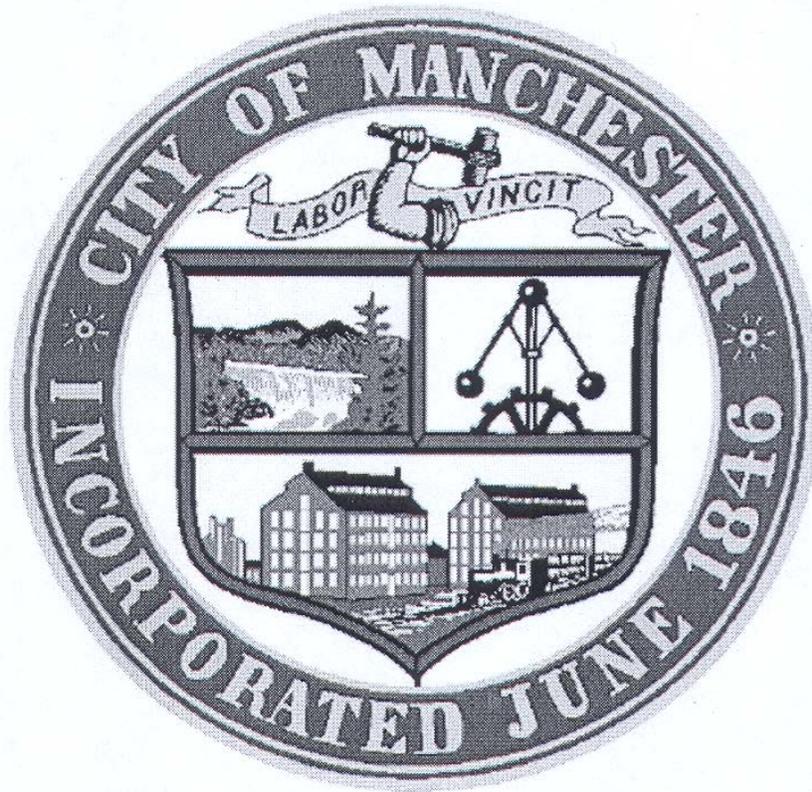


# **CITY OF MANCHESTER, NEW HAMPSHIRE**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013**



# **CITY OF MANCHESTER, NEW HAMPSHIRE**

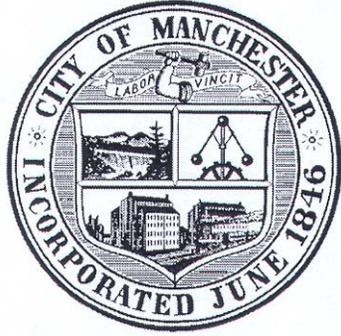


## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year  
July 1, 2012 to June 30, 2013**

Prepared By:  
FINANCE DEPARTMENT

William E. Sanders  
Finance Officer



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**CITY OF MANCHESTER, NEW HAMPSHIRE**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2013**

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**CITY OF MANCHESTER, NEW HAMPSHIRE**

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**CITY OF MANCHESTER, NEW HAMPSHIRE**

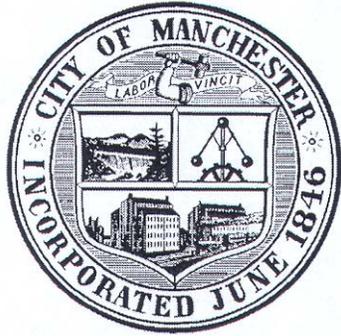
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Year Ended June 30, 2013**

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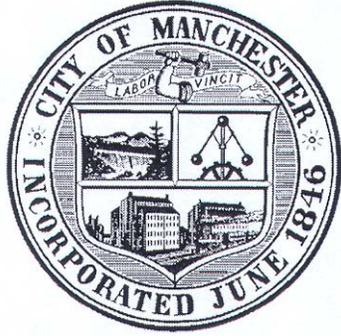
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## **Introductory Section**



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**City of Manchester  
Department of Finance**

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

March 27, 2014

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, 2013 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 McGladrey LLP, Certified Public Accountants, to conduct the City's audit for the fiscal year ended June 30, 2013. 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 a 2012 report of the New Hampshire Office of Energy and Planning, the City has a population of 109,693 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 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 106,780 at November 30, 2013 while the unemployment rate is 4.8% at November 30, 2013.

**Debt-** The general debt limit of the City is 9.75% of base valuation<sup>1</sup>, 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, 2013 the City has a total outstanding General Obligation debt of \$248,081,925 for various improvements, infrastructure improvements, and economic development projects. Authorized and unissued debt obligations as of June 30, 2013 totaled \$11,150,000.

The City currently retains the following credit ratings; FitchRatings ("Fitch"), 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 "AA+" "Aa2" and "AA+," respectively. The MSD was assigned the following credit ratings; Fitch, Moody’s and S&P, have assigned the ratings of "AA," "Aa3," and "AA," respectively.

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<sup>1</sup> Base 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 \$790,137,000.

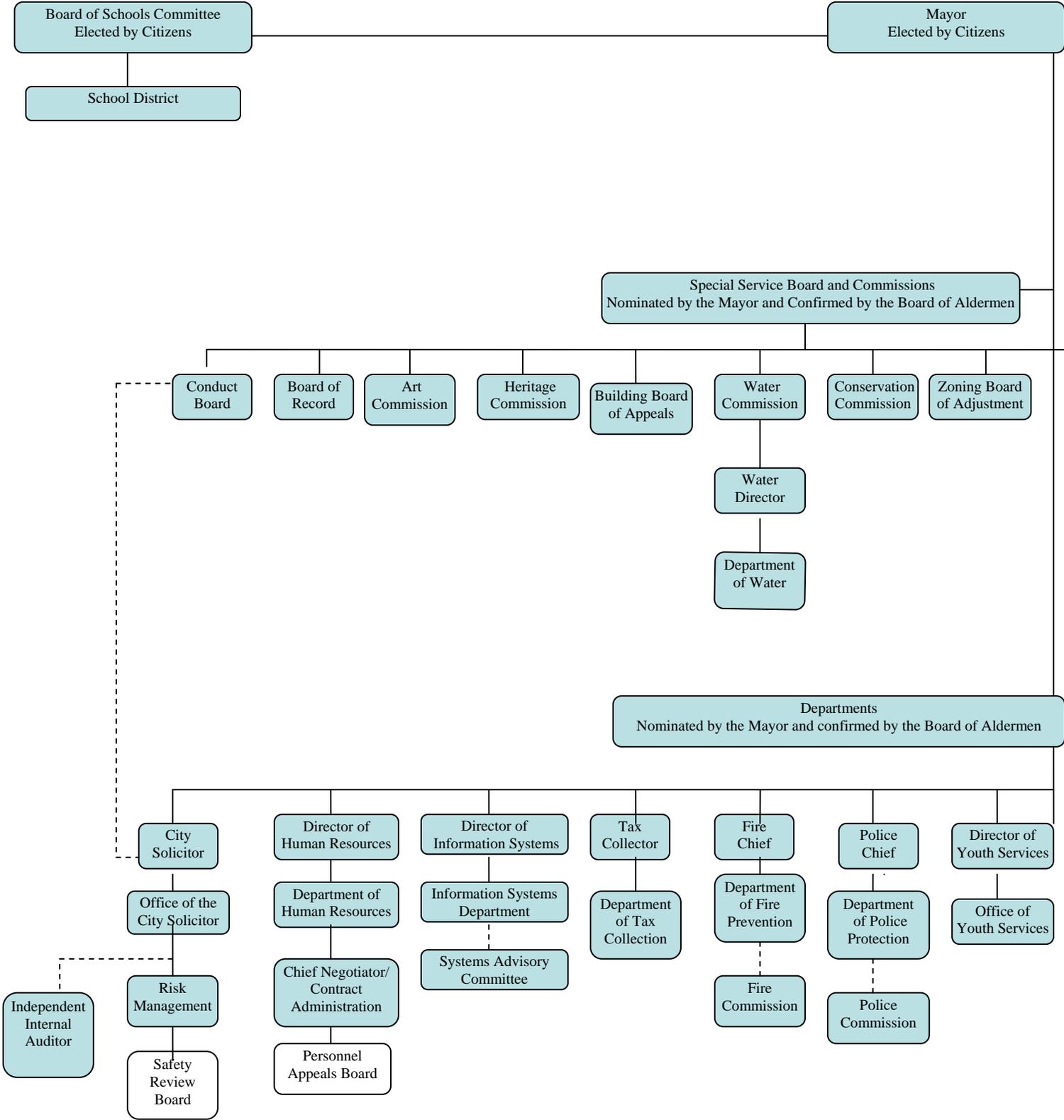
I would like to thank the City's department heads and their hard working staff for their help in the completion of another successful year. I would especially like to thank the employees of the Finance Department for their commitment and dedication.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William E. Sanders". The signature is written in a cursive style with a long horizontal stroke at the end.

*William E. Sanders*  
*Finance Officer*

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





**List of Principal Officials  
in office at the close of fiscal year ended June 30, 2013**

**Mayor**

Theodore L. Gatsas

**Aldermen**

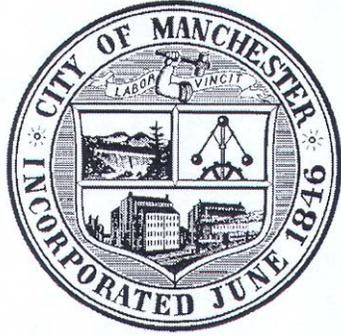
Ward 1	Joyce Craig	Ward 7	William P. Shea
Ward 2	Ron Ludwig	Ward 8	Thomas Katsiantonis
Ward 3	Patrick Long	Ward 9	Barbara E. Shaw
Ward 4	Jim Roy	Ward 10	Phil J. Greazzo
Ward 5	Ed Osborne	Ward 11	Normand Gamache
Ward 6	Garth Corriveau	Ward 12	Patrick J. Arnold
At-large	Joseph Kelly Levasseur	At-large	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	Peter Capano
Director of Economic Development	Unfilled
Director of Fleet Management	Wesley Anderson, P.E.
Airport Director	Mark Brewer, A.A.E.
Director of Water	David Paris
Director of Information Systems	Jennie Angell
Director of City Library	Denise Van Zanten
Director of Planning & Community Development	Leon LaFreniere
Superintendent of Schools	Thomas Brennan, ED.D.
Director of Human Resources	Jane Gile
Director of Senior Services	Barbara A. Vigneault
Director of Youth Services	Martin Boldin
Chairman Board of Assessors	Robert Gagne
Collector of Taxes	Patricia M. Harte

**Financial Section**



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## INDEPENDENT AUDITOR'S 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, discretely presented component units, each major fund and the aggregate remaining fund information of the City of Manchester, New Hampshire (the "City"), as of and for the fiscal year ended June 30, 2013, 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

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 Manchester School District or the Manchester Transit Authority, component units of the City, which financial statements reflect 99.7% of the revenues and 89.3% of the assets of the discretely presented component units. We also did not audit the City of Manchester Employees' Contributory Retirement System, a pension trust fund and a blended component unit of the City, which represents 93.5% of the assets and 96.1% of the revenues of the fiduciary fund information. Those 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 or the City of Manchester Employees' Contributory Retirement System, is based solely on the reports 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 of material misstatement.

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

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

### Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, New Hampshire, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11-21, the schedules of funding progress on pages 86-90 and budgetary comparison information on pages 91 and 94-96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and 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 combining and individual fund financial statements and other schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Manchester, New Hampshire as of and for the year ended June 30, 2012 (not presented herein), and have issued our report thereon dated March 27, 2013, which contained unqualified opinions on the respective financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information. The accompanying General Fund Comparative Balance Sheet and Statements of Revenue, Expenditures and Changes in Fund Balances as of and for the year ended June 30, 2012 are 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 2012 financial statements. The accompanying General Fund Comparative Balance Sheet and Statements of Revenue, Expenditures and Changes in Fund Balances have been subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund Comparative Balance Sheet and Statements of Revenue, Expenditures and Changes in Fund Balance are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.



New Haven, Connecticut  
March 27, 2014

**City of Manchester, New Hampshire  
Management's Discussion and Analysis  
June 30, 2013**

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, 2013. We encourage readers to consider the information presented herein along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

**Financial Highlights**

- ◆ On a government-wide basis of the primary government, the assets of the City exceeded its liabilities resulting in a total net position at the close of the fiscal year of \$555.2 million. The total net position for Governmental Activities at fiscal year-end was \$144.2 million and total net position for Business-Type Activities was \$411.0 million.
- ◆ On a government-wide basis, during the fiscal year, the City's net position increased by \$6.7 million or 1.2%, from \$548.5 million to \$555.2 million. The net position increased by \$2.0 million for Governmental Activities and the net position increased by \$4.7 million for Business-Type Activities. Government-wide expenses were \$250.3 million, while revenues were \$257.0 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 \$51.9 million, a decrease of \$17.8 million from the prior fiscal year. The overall decrease was mainly due to the timing of receipt of bond proceeds and the related expenditures in the Capital Projects Fund.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund was \$23.5 million, a decrease of \$.4 million from the prior fiscal year. As of June 30, 2013, the general fund had an unassigned fund balance of \$7.7 million which represents 5.6% of total FY 13 General Fund expenditures and transfers (\$137.2 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), and 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 22-24 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 97-98 and in the combining statement of revenues, expenditures and changes in fund balance on pages 99-100.

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 91.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 25-26 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 101-102 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 28-29 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 and one agency fund. 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 32-33 and 67-68 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 34-85 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 \$555.2 and \$548.5 million at June 30, 2013 and 2012, respectively.

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

	June 30, 2013			June 30, 2012		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and Other Assets	\$ 135,036	\$ 43,089	\$ 178,125	\$ 162,134	\$ 119,634	\$ 281,768
Non-Current	44,807	79,618	124,425	37,923	2,482	40,405
Capital Assets	355,256	592,640	947,896	358,262	601,506	959,768
<b>Total Assets</b>	<b>535,099</b>	<b>715,347</b>	<b>1,250,446</b>	<b>558,319</b>	<b>723,622</b>	<b>1,281,941</b>
Current Liabilities	110,830	20,914	131,744	115,694	18,649	134,343
Long-term liabilities outstanding	280,114	283,427	563,541	300,478	298,617	599,095
<b>Total Liabilities</b>	<b>390,944</b>	<b>304,341</b>	<b>695,285</b>	<b>416,172</b>	<b>317,266</b>	<b>733,438</b>
Net Position:						
Net investment in						
Capital Assets	138,137	318,507	456,644	141,590	318,573	460,163
Restricted	24,720	54,861	79,581	23,071	55,256	78,327
Unrestricted	(18,702)	37,638	18,936	(22,514)	32,527	10,013
<b>Total Net Position</b>	<b>\$ 144,155</b>	<b>\$ 411,006</b>	<b>\$ 555,161</b>	<b>\$ 142,147</b>	<b>\$ 406,356</b>	<b>\$ 548,503</b>

At the end of the current fiscal year, the City is able to report a positive balance in both its governmental and proprietary activities.

A portion of the City's net position totaling \$456.6 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, \$79.6 million, represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets of \$18.9 million may not be used to meet the government's ongoing obligations to citizens and creditors, due to the negative balance in Governmental activities. The primary reasons for that negative balance in governmental activities are due to the Old System Pension Obligation Bond with an outstanding balance of \$10.3 million, which was issued to properly fund the unfunded amount, the Landfill Closure Project, which has an outstanding balance of \$7.5 million, other landfill closure and post-closure care costs estimated liability with an outstanding balance of \$2.1 million, Urban Renewal Related Projects with outstanding balances of \$.5 million, long-term debt related to insurance claims with an estimated outstanding balance of \$6.2 million, as well as long-term debt related to compensated absences with an estimated outstanding balance of \$12.4 million at June 30, 2013.

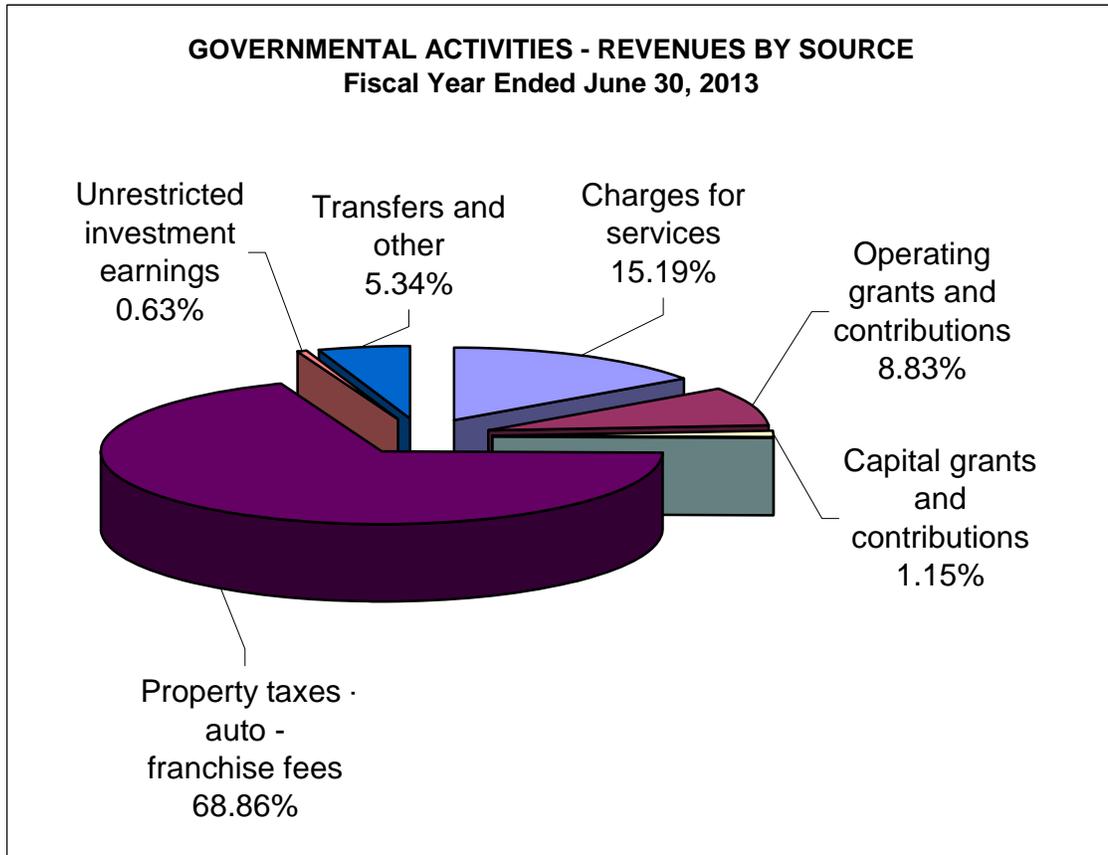
**City of Manchester, New Hampshire**  
**Changes in Net Position (\$ 000's)**  
**Primary government**

	<b>June 30, 2013</b>			<b>June 30, 2012</b>		
	<b>Govern- mental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>	<b>Govern- mental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 24,435	\$ 89,153	\$ 113,588	\$ 25,191	\$ 86,589	\$ 111,780
Operating grants and contributions	14,203	27	14,230	16,010	35	16,045
Capital grants and contributions	1,847	8,219	10,066	3,208	11,903	15,111
General Revenues:						
Property taxes/auto/franchise fees	110,794	-	110,794	110,208	-	110,208
Unrestricted investment earnings	1,008	381	1,389	1,286	798	2,084
Transfers and other	8,584	(1,640)	6,944	12,834	(1,959)	10,875
<b>Total revenues</b>	<b>160,871</b>	<b>96,140</b>	<b>257,011</b>	<b>168,737</b>	<b>97,366</b>	<b>266,103</b>
<b>Expenses:</b>						
General government	47,682	-	47,682	44,279	-	44,279
Public safety	59,543	-	59,543	60,455	-	60,455
Health and sanitation	5,621	-	5,621	6,032	-	6,032
Highways and streets	24,210	-	24,210	27,764	-	27,764
Welfare	1,308	-	1,308	1,325	-	1,325
Education and library	9,515	-	9,515	8,965	-	8,965
Parks and recreation	5,738	-	5,738	6,575	-	6,575
Cemetery Trust	48	-	48	46	-	46
Investment management fee	58	-	58	54	-	54
Interest expense	5,140	10,031	15,171	5,825	12,955	18,780
Operations	-	81,459	81,459	-	80,821	80,821
<b>Total Expenses</b>	<b>158,863</b>	<b>91,490</b>	<b>250,353</b>	<b>161,320</b>	<b>93,776</b>	<b>255,096</b>
Change in net position	2,008	4,650	6,658	7,417	3,590	11,007
<b>Net position - beginning</b>	<b>142,147</b>	<b>406,356</b>	<b>548,503</b>	<b>134,730</b>	<b>402,766</b>	<b>537,496</b>
<b>Net position - ending</b>	<b>\$ 144,155</b>	<b>\$ 411,006</b>	<b>\$ 555,161</b>	<b>\$ 142,147</b>	<b>\$ 406,356</b>	<b>\$ 548,503</b>

The City's net position increased by \$6.7 million during the fiscal year, with the net position of Governmental Activities increasing by \$2.0 million, and the net position of Business-Type Activities increasing by \$4.7 million. Highlights in the changes in net position in governmental activities from 2012 to 2013 include the following: Total transfers and other decreased by \$4.2 million primarily due to the one-time revenue of \$4,660,770 recorded in FY 2012 resulting from the write-off of refunded balances. Operating & Capital grants and contributions were also lower due to a \$3.2 million decrease in CDBG and state grant revenues. The general government incurred more expenditures in 2013 over 2012 mainly due to a full year of operations for Central Fleet Management. Conversely the expenditures decreased in Highway and streets, Public Safety, and Parks and recreation in 2013 mainly due to the reallocation of expenditures to Central Fleet Management. Interest expense dropped in 2013 due to the refinancing of debt in fiscal year 2012.

## Governmental Activities

More than 68.86% of the governmental funds revenues were derived from property taxes, auto registrations and franchise fees, 9.98% from operating and capital grants and contributions, then followed by 15.19% from charges for services and finally, about 5.97% 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. Total revenues, excluding transfers and other, decreased by \$3.6 million. Property taxes, auto registrations and franchise fees from FY 2013 have remained relatively flat compared to FY 2012. The chart below identifies revenues by source for governmental activities:



## **Business-Type Activities**

Business-Type activities increased the City's net position by \$4.7 million, which is a increase of \$1.1 million from an increase of \$3.6 million for last year. See next page for more detail.

- ◆ Water Works total net position increased by \$.1 million and \$.3 million in 2013 and 2012, respectively with net investment in capital assets decreasing by .64%. Restricted assets increased .92% due primarily to the contributions to the Merrimack Source Development Project (MSDP) fund. Unrestricted Net Position increased 14.35% due primarily to the increase in current assets used in operations.
- ◆ EPD net position increased by \$3.0 million in FY 2013 compared to an increase of \$8.3 million in FY 2012. The \$5.3 million difference in the net position increase between the fiscal year 2013 and 2012 is primarily due to two key factors. One is the \$2.8 million of EPA debt forgiveness under the American Recovery and Reinvestment Act (ARRA) awarded and completed in fiscal year 2012. The second factor is the \$1.6 million for the capacity, management, operations and maintenance initial analysis costs completed and expensed in fiscal year 2013.
- ◆ Aviation net position increased by \$1.8 million. Aviation fund capital contributions amounted to \$7.2 million, an increase from \$.5 million in the previous year. Manchester-Boston Regional Airport experienced a decrease of (6.3%) in passenger enplanements in FY 2013, as enplanements decreased by 82,440 from FY 2012.

## **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, unreserved 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 \$51.9 million, a decrease from \$69.7 million as reported on June 30, 2012. The decrease of \$17.8 million in fund balances is mainly due to the timing of receipt of bond proceeds and the related expenditures in the Capital Projects Fund. Approximately 9.9% 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 \$7.7 million while the total fund balance reached \$23.5 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 5.6% of total general fund expenditures of \$137.2 million, while total fund balance represents 17.2% 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.

The Water Works revenue earned from users of the system was \$17,555,339 and \$16,187,322 for the fiscal years 2013 and 2012, respectively, an 8.45% increase. The increase in revenue was due primarily to an increase in water usage and service charge and fire service rates. Capital contributions were \$1,459,935 and \$620,019 respectively, a decrease of 57.53%. Interest earnings from investments were \$33,227 and \$111,521, respectively for 2013 and 2012, down 70.21%. Other revenues from sale of capital assets for the fiscal years 2013 and 2012 were \$13,101 and \$4,835, respectively.

Total assets for the Environmental Protection Division (EPD) increased from \$184.8 million at June 30, 2012 to \$185.6 million at June 30, 2013, an increase of \$0.8 million. EPD total unrestricted cash and cash equivalents decreased by \$1.36 million in that same period mainly due to an increase in cash funded capital projects. Total fund net position increased by \$3.0 million for an overall increase of two percent (2%) in the fund balance. Total operating revenues increased by \$0.8 million in FY 2013 over FY 2012. The largest revenue stream, sewer usage charges, remained relatively flat between fiscal years 2012 and 2013. The majority of the \$0.8 million increase comes from the revenue generated under the new Intermunicipal Wastewater Agreements with the Towns of Bedford, Goffstown and Londonderry. Operating expenses (net of depreciation expense) increased by \$1.3 million due to higher plant maintenance costs. Depreciation costs were up \$1.7 million in FY 2013 compared to FY 2012 because of recent infrastructure improvements including the pump station upgrades, the grit chamber project and other sewer system improvements.

Manchester-Boston Regional Airport experienced a decrease of (6.3%) in passenger enplanements in FY2013, as enplanements decreased by 82,440 from FY2012. 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 decreased from (\$7,207,874) in FY2012 to (\$5,313,697) in FY2013, a decrease of 26%. The operating loss decrease was due primarily to decreased depreciation expense and increased revenues. Due to active airport management the operating expenses for FY2013 (net of depreciation expense) decreased by approximately \$13,828.

### **General Fund Budgetary Highlights**

During the year, actual revenues and other financing sources on a budgetary basis were \$136.2 million, \$1,112,015 more than the estimated revenues. Actual tax revenues were less than budgeted by \$851,112. Actual intergovernmental revenue was \$62,000 over budgetary estimates. Investment income was \$132,458 more than the \$195,000 that had been budgeted. An additional positive outcome of \$1,265,557 resulted from an overall increase in auto registrations, licenses, and permits over the revised budgeted amount. Nonenterprise charges for sales and services were \$140,516 more than budgeted. Other revenues were \$395,406 more than budgeted. Transfers in were \$32,810 less than budgeted estimates.

Actual expenditures on a budgetary basis and other financing uses totaled \$136.0 million, \$834,783 more than budgeted. Highlights in expenditures variances include the following: General Government expenditures were \$1,117,533 more than budgeted primarily due to higher costs than anticipated for health insurance, workers compensation and retirement severance payments. In addition there was a MECRS prepayment of \$458,183 for FY 2014 which was approved by the BMA. 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 \$277,232.

## 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, 2013, amounts to \$947.9 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 \$11.9 million or 1.2%.

**City of Manchester, New Hampshire**  
**Capital Assets (net of depreciation) (000's)**  
**June 30, 2013 and 2012**  
**Primary Government**

	2013			2012			Change
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Land	\$ 12,722	\$ 60,647	\$ 73,369	\$ 14,386	\$ 50,118	\$ 64,504	\$ 8,865
Easements	52	-	52	52	-	52	-
Buildings and improvements	266,011	444,537	710,548	233,010	451,320	684,330	26,218
Infrastructure	58,607	-	58,607	60,524	-	60,524	(1,917)
Interceptors	-	53,662	53,662	-	54,768	54,768	(1,106)
Equipment, vehicles & intangibles	13,075	17,972	31,047	15,237	16,523	31,760	(713)
Construction in progress	4,789	15,822	20,611	35,053	28,777	63,830	(43,219)
<b>Total</b>	<b>\$ 355,256</b>	<b>\$ 592,640</b>	<b>\$ 947,896</b>	<b>\$ 358,262</b>	<b>\$ 601,506</b>	<b>\$ 959,768</b>	<b>\$ (11,872)</b>

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.
- ◆ New Municipal Complex project.
- ◆ New Fire Station.
- ◆ 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 8 on pages 58-61 of this report.

**City of Manchester, New Hampshire**  
**Outstanding Debt**  
**General Obligation and Revenue Bonds (000's) in thousands**  
**June 30, 2013 and 2012**

	2013			2012		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation Bonds	\$ 162,826	\$ 85,256	\$ 248,082	\$ 178,249	\$ 85,079	\$ 263,328
Revenue Bonds	77,345	195,331	272,676	80,755	204,305	285,060
Net Bond Premium	8,516	2,695	11,211	9,152	3,458	12,610
Totals	\$ 248,687	\$ 283,282	\$ 531,969	\$ 268,156	\$ 292,842	\$ 560,998

**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 \$735.7 million. General obligation debt is backed by the full faith and credit of the City government.

As of December 31, 2013, the City was assigned the following credit ratings; Fitch 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 "AA+," "Aa2," and "AA+," respectively.

The general debt limit of the City is 9.75% of base valuation. Base valuation (\$8,103,969,000) 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, 2013, the City recorded long-term debt of \$248.7 million related to Governmental Activities, \$108.6 million related to the MSD and \$283.4 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 10 on pages 63-66 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.



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## Statement of Net Position

City of Manchester New Hampshire

June 30, 2013

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 54,396,455	\$ 24,057,789	\$ 78,454,244	\$ 2,310,495	\$ 659,590	\$ 17,138	\$ -
Restricted cash	14,477,017	5,000,495	19,477,512	-	-	-	2,513,699
Investments	561,776	-	561,776	-	-	-	-
Receivables, net of allowance for collection losses	55,017,350	17,058,271	72,075,621	9,453,305	318,424	-	169,530
Prepaid expenses	968,029	1,275,489	2,243,518	322,128	44,580	7,882	312
Internal balances	5,794,462	(5,794,462)	-	-	-	-	-
Due from other Governments	2,890,569	-	2,890,569	-	-	-	-
Due from Primary Government	-	-	-	15,218,778	-	-	-
Inventories	930,637	1,492,329	2,422,966	34,498	275,191	-	-
<b>Total current assets</b>	<b>135,036,295</b>	<b>43,089,911</b>	<b>178,126,206</b>	<b>27,339,204</b>	<b>1,297,785</b>	<b>25,020</b>	<b>2,683,541</b>
Noncurrent assets:							
Restricted cash	-	74,780,941	74,780,941	-	-	-	-
Land held for resale	-	-	-	-	-	-	621,616
Capital assets, net of depreciation	355,256,451	592,639,510	947,895,961	4,667,703	2,921,450	47,650	-
Pension asset	9,227,234	-	9,227,234	-	-	-	-
Deferred charges, net	1,856,620	2,344,477	4,201,097	-	-	-	-
Restricted Investments	24,340,985	-	24,340,985	-	-	-	-
Receivables	9,381,205	2,492,769	11,873,974	-	-	-	952,119
<b>Total noncurrent assets</b>	<b>400,062,495</b>	<b>672,257,697</b>	<b>1,072,320,192</b>	<b>4,667,703</b>	<b>2,921,450</b>	<b>47,650</b>	<b>1,573,735</b>
<b>Total Assets</b>	<b>\$ 535,098,790</b>	<b>\$ 715,347,608</b>	<b>\$ 1,250,446,398</b>	<b>\$ 32,006,907</b>	<b>\$ 4,219,235</b>	<b>\$ 72,670</b>	<b>\$ 4,257,276</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 10,233,766	\$ 7,755,160	\$ 17,988,926	\$ 1,337,951	\$ 99,005	\$ 17,314	\$ 1,650
Retainage payable	47,687	745,870	793,557	-	-	-	-
Accrued liabilities	4,677,299	12,195,168	16,872,467	15,342,904	196,103	36,159	1,064
Other liabilities	3,692,215	179,120	3,871,335	47,893	-	-	10,000
Insurance claims payable	884,543	-	884,543	-	-	-	-
Due to school district	15,218,778	-	15,218,778	-	-	-	-
Unearned revenue	52,545,768	39,054	52,584,822	18,040,380	-	-	-
Taxes collected in advance	23,529,889	-	23,529,889	-	-	-	-
<b>Total current liabilities</b>	<b>110,829,945</b>	<b>20,914,372</b>	<b>131,744,317</b>	<b>34,769,128</b>	<b>295,108</b>	<b>53,473</b>	<b>12,714</b>
Noncurrent liabilities:							
Due within one year	28,798,377	19,059,116	47,857,493	1,580,101	-	-	-
OPEB obligation	10,525,097	-	10,525,097	12,911,193	1,037,465	-	-
Due in more than one year	240,790,492	264,367,573	505,158,065	10,369,343	148,442	-	-
<b>Total noncurrent liabilities</b>	<b>280,113,966</b>	<b>283,426,689</b>	<b>563,540,655</b>	<b>24,860,637</b>	<b>1,185,907</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>390,943,911</b>	<b>304,341,061</b>	<b>695,284,972</b>	<b>59,629,765</b>	<b>1,481,015</b>	<b>53,473</b>	<b>12,714</b>
<b>NET POSITION (DEFICIT)</b>							
Net investment in capital assets	138,136,953	318,507,431	456,644,384	4,667,703	2,921,450	47,650	-
Restricted for:							
Coverage account	-	9,031,352	9,031,352	-	-	-	-
PFCs	-	3,789,026	3,789,026	-	-	-	-
MSDC	-	6,620,812	6,620,812	-	-	-	-
Revenue bond O&M	-	11,242,000	11,242,000	-	-	-	-
Revenue bond fund	-	3,836,485	3,836,485	-	-	-	-
Bond funds - capital improvements	-	16,423,803	16,423,803	-	-	-	-
Workmen's compensation	1,618,788	3,496,307	5,115,095	-	-	-	-
Cemetery and other trust funds	19,476,679	-	19,476,679	-	-	-	-
Library trust funds	3,624,578	-	3,624,578	-	-	-	-
Equipment replacement	-	420,881	420,881	-	-	-	-
Land held for resale	-	-	-	-	-	-	621,616
Food Service	-	-	-	246,759	-	-	-
Unrestricted (Deficit)	(18,702,119)	37,638,450	18,936,331	(32,537,320)	(183,230)	(28,453)	3,622,946
<b>Total Net Position (Deficit)</b>	<b>\$ 144,154,879</b>	<b>\$ 411,006,547</b>	<b>\$ 555,161,426</b>	<b>\$ (27,622,858)</b>	<b>\$ 2,738,220</b>	<b>\$ 19,197</b>	<b>\$ 4,244,562</b>

See accompanying notes.

## Statement of Activities

	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
General government	\$ 47,682,276	\$ 14,455,561	\$ 8,187,673	\$ 394,258
Public safety	59,542,996	1,704,115	2,221,939	171,905
Health and sanitation	5,620,653	2,495,061	1,435,364	-
Highways and streets	24,209,780	3,048,308	2,089,952	1,281,282
Welfare	1,307,546	24,048	-	-
Education and library	9,515,356	209,976	57,027	-
Parks and recreation	5,737,521	2,497,598	210,980	-
Cemetery Trust	48,195	-	-	-
Investment management fee	57,837	-	-	-
Interest	5,139,884	-	-	-
<b>Total governmental activities</b>	<b>158,862,044</b>	<b>24,434,667</b>	<b>14,202,935</b>	<b>1,847,445</b>
<b>Business-type activities</b>				
Water	18,234,535	17,672,365	-	620,019
EPD	18,177,753	20,670,900	26,885	447,984
Aviation	50,443,553	44,746,976	-	7,151,330
Recreation	1,811,568	1,574,731	-	-
Parking	2,822,173	4,487,839	-	-
<b>Total business-type activities</b>	<b>91,489,582</b>	<b>89,152,811</b>	<b>26,885</b>	<b>8,219,333</b>
<b>Total primary government:</b>	<b>\$ 250,351,626</b>	<b>\$ 113,587,478</b>	<b>\$ 14,229,820</b>	<b>\$ 10,066,778</b>
<b>Component units</b>				
Manchester School District	\$ 183,581,177	\$ 16,201,389	\$ 23,362,168	\$ 2,876,805
Manchester Transit Authority	7,597,549	3,642,806	2,942,215	4,599
Manchester Public Television Service, Inc.	505,542	-	453,000	-
Manchester Development Corporation	35,767	-	-	-
<b>Total component units</b>	<b>\$ 191,720,035</b>	<b>\$ 19,844,195</b>	<b>\$ 26,757,383</b>	<b>\$ 2,881,404</b>
<b>General revenues:</b>				
Property taxes				
Auto registration fees				
Franchise fees				
Unrestricted investment earnings				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Debt reimbursement from MSD				
Gain (loss) on disposal of assets				
Transfers in (out)				
<b>Total general revenues and transfers</b>				
<b>Change in net position</b>				
Net position (deficits) - beginning				
Net position (deficits) - ending				
See accompanying notes.				

**City of Manchester New Hampshire**  
**For the Fiscal Year Ended June 30, 2013**

Net (Expense) Revenue and Changes in Net Assets (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		
\$ (24,644,784)	\$ -	\$ (24,644,784)	\$ -	\$ -	\$ -	\$ -	\$ -	-
(55,445,037)	-	(55,445,037)	-	-	-	-	-	-
(1,690,228)	-	(1,690,228)	-	-	-	-	-	-
(17,790,238)	-	(17,790,238)	-	-	-	-	-	-
(1,283,498)	-	(1,283,498)	-	-	-	-	-	-
(9,248,353)	-	(9,248,353)	-	-	-	-	-	-
(3,028,943)	-	(3,028,943)	-	-	-	-	-	-
(48,195)	-	(48,195)	-	-	-	-	-	-
(57,837)	-	(57,837)	-	-	-	-	-	-
(5,139,884)	-	(5,139,884)	-	-	-	-	-	-
(118,376,997)	-	(118,376,997)	-	-	-	-	-	-
-	57,849	57,849	-	-	-	-	-	-
-	2,968,016	2,968,016	-	-	-	-	-	-
-	1,454,753	1,454,753	-	-	-	-	-	-
-	(236,837)	(236,837)	-	-	-	-	-	-
-	1,665,666	1,665,666	-	-	-	-	-	-
-	5,909,447	5,909,447	-	-	-	-	-	-
\$ (118,376,997)	\$ 5,909,447	\$ (112,467,550)	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ (141,140,815)	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	(1,007,929)	-	-	-	-
-	-	-	-	-	(52,542)	-	-	-
-	-	-	-	-	-	-	-	(35,767)
\$ -	\$ -	\$ -	\$ (141,140,815)	\$ (1,007,929)	\$ (52,542)	\$ -	\$ -	\$ (35,767)
\$ 93,837,225	\$ -	\$ 93,837,225	\$ 59,547,692	\$ -	\$ -	\$ -	\$ -	-
15,115,730	-	15,115,730	-	-	-	-	-	-
1,840,954	-	1,840,954	-	-	-	-	-	-
1,007,664	381,184	1,388,848	116,957	311	66	-	45,742	-
-	-	-	76,643,150	-	-	-	-	-
-	-	-	1,229,763	-	-	-	-	-
6,906,691	-	6,906,691	-	-	-	-	-	-
37,916	(1,347)	36,569	-	1,895	-	-	-	-
1,638,702	(1,638,702)	-	-	-	-	-	-	-
120,384,882	(1,258,865)	119,126,017	137,537,562	2,206	66	-	45,742	-
2,007,885	4,650,582	6,658,467	(3,603,253)	(1,005,723)	(52,476)	-	9,975	-
142,146,994	406,355,965	548,502,959	(24,019,605)	3,743,943	71,673	-	4,234,587	-
\$ 144,154,879	\$ 411,006,547	\$ 555,161,426	\$ (27,622,858)	\$ 2,738,220	\$ 19,197	\$ -	\$ 4,244,562	-

**Balance Sheet**  
**Governmental Funds**

City of Manchester, New Hampshire  
June 30, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 48,353,302	\$ 47,862	\$ 5,992,709	\$ 54,393,873
Restricted cash and cash equivalents	7,328,444	4,796,805	2,351,768	14,477,017
Restricted investments	-	-	24,343,567	24,343,567
Investments	561,776	-	-	561,776
Receivables, net of allowances for collection losses	56,321,745	3,418	4,672,690	60,997,853
Prepaid expenses	968,029	-	-	968,029
Due from other funds	13,522,358	-	-	13,522,358
Inventories	930,637	-	-	930,637
<b>Total Assets</b>	<b>\$ 127,986,291</b>	<b>\$ 4,848,085</b>	<b>\$ 37,360,734</b>	<b>\$ 170,195,110</b>

**Liabilities and Fund Balance**

**Liabilities**

Accounts and warrants payable	\$ 3,079,359	\$ 838,049	\$ 6,316,359	\$ 10,233,767
Retainage payable	33,386	14,300	-	47,686
Accrued liabilities	2,518,982	519,514	40,134	3,078,630
Other liabilities	2,946,175	-	746,040	3,692,215
Insurance claims payable	884,543	-	-	884,543
Due to other funds	-	4,623,939	448,540	5,072,479
Due to Manchester School District	15,756,893	-	-	15,756,893
Unearned revenue	52,033,103	-	277,511	52,310,614
Deferred revenue	3,661,201	-	-	3,661,201
Taxes collected in advance	23,529,889	-	-	23,529,889
<b>Total Liabilities</b>	<b>104,443,531</b>	<b>5,995,802</b>	<b>7,828,584</b>	<b>118,267,917</b>

**Fund Balances (Deficits)**

Nonspendable	10,876,516	-	19,850,387	30,726,903
Restricted	1,618,788	-	6,411,738	8,030,526
Committed	2,243,078	-	4,675,607	6,918,685
Assigned	1,115,449	-	-	1,115,449
Unassigned	7,688,929	(1,147,717)	(1,405,582)	5,135,630
<b>Total Fund Balances (Deficits)</b>	<b>23,542,760</b>	<b>(1,147,717)</b>	<b>29,532,150</b>	<b>51,927,193</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 127,986,291</b>	<b>\$ 4,848,085</b>	<b>\$ 37,360,734</b>	

**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.	355,256,451
Pension asset created in governmental activities is not a financial resource and, therefore, is not reported in the funds.	9,227,234
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	800,701
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	2,600,000
Deferred Revenue are not available and therefore not recognized in the funds.	3,661,201
Long-term liabilities consisting of accruals are not due and payable in current period and, therefore, are not reported in the funds.	(1,060,552)
Deferred charges, net	1,856,620
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	(280,113,969)
Net position of governmental activities	<b>\$ 144,154,879</b>

See accompanying notes.

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, 2013

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 95,394,620	\$ -	\$ -	\$ 95,394,620
Federal and state grants and aid	3,606,290	-	11,659,596	15,265,886
Charges for sales and services	2,481,487	-	1,254	2,482,741
Licenses and permits	18,489,427	-	-	18,489,427
Interest	327,458	15,369	664,836	1,007,663
Contributions	-	-	140,452	140,452
Net appreciation in fair value of securities	-	-	1,896,401	1,896,401
Other	13,205,074	-	3,722,474	16,927,548
<b>Total Revenues</b>	<b>133,504,356</b>	<b>15,369</b>	<b>18,085,013</b>	<b>151,604,738</b>
<b>Expenditures</b>				
Current:				
General government	29,902,552	266,687	13,591,631	43,760,870
Public safety	56,100,256	-	2,132,735	58,232,991
Health and sanitation	3,873,418	-	1,464,987	5,338,405
Highway and streets	20,425,721	14,395	-	20,440,116
Welfare	1,308,246	-	-	1,308,246
Education	2,838,034	368,722	-	3,206,756
Parks and recreation	3,739,016	18,920	124,786	3,882,722
Cemetery Trust	-	-	48,195	48,195
Investment management fee	-	-	57,837	57,837
Capital Outlay	45,831	14,294,750	2,941,555	17,282,136
Debt service:				
Principal retirement	11,926,329	-	-	11,926,329
Interest	6,291,348	-	-	6,291,348
<b>Total Expenditures</b>	<b>136,450,751</b>	<b>14,963,474</b>	<b>20,361,726</b>	<b>171,775,951</b>
<b>Deficiency of revenues over expenditures</b>	<b>(2,946,395)</b>	<b>(14,948,105)</b>	<b>(2,276,713)</b>	<b>(20,171,213)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	549,984	-	-	549,984
Cost of issuance	-	(70,000)	-	(70,000)
Transfers in	2,725,765	47	594,200	3,320,012
Transfers out	(726,430)	(27,022)	(634,588)	(1,388,040)
<b>Total Other Financing Sources (Uses)</b>	<b>2,549,319</b>	<b>(96,975)</b>	<b>(40,388)</b>	<b>2,411,956</b>
<b>Net Change in Fund Balances</b>	<b>(397,076)</b>	<b>(15,045,080)</b>	<b>(2,317,101)</b>	<b>(17,759,257)</b>
<b>Fund Balance, beginning</b>	<b>23,939,836</b>	<b>13,897,363</b>	<b>31,849,251</b>	<b>69,686,450</b>
<b>Fund Balance (Deficit), ending</b>	<b>\$ 23,542,760</b>	<b>\$ (1,147,717)</b>	<b>\$ 29,532,150</b>	<b>\$ 51,927,193</b>

See accompanying notes.

**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, 2013**

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

Net change in fund balance \$ (17,759,257)

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. (3,006,195)

Other long-term assets are not available to pay for current - period expenditures and, therefore, are not reported in the funds. 2,600,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 211,739

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 assets. Also, governmental funds report the effect of issuance costs, 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. 19,492,886

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. 468,712

Change in net position of governmental activities \$ 2,007,885



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Proprietary Funds  
Statement of Net Position

City of Manchester, New Hampshire  
June 30, 2013

	Business-type Activities-Enterprise Funds				
	Major			Non-Major Funds	Total
	Water Works Fund	EPD Fund	Aviation Fund		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,914,131	\$ 22,141,808	\$ 400	\$ 1,450	\$ 24,057,789
Restricted cash and cash equivalents	-	-	5,000,495	-	5,000,495
Receivables, net of allowances for collection losses	3,271,137	6,487,033	7,138,345	161,756	17,058,271
Prepaid items	478,396	-	797,093	-	1,275,489
Due from other funds	236,394	6,342	117,536	23,116	383,388
Inventories	905,477	112,007	474,845	-	1,492,329
<b>Total current assets:</b>	<b>6,805,535</b>	<b>28,747,190</b>	<b>13,528,714</b>	<b>186,322</b>	<b>49,267,761</b>
Noncurrent assets:					
Restricted cash and cash equivalents	10,117,119	1,021,778	63,458,502	183,542	74,780,941
Capital assets, net, where applicable, of accumulated depreciation	106,112,150	154,000,085	318,720,891	13,806,384	592,639,510
Deferred charges	-	-	2,295,287	49,190	2,344,477
Receivables	675,805	1,816,964	-	-	2,492,769
<b>Total noncurrent assets:</b>	<b>116,905,074</b>	<b>156,838,827</b>	<b>384,474,680</b>	<b>14,039,116</b>	<b>672,257,697</b>
<b>Total Assets</b>	<b>\$ 123,710,609</b>	<b>\$ 185,586,017</b>	<b>\$ 398,003,394</b>	<b>\$ 14,225,438</b>	<b>\$ 721,525,458</b>
<b>Liabilities</b>					
Current liabilities					
Accounts and warrants payable	\$ 433,240	\$ 2,376,643	\$ 4,858,666	\$ 86,611	\$ 7,755,160
Retainage payable	666	600,898	144,306	-	745,870
Accrued liabilities	1,242,854	1,160,539	6,209,415	518,965	9,131,773
Unearned revenue	-	-	-	39,054	39,054
Bonds and notes payable	1,471,051	3,376,749	13,398,204	813,112	19,059,116
Compensated Absences	1,472,978	465,165	899,593	225,659	3,063,395
Other liabilities	33,589	-	37,466	108,065	179,120
<b>Total Current liabilities</b>	<b>4,654,378</b>	<b>7,979,994</b>	<b>25,547,650</b>	<b>1,791,466</b>	<b>39,973,488</b>
Noncurrent liabilities					
Due to other funds	-	-	-	6,177,850	6,177,850
Bonds and notes payable	40,378,813	30,754,179	186,826,149	6,408,432	264,367,573
<b>Total Noncurrent liabilities</b>	<b>40,378,813</b>	<b>30,754,179</b>	<b>186,826,149</b>	<b>12,586,282</b>	<b>270,545,423</b>
<b>Total Liabilities</b>	<b>45,033,191</b>	<b>38,734,173</b>	<b>212,373,799</b>	<b>14,377,748</b>	<b>310,518,911</b>
<b>Net Position</b>					
Net investment in capital assets	65,101,523	119,869,157	126,869,558	6,667,193	318,507,431
Restricted	10,117,119	420,881	44,322,666	-	54,860,666
Unrestricted (Deficit)	3,458,776	26,561,806	14,437,371	(6,819,503)	37,638,450
<b>Total Net Position</b>	<b>\$ 78,677,418</b>	<b>\$ 146,851,844</b>	<b>\$ 185,629,595</b>	<b>\$ (152,310)</b>	<b>\$ 411,006,547</b>

See accompanying notes.

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

City of Manchester, New Hampshire  
 Year Ended June 30, 2013

	Business-type Activities-Enterprise Funds				
	Major			Non-major Funds	Total
	Water Works Fund	EPD Fund	Aviation Fund		
<b><u>Operating Revenues</u></b>					
Charges for goods and services	\$ 16,230,111	\$ 17,884,949	\$ 36,118,177	\$ 5,841,774	76,075,011
Other	1,325,228	2,434,044	2,055,329	88,130	5,902,731
<b>Total Operating Revenues</b>	<b>17,555,339</b>	<b>20,318,993</b>	<b>38,173,506</b>	<b>5,929,904</b>	<b>81,977,742</b>
<b><u>Operating Expenses</u></b>					
Personnel services	6,592,949	3,878,204	7,886,415	2,085,858	20,443,426
Plant maintenance	878,786	3,191,295	569,980	67,016	4,707,077
Light/heat and power	991,665	1,967,963	1,823,872	266,372	5,049,872
General and administrative	4,173,771	340,433	14,374,776	1,032,601	19,921,581
Depreciation and amortization	3,645,660	7,683,365	18,832,160	845,222	31,006,407
<b>Total Operating Expenses</b>	<b>16,282,831</b>	<b>17,061,260</b>	<b>43,487,203</b>	<b>4,297,069</b>	<b>81,128,363</b>
<b>Operating Income (Loss)</b>	<b>1,272,508</b>	<b>3,257,733</b>	<b>(5,313,697)</b>	<b>1,632,835</b>	<b>849,379</b>
<b><u>Non-Operating Revenues (Expenses), net</u></b>					
Interest income	33,227	39,490	304,387	4,080	381,184
Interest expense	(1,951,704)	(1,116,493)	(6,626,209)	(336,672)	(10,031,078)
Passenger facility charges	-	-	4,865,493	-	4,865,493
Customer facility charges	-	-	1,707,977	-	1,707,977
Rent and other income	117,026	351,907	-	132,666	601,599
Reimbursement of Interest Expenses	-	26,885	-	-	26,885
Bond issuance costs	-	-	(330,141)	-	(330,141)
Gain (loss) on disposal of capital assets	13,101	(40,361)	25,065	848	(1,347)
<b>Total Non-Operating Expenses</b>	<b>(1,788,350)</b>	<b>(738,572)</b>	<b>(53,428)</b>	<b>(199,078)</b>	<b>(2,779,428)</b>
<b>Net income (loss) before capital contributions and transfers</b>	<b>(515,842)</b>	<b>2,519,161</b>	<b>(5,367,125)</b>	<b>1,433,757</b>	<b>(1,930,049)</b>
<b><u>Capital Contributions and Transfers</u></b>					
Capital Contributions	620,019	447,984	7,151,330	-	8,219,333
Transfer to general fund	(47)	-	-	(2,064,155)	(2,064,202)
Transfer from general fund	-	-	-	132,230	132,230
Transfer of Capital Assets	-	69,868	-	223,402	293,270
<b>Total Capital Contributions and Transfers</b>	<b>619,972</b>	<b>517,852</b>	<b>7,151,330</b>	<b>(1,708,523)</b>	<b>6,580,631</b>
<b>Change in Net Position</b>	<b>104,130</b>	<b>3,037,013</b>	<b>1,784,205</b>	<b>(274,766)</b>	<b>4,650,582</b>
<b>Fund Net Position, beginning of year</b>	<b>78,573,288</b>	<b>143,814,831</b>	<b>183,845,390</b>	<b>122,456</b>	<b>406,355,965</b>
<b>Fund Net Position (Deficit), end of year</b>	<b>\$ 78,677,418</b>	<b>\$ 146,851,844</b>	<b>\$ 185,629,595</b>	<b>\$ (152,310)</b>	<b>\$ 411,006,547</b>

See accompanying notes.

Proprietary Funds  
Statement of Cash Flows

City of Manchester, New Hampshire  
Year Ended June 30, 2013

	Business-type Activities-Enterprise Funds				
	Major			Non-Major Funds	Total
	Water Works Fund	EPD Fund	Aviation Fund		
<b><u>Cash Flows from Operating Activities</u></b>					
Cash received from customers	\$ 17,621,599	\$ 21,050,733	\$ 37,788,340	\$ 5,993,572	\$ 82,454,244
Cash payments for goods and services	(5,390,091)	(4,846,587)	(15,655,754)	(1,284,204)	(27,176,636)
Cash payments to employees for services	(6,505,549)	(3,835,205)	(7,762,340)	(2,069,930)	(20,173,024)
Other operating revenues	117,026	-	-	132,666	249,692
<b>Net Cash Provided by Operating Activities</b>	<b>5,842,985</b>	<b>12,368,941</b>	<b>14,370,246</b>	<b>2,772,104</b>	<b>35,354,276</b>
<b><u>Cash Flows from Non-Capital and Related Financing Activities</u></b>					
Due to (from) general fund	(236,394)	-	-	346,239	109,845
Cash received from general fund	160,866	-	-	150,372	311,238
Cash payment to General Fund	(47)	-	-	(2,064,155)	(2,064,202)
Interest paid on cash advances	-	-	-	(13,675)	(13,675)
<b>Net Cash Provided by (Used in) Non-Capital &amp; Related Financing Activities</b>	<b>(75,575)</b>	<b>-</b>	<b>-</b>	<b>(1,581,219)</b>	<b>(1,656,794)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>					
Payments on bond arbitrage and financing	-	-	(155,735)	-	(155,735)
Passenger and customer facility charges	-	-	6,252,387	-	6,252,387
Proceeds from State of New Hampshire Revolving Fund	-	5,353,116	-	-	5,353,116
Reimbursement of bond interest expenses	-	38,035	-	-	38,035
Payments on revolving loan fund	-	(3,319,358)	-	-	(3,319,358)
Principal paid on bonds and notes	(1,788,515)	(5,353,116)	(8,530,000)	(833,900)	(16,505,531)
Proceeds from refunding bond	-	-	21,800,000	-	21,800,000
Proceeds from notes	350,000	487,894	-	-	837,894
Interest paid on bonds and notes	(1,849,800)	(828,384)	(7,015,779)	(331,722)	(10,025,685)
Proceeds from sale of capital assets	13,101	-	-	848	13,949
Contributed capital by federal, state & local governments	620,019	447,984	6,561,487	-	7,629,490
Acquisition and construction of capital assets	(3,895,424)	(10,355,563)	(8,648,558)	(65,290)	(22,964,835)
Payment to escrow agent for refunding	-	-	(21,600,000)	-	(21,600,000)
<b>Net Cash Used in Capital &amp; Related Financing Activities</b>	<b>(6,550,619)</b>	<b>(13,529,392)</b>	<b>(11,336,198)</b>	<b>(1,230,064)</b>	<b>(32,646,273)</b>
<b><u>Cash Flows from Investing Activities</u></b>					
Interest and dividends from investments	33,227	-	304,387	4,080	341,694
<b>Net Cash Provided by Investing Activities</b>	<b>33,227</b>	<b>-</b>	<b>304,387</b>	<b>4,080</b>	<b>341,694</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(749,982)</b>	<b>(1,160,451)</b>	<b>3,338,435</b>	<b>(35,099)</b>	<b>1,392,903</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>12,781,232</b>	<b>24,324,037</b>	<b>65,120,962</b>	<b>220,091</b>	<b>102,446,322</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 12,031,250</b>	<b>\$ 23,163,586</b>	<b>\$ 68,459,397</b>	<b>\$ 184,992</b>	<b>\$ 103,839,225</b>

Proprietary Funds  
Statement of Cash Flows

City of Manchester, New Hampshire  
Year Ended June 30, 2013

**Business-type Activities-Enterprise Funds**

	<b>Major</b>				<b>Total</b>
	<b>Water Works</b>	<b>EPD</b>	<b>Aviation</b>	<b>Non-Major</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>					
Operating income (loss)	\$ 1,272,508	\$ 3,257,733	\$ (5,313,697)	\$ 1,632,835	\$ 849,379
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	3,645,660	7,683,365	18,832,160	845,222	31,006,407
Non-operating revenue	117,026	-	-	132,666	249,692
<b>Change in Assets and Liabilities</b>					
Decrease (increase) in receivables	69,915	731,740	(385,346)	47,861	464,170
Decrease (increase) in inventories	76,214	9,241	2,338	-	87,793
Decrease (increase) in prepaid expenses and other assets	(17,550)	175	(53,513)	4,118	(66,770)
Increase (decrease) in accounts & retainage payable	79,031	416,041	1,684,485	(28,470)	2,151,087
Increase (decrease) in accrued liabilities	514,585	229,400	(520,436)	107,112	330,661
Increase (decrease) in compensated absences	89,251	41,246	124,075	14,953	269,525
Increase (decrease) in other liabilities	(3,655)	-	180	13,168	9,693
Increase in unearned revenue	-	-	-	2,639	2,639
<b>Net Cash Provided by Operating Activities</b>	<b>5,842,985</b>	<b>12,368,941</b>	<b>14,370,246</b>	<b>2,772,104</b>	<b>35,354,276</b>
<b>Schedule of Noncash Investing, Capital and Financing Activities</b>					
Disposal of Capital Assets	\$ -	\$ (40,361)	\$ -	\$ -	\$ (40,361)
Transfer of Capital Assets	\$ -	\$ 69,868	\$ -	\$ 223,402	\$ 293,270
Amortization of net bond premium/ deferred loss	\$ 101,904	\$ -	\$ -	\$ 8,508	\$ 110,412

**Fiduciary Funds**

**City of Manchester, New Hampshire**

**Statement of Fiduciary Net Position - Pension Trust and Agency Funds**

**June 30, 2013**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 10,605,584	\$ -
Investments	168,488,879	-
Receivables, net of allowances for collection losses	182,010	2,890,569
Other assets	2,850	-
Capital assets, net, where applicable, of accumulated depreciation	169,533	-
<b>Total Assets</b>	<b>\$ 179,448,856</b>	<b>\$ 2,890,569</b>
<b>Liabilities</b>		
Accounts and warrants payable	\$ 206,113	\$ -
Accrued liabilities	949,617	-
Due to other funds	-	2,890,569
<b>Total Liabilities</b>	<b>1,155,730</b>	<b>2,890,569</b>
<b>Total Net Position Held in Trust for Pension Benefits</b>	<b>\$ 178,293,126</b>	<b>\$ -</b>

See accompanying notes.

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

**City of Manchester New Hampshire**  
**Year Ended June 30, 2013**

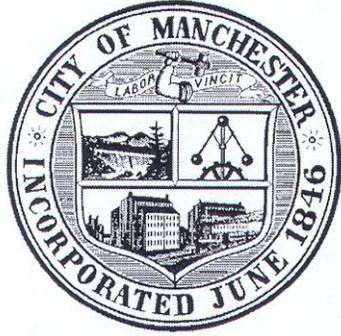
	<u>Pension Trust Funds</u>
<b>Additions</b>	
Contributions	
Employer	\$ 10,828,211
Plan members	3,575,791
<b>Total Contributions</b>	<u>14,404,002</u>
Investment Income	
Net realized and unrealized appreciation in fair value of investments	17,552,487
Interest	384,575
Dividends	1,766,872
Other income	22,600
Less investment expense	(700,287)
<b>Net Investment Income</b>	<u>19,026,247</u>
 <b>Total additions</b>	 <u>33,430,249</u>
<b>Deductions</b>	
Benefits paid directly to participants	11,939,307
Refunds of employee contributions	183,505
Administrative expenses	962,154
<b>Total Deductions</b>	<u>13,084,966</u>
 <b>Net Increase</b>	 20,345,283
<b>Net Position Held in Trust for Pension Benefits</b>	
Beginning of year	157,947,843
End of year	<u>\$ 178,293,126</u>

See accompanying notes.



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## **Notes to Financial Statements**



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**Note 1. Summary of Significant Accounting Policies**

**Reporting entity**

The City of Manchester, New Hampshire, (the City) was incorporated in June 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 7, 2014, 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. Other independent auditors audited the MTA, a June 30 year-end, and their

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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report, dated November 26, 2013, 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, 3<sup>rd</sup> 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, 2012, and their report; dated July 4, 2013 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 changes in net position) 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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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.

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.

Additionally, the City reports the following 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.

The *Agency Fund* accounts for monies held as a custodian for outside groups and agencies.

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.

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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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 and 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.

New Governmental Accounting Pronouncements

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the current year. The adoption of this Statement changed the presentation of the basic financial statements to a statement of net position format.

The City also adopted GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that are included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. GASB 62 does not have any impact on the City's financial statements.

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 values its alternative investments based upon the fair values as determined in good faith by the funds' managers or underlying investments' general partners. 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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

Allowances for doubtful accounts

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

Interfund Receivables and Payables

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

For "Advances To/From Other Funds," the asset reported in the governmental fund financial statements are offset by a nonspendable reserve 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 \$5,000 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

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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included as part of the capitalized value of the assets constructed. Net interest cost capitalized in the Environmental Protection Division Fund amounted to \$3,800 for the year ended June 30, 2013. There was no capitalized interest for the Aviation fund for the year ended June 30, 2013.

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

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

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

Compensated absences

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

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

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, as well as issuance costs, 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 and gain or loss on refunding. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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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. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27 and is recognized in the government wide financial statements. Expenditures are recognized when due and payable.

**Funding Policy:**

The City makes annual contributions based upon annual actuarial determinations.

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 a governing board or a body or official (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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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Concentration Risk – Major Customers

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

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

	FY2013	FY2012
Southwest Airlines	57%	60%
US Airways	17%	17%

**Note 2. Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities are reported in the government-wide statement of net position. One element of that reconciliation explains that “other long-term assets are not available to pay for current period expenditures, and therefore, are not reported in the funds.” The details of the difference are as follows:

Other long term assets that are not available to pay for current period expenditures and, therefore are deferred in the funds	\$ 800,701
Deferred charges:	
Cost of Debt Issuance Fees	1,856,620
Other long term assets that are not available to pay for current period expenditures and, therefore are not reported in the funds	2,600,000

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$280,113,969 difference consists of the following:

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

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Bonds payable	\$ 240,171,420
Less: Deferred loss on refunding (to be amortized as interest expense)	(3,892,455)
Add: Net bond premium	12,408,511
Capital lease	166,270
Compensated absences	12,419,224
OPEB payable	10,525,097
Insurance claims	6,173,847
Landfill closure and post-closure care	2,142,055
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 280,113,969</u>

The details of the \$1,060,552 difference consisting of current accruals are as follows:

Accrued interest	\$ 1,598,667
Due from School District	<u>(538,115)</u>
Net adjustment to decrease fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 1,060,552</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$3,006,195 difference are as follows:

Capital outlay	\$ 18,906,898
Asset transfer to EPD Enterprise	(69,868)
Asset transfer to Recreation Enterprise	(223,402)
Asset retirements less accumulated depreciation	(2,675,464)
Depreciation expense	<u>(18,944,359)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (3,006,195)</u>

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**NOTES TO FINANCIAL STATEMENTS**

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Another element of that reconciliation states that "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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

The detail of this \$19,492,886 difference is as follows:

Long-term liabilities issued or incurred:

Principal repayments:

General obligation debt-City portion	\$ 11,926,329
General obligation debt-MSD portion reimbursed	6,906,691
Capital lease	24,118
Bond discounts, COI and premiums amortization	<u>635,748</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 19,492,886</u></u>

Another element of that reconciliation states that "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." The details of this \$468,712 difference are as follows:

Deferred issuance cost	\$ (106,082)
OPEB	(1,347,082)
Risk management	(259,674)
Landfill liability	1,804,685
Compensated absences	(251,124)
Accrued interest	658,721
Interest receivable from MSD on bonds payable	<u>(30,732)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 468,712</u></u>

**Note 3. Stewardship, Compliance and Accountability**

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

**CITY OF MANCHESTER, NEW HAMPSHIRE**

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Finance Officer is responsible for establishing controls related to the management and monitoring of the budget to prevent expenditures from exceeding budgeted appropriations.

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 2013 and 2014 budget increases are capped at 1.47% and 2.17%, 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.”

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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.

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.
- (c) The MECRS prepayment is a budgetary prepayment for FY 2014 which was approved by the BMA.

The following departments overspent its budget:

Non-departmental	\$1,680,467
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CITY OF MANCHESTER, NEW HAMPSHIRE

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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	\$ 133,518,731	\$ 135,903,120	\$ 2,726,621	\$ 65,000	\$ 277,232
Central Business District	258,003	258,000	-	-	3
Transfer to Parking enterprise for debt service	-	-	-	132,230	(132,230)
Cash projects fund	-	23,420	-	856	(24,276)
Central Fleet Management inventory adjustment	-	132,894	-	-	(132,894)
Transfer from Special Revenue to Projects	-	-	-	529,200	(529,200)
Tax revenues of 2012 recognized in 2013	2,847,894	-	-	-	2,847,894
Tax revenues of 2013 deferred until 2014	(3,120,272)	-	-	-	(3,120,272)
Sale of Capital Assets	549,984	-	-	-	549,984
Expense accrual	-	70,416	-	-	(70,416)
MECRS prepayment for FY 2014	-	(458,183)	-	-	458,183
MECRS prepayment for FY 2013	-	1,000,000	-	-	(1,000,000)
Current year encumbrances	-	(1,115,449)	-	-	1,115,449
Prior years & balance sheet encumbrances	-	212,354	-	-	(212,354)
Expenditures of prior year encumbrances	-	424,179	-	-	(424,179)
Statement of revenues, expenditures and changes in fund balance (in conformity with GAAP)	\$ 134,054,340	\$ 136,450,751	\$ 2,726,621	\$ 727,286	\$ (397,076)

**Note 4. 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.

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 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 RSA's. 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 marketable 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.

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: 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

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Interest rate risk associated with an adverse affect 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 City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific entity.

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

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

**MECRS Pension Trust**

Income Research Mgt. (Core Bonds Fund)	\$	17,333,388
Loomis Sayles (Fixed Income Fund)		11,622,619
Mellon Capital EB (Global Tactical Assets)		14,328,255
Sands Capital (US Large Cap Growth)		15,496,290
Pzena Management (US Large Cap Value Fund)		12,219,834
Rothschild (Small - Mid Cap Equity Fund)		13,006,258
PIMCO GTAA		10,094,165

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2013, approximately \$12,135 of the City's bank balance of approximately \$100,275,000 deposits total was uninsured and uncollateralized. The City has steadfastly maintained sufficient collateralization of its funds to prevent losses that might be attributable to failures at individual institutions.

In accordance with Investment Policy, these funds are secured by third party perfected arrangements and safekeeping procedures have been structured to assure prudence in protection of the City principal.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

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*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>
GAA	10.00%	14.60%	Alternatives	15.00%	9.60%
Domestic Equity	27.00%	29.30%	Real Estate/Assets	10.00%	7.10%
International Equity	14.00%	12.10%	Cash	2.00%	6.00%
Fixed Income	22.00%	21.30%			

*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

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June 30, 2013

Cash, cash equivalents, and investments of the City consist of the following at June 30, 2013:

<b>Cash and Cash Equivalents</b>		
Deposits with Financial Institutions	\$	90,132,302
Municipal Backed Investment Fund		17,623,321
Repurchase Investments		65,419,560
Contributory Retirement Pension Cash		10,143,098
<b>Total Cash and Cash Equivalents</b>		<u>183,318,281</u>
<b>General Fund Investments</b>		
U.S. Government Agencies	\$	561,776 **
Total General Fund Investments		561,776
<b>Library Trust Funds:</b>		
U.S. Treasury Notes		236,947 ***
U.S. Government Agencies		263,574 ***
Corporate Bonds		555,415 ***
Municipal Obligations		251,243 ***
Common Stocks		1,295,870 ***
Equity Mutual Funds		661,205
Fixed Income Mutual Funds		193,585
Total Library Trust Funds		<u>3,457,839</u>
<b>Cemetery Trust Funds:</b>		
U.S. Treasury Notes		6,565,338 ***
Corporate Bonds		75,676 ***
Mutual Funds		12,647,877
Total Cemetery Trust Funds		<u>19,288,891</u>
<b>Expendable Trust Funds:</b>		
U.S. Treasury Notes		1,576,087 ***
Corporate Bonds		18,167 ***
Total Expendable Trust Funds		<u>1,594,254</u>
<b>Old System Pension Trust Fund:</b>		
U.S. Treasury Notes		2,168,922 ***
Corporate Bonds		1,853,363 ***
Mortgage Backed		1,076,693 ***
Mutual Funds		6,174,940
Total Old System Pension Trust Fund		<u>11,273,918</u>
<b>City Retirement System Investments</b>		
Equity funds		40,744,679
International equity		12,998,411
Alternative equity		1,866,883
Hedge funds		14,430,440
Fixed income		35,641,721
Emerging market funds		7,146,196
Real estate		3,246,334
Timber funds		1,628,171
Specialty investments		39,546,127
Total City Retirement System		<u>157,248,962</u>
<b>Total Investments</b>	\$	<u>193,425,640</u>
<b>Total Cash, Cash Equivalents and Investments</b>	\$	<u>376,743,921</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**

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

**Statement of Net Position**

Cash and cash equivalents	\$ 78,454,244
Restricted cash	94,258,453
Investments	561,776
Restricted Investments	24,340,985
	<u>197,615,458</u>

**Pension Trust Funds**

Cash and cash equivalents	10,605,584
Investments	168,488,879
Open trades/purchases	34,000
	<u>179,128,463</u>

**Total** \$ 376,743,921

*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	\$ 10,547,294	\$ 541,381	\$ 6,686,727	\$ 3,319,186	\$ -
US Government Agencies	825,350	690,525	134,825	-	-
Corporate Bonds	2,502,621	153,297	1,498,449	471,815	379,060
Municipal Obligations	251,244	53,922	197,322	-	-
Mortgage Backed	1,076,694	-	36,938	142,179	897,577
Fixed Income Funds	35,641,721	-	6,685,714	28,956,007	-
Municipal Backed Investment Fund	17,623,321	17,623,321	-	-	-
Repurchase Investment	65,419,560	65,419,560	-	-	-
Total	<u>\$ 133,887,805</u>	<u>\$ 84,482,006</u>	<u>\$ 15,239,975</u>	<u>\$ 32,889,187</u>	<u>\$ 1,276,637</u>

**CITY OF MANCHESTER, NEW HAMPSHIRE**

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*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.

Average Rating	Corporate Bonds	Mortgage Backed	Municipal Obligations	Repurchase Investment	Municipal Backed Investment Fund	Fixed Income Funds
AAA	\$ 69,456	\$ 346,424	\$ -	\$ -	\$ -	\$ -
AA	165,289	82,769	155,177	-	-	-
AA+	720,506	396,249	43,737	65,419,560	17,623,321	-
AA-	190,793	-	-	-	-	17,333,388
A+	291,487	110,301	-	-	-	-
A	672,600	82,900	-	-	-	-
A-	291,007	21,471	-	-	-	-
BBB+	51,544	-	-	-	-	-
BBB	49,941	-	-	-	-	-
BB	-	-	-	-	-	18,308,333
Unrated	-	36,580	52,330	-	-	-
	<u>\$ 2,502,623</u>	<u>\$ 1,076,694</u>	<u>\$ 251,244</u>	<u>\$ 65,419,560</u>	<u>\$ 17,623,321</u>	<u>\$ 35,641,721</u>

**Note 5. 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 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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

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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 6. Receivables**

Primary government

	General	Capital Projects	Water Works	EPD	Aviation	Nonmajor governmental	Nonmajor business type	Total
Due from Property Taxes	\$ 50,130,781	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,130,781
Due from State of NH & other local governments	454,927	-	-	693,832	151,563	187,570	-	1,487,892
Prior year tax liens	390,928	-	-	-	-	-	-	390,928
Tax titles	3,099,949	-	-	-	-	-	-	3,099,949
Due from federal government	-	-	-	-	3,892,365	380,863	-	4,273,228
Accounts receivable-trade	3,702,035	3,418	3,068,748	6,082,503	3,094,417	569,354	161,756	16,682,231
Notes receivable	-	-	-	-	-	3,759,807	-	3,759,807
MSD Book Loan	2,800,000	-	-	-	-	-	-	2,800,000
Other	160,472	-	878,194	1,527,662	-	9,476	-	2,575,804
<b>Total gross receivables</b>	<b>60,739,092</b>	<b>3,418</b>	<b>3,946,942</b>	<b>8,303,997</b>	<b>7,138,345</b>	<b>4,907,070</b>	<b>161,756</b>	<b>85,200,620</b>
Allowance for collection losses	(4,417,347)	-	-	-	-	(234,380)	-	(4,651,727)
<b>Total net receivables</b>	<b>\$ 56,321,745</b>	<b>\$ 3,418</b>	<b>\$ 3,946,942</b>	<b>\$ 8,303,997</b>	<b>\$ 7,138,345</b>	<b>\$ 4,672,690</b>	<b>\$ 161,756</b>	<b>\$ 80,548,893</b>

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, 2013 was \$2,800,000.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 7. Interfund Receivables, Payables and Transfers**

Due from/to other funds consist of the following at June 30, 2013:

Receivable Fund	Payable Fund	Amount
General Fund	Agency	\$ 2,890,569
	Capital projects	4,623,939
	Special Revenue:	
	Other grants	213,388
	Enterprise Funds:	
	Water	(236,394)
	Aviation	(117,536)
	EPD	(6,342)
	Recreation	6,177,850
	Parking	(23,116)
		<u>\$ 13,522,358</u>

The balance of \$4,623,939 due from Capital Projects to the general fund is the result of a short-term advance. The balance of \$6,177,850 due from the Recreation Fund is a long-term advance as it will not be paid to the General Fund in the short-term. 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, 2013 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 2,725,765	\$ 726,430
Capital Projects Fund	47	27,022
Permanent Funds	-	500,100
Special Revenue Funds	594,200	134,488
Water Fund	-	47
Parking Fund	132,230	2,064,155
Sub-totals	<u>\$ 3,452,242</u>	<u>\$ 3,452,242</u>

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

Major interfund transfers include the following:

Transfer from the Parking Fund to the General Fund in the amount of \$2,064,155 for the annual dividend. Transfer from the Cemetery Trust Fund to the General Fund of \$500,100 for the annual contribution into the general fund operating budget.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 8. Capital Assets**

Governmental activities

Changes in the governmental capital assets for the year ended June 30, 2013, were as follows:

	Balance June 30, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Capital assets, not being depreciated					
Land	\$ 14,386,030	\$ -	\$ (2,611,447)	\$ 947,142	\$ 12,721,725
Easements	52,426	-	-	-	52,426
Construction-in-Progress	35,052,994	15,708,168	-	(45,972,410)	4,788,752
Total capital assets, not being depreciated	49,491,450	15,708,168	(2,611,447)	(45,025,268)	17,562,903
Capital assets, being depreciated					
Buildings	347,288,585	120,921	(107,759)	45,025,268	392,327,015
Improvements other than buildings	28,450,818	44,949	-	-	28,495,767
Equipment	16,938,510	424,063	(258,793)	-	17,103,780
Vehicles	25,617,818	674,839	(532,103)	-	25,760,554
Infrastructure	101,324,972	1,933,958	-	-	103,258,930
Total capital assets, being depreciated	519,620,703	3,198,730	(898,655)	45,025,268	566,946,046
Less accumulated depreciation					
Buildings	129,934,450	11,065,559	(22,032)	-	140,977,977
Improvements other than buildings	12,794,262	1,038,194	-	-	13,832,456
Equipment	10,996,570	1,040,380	(28,352)	-	12,008,598
Vehicles	16,323,328	1,948,841	(490,984)	-	17,781,185
Infrastructure	40,800,897	3,851,385	-	-	44,652,282
Total accumulated depreciation	210,849,507	18,944,359	(541,368)	-	229,252,498
Governmental Activities Capital Assets, Net	\$358,262,646	\$ (37,461)	\$ (2,968,734)	\$ -	\$ 355,256,451

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Business-type activities

Changes in the business-type capital assets for the year ended June 30, 2013, were as follows:

	Balance June 30, 2012	Additions	Retirements	Transfers & Reclasses	Balance June 30, 2013
Capital assets, not being depreciated					
Land	\$ 50,117,946	\$ -	\$ -	\$ 10,529,444	\$ 60,647,390
Construction-in-Progress	28,776,618	21,428,723	-	(34,383,132)	15,822,209
Total capital assets, not being depreciated	78,894,564	21,428,723	-	(23,853,688)	76,469,599
Capital assets, being depreciated					
Buildings	431,260,741	501,362	(1,544,753)	12,660,076	442,877,426
Improvements other than buildings	347,613,733	-	-	8,083,927	355,697,660
Interceptors	81,973,608	-	-	570,366	82,543,974
Equipment, vehicles & intangibles	39,821,205	978,018	(414,916)	2,577,206	42,961,513
Total capital assets, being depreciated	900,669,287	1,479,380	(1,959,669)	23,891,575	924,080,573
Less accumulated depreciation					
Buildings	173,974,712	12,871,511	(1,504,089)	-	185,342,134
Improvements other than buildings	153,579,410	15,116,788	-	-	168,696,198
Interceptors	27,205,895	1,676,155	-	-	28,882,050
Equipment, vehicles & intangibles	23,298,237	2,069,072	(414,916)	37,887	24,990,280
Less total accumulated depreciation	378,058,254	31,733,526	(1,919,005)	37,887	407,910,662
Business-type Total Capital Assets, Net	\$ 601,505,597	\$ (8,825,423)	\$ (40,664)	\$ -	\$ 592,639,510

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

Discretely reported component units

Capital assets activity in the School District at June 30, 2013, consisted of the following:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
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	277,353	-	-	277,353
Other machinery & equipment	18,146,465	1,565,193	-	19,711,658
Total capital assets, being depreciated	19,817,904	1,565,193	-	21,383,097
Total all capital assets	19,987,304	1,565,193	-	21,552,497
Less accumulated depreciation				
Portable classrooms	427,168	43,066	-	470,234
Improvements	42,250	6,335	-	48,585
Instruments	95,890	18,169	-	114,059
Other machinery & equipment	14,527,814	1,724,102	-	16,251,916
Less total accumulated depreciation	15,093,122	1,791,672	-	16,884,794
Total Capital Assets being depreciated, Net	\$ 4,894,182	\$ (226,479)	\$ -	\$ 4,667,703

Capital asset activity in the MTA at June 30, 2013, consisted of the following:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
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	9,625,641	381,784	-	10,007,425
Equipment	2,003,791	14,966	-	2,018,757
Total capital assets being depreciated	13,513,168	396,750	-	13,909,918
Less accumulated depreciation	10,145,316	972,261	-	11,117,577
Total Capital Assets being depreciated, Net	\$ 3,496,961	\$ (575,511)	\$ -	\$ 2,921,450

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

Capital asset activity in the MPTS at June 30, 2013, consisted of the following:

	Balance			Balance
	June 30, 2012	Additions	Retirements	June 30, 2013
Capital assets, being depreciated				
Equipment	\$ 89,125	\$ 15,000	\$ -	\$ 104,125
Improvements	132,702	-	-	132,702
Total capital assets being depreciated	<u>221,827</u>	<u>15,000</u>	<u>-</u>	<u>236,827</u>
Less accumulated depreciation				
Equipment	35,650	20,825	-	56,475
Improvements	88,468	44,234	-	132,702
Less total accumulated depreciation	<u>124,118</u>	<u>65,059</u>	<u>-</u>	<u>189,177</u>
Total Capital Assets being depreciated, Net	<u>\$ 97,709</u>	<u>\$ (50,059)</u>	<u>\$ -</u>	<u>\$ 47,650</u>

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

<b>Governmental Activities:</b>		
General government		\$ 3,739,273
Public safety		1,591,832
Highways and streets		5,208,820
Health and welfare		213,477
Education and library		6,272,135
Parks and recreation		1,918,822
Total depreciation expense – governmental activities		<u>\$ 18,944,359</u>
<b>Business-type Activities:</b>		
Water Works		\$ 3,645,660
EPD		7,683,365
Aviation		19,559,279
Recreation		409,913
Parking		435,309
Total depreciation expense – business-type activities		<u>\$ 31,733,526</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 9. Unearned Revenue/ Deferred Revenue/ Taxes Collected in Advance**

Governmental funds recognize deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also recognize unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue and deferred revenue reported in the governmental funds and governmental activities were as follows:

	Unearned Revenue	Deferred Revenue	Taxes Collected in Advance
<b>General Fund:</b>			
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 3,511,201	\$ -
Unearned property taxes	50,121,719	-	23,529,889
Gatsas (Livingston Park) receivable	-	150,000	-
Impact fees	1,911,384	-	-
<b>Nonmajor funds</b>	<u>277,511</u>	-	-
<b>Total</b>	<u>\$ 52,310,614</u>	<u>\$ 3,661,201</u>	<u>\$ 23,529,889</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 10. Long-Term Debt**

Below is a listing of all the debt outstanding at June 30, 2013:

Issuer	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2013
SRF 1995	October-94	4.168	20,840,578	2014 - 2015	1,434,328 - 1,494,111	\$ 2,928,439
Airport Series 1998 A	March-98	5.25	99,055,000	2016	4,275,000	4,275,000
GO Series 2001 B	November-01	4.20 - 4.50	16,565,000	2014 - 2016	70,000 - 115,000	255,000
POB Series 2001 C	November-01	6.22	20,810,000	2014 - 2031	320,000 - 845,000	11,185,000
SRF Landfill	July-03	3.728	13,221,166	2014 - 2024	661,058	7,271,640
GO Series 2003 B	December-03	4.00 - 5.00	25,495,000	2014 - 2020	1,380,000 - 2,655,000	15,240,000
GO Series 2003 C	December-03	4.75 - 5.75	27,760,000	2014 - 2029	80,000 - 185,000	2,000,000
GO Series 2004	September-04	4.00 - 5.25	11,730,000	2014 - 2019	1,010,000 - 2,040,000	7,120,000
School Series 2004	October-04	3.60 - 5.50	61,970,000	2014 - 2028	2,000,000 - 5,745,000	60,785,000
Airport Series 2005 A	July-05	4.00 - 5.00	17,110,000	2014 - 2027	165,000 - 3,135,000	15,790,000
SRF 2007	December-05	3.27	2,970,000	2014 - 2021	196,100 - 245,638	1,760,580
GO Series 2007	February-07	4.00 - 5.00	34,845,000	2014 - 2022	2,300,000 - 3,200,000	23,410,000
SRF 2008 2	July-07	3.488	3,426,462	2014 - 2028	171,323	2,569,846
SRF 2008 3	January-08	3.488	4,412,033	2014 - 2028	220,602	3,309,025
SRF 2008 4	July-08	3.488	4,881,959	2014 - 2028	244,098	3,661,470
SRF 2009	September-08	4.208	4,147,317	2014 - 2028	207,366	3,110,488
Airport Series 2009 A	December-09	3.00 - 5.00	64,830,000	2014 - 2030	615,000 - 10,865,000	63,095,000
Airport Series 2009 B	December-09	5.00	20,705,000	2014 - 2015	1,470,000 - 5,365,000	6,835,000
SRF 2011 6	February-09	2.864	1,800,000	2014 - 2031	32,028 - 51,761	740,778
GO Series 2010 A	June-10	3.00 - 4.00	15,388,591	2014 - 2017	2,190,000 - 2,415,000	9,205,000
GO Series 2010 B	June-10	4.00 - 5.40	12,454,634	2018 - 2030	550,000 - 1,605,000	12,540,000
SRF 2011 1	March-10	2.864	3,321,513	2014 - 2030	166,076	2,823,286
SRF 2011 2	September-10	2.864	2,733,457	2014 - 2030	136,673	2,323,438
SRF 2011 3	July-10	1.790	920,948	2014 - 2020	92,095	644,664
SRF 2011 4	April-10	2.864	3,655,662	2014 - 2020	182,783	3,107,313
SRF 2011 5	July-10	2.864	205,000	2014 - 2020	8,706 - 13,678	187,296
GO Series 2010 C	December-10	2.00 - 4.00	16,755,000	2014 - 2018	1,870,000 - 2,215,000	12,270,000
GO Series 2010 D	December-10	4.00 - 4.50	4,765,000	2020 - 2023	80,000 - 1,155,000	4,765,000
GO Series 2010 E	December-10	4.75 - 6.125	29,715,000	2023 - 2040	90,000 - 2,130,000	29,715,000
GO Series 2010 F	December-10	3.00 - 5.00	34,395,000	2014 - 2029	980,000 - 3,215,000	34,260,000
SRF 2011 7	March-11	3.104	2,200,000	2014 - 2031	110,000	1,980,000
SRF 2012 8	March-11	3.104	2,875,000	2014 - 2031	143,750	2,587,500
Go Series 2011 A	December-11	2.00 - 3.00	2,855,000	2014 - 2022	260,000 - 315,000	2,565,000
Go Series 2011 B	December-11	3.00 - 4.00	4,760,000	2014 - 2016	860,000 - 1,455,000	3,195,000
Go Series 2011 C	December-11	3.00 - 5.00	36,375,000	2014 - 2034	475,000 - 2,665,000	35,935,000
School Series 2011	December-11	3.00 - 5.00	16,695,000	2014 - 2028	50,000 - 4,510,000	16,560,000
SRF 2012 2	January-12	1.94	700,000	2014 - 2022	33,984 - 39,631	330,700
SRF 2012 3	January-12	2.72	5,353,116	2014 - 2032	267,656	5,085,461
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	3.00 - 5.00	25,725,000	2014 - 2020	960,000 - 5,885,000	24,965,000
Airport Series 2013	February-13	3.06	21,800,000	2014 - 2020	1,269,554 - 2,124,410	21,156,209
Notes payable	2010 - 2012	3.57 - 6.70	263,943	2013 - 2016	10,700 - 73,348	144,314
						520,902,447
Less amount representing business-type activities						(280,731,030)
Total governmental activities						\$ 240,171,417

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

Primary government

The debt service requirements of the City's outstanding General Obligation (GO) bonds, revenue bonds and notes payable at June 30, 2013 are as follows:

Governmental Activities long-term debt:

Fiscal year	Principal	Interest	Total
2014	\$ 18,858,498	\$ 11,172,495	\$ 30,030,993
2015	18,454,045	10,453,073	28,907,118
2016	18,070,069	9,637,203	27,707,272
2017	17,628,129	8,846,226	26,474,355
2018	18,083,687	8,033,879	26,117,566
2019-2023	70,694,068	28,784,727	99,478,795
2024-2028	52,322,283	14,167,449	66,489,732
2029-2033	10,830,638	5,909,315	16,739,953
2034-2038	9,050,000	3,283,011	12,333,011
2039-2041	6,180,000	576,363	6,756,363
Debt Service Requirement	240,171,417	100,863,741	341,035,158
Add Net Bond Premium	8,516,056	-	8,516,056
Total Governmental Activities	\$ 248,687,473	\$ 100,863,741	\$ 349,551,214

Business-type Activities long-term debt:

Fiscal year	Principal	Interest	Total
2014	\$ 19,059,116	\$ 11,924,081	\$ 30,983,197
2015	14,939,290	11,325,930	26,265,220
2016	13,829,663	10,699,629	24,529,292
2017	14,016,617	10,121,377	24,137,994
2018	14,533,429	9,503,296	24,036,725
2019-2023	79,151,190	37,743,684	116,894,874
2024-2028	90,676,450	19,159,057	109,835,507
2029-2033	31,860,275	3,366,975	35,227,250
2034	2,665,000	49,969	2,714,969
Debt Service Requirement	280,731,030	113,893,998	394,625,028
Add Net Bond Premium	2,695,659	-	2,695,659
Total Business-type Activities	\$ 283,426,689	\$ 113,893,998	\$ 397,320,687

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, 2013, the City's legal debt limit was \$790,137,000. Authorized and unissued financing resolutions as of June 30, 2013 totaled \$11,150,000.

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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. On June 30, 2013, \$3,310,000 of outstanding GO Bonds and \$37,230,000 of Water Revenue Bonds are considered defeased.

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Due within One year
<b>Governmental activities:</b>					
General Obligation Debt - City	\$ 143,503,115	\$ -	\$ 11,926,330	\$ 131,576,785	\$ 11,931,546
Revenue Bonds Payable - MSD	80,755,000	-	3,410,000	77,345,000	3,515,000
General Obligation Bonds Payable - MSD	34,746,323	-	3,496,691	31,249,632	3,411,952
Premiums (Discounts)	9,151,806	-	635,750	8,516,056	635,750
	<u>268,156,244</u>	<u>-</u>	<u>19,468,771</u>	<u>248,687,473</u>	<u>19,494,248</u>
Compensated absences	12,168,100	1,972,503	1,721,379	12,419,224	3,104,806
Insurance claims	6,839,121	13,136,342	13,801,616	6,173,847	6,173,847
Capital Lease	190,388	-	24,118	166,270	25,476
OPEB obligations	9,178,015	2,446,337	1,099,255	10,525,097	-
Landfill post-closure care	3,946,740	-	1,804,685	2,142,055	-
	<u>\$ 300,478,608</u>	<u>\$ 17,555,182</u>	<u>\$ 37,919,824</u>	<u>\$ 280,113,966</u>	<u>\$ 28,798,377</u>
<b>Business-type activities</b>					
General Obligation Debt	\$ 85,078,576	\$ 5,703,120	\$ 5,526,188	\$ 85,255,508	\$ 5,595,127
Revenue Bonds	204,305,000	200,000	9,173,791	195,331,209	13,398,204
Premiums (Discounts)	3,458,481	232,928	995,750	2,695,659	-
Notes payable	209,900	-	65,587	144,313	65,785
Due to State of New Hampshire	5,565,222	-	5,565,222	-	-
	<u>\$ 298,617,179</u>	<u>\$ 6,136,048</u>	<u>\$ 21,326,538</u>	<u>\$ 283,426,689</u>	<u>\$ 19,059,116</u>

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, 2013 totaled \$34,130,928; this amount is included in the \$85,255,508 General Obligation Debt for business-type activities.

The City has pledged future airport revenues, net of specified operating expenses, to repay \$195,331,209 in airport revenue bonds. Pledged revenues total \$39,944,961 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

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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from the airport net revenues and are payable through 2033. 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 1.83 to 1. The total principal and interest remaining to be paid on the bonds is \$280,420,419. Principal and interest paid for the current year was \$16,189,570.

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.

**Airport Revenue Bond Refunding**

On February 13, 2013, the City closed on a \$21,800,000 General Airport Revenue Bond Refunding bank loan with Century Bank. The General Airport Revenue Bond bank loan was issued to refund the outstanding 2008 General Airport Revenue Bonds and replaces variable rate debt with a fixed rate loan at a rate of 3.06%. The City undertook this issue primarily to eliminate the ongoing risks and uncertainties associated with variable rate debt and the letter of credit market.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 11. Employee Benefit Plans**

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

*City Plans*

The vast majority of employees of the City participate in the City's pension plan known as the City of Manchester Employees' Contributory Retirement System or 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.

**SCHEDULE OF PLAN NET POSITION**

	<b>MECRS Pension Trust</b>	<b>Old System Pension Trust</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 10,143,098	\$ 462,486	\$ 10,605,584
Investments	157,248,962	11,239,917	168,488,879
Receivables, net of allowances for collection losses	146,458	35,552	182,010
Other assets	2,850	-	2,850
Property and equipment, net where applicable, of accumulated depreciation	169,533	-	169,533
<b>Total Assets</b>	<b>167,710,901</b>	<b>11,737,955</b>	<b>179,448,856</b>
<b>Liabilities</b>			
Accounts and warrants payable	206,113	-	206,113
Accrued liabilities	949,617	-	949,617
<b>Total Liabilities</b>	<b>1,155,730</b>	<b>-</b>	<b>1,155,730</b>
<b>Net Position Held in Trust for Pension Benefits</b>	<b>\$ 166,555,171</b>	<b>\$ 11,737,955</b>	<b>\$ 178,293,126</b>

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

## SCHEDULE OF CHANGES OF PLAN NET POSITION

	MECRS Pension Trust FYE 12/31/12	Old System Pension Trust FYE 6/30/13	Total
<b>Additions</b>			
Contributions			
Employer	\$ 10,828,211	\$ -	\$ 10,828,211
Plan members	3,575,791	-	3,575,791
<b>Total Contributions</b>	<b>14,404,002</b>	<b>-</b>	<b>14,404,002</b>
Investment Income			
Net realized and unrealized appreciation in fair value of investments	16,623,234	929,253	17,552,487
Interest	7,838	376,737	384,575
Dividends	1,766,872	-	1,766,872
Other income	22,600	-	22,600
Less investment expense	(700,287)	-	(700,287)
<b>Net Investment Income</b>	<b>17,720,257</b>	<b>1,305,990</b>	<b>19,026,247</b>
<b>Total Additions</b>	<b>32,124,259</b>	<b>1,305,990</b>	<b>33,430,249</b>
<b>Deductions</b>			
Benefits paid directly to participants	10,392,164	1,547,143	11,939,307
Refunds of employee contributions	183,505	-	183,505
Administrative expenses	905,662	56,492	962,154
<b>Total Deductions</b>	<b>11,481,331</b>	<b>1,603,635</b>	<b>13,084,966</b>
<b>Net Increase (Decrease)</b>	<b>20,642,928</b>	<b>(297,645)</b>	<b>20,345,283</b>
<b>Net Position Held in Trust for Pension Benefits</b>			
Beginning of year	145,912,243	12,035,600	157,947,843
End of year	\$ 166,555,171	\$ 11,737,955	\$ 178,293,126

***New System***

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.

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 retirement benefit is calculated at 1-1/2% of final average total compensation during the highest three years of service in the last ten years of service (hereafter average compensation), multiplied by the years of service prior to January 1, 1999 plus 2% after January 1, 1999 of average compensation

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

multiplied by the years of service after January 1, 1999. There is a minimum benefit of 50% of average compensation for employees hired prior to January 1, 1974 who complete 20 years of service and attain age 60 before retirement or have combined age and years of service over specified amounts. All eligible employees are required to contribute 2-1/2% of their salaries to the MECRS prior to January 1, 1999 and 3-3/4 % of their salaries after January 1, 1999. If an employee leaves covered employment or dies before five years of service, accumulated employee contributions and earnings thereon at rates determined annually by the MECRS Board of Trustees (5%, for the periods ended June 30, 2013 and 2012) are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. Benefit provisions and contribution requirements are established by the City and may be amended only by the BMA, subject to approval of the voters of the City through referendum.

Membership in the Plan consisted of the following at December 31, 2012, the date of the last actuarial valuation:

	<u>Pension</u>	<u>Health Subsidy</u>
Retirees and beneficiaries receiving benefits	707	218
Terminated vested members	97	97
Active members	1,200	1,200
Total Participants	<u>2,004</u>	<u>1,515</u>

The City's plans, by policy, (i) require annual actuarial valuations, with yearly updates, and (ii) require 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 pension plan. Any difference between the ARC and the actual contribution made has been settled by the next actuarial valuation date, and thus the City has never actually had, or had need to report, a net pension obligation (NPO).

**THREE YEAR TREND INFORMATION**

**PENSION BENEFITS**

Annual Required

Contribution  
(ARC) as a

Valuation December 31	Fiscal Year Ended June 30	Percentage of Valuation Payroll-Pension	Actual Contributions	% of ARC Funded
2011	2013	18.75%	\$9,255,971	100%
2010	2012	17.71%	9,471,499	100%
2009	2011	17.65%	8,508,451	100%

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**HEALTH SUBSIDY PROGRAM**

Annual Required

Contribution  
(ARC) as a

Valuation December 31	Fiscal Year Ended June 30	Percentage of Valuation Payroll-Health	Actual Contributions	% of ARC Funded
2011	2013	0.97%	\$451,122	100%
2010	2012	0.87%	457,292	100%
2009	2011	0.93%	461,074	100%

**SCHEDULE OF FUNDING PROGRESS - PENSION TRUSTS**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Unfunded Actuarial Accrued Liability (Surplus) (b)	Actuarial Accrued Liability (c)	Funded Ratio (a)/(c)	Annual Covered Payroll	Unfunded Liability to Covered Payroll
12/31/2012	\$161,864,937	\$100,817,105	\$262,682,042	61.6%	\$51,881,338	194.3%

**SCHEDULE OF FUNDING PROGRESS - HEALTH TRUST**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Unfunded Actuarial Liability (Surplus) (b)	Actuarial Accrued Liability (c)	Funded Ratio (a)/(c)	Annual Covered Payroll	Unfunded Liability to Covered Payroll
12/31/2012	\$6,870,093	\$9,725,530	\$16,595,623	41.4%	\$51,881,338	18.7%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	December 31, 2012
Actuarial Cost Method:	Entry Age Normal
Investment Net Rate of Return:	7.25%
Projected Salary Increases:	3.0% - 7.93%
Amortization Method:	Level percent of payroll
Asset Valuation Method:	5 year smoothed market
Inflation Rate:	2.75%
Remaining Amortization Period	27 years

**Healthcare cost trend** – healthcare insurance premiums are associated with the benefit entitlements paid by the Retirement System, only to the extent that if premium costs are exceeded by the benefit entitlement, that the excess entitlement becomes a gain for the Retirement System. The Health Care Benefit paid is a flat rate based upon years of service at retirement. The initial entitlement increases by four percent annually and the accrued liability associated with the health benefit was attributed to pre-existing retiree covered by the benefit for which no contributions had ever been collected.

#### *Medical Sub-Trust Section 401(h) Benefits*

Beginning in 2006, following the November 2005 ratification by City referendum of Chapter 41 Laws of 2005, the Retirement System began operating a Retiree Health Insurance 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 System 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, 2007, the City's employer contribution rate which helps fund the benefit decreased from 1.41% to 1.24% based upon revised assumptions.

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 organization's investment guidelines. Under no circumstances are the contributions made by the employee available for refund and in the event of termination, such contributions forfeit to the Plan. Assets of the sub-trust are available solely for the payment of subsidy benefits to qualified members of the Plan. Should the Plan be discontinued, assets in excess of those required to meet ongoing benefit obligations of the plan would revert to the employer.

#### *Old System*

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. Benefits are recognized as expenditures of the General Fund on a pay-as-you-go basis. 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

At June 30, 2012, the Old System membership consisted of:

Members currently receiving benefits	113
Active Vested Members	<u>11</u>
Total Members	<u><u>124</u></u>

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Plan Year ended June 30,	Annual Required Contributions	Percentage contributed
2012	\$ 317,615	0.0%
2011	494,816	0.0%
2010	551,988	0.0%

The City's annual pension cost and net pension asset to the Plan for the current year were:

Annual required contribution	\$ 317,615
Interest on net pension obligation	(766,124)
Adjustment to annual required contribution	<u>1,436,267</u>
Annual pension cost	987,758
Less contributions made	<u>-</u>
Decrease in net pension asset	987,758
Net pension asset beginning of year	<u>(10,214,993)</u>
Net pension asset end of year	<u><u>\$ (9,227,235)</u></u>

Three year trend information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation (Asset)</u>
6/30/2012	\$ 987,758	0.0 %	\$ (9,227,235)
6/30/2011	1,246,749	0.0 %	(10,214,993)
6/30/2010	1,395,471	0.0 %	(11,461,742)

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Assets	Actuarial Accrued Liability (AAL) P.U.C.	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	\$ 12,035,599	\$ 15,655,036	\$ 3,619,437	76.88 %	\$ 668,075	541.77 %

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Remaining amortization period	10 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.25 %
Projected salary increases	4.50 %

***NHRS Related Supplementary Benefits Plan***

The City pays supplementary benefits of up to 50% of the last annual wage for any City employee who participates in the NHRS, was hired before June 30, 1972, and does not receive a pension benefit from the NHRS equal to at least 50% of the last annual wage. The unfunded pension obligation related to this benefit at June 30, 2012 was \$238,176.

At June 30, 2012, the membership consisted of:

Members currently receiving benefits	18
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***New Hampshire Retirement System***

The City contributes to the NHRS a cost-sharing, multiple-employer defined benefit pension plan administered by the state retirement board. The NHRS provides retirement and disability and death benefits to plan members and beneficiaries. Revised Statutes Annotated 100-A:16 of New Hampshire Law assigns the system the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The NHRS issues a publicly available financial report which can be obtained through the New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301-8509.

NHRS members are required to contribute 11.55% for police officers and 11.80% for firefighters of annual covered compensation to the pension plan. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16 and ranges from 19.95% to 22.89% of covered compensation.

The City's contributions to the system, consisting of firefighters and police officers, for the years ended June 30, 2013, 2012 and 2011 were \$7,891,583, \$7,371,088, and \$5,924,955, respectively, and were equal to the required contributions. For the years ended June 30, 2013, 2012 and 2011, the City has recognized both revenue and expenditures of \$0, \$0, and \$1,975,023, respectively, on behalf of contributions made by the State to the NHRS.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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Through June 2011, the State of New Hampshire funded 25% of the total employer normal contribution rate for firefighters and police officers employed by the City. As of July 1, the funding rate increased to 35% of the total employer normal contribution rate. House Bill 2 (HB 2), Chapter 0224, *Laws of 2011*, amended RSA 100-A:16 by eliminating the State's cost sharing, thereby requiring employers to fund 100% of the total employer contributions, effective August 1, 2011. HB 2 further authorized the State to pay \$3.5 million in the State's FY 2012 towards political subdivision employer contributions, of which the City received \$156,140.

**Note 12. 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.

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, 2012, there were 1,171 active employees who may be eligible for benefits in the future and 247 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.

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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, 2013 and the amount actually contributed to the plan.

Normal cost	\$ 944,756
Amortization of Unfunded Accrued Liability (UAL)	1,564,902
Interest	100,386
Annual Required Contribution (ARC)	<u>2,610,044</u>
Interest on Net OPEB Obligation	367,121
Adjustment to ARC	<u>(530,828)</u>
Annual OPEB Cost	2,446,337
Less: Employer contributions made	<u>(1,099,255)</u>
Change in Net OPEB Obligation	1,347,082
Net OPEB obligation beginning of year	<u>9,178,015</u>
Net OPEB obligation end of year	<u><u>\$ 10,525,097</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 Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
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

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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As of July 1, 2012, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits and the unfunded actuarial liability (UAAL) were 28,136,937. The covered payroll (annual payroll of active employees covered by the plan) was \$70,655,154 during fiscal year 2013, and the ratio of the UAAL to the covered payroll was 39.8%.

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.

In the July 1, 2012 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, 2012 was 30 years.

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**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 2013:

Annual required contribution/OPEB cost	\$ 3,088,604
Contributions made (pay-as-you-go)	<u>(2,217,679)</u>
Increase in net OPEB obligation	870,925
Net OPEB obligation, beginning	<u>12,040,268</u>
Net OPEB obligation, ending	<u><u>\$ 12,911,193</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 2013 was as follows:

**SCHEDULE OF ANNUAL OPEB COST - MSD**

Fiscal Year Ended	Annual OPEB Cost	Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
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

As of July 1, 2012, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits and the unfunded actuarial liability (UAAL) were \$32,141,237. The covered payroll (annual payroll of active employees covered by the plan) was \$91,692,296 during fiscal year 2013, and the ratio of the UAAL to the covered payroll was 35.1%

In the July 1, 2012 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, 2012 was 30 years. The RP-2000 Mortality Table projected to 2020 using Scale AA was used.

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

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**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, 2010. GASB 45 was implemented by the MTA for the year ended June 30, 2010.

**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	\$ 196,074
Amortization of Unfunded	279,787
Interest	<u>23,793</u>
Annual required contribution	499,654
Interest on Net OPEB Obligation	32,975
Adjustment to ARC	<u>(63,590)</u>
Annual OPEB Cost	469,039
Less actual contribution	<u>(91,080)</u>
Increase in net OPEB Obligation	377,959
Net OPEB obligation beginning of year	<u>659,506</u>
Net OPEB obligation end of year	<u><u>\$ 1,037,465</u></u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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**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, 2012 were as follows:

Annual required contribution	\$ 499,654
Actual contribution	91,080
Percent contributed	18%
Actuarial accrued liability	\$ 4,559,558
Plan assets	-
Unfunded actuarial accrued liability	<u>\$ 4,559,558</u>
Covered payroll	\$ 1,985,129
Unfunded actuarial accrued liability as a percentage of covered payroll	44%

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 13. 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, 2013**

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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
2013	\$6,839,121	\$13,136,342	\$13,801,616	\$6,173,847
2012	\$5,605,016	\$16,618,272	\$15,384,167	\$6,839,121

**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 \$210,000 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. \$287,628 was recorded in the government wide statements governmental activities for fiscal year 2013 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 \$1,000,000 limit per employee per claim. \$5,553,454 was recorded in the government wide statements governmental activities as the City's estimated liability for all types of claims incurred in 2013 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, 2013, 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.

#### **Note 14. 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 \$2,142,055 reported as landfill closure and postclosure care liability at June 30, 2013 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 15. Fund Deficits**

As of June 30, 2013, the CDBG Fund, Capital Projects Fund, and the Recreation Fund had fund deficits in the amounts of \$252,401, \$1,147,717, and \$4,842,039 respectively.

The City anticipates financing the deficits through future revenues and future debt issuances.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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**Note 16. Restricted Net position**

Below is a listing of restricted net position at June 30, 2013:

	Aviation	EPD	Water Works
Revenue fund	\$ 2,240,464	-	-
Bond fund	8,028,077	-	-
Customer facility charge reserve account	3,515,666	-	-
Operations and maintenance reserve account	9,832,000	-	-
Passenger facility charges	3,789,026	-	-
Coverage account	3,275,222	-	-
Capital improvement account	16,423,803	\$ 420,881	-
Revenue credit account	1,410,000	-	-
Merrimack source development	-	-	\$ 6,620,812
Insurance reserve fund	-	-	3,496,307
Total Restricted Net Position	48,514,258	420,881	10,117,119
Less accrued bond interest	(4,191,592)	-	-
Total Restricted Net Position	<u>\$ 44,322,666</u>	<u>\$ 420,881</u>	<u>\$ 10,117,119</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 17. Fund Balances**

Below is a table of fund balance categories and classifications at June 30, 2013 for the City governmental funds:

	General Fund	Capital Projects	Other Governmental Funds
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid expenses	\$ 968,029	-	-
Inventories	930,637	-	-
MSD Book Loan	2,800,000	-	-
Advance To Other Funds	6,177,850	-	-
Cemetery/ Library Trust	-	-	\$ 19,850,387
Total nonspendable	<u>10,876,516</u>	-	<u>19,850,387</u>
<b>Restricted:</b>			
Worker's Compensation	1,618,788	-	-
Highway and streets	-	-	516,333
Public Safety	-	-	41,372
Health and sanitation	-	-	277,812
Parks and Recreation	-	-	288,882
Cemetery Trust	-	-	2,682,965
Civic Center	-	-	2,604,374
Total restricted	<u>1,618,788</u>	-	<u>6,411,738</u>
<b>Committed:</b>			
Health insurance	1,599,531	-	-
General liability insurance	620,393	-	-
Capital outlay	11,284	-	4,675,607
Highway and streets	11,870	-	-
Total committed	<u>2,243,078</u>	-	<u>4,675,607</u>
<b>Assigned:</b>			
General government - encumbrances	249,091	-	-
Public Safety - encumbrances	230,603	-	-
Health and sanitation - encumbrances	7,212	-	-
Highway and streets - encumbrances	499,427	-	-
Parks and Recreation - encumbrances	128,049	-	-
Welfare - encumbrances	1,067	-	-
Total assigned	<u>1,115,449</u>	-	-
<b>Unassigned:</b>			
Unassigned	7,688,929	\$ (1,147,917)	(1,405,582)
Total unassigned	<u>7,688,929</u>	<u>(1,147,917)</u>	<u>(1,405,582)</u>
Total fund balance	<u>\$ 23,542,760</u>	<u>\$ (1,147,917)</u>	<u>\$ 29,532,150</u>

**Note 18. Governmental Accounting Standards Board (GASB) Statements**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- ◆ **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued March 2012.** This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2014.
- ◆ **GASB Statement No. 66, *Technical Corrections—2012*, was issued in March 2012.** *The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.* The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2014.
- ◆ **GASB Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB Statement No. 25*, was issued in June 2012.** The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2014.
- ◆ **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, was issued in June 2012.** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2015. This Statement will have an impact on the City's financial statements however the amount of the additional liability is not readily determinable at this time.

◆ **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued in January 2013.** This Statement provides guidance for:

Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.

Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.

Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.

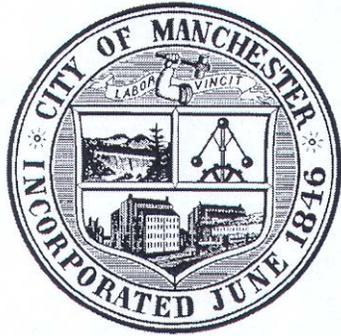
Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2015, and should be applied on a prospective basis.

◆ **GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, was issued in April 2013.** This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this Statement are effective for the City beginning with its year ending June 30, 2014.

◆ **GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement date, an amendment of GASB Statement No. 68*, was issued in November 2013.** The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement are effective for the City beginning with its year ending June 30, 2015.

**Required Supplementary Information**



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**Required Supplementary Information**  
**City of Manchester Employees' Contributory Retirement System**  
**Pension Trust**

**SCHEDULE OF FUNDING PROGRESS - PENSION TRUSTS**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Unfunded Actuarial Accrued Liability (Surplus) (b)	Actuarial Accrued Liability (c)	Funded Ratio (a)/(c)	Annual Covered Payroll	Unfunded Liability to Covered Payroll
12/31/2012	\$161,864,937	\$100,817,105	\$262,682,042	61.6%	\$51,881,338	194.3%
12/31/2011	153,033,601	95,407,752	248,441,353	61.6%	51,117,552	186.6%
12/31/2010	145,933,282	88,105,802	234,039,084	62.4%	51,399,670	171.4%
12/31/2009	134,782,503	88,122,131	222,904,634	60.5%	50,547,690	174.3%
12/31/2008	125,991,904	75,447,113	201,439,017	62.5%	50,740,516	148.7%
12/31/2007 *	139,962,942	59,347,157	199,370,099	70.2%	48,556,218	122.2%

\* After phased in COLA increase

**SCHEDULE OF FUNDING PROGRESS - HEALTH TRUST**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Unfunded Actuarial Accrued Liability (Surplus) (b)	Actuarial Accrued Liability (c)	Funded Ratio (a)/(c)	Annual Covered Payroll	Unfunded Liability to Covered Payroll
12/31/2012	\$6,870,093	\$9,725,530	\$16,595,623	41.4%	\$51,881,338	18.7%
12/31/2011	5,837,021	9,763,341	15,600,362	37.4%	51,117,552	19.1%
12/31/2010	4,875,596	9,219,533	14,095,129	34.6%	51,399,670	17.9%
12/31/2009	3,748,342	9,342,146	13,090,488	28.6%	50,547,690	18.5%
12/31/2008	2,605,141	9,820,788	12,425,929	21.0%	50,740,516	19.4%
12/31/2007	1,908,457	9,398,059	11,306,516	16.9%	48,556,218	19.4%

**PENSION BENEFITS**

Annual Required

Contribution  
(ARC) as a

Valuation December 31	Fiscal Year Ended June 30	Percentage of Valuation Payroll-Pension	Actual Contributions	% of ARC Funded
2011	2013	18.75%	\$9,255,971	100%
2010	2012	17.71%	9,471,499	100%
2009	2011	17.65%	8,508,451	100%
2008	2010	17.17%	7,062,994	100%
2007	2009	13.84%	6,646,801	100%
2006	2008	13.27%	6,760,377	100%

**Required Supplementary Information**  
**City of Manchester Employees' Contributory Retirement System**  
**Pension Trust**

**HEALTH SUBSIDY PROGRAM**

Annual Required

Contribution  
(ARC) as a

Valuation December 31	Fiscal Year Ended June 30	Percentage of Valuation Payroll-Health	Actual Contributions	% of ARC Funded
2011	2013	0.97%	\$451,122	100%
2010	2012	0.87%	457,292	100%
2009	2011	0.93%	461,074	100%
2008	2010	0.93%	487,909	100%
2007	2009	0.91%	641,197	100%
2006	2008	1.24%	333,028	100%

## Required Supplementary Information Old System Pension Trust

### SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Assets	Actuarial Accrued Liability (AAL) P.U.C.	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	\$ 12,035,599	\$ 15,655,036	\$ 3,619,437	76.88 %	\$ 668,075	541.77 %
6/30/2011	13,492,366	15,751,302	2,258,936	85.66	771,056	292.97
6/30/2010	12,766,951	16,286,171	3,519,220	78.39	756,205	465.38
6/30/2009	12,959,248	16,885,092	3,925,844	76.75	785,075	500.06
6/30/2008	16,210,784	16,646,708	435,924	97.38	882,731	49.38
6/30/2007	18,331,806	17,771,369	(560,437)	103.15	907,546	(61.75)

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year ended June 30,	Annual Required Contributions	Percentage contributed
2012	\$ 317,615	0.0%
2011	494,816	0.0%
2010	551,988	0.0%
2009	61,292	0.0%
2008	-	0.0%
2007	48,508	0.0%

## Required Supplementary Information Other Post-Employment Benefits

### SCHEDULE OF FUNDING PROGRESS - CITY - 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)
7/1/2012	\$ -	\$ 28,136,937	\$ 28,136,937	0.00%	\$ 70,655,154	39.8%
7/1/2012	-	36,688,801	36,688,801	0.00%	-	N/A
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
6/30/2013	\$ 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)
7/1/2012	\$ -	\$ 32,141,237	\$ 32,141,237	0.00%	\$ 91,692,296	35.1%
7/1/2012	-	45,846,394	45,846,394	0.00%	-	N/A
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.

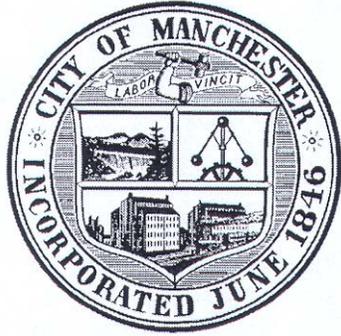
## Required Supplementary Information Other Post-Employment Benefits

### SCHEDULE OF ANNUAL OPEB COST - MSD

Fiscal Year Ended	Annual OPEB Cost	Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
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

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	UAAL as a Percentage of Covered Payroll
6/30/2013	\$ -	\$ 4,559,558	\$ 4,559,558	0.0%	\$ 1,985,129	44%
6/30/2012	-	3,539,602	3,539,602	0.0%	2,005,787	57%
6/30/2011	-	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%



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



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**General Fund**

## ***General Fund***

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

General Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire  
Year Ended June 30, 2013

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 95,610,109	\$ 96,260,109	\$ 95,408,997	\$ (851,112)
Federal and state grants and aid	3,544,290	3,544,290	3,606,290	62,000
Nonenterprise charges for sales and services	2,336,140	2,336,140	2,476,656	140,516
Licenses and permits	17,240,590	17,241,590	18,507,147	1,265,557
Interest	605,000	195,000	327,458	132,458
Other	13,037,777	12,796,777	13,192,183	395,406
<b>Total Revenues</b>	<b>132,373,906</b>	<b>132,373,906</b>	<b>133,518,731</b>	<b>1,144,825</b>
<b>Expenditures</b>				
Current:				
General government	52,509,112	52,655,968	53,773,501	(1,117,533)
Public safety	39,587,535	39,305,688	39,222,809	82,879
Health and sanitation	2,686,086	2,732,676	2,679,748	52,928
Highway and streets	16,117,215	16,117,215	16,056,326	60,889
Welfare	1,028,342	1,028,342	1,023,298	5,044
Education	2,004,863	2,004,863	2,003,623	1,240
Parks and recreation	3,005,908	3,005,908	2,926,138	79,770
Debt service:				
Principal retirement	11,926,329	11,926,329	11,926,329	-
Interest	6,267,947	6,291,348	6,291,348	-
<b>Total Expenditures</b>	<b>135,133,337</b>	<b>135,068,337</b>	<b>135,903,120</b>	<b>(834,783)</b>
<b>Excess (Deficiency) of revenues under expenditures</b>	<b>(2,759,431)</b>	<b>(2,694,431)</b>	<b>(2,384,389)</b>	<b>310,042</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,759,431	2,759,431	2,726,621	(32,810)
Transfers out	-	(65,000)	(65,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,759,431</b>	<b>2,694,431</b>	<b>2,661,621</b>	<b>(32,810)</b>
<b>Revenues and Other Financing Sources</b>				
<b>Over Expenses and Other Financing Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 277,232</b>	<b>\$ 277,232</b>

**General Fund  
Comparative Balance Sheets**

**City of Manchester, New Hampshire  
June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 48,353,302	\$ 79,306,232
Restricted cash and cash equivalents	7,328,444	7,895,049
Investments	561,776	561,667
Receivables, net of allowances for collection losses	56,321,745	27,545,028
Prepaid items	968,029	1,380,686
Due from other funds	13,522,358	10,247,897
Inventories	930,637	966,770
<b>Total Assets</b>	<b>\$ 127,986,291</b>	<b>\$ 127,903,329</b>
<b><u>Liabilities and Fund Balance</u></b>		
<b>Liabilities</b>		
Accounts and warrants payable	\$ 3,079,359	\$ 3,284,979
Retainage payable	33,386	30,208
Accrued liabilities	2,518,982	2,603,678
Other liabilities	2,946,175	3,329,590
Insurance claims payable	884,543	924,948
Due to Manchester School District	15,756,893	26,824,759
Unearned revenue	52,033,103	23,196,156
Deferred revenue	3,661,201	3,572,951
Taxes collected in advance	23,529,889	40,196,224
<b>Total Liabilities</b>	<b>104,443,531</b>	<b>103,963,493</b>
<b>Fund Balances</b>		
Nonspendable	10,876,516	10,955,951
Restricted	1,618,788	1,954,897
Committed	2,243,078	2,796,925
Assigned	1,115,449	719,593
Unassigned	7,688,929	7,512,470
<b>Total Fund Balances</b>	<b>23,542,760</b>	<b>23,939,836</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 127,986,291</b>	<b>\$ 127,903,329</b>

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

**City of Manchester, New Hampshire  
Year Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Revenues</u></b>		
Taxes	\$ 95,394,620	\$ 95,403,257
Federal and state grants and aid	3,606,290	3,865,195
Nonenterprise charges for sales and services	2,481,487	2,500,250
Licenses and permits	18,489,427	17,789,758
Interest	327,458	699,248
Other	13,205,074	12,844,651
<b>Total Revenues</b>	<b>133,504,356</b>	<b>133,102,359</b>
<b><u>Expenditures</u></b>		
Current:		
General Government	29,902,552	25,331,925
Public safety	56,100,256	55,312,200
Health and sanitation	3,873,418	3,892,522
Highway and streets	20,425,721	23,702,744
Welfare	1,308,246	1,235,910
Education	2,838,034	2,745,594
Parks and recreation	3,739,016	4,099,914
Capital Outlay	45,831	98,541
Debt service:		
Principal retirement	11,926,329	11,434,283
Interest	6,291,348	6,767,364
<b>Total Expenditures</b>	<b>136,450,751</b>	<b>134,620,997</b>
<b>Deficiency of revenues over expenditures</b>	<b>(2,946,395)</b>	<b>(1,518,638)</b>
<b><u>Other Financing Sources (Uses)</u></b>		
Proceeds of refunding bonds	-	20,491,796
Payment to refunded bond escrow agent	-	(20,624,886)
Proceeds from premium of refunding bonds	-	416,947
Cost of issuance	-	(199,179)
Proceeds from sale of capital assets	549,984	-
Transfers in	2,725,765	2,584,787
Transfers out	(726,430)	(215,946)
<b>Total Other Financing Sources</b>	<b>2,549,319</b>	<b>2,453,519</b>
Net Change in Fund Balance	(397,076)	934,881
<b>Fund Balance, beginning of year</b>	<b>23,939,836</b>	<b>23,004,955</b>
<b>Fund Balance, end of year</b>	<b>\$ 23,542,760</b>	<b>\$ 23,939,836</b>

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

City of Manchester, New Hampshire  
 Year Ended June 30, 2013

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Taxes</u></b>				
Property tax	\$ 93,021,979	\$ 93,671,979	\$ 92,308,561	\$ (1,363,418)
Miscellaneous taxes	12,710	12,710	187,339	174,629
Interest and penalties	906,000	906,000	1,242,454	336,454
Cable franchise fees	1,669,420	1,669,420	1,670,643	1,223
<b>Total Taxes</b>	<b>95,610,109</b>	<b>96,260,109</b>	<b>95,408,997</b>	<b>(851,112)</b>
<b><u>Federal and State Grants and Aid</u></b>				
Federal grants	368,000	368,000	364,459	(3,541)
Payments in lieu of taxes	810,415	810,415	853,128	42,713
State Grants	2,365,875	2,365,875	2,388,703	22,828
<b>Total Federal and State Grants and Aid</b>	<b>3,544,290</b>	<b>3,544,290</b>	<b>3,606,290</b>	<b>62,000</b>
<b><u>Nonenterprise Charges for Sales and Services</u></b>				
General revenues	156,545	156,545	191,266	34,721
Public safety	136,875	136,875	117,243	(19,632)
Highway	757,750	757,750	810,088	52,338
Sanitation	-	-	1,564	1,564
Health	9,000	9,000	11,170	2,170
Cemetery, Parks & Recreation	181,425	181,425	205,900	24,475
Zoning board	37,000	37,000	44,060	7,060
Parking violations	11,000	11,000	8,450	(2,550)
Court fines	20,000	20,000	20,562	562
Fees	941,545	941,545	982,019	40,474
Witness fees	85,000	85,000	84,334	(666)
<b>Total Nonenterprise Charges for Sales and Services</b>	<b>2,336,140</b>	<b>2,336,140</b>	<b>2,476,656</b>	<b>140,516</b>

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

City of Manchester, New Hampshire  
 Year Ended June 30, 2013

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Licenses and Permits</u></b>				
Auto registrations	14,819,000	14,819,000	15,880,978	1,061,978
Licenses	473,940	473,940	595,760	121,820
Permits	1,947,650	1,948,650	2,030,409	81,759
<b>Total Licenses and Permits</b>	<b>17,240,590</b>	<b>17,241,590</b>	<b>18,507,147</b>	<b>1,265,557</b>
<b><u>Interest</u></b>				
Income from invested funds	605,000	195,000	327,458	132,458
<b><u>Other Revenues</u></b>				
Reimbursements	3,050,202	3,040,202	3,368,510	328,308
Rentals & Leases	941,016	941,016	973,715	32,699
School chargebacks	9,030,109	8,799,109	8,751,135	(47,974)
Miscellaneous	16,450	16,450	98,823	82,373
<b>Total Other Revenues</b>	<b>13,037,777</b>	<b>12,796,777</b>	<b>13,192,183</b>	<b>395,406</b>
<b>Total Revenues</b>	<b>\$ 132,373,906</b>	<b>\$ 132,373,906</b>	<b>\$ 133,518,731</b>	<b>\$ 1,144,825</b>
Transfers in	2,759,431	2,759,431	2,726,621	(32,810)
<b>Total Transfers in</b>	<b>2,759,431</b>	<b>2,759,431</b>	<b>2,726,621</b>	<b>(32,810)</b>
<b>Total Revenues and Transfers in</b>	<b>\$ 135,133,337</b>	<b>\$ 135,133,337</b>	<b>\$ 136,245,352</b>	<b>\$ 1,112,015</b>

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

City of Manchester, New Hampshire  
Year Ended June 30, 2013

	Original Budget	Revised Budget	Total Commitments	Commitments vs Revised Budget Variance
<b>General Government</b>				
Aldermen	\$ 70,000	\$ 70,000	\$ 69,167	\$ 833
Assessors	609,338	609,338	575,355	33,983
City Clerk	994,800	994,800	977,568	17,232
City Solicitor	1,183,513	1,183,513	1,180,374	3,139
Civic Contribution	143,514	163,514	136,282	27,232
Central Fleet Management	2,833,416	3,033,416	2,947,226	86,190
Economic Development Office	204,552	197,539	50,054	147,485
Senior Services	241,654	241,654	232,970	8,684
Finance	956,137	956,137	902,240	53,897
Information Systems	1,471,696	1,501,409	1,501,409	-
Mayor	230,548	230,548	223,750	6,798
MCTV/MCAM	453,000	453,000	453,000	-
Nondepartmental	33,287,873	33,089,779	34,770,246	(1,680,467)
Non-city Program	68,434	68,434	68,434	-
Human Resources	709,981	709,981	696,168	13,813
Planning and Community Development	1,928,111	1,933,411	1,829,696	103,715
Facilities Division	6,071,723	6,126,723	6,093,504	33,219
Tax Collector	526,867	526,867	506,936	19,931
Youth Services	523,955	565,905	559,122	6,783
<b>Total General Government</b>	<b>52,509,112</b>	<b>52,655,968</b>	<b>53,773,501</b>	<b>(1,117,533)</b>
<b>Public Safety</b>				
Fire	19,017,332	18,964,218	18,881,339	82,879
Police	20,570,203	20,341,470	20,341,470	-
<b>Total Public Safety</b>	<b>39,587,535</b>	<b>39,305,688</b>	<b>39,222,809</b>	<b>82,879</b>
<b>Health and Sanitation</b>				
Health	2,686,086	2,732,676	2,679,748	52,928
<b>Total Health and Sanitation</b>	<b>2,686,086</b>	<b>2,732,676</b>	<b>2,679,748</b>	<b>52,928</b>
<b>Highway and Streets</b>				
Highway	16,117,215	16,117,215	16,056,326	60,889
<b>Total Highway and Streets</b>	<b>16,117,215</b>	<b>16,117,215</b>	<b>16,056,326</b>	<b>60,889</b>
<b>Welfare</b>				
Welfare	1,028,342	1,028,342	1,023,298	5,044
<b>Total Welfare</b>	<b>1,028,342</b>	<b>1,028,342</b>	<b>1,023,298</b>	<b>5,044</b>
<b>Education</b>				
Library	2,004,863	2,004,863	2,003,623	1,240
<b>Total Education</b>	<b>2,004,863</b>	<b>2,004,863</b>	<b>2,003,623</b>	<b>1,240</b>
<b>Parks and Recreation</b>				
Parks & Recreation	3,005,908	3,005,908	2,926,138	79,770
<b>Total Parks and Recreation</b>	<b>3,005,908</b>	<b>3,005,908</b>	<b>2,926,138</b>	<b>79,770</b>
<b>Debt Service</b>				
Principal retirement	11,926,329	11,926,329	11,926,329	-
Interest	6,267,947	6,291,348	6,291,348	-
<b>Total Debt Service</b>	<b>18,194,276</b>	<b>18,217,677</b>	<b>18,217,677</b>	
<b>Total Expenditures</b>	<b>135,133,337</b>	<b>135,068,337</b>	<b>135,903,120</b>	<b>(834,783)</b>
<b>Other Financing Uses</b>				
Community improvement program	-	65,000	65,000	-
<b>Total Other Financing Uses</b>	<b>-</b>	<b>65,000</b>	<b>65,000</b>	<b>-</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 135,133,337</b>	<b>\$ 135,133,337</b>	<b>\$ 135,968,120</b>	<b>\$ (834,783)</b>

**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***

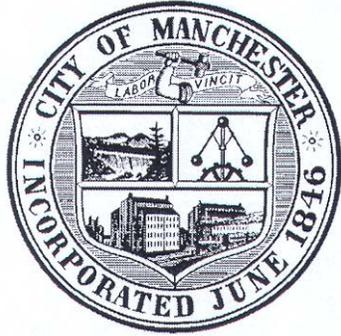
Permanent funds are to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

### **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.



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**Nonmajor Governmental Funds**  
**Combining Balance Sheet**

	<b>Special Revenue</b>			
	<b>HUD Section 108 Fund</b>	<b>CDBG Fund</b>	<b>Other Grants Fund</b>	<b>Civic Center Fund</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,507,616	\$ 158,229	\$ -	\$ -
Restricted cash and cash equivalents	-	-	277,511	1,726,091
Restricted investments	-	-	-	-
Receivables, net of allowances for collection losses	3,266,354	65,926	1,071,861	-
<b>Total Assets</b>	<b>5,773,970</b>	<b>224,155</b>	<b>1,349,372</b>	<b>1,726,091</b>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts and warrants payable	5,725,102	237,607	353,650	-
Accrued liabilities	-	3,797	36,337	-
Other liabilities	48,868	-	238,523	-
Due to other Funds	-	235,152	213,388	-
Unearned Revenue	-	-	277,511	-
<b>Total Liabilities</b>	<b>5,773,970</b>	<b>476,556</b>	<b>1,119,409</b>	<b>-</b>
<b>Fund balances (deficits)</b>				
Nonspendable	-	-	-	-
Restricted	-	-	1,383,144	1,726,091
Committed	-	-	-	-
Unassigned	-	(252,401)	(1,153,181)	-
<b>Total Fund balances (deficits)</b>	<b>-</b>	<b>(252,401)</b>	<b>229,963</b>	<b>1,726,091</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 5,773,970</b>	<b>\$ 224,155</b>	<b>\$ 1,349,372</b>	<b>\$ 1,726,091</b>

City of Manchester, New Hampshire

June 30, 2013

Special Revenue		Permanent Funds		
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total
\$ 631	\$ 2,856,200	\$ 410,345	\$ 59,688	\$ 5,992,709
250,580	-	-	97,586	2,351,768
-	1,819,396	19,066,332	3,457,839	24,343,567
259,071	11	2	9,465	4,672,690
<b>510,282</b>	<b>4,675,607</b>	<b>19,476,679</b>	<b>3,624,578</b>	<b>37,360,734</b>
-	-	-	-	6,316,359
-	-	-	-	40,134
458,649	-	-	-	746,040
-	-	-	-	448,540
-	-	-	-	277,511
<b>458,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,828,584</b>
-	-	16,793,714	3,056,673	19,850,387
51,633	-	2,682,965	567,905	6,411,738
-	4,675,607	-	-	4,675,607
-	-	-	-	(1,405,582)
<b>51,633</b>	<b>4,675,607</b>	<b>19,476,679</b>	<b>3,624,578</b>	<b>29,532,150</b>
<b>\$ 510,282</b>	<b>\$ 4,675,607</b>	<b>\$ 19,476,679</b>	<b>\$ 3,624,578</b>	<b>\$ 37,360,734</b>

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

	<u>Special Revenue</u>			
	<u>HUD Section 108 Fund</u>	<u>CDBG Fund</u>	<u>Other Grant Fund</u>	<u>Civic Center Fund</u>
<b><u>Revenues</u></b>				
Federal and state grants and aid	\$ -	\$ 2,338,407	\$ 4,882,224	\$ 4,438,965
Nonenterprise charges for sales and services	-	-	1,254	-
Interest	-	-	-	557
Contributions	-	-	-	-
Net appreciation (depreciation) in fair value of securities	-	-	-	-
Other	-	-	3,690,474	25,000
<b>Total Revenues</b>	<b>-</b>	<b>2,338,407</b>	<b>8,573,952</b>	<b>4,464,522</b>
<b><u>Expenditures</u></b>				
Current:				
General government	-	1,464,637	2,498,243	4,666,783
Public safety	-	69,697	2,063,038	-
Health and sanitation	-	13,145	1,451,842	-
Parks and recreation	-	124,786	-	-
Cemetery Trust	-	-	-	-
Investment management fee	-	-	-	-
Capital Outlay	-	492,069	2,449,486	-
<b>Total Expenditures</b>	<b>-</b>	<b>2,164,334</b>	<b>8,462,609</b>	<b>4,666,783</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>174,073</b>	<b>111,343</b>	<b>(202,261)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	594,200	-
Transfers out	-	(38,522)	(95,966)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(38,522)</b>	<b>498,234</b>	<b>-</b>
Net Change in Fund Balance	-	135,551	609,577	(202,261)
<b>Fund Balance (Deficit), beginning of year</b>	<b>-</b>	<b>(387,952)</b>	<b>(379,614)</b>	<b>1,928,352</b>
<b>Fund Balance (Deficit), end of year</b>	<b>\$ -</b>	<b>\$ (252,401)</b>	<b>\$ 229,963</b>	<b>\$ 1,726,091</b>

City of Manchester, New Hampshire  
Year Ended June 30, 2013

Special Revenue		Permanent Funds		
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total
\$ -	\$ -	\$ -	\$ -	\$ 11,659,596
-	-	-	-	1,254
16,449	58,330	501,971	87,529	664,836
-	-	83,425	57,027	140,452
-	(73,756)	1,760,181	209,976	1,896,401
7,000	-	-	-	3,722,474
<b>23,449</b>	<b>(15,426)</b>	<b>2,345,577</b>	<b>354,532</b>	<b>18,085,013</b>
50,160	4,802,840	-	108,968	13,591,631
-	-	-	-	2,132,735
-	-	-	-	1,464,987
-	-	-	-	124,786
-	-	48,195	-	48,195
-	-	38,839	18,998	57,837
-	-	-	-	2,941,555
<b>50,160</b>	<b>4,802,840</b>	<b>87,034</b>	<b>127,966</b>	<b>20,361,726</b>
<b>(26,711)</b>	<b>(4,818,266)</b>	<b>2,258,543</b>	<b>226,566</b>	<b>(2,276,713)</b>
-	-	-	-	594,200
-	-	(500,100)	-	(634,588)
-	-	<b>(500,100)</b>	-	<b>(40,388)</b>
(26,711)	(4,818,266)	1,758,443	226,566	<b>(2,317,101)</b>
<b>78,344</b>	<b>9,493,873</b>	<b>17,718,236</b>	<b>3,398,012</b>	<b>31,849,251</b>
<b>\$ 51,633</b>	<b>\$ 4,675,607</b>	<b>\$ 19,476,679</b>	<b>\$ 3,624,578</b>	<b>\$ 29,532,150</b>



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**Nonmajor Proprietary Funds**

## ***Enterprise Funds***

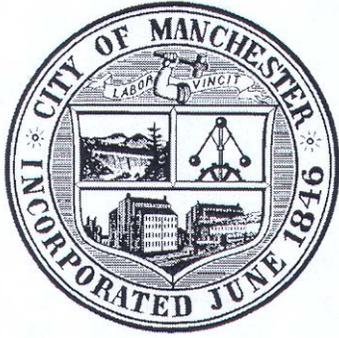
Enterprise Funds are used to account for the operations of the City that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis will be recovered or financed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



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

**City of Manchester, New Hampshire**  
**June 30, 2013**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Non-Major</b>		<b>Total</b>
	<b>Recreation Fund</b>	<b>Parking Fund</b>	
<b>Assets</b>			
Current assets:			
Cash and Cash Equivalents	\$ 350	\$ 1,100	\$ 1,450
Receivables, net of allowances for collection losses	58,341	103,415	161,756
Due from other funds	-	23,116	23,116
<b>Total current assets:</b>	<b>58,691</b>	<b>127,631</b>	<b>186,322</b>
Noncurrent assets:			
Restricted cash and cash equivalents	94,659	88,883	183,542
Capital assets, net, where applicable, of accumulated depreciation	5,351,184	8,455,200	13,806,384
Deferred charges	30,499	18,691	49,190
<b>Total noncurrent assets:</b>	<b>5,476,342</b>	<b>8,562,774</b>	<b>14,039,116</b>
<b>Total Assets</b>	<b>\$ 5,535,033</b>	<b>\$ 8,690,405</b>	<b>\$ 14,225,438</b>
<b>Liabilities</b>			
Current liabilities			
Accounts and warrants payable	\$ 32,356	\$ 54,255	\$ 86,611
Accrued liabilities	123,283	395,682	518,965
Unearned revenue	39,054	-	39,054
Bonds and notes payable	335,416	477,696	813,112
Compensated absences	144,779	80,880	225,659
Other liabilities	12,309	95,756	108,065
<b>Total Current liabilities</b>	<b>687,197</b>	<b>1,104,269</b>	<b>1,791,466</b>
Noncurrent liabilities			
Due to other funds	6,177,850	-	6,177,850
Bonds payable	3,512,025	2,896,407	6,408,432
<b>Total Noncurrent liabilities</b>	<b>9,689,875</b>	<b>2,896,407</b>	<b>12,586,282</b>
<b>Total Liabilities</b>	<b>10,377,072</b>	<b>4,000,676</b>	<b>14,377,748</b>
<b>Net Position</b>			
Net investment in capital assets	1,586,096	5,081,097	6,667,193
Unrestricted deficit	(6,428,135)	(391,368)	(6,819,503)
<b>Total Net Position (Deficit)</b>	<b>\$ (4,842,039)</b>	<b>\$ 4,689,729</b>	<b>\$ (152,310)</b>

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

City of Manchester, New Hampshire  
 Year Ended June 30, 2013

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Recreation</u>	<u>Parking</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
<b><u>Operating Revenues</u></b>			
Charges for goods and services	\$ 1,356,751	\$ 4,485,023	\$ 5,841,774
Other	85,314	2,816	88,130
<b>Total Operating Revenues</b>	<b>1,442,065</b>	<b>4,487,839</b>	<b>5,929,904</b>
<b><u>Operating Expenses</u></b>			
Personnel services	719,473	1,366,385	2,085,858
Plant maintenance	22,052	44,964	67,016
Light/heat and power	231,634	34,738	266,372
General and administrative	247,682	784,919	1,032,601
Depreciation and amortization	409,913	435,309	845,222
<b>Total Operating Expenses</b>	<b>1,630,754</b>	<b>2,666,315</b>	<b>4,297,069</b>
<b>Operating Income (Loss)</b>	<b>(188,689)</b>	<b>1,821,524</b>	<b>1,632,835</b>
<b><u>Non-Operating Revenues (Expenses), net</u></b>			
Interest income	-	4,080	4,080
Interest expense	(180,814)	(155,858)	(336,672)
Rent and other income	132,666	-	132,666
Gain on disposal of fixed assets	-	848	848
<b>Total Non-operating Expenses</b>	<b>(48,148)</b>	<b>(150,930)</b>	<b>(199,078)</b>
<b>Net income (loss) before capital contributions and transfers</b>	<b>(236,837)</b>	<b>1,670,594</b>	<b>1,433,757</b>
<b><u>Capital Contributions and Transfers</u></b>			
Transfer to general fund	-	(2,064,155)	(2,064,155)
Transfer from general fund	-	132,230	132,230
Transfer of capital assets	223,402	-	223,402
<b>Total Capital Contributions and Transfers</b>	<b>223,402</b>	<b>(1,931,925)</b>	<b>(1,708,523)</b>
<b>Change in Net Position</b>	<b>(13,435)</b>	<b>(261,331)</b>	<b>(274,766)</b>
<b>Fund Net Position (Deficit), beginning of year</b>	<b>(4,828,604)</b>	<b>4,951,060</b>	<b>122,456</b>
<b>Fund Net Position (Deficit), end of year</b>	<b>\$ (4,842,039)</b>	<b>\$ 4,689,729</b>	<b>\$ (152,310)</b>

Nonmajor Proprietary Funds  
Statement of Cash Flows

City of Manchester, New Hampshire  
Year Ended June 30, 2013

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Recreation Fund</u>	<u>Parking Fund</u>	<u>Total</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Cash received from customers	\$ 1,495,133	\$ 4,498,439	\$ 5,993,572
Cash payments for goods and services	(747,998)	(536,206)	(1,284,204)
Cash payments to employees for services	(720,536)	(1,349,394)	(2,069,930)
Other operating revenues	132,666	-	132,666
<b>Net Cash Provided by Operating Activities</b>	<b>159,265</b>	<b>2,612,839</b>	<b>2,772,104</b>
<b><u>Cash Flows from Non-Capital and Related Financing Activities</u></b>			
Due to (from) general fund	369,355	(23,116)	346,239
Cash received from general fund	-	150,372	150,372
Cash payment to the City	-	(2,064,155)	(2,064,155)
Interest paid on cash advances	(13,675)	-	(13,675)
<b>Net Cash Provided by (Used in) Non-Capital &amp; Related Financing Activities</b>	<b>355,680</b>	<b>(1,936,899)</b>	<b>(1,581,219)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Principal paid on bonds	(321,290)	(512,610)	(833,900)
Interest paid on bonds	(174,278)	(157,444)	(331,722)
Proceeds from sale of capital assets	-	848	848
Acquisition and construction of capital assets	(19,280)	(46,010)	(65,290)
<b>Net Cash Used in Capital &amp; Related Financing Activities</b>	<b>(514,848)</b>	<b>(715,216)</b>	<b>(1,230,064)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest and dividends from investments	-	4,080	4,080
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>4,080</b>	<b>4,080</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>97</b>	<b>(35,196)</b>	<b>(35,099)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>94,912</b>	<b>125,179</b>	<b>220,091</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 95,009</b>	<b>\$ 89,983</b>	<b>\$ 184,992</b>
<b>Reconciliation of operating (loss) profit to net cash provided by operating activities</b>			
Operating (loss) income	\$ (188,689)	\$ 1,821,524	\$ 1,632,835
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and amortization	409,913	435,309	845,222
Non-operating revenue	132,666	-	132,666
<b>Change in Assets and Liabilities</b>			
Decrease (increase) in receivables	50,420	(2,559)	47,861
Decrease in prepaid expenses and other assets	2,331	1,787	4,118
Decrease in accounts payable	(7,941)	(20,529)	(28,470)
(Decrease) increase in accrued liabilities	(242,588)	349,700	107,112
Increase in compensated absences	505	14,448	14,953
Increase in other liabilities	9	13,159	13,168
Increase in unearned revenue	2,639	-	2,639
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 159,265</b>	<b>\$ 2,612,839</b>	<b>\$ 2,772,104</b>
<b>Schedule of Noncash Investing, Capital and Financing Activities</b>			
Transfer of Capital Assets	\$ 223,402	\$ -	\$ 223,402
Amortization of net bond premium/ deferred loss	\$ 6,021	\$ 2,487	\$ 8,508

**Governmental Capital Assets**

## ***Governmental Capital Assets***

Capital assets of the City used in the operation not related to specific proprietary or trust funds.

**Governmental Capital Assets**  
**Schedule of Capital Assets - By Source**

**City of Manchester, New Hampshire**  
**June 30, 2013**

**Capital Assets**

Land	\$ 12,721,725
Buildings	392,327,015
Improvements other than buildings	28,495,767
Equipment	17,103,780
Easements	52,426
Work-in-Process	4,788,752
Vehicles	25,760,554
Infrastructure	103,258,930

**Total Capital Assets** **\$ 584,508,949**

**Investments in Capital Assets**

Capital project funds	\$ 425,575,370
General fund revenues	33,262,245
Special revenue funds	125,671,334

**Total Investments in Capital Assets** **\$ 584,508,949**

## Governmental Capital Assets

City of Manchester, New Hampshire

## Schedule of Capital Assets - By Function and Activity

June 30, 2013

	Improvements							Total
	Land	Buildings	Other Than Buildings	Equipment & Other	Easements	Vehicles	Infrastructure	
<b>General Government</b>								
Baseball stadium	\$ -	\$ 24,658,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,658,502
City Clerk	-	-	-	82,461	-	38,619	-	121,080
Central Fleet Management	-	13,968,293	-	22,431	-	308,348	-	14,299,072
Civic Center	2,960,900	62,739,798	-	-	-	-	-	65,700,698
Economic Development								
Office	-	-	-	5,294	-	-	-	5,294
Elderly Services	-	3,627,637	-	-	-	-	-	3,627,637
Finance	240,833	3,770,053	-	18,912	-	-	-	4,029,798
Information Systems	-	143,709	-	1,218,416	-	21,253	-	1,383,378
Mayor	-	-	-	13,989	-	-	-	13,989
Personnel	-	-	-	8,354	-	20,058	-	28,412
Planning & Community Dev	561,679	968,974	-	35,511	-	153,132	-	1,719,296
Facilities	437,250	6,071,659	115,084	31,345	-	308,215	-	6,963,553
Tax Collector	-	-	-	136,187	-	-	-	136,187
<b>Total General Government</b>	<b>4,200,662</b>	<b>115,948,625</b>	<b>115,084</b>	<b>1,572,900</b>	<b>-</b>	<b>849,625</b>	<b>-</b>	<b>122,686,896</b>
<b>Public Safety</b>								
Fire Protection	1,021,775	13,114,407	126,285	1,614,475	-	10,981,827	-	26,858,769
Police Protection	96,115	19,910,637	52,716	362,542	-	2,139,051	-	22,561,061
<b>Total Public Safety</b>	<b>1,117,890</b>	<b>33,025,044</b>	<b>179,001</b>	<b>1,977,017</b>	<b>-</b>	<b>13,120,878</b>	<b>-</b>	<b>49,419,830</b>
<b>Health and Sanitation</b>								
Cemetery	71,255	626,736	348,293	958,477	-	545,017	-	2,549,778
Health	-	5,301,803	-	164,530	-	223,071	-	5,689,404
<b>Total Health and Sanitation</b>	<b>71,255</b>	<b>5,928,539</b>	<b>348,293</b>	<b>1,123,007</b>	<b>-</b>	<b>768,088</b>	<b>-</b>	<b>8,239,182</b>
<b>Highway and Streets</b>								
Highway	538,280	13,731,631	4,494,343	4,421,101	52,426	9,561,934	100,170,309	132,970,024
<b>Total Highway and Streets</b>	<b>538,280</b>	<b>13,731,631</b>	<b>4,494,343</b>	<b>4,421,101</b>	<b>52,426</b>	<b>9,561,934</b>	<b>100,170,309</b>	<b>132,970,024</b>
<b>Welfare</b>								
Welfare	27,489	109,955	-	-	-	-	-	137,444
<b>Total Welfare</b>	<b>27,489</b>	<b>109,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,444</b>
<b>Education</b>								
Library	72,270	4,671,171	-	73,775	-	-	-	4,817,216
School	1,602,542	206,031,601	3,416,389	92,261	-	-	-	211,142,793
<b>Total Education</b>	<b>1,674,812</b>	<b>210,702,772</b>	<b>3,416,389</b>	<b>166,036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,960,009</b>
<b>Parks and Recreation</b>								
Parks & Recreation	5,091,337	12,880,449	19,942,657	7,843,719	-	1,460,029	3,088,621	50,306,812
<b>Total Parks and Recreation</b>	<b>5,091,337</b>	<b>12,880,449</b>	<b>19,942,657</b>	<b>7,843,719</b>	<b>-</b>	<b>1,460,029</b>	<b>3,088,621</b>	<b>50,306,812</b>
Construction in Progress	-	3,703,604	507,553	159,677	-	-	417,918	4,788,752
<b>Total General Fixed Assets</b>								
Allocated to Functions	\$ 12,721,725	\$ 396,030,619	\$ 29,003,320	\$ 17,263,457	\$ 52,426	\$ 25,760,554	\$ 103,676,848	\$ 584,508,949

**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. 106

#### *Revenue Capacity*

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 114

#### *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. 120

#### *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. 125

#### *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. 128

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010*	2011	2012	2013
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 94,437,831	\$ 114,061,411	\$ 139,339,888	\$ 137,362,874	\$ 130,206,321	\$ 144,179,247	\$ 134,654,018	\$ 140,218,259	\$ 141,589,820	\$ 138,136,953
Restricted	19,161,857	19,438,394	20,257,087	22,389,423	22,171,646	18,254,369	19,466,347	18,990,583	23,071,145	24,720,045
Unrestricted	(30,880,302)	(39,978,617)	(46,459,710)	(30,612,818)	(22,179,743)	(37,769,673)	(27,211,134)	(24,479,074)	(22,513,971)	(18,702,119)
<b>Total governmental activities net position</b>	<b>\$ 82,719,386</b>	<b>\$ 93,521,188</b>	<b>\$ 113,137,195</b>	<b>\$ 129,139,479</b>	<b>\$ 130,197,224</b>	<b>\$ 124,663,943</b>	<b>\$ 126,909,231</b>	<b>\$ 134,729,768</b>	<b>\$ 142,146,994</b>	<b>\$ 144,154,879</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 243,639,543	\$ 278,806,782	\$ 290,467,921	\$ 316,387,714	\$ 326,272,247	\$ 315,979,117	\$ 304,237,386	\$ 306,967,260	\$ 318,572,917	\$ 318,507,431
Restricted	38,493,475	42,328,192	46,926,306	46,943,856	56,532,400	59,319,350	59,496,926	63,087,461	55,255,580	54,860,666
Unrestricted	42,445,613	18,460,983	14,730,581	9,153,778	12,377,354	16,858,763	28,740,551	32,711,684	32,527,468	37,688,450
<b>Total business-type activities net position</b>	<b>\$ 324,578,631</b>	<b>\$ 339,595,957</b>	<b>\$ 352,124,808</b>	<b>\$ 372,485,348</b>	<b>\$ 395,182,001</b>	<b>\$ 392,157,230</b>	<b>\$ 392,474,863</b>	<b>\$ 402,766,405</b>	<b>\$ 406,355,965</b>	<b>\$ 411,006,547</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 338,077,374	\$ 392,868,193	\$ 429,807,789	\$ 453,750,588	\$ 456,477,568	\$ 460,158,364	\$ 438,891,404	\$ 447,185,519	\$ 460,162,737	\$ 456,644,384
Restricted	57,655,332	61,766,586	67,183,343	69,333,279	78,704,046	77,573,719	78,963,273	82,078,044	78,326,725	79,580,711
Unrestricted	11,565,311	(21,517,634)	(31,729,129)	(21,459,040)	(9,802,389)	(20,910,910)	1,529,417	8,232,610	10,013,497	18,986,331
<b>Total primary government net position</b>	<b>\$ 407,298,017</b>	<b>\$ 433,117,145</b>	<b>\$ 465,262,003</b>	<b>\$ 501,624,827</b>	<b>\$ 525,379,225</b>	<b>\$ 516,821,173</b>	<b>\$ 519,384,094</b>	<b>\$ 537,496,173</b>	<b>\$ 548,502,959</b>	<b>\$ 555,161,426</b>

\* As restated for CPEB accrual.

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

City of Manchester, New Hampshire  
 Table II

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government	\$ 39,884,738	\$ 39,257,227	\$ 27,046,192	\$ 47,026,301	\$ 39,763,033	\$ 42,805,918	\$ 44,072,312	\$ 43,125,554	\$ 44,278,816	\$ 47,682,276
Public safety	38,959,705	44,575,376	49,410,627	50,031,363	52,318,965	53,056,030	56,344,474	61,213,077	60,454,957	59,542,996
Health and sanitation	5,446,491	5,043,862	4,649,675	4,349,909	5,046,882	5,050,940	5,775,524	5,867,746	6,031,708	5,620,653
Highways and streets	23,004,043	21,018,167	28,343,982	15,581,877	26,607,881	28,332,502	28,611,754	29,260,549	27,764,814	24,209,780
Welfare	1,325,442	1,345,172	1,430,019	1,445,290	1,313,418	1,290,779	1,478,191	1,343,084	1,325,476	1,307,546
Education and library	3,035,765	3,466,500	4,456,108	7,512,145	7,791,145	8,183,872	8,318,868	8,680,202	8,964,830	9,515,356
Parks and recreation	5,259,212	5,190,321	5,155,343	6,408,656	6,767,095	6,229,200	5,538,284	5,737,764	6,574,730	5,737,521
Cemetery Trust	32,627	26,100	27,163	21,802	60,000	125,855	79,055	36,359	46,182	48,195
Investment management fee	29,071	30,823	36,920	38,834	55,177	56,649	57,695	55,407	54,125	57,837
Interest	-	5,359,441	4,399,559	4,094,284	4,409,099	4,042,827	3,895,389	5,466,279	5,824,536	5,139,884
<b>Total governmental activities expenses</b>	<b>116,977,094</b>	<b>125,312,989</b>	<b>124,955,588</b>	<b>136,510,461</b>	<b>144,132,695</b>	<b>149,174,572</b>	<b>154,171,546</b>	<b>160,786,021</b>	<b>161,320,174</b>	<b>158,862,044</b>
Business-type activities:										
Water	12,349,266	13,461,136	14,795,858	15,987,127	16,781,801	17,756,287	17,507,643	18,455,490	17,512,501	18,234,535
EPD	12,222,211	12,403,517	13,120,698	13,114,933	13,538,731	14,429,389	14,564,969	15,127,410	15,419,089	18,177,753
Aviation	45,468,710	57,832,875	56,203,377	62,213,023	65,814,560	66,214,304	59,678,505	54,480,487	56,169,425	50,443,553
Recreation	2,860,922	2,967,744	3,363,302	3,087,514	2,737,979	3,190,810	2,724,185	2,431,535	2,219,200	1,811,568
Aggregation	173,941	75,465	77,900	-	-	-	-	-	-	-
Parking	-	-	-	2,662,454	3,093,657	2,938,857	2,337,593	2,582,954	2,455,616	2,822,173
<b>Total business-type activities expenses</b>	<b>73,075,050</b>	<b>86,740,737</b>	<b>87,561,135</b>	<b>97,065,051</b>	<b>101,966,728</b>	<b>104,529,647</b>	<b>96,812,895</b>	<b>93,077,876</b>	<b>93,775,831</b>	<b>91,489,582</b>
<b>Total primary government expenses</b>	<b>190,052,144</b>	<b>212,053,726</b>	<b>212,516,723</b>	<b>233,575,512</b>	<b>246,099,423</b>	<b>253,704,219</b>	<b>250,984,441</b>	<b>253,863,897</b>	<b>255,096,005</b>	<b>250,351,626</b>
Program revenue:										
Governmental activities:										
Charges for services:										
General government	9,316,439	14,043,476	12,632,653	17,997,667	12,964,400	11,269,228	15,431,257	20,430,052	18,121,623	14,455,561
Public safety	2,802,949	2,586,789	2,670,102	1,249,207	1,455,129	1,360,027	1,273,527	1,601,622	1,818,606	1,704,115
Health and sanitation	1,533,303	1,584,228	1,730,138	1,788,574	1,834,023	1,954,809	2,010,744	2,212,021	2,286,383	2,495,061
Highways and streets	6,363,098	5,846,363	4,046,571	1,873,626	1,738,416	1,610,511	1,579,244	1,572,687	2,347,920	3,048,308
Welfare	93,813	94,465	78,928	74,100	44,825	47,925	31,092	21,544	31,293	24,048
Education and library	204,659	27,420	(12,894)	221,469	-	-	121,260	441,807	(68,672)	209,976
Parks and recreation	2,469,182	1,404,382	614,752	1,564,145	689,115	547,336	1,955,050	3,673,131	653,918	2,497,598
Operating grants and contributions:										
General government	15,902,634	13,272,378	14,546,757	14,685,507	14,851,309	18,508,228	15,433,226	10,852,586	8,581,356	8,187,673
Public safety	1,492,792	1,375,203	2,450,968	1,658,805	983,941	738,082	2,416,018	2,678,785	2,668,080	2,221,939
Health and sanitation	2,441,513	1,815,446	1,510,875	1,423,832	1,439,145	1,621,655	1,891,185	1,918,638	1,637,322	1,435,364
Highways and streets	3,680,818	3,766,747	7,302,015	2,154,194	2,055,444	2,264,109	2,039,904	2,304,118	2,898,538	2,089,952
Education and library	13,240	27,777	52,022	39,017	125,820	154,977	57,045	55,380	45,166	57,027
Parks and recreation	595,552	506,398	1,587,946	585,536	1,561,614	662,097	815,756	696,688	179,133	210,980
Capital grants and contributions:										
General government	-	-	-	-	-	-	-	406,928	400,000	394,258
Public safety	-	-	-	-	-	-	-	-	37,705	171,905
Highways and streets	-	-	-	4,436,221	6,201,812	2,690,181	908,525	4,099,925	2,769,813	1,281,282
Parks and recreation	-	-	-	-	-	-	315,029	-	-	-
<b>Total governmental activities program revenue</b>	<b>46,909,992</b>	<b>46,351,072</b>	<b>49,210,833</b>	<b>49,751,900</b>	<b>45,944,993</b>	<b>43,429,165</b>	<b>46,278,862</b>	<b>52,965,912</b>	<b>44,408,184</b>	<b>40,485,047</b>

Changes In Net Position (Continued)

City of Manchester, New Hampshire

Last Ten Fiscal Years

Table II

(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services:										
Water	12,139,084	13,546,594	15,489,946	16,044,783	16,316,339	15,706,634	15,855,099	16,987,128	16,187,322	17,672,365
EPD	11,393,713	11,148,848	12,154,804	13,252,696	16,645,295	18,947,577	21,103,987	21,558,040	19,917,784	20,670,900
Aviation	45,183,565	51,657,611	51,750,393	51,829,778	55,359,856	50,879,087	46,551,051	46,497,429	44,508,490	44,746,976
Recreation	2,256,001	2,317,267	2,121,088	1,856,099	2,102,962	2,117,984	1,673,650	1,587,848	1,567,601	1,574,731
Aggregation	55,661	82,938	-	-	-	-	-	-	-	-
Parking	-	-	-	4,653,498	4,892,834	4,849,094	4,534,452	4,365,668	4,407,972	4,487,839
Operating grants and contributions:										
EPD	959,284	2,377,826	1,935,899	663,143	983,903	-	-	49,906	34,865	26,885
Aviation	3,228,931	3,229,750	2,652,613	3,707,927	4,844,795	4,049,880	1,871,938	94,541	-	-
Recreation	-	18,000	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Water	1,611,168	2,451,261	2,096,454	2,623,529	1,588,069	732,896	1,029,149	3,470,596	1,459,935	620,019
EPD	2,019,325	679,713	1,503,330	294,953	389,462	1,520,198	1,192,828	761,826	3,794,290	447,984
Aviation	817,782	13,914,058	4,902,721	20,333,025	17,325,965	2,962,441	4,747,164	8,810,475	6,648,304	7,151,330
Recreation	189,019	902,731	100,753	-	-	120,200	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>79,853,533</b>	<b>102,326,597</b>	<b>94,708,001</b>	<b>115,259,431</b>	<b>120,449,480</b>	<b>101,885,991</b>	<b>98,559,318</b>	<b>104,183,457</b>	<b>98,526,563</b>	<b>97,399,029</b>
<b>Total primary government program revenues</b>	<b>126,763,525</b>	<b>148,677,669</b>	<b>143,918,834</b>	<b>165,011,331</b>	<b>160,934,527</b>	<b>101,885,991</b>	<b>98,559,318</b>	<b>104,183,457</b>	<b>98,526,563</b>	<b>137,884,076</b>
Net (expense) revenue:										
Governmental activities	(70,067,102)	(78,961,917)	(75,744,755)	(86,758,561)	(98,187,702)	(98,187,702)	(105,745,407)	(107,892,684)	(116,911,990)	(118,376,997)
Business-type activities	6,778,483	15,585,860	7,146,866	18,194,380	18,482,752	(2,643,656)	1,746,423	11,105,581	4,750,732	5,909,447
<b>Total primary government net expense</b>	<b>(63,288,619)</b>	<b>(63,376,057)</b>	<b>(68,597,889)</b>	<b>(68,564,181)</b>	<b>(79,704,950)</b>	<b>(100,831,358)</b>	<b>(103,998,984)</b>	<b>(96,787,103)</b>	<b>(112,161,258)</b>	<b>(112,467,550)</b>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	61,894,928	64,709,146	67,924,107	72,795,861	73,227,606	77,269,610	89,492,106	90,457,552	94,089,096	93,837,225
Auto registration fees	14,399,844	15,194,741	15,377,773	15,286,482	14,936,473	13,958,285	13,644,776	13,953,158	14,328,534	15,115,730
Franchise fees	1,033,635	1,158,850	987,449	1,069,452	1,127,631	1,224,321	1,692,256	1,755,899	1,791,461	1,840,954
Unrestricted investment earnings programs	2,606,687	2,890,053	3,719,822	4,295,614	2,465,960	(1,006,154)	1,187,001	1,202,692	1,285,836	1,007,664
Investment Income	-	-	-	-	-	-	-	-	4,660,770	-
Debt reimbursement from MSD	5,797,821	6,697,790	6,569,723	4,863,635	5,759,531	5,900,612	6,001,664	6,162,664	6,208,443	6,906,691
Transfer from capital projects fund	(5,346,517)	-	-	-	-	-	-	-	-	-
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
Wall Street Tower Recovery	-	-	-	-	-	1,600,978	-	-	-	-
Gain (Loss) on disposal of assets	686,201	(886,861)	2,194,416	-	63,354	-	1,689,667	129,107	(1,306)	37,916
<b>Total governmental activities</b>	<b>81,072,599</b>	<b>89,763,719</b>	<b>95,360,762</b>	<b>102,760,845</b>	<b>99,245,447</b>	<b>100,212,126</b>	<b>115,678,846</b>	<b>115,640,646</b>	<b>124,329,216</b>	<b>120,384,882</b>
Business-type activities:										
Unrestricted investment earnings programs	2,177,409	2,455,431	4,440,863	3,435,663	3,313,981	824,396	1,032,108	872,337	797,856	381,184
Miscellaneous	-	-	-	-	-	89,096	-	-	-	-
Transfer from capital projects fund	5,346,517	-	-	-	-	-	-	-	-	-
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)
Donation of land	(478,250)	(167,778)	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	(546,759)	(2,856,187)	(471,406)	3,180,298	2,564,812	44,867	(489,522)	293,198	7,354	(1,347)
<b>Total business-type activities</b>	<b>6,498,917</b>	<b>(568,534)</b>	<b>5,381,985</b>	<b>2,166,160</b>	<b>4,213,901</b>	<b>(381,115)</b>	<b>(1,428,790)</b>	<b>(814,039)</b>	<b>(1,161,172)</b>	<b>(1,258,865)</b>
<b>Total primary government</b>	<b>87,571,516</b>	<b>89,195,185</b>	<b>100,742,747</b>	<b>104,927,005</b>	<b>103,459,348</b>	<b>99,831,011</b>	<b>114,250,056</b>	<b>114,826,607</b>	<b>123,168,044</b>	<b>119,126,017</b>
Changes in net position:										
Governmental activities	11,005,497	10,801,802	19,616,007	16,002,284	1,057,745	(5,533,281)	7,786,162	7,820,537	7,417,226	2,007,885
Business-type activities	13,277,400	15,017,326	12,528,851	20,360,540	22,696,653	(3,024,771)	317,633	10,291,542	3,589,560	4,650,582
<b>Total primary government</b>	<b>\$ 24,282,897</b>	<b>\$ 25,819,128</b>	<b>\$ 32,144,858</b>	<b>\$ 36,362,824</b>	<b>\$ 23,754,398</b>	<b>\$ (8,558,052)</b>	<b>\$ 8,103,795</b>	<b>\$ 18,112,079</b>	<b>\$ 11,006,786</b>	<b>\$ 6,658,467</b>



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

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
General government	\$ 25,219,073	\$ 27,315,854	\$ 27,179,410	\$ 32,683,174	\$ 27,815,709	\$ 29,777,456	\$ 30,864,488	\$ 31,689,566	\$ 27,102,979	\$ 23,037,492
Public safety	4,295,741	3,961,992	5,121,070	2,908,012	2,489,070	2,088,109	3,689,545	4,280,407	4,524,391	4,097,989
Health and sanitation	3,974,816	3,399,674	3,241,013	3,212,406	3,273,168	3,576,464	3,901,929	4,130,689	3,923,705	3,930,425
Highways and streets	10,043,916	9,613,110	11,348,586	8,464,041	9,995,672	6,564,801	4,527,673	7,976,730	8,016,271	6,419,542
Welfare	98,813	94,465	78,928	74,100	44,825	47,925	31,092	21,544	31,293	24,048
Education and library	217,899	55,197	39,128	260,486	125,830	154,977	178,305	497,187	(23,506)	267,003
Parks and recreation	3,064,734	1,910,780	2,202,698	2,149,681	2,250,729	1,209,433	3,085,835	4,369,819	833,051	2,708,578
<b>Total governmental activities</b>	<b>46,909,992</b>	<b>46,351,072</b>	<b>49,210,833</b>	<b>49,751,900</b>	<b>45,944,938</b>	<b>43,429,165</b>	<b>46,278,862</b>	<b>52,965,912</b>	<b>44,408,184</b>	<b>40,485,047</b>
<b>Business-type activities:</b>										
Water	13,750,252	15,997,855	17,586,400	18,668,313	17,904,408	16,489,530	16,884,248	20,457,724	17,647,257	18,292,384
EPD	14,372,322	14,206,387	15,594,083	14,210,792	18,018,660	20,467,775	22,296,815	22,369,772	23,746,939	21,145,769
Aviation	49,230,278	68,801,419	59,305,727	75,870,730	77,530,616	57,891,408	53,170,153	55,402,445	51,156,794	51,898,306
Recreation	2,445,000	3,237,998	2,221,841	1,856,099	2,102,962	2,238,184	1,673,660	1,587,848	1,567,601	1,574,731
Aggregation	55,661	82,988	-	-	-	-	-	-	-	-
Parking	-	-	-	4,653,488	4,892,834	4,889,094	4,534,452	4,365,668	4,407,972	4,487,839
<b>Total business-type activities</b>	<b>79,853,533</b>	<b>102,326,597</b>	<b>94,708,001</b>	<b>115,259,432</b>	<b>120,449,480</b>	<b>101,885,991</b>	<b>98,559,318</b>	<b>104,183,457</b>	<b>98,526,563</b>	<b>97,399,029</b>
<b>Total government</b>	<b>\$ 126,763,525</b>	<b>\$ 148,677,669</b>	<b>\$ 143,918,834</b>	<b>\$ 165,011,332</b>	<b>\$ 166,394,418</b>	<b>\$ 145,315,156</b>	<b>\$ 144,838,180</b>	<b>\$ 157,149,369</b>	<b>\$ 142,934,747</b>	<b>\$ 137,884,076</b>

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

	2004	2005	2006	2007
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	6,437,435	8,738,265	7,315,876	7,127,401
Designated	17,271,800	14,187,935	17,228,952	18,451,651
Unreserved	1,356,227	1,122,693	772,131	305,582
<b>Total General Fund</b>	<b>\$ 25,065,462</b>	<b>\$ 24,048,893</b>	<b>\$ 25,316,959</b>	<b>\$ 25,884,634</b>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	7,020,587	7,498,404	3,023,718	8,405,102
Unreserved, reported in:				
Special revenue funds	3,516,922	4,835,218	5,333,550	5,748,166
Capital projects funds	102,401,303	14,009,088	(8,265,253)	5,820,499
Designated				
Permanent funds	16,446,853	17,167,013	18,322,250	20,116,364
<b>Total all other government funds</b>	<b>\$ 129,385,665</b>	<b>\$ 43,509,723</b>	<b>\$ 18,414,265</b>	<b>\$ 40,090,131</b>

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

**Manchester, New Hampshire**  
**Table IV**

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ -	\$ -	\$ -	\$ 10,493,541	\$ 10,955,951	\$ 10,876,516	
-	-	-	1,127,897	1,954,897	1,618,788	
-	-	-	3,386,978	2,796,925	2,243,078	
-	-	-	376,310	719,593	1,115,449	
-	-	-	7,620,229	7,512,470	7,688,929	
9,293,045	6,085,726	7,282,959	-	-	-	
12,890,049	14,656,303	18,601,566	-	-	-	
(757,981)	(4,292,560)	(4,697,684)	-	-	-	
<u>\$ 21,425,113</u>	<u>\$ 16,449,469</u>	<u>\$ 21,186,841</u>	<u>\$ 23,004,955</u>	<u>\$ 23,939,836</u>	<u>\$ 23,542,760</u>	
\$ -	\$ -	\$ -	\$ 17,862,686	\$ 17,871,615	\$ 19,850,387	
-	-	-	49,116,167	9,585,968	6,411,738	
-	-	-	6,050,816	9,493,873	4,675,607	
-	-	-	1,254,670	9,562,724	-	
-	-	-	(2,266,539)	(767,566)	(2,553,299)	
1,456,645	4,775,205	1,303,620	-	-	-	
6,249,863	1,132,950	2,496,791	-	-	-	
6,103,294	(8,227,489)	8,968,775	-	-	-	
19,596,479	16,952,664	18,164,642	-	-	-	
<u>\$ 33,406,281</u>	<u>\$ 14,633,330</u>	<u>\$ 30,933,828</u>	<u>\$ 72,017,800</u>	<u>\$ 45,746,614</u>	<u>\$ 28,384,433</u>	

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues:</b>				
Taxes	\$ 62,989,526	\$ 65,843,620	\$ 69,052,574	\$ 73,363,164
Federal and state grants and aid	23,031,879	20,647,964	27,016,053	24,927,919
Nonenterprise charges for sales and services	4,831,694	4,700,155	4,908,852	2,710,485
Licenses and permits	21,452,411	21,964,114	21,609,795	19,068,754
Interest	2,606,686	2,890,054	3,706,927	4,295,613
Contributions	1,094,669	109,069	434,529	138,372
Net Gain (Loss) on sale of securities	2,307,874	453,314	139,631	1,191,353
Wall Street Tower Recovery	-	-	-	-
Other	10,383,875	13,652,248	12,208,823	12,503,590
<b>Total revenues</b>	<b>128,698,614</b>	<b>130,260,538</b>	<b>139,077,184</b>	<b>138,199,250</b>
<b>Expenditures:</b>				
General government	75,458,238	109,422,862	54,219,429	41,048,166
Public safety	40,896,490	42,965,272	47,901,463	49,385,498
Health and sanitation	4,816,844	4,842,162	4,596,652	4,447,215
Highway and streets	26,989,382	28,759,534	32,024,811	29,351,050
Welfare	1,341,846	1,321,072	1,421,506	1,422,018
Education	2,538,230	3,430,734	2,643,102	3,804,524
Parks and recreation	8,941,058	8,942,033	7,072,385	4,522,372
Cemetery Trust	30,889	26,100	26,100	55,100
Investment management fee	29,071	30,823	36,920	38,834
Capital Outlay	-	-	-	-
<b>Debt service:</b>				
Principal retirement	9,630,629	9,832,097	9,986,012	8,209,680
Interest	10,083,141	7,721,471	5,480,168	5,144,530
<b>Total expenditures</b>	<b>180,755,818</b>	<b>217,294,160</b>	<b>165,408,548</b>	<b>147,428,987</b>
<b>Excess of expenditures over revenues</b>	<b>(52,057,204)</b>	<b>(87,033,622)</b>	<b>(26,331,364)</b>	<b>(9,229,737)</b>
<b>Other financing sources (uses):</b>				
Proceeds of refunding bonds	24,490,273	73,516,645	-	29,987,518
Payment to refunded bond escrow agent	(24,276,368)	(82,354,058)	-	-
Proceeds from premium of refunding bonds	-	10,059,239	-	495,728
Deferred cost of issuance	-	(1,087,631)	-	-
Proceeds from sale of capital assets	3,300,000	-	3,916,500	-
Bond proceeds	170,930,421	-	-	-
Transfers in	2,832,843	9,940,580	3,518,731	4,916,661
Transfers out	(2,832,843)	(9,933,664)	(4,931,259)	(3,926,629)
<b>Total other financing sources</b>	<b>174,444,326</b>	<b>141,111</b>	<b>2,503,972</b>	<b>31,473,278</b>
<b>Net changes in fund balance</b>	<b>\$ 122,387,122</b>	<b>\$ (86,892,511)</b>	<b>\$ (23,827,392)</b>	<b>\$ 22,243,541</b>
Debt service as a percentage of noncapital expenditures	10.91%	8.08%	9.35%	9.06%

City of Manchester, New Hampshire  
Table V

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	74,336,731	\$	77,904,205	\$	90,436,153	\$	92,102,359	\$	95,403,257	\$	95,394,620
	23,305,609		26,231,368		23,095,722		22,139,779		18,709,403		15,265,886
	2,429,468		2,368,050		2,165,049		2,277,246		2,500,250		2,482,741
	18,313,330		17,115,452		17,617,599		17,505,243		17,789,758		18,489,427
	4,445,436		1,814,972		1,187,000		1,202,693		1,285,835		1,007,663
	985,543		402,087		135,880		4,803,681		3,508,925		140,452
	-		(3,637,617)		1,458,322		3,491,857		(195,946)		1,896,401
	-		1,600,978		-		-		-		-
	11,150,475		11,647,136		15,072,675		16,321,844		16,401,661		16,927,548
	134,966,592		135,446,631		151,168,400		159,844,702		155,403,143		151,604,738
	30,981,002		38,316,759		39,216,341		36,255,021		37,623,065		43,760,870
	51,736,764		51,665,596		54,795,033		59,337,519		57,758,252		58,232,991
	4,908,827		4,887,210		5,527,220		5,750,650		5,612,106		5,338,405
	24,334,488		24,601,891		23,418,349		24,687,830		23,730,684		20,440,116
	1,301,558		1,249,651		1,436,588		1,360,692		1,314,382		1,308,246
	2,508,754		2,609,605		2,809,571		2,880,827		2,745,594		3,206,756
	3,973,816		4,075,944		3,939,829		3,867,091		4,399,399		3,882,722
	60,000		125,855		79,055		36,358		46,182		48,195
	55,179		56,649		57,695		55,407		54,125		57,837
	13,578,094		18,682,024		16,344,382		20,085,277		34,291,831		17,282,136
	9,218,984		9,469,389		7,972,425		9,330,350		11,434,283		11,926,329
	5,518,191		5,131,797		4,742,047		5,170,992		6,767,364		6,291,348
	148,175,657		160,872,370		160,338,535		168,818,014		185,777,267		171,775,951
	(13,209,065)		(25,425,739)		(9,170,135)		(8,973,312)		(30,374,124)		(20,171,213)
	-		-		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
	431,873		412,670		1,562,670		4,584,498		598,014		(70,000)
	-		-		-		-		-		-
	4,462,992		3,252,946		3,818,579		2,713,249		2,669,856		3,320,012
	(2,829,171)		(1,988,472)		(1,733,913)		(993,099)		(716,046)		(1,388,040)
	2,065,694		1,677,144		30,208,005		51,875,398		5,037,819		2,411,956
\$	(11,143,371)	\$	(23,748,595)	\$	21,037,870	\$	42,902,086	\$	(25,336,305)	\$	(17,759,257)
	9.95%		9.08%		7.93%		8.59%		9.80%		10.61%

**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
2004	61,051,554	35,257	1,033,635	29,345	22,917	279,527
2005	63,751,881	38,103	1,158,850	27,340	20,316	304,394
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
Change from first year on record versus 2013	50.75%	-100.00%	61.63%	30.56%	-5.38%	64.95%

City of Manchester, New Hampshire  
Table VI

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Lien	Railroad Tax	Tax Lien	Yield / Miscellaneous tax	Central Business District	Total
264,729	3,250	44,464	-	224,848	62,989,526
224,613	3,610	86,845	-	227,668	65,843,620
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
172.49%	-96.25%	321.05%	100.00%	14.75%	51.45%

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

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

Fiscal Year	Residential Property	Non-Residential Property	Total Taxable Assessed Value	Percent Growth (Reduction)	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2004	3,225,785,062	2,095,599,838	5,321,384,900	1.08%	26.40	5,182,805,100	97.40%
2005	3,279,018,462	2,140,996,138	5,420,014,600	1.85%	27.92	5,277,932,600	97.38%
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%

**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.

**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
2003	2004	12.19	7.07	5.49	1.65	26.40
2004	2005	12.38	9.47	4.34	1.73	27.92
2005	2006	12.91	9.21	4.35	1.89	28.36
2006	2007	7.96	5.36	2.48	1.05	16.85 <sup>(1)</sup>
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 <sup>(1)</sup>
2012	2013	11.40	7.16	2.46	1.16	22.18

**Notes**

<sup>(1)</sup> 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	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Manchester Mall Realty Trust	\$ 145,125,200	1	1.74%	\$ 83,500,000	1	1.58%
Public Service Co. of NH	152,330,501	2	1.55%	66,612,000	2	1.26%
Energy North Natural Gas, Inc.	58,655,800	3	0.60%	30,011,700	3	0.57%
SRP6 NH LLC	48,038,800	4	0.49%	26,159,300	4	0.50%
Fairfield Countryside, LLC	36,384,200	5	0.37%	-		-
Manchester Hill Vistas, Inc	31,167,700	6	0.32%	16,862,600	7	0.32%
1200 Elm Street, LLC	26,372,800	7	0.27%	-		-
Brady Sullivan Plaza, LLC	23,409,900	8	0.24%	-		-
Legacy Park Manchester One, LLC	21,301,600	9	0.22%	-		-
IPC Office Properties, LLC	21,000,000	10	0.21%	22,342,000	6	0.42%
Stone Ends Apartments, LLC	-		-	23,530,200	5	0.45%
Cotter Company	-		-	14,799,900	8	0.28%
Farley White Manchester, LLC	-		-	14,764,300	9	0.28%
NH Vermont Blue Cross Blue Shield	-		-	14,665,000	10	0.28%
<b>Total</b>	<b>\$ 563,786,501</b>		<b>6.00%</b>	<b>\$ 313,247,000</b>		<b>5.94%</b>

**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
2004	2003	135,723,211	134,487,059	99.09%	1,446,467	135,933,526	100.15%
2005	2004	146,102,564	144,769,852	99.09%	1,136,723	145,906,575	99.87%
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%

**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)
2004	177,585,333	3.43%	1,626	46,301,010	223,886,343	0.0165%	2,050
2005	162,273,490	3.07%	1,478	43,579,428	205,852,918	0.0183%	1,875
2006	148,187,757	2.77%	1,348	35,397,488	183,585,245	0.0218%	1,669
2007	161,053,131	1.68%	1,473	42,166,979	203,220,110	0.0198%	1,858
2008	148,669,615	1.54%	1,369	45,115,198	193,784,813	0.0220%	1,785
2009	136,029,614	1.40%	1,258	46,667,578	182,697,192	0.0245%	1,689
2010	150,689,440	1.55%	1,387	42,191,320	192,880,760	0.0236%	1,776
2011	189,869,044	1.94%	1,733	49,922,515	239,791,559	0.0191%	2,189
2012	178,249,438	2.17%	1,625	85,078,576	263,328,014	0.0182%	2,401
2013	162,826,417	1.97%	1,484	85,255,508	248,081,925	0.0198%	2,262

**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**

CITY	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 815,916	\$ 941,161	\$ 1,033,737	\$ 1,024,367	\$ 1,003,185	\$ 954,056	\$ 834,777	\$ 822,217	\$ 818,504	\$ 790,137
Total net debt applicable to limit	155,233	100,178	91,518	112,405	103,739	94,848	108,476	143,510	135,516	124,591
Legal debt margin	\$ 660,683	\$ 840,983	\$ 942,219	\$ 911,962	\$ 899,446	\$ 859,208	\$ 726,301	\$ 678,707	\$ 682,988	\$ 665,546
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	19.03%	10.64%	8.85%	10.97%	10.34%	9.94%	12.99%	17.45%	16.56%	15.77%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Base equalized valuation - real estate	\$ 8,103,969
Debt limit (9.75% of base valuation)	790,137
Debt applicable to limit:	
Total bonded debt for general government	132,417
Recreation enterprise debt	3,821
Less debt for urban redevelopment	(462)
Less debt for pension obligation bonds	(11,185)
Total net debt applicable to limit	124,591
Legal debt margin	\$ 665,546

SCHOOL	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 585,786	\$ 675,706	\$ 742,170	\$ 735,443	\$ 720,236	\$ 684,963	\$ 599,327	\$ 590,310	\$ 587,644	\$ 567,278
Total net debt applicable to limit	43,056	39,134	35,070	38,873	35,708	32,538	34,734	37,712	34,746	31,250
Legal debt margin	\$ 542,730	\$ 636,572	\$ 707,100	\$ 696,570	\$ 684,528	\$ 652,425	\$ 564,593	\$ 552,598	\$ 552,898	\$ 536,028
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	7.35%	5.79%	4.73%	5.29%	4.96%	4.75%	5.80%	6.39%	5.91%	5.51%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Base valuation - real estate	\$ 8,103,969
Debt limit (7% of base valuation)	567,278
Debt applicable to limit:	
Total bonded debt for school district	108,595
Less debt for facilities revenue bond	(77,345)
Total net debt applicable to limit	31,250
Legal debt margin	\$ 536,028

Water and Waste Water	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 836,837	\$ 965,294	\$ 1,060,243	\$ 1,050,633	\$ 1,028,908	\$ 978,519	\$ 856,182	\$ 843,299	\$ 839,492	\$ 810,397
Total net debt applicable to limit	43,885	41,211	31,883	28,114	32,098	34,660	30,710	40,182	40,649	78,035
Legal debt margin	\$ 792,952	\$ 924,083	\$ 1,028,360	\$ 1,022,519	\$ 996,810	\$ 943,859	\$ 825,472	\$ 803,117	\$ 798,843	\$ 732,362
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	5.24%	4.27%	3.01%	2.68%	3.12%	3.54%	3.59%	4.76%	4.84%	9.63%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Base valuation - real estate	\$ 8,103,969
Debt limit (10% of base valuation)	810,397
Debt applicable to limit:	
Total bonded debt for water projects	43,904
Less debt for revenue bonds	-
Total bonded debt for sewer projects	34,131
Total net debt applicable to limit	78,035
Legal debt margin	\$ 732,362

**Aviation Revenue Bond Coverage**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Revenue Credit From Prior Year <sup>(4)</sup></b>	<b>Coverage Amount From Prior Year <sup>(4)</sup></b>	<b>Expenses <sup>(1)</sup></b>
2004	41,424,013	3,093,467	2,825,135	21,673,975
2005	47,157,125	3,678,923	2,774,395	24,838,364
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

Notes

- <sup>(1)</sup> Exclusive of depreciation and bond interest.
- <sup>(2)</sup> Principal, interest, and O&M reserve required at year end to fund three months of operations and maintenance expense.
- <sup>(3)</sup> As of fiscal 2003, the 1992 Debt was paid off and there is no 1992 Debt Service coverage required.
- <sup>(4)</sup> Provided by Leigh Fisher Management Consultants, formerly known as Jacob's Consultancy formerly known as Leigh Fisher Associates, Aviation Consultants
- <sup>(5)</sup> As of fiscal 2009, the O & M Reserve and bond issuance costs of \$609,400 were not included in the coverage ratio calculation.

Net Revenue Available for 1992 Debt Service	REQUIREMENTS		Net Revenue Available for 1998/2000/2001/2002 Debt Service	REQUIREMENTS		Coverage ratio
	1992 Debt Service Total <sup>(2)</sup>	Coverage		1998/2000/2001/2002 Debt Service Total <sup>(2)</sup>	Debt Service O & M Reserve <sup>(4)</sup>	
N/A	N/A	N/A	25,668,640	11,767,527	434,000	2.10
N/A	N/A	N/A	28,772,079	11,521,512	334,000	2.43
N/A	N/A	N/A	30,974,666	12,000,213	562,000	2.47
N/A	N/A	N/A	29,214,105	12,690,960	410,000	2.23
N/A	N/A	N/A	26,927,084	12,150,980	1,521,600	1.97
N/A	N/A	N/A	23,966,587	12,671,309	609,400 <sup>(5)</sup>	1.89
N/A	N/A	N/A	20,952,405	11,872,671	-	1.76
N/A	N/A	N/A	20,769,755	10,515,216	-	1.98
N/A	N/A	N/A	19,782,391	12,230,032	-	1.62
N/A	N/A	N/A	19,610,467	10,718,720	-	1.83

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

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

MWW Fiscal Year December 31	Gross Revenue	Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	REQUIREMENTS	
				Revenue Bonds Section 705	
				Total	Coverage Ratio
2004	12,704,122	7,646,598	5,057,524	2,209,159	2.29
2005	14,375,241	8,340,821	6,034,420	3,491,659	1.73
2006	15,526,230	9,438,425	6,087,805	3,564,464	1.71
2007	19,696,493	9,572,908	10,123,585	3,696,275	2.74
2008	15,118,063	9,830,727	5,287,336	3,504,758	1.51
2009	14,316,685	10,391,946	3,924,739	3,336,488	1.18
2010	15,347,925	10,758,562	4,589,363	3,186,496	1.44
2011 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A
2012 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A

Note

<sup>(1)</sup> Exclusive of depreciation and bond interest.

<sup>(2)</sup> 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.

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

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

Fiscal Year Ended June 30	Population <sup>(1)</sup>	Per Capita Income <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Monthly Unemployment Rate <sup>(4)</sup>
2004	109,234	36,842	17,431	4.3%
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%

**Sources:**

- <sup>(1)</sup> NH Office of Energy and Planning, using most recent data available up through 2012.
- <sup>(2)</sup> U.S. Department of Commerce, BEA (Bureau of Economic Analysis), using Manchester-Nashua MSA, based on most recent data available up through 2012.
- <sup>(3)</sup> City of Manchester, NH School Department
- <sup>(4)</sup> 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	2013			2004		
	Employees <sup>(1)</sup>	Rank <sup>(1,2)</sup>	Percentage of Total average City Employment <sup>(2)</sup>	Employees <sup>(3)</sup>	Rank <sup>(3)</sup>	Percentage of Total average City Employment <sup>(3)</sup>
Elliot Hospital	4,000	1	6.18%	3,875	1	5.83%
Catholic Medical Center	2,100	2	3.24%	1,700	3	2.56%
Public Service of New Hampshire	1,417	3	2.19%	1,250	4	1.88%
United Parcel Service	1,131	4	1.75%			
FairPoint Comms. (formerly Verizon)	1,100	5	1.70%	1,750	2	2.64%
Southern NH University	1,000	6	1.54%	700	7	1.06%
TD Bank, N.A.	900	7	1.39%	1,153	5	1.74%
Citizens Bank	850	8	1.31%	1,250	4	1.88%
Veterans Affairs Medical Center	707	9	1.09%			
Saint Anselm College	663	10	1.02%			
Anthem Blue Cross & Blue Shield				940	6	1.42%
Freudenberg NOK				590	9	0.89%
Osram Sylvania				650	8	0.98%

**Sources:**

<sup>(1)</sup> NH Business Review Book of Lists 2014.

<sup>(2)</sup> NH Employment Security, Economic and Labor Market Bureau - 2013 figures used.

<sup>(3)</sup> NH Employment Security, Economic and Labor Market Bureau - 2004 figures used.

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

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

Functions/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Government:</b>										
Aldermen	14	14	14	14	14	14	14	14	14	14
Assessors	9	9	9	9	8	8	8	7	7	7
Building	20	20	20	18	18	19	-	-	-	-
Building Maintenance	18	18	19	19	19	18	18	20	18	17
City Clerk	18	18	18	15	15	15	16	17	15	14
City Solicitor	12	12	13	12	13	13	13	13	13	13
Economic Development Office	3	3	4	4	4	4	4	3	2	-
Elderly Services	4	4	4	4	4	4	4	4	4	4
Finance	13	14	13	12	10	12	12	11	10	10
Human Resources	11	11	11	10	8	8	9	9	9	9
Information Systems	19	19	19	13	15	15	15	15	14	14
Mayor	4	4	4	4	4	4	4	4	4	4
MCAM/MPTS	6	6	5	5	5	5	5	5	4	4
Office of Youth Services	9	10	10	10	9	10	12	10	9	9
Planning & Community Develop	15	15	14	11	9	10	30	32	30	31
Tax Collector	12	12	11	12	11	12	11	10	10	8
<b>Parks and Recreation:</b>										
Cemetery Care	16	16	16	15	14	12	9	11	11	11
Derryfield Golf Course	4	4	4	4	4	4	4	3	3	3
Forestry	2	2	2	2	2	2	2	2	2	2
General & Administrative	10	10	10	10	9	8	10	8	8	4
Gill Stadium	2	2	2	2	2	2	2	-	-	-
McIntyre Ski Area	1	1	1	1	1	1	-	-	-	-
Public Swimming Pools	1	1	1	1	1	1	1	1	1	1
Parks Maintenance	18	18	18	17	17	16	12	15	15	13
Recreation	1	1	1	1	1	1	1	1	1	1
Skating Arenas	6	6	6	5	6	6	6	5	4	4
<b>Police:</b>										
Officers	202	200	199	206	214	215	217	206	207	214
Civilians	65	64	66	64	63	62	65	65	62	57
<b>Fire:</b>										
Firefighters and Officers	250	250	250	249	247	243	243	236	220	217
Civilians	8	8	8	7	7	7	7	7	7	7
<b>Fleet</b>										
	-	-	-	-	-	-	-	-	1	23
<b>Public Works:</b>										
Administration	13	13	13	14	14	14	14	13	13	14
Street Maintenance/Const.	62	62	63	62	61	63	62	65	62	63
Street Sweeping	4	4	4	4	5	5	5	4	4	5
Refuse Collection	32	32	32	35	32	36	35	31	31	32
Vehicle Maintenance	20	20	20	20	20	20	20	19	19	-
Boiler Plant	1	1	1	1	1	1	1	-	-	1
Drain/Sewer Repair/Const.	21	21	21	18	20	19	20	19	18	16
Engineering	20	20	20	20	20	18	17	17	16	15
Traffic	15	16	16	11	10	11	11	9	9	9
<b>Parking:</b>										
Administration	-	-	-	3	4	4	4	3	3	3
Meters	-	-	-	2	2	2	2	2	2	2
Myrna Lot	-	-	-	-	1	1	1	1	1	-
Victory Garage	-	-	-	4	5	5	5	5	5	5
PCO's	-	-	-	7	7	7	7	7	7	7
<b>Water:</b>										
Administration & Financial	19	18	17	17	16	15	15	15	15	14
Water Distribution	45	45	46	45	44	42	41	41	42	42
Water Supply	25	24	25	24	24	25	25	24	21	22
<b>Sewer:</b>										
Administration & Financial	10	10	10	10	10	10	10	11	11	11
Monitoring	2	2	2	2	2	2	2	2	2	2
Sewer Plant Operation	16	16	16	14	15	14	15	14	13	15
Maintenance	16	16	16	15	15	14	15	15	15	15
<b>Airport - total</b>										
Administration & Financial	27	27	29	27	26	26	25	24	23	22
Airfield Maintenance	26	27	26	20	25	25	26	25	24	25
Terminal Maintenance	20	21	24	28	24	25	22	22	23	25
<b>Other Programs/Functions:</b>										
Aggregation	1	1	1	-	-	-	-	-	-	-
Health	69	71	71	61	61	63	60	61	57	57
Library	38	38	38	39	39	39	46	43	39	41
Welfare	11	11	11	11	12	12	13	11	12	12
<b>Total</b>	<b>1,286</b>	<b>1,288</b>	<b>1,294</b>	<b>1,270</b>	<b>1,269</b>	<b>1,269</b>	<b>1,273</b>	<b>1,237</b>	<b>1,192</b>	<b>1,190</b>

N/A = Not Available.

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

Function/Program	Calendar Year			
	2004	2005	2006	2007
<b>Police:</b>				
Physical arrests	5,645	5,505	5,662	5,039
Parking Violations	81,225	78,253	58,298	57,264
Traffic citations	11,224	10,993	9,573	9,514
<b>Fire:</b>				
Number of calls answered	15,200	16,202	17,012	17,267
Inspections	676	732	2,640	1,525
Property loss	\$ 2,985,889	\$ 3,997,307	\$ 2,887,571	\$ 5,610,530
<b>Building safety:</b>				
Total building permits	2,794	2,616	2,312	2,121
Total value all permits	\$ 159,902,113	\$ 155,661,840	\$ 154,384,899	\$ 103,458,232
Library, visits	N/A	302,764	391,622	435,807
<b>Public service:</b>				
Garbage collected (ton)	48,323	46,662	49,693	46,679
Recycle collected (ton)	4,278	4,159	4,751	4,363
Streets paved resurf (miles)	10.99	12.23	9.27	5.21
Streets Reconstructed (miles)	4.48	5.51	0.87	6.63
Drain Reconstruction (miles)	0.53	0.28	0.50	2.00
Sewer Reconstruction(miles)	0.89	1.00	0.46	1.50
<b>Airport:</b>				
Enplane	2,004,122	2,168,258	1,952,277	1,948,313
Deplane	1,999,185	2,164,449	1,944,255	1,944,317
Total Passengers	4,003,307	4,332,707	3,896,532	3,892,630
Cargo (in pounds)	162,080,948	155,503,955	176,382,468	193,487,647
Air Mail (in pounds)	5,767	3,798	503	445
<b>Parks and Recreation:</b>				
Public Skating Attendance	6,745	6,135	7,381	6,719
Aquatics program attendance	62,143	77,330	76,630	64,736
Golf rounds played	40,679	35,029	38,294	31,665
Ski passes sold	279	196	143	136
Street trees maintained	40,000	40,000	40,000	40,000

**Note:** The figures in column 2013 are January thru June only.

**N/A = Not Available.**

City of Manchester, New Hampshire  
Table XVIII

Calendar Year					
2008	2009	2010	2011	2012	2013
6,244	6,769	6,319	6,033	5,996	2,920
51,612	45,969	67,016	45,053	40,317	21,170
10,815	10,183	8,616	6,790	6,620	3,223
18,012	16,935	18,102	20,129	19,947	9,214
822	1,079	1,380	1,389	1,206	677
\$ 8,609,879	\$ 3,192,135	\$ 2,452,800	\$ 2,711,350	\$ 4,708,700	\$ 1,659,600
2,030	1,788	1,992	1,666	1,883	849
\$ 90,874,321	\$ 137,637,515	\$ 144,424,454	\$ 124,934,548	\$ 105,045,370	\$ 28,916,995
462,456	476,981	486,205	447,158	458,826	226,173
42,551	40,492	38,887	39,335	37,470	17,793
4,364	4,281	4,300	4,457	5,423	2,843
9.70	9.40	8.74	1.02	3.54	2.65
4.40	1.01	3.07	6.20	4.04	1.40
2.30	0.55	0.27	0.10	0.16	0.19
2.00	0.12	0.05	3.62	1.09	0.68
1,861,695	1,595,477	1,409,600	1,359,187	1,227,286	585,601
1,854,698	1,585,772	1,404,832	1,351,560	1,224,378	588,186
3,716,393	3,181,249	2,814,432	2,710,747	2,451,664	1,173,787
178,155,941	161,670,797	174,425,531	174,675,282	176,467,795	82,357,757
208	900	10	-	9	180
7,058	6,675	6,658	6,084	8,290	4,916
61,419	77,786	96,891	75,622	92,307	10,331
32,157	31,836	33,593	30,691	34,731	12,195
165	32	-	-	-	-
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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police:</b>										
Facilities	5	5	5	5	5	5	5	5	5	5
Marked Patrol Vehicles	39	35	35	35	35	35	35	32	35	35
Unmarked Vehicles	17	19	19	19	19	19	19	22	26	26
Specialty Vehicles	8	15	15	15	15	17	17	15	15	15
Bikes for bike patrols	18	21	21	21	21	21	21	18	18	18
Motorcycles	3	4	4	4	4	4	4	3	3	3
Horses	2	2	2	2	2	2	2	2	2	2
Canine	9	8	6	6	6	6	6	9	8	8
<b>Fire:</b>										
Fire Stations	10	10	10	10	10	10	10	10	10	10
<b>Refuse Collection:</b>										
Collection Trucks	14	14	14	14	14	14	14	14	14	14
<b>Other Public Works:</b>										
Streets (Miles)	389.78	391.20	393.00	394.00	395.00	395.00	395.00	395.15	395.15	395.15
Street Lights	8,792	8,803	8,788	8,772	8,849	8,849	8,861	8,889	8,881	8,923
Traffic Signals	160.1	160.4	160.4	152.0	152.0	151.0	151.0	151.0	154.0	157.0
<b>Parks &amp; Recreation:</b>										
Acreage	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073
Parks	55	55	55	55	55	55	55	55	55	55
Golf Course	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Diamonds	44	44	44	44	44	44	44	44	44	44
Walking Trail(s)	1	1	2	2	2	8	8	8	8	8
Soccer/Football Fields	17	17	17	18	18	24	24	24	24	24
Indoor Ice Rinks	2	2	2	2	2	2	2	2	2	2
Basketball Courts	22	21	21	21	21	26	26	26	26	25
Tennis Courts	4	4	4	4	4	8	8	8	5	5
Swimming pools	4	4	4	4	4	4	4	4	4	4
Parks with Playground Equipment	4	4	4	5	5	20	20	20	20	20
Public Beaches	1	1	1	1	1	1	1	1	1	1
Pickleball Court	-	-	-	-	-	-	-	-	6	6
<b>Library:</b>										
Facilities	2	2	2	2	2	2	2	2	2	2
Volumes	233,331	236,312	246,939	246,398	246,391	250,156	250,090	246,599	235,225	224,624
<b>Water:</b>										
Source of water supply										
Finished water storage capacity (MG)	37.8	37.8	37.8	37.8	38.8	38.8	38.8	38.8	38.8	38.8
Average Daily Consumption (MGD)	16.644	17.057	17.454	16.931	17.860	16.902	16.048	17.593	17.147	17.185
Peak Consumption (MGD)	26.295	26.739	27.169	27.298	29.093	30.461	24.476	32.267	31.266	28.864
Municipal Fire Hydrants	3,267	3,294	3,304	3,309	3,310	3,309	3,327	3,337	3,344	3,374
Water main in system (million feet)	3	3	3	3	3	3	3	3	3	3
<b>Wastewater:</b>										
Sanitary Sewers (miles)	345.02	345.02	345.02	350.60	352.80	354.40	354.40	375.00	380.00	385.00
Maximum daily treatment capacity (MGPD)	34	34	34	34	34	34	34	34	34	34
<b>Information Systems Department</b>										
PC's	761	864	905	1,034	1,072	1,065	1,066	1,041	1,028	1,034
Miles of Fiber Optic Cabling	28.00	28.00	39.00	48.00	49.00	50.00	51.00	52.00	53.00	53.00
<b>Airport:</b>										
Runways	2	2	2	2	2	2	2	2	2	2
Terminals	1	1	1	1	1	1	1	1	1	1
Buildings - square footage	332,600	332,600	332,600	332,600	332,600	332,600	332,600	332,600	332,600	332,600

N/A = Not Available.