
(57,546,914)	-	(57,546,914)	-	-	-	-	-
(2,207,375)	-	(2,207,375)	-	-	-	-	-
(21,519,954)	-	(21,519,954)	-	-	-	-	-
(1,245,798)	-	(1,245,798)	-	-	-	-	-
(9,188,305)	-	(9,188,305)	-	-	-	-	-
(4,279,381)	-	(4,279,381)	-	-	-	-	-
(97,742)	-	(97,742)	-	-	-	-	-
(70,922)	-	(70,922)	-	-	-	-	-
(5,473,060)	-	(5,473,060)	-	-	-	-	-
<u>(124,092,634)</u>	<u>-</u>	<u>(124,092,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,036,051	1,036,051	-	-	-	-	-
-	3,585,152	3,585,152	-	-	-	-	-
-	(25,697)	(25,697)	-	-	-	-	-
-	(911,710)	(911,710)	-	-	-	-	-
-	3,376,671	3,376,671	-	-	-	-	-
<u>-</u>	<u>7,060,467</u>	<u>7,060,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (124,092,634)</u>	<u>\$ 7,060,467</u>	<u>\$ (117,032,167)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	\$ (146,049,624)	\$ -	\$ -	\$ -	-
-	-	-	-	(198,273)	-	-	-
-	-	-	-	-	45,249	-	-
-	-	-	-	-	-	-	(8,512)
<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (146,049,624)</u>	<u>\$ (198,273)</u>	<u>\$ 45,249</u>	<u>\$ -</u>	<u>(8,512)</u>
\$ 101,135,415	\$ -	\$ 101,135,415	\$ 68,037,670	\$ -	\$ -	\$ -	-
16,658,483	-	16,658,483	-	-	-	-	-
1,960,231	-	1,960,231	-	-	-	-	-
1,477,956	474,142	1,952,098	153,236	106	23	-	38,588
-	-	-	77,170,751	-	22,672	-	-
-	-	-	511,719	-	-	-	-
7,296,407	-	7,296,407	-	-	-	-	-
-	-	-	555,000	-	-	-	-
(2,035,020)	27,905	(2,007,115)	-	25,061	-	-	-
2,206,984	(2,206,984)	-	-	-	-	-	-
<u>128,700,456</u>	<u>(1,704,937)</u>	<u>126,995,519</u>	<u>146,428,376</u>	<u>25,167</u>	<u>22,695</u>	<u>-</u>	<u>38,588</u>
4,607,822	5,355,530	9,963,352	378,752	(173,106)	67,944	-	30,076
(38,187,130)	401,286,010	363,098,880	(154,409,858)	1,760,073	(51,290)	-	4,275,292
<u>\$ (33,579,308)</u>	<u>\$ 406,641,540</u>	<u>\$ 373,062,232</u>	<u>\$ (154,031,106)</u>	<u>\$ 1,586,967</u>	<u>\$ 16,654</u>	<u>\$ -</u>	<u>\$ 4,305,368</u>

Balance Sheet
Governmental Funds

City of Manchester, New Hampshire
June 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 36,763,146	\$ 15,873	\$ 8,587,694	\$ 45,366,713
Restricted cash and cash equivalents	7,713,355	21,543,726	2,463,609	31,720,690
Restricted investments	-	-	26,630,448	26,630,448
Investments	10,561,770	-	-	10,561,770
Receivables, net of allowances for collection losses	73,339,055	5,126	2,204,647	75,548,828
Prepaid expenses	751,053	-	-	751,053
Due from other funds	4,655,150	-	-	4,655,150
Inventories	728,390	-	-	728,390
Other current assets	250,000	-	-	250,000
Total Assets	\$ 134,761,919	\$ 21,564,725	\$ 39,886,398	\$ 196,213,042
Liabilities				
Accounts and warrants payable	\$ 4,432,595	\$ 4,622,849	\$ 713,431	\$ 9,768,875
Retainage payable	49,050	14,300	-	63,350
Accrued liabilities	3,090,644	-	51,326	3,141,970
Tax refunds payable	2,736,932	-	-	2,736,932
Other liabilities	2,941,129	-	5,077,339	8,018,468
Insurance claims payable	944,062	-	-	944,062
Due to other funds	-	5,044,944	-	5,044,944
Due to Manchester School District	16,663,282	-	-	16,663,282
Unearned revenue	430,538	-	1,609,996	2,040,534
Total Liabilities	31,288,232	9,682,093	7,452,092	48,422,417
Deferred inflows of resources				
Unavailable revenues - property taxes	6,110,022	-	-	6,110,022
Unearned revenues - property taxes	56,209,163	-	-	56,209,163
Unearned revenues - taxes collected in advance	23,546,519	-	-	23,546,519
Unavailable revenues - other revenues collected in advance	2,463,735	-	-	2,463,735
Total deferred inflows of resources	88,329,439	-	-	88,329,439
Fund Balances (Deficits)				
Nonspendable	4,279,443	-	23,833,678	28,113,121
Restricted	1,602,649	11,882,632	6,373,346	19,858,627
Committed	2,304,671	-	3,103,054	5,407,725
Assigned	691,975	-	-	691,975
Unassigned	6,265,510	-	(875,772)	5,389,738
Total Fund Balances (Deficits)	15,144,248	11,882,632	32,434,306	59,461,186
Total liabilities, deferred inflows of resources and fund balances (Deficits)	\$ 134,761,919	\$ 21,564,725	\$ 39,886,398	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	331,890,938
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	839,170
Deferred loss on refunding that is not available to pay for current period expenditures and, therefore, is not reported in the funds.	3,349,111
Unavailable revenues are not available and therefore not recognized in the funds.	8,236,022
Long-term liabilities consisting of accruals are not due and payable in current period and, therefore, are not reported in the funds.	(1,410,311)
Long-term liabilities consisting of bonds payable and accruals are not due and payable in the current period and, therefore, are not reported in the funds	(435,945,424)
Net position of governmental activities	<u><u>\$ (33,579,308)</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, 2015**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ 101,273,122	\$ -	\$ -	\$ 101,273,122
Federal and state grants and aid	3,436,839	-	10,637,471	14,074,310
Charges for sales and services	3,160,621	-	-	3,160,621
Licenses and permits	20,393,820	-	-	20,393,820
Interest	439,461	1,340	817,920	1,258,721
Contributions	-	-	2,538,785	2,538,785
Net appreciation in fair value of securities	-	-	222,783	222,783
School charge backs	9,344,919	-	-	9,344,919
Lease and rent income	960,031	-	-	960,031
Debt recovery	1,192,075	-	-	1,192,075
Miscellaneous other	3,041,295	-	32,681	3,073,976
Total Revenues	143,242,183	1,340	14,249,640	157,493,163
<u>Expenditures</u>				
Current:				
General government	31,841,077	1,603,353	7,534,910	40,979,340
Public safety	61,142,284	140,191	1,071,940	62,354,415
Health and sanitation	4,082,387	-	1,880,261	5,962,648
Highway and streets	21,811,640	491,088	130,095	22,432,823
Welfare	1,212,288	-	-	1,212,288
Education	2,865,603	13,578	6,281	2,885,462
Parks and recreation	4,089,994	248	93,299	4,183,541
Cemetery Trust	-	-	97,742	97,742
Investment management fee	-	-	70,922	70,922
Capital outlay	-	10,934,326	1,173,515	12,107,841
Debt service:				
Principal retirement	11,264,935	-	-	11,264,935
Interest	5,320,007	367,487	-	5,687,494
Total Expenditures	143,630,215	13,550,271	12,058,965	169,239,451
Excess (Deficiency) of revenues over expenditures	(388,032)	(13,548,931)	2,190,675	(11,746,288)
<u>Other Financing Sources (Uses)</u>				
Proceeds of bonds	-	33,275,000	-	33,275,000
Proceeds of bond premium	-	1,398,151	-	1,398,151
Proceeds from sale of capital assets	1,439,571	-	-	1,439,571
Transfers in	3,675,423	-	-	3,675,423
Transfers out	(718,340)	-	(500,100)	(1,218,440)
Total Other Financing Sources (Uses)	4,396,654	34,673,151	(500,100)	38,569,705
Net Change in Fund Balances (Deficit)	4,008,622	21,124,220	1,690,575	26,823,417
Fund Balance (Deficit), beginning, as restated	11,135,626	(9,241,588)	30,743,731	32,637,769
Fund Balance (Deficit), ending	\$ 15,144,248	\$ 11,882,632	\$ 32,434,306	\$ 59,461,186

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, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance	\$ 26,823,417
----------------------------	---------------

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. This is the amount by which depreciation exceeded capital outlay in the current period.	(11,128,956)
---	--------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,660,642
--	-----------

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.	(15,180,198)
---	--------------

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.	<u>2,432,917</u>
---	------------------

Change in net position of governmental activities	<u><u>\$ 4,607,822</u></u>
---	----------------------------

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

Proprietary Funds
Statement of Net Position

City of Manchester, New Hampshire
 June 30, 2015

	<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>	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,711,186	\$ 16,099,525	\$ 5,243,430	\$ 1,450	\$ 23,055,591
Restricted cash and cash equivalents	-	-	7,522,070	-	7,522,070
Receivables, net of allowances for collection losses	4,439,507	6,320,426	7,273,792	103,854	18,137,579
Prepaid items	56,017	2,835	1,397,082	1,204	1,457,138
Due from other funds	135,647	134,788	104,723	14,636	389,794
Inventories	1,971,366	92,642	326,391	-	2,390,399
Total current assets:	8,313,723	22,650,216	21,867,488	121,144	52,952,571
Noncurrent assets:					
Restricted cash and cash equivalents	10,356,596	2,074,347	47,603,434	2,716,826	62,751,203
Receivables	641,916	7,640,973	-	-	8,282,889
Capital assets, net, where applicable, of accumulated depreciation	107,267,461	176,461,272	295,470,521	14,522,318	593,721,572
Total noncurrent assets:	118,265,973	186,176,592	343,073,955	17,239,144	664,755,664
Total Assets	126,579,696	208,826,808	364,941,443	17,360,288	717,708,235
Deferred outflows of resources	2,680,419	647,067	2,973,897	329,550	6,630,933
Total Assets and Deferred Outflow of Resources	129,260,115	209,473,875	367,915,340	17,689,838	724,339,168
Liabilities					
Current liabilities					
Accounts and warrants payable	\$ 903,367	\$ 3,566,263	\$ 3,426,314	\$ 1,094,907	\$ 8,990,851
Retainage payable	290,939	1,533,289	598,879	-	2,423,107
Accrued liabilities	1,940,649	1,032,934	4,378,105	119,891	7,471,579
Bonds and notes payable	1,526,811	1,942,421	9,518,994	862,057	13,850,283
Compensated absences	1,135,401	327,048	1,037,978	189,686	2,690,113
Other liabilities	-	-	37,406	121,397	158,803
Total Current liabilities	5,797,167	8,401,955	18,997,676	2,387,938	35,584,736
Noncurrent liabilities					
Bonds and notes payable	39,511,622	25,375,227	165,536,978	8,677,318	239,101,145
Due to State of New Hampshire	2,774,084	13,512,575	-	-	16,286,659
Net OPEB liability	412,519	223,654	389,315	40,704	1,066,192
Net pension liability	9,400,466	5,212,195	10,254,930	747,155	25,614,746
Total Noncurrent liabilities	52,098,691	44,323,651	176,181,223	9,465,177	282,068,742
Total Liabilities	57,895,858	52,725,606	195,178,899	11,853,115	317,653,478
Deferred inflows of resources	-	-	-	44,150	44,150
Total Liabilities and Deferred Inflow of Resources	57,895,858	52,725,606	195,178,899	11,897,265	317,697,628
Net Position					
Net investment in capital assets	64,976,333	135,631,049	133,347,277	6,776,818	340,731,477
Restricted	9,726,693	541,058	36,850,763	-	47,118,514
Unrestricted (deficit)	(3,338,769)	20,576,162	2,538,401	(984,245)	18,791,549
Total Net Position	\$ 71,364,257	\$ 156,748,269	\$ 172,736,441	\$ 5,792,573	\$ 406,641,540

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, 2015

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-major Funds	Total
<u>Operating Revenues</u>					
Charges for goods and services	\$ 16,049,329	\$ 17,826,875	\$ 37,118,680	\$ 6,724,070	\$ 77,718,954
Other	25,856	2,871,934	2,180,781	85,429	5,164,000
Total Operating Revenues	16,075,185	20,698,809	39,299,461	6,809,499	82,882,954
<u>Operating Expenses</u>					
Personnel services	7,220,743	4,110,680	8,594,625	1,540,335	21,466,383
Plant maintenance	1,185,775	2,357,273	513,239	155,580	4,211,867
Light/heat and power	1,064,017	2,049,390	2,156,002	301,269	5,570,678
General and administrative	1,228,036	427,696	14,310,449	1,383,748	17,349,929
Depreciation and amortization	3,784,502	8,181,572	17,108,837	836,446	29,911,357
Total Operating Expenses	14,483,073	17,126,611	42,683,152	4,217,378	78,510,214
Operating Income (Loss)	1,592,112	3,572,198	(3,383,691)	2,592,121	4,372,740
<u>Non-Operating Revenues (Expenses), net</u>					
Interest income	23,980	94,007	356,155	-	474,142
Interest expense	(1,646,443)	(905,345)	(8,145,511)	(265,223)	(10,962,522)
Passenger facility charges	-	-	4,110,265	-	4,110,265
Customer facility charges	-	-	1,566,313	-	1,566,313
Rent and other income	214,828	377,313	-	138,063	730,204
Reimbursement of interest expenses	-	189,568	-	-	189,568
Bond issuance costs	-	-	(194,776)	-	(194,776)
Gain (loss) on disposal of capital assets	8,360	(922)	28,754	(8,286)	27,906
Total Non-Operating Expenses	(1,399,275)	(245,379)	(2,278,800)	(135,446)	(4,058,900)
Net income (loss) before capital contributions and transfers	192,837	3,326,819	(5,662,491)	2,456,675	313,840
<u>Capital Contributions and Transfers</u>					
Capital contributions	875,555	351,418	6,021,700	-	7,248,673
Transfer to general fund	-	-	-	(3,145,323)	(3,145,323)
Transfer from general fund	-	-	-	688,340	688,340
Transfer of capital assets	-	-	-	249,999	249,999
Total Capital Contributions and Transfers	875,555	351,418	6,021,700	(2,206,984)	5,041,689
Change in Net Position (Deficit)	1,068,392	3,678,237	359,209	249,691	5,355,529
Fund Net Position, beginning of year as restated (Note 17)	70,295,865	153,070,032	172,377,232	5,542,882	401,286,011
Fund Net Position, end of year	\$ 71,364,257	\$ 156,748,269	\$ 172,736,441	\$ 5,792,573	\$ 406,641,540

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

Proprietary Funds
Statement of Cash Flows

City of Manchester, New Hampshire
Year Ended June 30, 2015

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Funds	Total
Cash Flows from Operating Activities					
Cash received from customers	\$ 15,372,887	\$ 22,345,043	\$ 38,728,580	\$ 6,906,609	\$ 83,353,119
Cash payments for goods and services	(6,601,137)	(9,170,333)	(15,732,312)	(2,156,672)	(33,660,454)
Cash payments to employees for services	(4,213,040)	-	(8,218,644)	(1,536,377)	(13,968,061)
Cash payments for property taxes	(577,562)	-	-	-	(577,562)
Other operating revenues	214,828	-	-	138,062	352,890
Net Cash Provided by Operating Activities	4,195,976	13,174,710	14,777,624	3,351,622	35,499,932
Cash Flows from Non-Capital and Related Financing Activities					
Due to (from) general fund	-	-	-	(14,636)	(14,636)
Cash received from general fund	-	-	-	688,340	688,340
Cash payment to general fund	-	-	-	(3,174,803)	(3,174,803)
Finance and service charges	-	377,313	-	-	377,313
Net Cash Provided by (Used in) Non-Capital & Related Financing Activities	-	377,313	-	(2,501,099)	(2,123,786)
Cash Flows from Capital and Related Financing Activities					
Passenger and customer facility charges	-	-	5,676,012	-	5,676,012
Proceeds from State of New Hampshire Revolving Fund	2,774,085	8,120,745	-	-	10,894,830
Reimbursement of bond interest expenses	-	189,568	-	-	189,568
Contributions in aid of construction	596,899	351,418	-	-	948,317
Payments on bond arbitrage & financing	-	-	(194,776)	-	(194,776)
Proceeds from refunding bonds	-	-	12,630,000	-	12,630,000
Payment to escrow for refunding	-	-	(15,625,000)	-	(15,625,000)
Proceeds from bonds	-	-	-	3,570,000	3,570,000
Principal paid on bonds and notes	(1,539,142)	-	(9,043,706)	(795,124)	(11,377,972)
Interest paid on bonds and notes	(1,660,138)	(905,345)	(8,628,863)	(265,223)	(11,459,569)
Proceeds from premiums	-	-	-	148,520	148,520
Proceeds from notes	33,889	-	-	-	33,889
Proceeds (loss) from sale of capital assets	8,360	(922)	28,754	(8,286)	27,906
Contributed capital by federal, state & local governments	-	-	3,409,304	-	3,409,304
Acquisition and construction of capital assets	(3,616,517)	(20,154,810)	(7,411,381)	(979,012)	(32,161,720)
Net Cash Used in Capital & Related Financing Activities	(3,402,564)	(12,399,346)	(19,159,656)	1,670,875	(33,290,691)
Cash Flows from Investing Activities					
Interest and dividends from investments	23,982	94,007	356,153	-	474,142
Net Cash Provided by Investing Activities	23,982	94,007	356,153	-	474,142
Net Increase (Decrease) in Cash and Cash Equivalents	817,394	1,246,684	(4,025,879)	2,521,398	559,597
Cash and Cash Equivalents at Beginning of Year	11,250,388	16,927,188	64,394,813	196,878	92,769,267
Cash and Cash Equivalents at End of Year	\$ 12,067,782	\$ 18,173,872	\$ 60,368,934	\$ 2,718,276	\$ 93,328,864

(continued)

Proprietary Funds
Statement of Cash Flows (continued)

City of Manchester, New Hampshire
Year Ended June 30, 2015

	Business-type Activities-Enterprise Funds				
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Funds	Total
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 1,592,112	\$ 3,572,198	\$ (3,383,691)	\$ 2,592,121	\$ 4,372,740
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	3,784,502	8,181,572	17,108,837	836,446	29,911,357
Other operating revenue	214,828	-	-	138,062	352,890
Change in Assets and Liabilities					
Decrease (increase) in receivables	(855,448)	1,649,070	(572,436)	94,532	315,718
Decrease (increase) in deferred outflow	78,957	(647,067)	(1,289,136)	(116,609)	(1,973,855)
Decrease (increase) in deferred inflow	(1,141,213)	-	-	-	(1,141,213)
Decrease (increase) in material and supplies	(1,053,126)	13,077	-	-	(1,040,049)
Decrease (increase) in prepaid expenses and other assets	52,205	(170,382)	(437,456)	(1,204)	(556,837)
Increase (decrease) in accounts payable	128,765	(163,963)	1,274,882	46,031	1,285,715
Increase (decrease) in accrued liabilities	274,486	176,140	421,589	(362,613)	509,602
Increase (decrease) in compensated absences	(190,702)	(149,701)	87,648	(19,059)	(271,814)
Increase (decrease) in deposits & retainage	74,194	-	1,555	-	75,749
Increase (decrease) in net pension liability - MECRS	1,344,535	707,867	1,523,220	135,983	3,711,605
Increase (decrease) in net pension liability - pld system pension	(54,855)	-	-	-	(54,855)
Increase in OPEB liability	3,058	5,899	53,954	5,822	68,733
Increase (decrease) in other liabilities	(56,322)	-	(11,342)	2,110	(65,554)
Net Cash Provided by Operating Activities	\$ 4,195,976	\$ 13,174,710	\$ 14,777,624	\$ 3,351,622	\$ 35,499,932
Schedule of Noncash Investing, Capital and Financing Activities					
Transfer of Capital Assets	\$ -	\$ -	\$ -	\$ 249,999	\$ 249,999
Amortization of net bond premium/ deferred loss	\$ -	\$ -	\$ -	\$ 4,890	\$ 4,890
Capital asset additions included in year-end liabilities	\$ 1,339,741	\$ -	\$ -	\$ 1,022,058	\$ 2,361,799
Transfer from General Fund	\$ -	\$ -	\$ -	\$ 557,572	\$ 557,572

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

Fiduciary Funds
Statement of Fiduciary Net Position - Pension Trust Funds

City of Manchester, New Hampshire
June 30, 2015

	<u>Pension Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 6,807,962
Investments	207,173,509
Receivables, net of allowances for collection losses	81,535
Other assets	3,104
Capital assets, net, where applicable, of accumulated depreciation	<u>78,408</u>
Total Assets	214,144,518
Liabilities	
Accounts and warrants payable	255,229
Accrued liabilities	<u>1,221,736</u>
Total Liabilities	<u>1,476,965</u>
Net Position Restricted for Pension Benefits	<u>\$ 212,667,553</u>

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

Fiduciary Trusts
Statement of Changes in Fiduciary Net Position - Pension Trust

City of Manchester New Hampshire
Year Ended June 30, 2015

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 11,201,778
Plan members	3,308,372
Total Contributions	<u>14,510,150</u>
Investment Income	
Interest and dividends	3,072,112
Net realized and unrealized appreciation in fair value of investments	5,320,534
Other income	4,413
Less investment expense	<u>(763,249)</u>
Net Investment Income	<u>7,633,810</u>
Total additions	<u>22,143,960</u>
Deductions	
Benefits paid directly to participants	14,431,206
Refunds of employee contributions	207,947
Administrative expenses	<u>899,136</u>
Total Deductions	<u>15,538,289</u>
Net Increase	6,605,671
Net Position Restricted for Pension Benefits	
Beginning of year	<u>206,061,882</u>
End of year	<u>\$ 212,667,553</u>

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

Notes to Financial Statements



This page intentionally left blank.

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of Manchester, New Hampshire, (the City) was incorporated in June of 1846 and operates as a municipal corporation governed by an elected mayor and a fourteen (14) 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 is comprised of twelve (12) 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 (5) voting members. Three (3) directors shall be appointed by a majority vote of the Aldermen; the other two (2) 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 (14) 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, dated March 16, 2016, has been issued under separate cover. The District is presented as a governmental fund type.

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

of bonds. Other independent auditors audited the MTA, a June 30 year-end, and their report, dated December 1, 2015, has been issued under separate cover. The MTA is presented as a proprietary fund type.

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
195 McGregor St, Ste 201
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, 2014, and their report; dated July 15, 2015 has been 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, which the city is financially accountable for.

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, 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, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB and claims and judgments, 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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.

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 Trust Funds* account for the activities of the City's two defined benefit pension plans, which accumulate resources for pension 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Accounting Standards Adopted in the Current Year

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, and its amendment*, GASB Statement No. 71, which was implemented as of July 1, 2014. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required.

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.

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net interest cost capitalized in the Environmental Protection Division Fund amounted to \$89,200 for the year ended June 30, 2015. There was no capitalized interest for the Aviation fund for the year ended June 30, 2015.

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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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.

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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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 governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since 7/1/07, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

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.

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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 2015	
Southwest Airlines	56%
US Airways	21%

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, 2015

Cash, cash equivalents, and investments of the City consist of the following at June 30, 2015:

Cash and Cash Equivalents	
Deposits with Financial Institutions	\$ 118,406,031
Municipal Backed Investment Fund	17,189,438
Repurchase Investments	45,981,724
Contributory Retirement Pension Cash	5,647,037
Total Cash and Cash Equivalents	<u>\$ 187,224,230</u>
General Fund Investments	
U.S. Government Agencies	\$ 561,770 **
Total General Fund Investments	561,770
Library Trust Funds:	
U.S. Treasury Notes	262,023 ***
U.S. Treasury Bonds	390,769 ***
U.S. Government Agencies	127,534 ***
Corporate Bonds	387,448 ***
Municipal Obligations	372,481 ***
Common Stocks	1,653,820 ***
Equity Mutual Funds	747,500
Fixed Income Mutual Funds	186,094
Total Library Trust Funds	<u>4,127,669</u>
Cemetery Trust Funds:	
U.S. Treasury Notes	6,987,986 ***
Mutual Funds	14,544,147
Total Cemetery Trust Funds	<u>21,532,133</u>
Expendable Trust Funds:	
U.S. Treasury Notes	970,646 ***
Total Expendable Trust Funds	<u>970,646</u>
Old System Pension Trust Fund:	
U.S. Treasury Notes	1,650,389 ***
Corporate Bonds	1,870,143 ***
Mortgage Backed	658,630 ***
Mutual Funds	5,193,735
Total Old System Pension Trust Fund	<u>9,372,897</u>
City Retirement System Investments	
Equity funds	61,299,237
International equity	17,023,375
Alternative equity	2,353,291
Hedge funds	19,550,155
Fixed income	46,077,398
Emerging market funds	11,078,020
Real estate	6,753,043
Specialty investments	33,703,662
Total City Retirement System	<u>197,838,181</u>
Total Investments	<u>\$ 234,403,296</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 421,627,526</u>

** 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, 2015

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

Statement of Net Position

Cash and cash equivalents	\$ 68,422,304
Restricted cash	101,993,963
Investments	10,561,770
Restricted Investments	26,630,448
	207,608,485

Pension Trust Funds

Cash and cash equivalents	6,807,962
Investments	207,173,509
Open trades/purchases	37,570
	214,019,041

Total \$ 421,627,526

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 entity'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	\$ 9,871,043	\$ -	\$ 7,044,981	\$ 2,826,062	\$ -
US government agencies	689,304	689,304	-	-	-
Corporate bonds	2,257,590	83,919	1,120,952	588,076	464,643
Municipal obligations	372,481	-	154,660	217,821	-
Mortgage backed	658,630	-	103,344	-	555,286
Fixed income funds	46,077,398	-	29,806,980	16,270,418	-
Municipal backed investment fund	17,189,438	17,189,438	-	-	-
Repurchase investment	45,981,724	45,981,724	-	-	-
Total	\$ 123,097,608	\$ 63,944,385	\$ 38,230,917	\$ 19,902,377	\$ 1,019,929

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, 2015

Average Rating	Corporate Bonds	Mortgage Backed	Municipal Obligations	Repurchase Investment	Municipal Backed Investment Fund	Fixed Income Funds
AAA	\$ 169,057	\$ 148,857	\$ 43,848	\$ -	\$ -	\$ -
AA+	483,999	170,578	55,742	-	-	-
AA	152,323	137,598	177,392	45,981,724	17,189,438	-
AA-	204,458	79,596	-	-	-	16,270,418
A+	285,729	27,869	-	-	-	-
A	595,617	71,481	-	-	-	-
A-	173,556	-	-	-	-	-
BBB+	50,791	-	-	-	-	-
BBB	-	-	-	-	-	10,990,014
BB	-	-	-	-	-	16,130,248
B+	50,060	-	-	-	-	-
Unrated	92,000	22,651	95,859	-	-	2,686,718
	<u>\$ 2,257,590</u>	<u>\$ 658,630</u>	<u>\$ 372,841</u>	<u>\$ 45,981,724</u>	<u>\$ 17,189,438</u>	<u>\$ 46,077,398</u>

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 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

MECRS Pension Trust

City of London	\$ 11,078,020
Income Research Mgt. (Core Bonds Fund)	\$ 16,270,418
Loomis Sayles (Fixed Income Fund)	\$ 16,130,248
Mellon Capital EB (Global Tactical Assets)	\$ 17,172,901
Sands Capital (US Large Cap Growth)	\$ 17,039,855
Pzena Management (US Large Cap Value Fund)	\$ 16,742,147
Rothschild (Small - Mid Cap Equity Fund)	\$ 15,699,661
PIMCO GTAA	\$ 10,253,143
Vanguard ETF (S&P 500 Index Fund)	\$ 11,723,922
Standish Capital	\$ 10,990,014

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.

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:

	<u>Policy Mix</u>	<u>Current Mix</u>		<u>Policy Mix</u>	<u>Current Mix</u>
Global Asset Allocation	10.00%	13.50%	Alternatives	15.00%	12.00%
Domestic Equity	27.00%	30.30%	Real Estate/Assets	10.00%	6.20%
International Equity	14.00%	13.80%	Cash	2.00%	2.80%
Fixed Income	22.00%	21.40%			

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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.

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 either the lien has been sold by the City, or the City 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	Water Works	EPD	Aviation	Nonmajor governmental	Nonmajor business type	Total
Due from Property Taxes	\$ 56,242,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,242,316
Due from State of NH and other local governments	454,927	-	-	6,831,883	499,314	109,553	-	7,895,677
Prior year tax liens	307,036	-	-	-	-	-	-	307,036
Tax titles	7,277,071	-	-	-	-	-	-	7,277,071
Due from federal government	-	-	-	-	3,889,069	92,243	-	3,981,312
Accounts receivable-trade	8,315,082	5,126	4,183,814	5,173,404	2,885,409	278,507	103,854	20,945,196
Notes receivable	-	-	35,421	-	-	1,905,955	-	1,941,376
MSD book loan	2,800,000	-	-	-	-	-	-	2,800,000
Other	330,019	-	862,188	1,956,112	-	10,453	-	3,158,772
Total gross receivables	75,726,451	5,126	5,081,423	13,961,399	7,273,792	2,396,711	103,854	104,548,756
Allowance for collection losses	(2,387,396)	-	-	-	-	(192,064)	-	(2,579,460)
Total net receivables	\$ 73,339,055	\$ 5,126	\$ 5,081,423	\$ 13,961,399	\$ 7,273,792	\$ 2,204,647	\$ 103,854	\$ 101,969,296

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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, 2015 was \$2,800,000.

Note 5. Interfund Receivables, Payables, and Transfers

Due from/to other funds consist of the following at June 30, 2015:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 4,655,150	\$ -
Capital Projects	-	5,044,944
Major Enterprise Funds:		
Water Works Fund	135,647	-
Environmental Protection Division Fund	134,788	-
Aviation Fund	104,723	-
Nonmajor Enterprise Funds:		
Recreation Fund	7,446	-
Parking Fund	7,190	-
Total	<u>\$ 5,044,944</u>	<u>\$ 5,044,944</u>

The balance of \$5,044,944 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, 2015 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 3,675,423	\$ 718,340
Nonmajor Governmental Funds:		
Permanent Funds	-	500,100
Nonmajor Enterprise Funds:		
Recreation Fund	557,572	-
Parking Fund	130,768	3,145,323
Total	<u>\$ 4,363,763</u>	<u>\$ 4,363,763</u>

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Major interfund transfers include the following:

Transfer from the Parking Fund to the General Fund in the amount of \$3,145,323 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. For financial reporting purposes, the City's General Fund fully reserved for the doubtful collection of its \$557,572 of advances to the Recreation Enterprise Fund.

Note 6. Capital Assets

Governmental Activities

Changes in the governmental capital assets for the year ended June 30, 2015, were as follows:

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital assets, not being depreciated					
Land	\$ 12,489,646	\$ -	\$ (231,948)	\$ -	\$ 12,257,698
Easements	52,426	-	-	-	52,426
Construction-in-progress	2,061,736	6,603,992	-	(3,126,078)	5,539,650
Total capital assets, not being depreciated	14,603,808	6,603,992	(231,948)	(3,126,078)	17,849,774
Capital assets, being depreciated					
Buildings	397,326,073	-	(7,565,456)	-	389,760,617
Improvements other than buildings	28,741,069	-	-	-	28,741,069
Equipment	17,284,114	-	(372,775)	2,305,663	19,217,002
Vehicles	27,025,785	2,651,553	(1,042,786)	820,415	29,454,967
Infrastructure	105,242,722	2,690,875	-	-	107,933,597
Total capital assets, being depreciated	575,619,763	5,342,428	(8,981,017)	3,126,078	575,107,252
Less accumulated depreciation					
Buildings	152,640,845	11,854,033	(4,448,352)	-	160,046,526
Improvements other than buildings	14,871,041	936,061	-	-	15,807,102
Equipment	12,548,413	983,396	(367,072)	-	13,164,737
Vehicles	18,584,522	2,032,804	(1,039,404)	-	19,577,922
Infrastructure	48,558,858	3,910,943	-	-	52,469,801
Total accumulated depreciation	247,203,679	19,717,237	(5,854,828)	-	261,066,088
Governmental Activities Capital Assets, Net	\$ 343,019,892	\$ (7,770,817)	\$ (3,358,137)	\$ -	\$ 331,890,938

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Business-type Activities

Changes in the business-type capital assets for the year ended June 30, 2015, were as follows:

	Balance June 30, 2014	Additions	Retirements	Transfers and Reclasses	Balance June 30, 2015
Capital assets, not being depreciated					
Land	\$ 60,647,390	\$ -	\$ -	\$ -	\$ 60,647,390
Construction-in-progress	23,008,939	34,055,663	-	(13,767,536)	43,297,066
Total capital assets, not being depreciated	83,656,329	34,055,663	-	(13,767,536)	103,944,456
Capital assets, being depreciated					
Buildings	449,030,727	201,098	-	5,652,676	454,884,501
Improvements other than buildings	369,889,714	-	-	7,237,686	377,127,400
Interceptors	82,543,975	-	-	-	82,543,975
Equipment, vehicles and intangibles	44,030,744	604,102	(515,928)	877,174	44,996,092
Total capital assets, being depreciated	945,495,160	805,200	(515,928)	13,767,536	959,551,968
Less accumulated depreciation					
Buildings	197,889,255	12,794,591	-	-	210,683,846
Improvements other than buildings	183,611,155	13,750,944	-	-	197,362,099
Interceptors	30,560,145	1,684,833	-	-	32,244,978
Equipment, vehicles and intangibles	27,573,502	2,418,069	(507,642)	-	29,483,929
Less total accumulated depreciation	439,634,057	30,648,437	(507,642)	-	469,774,852
Business-type Total Capital Assets, Net	\$ 589,517,432	\$ 4,212,426	\$ (8,286)	\$ -	\$ 593,721,572

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Discretely Reported Component Units

Capital assets activity in the School District at June 30, 2015, consisted of the following:

	Balance			Balance
	June 30, 2014	Additions	Disposals	June 30, 2015
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	1,210,518	-	-	1,210,518
Improvements	183,568	-	-	183,568
Instruments	289,302	-	-	289,302
Other machinery and equipment	21,151,102	1,571,585	-	22,722,687
Total capital assets, being depreciated	22,834,490	1,571,585	-	24,406,075
Total all capital assets	23,003,890	1,571,585	-	24,575,475
Less accumulated depreciation				
Portable classrooms	470,234	67,102	-	537,336
Improvements	54,620	5,736	-	60,356
Instruments	115,254	34,184	-	149,438
Other machinery and equipment	17,408,037	1,442,411	-	18,850,448
Less total accumulated depreciation	18,048,145	1,549,433	-	19,597,578
Total Capital Assets being depreciated, Net	\$ 4,955,745	\$ 22,152	\$ -	\$ 4,977,897

Capital asset activity in the MTA at June 30, 2015, consisted of the following:

	Balance			Balance
	June 30, 2014	Additions	Retirements	June 30, 2015
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	1,883,736	-	-	1,883,736
Buses	9,627,788	1,021,520	(580,053)	10,069,255
Equipment	2,092,781	133,411	(101,337)	2,124,855
Total capital assets being depreciated	13,604,305	1,154,931	(681,390)	14,077,846
Less accumulated depreciation	11,595,588	732,247	(679,790)	11,648,045
Total Capital Assets being depreciated, Net	\$ 2,137,826	\$ 422,684	\$ (1,600)	\$ 2,558,910

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Capital asset activity in the MPTS at June 30, 2015, consisted of the following:

	Balance			Balance
	June 30, 2014	Additions	Retirements	June 30, 2015
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	100,709	3,416	-	104,125
Improvements	132,702	-	-	132,702
Less total accumulated depreciation	233,411	3,416	-	236,827
Total Capital Assets being depreciated, Net	\$ 3,416	\$ (3,416)	\$ -	\$ -

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

Governmental Activities:		
General government		\$ 3,944,177
Public safety		1,854,351
Highways and streets		5,477,443
Health and welfare		202,938
Education and library		6,558,800
Parks and recreation		1,679,528
Total depreciation expense – governmental activities		<u>\$ 19,717,237</u>
Business-type Activities:		
Water Works		\$ 3,784,502
EPD		8,234,849
Aviation		17,792,640
Recreation		410,054
Parking		426,392
Total depreciation expense – business-type activities		<u>\$ 30,648,437</u>

Note 7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

net position, similar to assets. The following is a summary of deferred outflows of resources balances as of June 30, 2015:

	Entity-wide Basis		Fund Basis			
	Governmental Activities	Business-type Activities	Water Works	Proprietary Funds		Nonmajor
			EDP	Airport		
Loss on refunding	\$ 3,349,112	\$ 3,436,908	\$ 1,539,206	\$ -	\$ 1,684,761	\$ 212,941
Differences between expected and actual experience	1,295,273	519,549	192,874	106,143	220,532	-
Net difference between projected and actual investment earnings	3,097,617	1,319,803	469,471	258,361	536,793	55,178
Pension contributions subsequent to the measurement date	<u>11,632,147</u>	<u>1,354,673</u>	<u>478,868</u>	<u>282,563</u>	<u>531,811</u>	<u>61,431</u>
Total	<u>\$ 19,374,149</u>	<u>\$ 6,630,933</u>	<u>\$ 2,680,419</u>	<u>\$ 647,067</u>	<u>\$ 2,973,897</u>	<u>\$ 329,550</u>

Note 8. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflows of resources balances as of June 30, 2015:

	Entity-wide Basis		Fund Basis	
	Governmental Activities	Business-type Activities	Governmental Funds General Fund	Proprietary Funds Nonmajor
Unavailable revenues - property tax	\$ -	\$ -	\$ 6,110,022	\$ -
Unearned revenues - property tax	56,209,163	-	56,209,163	-
Taxes collected in advance	23,546,519	-	23,546,519	-
Unavailable revenues - other	337,735	44,150	2,463,735	44,150
Net difference between projected and actual pension investment earnings	12,338,341	-	-	-
Changes in proportion and differences between pension contributions and proportionate share of contributions	<u>1,129,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 93,561,014</u>	<u>\$ 44,150</u>	<u>\$ 88,329,439</u>	<u>\$ 44,150</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 9. Long-Term Debt

Below is a listing of all the Governmental long-term debt outstanding at June 30, 2015:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2015
POB Series 2001 C	November-01	6.22	\$ 19,006,862	2016 - 2031	\$301,348 - \$755,759	\$ 8,797,980
SRF Landfill	July-03	3.728	\$ 13,221,166	2016 - 2024	\$661,058	5,949,525
GO Series 2003 B	December-03	5.00	\$ 22,718,111	2016 - 2020	\$1,164,681 - \$2,162,359	8,771,791
GO Series 2003 C	December-03	5.75	\$ 24,215,000	2016 - 2029	\$79,942 - \$185,000	1,745,565
GO Series 2004	September-04	4.00 - 5.25	\$ 11,280,038	2016 - 2019	\$959,728 - \$1,948,237	4,874,454
School Series 2004	October-04	5.50	\$ 61,970,000	2016 - 2028	\$2,520,000 - \$5,745,000	54,900,000
GO Series 2007	February-07	4.00 - 5.00	\$ 29,987,518	2016 - 2022	\$2,031,949 - \$2,679,588	15,764,839
GO Series 2010 A	June-10	3.00 - 4.00	\$ 15,388,591	2016 - 2017	\$2,170,488 - \$2,230,000	4,400,488
GO Series 2010 B	June-10	4.00 - 5.40	\$ 12,454,634	2018 - 2030	\$550,000 - \$1,583,049	12,356,585
GO Series 2010 C	December-10	2.00 - 4.00	\$ 16,015,000	2016 - 2019	\$1,940,000 - \$2,135,000	8,160,000
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	3.00 - 5.00	\$ 31,584,742	2016 - 2029	\$980,000 - \$2,411,632	26,169,013
MERF loan	July-11	1.25 - 3.00	\$ 400,000	2016 - 2022	\$38,227 - \$45,881	288,518
Go Series 2011 A	December-11	2.00 - 3.00	\$ 2,855,000	2016 - 2022	\$270,000 - \$315,000	1,970,000
Go Series 2011 B	December-11	4.00	\$ 3,818,025	2016	\$628,635	628,635
School Series 2011	December-11	3.00 - 4.00	\$ 16,695,000	2016 - 2028	\$50,000 - \$4,510,000	14,955,000
GO Series 2015 A	June-15	3.00 - 5.00	\$ 29,990,000	2016 - 2035	\$1,240,000 - \$1,895,000	29,990,000
GO Series 2015 B	June-15	3.00 - 3.15	\$ 3,285,000	2016 - 2025	\$130,000 - \$385,000	3,285,000
Governmental long-term debt						<u>\$ 236,352,393</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Below is a listing of all the Business Type long-term debt outstanding at June 30, 2015:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2015
Airport Series 1998 A	March-98	5.25	\$ 99,055,000	2016	\$4,275,000	\$ 4,275,000
GO Series 2001 B	November-01	4.35 - 4.50	\$ 2,573,590	2016	\$70,000	70,000
POB Series 2001 C	November-01	6.22	\$ 1,803,138	2016 - 2031	\$18,652 - \$69,241	692,020
GO Series 2003 B	December-03	5.00	\$ 2,776,889	2016 - 2020	\$215,319 - 2\$82,641	1,268,209
GO Series 2003 C	December-03	5.75	\$ 3,545,000	2016 - 2024	\$9,476 - \$10,331	89,435
GO Series 2004	September-04	4.00 - 5.25	\$ 449,962	2016 - 2019	\$36,576 - \$91,763	220,546
SRF 2007	December-05	3.27	\$ 2,970,000	2016 - 2021	\$209,134 - \$245,638	1,361,969
GO Series 2007	February-07	4.00 - 5.00	\$ 4,857,482	2016 - 2022	\$278,051 - \$520,412	2,945,161
SRF 2008 2	July-07	3.488	\$ 3,426,462	2016 - 2028	\$171,323	2,227,200
SRF 2008 3	January-08	3.488	\$ 4,412,033	2016 - 2028	\$220,602	2,867,821
SRF 2008 4	July-08	3.488	\$ 4,881,959	2016 - 2028	\$244,098	3,173,274
SRF 2009	September-08	4.208	\$ 4,147,317	2016 - 2028	\$207,366	2,695,756
SRF 2011 6	February-09	2.864	\$ 1,800,000	2016 - 2031	\$33,889 - \$ 51,761	675,805
Airport Series 2009 A	December-09	4.00 - 5.00	\$ 64,830,000	2016 - 2030	\$2,295,000 - \$10,865,000	57,705,000
SRF 2012 2	January-10	1.940	\$ 700,000	2016 - 2022	\$35,316 - \$39,631	262,072
SRF 2011 1	March-10	2.864	\$ 3,321,513	2016 - 2030	\$166,076	2,491,135
SRF 2011 4	April-10	2.864	\$ 3,655,662	2016 - 2030	\$182,783	2,741,746
GO Series 2010 A	June-10	3.00 - 4.00	\$ 15,388,591	2016 - 2017	\$19,512 - 2\$0,000	39,512
GO Series 2010 B	June-10	4.00 - 5.00	\$ 12,454,634	2018 - 2025	\$20,732 - \$25,366	183,415
SRF 2011 3	July-10	1.790	\$ 920,948	2016 - 2020	\$92,095	460,474
SRF 2011 5	July-10	2.864	\$ 205,000	2016 - 2030	\$9,212 - \$13,678	169,635
SRF 2011 2	September-10	2.864	\$ 2,733,457	2016 - 2030	\$136,673	2,050,092
GO Series 2010 C	December-10	2.00 - 4.00	\$ 740,000	2016 - 2019	\$70,000 - \$80,000	300,000
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	3.00 - 5.00	\$ 2,810,258	2016 - 2024	\$168,540 - \$303,368	2,120,987
SRF 2011 7	March-11	3.104	\$ 2,200,000	2016 - 2031	\$110,000	1,760,000
SRF 2012 1	March-11	3.104	\$ 2,875,000	2016 - 2031	\$143,750	2,300,000
Go Series 2011 B	December-11	4.00	\$ 941,975	2016	\$231,365	231,365
Go Series 2011 C	December-11	3.00 - 5.00	\$ 36,375,000	2016 - 2034	\$630,000 - \$2,665,000	34,875,000
SRF 2012 3	January-12	2.72	\$ 5,353,116	2016 - 2032	267,656	4,550,149
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	4.00 - 5.00	\$ 25,725,000	2016 - 2020	\$1,030,000 - \$5,885,000	23,015,000
Airport Series 2013	February-13	3.06	\$ 21,800,000	2016 - 2022	\$1,269,554 - \$2,124,410	13,094,513
Airport Series 2014	December-14	2.44	\$ 10,000,000	2016 - 2027	\$20,738 - \$2,136,521	9,991,507
Airport Series 2015	January-15	2.38	\$ 2,630,000	2016 - 2027	\$7,119 - \$482,763	2,598,280
Go Series 2015 A	June-15	3.00 - 5.00	\$ 3,570,000	2016 - 2035	\$5,000 - \$385,000	3,570,000
Business Type long-term debt						<u>\$ 247,422,078</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Primary Government

The debt service requirements of the City's outstanding General Obligation (GO) bonds, revenue bonds and notes payable at June 30, 2015 are as follows:

Governmental Activities long-term debt:

Fiscal year	Principal	Interest	Total
2016	\$ 19,498,296	\$ 10,276,515	\$ 29,774,811
2017	19,322,312	10,032,388	29,354,700
2018	19,858,850	9,143,611	29,002,461
2019	18,568,966	8,207,253	26,776,219
2020	16,917,804	7,357,988	24,275,792
2021-2025	68,997,762	26,055,060	95,052,822
2026-2030	44,102,055	11,926,881	56,028,936
2031-2035	17,306,348	5,694,769	23,001,117
2036-2040	9,650,000	2,164,856	11,814,856
2041	2,130,000	65,231	2,195,231
Debt Service Requirement	236,352,393	90,924,552	327,276,945
Add Net Bond Premium	11,991,820	-	11,991,820
Total Governmental Activities	<u>\$ 248,344,213</u>	<u>\$ 90,924,552</u>	<u>\$ 339,268,765</u>

Business-type Activities long-term debt:

Fiscal year	Principal	Interest	Total
2016	\$ 13,839,955	\$ 10,346,635	\$ 24,186,590
2017	13,954,550	9,826,546	23,781,096
2018	14,473,733	9,212,446	23,686,179
2019	15,116,509	8,590,424	23,706,933
2020	15,562,597	7,945,199	23,507,796
2021-2025	82,927,987	29,515,189	112,443,176
2026-2030	73,627,272	11,432,470	85,059,742
2031-2035	17,919,475	1,300,032	19,219,507
Debt Service Requirement	247,422,078	88,168,941	335,591,019
Add Net Bond Premium	5,519,020	-	5,519,020
Total Business-type Activities	<u>\$ 252,941,098</u>	<u>\$ 88,168,941</u>	<u>\$ 341,110,039</u>

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

Interest rates for the City's outstanding GO bonds range from 2.00% to 6.125%. At June 30, 2015, the City's legal debt limit was \$846,821,000. Authorized and unissued financing resolutions as of June 30, 2015 totaled \$11,850,000.

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Due within One year
Governmental activities:					
General obligation debt - City	\$ 119,971,055	\$ 18,990,000	\$ 11,264,935	\$ 127,696,120	\$ 11,601,454
Revenue bonds payable - MSD	73,830,000	-	3,975,000	69,855,000	3,975,000
General obligation bonds payable - MSD	27,837,680	14,285,000	3,321,407	38,801,273	3,921,842
Premiums (discounts)	11,501,090	1,398,151	907,421	11,991,820	-
Net Bonds Payable	233,139,825	34,673,151	19,468,763	248,344,213	19,498,296
Compensated absences	12,709,375	1,402,188	2,329,496	11,782,067	2,945,517
Insurance claims	7,900,973	13,254,286	14,293,223	6,862,036	6,862,036
Capital lease	141,364	-	24,190	117,174	26,731
Net OPEB obligations *	10,696,689	656,695	-	11,353,384	-
Net pension liability **	158,796,787	772,204	-	159,568,991	-
Landfill post-closure care	500,000	-	25,000	475,000	-
	<u>\$ 423,885,013</u>	<u>\$ 50,758,524</u>	<u>\$ 36,140,672</u>	<u>\$ 438,502,865</u>	<u>\$ 29,332,580</u>
Business-type activities					
General obligation debt	\$ 79,660,378	\$ 3,570,000	\$ 5,702,599	\$ 77,527,779	\$ 4,320,961
Revenue bonds	181,933,005	12,630,000	24,668,706	169,894,299	9,518,994
Premiums (discounts)	6,308,833	148,520	938,333	5,519,020	-
Notes payable	78,527	-	68,199	10,328	10,328
Net OPEB obligations *	997,459	68,733	-	1,066,192	-
Net pension liability **	21,957,996	3,656,750	-	25,614,746	-
Due to State of New Hampshire	1,955,298	14,331,361	-	16,286,659	-
	<u>\$ 292,891,496</u>	<u>\$ 34,405,364</u>	<u>\$ 31,377,837</u>	<u>\$ 295,919,023</u>	<u>\$ 13,850,283</u>

* - The balance at June 30, 2014 has been restated in the amount of \$997,459 due to a reallocation to business-type activities from governmental activities

** - The balance at June 30, 2014 has been restated due to the implementation of GASB 68.

On June 29, 2015, the City closed on a \$36,845,000 issue of General Obligation Public Improvement Bonds. The General Obligation Public Improvement Bonds were issued in two series: \$33,560,000 Series 2015A Bonds 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, Derryfield Country Club Golf Course, and the installation of Citywide LED Street Lighting; \$3,285,000 Series 2015B Bonds is a new-money, taxable issuance which will be used to finance the construction of the Hackett Hill Fire Station, replacement of motorized equipment within the City and Mast Road drain repairs. The true interest cost (TIC) on the 2015A series was 3.10%, while the TIC on the 2015B series was 2.70%.

Airport Revenue Bond Refunding

The City refunded the outstanding 2005A General Airport Revenue Bonds in two parts as outlined below. This was done in order to take advantage of Bank Qualified financing for the maximum amount of \$10,000,000.

On December 4, 2014, the City closed on a \$10,000,000 General Airport Revenue Bond Refunding Bank Qualified. This bond was placed directly with TD Bank (the "2014 Airport

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Revenue Bond”). The 2014 Airport Revenue Bond was issued to refund a portion of the outstanding 2005A General Airport Revenue Bonds at a fixed rate of 2.44%. This represented a 17.89% savings on the refunded bonds and a Net PV Savings of \$1,768,786.

On January 7, 2015, the City closed on a \$2,630,000 General Airport Revenue Bond Refunding that was also placed directly with TD Bank (the “2015 Airport Revenue Bond”). The 2015 Airport Revenue Bond was issued to refund the remaining outstanding 2005A General Airport Revenue Bonds at a fixed rate of 2.38%. This represented a 16.15% savings on the refunded bonds and a Net PV Savings of \$926,764.

The EPD Enterprise Fund has twelve loan agreements with original principal balances amounting to \$58,768,045 with the State of New Hampshire, State Water Pollution Control Revolving Fund (SRF) program for the purpose of financing certain projects in connection with the expansion of the wastewater treatment facility and water pollution abatement projects. The balance at June 30, 2015 totaled \$27,317,648; this amount is included in the \$77,527,779 General Obligation Debt for business-type activities.

The City has pledged future airport revenues, net of specified operating expenses, to repay \$169,894,299 in airport revenue bonds. Pledged revenues total \$40,926,282 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 1.42 to 1. The total principal and interest remaining to be paid on the bonds is \$233,365,615. Principal and interest paid for the current year was \$17,672,569.

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 10. Retirement Plans

In fiscal year 2015, the City implemented 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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:

SCHEDULE OF PLAN NET POSITION - PENSION TRUST FUNDS

	MECRS Pension Trust 12/31/2014	Old System Pension Trust 6/30/2015	Total
Assets			
Cash and cash equivalents	\$ 5,647,037	\$ 1,160,925	\$ 6,807,962
Investments	197,838,181	9,335,328	207,173,509
Receivables, net of allowances for collection losses	57,225	24,310	81,535
Other assets	3,104	-	3,104
Capital assets, net where applicable, of accumulated depreciation	78,408	-	78,408
Total Assets	203,623,955	10,520,563	214,144,518
Liabilities			
Accounts and warrants payable	255,229	-	255,229
Accrued liabilities	1,221,736	-	1,221,736
Total Liabilities	1,476,965	-	1,476,965
Net Position Restricted for Pension Benefits	\$ 202,146,990	\$ 10,520,563	\$ 212,667,553

STATEMENT OF CHANGES IN PLAN NET POSITION - PENSION TRUSTS

	MECRS Pension Trust FYE 12/31/14	Old System Pension Trust FYE 6/30/15	Total
Additions			
Contributions			
Employer	\$ 11,201,778	\$ -	\$ 11,201,778
Plan members	3,308,372	-	3,308,372
Total Contributions	14,510,150	-	14,510,150
Investment Income			
Interest and dividends	2,710,422	361,690	3,072,112
Net realized and unrealized appreciation in fair value of investments	5,268,154	52,380	5,320,534
Other income	4,413	-	4,413
Less investment expense	(763,249)	-	(763,249)
Net Investment Income	7,219,740	414,070	7,633,810
Total Additions	21,729,890	414,070	22,143,960
Deductions			
Benefits paid directly to participants	12,914,118	1,517,088	14,431,206
Refunds of employee contributions	207,947	-	207,947
Administrative expenses	834,473	64,663	899,136
Total Deductions	13,956,538	1,581,751	15,538,289
Net Increase (Decrease)	7,773,352	(1,167,681)	6,605,671
Net Position Restricted for Pension Benefits			
Beginning of year	194,373,638	11,688,244	206,061,882
End of year	\$ 202,146,990	\$ 10,520,563	\$ 212,667,553

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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 of the pension plans in which City employees participate. Accordingly, the following additional detail is provided:

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

	GOVERNMENTAL ACTIVITIES			
	Net			
	Deferred Outflows	Pension Liability	Deferred Inflows	Pension Expense
MECRS	\$ 7,309,658	\$ 59,484,103	\$ -	\$ 7,698,374
Old System	-	3,654,561	-	-
NHRS	<u>8,715,379</u>	<u>96,430,327</u>	<u>13,467,597</u>	<u>6,293,038</u>
Subtotal	<u>\$ 16,025,037</u>	<u>\$ 159,568,991</u>	<u>\$ 13,467,597</u>	<u>\$ 13,991,412</u>
	BUSINESS-TYPE ACTIVITIES			
	Net			
	Deferred Outflows	Pension Liability	Deferred Inflows	Pension Expense
MECRS	\$ 3,194,025	\$ 24,906,652	\$ -	\$ 3,223,395
Old System	-	708,094	-	-
Subtotal	<u>3,194,025</u>	<u>25,614,746</u>	<u>-</u>	<u>3,223,395</u>
TOTAL	<u>\$ 19,219,062</u>	<u>\$ 185,183,737</u>	<u>\$ 13,467,597</u>	<u>\$ 17,214,807</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, 2015

Membership in the Plan consisted of the following at December 31, 2014, the date of the last actuarial valuation:

	Pension	Health Subsidy
Retirees and beneficiaries receiving benefits	756	242
Terminated vested members	99	-
Active members	1,200	1,200
Total Participants	<u>2,055</u>	<u>1,442</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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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 2014).

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 2014 and 2013 were based on actuarial valuations performed as of December 31, 2013 and December 31, 2012, respectively. The City's contributions for 2014 and 2013 were in the amounts recommended by the actuary. The recommended City contributions for 2014 and 2013 consisted of normal cost of \$11,201,778 and \$10,648,492, respectively, which included amortization of the net pension liability and unfunded actuarial accrued liability (credits) related to actuarial gains and assumption changes. At December 31, 2014 and 2013, the unfunded prior service costs are being amortized over periods of twenty-five and twenty-six years, respectively. The City's customary contributions represented 21.13% and 20.96% of covered payroll for 2014 and 2013, respectively.

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, 2015, the City (not including the Manchester School District, a component unit of the City) reported a net pension liability of \$84,390,755 for the MECRS. The net pension

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the City (not including the Manchester School District, a component unit of the City) recognized pension expense of \$10,921,769. 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:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 1,814,822
Net difference between projected and actual investment earnings	4,417,420
Contributions subsequent to the measurement date	<u>4,271,441</u>
Total	<u>\$ 10,503,683</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, 2016.

Amounts reported as deferred outflows of resources related to the MECRS will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 5,753,829
2017	1,482,388
2018	1,482,388
2019	1,482,388
2020	<u>302,690</u>
Total	<u>\$ 10,503,683</u>

MECRS Actuarial Assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	December 31, 2014
Actuarial Cost Method:	Individual entry-age
Rate of investment return:	7.25%
Projected salary increases:	4.25% - 7.93%
Inflation Rate:	2.75%
COLA assumption	1.25% compounded annually

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Mortality rates were based on the RP 2000 Mortality Table projected to 2020. This assumption is used to measure the probabilities of members dying after retirement. Ninety percent of these rates are used to measure the probability of dying before retirement. The projection to 2020 is the margin for mortality improvement. Post-retirement disabled mortality rates are based on the health mortality rates, set forward 10 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation at December 31, 2014, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Current Target</u>	<u>2015 Assumption</u>	<u>30 Year Real Returns Weighted Return</u>
Cash	2.0%	3.3%	0.1%
Equities:			
Large cap equities	20.0%	7.5%	1.5%
Small/mid cap equities	7.0%	7.8%	0.5%
International equities (unhedged)	9.0%	8.0%	0.7%
Emerging international equities	5.0%	9.3%	0.4%
Total Equity	41.0%		
Fixed Income:			
Core bonds	8.0%	3.9%	0.6%
Emerging market debt (local currency)	6.0%	6.8%	0.4%
Diversified fixed income	8.0%	5.3%	0.6%
Total Fixed Income	22.0%		
Alternatives:			
Private equity	5.0%	9.5%	0.4%
Real estate (core)	5.0%	6.5%	0.4%
Real estate (liquid)	5.0%	7.0%	0.4%
Hedge funds	10.0%	6.8%	0.7%
Total Alternatives	25.0%		
Total Global Asset Allocation	10.0%	6.9%	0.7%
2015 Expected 30 year real return			7.4%

MECRS Discount Rate: The discount rate used to measure the total pension liability was 7.25%.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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 7.25%, 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate.

<u>Year Ended</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
December 31, 2014	\$ 113,486,840	\$ 84,390,755	\$ 59,676,864

F. 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 of 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, 2014, the City’s employer contribution rate, which helps fund the benefit, held stable at 0.93% 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

At June 30, 2014, the date of the latest actuarial valuation, Old System membership consisted of:

Members currently receiving benefits	104
Active Vested Members	<u>7</u>
Total Members	<u>111</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, 2015 and June 30, 2014, the City's actuarially determined contributions were \$413,555 and 503,679 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, 2015 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

E. Old System Pension Liability

At June 30, 2015, the City reported a net pension liability of \$4,362,655 for the Old System plan. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the Old System net pension liability of the City at June 30, 2015 were as follows:

Total pension liability	\$ 16,050,899
Plan fiduciary net position	<u>11,688,244</u>
Net pension liability	<u>\$ 4,362,655</u>
Plan fiduciary net position as a percentage of the total pension liability	72.82%

Old System Actuarial Assumptions: The total Old System pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2014
Actuarial cost method	Entry age normal – level salary
Investment rate of return	6.50 %, net of pension plan investment expense
Projected salary increases	4.50 %

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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 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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Domestic equity	40.0%	6.6%
International equity - developed market	10.0%	7.1%
International equity - emerging markets	3.0%	9.4%
Fixed income	42.0%	2.2%
Cash	<u>5.0%</u>	1.8%
Total	<u>100.0%</u>	

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Old System Discount Rate: The blended discount rate used to measure the Old System total pension liability was 5.23%. 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 11 periods of projected benefit payments and a 4.29% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 4.29% municipal bond rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index as of June 26, 2014.

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 5.23%, 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 (4.23%) or 1 percentage-point higher (6.23%) than the current rate:

<u>Year Ended</u>	<u>1% Decrease (4.23%)</u>	<u>Current Discount Rate (5.23%)</u>	<u>1% Increase (6.23%)</u>
December 31, 2014	\$ 5,565,101	\$ 4,362,655	\$ 3,305,344

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 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

B. NHRS Benefits Provided

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

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by ¼ of 1% or age 60.

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

C. NHRS Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan. For fiscal year 2015, 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 2015, the City's pension contribution percentages for covered employee compensation were set at 10.44% for Group I employees, 11.96% for Group I teachers, 21.35% for Group II police members, and 23.79% for Group II fire members.

The City's contributions to the NHRS pension plan for its covered police and fire members for the year ended June 30, 2015 totaled \$8,715,379 (exclusive of a \$1,531,301 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

At June 30, 2015, the City reported a net pension liability of \$96,430,327 for its proportionate share of the NHRS' total net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. 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, 2013, the City's proportion was 2.6009%.

At the most recent measurement date of June 30, 2014, the City's proportion was 2.5690%, which was a decrease of 0.03193% from its previous year proportion.

For the year ended June 30, 2015, the City recognized pension expense of \$6,293,038. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in proportion	\$ -	\$ 1,129,256
Net difference between projected and actual investment earnings	-	12,338,341
Contributions subsequent to the measurement date	<u>8,715,379</u>	<u>-</u>
Total	<u>\$ 8,715,379</u>	<u>\$ 13,467,597</u>

Deferred outflows of resources related to the NHRS resulting from contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2016.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the NHRS pension plan will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
2016	\$ 8,715,379	\$ (3,329,671)
2017	-	(3,329,670)
2018	-	(3,329,670)
2019	-	(3,329,670)
2020	<u>-</u>	<u>(148,916)</u>
Total	<u>\$ 8,715,379</u>	<u>\$ (13,467,597)</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NHRS Actuarial Assumptions: The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0% per year
Salary increases	3.75 - 5.80% average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2000 Mortality Table projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Large cap equities	22.5%	3.25%
Small/mid cap equities	<u>7.5%</u>	3.25%
Total domestic equities	30.0%	
International equities (unhedged)	13.0%	4.25%
Emerging international equities	<u>7.0%</u>	6.50%
Total international equities	20.0%	
Core bonds	18.0%	-0.47%
High yield bonds	1.5%	1.50%
Global bonds (unhedged)	5.0%	-1.75%
Emerging market debt (external)	<u>0.5%</u>	2.00%
Total fixed income	25.0%	
Private equity	5.0%	5.75%
Private debt	5.0%	5.00%
Real estate	10.0%	3.25%
Opportunistic	<u>5.0%</u>	2.50%
Total alternative investments	25.0%	
Total investments	<u><u>100.0%</u></u>	

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NHRS Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.75%, 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 (6.75%) or 1-percentage point higher (8.75%) than the current rate.

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
June 30, 2014	\$ 127,014,429	\$ 96,430,327	\$ 70,628,056

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

Note 11. Other Post Employment Benefits

CITY

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 (GASB 45) during the year ended June 30, 2008, the City recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Actuarial Valuation

As of July 1, 2014, there were 3,550 active employees who may be eligible for benefits in the future and 477 retired employees, covered spouses and survivors who are currently receiving benefits. Coverage is for individuals and families or individuals and spouses depending on the coverage selected.

Prior to GASB 45, the annual cost recognized was the annual premiums or benefits paid plus administrative expenses less any participant contributions paid towards the coverage. Under GASB 45, an annual cost for postemployment coverage is developed for any person who is currently receiving or who is currently actively employed and may be eligible to receive benefits in the future. In developing the GASB 45 cost, the payment of future benefits is determined using the current schedule of premiums modified to reflect the population and the fact that actual healthcare expenses are higher as individuals age. These age-adjusted costs are increased in the future under annual healthcare cost trend rate assumptions.

It is important to understand that even though the City charges participants for coverage based on the individual or family premium schedule compiled by the City, in developing a liability for the City, GASB requires that these premiums be adjusted to reflect estimated age-adjusted costs. The plan premium represents less than 100% of the actual cost that is required to be recognized under the GASB standard.

The Other Post Employment Benefit (OPEB) liability is recognized on the Statement of Net Position over time.

The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

Annual OPEB Costs and Net OPEB Obligations

Under GASB 45, the Annual Required Contribution (ARC) of the employer equals the Normal Cost plus a provision for amortizing the Unfunded Actuarial Accrued Liability. The ARC represents a level dollar amortization over the maximum acceptable amortization period of 30 years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2015 and the amount actually contributed to the plan.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Normal cost	\$ 750,266
Amortization of Unfunded Accrued Liability (UAL)	1,399,824
Interest	86,003
Annual Required Contribution (ARC)	<u>2,236,093</u>
Interest on Net OPEB Obligation	467,765
Adjustment to ARC	<u>(676,352)</u>
Annual OPEB Cost	2,027,506
Less: Employer contributions made	<u>(1,302,078)</u>
Change in Net OPEB Obligation	725,428
Net OPEB obligation beginning of year	<u>11,694,148</u>
Net OPEB obligation end of year	<u><u>\$ 12,419,576</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation follow:

SCHEDULE OF ANNUAL OPEB COST - CITY

Fiscal Year Ended	Annual OPEB Cost	Actual		Net OPEB Obligation
		Contributions (pay-as-you-go)	Percentage Contributed	
6/30/2015	\$ 2,027,506	\$ 1,302,078	64.2%	\$ 12,419,576
6/30/2014	2,518,701	1,349,650	53.6%	11,694,148
6/30/2013	2,446,337	1,099,255	44.9%	10,525,097
6/30/2012	3,439,827	1,751,546	50.9%	9,178,015

As of July 1, 2014, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits and the unfunded actuarial liability (UAAL) were \$22,953,466. The covered payroll (annual payroll of active employees covered by the plan) was \$83,100,423 during fiscal year 2015, and the ratio of the UAAL to the covered payroll was 27.6%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revisions. Actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information is designed to provide multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and the plan members at the point. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of plan assets.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

In the July 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return per annum. The projected annual health care cost trend is 9% initially, decreasing 1% per year to an ultimate rate of 5%. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at July 1, 2014 was 30 years.

MSD

The School District provides postemployment benefit 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.

The School District has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC). The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2015:

Annual required contribution/OPEB cost	\$ 1,281,317
Contributions made (pay-as-you-go)	<u>(1,020,786)</u>
Increase in net OPEB obligation	260,531
Net OPEB obligation, beginning	<u>13,467,645</u>
Net OPEB obligation, ending	<u><u>\$ 13,728,176</u></u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 was as follows:

SCHEDULE OF ANNUAL OPEB COST - MSD - UNAUDITED

Fiscal Year Ended	Annual OPEB Cost	Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
6/30/2015	\$ 1,281,317	\$ 1,020,786	79.7%	\$ 13,728,176
6/30/2014	3,157,929	2,601,477	82.4%	13,467,645
6/30/2013	3,088,604	2,217,679	71.8%	12,911,193
6/30/2012	5,986,475	4,026,249	67.3%	12,040,268

As of July 1, 2014, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits and the unfunded actuarial liability (UAAL) were \$14,910,911. The covered payroll (annual payroll of active employees covered by the plan) was \$87,326,512 during fiscal year 2015, and the ratio of the UAAL to the covered payroll was 17.1%

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

In the July 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return per annum. The projected annual health care cost trend is 9% initially, decreasing 1% per year to an ultimate rate of 5%. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at July 1, 2014 was 30 years. The RP-2000 Mortality Table projected to 2020 using Scale AA was used.

MTA

MTA contracted with an outside consultant to assist in the determination and valuation of the OPEB liability under GASB 45. An OPEB liability actuarial valuation was completed by the consultants as of June 30, 2013.

Plan Descriptions

Under the union contract, retiring employees covered under the pension plan may remain covered under MTA's health insurance plan. MTA will pay 100% of the premiums for former administrative employees retired before April 2001 and 90% of the cost for all other employees if they have attained age 62 and performed 20 years of service. The employees' spouses are equally covered but must pay 100% of the cost upon the death of the retired employee.

Funding Policy and Annual OPEB Cost

GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. MTA 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. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$ 179,740
Amortization of Unfunded	302,079
Interest	<u>227,978</u>
Annual required contribution	709,797
Interest on Net OPEB Obligation	32,975
Adjustment to ARC	<u>(63,590)</u>
Annual OPEB Cost	679,182
Less actual contribution	<u>(100,058)</u>
Increase in net OPEB Obligation	579,124
Net OPEB obligation beginning of year	<u>1,580,582</u>
Net OPEB obligation end of year	<u><u>\$ 2,159,706</u></u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Funding Status and Funding Progress

MTA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2015 were as follows:

Annual required contribution	\$ 709,797
Actual contribution	100,058
Percent contributed	14%
Actuarial accrued liability	\$ 4,559,558
Plan assets	-
Unfunded actuarial accrued liability	<u>\$ 4,559,558</u>
Covered payroll	\$ 2,418,416
Unfunded actuarial accrued liability as a percentage of covered payroll	53%

Significant methods and assumptions were as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Projected Unit Credit (PUC)
Amortization method	Level dollar
Remaining amortization	Period 27 years
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	N/A
Healthcare inflation rate	5.5% to 10%

Note 12. 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2015	\$7,900,973	\$13,254,286	\$14,293,223	\$6,862,036
2014	\$6,173,847	\$14,933,432	\$13,206,306	\$7,900,973
2013	\$6,839,121	\$13,136,342	\$13,801,616	\$6,173,847

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 \$275,000 per individual and \$925,000 per incident. \$190,732 was recorded in the government wide statements governmental activities for fiscal year 2015 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. \$6,295,289 was recorded in the government wide statements governmental activities as the City's estimated liability for all types of claims incurred in 2015 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. As of June 30, 2015, there was no pending claim by the EPA or the State.

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 still waiting EPA approval of the CSO Phase II plan. Due to area flooding, the City completed construction of the first Phase II contract in 2014 and will complete construction of the second contract in 2016.

Note 13. 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 \$475,000 reported as landfill closure and postclosure care liability at June 30, 2015 represents the cumulative amount reported to date based on use of 100 percent of the estimated capacity of the landfill. The City closed the landfill on June 28, 1996. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Note 14. Fund Deficits

As of June 30, 2015, the CDBG Fund and Other Grants Fund had fund deficits in the amount of \$58,060 and \$817,712, respectively.

The City anticipates financing the deficit through future revenues.

Note 15. Restricted Net Position

Below is a listing of restricted net position at June 30, 2015:

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

	Governmental			
	Activities	Water Works	EPD	Aviation
Bond fund	\$ -	\$ -	\$ -	\$ 7,522,070
Customer facility charge reserve account	-	-	-	5,469,085
Operations and maintenance reserve account	-	-	-	9,832,000
Passenger facility charges	-	-	-	3,436,752
Coverage account	-	-	-	3,298,279
Capital improvement account	-	-	541,058	10,321,367
Revenue credit account	-	-	-	502,734
Workers compensation	1,602,649	-	-	-
Cemetery and other trust funds-nonspendable	23,833,678	-	-	-
Cemetery and other trust funds-restricted	3,039,217	-	-	-
Merrimack source development	-	9,726,693	-	-
Total Restricted Net Position	28,475,544	9,726,693	541,058	40,382,287
Less accrued bond interest	-	-	-	(3,531,524)
Total Restricted Net Position	\$ 28,475,544	\$ 9,726,693	\$ 541,058	\$ 36,850,763

Note 16. Fund Balances

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

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

The following types of fund balances are reported at June 30, 2015:

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

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

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 at City Meeting, capital reserve funds set aside by City Meeting vote (now reported as part of the general fund per GASB 54), and various special revenue funds.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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.

Below is a table of fund balance categories and classifications at June 30, 2015 for the City governmental funds:

	General Fund	Capital Projects	Other Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid expenses	\$ 751,053	\$ -	\$ -	\$ 751,053
Inventories	728,390	-	-	728,390
MSD book loan	2,800,000	-	-	2,800,000
Cemetery/library trust	-	-	23,833,678	23,833,678
Total nonspendable	4,279,443	-	23,833,678	28,113,121
Restricted:				
Capital projects	-	11,882,632	-	11,882,632
Worker's compensation	1,602,649	-	-	1,602,649
Grants	-	-	1,933,195	1,933,195
Cemetery/library trust	-	-	3,039,217	3,039,217
Civic center	-	-	1,400,934	1,400,934
Total restricted	1,602,649	11,882,632	6,373,346	19,858,627
Committed:				
Health insurance	1,590,193	-	-	1,590,193
General liability insurance	707,221	-	-	707,221
General government	-	-	3,103,054	3,103,054
Highway and streets	7,257	-	-	7,257
Total committed	2,304,671	-	3,103,054	5,407,725
Assigned:				
General government - encumbrances	312,268	-	-	312,268
Public safety - encumbrances	99,402	-	-	99,402
Health and sanitation - encumbrances	4,475	-	-	4,475
Highway and streets - encumbrances	172,309	-	-	172,309
Parks and recreation - encumbrances	100,262	-	-	100,262
Welfare - encumbrances	3,026	-	-	3,026
Education - encumbrances	233	-	-	233
Total assigned	691,975	-	-	691,975
Unassigned:				
Unassigned	6,265,510	-	(875,772)	5,389,738
Total unassigned	6,265,510	-	(875,772)	5,389,738
Total fund balance	\$ 15,144,248	\$ 11,882,632	\$ 32,434,306	\$ 59,461,186

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 17. Accounting Change/Restatement

During fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. The cumulative effect of applying this statement resulted in the retroactive restatement of beginning net position in the government-wide, business-type, and fund basis financial statements.

Entity-Wide Financial Statements:	Governmental Activities	Business-type Activities	Total Primary Government
Net position, June 30, 2014, as previously reported	\$ 129,348,195	\$ 423,689,615	\$ 553,037,810
Implementation of GASB 68	(158,796,787)	(21,957,996)	(180,754,783)
Pension asset eliminated	(7,064,290)	-	(7,064,290)
Allocation of other post employment benefits	997,459	(997,459)	-
Unbilled revenues estimating change	-	551,850	551,850
Unavailable revenues - property taxes 60 day rule	(3,230,965)	-	(3,230,965)
	559,258	-	559,258
Net position, July 1, 2014, as restated	\$ (38,187,130)	\$ 401,286,010	\$ 363,098,880

Fund Basis Financial Statements:

	General Fund	Water Works Fund	EPD Fund	Aviation Fund	Nonmajor Funds
As previously reported	\$ 13,807,333	\$ 78,264,262	\$ 157,792,115	\$ 181,444,303	\$ 6,188,936
Unavailable revenues - property taxes 60 day rule	(3,230,965)	-	-	-	-
	559,258	-	-	-	-
Implementation of GASB 68	-	(8,110,786)	(4,504,328)	(8,731,710)	(611,172)
Allocation of other post employment benefits	-	(409,461)	(217,755)	(335,361)	(34,882)
Unbilled revenues estimating change	-	551,850	-	-	-
As restated	\$ 11,135,626	\$ 70,295,865	\$ 153,070,032	\$ 172,377,232	\$ 5,542,882

Note 18. Governmental Accounting Standards Board (GASB) Statements

The GASB issued several pronouncements that have effective dates that may impact future financial presentations.

GASB Statement No. 72, Fair Value Measurement and Application, will be effective for the City beginning with its year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

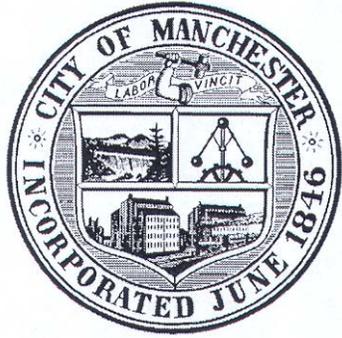
GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, will be effective for the City beginning with its year ending June 30, 2017. This Statement replaces Statements No. 43, *Financial Reporting for Post-Employ-*

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

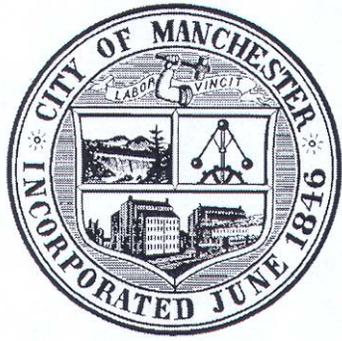
ment Benefit Plans Other Than Pension Plans, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will be effective for the City beginning with its year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. Among other requirements, Statement No. 75 requires the recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense.



This page left intentionally blank.

**Required Supplementary Information
(Unaudited)**



This page intentionally left blank.

Required Supplementary Information Other Post-Employment Benefits

SCHEDULE OF FUNDING PROGRESS - CITY - OPEB - UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 22,953,466	\$ 22,953,466	0.00%	\$83,100,423	27.6%
7/1/2012	-	28,136,937	28,136,937	0.00%	70,655,154	39.8%
7/1/2010 *	679,124	35,360,617	34,681,493	1.92%	82,294,233	42.1%
7/1/2010 *	-	34,041,919	34,041,919	0.00%	N/A	N/A
7/1/2010 *	-	32,736,456	32,736,456	0.00%	N/A	N/A
7/1/2010 *	-	31,447,507	31,447,507	0.00%	N/A	N/A

SCHEDULE OF ANNUAL OPEB COST - CITY

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
6/30/2015	\$ 2,027,506	\$ 1,302,078	64.2%	\$ 12,419,576
6/30/2014	2,518,701	1,349,650	53.6%	11,694,148
6/30/2013	2,446,337	1,099,255	44.9%	10,525,097
6/30/2012	3,439,827	1,751,546	50.9%	9,178,015
6/30/2011	3,300,870	1,452,637	44.0%	7,489,734
6/30/2010	3,243,850	1,357,605	41.9%	5,641,501
6/30/2009	3,150,293	1,268,790	40.3%	3,755,256
6/30/2008	3,059,538	1,185,785	38.8%	1,873,753

SCHEDULE OF FUNDING PROGRESS - MSD - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 14,910,911	\$ 14,910,911	0.00%	\$87,326,512	17.1%
7/1/2012	-	32,141,237	32,141,237	0.00%	91,692,296	35.1%
7/1/2010 *	519,178	44,066,160	43,546,982	1.18%	82,057,735	53.1%
7/1/2010 *	-	42,267,904	42,267,904	0.00%	N/A	N/A
7/1/2010 *	-	40,461,349	40,461,349	0.00%	N/A	N/A
7/1/2010 *	-	38,655,121	38,655,121	0.00%	N/A	N/A

*7/01/2010 data was used and rolled back to prior years.

SCHEDULE OF ANNUAL OPEB COST - MSD - UNAUDITED

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
6/30/2015	\$ 1,281,317	\$ 1,020,786	79.7%	\$13,728,176
6/30/2014	3,157,929	2,601,477	82.4%	13,467,645
6/30/2013	3,088,604	2,217,679	71.8%	12,911,193
6/30/2012	5,986,475	4,026,249	67.3%	12,040,268
6/30/2011	5,762,297	3,295,747	57.2%	10,080,042
6/30/2010	5,603,346	3,080,137	55.0%	7,613,492
6/30/2009	5,419,195	2,878,633	53.1%	5,090,284
6/30/2008	5,240,032	2,690,311	51.3%	2,549,721

SCHEDULE OF FUNDING PROGRESS - MTA - OPEB - UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2013	\$ -	\$4,559,558	\$ 4,559,558	0.0%	\$2,418,416	53%
6/30/2013	-	4,559,558	4,559,558	0.0%	2,235,353	49%
6/30/2013	-	4,559,558	4,559,558	0.0%	1,985,129	44%
6/30/2010	-	3,539,602	3,539,602	0.0%	2,005,787	57%
6/30/2010	-	3,539,602	3,539,602	0.0%	2,133,598	60%
6/30/2010	-	3,539,602	3,539,602	0.0%	1,946,074	55%

See Independent Auditors' Report

CITY OF MANCHESTER, NEW HAMPSHIRE
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

(Unaudited)

	2015
Total pension liability	
Service cost	\$ 6,589,804
Interest on the total pension liability	20,108,289
Differences between expected and actual experience in the measurement of the total pension liability	2,603,699
Benefit payments, including refunds of employee contributions	(12,543,344)
Net change in total pension liability	16,758,448
Total pension liability - beginning	280,332,479
Total pension liability - ending (a)	\$ 297,090,927
 Plan fiduciary net position	
Contributions - employer	\$ 10,959,998
Contributions - employees	2,254,021
Pension plan net investment income	6,754,397
Benefit payments, including refunds of employee contributions	(12,543,344)
Pension plan administrative expense	(679,116)
Other changes	(50,008)
Net change in plan fiduciary net position	6,695,948
Plan fiduciary net position - beginning	185,866,717
Plan fiduciary net position - ending (b)	\$ 192,562,665
 Net pension liability - ending (a-b)	\$ 104,528,262

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
MANCHESTER EMPLOYEES' CONTRIBUTORY RETIREMENT SYSTEM**

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

(Unaudited)

Schedule of the Net Pension Liability

	<u>2015</u>
Total pension liability	\$ 297,090,927
Plan fiduciary net position	<u>192,562,665</u>
Net pension liability	<u><u>\$ 104,528,262</u></u>
Plan fiduciary net position as a percentage of the total pension liability	64.82%
Covered employee payroll	\$ 54,267,183
Net pension liability as a percentage of covered employee payroll	192.62%

Schedule of Contributions

	<u>2015</u>
Actuarially determined contribution	\$ 10,959,998
Actual contributions	<u>10,959,998</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered employee payroll	\$ 54,267,183
Actual contributions as a percentage of covered employee payroll	20.20%

Schedule of Investment Returns

<i>Year Ended December 31</i>	<u>2015</u>
Annual money weighted rate of return, net of investment expense	3.7%

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
OLD SYSTEM PENSION TRUST**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

(Unaudited)

	<u>2015</u>
Total pension liability	
Service cost	\$ 52,770
Interest on the total pension liability	908,525
Differences between expected and actual experience in the measurement of the total pension liability	(556,703)
Changes of assumptions	534,707
Benefit payments, including refunds of employee contributions	<u>(1,543,414)</u>
Net change in total pension liability	(604,115)
Total pension liability - beginning	<u>16,655,014</u>
Total pension liability - ending (a)	<u><u>\$ 16,050,899</u></u>
 Plan fiduciary net position	
Pension plan net investment income	\$ 1,493,703
Benefit payments, including refunds of employee contributions	<u>(1,543,414)</u>
Net change in plan fiduciary net position	(49,711)
Plan fiduciary net position - beginning	<u>11,737,955</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 11,688,244</u></u>
 Net pension liability - ending (a-b)	<u><u>\$ 4,362,655</u></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>2015</u>
Total pension liability	\$ 16,050,899
Plan fiduciary net position	<u>11,688,244</u>
Net pension liability	<u><u>\$ 4,362,655</u></u>
Plan fiduciary net position as a percentage of the total pension liability	72.82%
Covered employee payroll	\$ 458,869
Net pension liability as a percentage of covered employee payroll	950.74%

Schedule of Contributions

	<u>2015</u>
Actuarially determined contribution	\$ 503,679
Actual contributions	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ 503,679</u></u>
Covered employee payroll	\$ 458,869
Actual contributions as a percentage of covered employee payroll	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, NH
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015
(Unaudited)

<u>New Hampshire Retirement System:</u>	<u>2015</u>
Proportion of the net pension liability for the most recent measurement date	2.5690%
Proportionate share of the net pension liability for the most recent measurement date	\$ 96,430,327
Covered-employee payroll for the most recent measurement date	\$ 37,094,467
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	259.96%
Plan fiduciary net position as a percentage of the total pension liability	66.32%

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

See Independent Auditors' Report.

CITY OF MANCHESTER, NH

**SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015
(Unaudited)**

<u>New Hampshire Retirement System:</u>	<u>2015</u>
Contractually required contribution for the current fiscal year	\$ 8,715,379
Contributions in relation to the contractually required contribution	<u>(8,715,379)</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered-employee payroll for the current fiscal year	\$ 38,767,121
Contributions as a percentage of covered-employee payroll	22.48%

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

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, 2015

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 101,091,690	\$ 101,359,690	\$ 100,798,412	\$ (561,278)
Federal and state grants and aid	3,334,278	3,334,278	3,436,839	102,561
Nonenterprise charges for sales and services	2,827,287	2,822,287	3,146,592	324,305
Licenses and permits	19,589,349	19,559,349	20,406,554	847,205
Interest	417,704	217,704	186,303	(31,401)
Other	13,880,272	13,847,272	14,540,486	693,214
Total Revenues	141,140,580	141,140,580	142,515,186	1,374,606
Expenditures				
Current:				
General government	59,825,880	60,698,879	58,755,498	1,943,381
Public safety	41,574,345	41,606,191	41,606,191	-
Health and sanitation	2,813,322	2,813,322	2,759,057	54,265
Highway and streets	16,905,081	17,115,615	17,115,615	-
Welfare	1,028,240	918,854	918,854	-
Education	2,004,662	2,004,662	2,004,210	452
Parks and recreation	3,128,462	3,139,175	3,139,175	-
Debt service:				
Principal retirement	11,926,329	11,264,935	11,264,935	-
Interest	5,675,319	5,320,007	5,320,007	-
Total Expenditures	144,881,640	144,881,640	142,883,542	1,998,098
Excess (Deficiency) of revenues under expenditures	(3,741,060)	(3,741,060)	(368,356)	3,372,704
Other Financing Sources (Uses)				
Transfers in	3,741,060	3,741,060	3,675,423	(65,637)
Transfers out	-	-	(557,572)	(557,572)
Total Other Financing Sources (Uses)	3,741,060	3,741,060	3,117,851	(623,209)
Revenues and Other Financing Sources Over Expenses and Other Financing Uses	\$ -	\$ -	\$ 2,749,495	\$ 2,749,495

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

Year Ended June 30, 2015

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Taxes</u>				
Property tax	\$ 98,262,418	\$ 98,530,418	\$ 97,573,241	\$ (957,177)
Miscellaneous taxes	14,800	14,800	38,850	24,050
Interest and penalties	1,071,200	1,071,200	1,387,972	316,772
Cable franchise fees	1,743,272	1,743,272	1,798,349	55,077
Total Taxes	101,091,690	101,359,690	100,798,412	(561,278)
<u>Federal and State Grants and Aid</u>				
Federal grants	295,000	295,000	328,201	33,201
Payments in lieu of taxes	693,000	693,000	727,173	34,173
State Grants	2,346,278	2,346,278	2,381,465	35,187
Total Federal and State Grants and Aid	3,334,278	3,334,278	3,436,839	102,561
<u>Nonenterprise Charges for Sales and Services</u>				
<u>Sales and Services</u>				
General revenues	126,005	121,005	230,156	109,151
Public safety	126,750	126,750	160,756	34,006
Highway	1,116,105	1,116,105	1,144,396	28,291
Health	9,000	9,000	8,687	(313)
Cemetery, Parks & Recreation	194,750	194,750	239,892	45,142
Zoning board	81,500	81,500	97,487	15,987
Parking violations	11,000	11,000	7,850	(3,150)
Court fines	18,000	18,000	(827)	(18,827)
Fees	1,064,177	1,064,177	1,182,843	118,666
Witness fees	80,000	80,000	75,352	(4,648)
Total Nonenterprise Charges for Sales and Services	2,827,287	2,822,287	3,146,592	324,305
<u>Licenses and Permits</u>				
Auto registrations	16,892,097	16,892,097	17,436,248	544,151
Licenses	566,109	546,109	500,694	(45,415)
Permits	2,131,143	2,121,143	2,469,612	348,469
Total Licenses and Permits	19,589,349	19,559,349	20,406,554	847,205
<u>Interest</u>				
Income from invested funds	417,704	217,704	186,303	(31,401)
<u>Other Revenues</u>				
Reimbursements	3,520,421	3,520,421	4,049,220	528,799
Rentals & Leases	980,119	980,119	972,499	(7,620)
School chargebacks	9,289,082	9,256,082	9,344,919	88,837
Miscellaneous	90,650	90,650	173,848	83,198
Total Other Revenues	13,880,272	13,847,272	14,540,486	693,214
Total Revenues	\$ 141,140,580	\$ 141,140,580	\$ 142,515,186	\$ 1,374,606
Transfers in	3,741,060	3,741,060	3,675,423	(65,637)
Total Transfers in	3,741,060	3,741,060	3,675,423	(65,637)
Total Revenues and Transfers in	\$ 144,881,640	\$ 144,881,640	\$ 146,190,609	\$ 1,308,969

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, 2015

	Original Budget	Revised Budget	Total Commitments	Commitments vs Revised Budget Variance
General Government				
Aldermen	\$ 70,000	\$ 70,000	\$ 68,750	\$ 1,250
Assessors	609,277	609,277	565,419	43,858
City Clerk	994,701	994,701	910,845	83,856
City Solicitor	1,288,379	1,288,379	1,186,398	101,981
Civic Contribution	160,514	161,064	140,290	20,774
Central Fleet Management	3,164,824	3,164,824	3,152,814	12,010
Economic Development Office	140,000	140,000	134,077	5,923
Senior Services	241,639	285,943	285,943	-
Finance	956,042	956,042	886,758	69,284
Information Systems	1,469,151	1,469,151	1,468,402	749
Mayor	230,525	230,525	229,081	1,444
MPTS	451,253	451,253	451,253	-
Nondepartmental	39,823,394	40,527,505	38,946,170	1,581,335
Non-city Program	69,107	69,107	69,107	-
Human Resources	709,910	709,910	701,623	8,287
Planning and Community Development	1,980,662	1,986,851	1,986,851	-
Facilities Division	6,376,505	6,591,345	6,591,345	-
Tax Collector	494,283	494,283	491,218	3,065
Youth Services	595,714	498,719	489,154	9,565
Total General Government	59,825,880	60,698,879	58,755,498	1,943,381
Public Safety				
Fire	19,624,585	19,627,924	19,627,924	-
Police	21,949,760	21,978,267	21,978,267	-
Total Public Safety	41,574,345	41,606,191	41,606,191	-
Health and Sanitation				
Health	2,813,322	2,813,322	2,759,057	54,265
Total Health and Sanitation	2,813,322	2,813,322	2,759,057	54,265
Highway and Streets				
Highway	16,905,081	17,115,615	17,115,615	-
Total Highway and Streets	16,905,081	17,115,615	17,115,615	-
Welfare				
Welfare	1,028,240	918,854	918,854	-
Total Welfare	1,028,240	918,854	918,854	-
Education				
Library	2,004,662	2,004,662	2,004,210	452
Total Education	2,004,662	2,004,662	2,004,210	452
Parks and Recreation				
Parks & Recreation	3,128,462	3,139,175	3,139,175	-
Total Parks and Recreation	3,128,462	3,139,175	3,139,175	-
Debt Service				
Principal retirement	11,926,329	11,264,935	11,264,935	-
Interest	5,675,319	5,320,007	5,320,007	-
Total Debt Service	17,601,648	16,584,942	16,584,942	-
Total Expenditures	144,881,640	144,881,640	142,883,542	1,998,098
Other Financing Uses				
Transfer to Recreation Enterprises	-	-	557,572	(557,572)
Total Other Financing Uses	-	-	557,572	(557,572)
Total Expenditures and Other Financing Uses	\$ 144,881,640	\$ 144,881,640	\$ 143,441,114	\$ 1,440,526

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2015 - 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, 2015 - 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 2015 and 2016 budget increases are capped at 2.13% and 1.33%, 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, 2015 – 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	\$ 142,515,186	\$ 142,883,542	\$ 3,675,423	\$ 557,572	\$ 2,749,495
Central Business District	258,000	258,000	-	-	-
Transfer to special revenue reserve	-	-	-	30,000	(30,000)
Transfer to Parking enterprise for debt service	-	-	-	130,768	(130,768)
Health Insurance	-	670,882	-	-	(670,882)
Tax revenues of 2014 recognized in 2015	6,020,102	-	-	-	6,020,102
Tax revenues of 2015 deferred until 2016	(5,802,986)	-	-	-	(5,802,986)
Sale of capital assets	1,439,571	-	-	-	1,439,571
Interest paid on notes receivable	251,881	-	-	-	251,881
Insurance - CGL prepayment for FY 2015	-	(7,353)	-	-	7,353
Special projects	-	17,262	-	-	(17,262)
Service agreements	-	(5,000)	-	-	5,000
Legal services	-	(53,675)	-	-	53,675
Current year encumbrances	-	(691,974)	-	-	691,974
Prior years & balance sheet encumbrances	-	23,067	-	-	(23,067)
Expenditures of prior year encumbrances	-	535,464	-	-	(535,464)
Statement of revenues, expenditures and changes in fund balance (in conformity with GAAP)	<u>\$ 144,681,754</u>	<u>\$ 143,630,215</u>	<u>\$ 3,675,423</u>	<u>\$ 718,340</u>	<u>\$ 4,008,622</u>

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



This page intentionally left blank.

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 36,763,146	\$ 60,091,188
Restricted cash and cash equivalents	7,713,355	6,740,912
Investments	10,561,770	561,803
Receivables, net of allowances for collection losses	73,339,055	40,774,837
Prepaid items	751,053	746,622
Due from other funds	4,655,150	13,455,506
Inventories	728,390	1,027,444
Other current assets	250,000	-
Total Assets	\$ 134,761,919	\$ 123,398,312
<u>Liabilities</u>		
Accounts and warrants payable	\$ 4,432,595	\$ 3,681,375
Retainage payable	49,050	42,447
Accrued liabilities	3,090,644	2,960,004
Tax refunds payable	2,736,932	2,324,344
Other liabilities	2,941,129	3,016,370
Insurance claims payable	944,062	698,419
Due to Manchester School District	16,663,282	25,738,600
Unearned revenue	430,538	662,141
Total Liabilities	31,288,232	39,123,700
<u>Deferred inflows of resources</u>		
Unavailable revenues - property taxes	6,110,022	6,368,005
Unearned revenues - property taxes	56,209,163	31,271,065
Unearned revenues - taxes collected in advance	23,546,519	32,360,816
Unavailable revenues - other revenues collected in advance	2,463,735	3,139,100
Total deferred inflows of resources	88,329,439	73,138,986
<u>Fund Balances</u>		
Nonspendable	4,279,443	4,574,066
Restricted	1,602,649	1,128,660
Committed	2,304,671	1,068,556
Assigned	691,975	586,585
Unassigned	6,265,510	3,777,759
Total Fund Balances	15,144,248	11,135,626
Total liabilities, deferred inflows of resources and fund balances	\$ 134,761,919	\$ 123,398,312

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

City of Manchester, New Hampshire
Year Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Taxes	\$ 101,273,122	\$ 92,237,436
Federal and state grants and aid	3,436,839	3,777,755
Nonenterprise charges for sales and services	3,160,621	2,794,063
Licenses and permits	20,393,820	19,676,747
Interest	439,461	278,341
School charge backs	9,344,919	9,210,982
Lease and rent income	960,031	958,606
Debt Recovery	1,192,075	1,187,603
Miscellaneous	3,041,295	2,184,652
Total Revenues	143,242,183	132,306,185
<u>Expenditures</u>		
Current:		
General government	31,841,077	30,040,345
Public safety	61,142,284	59,517,220
Health and sanitation	4,082,387	3,963,135
Highway and streets	21,811,640	21,328,683
Welfare	1,212,288	1,392,618
Education	2,865,603	2,858,466
Parks and recreation	4,089,994	4,081,808
Debt service:		
Principal retirement	11,264,935	11,931,546
Interest	5,320,007	5,939,981
Total Expenditures	143,630,215	141,053,802
Deficiency of revenues over expenditures	(388,032)	(8,747,617)
<u>Other Financing Sources (Uses)</u>		
Proceeds from sale of capital assets	1,439,571	598,600
Transfers in	3,675,423	2,944,443
Transfers out	(718,340)	(7,202,560)
Total Other Financing Sources (Uses)	4,396,654	(3,659,517)
Net Change in Fund Balance	4,008,622	(12,407,134)
Fund Balance, beginning of year, as restated	11,135,626	23,542,760
Fund Balance, end of year	\$ 15,144,248	\$ 11,135,626

Nonmajor Governmental Funds

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

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

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.



This page intentionally left blank.

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	\$ 2,900,483	\$ 1,074,660	\$ 1,609,920	\$ -
Restricted cash and cash equivalents	-	-	327,043	1,400,934
Restricted investments	-	-	-	-
Receivables, net of allowances for collection losses	1,572,385	188,480	291,823	-
Total Assets	\$ 4,472,868	\$ 1,263,140	\$ 2,228,786	\$ 1,400,934
Liabilities and Fund Equity				
Liabilities				
Accounts and warrants payable	\$ -	\$ 35,733	\$ 677,698	\$ -
Accrued liabilities	-	2,514	48,812	-
Other liabilities	4,472,868	-	145,822	-
Unearned Revenue	-	1,282,953	327,043	-
Total Liabilities	4,472,868	1,321,200	1,199,375	-
Fund balances (deficits)				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	1,847,123	1,400,934
Committed	-	-	-	-
Unassigned	-	(58,060)	(817,712)	-
Total Fund balances (deficits)	-	(58,060)	1,029,411	1,400,934
Total Liabilities and Fund Equity	\$ 4,472,868	\$ 1,263,140	\$ 2,228,786	\$ 1,400,934

City of Manchester, New Hampshire

June 30, 2015

Special Revenue		Permanent Funds		
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total
\$ -	\$ 1,735,194	\$ 1,204,937	\$ 62,500	\$ 8,587,694
403,215	-	-	332,417	2,463,609
-	1,367,860	21,134,919	4,127,669	26,630,448
141,506	-	-	10,453	2,204,647
\$ 544,721	\$ 3,103,054	\$ 22,339,856	\$ 4,533,039	\$ 39,886,398
\$ -	\$ -	\$ -	\$ -	\$ 713,431
-	-	-	-	51,326
458,649	-	-	-	5,077,339
-	-	-	-	1,609,996
458,649	-	-	-	7,452,092
\$ -	\$ -	\$ 19,487,143	\$ 4,346,535	\$ 23,833,678
86,072	-	2,852,713	186,504	6,373,346
-	3,103,054	-	-	3,103,054
-	-	-	-	(875,772)
86,072	3,103,054	22,339,856	4,533,039	32,434,306
\$ 544,721	\$ 3,103,054	\$ 22,339,856	\$ 4,533,039	\$ 39,886,398

**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
<u>Revenues</u>				
Federal and state grants and aid	\$ -	\$ 1,647,313	\$ 4,148,450	\$ 4,841,708
Interest	-	-	-	144
Contributions	-	-	1,809,037	-
Net appreciation (depreciation) in fair value of securities	-	-	-	-
Other	-	-	-	30,000
Total Revenues	-	1,647,313	5,957,487	4,871,852
<u>Expenditures</u>				
Current:				
General government	-	1,384,853	958,087	5,053,104
Public safety	-	77,900	994,040	-
Health and sanitation	-	-	1,880,261	-
Highway and streets	-	13,086	117,009	-
Education	-	-	6,281	-
Parks and recreation	-	33,353	59,946	-
Cemetery Trust	-	-	-	-
Investment management fee	-	-	-	-
Capital outlay	-	99,831	1,073,684	-
Total Expenditures	-	1,609,023	5,089,308	5,053,104
Excess (deficiency) of revenues over expenditures	-	38,290	868,179	(181,252)
<u>Other Financing Sources (Uses)</u>				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance (Deficit)	-	38,290	868,179	(181,252)
Fund Balance (Deficit), beginning of year	-	(96,350)	161,232	1,582,186
Fund Balance (Deficit), end of year	\$ -	\$ (58,060)	\$ 1,029,411	\$ 1,400,934

City of Manchester, New Hampshire
Year Ended June 30, 2015

<u>Special Revenue</u>		<u>Permanent Funds</u>			
<u>Revolving Loan Fund</u>	<u>Expendable Trust Fund</u>	<u>Cemetery Trust</u>	<u>Library Trust</u>	<u>Total</u>	
\$ -	\$ -	\$ -	\$ -	\$ 10,637,471	
6,601	27,008	681,542	102,625	817,920	
-	579,896	94,046	55,806	2,538,785	
-	(1,379)	216,144	8,018	222,783	
2,681	-	-	-	32,681	
9,282	605,525	991,732	166,449	14,249,640	
-	10,064	-	128,802	\$ 7,534,910	
-	-	-	-	1,071,940	
-	-	-	-	1,880,261	
-	-	-	-	130,095	
-	-	-	-	6,281	
-	-	-	-	93,299	
-	-	97,742	-	97,742	
-	-	47,822	23,100	70,922	
-	-	-	-	1,173,515	
-	10,064	145,564	151,902	12,058,965	
9,282	595,461	846,168	14,547	2,190,675	
-	-	(500,100)	-	(500,100)	
-	-	(500,100)	-	(500,100)	
9,282	595,461	346,068	14,547	1,690,575	
76,790	2,507,593	21,993,788	4,518,492	30,743,731	
\$ 86,072	\$ 3,103,054	\$ 22,339,856	\$ 4,533,039	\$ 32,434,306	



This page intentionally left blank.

Nonmajor Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for the operations of the City that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis will be recovered or financed primarily through user charges.

Recreation Fund

To account for certain operations of the Parks and Recreation Department related to the revenue generating recreational facilities owned by the City. These facilities included a ski area, a golf course, a stadium and two ice skating rinks.

Parking Fund

To account for the operations of the City's Parking Management and Operations, established as a division within the Finance Department.



This page intentionally left blank.

**Nonmajor Proprietary Funds
Combining Statement of Net Position**

**City of Manchester, New Hampshire
June 30, 2015**

	Business-type Activities-Enterprise Funds		
	Non-Major		Total
	Recreation Fund	Parking Fund	
Assets			
Current assets:			
Cash and Cash Equivalents	\$ 350	\$ 1,100	\$ 1,450
Receivables, net of allowances for collection losses	29,080	74,774	103,854
Prepaid items	1,204	-	1,204
Due from other funds	7,446	7,190	14,636
Total current assets:	38,080	83,064	121,144
Noncurrent assets:			
Restricted cash and cash equivalents	2,615,303	101,523	2,716,826
Capital assets, net, where applicable, of accumulated depreciation	6,932,127	7,590,191	14,522,318
Total noncurrent assets:	9,547,430	7,691,714	17,239,144
Total Assets	9,585,510	7,774,778	17,360,288
Deferred outflows of resources	23,664	305,886	329,550
Total Assets and Deferred Outflow	9,609,174	8,080,664	17,689,838
Current liabilities			
Accounts and warrants payable	1,084,689	10,218	1,094,907
Accrued liabilities	65,440	54,451	119,891
Bonds and notes payable	399,112	462,945	862,057
Compensated absences	107,860	81,826	189,686
Other liabilities	12,313	109,084	121,397
Total Current liabilities	1,669,414	718,524	2,387,938
Noncurrent liabilities			
Bonds payable	6,523,285	2,154,033	8,677,318
OPEB liability	-	40,704	40,704
Net pension liability	-	747,155	747,155
Total Noncurrent liabilities	6,523,285	2,941,892	9,465,177
Total Liabilities	8,192,699	3,660,416	11,853,115
Deferred inflows of resources	44,150	-	44,150
Total Liabilities and Deferred Inflow	8,236,849	3,660,416	11,897,265
Net Position			
Net investment in capital assets	1,614,328	5,162,490	6,776,818
Unrestricted deficit	(242,003)	(742,242)	(984,245)
Total Net Position (Deficit)	\$ 1,372,325	\$ 4,420,248	\$ 5,792,573

**Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position (Deficits)**

**City of Manchester, New Hampshire
Year Ended June 30, 2015**

	Business-type Activities-Enterprise Funds		
	Recreation Fund	Parking Fund	Total
<u>Operating Revenues</u>			
Charges for goods and services	\$ 1,085,538	\$ 5,638,532	\$ 6,724,070
Other	82,700	2,729	85,429
Total Operating Revenues	1,168,238	5,641,261	6,809,499
<u>Operating Expenses</u>			
Personnel services	939,439	600,896	1,540,335
Plant maintenance	64,752	90,828	155,580
Light/heat and power	264,833	36,436	301,269
General and administrative	389,177	994,570	1,383,747
Depreciation and amortization	410,054	426,392	836,446
Total Operating Expenses	2,068,255	2,149,122	4,217,377
Operating Income (Loss)	(900,017)	3,492,139	2,592,122
<u>Non-Operating Revenues (Expenses), net</u>			
Interest expense	(149,755)	(115,468)	(265,223)
Rent and other income	138,062	-	138,062
Gain (loss) on disposal of fixed assets	-	(8,286)	(8,286)
Total Non-operating Expenses	(11,693)	(123,754)	(135,447)
Net income (loss) before capital contributions and transfers	(911,710)	3,368,385	2,456,675
Capital Contributions and Transfers			
Transfer to general fund	-	(3,145,323)	(3,145,323)
Transfer from general fund	557,572	130,768	688,340
Transfer of capital assets	249,999	-	249,999
Total Capital Contributions and Transfers	807,571	(3,014,555)	(2,206,984)
Change in Net Position	(104,139)	353,830	249,691
Fund Net Position (Deficit), beginning of year as restated (Note 17)	1,476,464	4,066,418	5,542,882
Fund Net Position (Deficit), end of year	\$ 1,372,325	\$ 4,420,248	\$ 5,792,573

**Nonmajor Proprietary Funds
Statement of Cash Flows**

**City of Manchester, New Hampshire
Year Ended June 30, 2015**

	Business-type Activities-Enterprise Funds		
	Recreation	Parking	Total
	Fund	Fund	
<u>Cash Flows from Operating Activities</u>			
Cash received from customers	\$ 1,184,677	\$ 5,721,932	\$ 6,906,609
Cash payments for goods and services	(704,186)	(1,452,486)	(2,156,672)
Cash payments to employees for services	(916,355)	(620,021)	(1,536,376)
Other operating revenues	138,062	-	138,062
Net Cash Provided by (Used in) Operating Activities	(297,802)	3,649,425	3,351,623
<u>Cash Flows from Non-Capital and Related Financing Activities</u>			
Due to general fund	(7,446)	(7,190)	(14,636)
Cash received from general fund	557,572	130,768	688,340
Cash payment to the City	-	(3,174,803)	(3,174,803)
Net Cash Provided by (Used in) Non-Capital & Related Financing Activities	550,126	(3,051,225)	(2,501,099)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Proceeds from bonds	3,570,000	-	3,570,000
Principal paid on bonds	(321,446)	(473,679)	(795,125)
Interest paid on bonds	(149,755)	(115,468)	(265,223)
Proceeds from premiums	148,520	-	148,520
Proceeds (loss) from sale of capital assets	-	(8,286)	(8,286)
Acquisition and construction of capital assets, net of disposals	(979,012)	-	(979,012)
Net Cash Used in Capital & Related Financing Activities	2,268,307	(597,433)	1,670,874
Net Increase in Cash and Cash Equivalents	2,520,631	767	2,521,398
Cash and Cash Equivalents at Beginning of Year	95,022	101,856	196,878
Cash and Cash Equivalents at End of Year	\$ 2,615,653	\$ 102,623	\$ 2,718,276
Reconciliation of operating (loss) profit to net cash provided by operating activities			
Operating (loss) income	\$ (900,017)	\$ 3,492,139	\$ 2,592,122
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and amortization	410,054	426,392	836,446
Non-operating revenue	138,062	-	138,062
Change in Assets and Liabilities			
Decrease (increase) in receivables	14,657	79,875	94,532
Decrease (increase) in prepaid expenses and other assets	(1,204)	-	(1,204)
Decrease (increase) in deferred outflow - net pension liability - MECRS	-	(116,609)	(116,609)
(Decrease) increase in net pension liability	-	135,983	135,983
(Decrease) increase in OPEB	-	5,822	5,822
(Decrease) increase in accounts payable	35,614	10,417	46,031
(Decrease) increase in accrued liabilities	17,187	(379,800)	(362,613)
(Decrease) increase in compensated absences	(12,155)	(6,904)	(19,059)
(Decrease) increase in other liabilities	-	2,110	2,110
Net Cash Provided by (Used in) Operating Activities	\$ (297,802)	\$ 3,649,425	\$ 3,351,623
Schedule of Noncash Investing, Capital and Financing Activities			
Transfer of Capital Assets	\$ 249,999	\$ -	\$ 249,999
Amortization of net bond premium/ deferred loss	\$ 4,890	\$ -	\$ 4,890
Capital asset additions included in year-end liabilities	\$ 1,022,058	\$ -	\$ 1,022,058
Transfer From General Fund	\$ 557,572	\$ -	\$ 557,572

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. 111

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 120

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. 126

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. 131

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. 134

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

City of Manchester, New Hampshire
Table I

	Fiscal Year									
	2006	2007	2008	2009	2010 *	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 139,339,868	\$ 137,362,874	\$ 130,205,321	\$ 144,179,247	\$ 134,654,018	\$ 140,218,259	\$ 141,589,820	\$ 138,136,953	\$ 141,643,156	\$ 132,864,167
Restricted	20,257,037	22,389,423	22,171,646	18,254,369	19,466,347	18,990,583	23,071,145	24,720,045	27,640,940	28,475,544
Unrestricted	(46,459,710)	(30,612,818)	(22,179,743)	(37,769,673)	(27,211,134)	(24,479,074)	(22,513,971)	(18,702,119)	(39,935,901)	(194,919,019)
Total governmental activities net position	\$ 113,137,195	\$ 129,139,479	\$ 130,197,224	\$ 124,663,943	\$ 126,909,231	\$ 134,729,768	\$ 142,146,994	\$ 144,154,879	\$ 129,348,195	\$ (33,579,308)
Business-type activities:										
Net investment in capital assets	\$ 290,467,921	\$ 316,387,714	\$ 326,272,247	\$ 315,979,117	\$ 304,237,386	\$ 306,967,260	\$ 318,572,917	\$ 318,507,431	\$ 338,138,218	\$ 340,731,477
Restricted	46,926,306	46,943,856	56,532,400	59,319,350	59,496,926	63,087,461	55,255,580	54,860,666	49,641,409	47,118,514
Unrestricted	14,730,581	9,153,778	12,377,354	16,858,763	28,740,551	32,711,684	32,527,468	37,638,450	35,909,989	18,791,549
Total business-type activities net position	\$ 352,124,808	\$ 372,485,348	\$ 395,182,001	\$ 392,157,230	\$ 392,474,863	\$ 402,766,405	\$ 406,355,965	\$ 411,006,547	\$ 423,689,616	\$ 406,641,540
Primary government:										
Net investment in capital assets	\$ 429,807,789	\$ 453,750,588	\$ 456,477,568	\$ 460,158,364	\$ 438,891,404	\$ 447,185,519	\$ 460,162,737	\$ 456,644,384	\$ 479,781,374	\$ 473,595,644
Restricted	67,183,343	69,333,279	78,704,046	77,573,719	78,963,273	82,078,044	78,326,725	79,580,711	77,282,349	75,594,058
Unrestricted	(31,729,129)	(21,459,040)	(9,802,389)	(20,910,910)	1,529,417	8,232,610	10,013,497	18,936,331	(4,025,912)	(176,127,470)
Total primary government net position	\$ 465,262,003	\$ 501,624,827	\$ 525,379,225	\$ 516,821,173	\$ 519,384,094	\$ 537,496,173	\$ 548,502,959	\$ 555,161,426	\$ 553,037,811	\$ 373,062,232

* 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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	\$ 27,046,192	\$ 47,026,301	\$ 39,763,033	\$ 42,805,918	\$ 44,072,312	\$ 43,125,554	\$ 44,278,816	\$ 47,682,276	\$ 49,677,821	\$ 45,477,734
Public safety	49,410,627	50,031,363	52,318,965	53,056,030	56,344,474	61,213,077	60,454,957	59,542,996	63,484,399	60,724,148
Health and sanitation	4,649,675	4,349,909	5,046,882	5,050,940	5,775,524	5,867,746	6,031,708	5,620,653	5,860,696	6,252,648
Highways and streets	28,343,982	15,581,877	26,607,881	28,332,502	28,611,754	29,260,549	27,764,814	24,209,780	26,964,556	27,638,943
Welfare	1,430,019	1,445,290	1,313,418	1,290,779	1,478,191	1,343,084	1,325,476	1,307,546	1,454,060	1,261,955
Education and library	4,456,108	7,512,145	7,791,145	8,183,872	8,318,868	8,680,202	8,964,830	9,515,356	10,831,748	9,444,111
Parks and recreation	5,155,343	6,408,656	6,767,095	6,229,200	5,538,284	5,737,764	6,574,730	5,737,521	6,216,146	5,555,694
Cemetery Trust	27,163	21,802	60,000	125,855	79,055	36,359	46,182	48,195	49,000	97,742
Investment management fee	36,920	38,834	55,177	56,649	57,695	55,407	54,125	57,837	68,533	70,922
Interest	4,399,559	4,094,284	4,409,099	4,042,827	3,895,389	5,466,279	5,824,536	5,139,884	5,226,003	5,473,060
Total governmental activities expenses	124,955,588	136,510,461	144,132,695	149,174,572	154,171,546	160,786,021	161,320,174	158,862,044	169,832,962	161,996,957
Business-type activities:										
Water	14,795,858	15,987,127	16,781,801	17,756,287	17,507,643	18,455,490	17,512,501	18,234,535	15,895,647	16,129,517
EPD	13,120,698	13,114,933	13,538,731	14,429,389	14,564,969	15,127,410	15,419,089	18,177,753	17,545,488	18,031,956
Aviation	56,203,377	62,213,023	65,814,560	66,214,304	59,678,505	54,480,487	56,169,425	50,443,553	53,224,987	51,023,435
Recreation	3,363,302	3,087,514	2,737,979	3,190,810	2,724,185	2,431,535	2,219,200	1,811,568	1,997,040	2,218,010
Aggregation	77,900	-	-	-	-	-	-	-	-	-
Parking	-	2,662,454	3,093,657	2,938,857	2,337,593	2,582,954	2,455,616	2,822,173	2,649,591	2,264,591
Total business-type activities expenses	87,561,135	97,065,051	101,966,728	104,529,647	96,812,895	93,077,876	93,775,831	91,489,582	91,312,753	89,667,509
Total primary government expenses	212,516,723	233,575,512	246,099,423	253,704,219	250,984,441	253,863,897	255,096,005	250,351,626	261,145,715	251,664,466
Program revenue:										
Governmental activities:										
Charges for services:										
General government	12,632,653	17,997,667	12,964,400	11,269,228	15,431,257	20,430,052	18,121,623	14,529,316	14,635,734	14,108,926
Public safety	2,670,102	1,249,207	1,455,129	1,360,027	1,273,527	1,601,622	1,818,606	1,704,115	1,692,413	1,799,449
Health and sanitation	1,730,138	1,788,574	1,834,023	1,954,809	2,010,744	2,212,021	2,286,383	2,495,061	2,605,847	2,371,922
Highways and streets	4,046,571	1,873,626	1,738,416	1,610,511	1,579,244	1,572,687	2,347,920	3,048,308	2,987,032	3,608,999
Welfare	78,928	74,100	44,825	47,925	31,092	21,544	31,293	24,048	34,996	16,157
Education and library	(12,894)	221,469	-	-	121,260	441,807	(68,672)	-	-	200,000
Parks and recreation	614,752	1,564,145	689,115	547,336	1,955,050	3,673,131	653,918	737,419	987,494	1,212,081
Operating grants and contributions:										
General government	14,546,757	14,685,507	14,851,309	18,508,228	15,433,226	10,852,586	8,581,356	8,187,673	9,001,774	8,905,625
Public safety	2,450,968	1,658,805	983,941	738,082	2,416,018	2,678,785	2,668,080	2,221,939	1,583,883	1,377,785
Health and sanitation	1,510,875	1,423,832	1,439,145	1,621,655	1,891,185	1,918,638	1,637,322	1,435,364	1,494,283	1,673,351
Highways and streets	7,302,015	2,154,194	2,055,444	2,264,109	2,039,904	2,304,118	2,898,538	2,089,952	2,149,114	1,990,204
Education and library	52,022	39,017	125,820	154,977	57,045	55,380	45,166	57,027	502,722	55,806
Parks and recreation	1,587,946	585,536	1,561,614	662,097	815,756	696,688	179,133	210,980	39,107	49,543
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	-	4,436,221	6,201,812	2,690,181	908,525	4,099,925	2,769,813	1,281,282	794,638	519,786
Parks and recreation	-	-	-	-	315,029	-	-	-	15,829	14,689
Total governmental activities program revenue	49,210,833	49,751,900	45,944,993	43,429,165	46,278,862	52,965,912	44,408,184	38,588,647	38,893,866	37,904,323

(Continued)

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

City of Manchester, New Hampshire
 Table II

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Water	15,489,946	16,044,783	16,316,339	15,706,634	15,855,099	16,987,128	16,187,322	17,672,365	15,061,978	16,290,013
EPD	12,154,804	13,252,696	16,645,295	18,947,577	21,103,987	21,558,040	19,917,784	20,670,900	20,414,119	21,076,122
Aviation	51,750,393	51,829,778	55,359,856	50,879,087	46,551,051	46,497,429	44,508,490	44,746,976	44,420,536	44,976,038
Recreation	2,121,088	1,856,099	2,102,962	2,117,984	1,673,650	1,587,848	1,567,601	1,574,731	1,450,735	1,306,300
Parking	-	4,653,498	4,892,834	4,849,094	4,534,452	4,365,668	4,407,972	4,487,839	4,825,369	5,641,262
Operating grants and contributions:										
EPD	1,935,899	663,143	983,903	-	-	49,906	34,865	26,885	265,603	189,568
Aviation	2,652,613	3,707,927	4,844,795	4,049,880	1,871,938	94,541	-	-	1,400,000	-
Capital grants and contributions:										
Water	2,096,454	2,623,529	1,588,069	732,896	1,029,149	3,470,596	1,459,935	620,019	893,519	875,555
EPD	1,503,330	294,953	389,462	1,520,198	1,192,828	761,826	3,794,290	447,984	8,131,231	351,418
Aviation	4,902,721	20,333,025	17,325,965	2,962,441	4,747,164	8,810,475	6,648,304	7,151,330	5,224,240	6,021,700
Recreation	100,753	-	-	120,200	-	-	-	-	-	-
Total business-type activities										
program revenues	94,708,001	115,259,431	120,449,480	101,885,991	98,559,318	104,183,457	98,526,563	97,399,029	102,087,330	96,727,976
Total primary government										
program revenues	143,918,834	165,011,331	159,038,127	140,779,857	136,463,641	104,183,457	98,526,563	97,399,029	140,981,196	134,632,299
Net (expense) revenue:										
Governmental activities	(75,744,755)	(86,758,561)	(98,187,702)	(98,187,702)	(105,745,407)	(107,892,684)	(116,911,990)	(120,273,397)	(130,939,096)	(124,092,634)
Business-type activities	7,146,866	18,194,380	18,482,752	(2,643,656)	1,746,423	11,105,581	4,750,732	5,909,447	10,774,577	7,060,467
Total primary government net expense	(68,597,889)	(68,564,181)	(79,704,950)	(100,831,358)	(103,998,984)	(96,787,103)	(112,161,258)	(114,363,950)	(120,164,519)	(117,032,167)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	67,924,107	72,795,861	73,227,606	77,269,610	89,492,106	90,457,552	94,089,096	93,837,225	93,362,542	101,135,415
Auto registration fees	15,377,773	15,286,482	14,936,473	13,958,285	13,644,776	13,953,158	14,328,534	15,115,730	16,141,777	16,658,483
Franchise fees	987,449	1,069,452	1,127,631	1,224,321	1,692,256	1,755,899	1,791,461	1,840,954	1,893,672	1,960,231
Unrestricted investment earnings programs	3,719,822	4,295,614	2,465,960	(1,006,154)	1,187,001	1,202,692	1,285,836	2,904,064	3,912,561	1,477,956
Investment Income	-	-	-	-	-	-	4,660,770	-	-	-
Debt reimbursement from MSD	6,569,723	4,863,635	5,759,531	5,900,612	6,001,664	6,162,664	6,208,443	6,906,691	6,926,952	7,296,407
Transfer of debt	-	6,804,300	-	-	-	-	-	-	-	-
Transfer of capital assets	-	(3,344,530)	31,071	(75,000)	-	-	-	-	-	-
Transfers in (out)	(1,412,528)	990,031	1,633,821	1,339,474	1,971,376	1,979,574	1,966,382	1,638,702	(4,408,790)	2,206,984
Wall Street Tower Recovery	-	-	-	1,600,978	-	-	-	-	-	-
Gain (Loss) on disposal of assets	2,194,416	-	63,354	-	1,689,667	129,107	(1,306)	37,916	160,317	(2,035,020)
Total governmental activities	95,360,762	102,760,845	99,245,447	100,212,126	115,678,846	115,640,646	124,329,216	122,281,282	117,989,031	128,700,456
Business-type activities:										
Unrestricted investment earnings programs	4,440,863	3,435,663	3,313,981	824,396	1,032,108	872,337	797,856	381,184	336,537	474,142
Miscellaneous	-	-	-	89,096	-	-	-	-	-	-
Transfer of capital assets	-	3,344,530	(31,071)	-	-	-	-	-	-	-
Transfer of debt	-	(6,804,300)	-	-	-	-	-	-	-	-
Transfers in (out)	1,412,528	(990,031)	(1,633,821)	(1,339,474)	(1,971,376)	(1,979,574)	(1,966,382)	(1,638,702)	4,408,790	(2,206,984)
Gain (loss) on disposal of assets	(471,406)	3,180,298	2,564,812	44,867	(489,522)	293,198	7,354	(1,347)	14,042	27,905
Total business-type activities	5,381,985	2,166,160	4,213,901	(381,115)	(1,428,790)	(814,039)	(1,161,172)	(1,258,865)	4,759,369	(1,704,937)
Total primary government	100,742,747	104,927,005	103,459,348	99,831,011	114,250,056	114,826,607	123,168,044	121,022,417	122,748,400	126,995,519
Changes in net position:										
Governmental activities	19,616,007	16,002,284	1,057,745	2,024,424	9,933,439	7,747,962	7,417,226	2,007,885	(12,950,065)	4,607,822
Business-type activities	12,528,851	20,360,540	22,696,653	(3,024,771)	317,633	10,291,542	3,589,560	4,650,582	15,533,946	5,355,530
Total primary government	\$ 32,144,858	\$ 36,362,824	\$ 23,754,398	\$ (1,000,347)	\$ 10,251,072	\$ 18,039,504	\$ 11,006,786	\$ 6,658,467	\$ 2,583,881	\$ 9,963,352

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

City of Manchester, New Hampshire
Table III

Function / Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	\$ 27,179,410	\$ 32,683,174	\$ 27,815,709	\$ 29,777,456	\$ 30,864,483	\$ 31,689,566	\$ 27,102,979	\$ 23,111,247	\$ 23,875,508	\$ 23,014,551
Public safety	5,121,070	2,908,012	2,439,070	2,098,109	3,689,545	4,280,407	4,524,391	4,097,959	3,407,296	3,177,234
Health and sanitation	3,241,013	3,212,406	3,273,168	3,576,464	3,901,929	4,130,659	3,923,705	3,930,425	4,100,130	4,045,273
Highways and streets	11,348,586	8,464,041	9,995,672	6,564,801	4,527,673	7,976,730	8,016,271	6,419,542	5,930,784	6,118,989
Welfare	78,928	74,100	44,825	47,925	31,092	21,544	31,293	24,048	34,996	16,157
Education and library	39,128	260,486	125,820	154,977	178,305	497,187	(23,506)	57,027	502,722	255,806
Parks and recreation	2,202,698	2,149,681	2,250,729	1,209,433	3,085,835	4,369,819	833,051	948,398	1,042,430	1,276,313
Total governmental activities	49,210,833	49,751,900	45,944,993	43,429,165	46,278,862	52,965,912	44,408,184	38,588,646	38,893,866	37,904,323
Business-type activities:										
Water	17,586,400	18,668,313	17,904,408	16,439,530	16,884,248	20,457,724	17,647,257	18,292,384	15,955,497	17,165,568
EPD	15,594,033	14,210,792	18,018,660	20,467,775	22,296,815	22,369,772	23,746,939	21,145,769	28,810,953	21,617,108
Aviation	59,305,727	75,870,730	77,530,616	57,891,408	53,170,153	55,402,445	51,156,794	51,898,306	51,044,776	50,997,738
Recreation	2,221,841	1,856,099	2,102,962	2,238,184	1,673,650	1,587,848	1,567,601	1,574,731	1,450,735	1,306,300
Parking	-	4,653,498	4,892,834	4,849,094	4,534,452	4,365,668	4,407,972	4,487,839	4,825,369	5,641,262
Total business-type activities	94,708,001	115,259,432	120,449,480	101,885,991	98,559,318	104,183,457	98,526,563	97,399,029	102,087,330	96,727,976
Total government	\$ 143,918,834	\$ 165,011,332	\$ 166,394,473	\$ 145,315,156	\$ 144,838,180	\$ 157,149,369	\$ 142,934,747	\$ 135,987,675	\$ 140,981,196	\$ 134,632,299



This page intentionally left blank.

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

	2006	2007	2008	2009
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	7,315,876	7,127,401	9,293,045	6,085,726
Designated	17,228,952	18,451,651	12,890,049	14,656,303
Unreserved	772,131	305,582	(757,981)	(4,292,560)
Total General Fund	\$ 25,316,959	\$ 25,884,634	\$ 21,425,113	\$ 16,449,469
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	3,023,718	8,405,102	1,456,645	4,775,205
Unreserved, reported in:				
Special revenue funds	5,333,550	5,748,166	6,249,863	1,132,950
Capital projects funds	(8,265,253)	5,820,499	6,103,294	(8,227,489)
Designated				
Permanent funds	18,322,250	20,116,364	19,596,479	16,952,664
Total All Other Government Funds	\$ 18,414,265	\$ 40,090,131	\$ 33,406,281	\$ 14,633,330

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

Manchester, New Hampshire
Table IV

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ -	\$ 10,493,541	\$ 10,955,951	\$ 10,876,516	\$ 4,574,066	\$ 4,279,443	
-	1,127,897	1,954,897	1,618,788	1,128,600	1,602,649	
-	3,386,978	2,796,925	2,243,078	1,068,556	2,304,671	
-	376,310	719,593	1,115,449	586,585	691,975	
-	7,620,229	7,512,470	7,688,929	6,449,466	6,265,510	
7,282,959	-	-	-	-	-	
18,601,566	-	-	-	-	-	
(4,697,684)	-	-	-	-	-	
<u>\$ 21,186,841</u>	<u>\$ 23,004,955</u>	<u>\$ 23,939,836</u>	<u>\$ 23,542,760</u>	<u>\$ 13,807,273</u>	<u>\$ 15,144,248</u>	
\$ -	\$ 17,862,686	\$ 17,871,615	\$ 19,850,387	\$ 22,403,033	\$ 23,833,678	
-	49,116,167	9,585,968	6,411,738	6,940,746	18,255,978	
-	6,050,816	9,493,873	4,675,607	2,507,593	3,103,054	
-	1,254,670	9,562,724	-	-	-	
-	(2,266,539)	(767,566)	(2,553,299)	(10,349,229)	(875,772)	
1,303,620	-	-	-	-	-	
2,496,791	-	-	-	-	-	
8,968,775	-	-	-	-	-	
18,164,642	-	-	-	-	-	
<u>\$ 30,933,828</u>	<u>\$ 72,017,800</u>	<u>\$ 45,746,614</u>	<u>\$ 28,384,433</u>	<u>\$ 21,502,143</u>	<u>\$ 44,316,938</u>	

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes	\$ 69,052,574	\$ 73,363,164	\$ 74,336,731	\$ 77,904,205
Federal and state grants and aid	27,016,053	24,927,919	23,305,609	26,231,368
Nonenterprise charges for sales and services	4,908,852	2,710,485	2,429,468	2,368,050
Licenses and permits	21,609,795	19,068,754	18,313,330	17,115,452
Interest	3,706,927	4,295,613	4,445,436	1,814,972
Contributions	434,529	138,372	985,543	402,087
Net gain (loss) on sale of securities	139,631	1,191,353	-	(3,637,617)
School charge backs	-	-	-	-
Lease and rent income	-	-	-	-
Debt recovery	-	-	-	-
Wall Street Tower recovery	-	-	-	1,600,978
Miscellaneous other	12,208,823	12,503,590	11,150,475	11,647,136
Total revenues	139,077,184	138,199,250	134,966,592	135,446,631
Expenditures:				
General government	54,219,429	41,048,166	30,981,002	38,316,759
Public safety	47,901,463	49,385,498	51,736,764	51,665,596
Health and sanitation	4,596,652	4,447,215	4,908,827	4,887,210
Highway and streets	32,024,811	29,351,050	24,334,488	24,601,891
Welfare	1,421,506	1,422,018	1,301,558	1,249,651
Education	2,643,102	3,804,524	2,508,754	2,609,605
Parks and recreation	7,072,385	4,522,372	3,973,816	4,075,944
Cemetery Trust	26,100	55,100	60,000	125,855
Investment management fee	36,920	38,834	55,179	56,649
Capital outlay	-	-	13,578,094	18,682,024
Debt service:				
Principal retirement	9,986,012	8,209,680	9,218,984	9,469,389
Interest	5,480,168	5,144,530	5,518,191	5,131,797
Total expenditures	165,408,548	147,428,987	148,175,657	160,872,370
Excess of expenditures over revenues	(26,331,364)	(9,229,737)	(13,209,065)	(25,425,739)
Other financing sources (uses):				
Proceeds of bonds	-	-	-	-
Proceeds from premium of bonds	-	-	-	-
Proceeds of refunding bonds	-	29,987,518	-	-
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from premium of refunding bonds	-	495,728	-	-
Deferred cost of issuance	-	-	-	-
Proceeds from sale of capital assets	3,916,500	-	431,873	412,670
Transfers in	3,518,731	4,916,661	4,462,992	3,252,946
Transfers out	(4,931,259)	(3,926,629)	(2,829,171)	(1,988,472)
Total other financing sources	2,503,972	31,473,278	2,065,694	1,677,144
Net changes in fund balance	\$ (23,827,392)	\$ 22,243,541	\$ (11,143,371)	\$ (23,748,595)
Debt service as a percentage of noncapital expenditures	9.35%	9.06%	9.95%	9.08%

City of Manchester, New Hampshire
Table V

							Fiscal Year					
							2010	2011	2012	2013	2014	2015
\$	90,436,153	\$	92,102,359	\$	95,403,257	\$	95,394,620	\$	94,909,143	\$	101,273,122	
	23,095,722		22,139,779		18,709,403		15,265,886		14,788,343		14,074,310	
	2,165,049		2,277,246		2,500,250		2,482,741		2,794,063		3,160,621	
	17,617,599		17,505,243		17,789,758		18,489,427		19,676,747		20,393,820	
	1,187,000		1,202,693		1,285,835		1,007,663		1,186,033		1,255,173	
	135,880		4,803,681		3,508,925		140,452		4,222,939		2,538,785	
	1,458,322		3,491,857		(195,946)		1,896,401		2,724,044		222,783	
	-		-		-		-		9,210,982		9,344,919	
	-		-		-		-		958,606		960,031	
	-		-		-		-		1,187,603		1,192,075	
	-		-		-		-		-		-	
	15,072,675		16,321,844		16,401,661		16,927,548		2,213,862		3,073,976	
	151,168,400		159,844,702		155,403,143		151,604,738		153,872,365		157,489,615	
	39,216,341		36,255,021		37,623,065		43,760,870		42,986,136		40,975,792	
	54,795,033		59,337,519		57,758,252		58,232,991		61,249,963		62,354,415	
	5,527,220		5,750,650		5,612,106		5,338,405		5,325,041		5,962,648	
	23,418,349		24,687,830		23,730,684		20,440,116		22,725,604		22,432,823	
	1,436,588		1,360,692		1,314,382		1,308,246		1,462,618		1,212,288	
	2,809,571		2,880,827		2,745,594		3,206,756		2,858,466		2,885,462	
	3,939,829		3,867,091		4,399,399		3,882,722		4,207,365		4,183,541	
	79,055		36,358		46,182		48,195		49,000		97,742	
	57,695		55,407		54,125		57,837		68,532		70,922	
	16,344,382		20,085,277		34,291,831		17,282,136		7,684,575		12,107,841	
	7,972,425		9,330,350		11,434,283		11,926,329		11,931,546		11,264,935	
	4,742,047		5,170,992		6,767,364		6,291,348		5,939,981		5,687,494	
	160,338,535		168,818,014		185,777,267		171,775,951		166,488,827		169,235,903	
	(9,170,135)		(8,973,312)		(30,374,124)		(20,171,213)		(12,616,462)		(11,746,288)	
	-		-		-		-		-		33,275,000	
	-		-		-		-		-		1,398,151	
	25,758,915		49,360,000		2,855,000		-		-		-	
	-		(34,440,529)		(20,624,886)		-		-		-	
	801,754		31,584,742		20,491,796		-		-		-	
	-		(933,463)		(235,915)		549,984		-		-	
	1,562,670		4,584,498		598,014		(70,000)		598,600		1,439,571	
	3,818,579		2,713,249		2,669,856		3,320,012		3,119,645		3,675,423	
	(1,733,913)		(993,099)		(716,046)		(1,388,040)		(7,719,500)		(1,218,440)	
	30,208,005		51,875,398		5,037,819		2,411,956		(4,001,255)		38,569,705	
\$	21,037,870	\$	42,902,086	\$	(25,336,305)	\$	(17,759,257)	\$	(16,617,717)	\$	26,823,417	
	7.93%		8.59%		9.80%		10.61%		10.73%		10.02%	

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

Fiscal Year	Property Tax	Boat Tax	Fee	Deferred Tax	Cost on Tax Title	Interest on Tax
2006	\$ 67,172,767	\$ 35,223	\$ 987,449	\$ 27,371	\$ 16,568	\$ 309,529
2007	71,327,274	34,656	1,069,452	32,562	16,453	433,535
2008	71,914,352	-	1,127,633	40,981	30,692	453,840
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
Change from first year on record versus 2015	45.58%	-100.00%	82.12%	51.32%	42.08%	61.57%

City of Manchester, New Hampshire
Table VI

Lien	Railroad Tax	Tax Lien	Yield / Miscellaneous tax	Central Business District	Total
\$ 229,189	\$ 7,373	\$ 30,470	\$ -	\$ 236,637	\$ 69,052,576
192,213	6,666	6,213	-	244,140	73,363,164
390,181	-	131,358	3,694	244,000	74,336,731
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
259.05%	-100.00%	19.28%		9.03%	46.66%

**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
2006	\$ 3,335,718,150	\$ 2,153,215,350	\$ 5,488,933,500	1.27%	\$ 28.36	\$ 5,342,561,400	97.33%
2007	6,310,723,491	3,563,065,605	9,873,789,096	79.89%	16.85	9,589,899,446	97.12%
2008	6,423,511,790	3,516,127,810	9,939,639,600	0.67%	16.57	9,631,808,500	96.90%
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%

Source: City of Manchester Economic Development Department

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 Taxable Assessed Value represents values reported on the MS 1 – Inventory of Valuation, during the tax rate setting process.

**Property Tax Rates
Last Ten Fiscal Years**

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

REAL PROPERTY TAX RATES

DRA	Fiscal Year	Rate per thousand (1)				
		City	School Local	School State	County	Total
2005	2006	\$ 12.91	\$ 9.21	\$ 4.35	\$ 1.89	\$ 28.36
2006	2007	7.96	5.36	2.48	1.05	16.85 (1)
2007	2008	7.84	5.29	2.42	1.02	16.57
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

Notes

(1) 2007 and 2012 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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Public Service Co. of NH	\$ 168,571,700	1	2.05%	\$ 98,800,100	1	1.82%
Manchester Mall Realty Trust	145,125,200	2	1.76%	58,689,200	2	1.08%
Energy North Natural Gas, Inc.	70,383,000	3	0.85%	30,011,700	3	0.55%
SRP6 NH LLC	48,299,200	4	0.59%	26,159,300	4	0.48%
Fairfield Countryside, LLC	36,253,000	5	0.44%	23,530,200	5	0.43%
Wellington DHC, LLC	31,167,700	6	0.38%	16,862,600	8	0.31%
1200 Elm Street, LLC	24,522,800	7	0.30%	20,223,200	7	0.37%
Brady Sullivan Plaza, LLC	23,409,900	8	0.28%	-	-	-
175 Canal Street, LLC	21,000,000	9	0.25%	22,342,000	6	0.41%
KT Twenty Two Trust	19,695,000	10	0.24%			
Cotter Company	-		-	14,799,900	9	0.27%
NH Vermont Blue Cross Blue Shield	-		-	14,665,000	10	0.27%
Total	<u>\$ 588,427,500</u>		<u>7.14%</u>	<u>\$ 326,083,200</u>		<u>5.99%</u>

Source: City of Manchester, Board of Assessor

**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
2006	2005	\$ 150,136,969	\$ 148,899,897	99.18%	\$ 1,700,746	\$ 150,600,643	100.31%
2007	2006	160,204,056	158,203,828	98.75%	741,173	158,945,001	99.21%
2008	2007	157,734,927	155,578,438	98.63%	2,674,305	158,252,743	100.33%
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%

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			
	General Obligation Bonds	Percentage of Actual Property Value (1)	Debt Per Capita (2)	General Obligation Bonds	Total Primary Government	Percentage of Per Capita Income	Per Capita (2)
2006	\$ 148,187,757	1.55%	\$ 1,348	\$ 35,397,488	\$ 183,585,245	0.0218%	\$ 1,669
2007	161,053,131	1.67%	1,473	42,166,979	203,220,110	0.0198%	1,858
2008	148,669,615	1.53%	1,369	45,115,198	193,784,813	0.0220%	1,785
2009	136,029,614	1.39%	1,258	46,667,578	182,697,192	0.0245%	1,689
2010	150,689,440	1.54%	1,387	42,191,320	192,880,760	0.0236%	1,776
2011	189,869,044	2.32%	1,733	49,922,515	239,791,559	0.0191%	2,189
2012	178,249,438	2.15%	1,625	85,078,576	263,328,014	0.0182%	2,401
2013	162,826,417	1.95%	1,484	85,255,508	248,081,925	0.0198%	2,262
2014	147,808,735	1.77%	1,339	79,660,378	227,469,113	0.0231%	2,061
2015	166,497,393	1.98%	1,507	77,527,779	244,025,172	0.0215%	2,209

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
CITY										
Debt limit	\$ 1,033,737	\$ 1,024,367	\$ 1,003,185	\$ 954,056	\$ 834,777	\$ 822,217	\$ 818,504	\$ 790,137	\$ 819,245	\$ 846,821
Total net debt applicable to limit	91,518	112,405	103,739	94,848	108,476	143,510	135,516	124,591	113,399	125,423
Legal debt margin	\$ 942,219	\$ 911,962	\$ 899,446	\$ 859,208	\$ 726,301	\$ 678,707	\$ 682,988	\$ 665,546	\$ 705,846	\$ 721,398
Total net debt applicable to the limit as a percentage of debt limit	8.85%	10.97%	10.34%	9.94%	12.99%	17.45%	16.56%	15.77%	13.84%	14.81%
Legal Debt Margin Calculation for Fiscal Year 2015										
Base equalized valuation - real estate										\$ 8,685,345
Debt limit (9.75% of base valuation)										<u>846,821</u>
Debt applicable to limit:										
Total bonded debt for general government										128,458
Recreation enterprise debt										6,734
Less debt for urban redevelopment										(279)
Less debt for pension obligation bonds										<u>(9,490)</u>
Total net debt applicable to limit										<u>125,423</u>
Legal debt margin										<u>\$ 721,398</u>
SCHOOL										
Debt limit	\$ 742,170	\$ 735,443	\$ 720,236	\$ 684,963	\$ 599,327	\$ 590,310	\$ 587,644	\$ 567,278	\$ 588,176	\$ 607,974
Total net debt applicable to limit	35,070	38,873	35,708	32,538	34,734	37,712	34,746	31,250	27,838	38,801
Legal debt margin	\$ 707,100	\$ 696,570	\$ 684,528	\$ 652,425	\$ 564,593	\$ 552,598	\$ 552,898	\$ 536,028	\$ 560,338	\$ 569,173
Total net debt applicable to the limit as a percentage of debt limit	4.73%	5.29%	4.96%	4.75%	5.80%	6.39%	5.91%	5.51%	4.73%	6.38%
Legal Debt Margin Calculation for Fiscal Year 2015										
Base valuation - real estate										\$ 8,685,345
Debt limit (7% of base valuation)										<u>607,974</u>
Debt applicable to limit:										
Total bonded debt for school district										108,656
Less debt for facilities revenue bond										<u>(69,855)</u>
Total net debt applicable to limit										<u>38,801</u>
Legal debt margin										<u>\$ 569,173</u>
WATER AND WASTE WATER										
Debt limit	\$ 1,060,243	\$ 1,050,633	\$ 1,028,908	\$ 978,519	\$ 856,182	\$ 843,299	\$ 839,492	\$ 810,397	\$ 840,252	\$ 868,535
Total net debt applicable to limit	31,883	28,114	32,098	34,660	30,710	40,182	40,649	78,035	73,253	68,346
Legal debt margin	\$ 1,028,360	\$ 1,022,519	\$ 996,810	\$ 943,859	\$ 825,472	\$ 803,117	\$ 798,843	\$ 732,362	\$ 766,999	\$ 800,189
Total net debt applicable to the limit as a percentage of debt limit	3.01%	2.68%	3.12%	3.54%	3.59%	4.76%	4.84%	9.63%	8.72%	7.87%
Legal Debt Margin Calculation for Fiscal Year 2015										
Base valuation - real estate										\$ 8,685,345
Debt limit (10% of base valuation)										<u>\$ 868,535</u>
Debt applicable to limit:										
Total bonded debt for water projects										41,028
Less debt for revenue bonds										-
Total bonded debt for sewer projects										<u>27,318</u>
Total net debt applicable to limit										<u>68,346</u>
Legal debt margin										<u>\$ 800,189</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⁾
2006	\$ 48,357,684	\$ 5,514,506	\$ 2,880,378	\$ 25,777,902
2007	48,682,443	6,012,000	3,000,053	28,480,391
2008	49,821,503	5,076,000	3,172,740	31,143,159
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

Notes

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

City of Manchester, New Hampshire
Table XIII

Net Revenue Available for 1998/2000/2001/2002	REQUIREMENTS 1998/2000/2001/2002			Coverage Ratio
	Debt Service	Total ⁽²⁾	Debt Service	
			O & M Reserve ⁽³⁾	
\$ 30,974,666	\$ 12,000,213	\$ 562,000	2.47	
29,214,105	12,690,960	410,000	2.23	
26,927,084	12,150,980	1,521,600	1.97	
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	

**Water Department Revenue Bond Coverage
Last Nine 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
12/31/2006	\$ 15,526,230	\$ 9,438,425	\$ 6,087,805	\$ 3,564,464	1.71
12/31/2007	19,696,493	9,572,908	10,123,585	3,696,275	2.74
12/31/2008	15,118,063	9,830,727	5,287,336	3,504,758	1.51
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

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⁾
2005	109,761	\$ 37,640	17,818	3.9%
2006	109,966	39,940	17,597	3.9%
2007	109,364	40,284	17,325	4.1%
2008	108,580	42,704	16,476	4.1%
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%

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 FY2015.
- ⁽²⁾ U.S. Department of Commerce, BEA (Bureau of Economic Analysis), using Manchester-Nashua MSA, based on most recent data available up through 2014.
- ⁽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	2015			2006		
	Employees ⁽¹⁾	Rank ⁽¹⁾	Percentage of Total Average City Employment ⁽¹⁾	Employees ⁽²⁾	Rank ⁽²⁾	Percentage of Total Average City Employment ⁽²⁾
Elliot Hospital	3,375	1	5.44%	2,821	1	4.22%
Catholic Medical Center	2,100	2	3.39%	1,700	3	2.54%
Eversource (formerly PSNH)	1,500	3	2.42%	1,250	5	1.87%
FairPoint Comms. (formerly Verizon)	1,300	4	2.10%	1,650	2	2.47%
TD Bank, N.A.	1,100	5	1.77%	1,150	4	1.72%
Comcast	1,025	6	1.65%			
Southern NH University	1,000	7	1.61%	700	9	1.05%
Citizens Bank	1,000	8	1.61%	1,225	6	1.83%
Saint Anselm College	663	9	1.07%			
Anthem Blue Cross & Blue Shield	650	10	1.05%	753	8	1.13%
Osram Sylvania				650	10	0.97%
Filene's Department Stores				847	7	1.27%

Sources:

⁽¹⁾ NH Employment Security, Economic and Labor Market Bureau - 2015 figures used.

⁽²⁾ 2006 Book of Lists, NH Business Review

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

City of Manchester, New Hampshire
Table XVII

Functions/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Aldermen	14	14	14	14	14	14	14	14	14	14
Assessors	9	9	8	8	8	7	7	7	7	7
Building	20	18	18	19	-	-	-	-	-	-
Building Maintenance	19	19	19	18	18	20	18	17	20	20
City Clerk	18	15	15	15	16	17	15	14	14	12
City Solicitor	13	12	13	13	13	13	13	13	12	12
Economic Development Office	4	4	4	4	4	3	2	-	2	2
Elderly Services	4	4	4	4	4	4	4	4	4	1
Finance	13	12	10	12	12	11	10	10	10	10
Human Resources	11	10	8	8	9	9	9	9	9	9
Information Systems	19	13	15	15	15	15	14	14	14	14
Mayor	4	4	4	4	4	4	4	4	4	4
MCAM/MPTS	5	5	5	5	5	5	4	4	4	4
Office of Youth Services	10	10	9	10	12	10	9	9	9	7
Planning & Community Develop	14	11	9	10	30	32	30	31	30	24
Tax Collector	11	12	11	12	11	10	10	8	9	7
Parks and Recreation:										
Cemetery Care	16	15	14	12	9	11	11	11	10	9
Derryfield Golf Course	4	4	4	4	4	3	3	3	3	3
Forestry	2	2	2	2	2	2	2	2	2	2
General & Administrative	10	10	9	8	10	8	8	4	3	3
Gill Stadium	2	2	2	2	2	-	-	-	-	-
McIntyre Ski Area	1	1	1	1	-	-	-	-	-	-
Public Swimming Pools	1	1	1	1	1	1	1	1	1	1
Parks Maintenance	18	17	17	16	12	15	15	13	13	9
Recreation	1	1	1	1	1	1	1	1	1	1
Skating Arenas	6	5	6	6	6	5	4	4	4	4
Police:										
Officers	199	206	214	215	217	206	207	214	199	205
Civilians	66	64	63	62	65	65	62	57	57	52
Fire:										
Firefighters and Officers	239	238	236	232	233	226	211	208	208	207
Civilians	19	18	18	18	17	17	16	16	15	16
Fleet	-	-	-	-	-	-	1	23	23	21
Public Works:										
Administration	13	14	14	14	14	13	13	14	13	14
Street Maintenance/Const.	63	62	61	63	62	65	62	63	56	55
Street Sweeping	4	4	5	5	5	4	4	5	5	5
Refuse Collection	32	35	32	36	35	31	31	32	29	33
Vehicle Maintenance	20	20	20	20	20	19	19	-	-	-
Boiler Plant	1	1	1	1	1	-	-	1	-	-
Drain/Sewer Repair/Const.	21	18	20	19	20	19	18	16	16	14
Engineering	20	20	20	18	17	17	16	15	16	12
Traffic	16	11	10	11	11	9	9	9	10	8
Parking:										
Administration	-	3	4	4	4	3	3	3	4	4
Meters	-	2	2	2	2	2	2	2	2	2
Myrna Lot	-	-	1	1	1	1	1	-	-	-
Victory Garage	-	4	5	5	5	5	5	5	5	4
PCO's	-	7	7	7	7	7	7	7	5	7
Water:										
Administration & Financial	17	17	16	15	15	15	15	14	14	14
Water Distribution	46	45	44	42	41	41	42	42	41	39
Water Supply	25	24	24	25	25	24	21	22	20	19
Sewer:										
Administration & Financial	10	10	10	10	10	11	11	11	11	7
Monitoring	2	2	2	2	2	2	2	2	2	1
Sewer Plant Operation	16	14	15	14	15	14	13	15	14	12
Maintenance	16	15	15	14	15	15	15	15	15	13
Airport - total										
Administration & Financial	29	27	26	26	25	24	23	22	22	22
Airfield Maintenance	26	20	25	25	26	25	24	25	25	23
Terminal Maintenance	24	28	24	25	22	22	23	25	24	25
Other Programs/Functions:										
Aggregation	1	-	-	-	-	-	-	-	-	-
Health	71	61	61	63	60	61	57	57	53	50
Library	38	39	39	39	46	43	39	41	38	36
Welfare	11	11	12	12	13	11	12	12	11	12
Total	1,294	1,270	1,269	1,269	1,273	1,237	1,192	1,190	1,152	1,111

N/A = Not Available.

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

Function/Program	Calendar Year			
	2006	2007	2008	2009
Police:				
Physical arrests	5,662	5,039	6,244	6,769
Parking violations	58,298	57,264	51,612	45,969
Traffic citations	9,573	9,514	10,815	10,183
Fire:				
Number of calls answered	17,012	17,267	18,012	16,935
Inspections	2,640	1,525	822	1,079
Property loss	\$ 2,887,571	\$ 5,610,530	\$ 8,609,879	\$ 3,192,135
Building safety:				
Total building permits	2,312	2,121	2,030	1,788
Total value all permits	\$ 154,384,899	\$ 103,458,232	\$ 90,874,321	\$ 137,637,515
Library, visits	391,622	435,807	462,456	476,981
Public service:				
Garbage collected (ton)	49,693	46,679	42,551	40,492
Recycle collected (ton)	4,751	4,363	4,364	4,281
Streets paved resurf (miles)	9.27	5.21	9.70	9.40
Streets reconstructed (miles)	0.87	6.63	4.40	1.01
Drain reconstruction (miles)	0.50	2.00	2.30	0.55
Sewer reconstruction(miles)	0.46	1.50	2.00	0.12
Airport:				
Enplane	1,952,277	1,948,313	1,861,695	1,595,477
Deplane	1,944,255	1,944,317	1,854,698	1,585,772
Total passengers	3,896,532	3,892,630	3,716,393	3,181,249
Cargo (in pounds)	176,382,468	193,487,647	178,155,941	161,670,797
Air mail (in pounds)	503	445	208	900
Parks and Recreation:				
Public skating attendance	7,381	6,719	7,058	6,675
Aquatics program attendance	76,630	64,736	61,419	77,786
Golf rounds played	38,294	31,665	32,157	31,836
Ski passes sold	143	136	165	32
Street trees maintained	40,000	40,000	40,000	40,000

Note: The figures in column 2015 are January thru June only.

N/A = Not Available.

City of Manchester, New Hampshire
Table XVIII

Calendar Year					
2010	2011	2012	2013	2014	2015
6,319	6,033	5,996	5,743	2,659	2,772
67,016	45,053	40,317	27,853	23,995	15,418
8,616	6,790	6,620	6,430	3,539	3,809
18,102	20,129	19,947	19,150	9,919	11,104
1,380	1,389	1,206	1,480	760	762
\$ 2,452,800	\$ 2,711,350	\$ 4,708,700	\$ 3,164,125	\$ 1,702,662	\$ 1,545,628
1,992	1,666	1,883	1,729	856	823
\$ 144,424,454	\$ 124,934,548	\$ 105,045,370	\$ 79,135,711	\$ 48,144,365	\$ 56,088,872
486,205	447,158	458,826	432,561	207,701	182,240
38,887	39,335	37,470	36,548	17,364	17,173
4,300	4,457	5,423	6,275	3,094	3,076
8.74	1.02	3.54	5.97	3.12	4.10
3.07	6.20	4.04	3.16	1.83	0.56
0.27	0.10	0.16	0.68	-	-
0.05	3.62	1.09	0.47	0.37	0.24
1,409,600	1,359,187	1,227,286	1,214,126	507,232	492,332
1,404,832	1,351,560	1,224,378	1,207,976	514,055	491,635
2,814,432	2,710,747	2,451,664	2,422,102	1,021,287	983,967
174,425,531	174,675,282	176,467,795	167,291,943	76,333,109	75,382,788
10	-	9	190	500	30
6,658	6,084	8,290	8,194	4,966	5,368
96,891	75,622	92,307	68,757	12,439	7,000
33,593	30,691	34,731	31,942	10,851	6,328
-	-	-	-	-	-
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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:											
Facilities	5	5	5	5	5	5	5	5	5	5	5
Marked patrol vehicles	35	35	35	35	35	35	32	35	35	35	35
Unmarked vehicles	19	19	19	19	19	19	22	26	26	26	26
Specialty vehicles	15	15	15	15	17	17	15	15	15	15	15
Bikes for bike patrols	21	21	21	21	21	21	18	18	18	18	18
Motorcycles	4	4	4	4	4	4	3	3	3	3	3
Horses	2	2	2	2	2	2	2	2	2	2	2
Canine	8	6	6	6	6	6	9	8	8	8	8
Fire:											
Fire stations	10	10	10	10	10	10	10	10	10	10	10
Refuse Collection:											
Collection trucks	14	14	14	14	14	14	14	14	14	14	14
Other Public Works:											
Streets (miles)	391.20	393.00	394.00	395.00	395.00	395.00	395.15	395.15	395.15	395.50	395.50
Street lights	8,803	8,788	8,772	8,849	8,849	8,861	8,889	8,881	8,923	8,923	8,919
Traffic signals	160.4	160.4	152.0	152.0	151.0	151.0	151.0	154.0	157.0	157.0	157.0
Parks & Recreation:											
Acreage	1,073	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	55
Golf course	1	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	44	44	44	44	44	44	44	44	44	44	44
Walking trail(s)	1	2	2	2	8	8	8	8	8	8	8
Soccer/football fields	17	17	18	18	24	24	24	24	24	24	24
Indoor ice rinks	2	2	2	2	2	2	2	2	2	2	2
Basketball courts	21	21	21	21	26	26	26	26	25	25	25
Tennis courts	4	4	4	4	8	8	8	5	5	5	5
Swimming pools	4	4	4	4	4	4	4	4	4	4	4
Parks with playground equipment	4	4	5	5	20	20	20	20	20	20	20
Public Bbeaches	1	1	1	1	1	1	1	1	1	1	1
Pickleball court	-	-	-	-	-	-	-	6	6	6	6
Cemeteries	9	9	9	9	9	9	9	9	9	9	9
Library:											
Facilities	2	2	2	2	2	2	2	2	2	2	2
Volumes	236,312	246,939	246,398	246,391	250,156	250,090	246,599	235,225	224,624	224,566	205,778
Water:											
Finished water storage capacity (MG)	37.8	37.8	37.8	38.8	38.8	38.8	38.8	38.8	38.8	38.8	38.8
Average daily consumption (MGD)	17.057	17.454	16.931	17.860	16.902	16.048	17.593	17.147	17.185	17.214	17.457
Peak consumption (MGD)	26.739	27.169	27.298	29.093	30.461	24.476	32.267	31.266	28.864	26.308	27.789
Municipal fire hydrants	3,294	3,304	3,309	3,310	3,309	3,327	3,337	3,344	3,374	3,380	3,391
Water main in system (million feet)	3	3	3	3	3	3	3	3	3	3	3
Wastewater:											
Sanitary sewers (miles)	345.02	345.02	350.60	352.80	354.40	354.40	375.00	380.00	385.00	388.00	391.00
Maximum daily treatment capacity (MGPD)	34	34	34	34	34	34	34	34	34	34	34
Information Systems Department											
PC's	864	905	1,034	1,072	1,065	1,066	1,041	1,028	1,034	1,093	1,108
Miles of fiber optic cabling	28.00	39.00	48.00	49.00	50.00	51.00	52.00	53.00	53.00	54.00	54.00
Airport:											
Runways	2	2	2	2	2	2	2	2	2	2	2
Terminals	1	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	332,600	332,600	332,600	332,600

N/A = Not Available.