

CITY OF MANCHESTER, NEW HAMPSHIRE



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014**

CITY OF MANCHESTER, NEW HAMPSHIRE

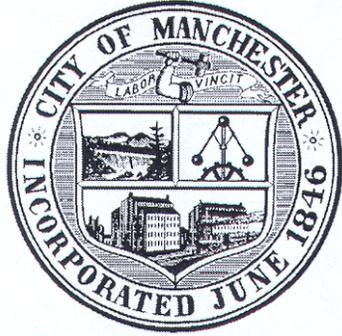


COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year
July 1, 2013 to June 30, 2014**

Prepared By:
FINANCE DEPARTMENT

William E. Sanders
Finance Officer



This page left intentionally blank.

CITY OF MANCHESTER, NEW HAMPSHIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2014

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

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

II. FINANCIAL SECTION

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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Notes to Financial Statements.....	35
------------------------------------	----

CITY OF MANCHESTER, NEW HAMPSHIRE

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2014**

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress..... 85

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

GENERAL FUND

Statement of Revenues, Expenditures – Budget and Actual (Budget Basis) – General Fund..... 91

Schedule of Revenues and Transfers In – Budget and Actual (Budget Basis)..... 92

Schedule of Expenditures, Encumbrances and Other Financing Uses Budget and Actual (Budget Basis)..... 93

Comparative Balance Sheets 97

Comparative Statements of Revenues, Expenditures, and Changes In Fund Balances..... 98

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet..... 99

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)..... 101

NONMAJOR PROPRIETARY FUNDS

Combining Statement of Net Position..... 103

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position (Deficits)..... 104

Combining Statement of Cash Flows 105

GOVERNMENTAL CAPITAL ASSETS

Schedule of Capital Assets – By Source..... 106

Schedule of Capital Assets – By Function and Activity..... 107

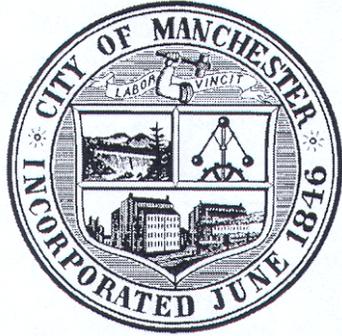
CITY OF MANCHESTER, NEW HAMPSHIRE

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2014**

TABLE OF CONTENTS

III. STATISTICAL SECTION

Net Position By Component	Table I	108
Changes In Net Position	Table II	109
Program Revenues by Function/Program	Table III	111
Fund Balances, Governmental Funds	Table IV	112
Changes In Fund Balances, Governmental Funds	Table V	114
Tax Revenues by Source, Governmental Funds	Table VI	116
Assessed Value and Estimated Actual Value of Taxable Property	Table VII	118
Property Tax Rates.....	Table VIII	119
Principal Property Taxpayers.....	Table IX	120
Property Tax Levies And Collections.....	Table X	121
Ratios of Net General Bonded Debt Outstanding by Type.....	Table XI	122
Legal Debt Margin Information.....	Table XII	123
Aviation Revenue Bond Coverage	Table XIII	124
Water Department Revenue Bond Coverage.....	Table XIV	126
Demographic and Economic Statistics	Table XV	127
Principal Employers.....	Table XVI	128
Full-Time Equivalent City Government Employees By Functions/Programs	Table XVII	129
Operating Indicators By Function/Program.....	Table XVIII	130
Capital Asset Statistics By Function/Program.....	Table XIX	132



This page intentionally left blank.

Introductory Section



This page intentionally left blank.

**City of Manchester
Department of Finance**

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

March 12, 2015

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, 2014 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, 2014. The auditor's report on the basic financial statements is included in the financial section of this report. In addition to meeting the requirements set forth in State statutes and the Charter, the audit was designed to meet the requirements of the federal Single Audit Act and related OMB Circular 133. The auditor's reports on internal controls and compliance can be found in a separately issued Single Audit report.

The City's basic financial statements include all entities for which the City is financially accountable and other organizations of the City for which the nature and significance of their

relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City's financial statements include four discretely presented component units – the Manchester School District (MSD), the Manchester Development Corporation (MDC), the Manchester Public Television Service, Inc. (MPTS) and the Manchester Transit Authority (MTA).

General – Manchester, the largest City north of Boston, is located on the Merrimack River in south central New Hampshire. It is bordered by the towns of Hooksett, Bedford, Londonderry, Goffstown, Auburn, Litchfield, and Merrimack. According to the NH Business Review Book of Lists 2015, the City has a population of 110,378 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 109,040 while the unemployment rate is 3.6% at December 31, 2014.

Debt- The general debt limit of the City is 9.75% of base valuation¹, 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, 2014 the City has a total outstanding General Obligation debt of \$227,469,113 for various improvements, infrastructure improvements, and economic development projects. Authorized and unissued debt obligations as of June 30, 2014 totaled \$15,650,000.

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.

¹ 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 \$819,245,000.

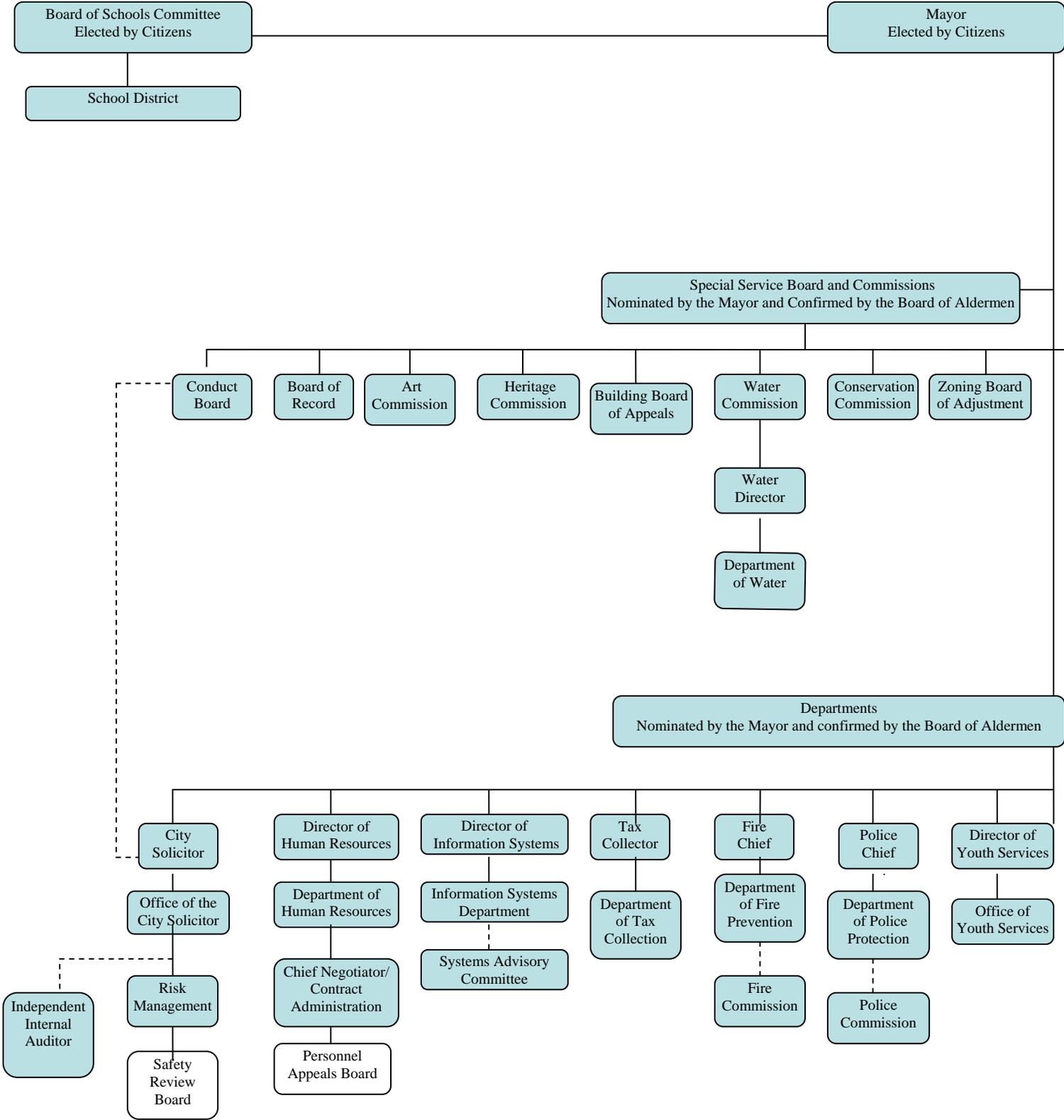
I would like to thank the City's department heads and their hard working staff for their help in the completion of another successful year. I would especially like to thank the employees of the Finance Department for their commitment and dedication.

Respectfully submitted,

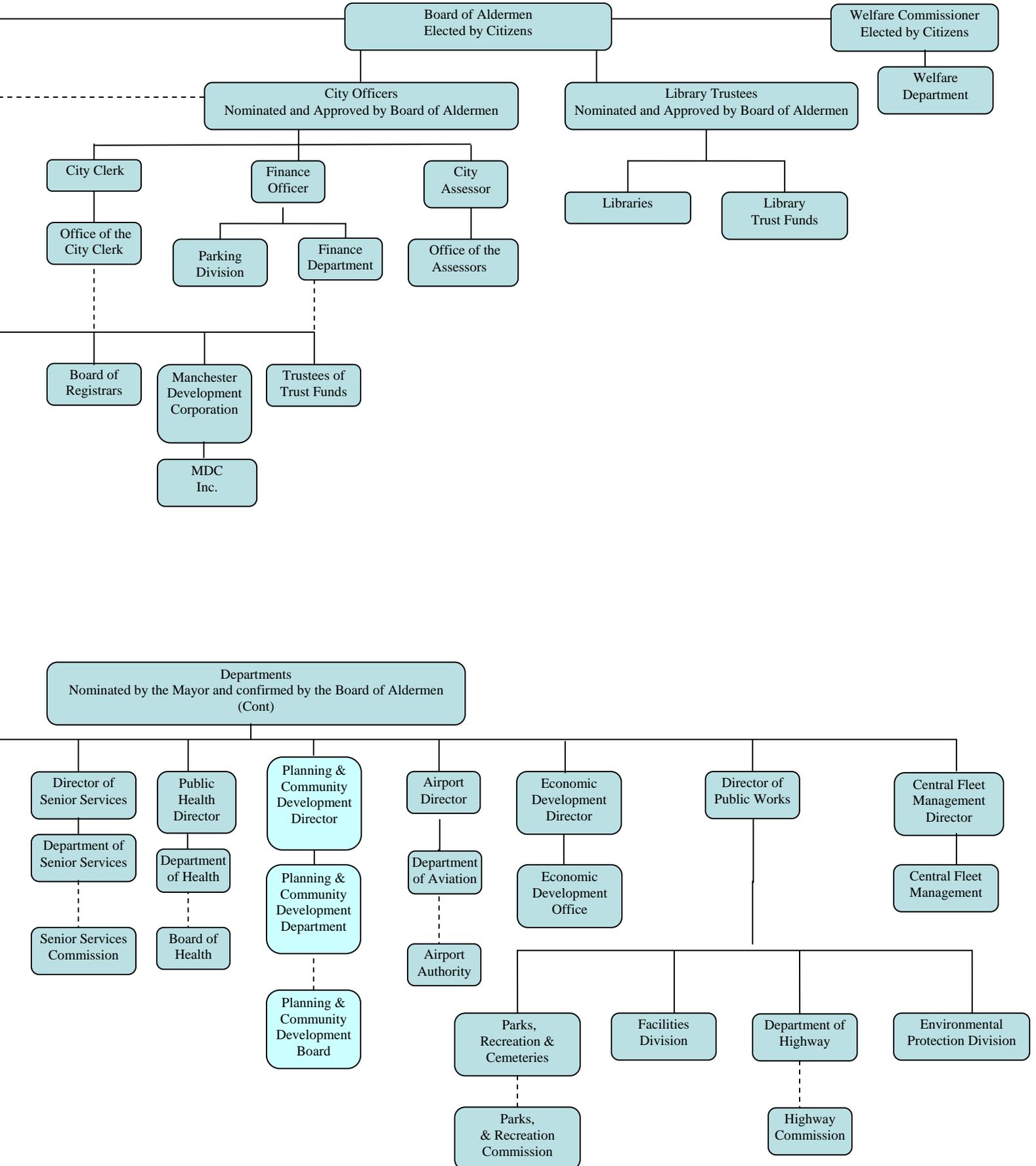
A handwritten signature in black ink, appearing to read "William E. Sanders". The signature is written in a cursive style with a long horizontal line extending to the right.

William E. Sanders
Finance Officer

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



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



**List of Principal Officials
in office at the close of fiscal year ended June 30, 2014**

Mayor

Theodore L. Gatsas

Aldermen

Ward 1	Joyce Craig	Ward 7	William P. Shea
Ward 2	Ron Ludwig	Ward 8	Thomas Katsiantonis
Ward 3	Patrick Long	Ward 9	Barbara E. Shaw
Ward 4	Jim Roy	Ward 10	Bill Barry
Ward 5	Ed Osborne	Ward 11	Normand Gamache
Ward 6	Garth Corriveau	Ward 12	Keith Hirschmann
At-large	Joseph Kelly Levasseur	At-large	Daniel P. O'Neil *

* Chairman of the Board

City Departments

Finance Officer	William E. Sanders
City Clerk	Matthew P. Normand
City Solicitor	Thomas R. Clark
Commissioner of Welfare	Paul R. R. Martineau
Chief of Police	David J. Mara
Fire Chief	James A. Burkush
Public Health Director	Timothy M. Soucy, M.P.H., R.E.H.S.
Director of Public Works	Kevin Sheppard, P.E.
Chief of Parks, Recreation & Cemetery	Donald Pinard
Director of Economic Development	William Craig
Director of Fleet Management	Wesley Anderson, P.E.
Airport Director	Mark Brewer, A.A.E.
Director of Water	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	Debra Livingston
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



This page intentionally left blank.



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, aggregate 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, 2014, 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 99.9% of the revenues and 91.9% of the assets of the aggregate discretely presented component units. We also did not audit the City of Manchester Employees' Contributory Retirement System, and a blended component unit reported as a pension trust fund of the City, which represents 94.3% of the assets and 96.4% of the revenues of the fiduciary fund information. We also did not audit the Manchester Water-Works, a major enterprise fund of the City, which represents 17.2% of the assets and 11.2% of the revenues of the business-type activities. 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, the City of Manchester Employees' Contributory Retirement System and the Manchester Water-Works Enterprise Fund, 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of 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, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, New Hampshire as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 17* to the financial statements, in 2014 the City changed its method of accounting for bond issuance cost with the adoption of Governmental Accounting Standards Board Statement No. 65. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, budgetary comparison information, the schedules of funding progress and employer contributions and the schedule of changes on the City's net pension liabilities and related ratios 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 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 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and 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.

Prior-Year Comparative information

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, 2013 (not presented herein), and have issued our report thereon dated March 27, 2014, which contained unmodified opinions on the respective financial statements of governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information. The accompanying General Fund Balance Sheet and General Fund Statement of Revenues, Expenditures and Changes in Fund Balance as of and for the year ended June 30, 2013 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund Balance Sheet and General Fund Statement of Revenues, Expenditures and Changes in Fund Balance has been subjected to the auditing procedures applied in the audit of the 2013 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 Balance Sheet and General Fund Statement of Revenues, 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, 2013.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2015 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.

McGladrey LLP

New Haven, Connecticut
March 12, 2015



This page intentionally left blank.

City of Manchester, New Hampshire Management's Discussion and Analysis June 30, 2014

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, 2014. 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 \$553.0 million. The total net position for Governmental Activities at fiscal year-end was \$129.3 million and total net position for Business-Type Activities was \$423.7 million.
- ◆ On a government-wide basis, during the fiscal year, the City's net position increased by \$2.6 million or .5%, from \$550.5 million to \$553.0 million. The net position decreased by \$12.9 million for Governmental Activities and the net position increased by \$15.5 million for Business-Type Activities. Government-wide expenses were \$261.1 million, while revenues were \$263.7 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 \$35.3 million, a decrease of \$16.6 million from the prior fiscal year. The overall decrease was in part due to the timing of receipt of bond proceeds and the related expenditures in the Capital Projects Fund. The decrease was also attributable to a transfer from the General Fund to the Recreation Fund for long term advance in the amount of \$6.7 million.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund was \$13.8 million, a decrease of \$9.7 million from the prior fiscal year. As of June 30, 2014, the general fund had an unassigned fund balance of \$6.5 million which represents 4.4% of total FY 14 General Fund expenditures and transfers (\$148.3 million).

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- ◆ Governmental activities of the City encompass most of the City's basic services and include governmental and community services, administration, public safety, health and sanitation, highways and streets, welfare, and education and library as well as cemetery, and parks and recreation. Property taxes, charges for services and state and federal grants finance most of these activities.
- ◆ Business-type activities of the City consist of the Water Works, Environmental Protection Division, Aviation, Recreation and the Parking Program. They are reported here, as the City charges a user fee to customers to help cover all or most of the cost of operations.
- ◆ The government-wide financial statements include not only the City itself, but also four legally separate component units, the Manchester School District (MSD), the Manchester Transit Authority (MTA), 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 23-25 of this report.

Fund Financial Statements

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

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation as Other Governmental Funds. Non-major governmental funds for the City include the United States Department of Housing and Urban Development (DHUD) Section 108 Fund, Community Development Block Grant Fund, Other Grants Fund, Civic Center Fund, Revolving Loan Fund, and the Expendable Trust Fund. Permanent Funds consist of the Cemetery Fund and the Library Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on pages 99-100 and in the combining statement of revenues, expenditures and changes in fund balance on pages 101-102.

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 26-27 of this report.

Proprietary funds. The City maintains five proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water Works, Environmental Protection Division, Aviation, Recreation and the Parking Funds. The proprietary fund financial statements provide separate information for the Water Works, Environmental Protection Division and Aviation, which are considered to be major funds of the City. Conversely, both of the remaining funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Recreation Fund and the Parking Fund is provided on pages 103-104 in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 29-30 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 33-34 and 65-66 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-84 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 \$553.0 and \$550.5 million at June 30, 2014 and 2013, respectively.

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

	June 30, 2014			June 30, 2013		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and Other Assets	\$ 116,993	\$ 45,252	\$ 162,245	\$ 135,036	\$ 43,089	\$ 178,125
Non-Current	43,988	73,681	117,669	44,807	79,618	124,425
Capital Assets	343,020	589,517	932,537	355,256	592,640	947,896
Total Assets	504,001	708,450	1,212,451	535,099	715,347	1,250,446
Deferred Outflows	3,621	3,768	7,389	-	-	-
Current Liabilities	45,894	18,550	64,444	110,830	20,914	131,744
Long-term liabilities outstanding	266,086	269,936	536,022	280,114	283,427	563,541
Total Liabilities	311,980	288,486	600,466	390,944	304,341	695,285
Deferred Inflows	66,294	42	66,336	-	-	-
Net Position:						
Net investment in						
Capital Assets	141,643	338,138	479,781	138,137	318,507	456,644
Restricted	27,641	49,642	77,283	24,720	54,861	79,581
Unrestricted (Deficit)	(39,936)	35,910	(4,026)	(20,559)	34,788	14,229
Total Net Position	\$ 129,348	\$ 423,690	\$ 553,038	\$ 142,298	\$ 408,156	\$ 550,454

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

A portion of the City's net position totaling \$479.8 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, \$77.3 million, represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets of \$35.9 million may not be used to meet the government's ongoing obligations to citizens and creditors, due to the negative balance in Governmental activities. For financial reporting purposes, the City's General Fund fully reserved for the doubtful collection of its \$6,734,199 of advances to the Recreation Enterprise Fund.

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

	<u>June 30, 2014</u>			<u>June 30, 2013</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 22,944	\$ 86,173	\$ 109,117	\$ 22,539	** \$ 89,153	\$ 111,692
Operating grants and contributions	14,771	1,665	16,436	14,203	27	14,230
Capital grants and contributions	1,179	14,249	15,428	1,847	8,219	10,066
General Revenues:						
Property taxes/auto/franchise fees	111,399	-	111,399	110,794	-	110,794
Unrestricted investment earnings	3,913	337	4,250	2,904	** 381	3,285
Transfers and other	2,678	4,423	7,101	8,584	(1,640)	6,944
Total revenues	156,884	106,847	263,731	160,871	96,140	257,011
Expenses:						
General government	49,678	-	49,678	47,682	-	47,682
Public safety	63,484	-	63,484	59,543	-	59,543
Health and sanitation	5,861	-	5,861	5,621	-	5,621
Highways and streets	26,965	-	26,965	24,210	-	24,210
Welfare	1,454	-	1,454	1,308	-	1,308
Education and library	10,832	-	10,832	9,515	-	9,515
Parks and recreation	6,216	-	6,216	5,738	-	5,738
Cemetery Trust	49	-	49	48	-	48
Investment management fee	69	-	69	58	-	58
Interest expense	5,226	11,648	16,874	5,034	10,031	15,065
Operations	-	79,665	79,665	-	81,459	81,459
Total Expenses	169,834	91,313	261,147	158,757	91,490	250,247
Change in net position	(12,950)	15,534	2,584	2,114	4,650	6,764
Net position - beginning	142,298	408,156	550,454 *	140,184	403,506	543,690 *
Net position - ending	\$ 129,348	\$ 423,690	\$ 553,038	\$ 142,298	\$ 408,156	\$ 550,454

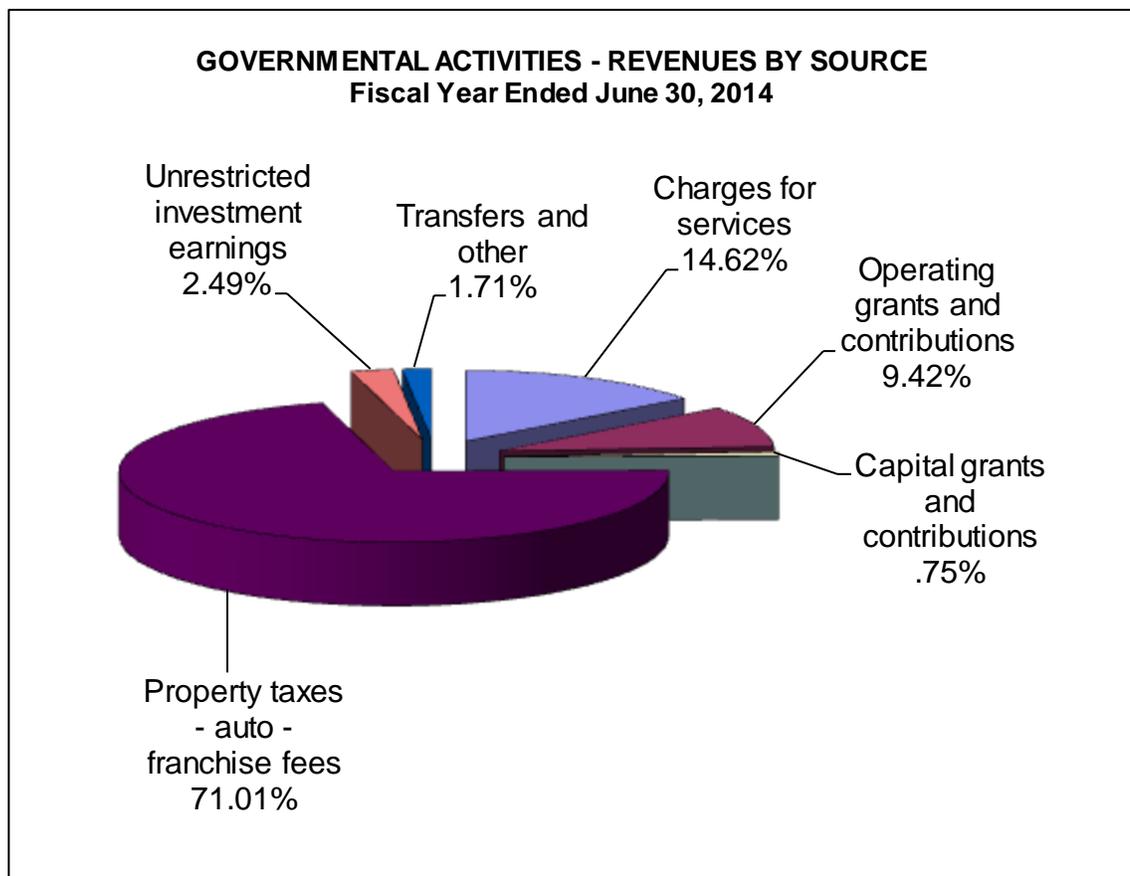
* As restated per implementation of GASB 65 (Note 17)

** \$1,896,000 reclassified from Charges for Services to Unrestricted investment earnings.

The City's total net position increased by \$2.6 million during the fiscal year, with the net position of Governmental Activities decreasing by \$12.9 million, and the net position of Business-Type Activities increasing by \$15.5 million. Highlights in the change in net position in governmental activities from 2013 to 2014 include the following: A decrease in Transfers and other primarily attributable to a transfer from the General Fund to the Recreation Fund in the amount of \$6.7 million. Unrestricted investment earnings increased by \$1.0 million mainly due to an increase in net appreciation in fair value of securities. General government expenditures increased by \$2.2 million due to annual pension cost for the Old System pension. Risk management expense rose by \$1.5 million from 2013 to 2014 which affected increases in General government, Public safety, and Highways and streets. In addition, total expenses were higher in 2014 over 2013 due to an increase in spending in Public Safety and Highways and streets.

Governmental Activities

More than 71.01% of the governmental funds revenues were derived from property taxes, auto registrations and franchise fees, 14.62% from charges for services then followed by 10.17% from operating and capital grants and contributions, and finally, about 4.20% of the City's revenue in this fiscal year was derived from a combination of investment earnings, gain (loss) of sales of capital assets, transfers, and other revenues. The chart below identifies revenues by source for governmental activities:



Business-Type Activities

Business-Type activities increased the City's net position by \$15.5 million, which is an increase of \$10.9 million from an increase of \$4.6 million for last year. See next page for more detail.

- ◆ Water Works total net position increased for the year .12% or \$93,244 from operating activity. Invested capital assets increased 1.4% primarily from the acquisition of infrastructure asset, payment of debt service associated with capital assets and normal depreciation. Restricted assets increased 3.6% due from contributions to the Merrimack Source Development Project. Unrestricted Net Assets decreased 32.6%, due primarily to the acquisition and construction of capital assets.
- ◆ EPDs net position increased by \$10.9 million in FY 2014 compared to an increase of \$3.0 million in FY 2013. The \$7.9 million difference in the net position increase between fiscal year 2014 and 2013 is primarily due to one key factor, State Aid grants through the Department of Environmental Services (DES). In 2008 authorization for awarding State Aid Grants by DES was postponed and wastewater facility grant applications were placed on a "Delayed and Deferred" State Aid list. In fiscal year 2014 the State approved twenty-three (23) grant applications totaling \$8.0 million in grants awarded to EPD.
- ◆ Aviation net position decreased by \$1.9 million. Aviation fund capital contributions amounted to \$5.2 million, a decrease from \$7.2 million in the previous year. Manchester-Boston Regional Airport experienced a decrease of (6.8%) in passenger enplanements in FY 2014, as enplanements decreased by 82,938 from FY 2013.

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 \$35.3 million, a decrease from \$51.9 million as reported on June 30, 2013. The decrease of \$16.6 million in fund balances was in part due to the timing of receipt of bond proceeds and the related expenditures in the Capital Projects Fund. The decrease was also attributable to a transfer from the General Fund to the Recreation Fund for long term advance in the amount of \$6.7 million. Approximately (11.0) % of this total amount constitutes unassigned fund balance. The remainder of the fund balance is considered either nonspendable, restricted, committed, or assigned as defined by GASB 54 fund balance definitions. These fund balance definitions can be found in note 1 in the notes to the financial statements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$6.5 million while the total fund balance reached \$13.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and operating transfers out. Unassigned fund balance represents 4.4%

of total general fund expenditures of \$148.3 million, while total fund balance represents 23.8% of that same amount.

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

As shown in the Water Works Statement of Revenue, Expenses and Changes in Net Position, the revenue earned from users of the system was \$14,918,817 for the year ended June 30, 2014. There was a slight increase in water usage as compared to the same twelve month period ending June 30, 2013 due primarily to a 2.25% rate increase for services after January 1, 2014 in water usage and fire and service charges. Capital contributions were \$893,519 primarily from contributions for the MSDP Project of \$331,000 and non-cash contributions from developers adding to distribution system approximately \$279,000. Interest earnings from investments were \$25,524 and other revenues for the year were \$151,031 due primarily to rental income on owned property.

Total assets for the Environmental Protection Division (EPD) increased from \$185.6 million at June 30, 2013 to \$197.1 million at June 30, 2014 for an increase of \$11.5 million. Seven million of this increase consists of grant amounts awarded and due from the State of New Hampshire for wastewater facility grants. These grants also account for the increase in capital contributions from \$447,984 in FY 2013 to \$8,131,231 in FY 2014, a \$7.7 million increase. EPDs unrestricted cash and cash equivalents decreased by \$6.7 million in that same period due to an increase in the construction of cash funded sewer infrastructure projects. Operating revenues, consisting primarily of sewer usage charges, remained relatively flat at \$20.3 for FY 2013 and \$20.1 for FY 2014. Operating expenses at \$17.1 million for FY 2013 and \$16.5 million for FY 2014, decreased by 3.2%.

Manchester-Boston Regional Airport experienced a decrease of (6.8%) in passenger enplanements in FY2014, as enplanements decreased by 82,938 from FY2013. 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 increased from (\$5,179,623) in FY2013 to (\$6,016,342) in FY2014, a decrease of 16%. The operating loss decrease was due primarily to increased expenses.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were \$137.8 million, \$835,172 less than the estimated revenues. Actual tax revenues were less than budgeted by \$1,725,442. Actual intergovernmental revenue was \$61,019 over budgetary estimates. Investment income was \$39,052 less than the \$250,000 that had been budgeted. An additional positive outcome of \$788,298 resulted from an overall increase in auto registrations, licenses, and permits over the revised budgeted amount. Nonenterprise charges for sales and services were \$266,504 more than budgeted. Other revenues were \$715,751 less than budgeted. Transfers in were \$119,421 less than budgeted estimates.

Actual expenditures on a budgetary basis and other financing uses totaled \$140.0 million, \$1,327,023 more than budgeted. Highlights in expenditures variances include the following: General Government expenditures were \$1,848,541 more than budgeted primarily due to higher costs than anticipated for health insurance, workers compensation and retirement severance payments. 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 negative variance of \$2,162,195.

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, 2014, amounts to \$932.5 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 \$15.4 million or 1.6%.

City of Manchester, New Hampshire
Capital Assets (net of depreciation) (000's)
June 30, 2014 and 2013
Primary Government

	2014			2013			Change
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Land	\$ 12,490	\$ 60,647	\$ 73,137	\$ 12,722	\$ 60,647	\$ 73,369	\$ (232)
Easements	52	-	52	52	-	52	-
Buildings and improvements	258,554	437,113	695,667	266,011	444,537	710,548	(14,881)
Infrastructure	56,684	-	56,684	58,607	-	58,607	(1,923)
Interceptors	-	51,984	51,984	-	53,662	53,662	(1,678)
Equipment, vehicles & intangibles	13,178	16,764	29,942	13,075	17,972	31,047	(1,105)
Construction in progress	2,062	23,009	25,071	4,789	15,822	20,611	4,460
Total	\$ 343,020	\$ 589,517	\$ 932,537	\$ 355,256	\$ 592,640	\$ 947,896	\$ (15,359)

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

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

Information on the City's capital assets can be found in Note 7 on pages 56-59 of this report.

City of Manchester, New Hampshire
Outstanding Debt
General Obligation and Revenue Bonds (000's) in thousands
June 30, 2014 and 2013

	2014			2013		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation Bonds	\$ 147,809	\$ 79,660	\$ 227,469	\$ 163,189	\$ 85,256	\$ 248,445
Revenue Bonds	73,830	181,933	255,763	77,345	195,331	272,676
Net Bond Premium	11,501	6,309	17,810	12,408 *	7,299 **	19,707
Totals	\$ 233,140	\$ 267,902	\$ 501,042	\$ 252,942	\$ 287,886	\$ 540,828

* - The balance at June 30, 2013 has been restated in the amount of \$3,892,454 due to the implementation of GASB 65.

** - The balance at June 30, 2013 has been restated in the amount of \$4,603,746 due to the implementation of GASB 65.

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 \$675.0 million. General obligation debt is backed by the full faith and credit of the City government.

As of December 31, 2014, 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 (\$8,402,516,000) 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, 2014, the City recorded long-term debt of \$233.1 million related to Governmental Activities, \$101.7 million related to the MSD and \$267.9 million related to Business-Type Activities, well below its statutory debt limit. Information on the City's long-term debt can be found in Note 9 on pages 61-65 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.



This page intentionally left blank.



This page intentionally left blank.

Statement of Net Position

City of Manchester New Hampshire
June 30, 2014

	Primary Government			Component Units			
	Governmental	Business-type	Total	Manchester	Manchester	Manchester	Manchester
	Activities	Activities		School	Transit	Public Television	Development
			District	Authority	Service, Inc.	Corporation	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 64,291,978	\$ 16,321,558	\$ 80,613,536	\$ 7,809,344	\$ 988,885	\$ 9,847	\$ -
Restricted cash	11,011,249	5,003,446	16,014,695	-	-	-	3,395,539
Investments	561,803	-	561,803	-	-	-	-
Receivables, net of allowance for collection losses	36,238,150	21,379,814	57,617,964	6,082,068	230,625	-	102,130
Prepaid expenses	746,622	1,070,451	1,817,073	23,255	196,155	7,882	330
Internal balances	(128,687)	128,687	-	-	-	-	-
Due from other Governments	3,244,504	-	3,244,504	-	-	-	-
Due from Primary Government	-	-	-	25,738,600	-	-	-
Inventories	1,027,444	1,347,746	2,375,190	31,242	254,775	-	-
Total current assets	116,993,063	45,251,702	162,244,765	39,684,509	1,670,440	17,729	3,497,999
Noncurrent assets:							
Restricted cash	-	71,444,263	71,444,263	-	-	-	-
Restricted Investments	27,534,646	-	27,534,646	-	-	-	-
Receivables	9,389,661	2,236,443	11,626,104	-	-	-	777,293
Pension asset	7,064,290	-	7,064,290	-	-	-	-
Capital assets, net of depreciation	343,019,892	589,517,431	932,537,323	4,955,745	2,137,826	3,416	-
Total noncurrent assets	387,008,489	663,198,137	1,050,206,626	4,955,745	2,137,826	3,416	777,293
Total Assets	\$ 504,001,552	\$ 708,449,839	\$ 1,212,451,391	\$ 44,640,254	\$ 3,808,266	\$ 21,145	\$ 4,275,292
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on bond refundings	3,620,783	3,767,993	7,388,776	-	-	-	-
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 5,142,637	\$ 7,299,580	\$ 12,442,217	\$ 880,950	\$ 54,963	\$ 36,276	\$ -
Retainage payable	56,748	1,314,202	1,370,950	-	-	-	-
Accrued liabilities	4,521,439	9,779,571	14,301,010	15,985,791	51,348	36,159	-
Other liabilities	8,495,478	156,452	8,651,930	-	-	-	-
Insurance claims payable	698,419	-	698,419	-	-	-	-
Due to school district	25,738,600	-	25,738,600	-	-	-	-
Unearned revenue	1,240,809	-	1,240,809	-	-	-	-
Total current liabilities	45,894,130	18,549,805	64,443,935	16,866,741	106,311	72,435	-
Noncurrent liabilities:							
Due within one year	29,577,316	14,949,617	44,526,933	1,814,684	210,858	-	-
OPEB obligation	11,694,148	-	11,694,148	13,467,645	1,580,582	-	-
Due in more than one year	224,814,221	254,986,424	479,800,645	10,204,632	150,442	-	-
Total noncurrent liabilities	266,085,685	269,936,041	536,021,726	25,486,961	1,941,882	-	-
Total Liabilities	311,979,815	288,485,846	600,465,661	42,353,702	2,048,193	72,435	-
DEFERRED INFLOWS OF RESOURCES							
Property taxes - unearned	31,271,065	-	31,271,065	28,620,480	-	-	-
Taxes collected in advance	34,685,160	42,370	34,727,530	-	-	-	-
Other revenues collected in advance	338,100	-	338,100	-	-	-	-
Total deferred inflows of resources	66,294,325	42,370	66,336,695	28,620,480	-	-	-
NET POSITION (DEFICIT)							
Net investment in capital assets	141,643,156	338,138,218	479,781,374	4,955,745	2,137,826	3,416	-
Restricted for:							
Coverage account	-	9,893,651	9,893,651	-	-	-	-
PFCs	-	3,322,306	3,322,306	-	-	-	-
MSDC	-	9,528,061	9,528,061	-	-	-	-
Revenue bond O&M	-	9,875,000	9,875,000	-	-	-	-
Revenue bond fund	-	3,896,445	3,896,445	-	-	-	-
Bond funds - capital improvements	-	12,644,945	12,644,945	-	-	-	-
Workmen's compensation	1,128,660	-	1,128,660	-	-	-	-
Cemetery and other trust funds - nonspendable	22,403,033	-	22,403,033	-	-	-	-
Cemetery and other trust funds - restricted	4,109,247	-	4,109,247	-	-	-	-
Equipment replacement	-	481,001	481,001	-	-	-	-
Food Service	-	-	-	120,978	-	-	-
Unrestricted (Deficit)	(39,935,901)	35,909,989	(4,025,912)	(31,410,651)	(377,753)	(54,706)	4,275,292
Total Net Position (Deficit)	\$ 129,348,195	\$ 423,689,616	\$ 553,037,811	\$ (26,333,928)	\$ 1,760,073	\$ (51,290)	\$ 4,275,292

See accompanying notes.

Statement of Activities

	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 49,677,821	\$ 14,635,734	\$ 9,001,774	\$ 238,000
Public safety	63,484,399	1,692,413	1,583,883	131,000
Health and sanitation	5,860,696	2,605,847	1,494,283	-
Highways and streets	26,964,556	2,987,032	2,149,114	794,638
Welfare	1,454,060	34,996	-	-
Education and library	10,831,748	-	502,722	-
Parks and recreation	6,216,146	987,494	39,107	15,829
Cemetery Trust	49,000	-	-	-
Investment management fee	68,533	-	-	-
Interest	5,226,003	-	-	-
Total governmental activities	169,832,962	22,943,516	14,770,883	1,179,467
Business-type activities				
Water	15,895,647	15,061,978	-	893,519
EPD	17,545,488	20,414,119	265,603	8,131,231
Aviation	53,224,987	44,420,536	1,400,000	5,224,240
Recreation	1,997,040	1,450,735	-	-
Parking	2,649,591	4,825,369	-	-
Total business-type activities	91,312,753	86,172,737	1,665,603	14,248,990
Total primary government:	\$ 261,145,715	\$ 109,116,253	\$ 16,436,486	\$ 15,428,457
Component units				
Manchester School District	\$ 182,188,126	\$ 13,532,848	\$ 22,323,549	\$ 4,062,771
Manchester Transit Authority	7,837,338	3,665,081	3,064,040	114,999
Manchester Public Television Service, Inc.	538,170	-	447,862	-
Manchester Development Corporation	37,870	-	-	-
Total component units	\$ 190,601,504	\$ 17,197,929	\$ 25,835,451	\$ 4,177,770
General revenues:				
Property taxes				
Auto registration fees				
Franchise fees				
Unrestricted investment earnings				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Debt reimbursement from MSD				
Impact fees				
Gain (loss) on disposal of assets				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position (deficits) - beginning, as restated (Note 17)				
Net position (deficits) - ending				
See accompanying notes.				

City of Manchester New Hampshire
For the Fiscal Year Ended June 30, 2014

Primary Government		Net (Expense) Revenue and Changes in Net Position (Deficits)					
Governmental Activities	Business-type Activities	Total	Component Units				
			Manchester School District	Manchester Transit Authority	Manchester Public Television Service, Inc.	Manchester Development Corporation	
\$ (25,802,313)	\$ -	\$ (25,802,313)	\$ -	\$ -	\$ -	\$ -	\$ -
(60,077,103)	-	(60,077,103)	-	-	-	-	-
(1,760,566)	-	(1,760,566)	-	-	-	-	-
(21,033,772)	-	(21,033,772)	-	-	-	-	-
(1,419,064)	-	(1,419,064)	-	-	-	-	-
(10,329,026)	-	(10,329,026)	-	-	-	-	-
(5,173,716)	-	(5,173,716)	-	-	-	-	-
(49,000)	-	(49,000)	-	-	-	-	-
(68,533)	-	(68,533)	-	-	-	-	-
(5,226,003)	-	(5,226,003)	-	-	-	-	-
<u>(130,939,096)</u>	<u>-</u>	<u>(130,939,096)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	59,850	59,850	-	-	-	-	-
-	11,265,465	11,265,465	-	-	-	-	-
-	(2,180,211)	(2,180,211)	-	-	-	-	-
-	(546,305)	(546,305)	-	-	-	-	-
-	2,175,778	2,175,778	-	-	-	-	-
-	10,774,577	10,774,577	-	-	-	-	-
<u>\$ (130,939,096)</u>	<u>\$ 10,774,577</u>	<u>\$ (120,164,519)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (142,268,958)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(993,218)	-	-	-
-	-	-	-	-	(90,308)	-	-
-	-	-	-	-	-	(37,870)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (142,268,958)</u>	<u>\$ (993,218)</u>	<u>\$ (90,308)</u>	<u>\$ (37,870)</u>	<u>\$ -</u>
\$ 93,362,542	\$ -	\$ 93,362,542	\$ 64,808,687	\$ -	\$ -	\$ -	\$ -
16,141,777	-	16,141,777	-	-	-	-	-
1,893,672	-	1,893,672	-	-	-	-	-
3,912,561	336,537	4,249,098	144,549	94	27	45,287	-
-	-	-	76,654,132	-	-	-	-
-	-	-	395,520	-	19,794	-	-
6,926,952	-	6,926,952	-	-	-	-	-
-	-	-	1,555,000	-	-	-	-
160,317	14,042	174,359	-	14,977	-	-	23,313
(4,408,790)	4,408,790	-	-	-	-	-	-
<u>117,989,031</u>	<u>4,759,369</u>	<u>122,748,400</u>	<u>143,557,888</u>	<u>15,071</u>	<u>19,821</u>	<u>68,600</u>	<u>-</u>
(12,950,065)	15,533,946	2,583,881	1,288,930	(978,147)	(70,487)	30,730	-
142,298,260	408,155,670	550,453,930	(27,622,858)	2,738,220	19,197	4,244,562	-
<u>\$ 129,348,195</u>	<u>\$ 423,689,616</u>	<u>\$ 553,037,811</u>	<u>\$ (26,333,928)</u>	<u>\$ 1,760,073</u>	<u>\$ (51,290)</u>	<u>\$ 4,275,292</u>	<u>\$ -</u>

**Balance Sheet
Governmental Funds**

**City of Manchester, New Hampshire
June 30, 2014**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 60,091,188	\$ 19,422	\$ 4,181,367	\$ 64,291,977
Restricted cash and cash equivalents	6,740,912	2,013,834	2,256,504	11,011,250
Restricted investments	-	-	27,534,646	27,534,646
Investments	561,803	-	-	561,803
Receivables, net of allowances for collection losses	40,774,837	3,418	3,423,163	44,201,418
Prepaid expenses	746,622	-	-	746,622
Due from other funds	13,455,506	-	-	13,455,506
Inventories	1,027,444	-	-	1,027,444
Total Assets	\$ 123,398,312	\$ 2,036,674	\$ 37,395,680	\$ 162,830,666
Liabilities				
Accounts and warrants payable	\$ 3,681,375	\$ 924,276	\$ 536,987	\$ 5,142,638
Retainage payable	42,447	14,300	-	56,747
Accrued liabilities	2,960,004	-	57,186	3,017,190
Other liabilities	3,016,370	-	5,479,108	8,495,478
Insurance claims payable	698,419	-	-	698,419
Due to other funds	-	10,339,686	-	10,339,686
Due to Manchester School District	25,738,600	-	-	25,738,600
Unearned revenue	662,141	-	578,668	1,240,809
Total Liabilities	36,799,356	11,278,262	6,651,949	54,729,567
Deferred inflows of resources				
Unavailable revenues - property taxes	3,696,298	-	-	3,696,298
Unearned revenues - property taxes	31,271,065	-	-	31,271,065
Unearned revenues - taxes collected in advance	34,685,160	-	-	34,685,160
Unavailable revenues - other revenues collected in advance	3,139,100	-	-	3,139,100
Total deferred inflows of resources	72,791,623	-	-	72,791,623
Fund Balances (Deficits)				
Nonspendable	4,574,066	-	22,403,033	26,977,099
Restricted	1,128,660	-	6,940,746	8,069,406
Committed	1,068,556	-	2,507,593	3,576,149
Assigned	586,585	-	-	586,585
Unassigned	6,449,466	(9,241,588)	(1,107,641)	(3,899,763)
Total Fund Balances (Deficits)	13,807,333	(9,241,588)	30,743,731	35,309,476
Total liabilities, deferred inflows of resources and fund balances (Deficits)	\$ 123,398,312	\$ 2,036,674	\$ 37,395,680	

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.	343,019,892
Pension asset reported in governmental activities is not a financial resource and, therefore, is not reported in the funds.	7,064,290
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	917,252
Deferred loss on refunding that is not available to pay for current period expenditures and, therefore, is not reported in the funds.	3,620,783
Unavailable Revenue are not available and therefore not recognized in the funds.	6,497,298
Long-term liabilities consisting of accruals are not due and payable in current period and, therefore, are not reported in the funds.	(995,111)
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.	(266,085,685)
Net position of governmental activities	\$ 129,348,195

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, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 94,909,143	\$ -	\$ -	\$ 94,909,143
Federal and state grants and aid	3,777,755	-	11,010,588	14,788,343
Charges for sales and services	2,794,063	-	-	2,794,063
Licenses and permits	19,676,747	-	-	19,676,747
Interest	278,341	5,644	902,048	1,186,033
Contributions	-	-	4,222,939	4,222,939
Net appreciation in fair value of securities	-	-	2,724,044	2,724,044
School Charge Backs	9,210,982	-	-	9,210,982
Lease & Rent Income	958,606	-	-	958,606
Debt Recovery	1,187,603	-	-	1,187,603
Miscellaneous Other	2,184,652	-	29,210	2,213,862
Total Revenues	134,977,892	5,644	18,888,829	153,872,365
Expenditures				
Current:				
General government	30,040,345	647,417	12,298,374	42,986,136
Public safety	59,517,220	145,330	1,587,413	61,249,963
Health and sanitation	3,963,135	-	1,361,906	5,325,041
Highway and streets	21,328,683	843,167	553,754	22,725,604
Welfare	1,392,618	-	70,000	1,462,618
Education	2,858,466	-	-	2,858,466
Parks and recreation	4,081,808	63,604	61,953	4,207,365
Cemetery Trust	-	-	49,000	49,000
Investment management fee	-	-	68,532	68,532
Capital Outlay	-	6,399,997	1,284,578	7,684,575
Debt service:				
Principal retirement	11,931,546	-	-	11,931,546
Interest	5,939,981	-	-	5,939,981
Total Expenditures	141,053,802	8,099,515	17,335,510	166,488,827
Excess (Deficiency) of revenues over expenditures	(6,075,910)	(8,093,871)	1,553,319	(12,616,462)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	598,600	-	-	598,600
Transfers in	2,944,443	-	175,202	3,119,645
Transfers out	(7,202,560)	-	(516,940)	(7,719,500)
Total Other Financing Sources (Uses)	(3,659,517)	-	(341,738)	(4,001,255)
Net Change in Fund Balances (Deficit)	(9,735,427)	(8,093,871)	1,211,581	(16,617,717)
Fund Balance (Deficit), beginning	23,542,760	(1,147,717)	29,532,150	51,927,193
Fund Balance (Deficit), ending	\$ 13,807,333	\$ (9,241,588)	\$ 30,743,731	\$ 35,309,476

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, 2014**

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

Net change in fund balance \$ (16,617,717)

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. (12,236,559)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 352,651

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 19,465,008

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. (3,913,448)

Change in net position of governmental activities \$ (12,950,065)

See accompanying notes.



This page intentionally left blank.

Proprietary Funds
Statement of Net Position

City of Manchester, New Hampshire
 June 30, 2014

	Business-type Activities-Enterprise Funds				
	Major			Non-Major Funds	Total
	Water Works Fund	EPD Fund	Aviation Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 894,859	\$ 15,424,849	\$ 400	\$ 1,450	\$ 16,321,558
Restricted cash and cash equivalents	-	-	5,003,446	-	5,003,446
Receivables, net of allowances for collection losses	3,077,094	14,015,942	4,088,390	198,388	21,379,814
Prepaid items	108,221	-	962,230	-	1,070,451
Due from other funds	97,544	-	93,382	-	190,926
Inventories	918,239	105,719	323,788	-	1,347,746
Total current assets:	5,095,957	29,546,510	10,471,636	199,838	45,313,941
Noncurrent assets:					
Restricted cash and cash equivalents	10,355,529	1,502,339	59,390,967	195,428	71,444,263
Receivables	641,916	1,594,527	-	-	2,236,443
Capital assets, net, where applicable, of accumulated depreciation	106,061,634	164,488,034	305,851,781	13,115,982	589,517,431
Total noncurrent assets:	117,059,079	167,584,900	365,242,748	13,311,410	663,198,137
Total Assets	122,155,036	197,131,410	375,714,384	13,511,248	708,512,078
Deferred Outflow of Resources:					
Deferred charge on bond refundings	1,618,163	-	1,911,713	238,117	3,767,993
Total Assets and Deferred Outflow of Resources	\$ 123,773,199	\$ 197,131,410	\$ 377,626,097	\$ 13,749,365	\$ 712,280,071
Liabilities					
Current liabilities					
Accounts and warrants payable	\$ 476,905	\$ 4,242,178	\$ 2,551,898	\$ 28,599	\$ 7,299,580
Retainage payable	94,450	1,021,337	198,415	-	1,314,202
Accrued liabilities	1,033,906	856,794	4,377,617	487,075	6,755,392
Bonds and notes payable	1,539,141	3,436,531	9,168,493	795,125	14,939,290
Due to State of New Hampshire	-	1,955,298	-	-	1,955,298
Compensated Absences	1,326,103	476,749	1,012,581	208,746	3,024,179
Other liabilities	-	-	35,851	120,601	156,452
Total Current liabilities	4,470,505	11,988,887	17,344,855	1,640,146	35,444,393
Noncurrent liabilities					
Due to other funds	-	32,759	-	29,480	62,239
Bonds and notes payable	41,038,432	27,317,649	178,836,939	5,848,433	253,041,453
Total Noncurrent liabilities	41,038,432	27,350,408	178,836,939	5,877,913	253,103,692
Total Liabilities	45,508,937	39,339,295	196,181,794	7,518,059	288,548,085
Deferred Inflow of Resources:					
Other revenues collected in advance	-	-	-	42,370	42,370
Total Liabilities and Deferred Inflow of Resources	45,508,937	39,339,295	196,181,794	7,560,429	288,590,455
Net Position					
Net investment in capital assets	66,348,075	131,778,556	133,218,687	6,792,900	338,138,218
Restricted	9,528,061	481,001	39,632,347	-	49,641,409
Unrestricted (Deficit)	2,388,126	25,532,558	8,593,269	(603,964)	35,909,989
Total Net Position	\$ 78,264,262	\$ 157,792,115	\$ 181,444,303	\$ 6,188,936	\$ 423,689,616

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, 2014

	Business-type Activities-Enterprise Funds				
	Major				Total
	Water Works Fund	EPD Fund	Aviation Fund	Non-major Funds	
<u>Operating Revenues</u>					
Charges for goods and services	\$ 14,742,989	\$ 17,437,141	\$ 36,580,262	\$ 6,052,764	74,813,156
Other	175,828	2,648,783	1,882,920	85,484	4,793,015
Total Operating Revenues	14,918,817	20,085,924	38,463,182	6,138,248	79,606,171
<u>Operating Expenses</u>					
Personnel services	6,838,810	3,973,612	8,208,132	2,068,133	21,088,687
Plant maintenance	1,873,072	1,741,661	909,375	103,453	4,627,561
Light/heat and power	972,406	1,926,820	1,927,933	284,645	5,111,804
General and administrative	1,101,185	689,973	14,779,529	1,032,745	17,603,432
Depreciation and amortization	3,504,563	8,182,967	18,654,555	851,510	31,193,595
Total Operating Expenses	14,290,036	16,515,033	44,479,524	4,340,486	79,625,079
Operating Income (Loss)	628,781	3,570,891	(6,016,342)	1,797,762	(18,908)
<u>Non-Operating Revenues (Expenses), net</u>					
Insurance settlement - solar project	-	-	1,400,000	-	1,400,000
Interest income	25,524	26,979	284,034	-	336,537
Interest expense	(1,605,611)	(1,030,455)	(8,707,565)	(306,145)	(11,649,776)
Passenger facility charges	-	-	4,367,828	-	4,367,828
Customer facility charges	-	-	1,589,526	-	1,589,526
Rent and other income	143,161	328,195	-	137,856	609,212
Reimbursement of Interest Expenses	-	265,603	-	-	265,603
Bond issuance costs	-	-	(37,898)	-	(37,898)
Gain (loss) on disposal of capital assets	7,870	-	6,172	-	14,042
Total Non-Operating Expenses	(1,429,056)	(409,678)	(1,097,903)	(168,289)	(3,104,926)
Net income (loss) before capital contributions and transfers	(800,275)	3,161,213	(7,114,245)	1,629,473	(3,123,834)
<u>Capital Contributions and Transfers</u>					
Capital Contributions	893,519	8,131,231	5,224,240	-	14,248,990
Transfer to general fund	-	-	-	(2,434,979)	(2,434,979)
Transfer from general fund	-	-	-	7,034,834	7,034,834
Transfer of Capital Assets	-	(352,173)	-	161,108	(191,065)
Total Capital Contributions and Transfers	893,519	7,779,058	5,224,240	4,760,963	18,657,780
Change in Net Position (Deficit)	93,244	10,940,271	(1,890,005)	6,390,436	15,533,946
Fund Net Position (Deficit), beginning of year as restated (Note 17)	78,171,018	146,851,844	183,334,308	(201,500)	408,155,670
Fund Net Position (Deficit), end of year	\$ 78,264,262	\$ 157,792,115	\$ 181,444,303	\$ 6,188,936	\$ 423,689,616

See accompanying notes.

Proprietary Funds
Statement of Cash Flows

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

	Business-type Activities-Enterprise Funds				
	Major			Non-Major Funds	Total
	Water Works Fund	EPD Fund	Aviation Fund		
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 15,267,643	\$ 19,813,108	\$ 38,808,745	\$ 6,117,469	\$ 80,006,965
Cash received for property taxes	(556,868)	-	-	-	(556,868)
Cash payments for goods and services	(5,928,396)	(4,122,576)	(21,542,735)	(1,554,090)	(33,147,797)
Cash payments to employees for services	(4,383,540)	(3,856,049)	(8,066,915)	(2,037,235)	(18,343,739)
Other operating revenues	143,161	-	-	137,856	281,017
Net Cash Provided by Operating Activities	4,542,000	11,834,483	9,199,095	2,664,000	28,239,578
<u>Cash Flows from Non-Capital and Related Financing Activities</u>					
Due to (from) general fund	-	-	-	585,829	585,829
Cash received from general fund	-	-	-	323,751	323,751
Cash payment to General Fund	-	-	-	(2,434,979)	(2,434,979)
Interest paid on cash advances	-	-	-	(12,259)	(12,259)
Net Cash Provided by (Used in) Non-Capital & Related Financing Activities	-	-	-	(1,537,658)	(1,537,658)
<u>Cash Flows from Capital and Related Financing Activities</u>					
Payments on bond arbitrage and financing	-	-	(37,898)	-	(37,898)
Passenger and customer facility charges	-	-	6,392,186	-	6,392,186
Reimbursement of bond interest expenses	-	513,078	-	-	513,078
Collection on notes receivable	32,945	-	-	-	32,945
Payments on revolving loan fund	-	(3,376,749)	-	-	(3,376,749)
Principal paid on bonds and notes	(1,471,050)	-	(13,398,204)	(813,114)	(15,682,368)
Insurance settlement - solar project	-	-	1,400,000	-	1,400,000
Proceeds from notes	-	1,955,298	-	-	1,955,298
Interest paid on bonds and notes	(1,609,886)	(1,113,748)	(8,884,281)	(301,342)	(11,909,257)
Proceeds from sale of capital assets	7,870	-	6,172	-	14,042
Contributed capital by federal, state & local governments	621,225	1,180,071	7,492,185	-	9,293,481
Acquisition and construction of capital assets	(2,926,409)	(17,255,810)	(6,517,873)	-	(26,700,092)
Net Cash Used in Capital & Related Financing Activities	(5,345,305)	(18,097,860)	(13,547,713)	(1,114,456)	(38,105,334)
<u>Cash Flows from Investing Activities</u>					
Interest and dividends from investments	25,524	26,979	284,034	-	336,537
Net Cash Provided by Investing Activities	25,524	26,979	284,034	-	336,537
Net Increase (Decrease) in Cash and Cash Equivalents	(777,781)	(6,236,398)	(4,064,584)	11,886	(11,066,877)
Cash and Cash Equivalents at Beginning of Year	12,028,169	23,163,586	68,459,397	184,992	103,836,144
Cash and Cash Equivalents at End of Year	\$ 11,250,388	\$ 16,927,188	\$ 64,394,813	\$ 196,878	\$ 92,769,267

See accompanying notes.

Business-type Activities-Enterprise Funds

	Major				Total
	Water Works Fund	EPD Fund	Aviation Fund	Non-Major Funds	
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 628,781	\$ 3,570,891	\$ (6,016,342)	\$ 1,797,762	\$ (18,908)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	3,504,563	8,182,967	18,654,555	851,510	31,193,595
Non-operating revenue	143,161	-	-	137,856	281,017
Change in Assets and Liabilities					
Decrease (increase) in receivables	367,335	(272,816)	347,178	(36,632)	405,065
Decrease (increase) in material and supplies	(12,762)	-	-	-	(12,762)
Decrease (increase) in inventories	-	6,288	151,057	-	157,345
Decrease (increase) in prepaid expenses and other assets	370,175	-	(165,137)	-	205,038
Increase (decrease) in accounts payable	96,122	518,698	(2,252,659)	(58,012)	(1,695,851)
Increase (decrease) in accrued liabilities	-	(183,130)	(1,683,312)	(27,423)	(1,893,865)
Increase (decrease) in accrued expenses	(468,694)	-	-	-	(468,694)
Increase (decrease) in compensated absences	(146,875)	11,585	141,216	(16,913)	(10,987)
Increase (decrease) in deposits & retainage	60,194	-	-	-	60,194
Increase (decrease) in other liabilities	-	-	(1,615)	12,536	10,921
Increase in unearned revenue	-	-	-	3,316	3,316
Increase (decrease) in interfund liabilities	-	-	24,154	-	24,154
Net Cash Provided by Operating Activities	4,542,000	11,834,483	9,199,095	2,664,000	28,239,578
Schedule of Noncash Investing, Capital and Financing Activities					
Disposal of Capital Assets	\$ -	\$ 35,900	\$ 42,926	\$ -	\$ 78,826
Transfer of Capital Assets	\$ -	\$ (352,173)	\$ -	\$ 161,108	\$ (191,065)
Amortization of net bond premium/ deferred loss	\$ -	\$ -	\$ 732,428	\$ 7,963	\$ 740,391
Capital asset additions included in year-end liabilities	\$ 339,773	\$ -	\$ -	\$ -	\$ 339,773
Write-off of deferred charges	\$ -	\$ -	\$ -	\$ 49,190	\$ 49,190
Transfer from General Fund	\$ -	\$ -	\$ -	\$ 6,734,199	\$ 6,734,199
Addition of Capital Assets included in Accounts Payable	\$ -	\$ 1,767,277	\$ -	\$ -	\$ 1,767,277

See accompanying notes.

Fiduciary Funds

City of Manchester, New Hampshire

Statement of Fiduciary Net Position - Pension Trust and Agency Funds

June 30, 2014

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 5,240,823	\$ -
Investments	201,745,552	-
Receivables, net of allowances for collection losses	154,236	3,244,507
Other assets	2,500	-
Capital assets, net, where applicable, of accumulated depreciation	123,862	-
Total Assets	\$ 207,266,973	\$ 3,244,507
Liabilities		
Accounts and warrants payable	\$ 236,649	\$ -
Accrued liabilities	968,442	-
Due to other funds	-	3,244,507
Total Liabilities	1,205,091	3,244,507
Total Net Position Restricted for Pension Benefits	\$ 206,061,882	\$ -

See accompanying notes.

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

City of Manchester New Hampshire
Year Ended June 30, 2014

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 10,648,492
Plan members	3,439,885
Total Contributions	<u>14,088,377</u>
 Investment Income	
Net realized and unrealized appreciation in fair value of investments	26,442,554
Interest	2,508,008
Other income	5,766
Less investment expense	<u>(776,781)</u>
Net Investment Income	<u>28,179,547</u>
 Total additions	 <u>42,267,924</u>
 Deductions	
Benefits paid directly to participants	13,156,502
Refunds of employee contributions	475,592
Administrative expenses	<u>867,074</u>
Total Deductions	<u>14,499,168</u>
 Net Increase	 27,768,756
 Net Position Restricted for Pension Benefits	
Beginning of year	<u>178,293,126</u>
End of year	<u>\$ 206,061,882</u>

See accompanying notes.



This page intentionally left blank.

Notes to Financial Statements



This page intentionally left blank.

Note 1. Summary of Significant Accounting Policies

Reporting entity

The City of Manchester, New Hampshire, (the City) was incorporated in June of 1846 and operates as a municipal corporation governed by an elected mayor and a fourteen (14) member aldermanic board. Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (4) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Codification Section 2100 have been considered and as a result, the component units discussed below are included in the City's reporting entities because of their operational significance and financial relationship with the City.

Discretely presented component units

Manchester Development Corporation (MDC) - The MDC was created by the Board of Mayor and Aldermen (BMA) as a public corporation for the purpose of developing economic opportunities for the City. The MDC Board of Directors is comprised of twelve (12) members, all of whom shall be nominated by the Mayor and confirmed by the Board of Aldermen of the City. Separate audited financial statements are not available. MDC is presented as a governmental fund type.

Manchester Public Television Service, Inc. (MPTS) - The MPTS was created by the Board of Mayor and Aldermen (BMA) as a nonprofit organization whose mission is to develop, promote and facilitate, access and training for any Manchester resident to create television programs and have those programs cablecast throughout the City of Manchester. The MPTS Board of Directors is comprised of five (5) voting members. Three (3) directors shall be appointed by a majority vote of the Aldermen; the other two (2) directors shall be nominated by the Mayor and confirmed by a majority vote of the aldermen. Separate audited financial statements are not available. MPTS is presented as a governmental fund type.

Manchester School District (District or MSD) – The MSD is a municipal corporation governed by an elected fourteen (14) member board elected by voters of the School District, with the Mayor of the City serving as Chairperson of the Board. The MSD is responsible for elementary and secondary education within the government's jurisdiction. However, the District is fiscally dependent upon the government as the government's BMA approves the District's budget, levies taxes (if necessary) and must approve any debt issuances. Other independent auditors audited the MSD, a June 30 year-end, and their report, dated January 14, 2015, has been issued under separate cover. The District is presented as a governmental fund type.

Manchester Transit Authority (MTA) - The MTA was created by the BMA to provide a public transportation system for the citizens of the City. A five-member board appointed by the BMA oversees the MTA. The BMA determines the annual operating subsidy and approves the issuance of bonds. Other independent auditors audited the MTA, a June 30 year-end, and their report,

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

dated December 15, 2014, has been issued under separate cover. The MTA is presented as a proprietary fund type.

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

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

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

Manchester Transit Authority
110 Elm Street
Manchester NH 03101 - 2799

Manchester School District
195 McGregor St, Ste 201
Manchester NH 03102

Blended Component Unit

City of Manchester Employees' Contributory Retirement System (MECRS) - The MECRS was created by the BMA for the purpose of administering the assets of the employees' contributory retirement system. The MECRS' Board of Trustees consists of seven members, as follows: the City Finance Officer, the Mayor, one person appointed by the Board of Aldermen, two citizens of the City - one appointed by the Mayor, one elected by the MECRS members and two MECRS members also elected by the MECRS members. Other independent auditors audited the MECRS, a December 31 year end, for the year ended December 31, 2013, and their report, dated July 11, 2014 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, 2014

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. Other independent auditors audited the Water Works Fund, a June 30 year-end, and their report, dated November 20, 2014, has been issued under separate cover.

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

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

Additionally, the City reports the following 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Accounting estimates

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

Accounting Standards Adopted in the Current Year

The City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which was implemented as of July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, deferred amounts on refundings were required to be reclassified to Deferred Outflows of Resources. In addition, amounts previously classified as unavailable revenue were reclassified as Deferred Inflows of Resources.

The Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB Statement No. 25*, issued in June 2012, which became effective for the City as of July 1, 2013. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement 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 implementation of this statement has a significant impact of the primary government, which includes a Pension Trust Fund for which the related Plan adopted GASB 67 in the current fiscal year.

The City also adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. The implementation of this statement had no 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Investments

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

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

Allowances for doubtful accounts

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

Interfund Receivables and Payables

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net interest cost capitalized in the Environmental Protection Division Fund amounted to \$3,037 for the year ended June 30, 2014. There was no capitalized interest for the Aviation fund for the year ended June 30, 2014.

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

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

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

Compensated absences

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Deferred Outflows/Inflows of Resources

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

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

Long-term obligations

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Pension accounting

Pension Trust Funds:

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

Governmental fund/activities:

In governmental funds, expenditures are recognized when paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

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

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

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

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

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

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

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

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

Concentration Risk – Major Customers

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

The Department of Aviation’s earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Department of Aviation 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:

	FY2014
Southwest Airlines	57%
US Airways	20%

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Reconciliation of Government-Wide and Governmental Fund Financial StatementsExplanation 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	\$ 917,252
Long term deferred outflows of resources that are not available to pay for current period expenditures and, therefore are not reported in the funds	3,620,783

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 \$266,085,685 difference consists of the following:

Bonds payable	\$ 221,638,735
Add: Net bond premium	11,501,090
Capital lease	141,364
Compensated absences	12,709,375
OPEB payable	11,694,148
Insurance claims	7,900,973
Landfill closure and post-closure care	500,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 266,085,685</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

The detail of this \$19,465,008 difference is as follows:

Long-term liabilities issued or incurred:

Principal repayments:

General obligation debt-City portion \$ 11,605,730

General obligation debt-MSD portion reimbursed 6,926,952

Capital lease 24,906

Bond discounts and premiums amortization 907,420

Net adjustment to increase net changes in fund balances -
total governmental funds to arrive at changes in net position
of governmental activities

\$ 19,465,008

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 change in assets or liabilities and related impact on expenses/expenditures of \$3,913,448 is as follows:

Prepaid Pension Asset \$ (2,162,944)

Deferred loss on refunding (271,671)

OPEB (1,169,051)

Risk management (1,727,126)

Landfill liability 1,642,054

Compensated absences (290,151)

Accrued interest 94,418

Interest receivable from MSD on bonds payable (28,977)

Net adjustment to decrease net changes in fund balances -
total governmental funds to arrive at changes in net position
of governmental activities

\$ (3,913,448)

Note 3. Cash, cash equivalents and investments

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

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

The City's policy for Municipal Revenue Bonds Investments follows Chapter 33-B of the 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 debt securities.

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

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Cash, cash equivalents, and investments of the City consist of the following at June 30, 2014:

Cash and Cash Equivalents		
Deposits with Financial Institutions	\$	86,370,984
Municipal Backed Investment Fund		17,442,174
Repurchase Investments		64,665,275
Contributory Retirement Pension Cash		4,834,883
Total Cash and Cash Equivalents	<u>\$</u>	<u>173,313,316</u>
General Fund Investments		
U.S. Government Agencies	\$	561,803 **
Total General Fund Investments		561,803
Library Trust Funds:		
U.S. Treasury Notes		430,342 ***
U.S. Treasury Bonds		466,299 ***
U.S. Government Agencies		131,773 ***
Corporate Bonds		523,697 ***
Municipal Obligations		307,117 ***
Common Stocks		1,554,442 ***
Equity Mutual Funds		773,463
Fixed Income Mutual Funds		207,934
Total Library Trust Funds		<u>4,395,067</u>
Cemetery Trust Funds:		
U.S. Treasury Notes		6,833,739 ***
Corporate Bonds		52,539 ***
Mutual Funds		15,308,095
Total Cemetery Trust Funds		<u>22,194,373</u>
Expendable Trust Funds:		
U.S. Treasury Notes		937,996 ***
Corporate Bonds		7,211 ***
Total Expendable Trust Funds		<u>945,207</u>
Old System Pension Trust Fund:		
U.S. Treasury Notes		1,655,742 ***
Corporate Bonds		2,172,153 ***
Mortgage Backed		936,075 ***
Mutual Funds		6,528,509
Total Old System Pension Trust Fund		<u>11,292,479</u>
City Retirement System Investments		
Equity funds		61,611,226
International equity		18,298,882
Alternative equity		1,966,550
Hedge funds		18,697,802
Fixed income		38,504,923
Emerging market funds		8,923,228
Real estate		4,574,707
Specialty investments		37,920,174
Total City Retirement System		<u>190,497,492</u>
Total Investments	<u>\$</u>	<u>229,886,421</u>
Total Cash, Cash Equivalents and Investments	<u>\$</u>	<u>403,199,737</u>

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Statement of Net Position

Cash and cash equivalents	\$ 80,613,536
Restricted cash	87,458,958
Investments	561,803
Restricted Investments	27,534,646
	<u>196,168,943</u>

Pension Trust Funds

Cash and cash equivalents	5,240,823
Investments	201,745,552
Open trades/purchases	44,419
	<u>207,030,794</u>

Total \$ 403,199,737

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

Type of Investment	Market Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Over 10 Years
US Treasury Notes	\$ 9,857,818	\$ 163,105	\$ 6,389,449	\$ 3,305,264	\$ -
US Government Agencies	693,576	561,803	131,773	-	-
Corporate Bonds	2,755,600	307,728	1,439,176	520,640	488,056
Municipal Obligations	307,117	-	207,083	100,034	-
Mortgage Backed	936,075	-	152,441	-	783,634
Fixed Income Funds	38,504,923	-	23,316,339	15,188,584	-
Municipal Backed Investment Fund	17,442,174	17,442,174	-	-	-
Repurchase Investment	64,665,275	64,665,275	-	-	-
Total	<u><u>\$ 135,162,558</u></u>	<u><u>\$ 83,140,085</u></u>	<u><u>\$ 31,636,261</u></u>	<u><u>\$ 19,114,522</u></u>	<u><u>\$ 1,271,690</u></u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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	\$ 43,083	\$ 282,847	\$ -	\$ -	\$ -	\$ -
AA+	1,058,993	376,890	100,034	-	-	-
AA	249,850	81,730	154,805	64,665,275	17,442,174	-
AA-	142,277	55,585	-	-	-	15,188,584
A+	296,034	30,966	-	-	-	-
A	550,657	81,837	-	-	-	-
A-	266,316	-	-	-	-	-
BBB+	97,265	-	-	-	-	-
BBB	-	-	-	-	-	8,866,762
BB	-	-	-	-	-	14,449,577
B+	51,125	-	-	-	-	-
Unrated	-	26,220	52,278	-	-	-
	<u>\$ 2,755,600</u>	<u>\$ 936,075</u>	<u>\$ 307,117</u>	<u>\$ 64,665,275</u>	<u>\$ 17,442,174</u>	<u>\$ 38,504,923</u>

Manchester Employees Contributory Retirement System (MECRS)

Cash, cash equivalents and investments

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

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

Interest Rate Risk: Interest rate risk associated with an adverse 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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

MECRS Pension Trust

Income Research Mgt. (Core Bonds Fund)	\$ 15,188,584
Loomis Sayles (Fixed Income Fund)	14,449,577
Mellon Capital EB (Global Tactical Assets)	16,083,910
Sands Capital (US Large Cap Growth)	19,462,987
Pzena Management (US Large Cap Value Fund)	15,061,154
Rothschild (Small - Mid Cap Equity Fund)	16,794,161
PIMCO GTAA	10,171,562
Vanguard ETF (S&P 500 Index Fund)	10,315,534

Foreign currency risk:

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

Investment Policy:

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

	<u>Policy Mix</u>	<u>Current Mix</u>		<u>Policy Mix</u>	<u>Current Mix</u>
Global Asset Allocation	10.00%	13.40%	Alternatives	15.00%	10.70%
Domestic Equity	27.00%	34.10%	Real Estate/Assets	10.00%	5.70%
International Equity	14.00%	13.90%	Cash	2.00%	2.50%
Fixed Income	22.00%	19.70%			

Note 4. Taxes and Abatements

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

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Receivables

Primary government

	General	Capital Projects	Water Works	EPD	Aviation	Nonmajor governmental	Nonmajor business type	Total
Due from Property Taxes	\$ 31,286,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,286,079
Due from State of NH & other local governments	454,927	-	-	7,730,403	1,712,541	142,917	-	10,040,788
Prior year tax liens	347,903	-	-	-	-	-	-	347,903
Tax titles	3,313,498	-	-	-	-	-	-	3,313,498
Due from federal government	-	-	-	-	63,442	348,895	-	412,337
Accounts receivable-trade	6,564,102	3,418	2,878,307	6,176,339	2,312,407	187,136	198,388	18,320,097
Notes receivable	-	-	-	-	-	2,962,621	-	2,962,621
MSD Book Loan	2,800,000	-	-	-	-	-	-	2,800,000
Other	288,062	-	840,703	1,703,727	-	11,764	-	2,844,256
Total gross receivables	45,054,571	3,418	3,719,010	15,610,469	4,088,390	3,653,333	198,388	72,327,579
Allowance for collection losses	(4,279,734)	-	-	-	-	(230,170)	-	(4,509,904)
Total net receivables	\$ 40,774,837	\$ 3,418	\$ 3,719,010	\$ 15,610,469	\$ 4,088,390	\$ 3,423,163	\$ 198,388	\$ 67,817,675

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, 2014 was \$2,800,000.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Interfund Receivables, Payables and Transfers

Due from/to other funds consist of the following at June 30, 2014:

Receivable Fund	Payable Fund	Amount
General Fund	Agency	\$ 3,244,507
	Capital projects	10,339,686
	Enterprise Funds:	
	Water	(97,544)
	Aviation	(93,382)
	EPD	32,759
	Parking	29,480
		<u>\$ 13,455,506</u>

The balance of \$10,339,686 due from Capital Projects to the general fund is the result of a short-term advance. The remaining outstanding balances resulted from the time lag between the dates payments occur between funds for various activities, and are expected to be collected within one year.

Interfund transfers during the year ended June 30, 2014 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 2,944,443	\$ 7,202,560
Permanent Funds	-	507,577
Other Grant Fund	175,202	9,363
Recreation Fund	6,734,199	-
Parking Fund	300,635	2,434,979
Sub-totals	<u>\$ 10,154,479</u>	<u>\$ 10,154,479</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 \$2,434,979 for the annual transfer of profits. Transfer from the Cemetery Trust Fund to the General Fund of \$500,100 for the annual contribution into the general fund operating budget. Transfer from the General Fund to Recreation Fund for long term advance in the amount of \$6,734,199. For financial reporting purposes, the City's General Fund fully reserved for the doubtful collection of its \$6,734,199 of advances to the Recreation Enterprise Fund.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. Capital Assets

Governmental activities

Changes in the governmental capital assets for the year ended June 30, 2014, were as follows:

	Balance June 30, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Capital assets, not being depreciated					
Land	\$ 12,721,725	\$ -	\$ (561,679)	\$ 329,600	\$ 12,489,646
Easements	52,426	-	-	-	52,426
Construction-in-Progress	4,788,752	3,627,804	-	(6,354,820)	2,061,736
Total capital assets, not being depreciated	17,562,903	3,627,804	(561,679)	(6,025,220)	14,603,808
Capital assets, being depreciated					
Buildings	392,327,015	-	(166,268)	5,165,326	397,326,073
Improvements other than buildings	28,495,767	26,144	-	219,158	28,741,069
Equipment	17,103,780	508,205	(489,814)	161,943	17,284,114
Vehicles	25,760,554	2,552,797	(1,287,566)	-	27,025,785
Infrastructure	103,258,930	1,504,999	-	478,793	105,242,722
Total capital assets, being depreciated	566,946,046	4,592,145	(1,943,648)	6,025,220	575,619,763
Less accumulated depreciation					
Buildings	140,977,977	11,816,609	(153,741)	-	152,640,845
Improvements other than buildings	13,832,456	1,038,585	-	-	14,871,041
Equipment	12,008,598	1,020,810	(480,995)	-	12,548,413
Vehicles	17,781,185	1,916,771	(1,113,434)	-	18,584,522
Infrastructure	44,652,282	3,906,576	-	-	48,558,858
Total accumulated depreciation	229,252,498	19,699,351	(1,748,170)	-	247,203,679
Governmental Activities Capital Assets, Net	\$355,256,451	\$ (11,479,402)	\$ (757,157)	\$ -	\$ 343,019,892

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Business-type activities

Changes in the business-type capital assets for the year ended June 30, 2014, were as follows:

	Balance June 30, 2013	Additions	Retirements	Transfers & Reclasses	Balance June 30, 2014
Capital assets, not being depreciated					
Land	\$ 60,647,390	\$ -	\$ -	\$ -	\$ 60,647,390
Construction-in-Progress	15,822,209	27,720,964	-	(20,534,234)	23,008,939
Total capital assets, not being depreciated	76,469,599	27,720,964	-	(20,534,234)	83,656,329
Capital assets, being depreciated					
Buildings	442,877,426	319,814	(11,115)	5,844,602	449,030,727
Improvements other than buildings	355,697,660	-	-	14,192,054	369,889,714
Interceptors	82,543,974	-	-	-	82,543,974
Equipment, vehicles & intangibles	42,961,513	763,166	(191,513)	497,578	44,030,744
Total capital assets, being depreciated	924,080,573	1,082,980	(202,628)	20,534,234	945,495,159
Less accumulated depreciation					
Buildings	185,342,134	12,864,656	(11,115)	-	198,195,675
Improvements other than buildings	168,696,198	14,914,957	-	-	183,611,155
Interceptors	28,882,050	1,678,095	-	-	30,560,145
Equipment, vehicles & intangibles	24,990,280	2,468,315	(191,513)	-	27,267,082
Less total accumulated depreciation	407,910,662	31,926,023	(202,628)	-	439,634,057
Business-type Total Capital Assets, Net	\$ 592,639,510	\$ (3,122,079)	\$ -	\$ -	\$ 589,517,431

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Discretely reported component units

Capital assets activity in the School District at June 30, 2014, consisted of the following:

	Balance			Balance	
	June 30, 2013	Additions	Disposals	June 30, 2014	
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	11,949	-	289,302	
Other machinery & equipment	19,711,658	1,439,444	-	21,151,102	
Total capital assets, being depreciated	21,383,097	1,451,393	-	22,834,490	
Total all capital assets	21,552,497	1,451,393	-	23,003,890	
Less accumulated depreciation					
Portable classrooms	470,234	-	-	470,234	
Improvements	48,585	6,035	-	54,620	
Instruments	114,059	1,195	-	115,254	
Other machinery & equipment	16,251,916	1,156,121	-	17,408,037	
Less total accumulated depreciation	16,884,794	1,163,351	-	18,048,145	
Total Capital Assets being depreciated, Net	\$ 4,667,703	\$ 288,042	\$ -	\$ 4,955,745	

Capital asset activity in the MTA at June 30, 2014, consisted of the following:

	Balance			Balance	
	June 30, 2013	Additions	Retirements	June 30, 2014	
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	10,007,425	-	(379,637)	9,627,788	
Equipment	2,018,757	84,179	(10,155)	2,092,781	
Total capital assets being depreciated	13,909,918	84,179	(389,792)	13,604,305	
Less accumulated depreciation	11,117,577	857,648	(379,637)	11,595,588	
Total Capital Assets being depreciated, Net	\$ 2,921,450	\$ (773,469)	\$ (10,155)	\$ 2,137,826	

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Capital asset activity in the MPTS at June 30, 2014, consisted of the following:

	Balance		Balance	
	June 30, 2013	Additions	Retirements	June 30, 2014
Capital assets, being depreciated				
Equipment	\$ 104,125	\$ -	\$ -	\$ 104,125
Improvements	132,702	-	-	132,702
Total capital assets being depreciated	<u>236,827</u>	-	-	<u>236,827</u>
Less accumulated depreciation				
Equipment	56,475	44,234	-	100,709
Improvements	132,702	-	-	132,702
Less total accumulated depreciation	<u>189,177</u>	<u>44,234</u>	-	<u>233,411</u>
Total Capital Assets				
being depreciated, Net	<u>\$ 47,650</u>	<u>\$ (44,234)</u>	<u>\$ -</u>	<u>\$ 3,416</u>

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

Governmental Activities:

General government	\$ 3,981,530
Public safety	1,770,334
Highways and streets	5,513,408
Health and welfare	206,200
Education and library	6,350,973
Parks and recreation	1,876,906
Total depreciation expense – governmental activities	<u>\$ 19,699,351</u>

Business-type Activities:

Water Works	\$ 3,504,563
EPD	8,182,967
Aviation	19,386,983
Recreation	421,180
Parking	430,330
Total depreciation expense – business-type activities	<u>\$ 31,926,023</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 8. Unavailable Revenue/Unearned Revenue

Governmental funds report deferred inflow of resources from unavailable 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 report 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 unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenue	Unearned Revenue
	<u> </u>	<u> </u>
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 3,696,298	\$ -
Property taxes	-	31,271,065
Taxes Collected in Advance	-	34,685,160
Other	3,139,100	-
Impact fees	-	662,141
Nonmajor funds - other	-	578,668
Total	<u>\$ 6,835,398</u>	<u>\$ 67,197,034</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Long-Term Debt

Below is a listing of all the Governmental long-term debt outstanding at June 30, 2014:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2014
POB Series 2001 C	November-01	6.22	19,006,862	2015 - 2031	301,348 - 777,248	\$ 9,575,228
SRF Landfill	July-03	3.728	13,221,166	2015 - 2024	661,058	6,610,583
GO Series 2003 B	December-03	5.00	22,718,111	2015 - 2020	9,665 - 2,396,970	11,034,532
GO Series 2003 C	December-03	5.75	24,215,000	2015 - 2029	85,000 - 185,000	1,820,731
GO Series 2004	September-04	4.00 - 5.25	11,280,038	2015 - 2019	978,424 - 1948,236	5,852,877
School Series 2004	October-04	5.50	61,970,000	2015 - 2028	2,000,000 - 5,745,000	58,785,000
GO Series 2007	February-07	4.00 - 5.00	29,987,518	2015 - 2022	2,031,949 - 2,679,588	17,875,955
GO Series 2010 A	June-10	3.00 - 4.00	15,388,591	2015 - 2017	2,170,488 - 2,396,220	6,796,707
GO Series 2010 B	June-10	4.00 - 5.40	12,454,634	2018 - 2030	550,000 - 1,484,268	12,356,585
GO Series 2010 C	December-10	2.00 - 4.00	16,015,000	2015 -2018	1,870,000 - 2,135,000	10,030,000
GO Series 2010 D	December-10	4.00 - 4.50	4,435,000	2020 - 2023	1,065,000 - 1,155,000	4,435,000
GO Series 2010 E	December-10	4.75 - 6.125	28,910,000	2024 - 2041	1,185,000 - 2,130,000	28,910,000
GO Series 2010 F	December-10	3.00 - 5.00	31,584,742	2015 - 2029	980,000 - 2,436,263	28,605,275
MERF loan	July-11	1.25 - 3.00	400,000	2015 - 2022	45,440 - 45,881	325,814
Go Series 2011 A	December-11	2.00 - 3.00	2,855,000	2015 - 2022	265,000 - 315,000	2,305,000
Go Series 2011 B	December-11	4.00	3,818,025	2015 - 2016	628,635 - 645,813	1,274,448
School Series 2011	December-11	3.00 - 4.00	16,695,000	2015 - 2028	50,000 - 4,510,000	15,045,000
Governmental long-term debt						<u>\$ 221,638,735</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Below is a listing of all the Business Type long-term debt outstanding at June 30, 2014:

Description of Issue	Date of Issue	Interest Rate(s)(%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2014
SRF 1995	October-94	4.168	20,840,578	2015	1,494,111	\$ 1,494,111
Airport Series 1998 A	March-98	5.25	99,055,000	2016	4,275,000	4,275,000
GO Series 2001 B	November-01	4.35 - 4.50	2,573,590	2015 - 2016	70,000	140,000
POB Series 2001 C	November-01	6.22	1,803,138	2015 - 2031	18,652 - 72,752	764,772
GO Series 2003 B	December-03	5.00	2,776,889	2015 - 2020	215,319 - 282,641	1,550,468
GO Series 2003 C	December-03	5.75	3,545,000	2015 - 2029	9,476 - 10,331	99,269
GO Series 2004	September-04	4.00 - 5.25	449,962	2015 - 2019	36,576 - 91,763	257,123
Airport Series 2005 A	July-05	4.00 - 5.00	17,110,000	2015 - 2027	165,000 - 3,135,000	15,625,000
SRF 2007	December-05	3.27	2,970,000	2015 - 2021	202,512 - 245,638	1,564,480
GO Series 2007	February-07	4.00 - 5.00	4,857,482	2015 - 2022	278,051 - 520,412	3,234,045
SRF 2008 2	July-07	3.488	3,426,462	2015 - 2028	171,323	2,398,523
SRF 2008 3	January-08	3.488	4,412,033	2015 - 2028	220,602	3,088,423
SRF 2008 4	July-08	3.488	4,881,959	2015 - 2027	244,098	3,417,372
SRF 2009	September-08	4.208	4,147,317	2015 - 2028	207,366	2,903,122
SRF 2011 6	February-09	2.864	1,800,000	2015 - 2031	32,945 - 51,761	708,750
Airport Series 2009 A	December-09	4.00 - 5.00	64,830,000	2015 - 2030	2,295,000 - 10,865,000	62,480,000
Airport Series 2009 B	December-09	5.00	20,705,000	2015	1,470,000	1,470,000
SRF 2012 2	January-10	1.940	700,000	2015 - 2022	34,644 - 39,631	296,715
SRF 2011 1	March-10	2.864	3,321,513	2015 - 2030	166,076	2,657,211
SRF 2011 4	April-10	2.864	3,655,662	2015 - 2020	182,783	2,924,530
GO Series 2010 A	June-10	3.00 - 4.00	15,388,591	2015 - 2017	18,780 - 20,000	58,293
GO Series 2010 B	June-10	4.00 - 5.00	12,454,634	2018 - 2030	20,732 - 25,366	183,415
SRF 2011 3	July-10	1.790	920,948	2015 - 2020	92,095	552,569
SRF 2011 5	July-10	2.864	205,000	2015 - 2020	8,955 - 13,678	178,590
SRF 2011 2	September-10	2.864	2,733,457	2015 - 2030	136,673	2,186,765
GO Series 2010 C	December-10	2.00 - 4.00	740,000	2015 - 2018	70,000 - 80,000	370,000
GO Series 2010 D	December-10	4.00 - 4.50	330,000	2020 - 2023	80,000 - 85,000	330,000
GO Series 2010 E	December-10	4.75 - 5.50	805,000	2024 - 2031	90,000 - 110,000	805,000
GO Series 2010 F	December-10	3.00 - 5.00	2,810,258	2015 - 2024	168,540 - 318,737	2,439,725
SRF 2011 7	March-11	3.104	2,200,000	2015 - 2031	110,000	1,870,000
SRF 2012 8	March-11	3.104	2,875,000	2015 - 2031	143,750	2,443,750
Go Series 2011 B	December-11	4.00	941,975	2015 - 2016	231,365 - 234,187	465,552
Go Series 2011 C	December-11	3.00 - 5.00	36,375,000	2015 - 2034	585,000 - 2,665,000	35,460,000
SRF 2012 3	January-12	2.72	5,353,116	2015 - 2032	267,656	4,817,805
Airport Series 2012 A	June-12	4.00 - 5.00	59,215,000	2020 - 2032	1,000,000 - 8,325,000	59,215,000
Airport Series 2012 B	June-12	4.00 - 5.00	25,725,000	2015 - 2020	990,000 - 5,885,000	24,005,000
Airport Series 2013	February-13	3.06	21,800,000	2015 - 2020	1,269,554 - 2,124,410	14,863,005
Notes payable	2010-2012	3.57 - 6.70	263,943	2013-2016	10,700 - 73,348	78,527
Business Type long-term debt						<u>\$ 261,671,910</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Primary government

The debt service requirements of the City's outstanding General Obligation (GO) bonds, revenue bonds and notes payable at June 30, 2014 are as follows:

Governmental Activities long-term debt:

Fiscal year	Principal	Interest	Total
2015	\$ 18,491,342	\$ 10,457,145	\$ 28,948,487
2016	18,108,296	9,640,810	27,749,106
2017	17,667,313	8,849,354	26,516,667
2018	18,123,849	8,036,517	26,160,366
2019	16,763,965	7,179,912	23,943,877
2020-2024	65,738,530	25,454,936	91,193,466
2025-2029	44,175,407	11,770,499	55,945,906
2030-2034	9,040,033	5,326,451	14,366,484
2035-2039	9,340,000	2,736,356	12,076,356
2040-2041	4,190,000	258,781	4,448,781
Debt Service Requirement	221,638,735	89,710,761	311,349,496
Add Net Bond Premium	11,501,090	-	11,501,090
Total Governmental Activities	\$ 233,139,825	\$ 89,710,761	\$ 322,850,586

Business-type Activities long-term debt:

Fiscal year	Principal	Interest	Total
2015	\$ 14,949,617	\$ 11,323,786	\$ 26,273,403
2016	13,819,336	10,699,629	24,518,965
2017	14,016,617	10,121,377	24,137,994
2018	14,533,430	9,503,297	24,036,727
2019	15,173,779	8,877,352	24,051,131
2020-2024	81,290,334	34,325,077	115,615,411
2025-2029	82,437,072	15,040,686	97,477,758
2030-2034	25,451,725	2,075,570	27,527,295
Debt Service Requirement	261,671,910	101,966,774	363,638,684
Add Net Bond Premium	6,308,833	-	6,308,833
Total Business-type Activities	\$ 267,980,743	\$ 101,966,774	\$ 369,947,517

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, 2014, the City's legal debt limit was \$819,245,000. Authorized and unissued financing resolutions as of June 30, 2014 totaled \$15,650,000.

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014	Due within One year
Governmental activities:					
General Obligation Debt - City	\$ 131,576,785	\$ -	\$ 11,605,730	\$ 119,971,055	\$ 11,176,287
Revenue Bonds Payable - MSD	77,345,000	-	3,515,000	73,830,000	3,975,000
General Obligation Bonds Payable - MSD	31,249,632	-	3,411,952	27,837,680	3,321,407
Premiums (Discounts) *	12,408,510	-	907,420	11,501,090	-
	<u>252,579,927</u>	<u>-</u>	<u>19,440,102</u>	<u>233,139,825</u>	<u>18,472,694</u>
Compensated absences	12,419,224	1,505,629	1,215,478	12,709,375	3,177,344
Insurance claims	6,173,847	14,933,432	13,206,306	7,900,973	7,900,973
Capital Lease	166,270	-	24,906	141,364	26,305
OPEB obligations	10,525,097	1,169,051	-	11,694,148	-
Landfill post-closure care	2,142,055	-	1,642,055	500,000	-
	<u>\$ 284,006,420</u>	<u>\$ 17,608,112</u>	<u>\$ 35,528,847</u>	<u>\$ 266,085,685</u>	<u>\$ 29,577,316</u>
Business-type activities					
General Obligation Debt	\$ 85,255,505	\$ -	\$ 5,595,127	\$ 79,660,378	\$ 5,702,597
Revenue Bonds	195,331,209	-	13,398,204	181,933,005	9,168,493
Premiums (Discounts) **	7,299,405	-	990,572	6,308,833	-
Notes payable	144,313	-	65,786	78,527	78,527
Due to State of New Hampshire	-	1,955,298	-	1,955,298	-
	<u>\$ 288,030,432</u>	<u>\$ 1,955,298</u>	<u>\$ 20,049,689</u>	<u>\$ 269,936,041</u>	<u>\$ 14,949,617</u>

* - The balance at June 30, 2013 has been restated in the amount of \$3,892,454 due to the implementation of GASB 65.

** - The balance at June 30, 2013 has been restated in the amount of \$4,603,746 due to the implementation of GASB 65.

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, 2014 totaled \$30,754,180; this amount is included in the \$79,660,378 General Obligation Debt for business-type activities.

The City has pledged future airport revenues, net of specified operating expenses, to repay \$181,933,005 in airport revenue bonds. Pledged revenues total \$40,103,280 and include certain

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

operating and non-operating revenues and account balances under restricted assets. Proceeds from the bonds were used for various airport construction projects. The bonds are payable solely from the airport net revenues and are payable through 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 1.49 to 1. The total principal and interest remaining to be paid on the bonds is \$258,137,965. Principal and interest paid for the current year was \$22,282,454.

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

Note 10. 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

	MECRS Pension Trust	Old System Pension Trust	Total
Assets			
Cash and cash equivalents	\$ 4,834,883	\$ 405,940	\$ 5,240,823
Investments	190,497,492	11,248,060	201,745,552
Receivables, net of allowances for collection losses	119,992	34,244	154,236
Other assets	2,500	-	2,500
Property and equipment, net where applicable, of accumulated depreciation	123,862	-	123,862
Total Assets	195,578,729	11,688,244	207,266,973
Liabilities			
Accounts and warrants payable	236,649	-	236,649
Accrued liabilities	968,442	-	968,442
Total Liabilities	1,205,091	-	1,205,091
Net Position Restricted for Pension Benefits	\$ 194,373,638	\$ 11,688,244	\$ 206,061,882

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

SCHEDULE OF CHANGES OF PLAN NET POSITION

	MECRS Pension Trust FYE 12/31/13	Old System Pension Trust FYE 6/30/14	Total
Additions			
Contributions			
Employer	\$ 10,648,492	\$ -	\$ 10,648,492
Plan members	3,439,885	-	3,439,885
Total Contributions	14,088,377	-	14,088,377
Investment Income			
Net realized and unrealized appreciation in fair value of investments	25,348,946	1,093,608	26,442,554
Interest and dividends	2,063,481	444,527	2,508,008
Other income	5,766	-	5,766
Less investment expense	(776,781)	-	(776,781)
Net Investment Income	26,641,412	1,538,135	28,179,547
Total Additions	40,729,789	1,538,135	42,267,924
Deductions			
Benefits paid directly to participants	11,622,913	1,533,589	13,156,502
Refunds of employee contributions	475,592	-	475,592
Administrative expenses	812,817	54,257	867,074
Total Deductions	12,911,322	1,587,846	14,499,168
Net Increase (Decrease)	27,818,467	(49,711)	27,768,756
Net Position Held in Trust for Pension Benefits			
Beginning of year	166,555,171	11,737,955	178,293,126
End of year	\$ 194,373,638	\$ 11,688,244	\$ 206,061,882

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 1-½% 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 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 2-½% of their salaries to the

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

MECRS prior to January 1, 1999 and 3-¾ % 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, 2014 and 2013) 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, 2013, the date of the last actuarial valuation:

	Pension	Health Subsidy
Retirees and beneficiaries receiving benefits	729	232
Terminated vested members	96	96
Active members	1,194	1,194
Total Participants	<u>2,019</u>	<u>1,522</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
2012	2014	20.03%	\$ 10,685,570	100%
2011	2013	18.75%	9,255,971	100%
2010	2012	17.71%	9,471,499	100%

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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
2012	2014	0.93%	\$526,321	100%
2011	2013	0.97%	451,122	100%
2010	2012	0.87%	457,292	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
12/31/2013	\$177,961,782	\$102,370,698	\$280,332,480	63.5%	\$53,315,564	192.0%

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
12/31/2013	\$8,145,055	\$9,834,211	\$17,979,266	45.3%	\$53,315,564	18.4%

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, 2013
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	26 years

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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, 2014

At June 30, 2014, the Old System membership consisted of:

Members currently receiving benefits	104
Active Vested Members	<u>7</u>
Total Members	<u><u>111</u></u>

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year ended June 30,	Annual Required Contributions	Percentage contributed
2014	\$ 503,679	0.0%
2013	503,679	0.0%
2012	317,615	0.0%

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

Annual required contribution	\$ 503,679
Interest on net pension obligation	(587,864)
Adjustment to annual required contribution	<u>1,128,371</u>
Annual pension cost	1,044,186
Less contributions made	<u>-</u>
Decrease in net pension asset	1,044,186
Net pension asset beginning of year	<u>(8,108,476)</u>
Net pension asset end of year	<u><u>\$ (7,064,290)</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>
6/30/2014	\$ 1,044,186	0.0%	\$(7,064,290)
6/30/2013	1,118,759	0.0%	(8,108,476)
6/30/2012	987,758	0.0%	(9,227,235)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) P.U.C.	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	\$ 11,688,244	\$ 14,754,802	79.22 %	\$ 458,869	668.29 %

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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Net Pension Liability of the City: The components of the net pension liability of the City at June 30, 2014 were as follows:

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

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2014
Actuarial cost method	Entry Age Normal – level salary
Amortization method	Open level dollar for remaining unfunded liability
Remaining amortization period	10 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	6.50 %, net of pension plan investment expense
Projected salary increases	4.50 %
Mortality	RP-2000-Combined Healthy Mortality Table

Assumed Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2014 are summarized in the following table:

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Asset Class	Target Allocation	Expected Rate of Return
Domestic equity	40%	6.60%
International equity - developed markets	10%	7.10%
International equity - emerging markets	3%	9.40%
Fixed income	42%	2.20%
Cash	5%	1.80%
Total	<u>100%</u>	

Discount Rate: The blended discount rate used to measure the total pension liability was 5.23%. The projection of cash flows used to determine the discount rate assumed there will continue to be no future contributions made by plan members or the System. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to the first 11 periods of projected benefit payments and a 4.29% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 4.29% municipal bond rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index as of June 26, 2014.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the System, calculated using the discount rate of 5.23%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage - point lower (4.23%) or 1 - percentage higher (6.23%) than the current rate:

	1% Decrease (4.23%)	Current (5.23%)	1% Increase (6.23%)
Net pension liability	\$ 5,565,101	\$ 4,362,655	\$ 3,305,344

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, 2014 was \$184,349.

At June 30, 2014, the membership consisted of:

Members currently receiving benefits

13

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-a 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 25.30% to 27.74% of covered compensation.

The City's contributions to the system, consisting of firefighters and police officers, for the years ended June 30, 2014, 2013 and 2012 were \$9,806,288, \$7,891,583, and \$7,371,088, respectively, and were equal to the required contributions. For the years ended June 30, 2013, 2012 and 2011, the City has recognized no revenue and expenditures on behalf of contributions made by the State to the NHRS.

Note 11. Other Post Employment Benefits

CITY

Plan Descriptions and background

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

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

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.

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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.

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, 2014 and the amount actually contributed to the plan.

Normal cost	\$ 982,546
Amortization of Unfunded Accrued Liability (UAL)	1,619,796
Interest	104,094
Annual Required Contribution (ARC)	<u>2,706,436</u>
Interest on Net OPEB Obligation	421,004
Adjustment to ARC	<u>(608,739)</u>
Annual OPEB Cost	2,518,701
Less: Employer contributions made	<u>(1,349,650)</u>
Change in Net OPEB Obligation	1,169,051
Net OPEB obligation beginning of year	<u>10,525,097</u>
Net OPEB obligation end of year	<u><u>\$ 11,694,148</u></u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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
6/30/2014	\$ 2,518,701	\$ 1,349,650	53.6%	\$ 11,694,148
6/30/2013	2,446,337	1,099,255	44.9%	10,525,097
6/30/2012	3,439,827	1,751,546	50.9%	9,178,015

As of July 1, 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 2014, 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, 2014

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 2014:

Annual required contribution/OPEB cost	\$ 3,157,929
Contributions made (pay-as-you-go)	(2,601,477)
Increase in net OPEB obligation	<u>556,452</u>
Net OPEB obligation, beginning	12,911,193
Net OPEB obligation, ending	<u><u>\$ 13,467,645</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 2014 was as follows:

SCHEDULE OF ANNUAL OPEB COST - MSD - UNAUDITED

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

As of July 1, 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 2014, and the ratio of the UAAL to the covered payroll was 35.56%

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, 2014

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, 2013.

Plan Descriptions

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

Funding Policy and Annual OPEB Cost

GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. MTA currently plans to fund these benefits on a pay-as you-go basis. No assets have been segregated and restricted to provide post employment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

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

Normal cost	\$ 179,740
Amortization of Unfunded	302,079
Interest	<u>227,978</u>
Annual required contribution	709,797
Interest on Net OPEB Obligation	32,975
Adjustment to ARC	<u>(63,590)</u>
Annual OPEB Cost	679,182
Less actual contribution	<u>(136,064)</u>
Increase in net OPEB Obligation	543,118
Net OPEB obligation beginning of year	<u>1,037,464</u>
Net OPEB obligation end of year	<u><u>\$ 1,580,582</u></u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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, 2014 were as follows:

Annual required contribution	\$ 709,797
Actual contribution	136,064
Percent contributed	19%
Actuarial accrued liability	\$ 4,559,558
Plan assets	-
Unfunded actuarial accrued liability	<u>\$ 4,559,558</u>
Covered payroll	\$ 2,235,353
Unfunded actuarial accrued liability as a percentage of covered payroll	49%

Significant methods and assumptions were as follows:

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

Note 12. Contingent Liabilities and Risk Management

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

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

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

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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
2014	\$6,173,847	\$14,933,432	\$13,206,306	\$7,900,973
2013	\$6,839,121	\$13,136,342	\$13,801,616	\$6,173,847

Health

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

Property

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

General Liability

Liability claims are administered through a private carrier. The City is self-insured under this program, except for the Aviation Fund which maintains a liability insurance policy which provides coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. State law generally limits a city's liability for an incident to \$275,000 per individual and \$925,000 per incident. \$371,291 was recorded in the government wide statements governmental activities for fiscal year 2014 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. \$7,028,002 was recorded in the government wide statements governmental activities as the City's estimated liability for all types of claims incurred in 2014 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, 2014, there was no pending claim by the EPA or the State.

The City prepared a Phase II Long-Term Control Plan to address the CSOs on the City's East Side and submitted it to the EPA in March 2010. The Phase II CSO abatement program recommends \$165 million in environmental infrastructure improvements over 20 years to the City's east side. The City is still waiting EPA approval of the CSO Phase II plan. Due to area flooding, the City completed construction of the first Phase II contract in 2014 and will complete construction of the second contract in 2016.

Note 13. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations required the City to place final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$500,000 reported as landfill closure and postclosure care liability at June 30, 2014 represents the cumulative amount reported to date based on use of 100 percent of the estimated capacity of the landfill. The City closed the landfill on June 28, 1996. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Note 14. Fund Deficits

As of June 30, 2014, the CDBG Fund and Capital Projects Fund had fund deficits in the amounts of \$96,350 and \$9,241,588, 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, 2014

Note 15. Restricted Net position

Below is a listing of restricted net position at June 30, 2014:

	Aviation	EPD	Water Works
Revenue fund	\$ 1,893,285	-	-
Bond fund	7,911,321	-	-
Customer facility charge reserve account	4,725,144	-	-
Operations and maintenance reserve account	9,832,000	-	-
Passenger facility charges	3,322,306	-	-
Coverage account	3,275,222	-	-
Capital improvement account	12,644,945	\$ 481,001	-
Revenue credit account	43,000	-	-
Merrimack source development	-	-	\$ 9,528,061
Total Restricted Net Position	43,647,223	481,001	9,528,061
Less accrued bond interest	(4,014,876)	-	-
Total Restricted Net Position	<u>\$ 39,632,347</u>	<u>\$ 481,001</u>	<u>\$ 9,528,061</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 16. Fund Balances

Below is a table of fund balance categories and classifications at June 30, 2014 for the City governmental funds:

	General Fund	Capital Projects	Other Governmental Funds
Fund Balances:			
Nonspendable:			
Prepaid expenses	\$ 746,622	-	-
Inventories	1,027,444	-	-
MSD Book Loan	2,800,000	-	-
Cemetery/ Library Trust	-	-	\$ 22,403,033
Total nonspendable	<u>4,574,066</u>	<u>-</u>	<u>22,403,033</u>
Restricted:			
Worker's Compensation	1,128,660	-	-
General government	-	-	248,668
Highway and streets	-	-	525,021
Public Safety	-	-	9,209
Health and sanitation	-	-	307,050
Parks and Recreation	-	-	159,365
Cemetery/ Library Trust	-	-	4,109,247
Civic Center	-	-	1,582,186
Total restricted	<u>1,128,660</u>	<u>-</u>	<u>6,940,746</u>
Committed:			
Health insurance	338,180	-	-
General liability insurance	707,222	-	-
General government	11,284	-	2,507,593
Highway and streets	11,870	-	-
Total committed	<u>1,068,556</u>	<u>-</u>	<u>2,507,593</u>
Assigned:			
General government - encumbrances	397,633	-	-
Public Safety - encumbrances	41,010	-	-
Health and sanitation - encumbrances	7,225	-	-
Highway and streets - encumbrances	35,556	-	-
Parks and Recreation - encumbrances	102,678	-	-
Welfare - encumbrances	2,261	-	-
Education - encumbrances	222	-	-
Total assigned	<u>586,585</u>	<u>-</u>	<u>-</u>
Unassigned:			
Unassigned	6,449,466	\$ (9,241,588)	(1,107,641)
Total unassigned	<u>6,449,466</u>	<u>(9,241,588)</u>	<u>(1,107,641)</u>
Total fund balance	<u>\$ 13,807,333</u>	<u>\$ (9,241,588)</u>	<u>\$ 30,743,731</u>

CITY OF MANCHESTER, NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 17. Accounting Change/Restatement

During fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities. The cumulative effect of applying this statement resulted in the retroactive restatement of beginning net position in the government-wide financial statements. As a result, bond issuance costs of \$4,707,496 reported as an asset in fiscal year ended June 30, 2013 have been eliminated and net position decreased by \$4,707,496 from \$555,161,426 reported on June 30, 2013 to \$550,453,930 on July 1, 2013. There was no effect on the fund financial statements as a result of this change.

	Governmental Activities	Business-type Activities	Total Primary Government
Net position, June 30, 2013, as previously reported	\$ 144,154,879	\$ 411,006,547	\$ 555,161,426
Restatement per implementation of GASB 65	(1,856,619)	(2,850,877)	(4,707,496)
Net position, July 1, 2013, as restated	\$ 142,298,260	\$ 408,155,670	\$ 550,453,930

Note 18. Subsequent Events

Airport Revenue Bond Refunding

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

On December 4, 2014, the City closed on a \$10,000,000 General Airport Revenue Bond Refunding Bank Qualified. This bond was placed directly with TD Bank (the “2014 Airport Revenue Bond”). The 2014 Airport Revenue Bond was issued to refund a portion of the outstanding 2005A General Airport Revenue Bonds at a fixed rate of 2.44%. This represented a 17.89% savings on the refunded bonds and a Net PV Savings of \$1,768,786.

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

Note 19. Governmental Accounting Standards Board (GASB) Statements

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

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, will be effective for the City beginning with its year ending June 30, 2015. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, will be effective for the City beginning with its year ending June 30, 2015. This statement provides guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments.

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

Management has not yet determined the effect that the above GASB statements will have on the financial statements, except that GASB Statement No. 68 will have a material impact.

**Required Supplementary Information
(Unaudited)**



This page intentionally left blank.

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

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
12/31/2013	\$177,961,782	\$102,370,698	\$280,332,480	63.5%	\$53,315,564	192.0%
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 *	139,240,661	48,385,123	187,625,784	74.2%	48,556,218	99.6%
12/31/2006	126,293,879	46,244,869	172,538,747	73.2%	47,537,456	97.3%
12/31/2005	113,856,253	34,059,413	147,915,666	77.0%	47,233,321	72.1%
12/31/2004	103,826,765	22,520,228	126,346,993	82.2%	45,040,456	50.0%

* 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
12/31/2013	\$8,145,055	\$9,834,211	\$17,979,266	45.3%	\$53,315,564	18.4%
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%
12/31/2006	782,281	10,962,034	11,744,315	6.7%	47,537,456	23.1%

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

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
2012	2014	20.03%	\$ 10,685,570	100%
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%
2005	2007	10.63%	5,413,826	100%
2004	2006	8.72%	3,950,981	100%
2003	2005	8.76%	3,323,023	100%

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
2012	2014	0.93%	\$526,321	100%
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
7/1/2014	\$ 11,688,244	\$ 14,754,802	\$ 3,066,558	79.22 %	\$ 458,869	668.29 %
7/1/2012	12,035,599	15,655,036	3,619,437	76.88	668,075	541.77
7/1/2011	13,492,366	15,751,302	2,258,936	85.66	771,056	292.97
7/1/2010	12,766,951	16,286,171	3,519,220	78.39	756,205	465.38
7/1/2009	12,959,248	16,885,092	3,925,844	76.75	785,075	500.06
7/1/2008	16,210,784	16,646,708	435,924	97.38	882,731	49.38
7/1/2007	18,331,806	17,771,369	(560,437)	103.15	907,546	(61.75)
7/1/2006	18,207,702	18,596,488	388,786	97.91	881,317	44.11
7/1/2005	18,962,145	20,011,713	1,049,568	94.76	1,077,069	97.45
7/1/2004	19,705,567	20,335,101	629,534	96.90	1,047,706	60.09

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year ended June 30,	Annual Required Contributions	Percentage contributed
2014	\$ 503,679	0.0%
2013	503,679	0.0%
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%
2006	124,659	0.0%
2005	71,571	0.0%

**Required Supplementary Information
Old System Pension Trust**

**Schedule of Changes in City's Net Pension Liability
and Related Ratios – Unaudited
Last Fiscal Year**

Changes in Net Pension Liability

	2014
Total pension liability	
Service cost	\$ 52,770
Interest	908,525
Differences between expected and actual experience	(556,703)
Changes of assumptions	534,707
Benefit payments	<u>(1,543,414)</u>
Net change in total pension liability	(604,115)
Total pension liability - beginning	<u>16,655,014</u>
Total pension liability - ending (a)	<u><u>\$ 16,050,899</u></u>
Plan fiduciary net position	
Net investment income	\$ 1,493,703
Benefit payments	<u>(1,543,414)</u>
Net change in plan fiduciary net position	(49,711)
Plan fiduciary net position - beginning	<u>11,737,955</u>
Plan fiduciary net position - ending (b)	<u>11,688,244</u>
Net pension liability - ending (a) - (b)	<u><u>\$ 4,362,655</u></u>
Plan fiduciary net position as a % of total pension liability (b)/(a)	72.82%
Covered payroll	\$ 458,869
Net pension liability as a % of covered payroll	950.74%

NOTE: As 2014 is the implementation year, only 2014 information is available.

Required Supplementary Information Other Post-Employment Benefits

SCHEDULE OF FUNDING PROGRESS - CITY - OPEB - UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	-	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
6/30/2014	\$ 2,518,701	\$ 1,349,650	53.6%	\$ 11,694,148
6/30/2013	2,446,337	1,099,255	44.9%	10,525,097
6/30/2012	3,439,827	1,751,546	50.9%	9,178,015
6/30/2011	3,300,870	1,452,637	44.0%	7,489,734
6/30/2010	3,243,850	1,357,605	41.9%	5,641,501
6/30/2009	3,150,293	1,268,790	40.3%	3,755,256
6/30/2008	3,059,538	1,185,785	38.8%	1,873,753

SCHEDULE OF FUNDING PROGRESS - MSD - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ -	\$ 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 - UNAUDITED

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

SCHEDULE OF FUNDING PROGRESS - MTA - OPEB - UNAUDITED

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

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

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

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 96,226,710	\$ 96,604,710	\$ 94,879,268	\$ (1,725,442)
Federal and state grants and aid	3,716,737	3,716,737	3,777,756	61,019
Nonenterprise charges for sales and services	2,527,911	2,507,517	2,774,021	266,504
Licenses and permits	18,183,077	18,908,077	19,696,375	788,298
Interest	500,000	250,000	210,948	(39,052)
Other	13,662,939	13,609,333	13,542,255	(67,078)
Total Revenues	134,817,374	135,596,374	134,880,623	(715,751)
Expenditures				
Current:				
General government	54,134,269	54,727,115	56,575,656	(1,848,541)
Public safety	40,355,364	40,430,510	40,426,787	3,723
Health and sanitation	2,769,657	2,769,657	2,661,354	108,303
Highway and streets	16,339,576	16,339,576	16,274,742	64,834
Welfare	1,018,059	1,093,600	1,093,600	
Education	1,984,814	1,984,814	1,983,425	1,389
Parks and recreation	3,097,487	3,097,487	3,089,556	7,931
Debt service:				
Principal retirement	11,926,329	11,931,546	11,931,546	-
Interest	6,275,319	6,275,319	5,939,981	335,338
Total Expenditures	137,900,874	138,649,624	139,976,647	(1,327,023)
Excess (Deficiency) of revenues under expenditures	(3,083,500)	(3,053,250)	(5,096,024)	(2,042,774)
Other Financing Sources (Uses)				
Transfers in	3,083,500	3,054,500	2,935,079	(119,421)
Transfers out	-	(1,250)	(1,250)	-
Total Other Financing Sources (Uses)	3,083,500	3,053,250	2,933,829	(119,421)
Revenues and Other Financing Sources Over Expenses and Other Financing Uses	\$ -	\$ -	\$ (2,162,195)	\$ (2,162,195)

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

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

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Taxes</u>				
Property tax	\$ 93,450,010	\$ 93,828,010	\$ 91,909,550	\$ (1,918,460)
Miscellaneous taxes	13,000	13,000	58,772	45,772
Interest and penalties	1,071,200	1,071,200	1,179,246	108,046
Cable franchise fees	1,692,500	1,692,500	1,731,700	39,200
Total Taxes	96,226,710	96,604,710	94,879,268	(1,725,442)
<u>Federal and State Grants and Aid</u>				
Federal grants	515,000	515,000	514,813	(187)
Payments in lieu of taxes	840,000	840,000	895,297	55,297
State Grants	2,361,737	2,361,737	2,367,646	5,909
Total Federal and State Grants and Aid	3,716,737	3,716,737	3,777,756	61,019
<u>Nonenterprise Charges for Sales and Services</u>				
<u>Sales and Services</u>				
General revenues	105,695	105,695	213,616	107,921
Public safety	121,300	121,300	140,873	19,573
Highway	981,176	981,176	976,812	(4,364)
Sanitation	3,500	3,500	-	(3,500)
Health	9,000	9,000	11,215	2,215
Cemetery, Parks & Recreation	181,425	181,425	220,174	38,749
Zoning board	36,000	36,000	50,766	14,766
Parking violations	11,000	11,000	7,800	(3,200)
Court fines	18,000	18,000	12,210	(5,790)
Fees	980,815	980,815	1,061,506	80,691
Witness fees	80,000	59,606	79,049	19,443
Total Nonenterprise Charges for Sales and Services	2,527,911	2,507,517	2,774,021	266,504
<u>Licenses and Permits</u>				
Auto registrations	15,536,675	16,536,675	16,922,083	385,408
Licenses	517,402	517,402	606,616	89,214
Permits	2,129,000	1,854,000	2,167,676	313,676
Total Licenses and Permits	18,183,077	18,908,077	19,696,375	788,298
<u>Interest</u>				
Income from invested funds	500,000	250,000	210,948	(39,052)
<u>Other Revenues</u>				
Reimbursements	3,164,368	3,156,762	3,317,140	160,378
Rentals & Leases	1,237,636	1,237,636	969,407	(268,229)
School chargebacks	9,198,805	9,152,805	9,210,982	58,177
Miscellaneous	62,130	62,130	44,726	(17,404)
Total Other Revenues	13,662,939	13,609,333	13,542,255	(67,078)
Total Revenues	\$ 134,817,374	\$ 135,596,374	\$ 134,880,623	\$ (715,751)
Transfers in	3,083,500	3,054,500	2,935,079	(119,421)
Total Transfers in	3,083,500	3,054,500	2,935,079	(119,421)
Total Revenues and Transfers in	\$ 137,900,874	\$ 138,650,874	\$ 137,815,702	\$ (835,172)

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

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

	Original Budget	Revised Budget	Total Commitments	Commitments vs Revised Budget Variance
General Government				
Aldermen	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Assessors	603,245	603,245	544,161	59,084
City Clerk	984,852	984,852	910,016	74,836
City Solicitor	1,275,623	1,453,486	1,319,325	134,161
Civic Contribution	143,514	143,514	120,198	23,316
Central Fleet Management	3,133,489	3,133,489	3,131,975	1,514
Economic Development Office	50,100	150,100	94,986	55,114
Senior Services	239,247	239,247	229,827	9,420
Finance	946,576	946,576	914,821	31,755
Information Systems	1,456,980	1,454,605	1,453,234	1,371
Mayor	228,243	228,243	226,666	1,577
MPTS	447,862	447,862	447,862	-
Nondepartmental	34,486,822	34,761,805	37,038,504	(2,276,699)
Non-city Program	68,434	68,434	68,434	-
Human Resources	702,881	702,881	701,934	947
Planning and Community Development	1,956,101	1,956,101	1,946,428	9,673
Facilities Division	6,270,996	6,313,371	6,312,908	463
Tax Collector	489,389	489,389	466,498	22,891
Youth Services	579,915	579,915	577,879	2,036
Total General Government	54,134,269	54,727,115	56,575,656	(1,848,541)
Public Safety				
Fire	19,136,816	19,211,962	19,211,962	-
Police	21,218,548	21,218,548	21,214,825	3,723
Total Public Safety	40,355,364	40,430,510	40,426,787	3,723
Health and Sanitation				
Health	2,769,657	2,769,657	2,661,354	108,303
Total Health and Sanitation	2,769,657	2,769,657	2,661,354	108,303
Highway and Streets				
Highway	16,339,576	16,339,576	16,274,742	64,834
Total Highway and Streets	16,339,576	16,339,576	16,274,742	64,834
Welfare				
Welfare	1,018,059	1,093,600	1,093,600	-
Total Welfare	1,018,059	1,093,600	1,093,600	-
Education				
Library	1,984,814	1,984,814	1,983,425	1,389
Total Education	1,984,814	1,984,814	1,983,425	1,389
Parks and Recreation				
Parks & Recreation	3,097,487	3,097,487	3,089,556	7,931
Total Parks and Recreation	3,097,487	3,097,487	3,089,556	7,931
Debt Service				
Principal retirement	11,926,329	11,931,546	11,931,546	-
Interest	6,275,319	6,275,319	5,939,981	335,338
Total Debt Service	18,201,648	18,206,865	17,871,527	335,338
Total Expenditures	137,900,874	138,649,624	139,976,647	(1,327,023)
Other Financing Uses				
Community improvement program	-	1,250	1,250	-
Total Other Financing Uses	-	1,250	1,250	-
Total Expenditures and Other Financing Uses	\$ 137,900,874	\$ 138,650,874	\$ 139,977,897	\$ (1,327,023)

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2014 - Unaudited

Budgets and Appropriations

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

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

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

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

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

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

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

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

City of Manchester, New Hampshire
Note to Required Supplementary Information
June 30, 2014 - Unaudited

Limitation on Budget Increase

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

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

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

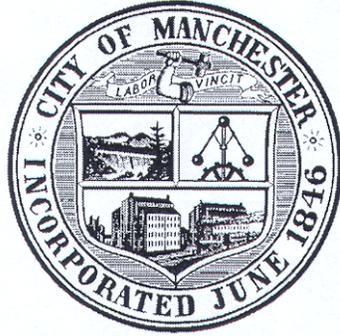
Section 6.15 further provides as follows: “Capital expenditures may be excepted from being included in the expenditures that are subject to the prior limitation upon a two-thirds (2/3) vote of all the Aldermen elected. The exception made under this section shall expire upon adoption of the budget for the next budget year, unless two-thirds (2/3) of all the Alderman elected vote to renew the exception for the next budget year. If the average of the changes in the Consumer Price Index-Urban as published by the United States Department of Labor for the three (3) immediately preceding calendar years declines, then the increase in total expenditures, excluding amounts payable in connection with municipal bond obligations, shall be zero.” The FY 2014 and 2015 budget increases are capped at 2.17% and 2.13%, respectively.

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

Budgetary Accounting

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

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



This page intentionally left blank.

General Fund

General Fund

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



This page intentionally left blank.

**General Fund
Comparative Balance Sheets**

**City of Manchester, New Hampshire
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 60,091,188	\$ 48,353,302
Restricted cash and cash equivalents	6,740,912	7,328,444
Investments	561,803	561,776
Receivables, net of allowances for collection losses	40,774,837	56,321,745
Prepaid items	746,622	968,029
Due from other funds	13,455,506	13,522,358
Inventories	1,027,444	930,637
Total Assets	<u>\$ 123,398,312</u>	<u>\$ 127,986,291</u>
<u>Liabilities</u>		
Accounts and warrants payable	\$ 3,681,375	\$ 3,079,359
Retainage payable	42,447	33,386
Accrued liabilities	2,960,004	2,518,982
Other liabilities	3,016,370	2,613,540
Insurance claims payable	698,419	884,543
Due to Manchester School District	25,738,600	15,756,893
Unearned revenue	662,141	1,911,385
Total Liabilities	<u>36,799,356</u>	<u>26,798,088</u>
<u>Deferred inflows of resources</u>		
Unavailable revenues - property taxes	3,696,298	3,511,200
Unearned revenues - property taxes	31,271,065	50,121,720
Unearned revenues - taxes collected in advance	34,685,160	23,529,889
Unavailable revenues - other revenues collected in advance	3,139,100	482,634
Total deferred inflows of resources	<u>72,791,623</u>	<u>77,645,443</u>
<u>Fund Balances</u>		
Nonspendable	4,574,066	10,876,516
Restricted	1,128,660	1,618,788
Committed	1,068,556	2,243,078
Assigned	586,585	1,115,449
Unassigned	6,449,466	7,688,929
Total Fund Balances	<u>13,807,333</u>	<u>23,542,760</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 123,398,312</u>	<u>\$ 127,986,291</u>

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

**City of Manchester, New Hampshire
Year Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Taxes	\$ 94,909,143	\$ 95,394,620
Federal and state grants and aid	3,777,755	3,606,290
Nonenterprise charges for sales and services	2,794,063	2,481,487
Licenses and permits	19,676,747	18,489,427
Interest	278,341	327,458
School Charge Backs	9,210,982	8,751,135
Lease & Rent Income	958,606	955,641
Debt Recovery	1,187,603	1,249,132
Miscellaneous Other	2,184,652	2,249,166
Total Revenues	134,977,892	133,504,356
<u>Expenditures</u>		
Current:		
General Government	30,040,345	29,902,552
Public safety	59,517,220	56,100,256
Health and sanitation	3,963,135	3,873,418
Highway and streets	21,328,683	20,425,721
Welfare	1,392,618	1,308,246
Education	2,858,466	2,838,034
Parks and recreation	4,081,808	3,739,016
Capital Outlay	-	45,831
Debt service:		
Principal retirement	11,931,546	11,926,329
Interest	5,939,981	6,291,348
Total Expenditures	141,053,802	136,450,751
Deficiency of revenues over expenditures	(6,075,910)	(2,946,395)
<u>Other Financing Sources (Uses)</u>		
Proceeds from sale of capital assets	598,600	549,984
Transfers in	2,944,443	2,725,765
Transfers out	(7,202,560)	(726,430)
Total Other Financing Sources (Uses)	(3,659,517)	2,549,319
Net Change in Fund Balance	(9,735,427)	(397,076)
Fund Balance, beginning of year	23,542,760	23,939,836
Fund Balance, end of year	\$ 13,807,333	\$ 23,542,760



This page intentionally left blank.

Nonmajor Governmental Funds

Special Revenue Funds

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

HUD Section 108 Fund

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

CDBG

To account for various Community Development Block Grant funded programs.

Other Grant Fund

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

Civic Center

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

Revolving Loan Fund

To account for a loan program funded by CDBG funds.

Expendable Trust Fund

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

Permanent Funds

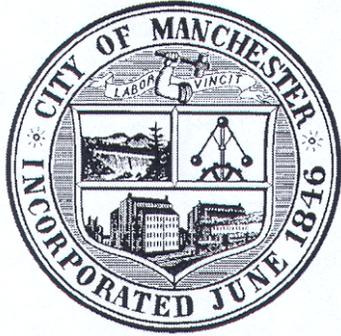
Permanent funds are to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Trust Fund

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

Library Trust Fund

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



This page intentionally left blank.

Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue			
	HUD Section 108 Fund	CDBG Fund	Other Grant Fund	Civic Center Fund
Assets				
Cash and cash equivalents	\$ 2,323,017	\$ 234,943	\$ 192,275	\$ -
Restricted cash and cash equivalents	-	-	291,508	1,582,186
Restricted investments	-	-	-	-
Receivables, net of allowances for collection losses	2,536,851	12,787	666,161	-
Total Assets	4,859,868	247,730	1,149,944	1,582,186
Liabilities and Fund Equity				
Liabilities				
Accounts and warrants payable	-	52,009	484,338	-
Accrued liabilities	-	4,911	52,275	-
Other liabilities	4,859,868	-	160,591	-
Unearned Revenue	-	287,160	291,508	-
Total Liabilities	4,859,868	344,080	988,712	-
Fund balances (deficits)				
Nonspendable	-	-	-	-
Restricted	-	-	1,172,523	1,582,186
Committed	-	-	-	-
Unassigned	-	(96,350)	(1,011,291)	-
Total Fund balances (deficits)	-	(96,350)	161,232	1,582,186
Total Liabilities and Fund Equity	\$ 4,859,868	\$ 247,730	\$ 1,149,944	\$ 1,582,186

City of Manchester, New Hampshire

June 30, 2014

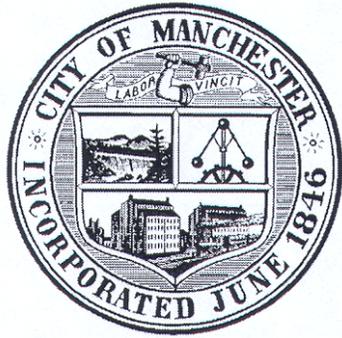
Special Revenue		Permanent Funds		
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total
\$ 144	\$ 1,161,540	\$ 200,900	\$ 68,548	\$ 4,181,367
339,695	-	-	43,115	2,256,504
-	1,346,053	21,793,528	4,395,065	27,534,646
195,600	-	-	11,764	3,423,163
535,439	2,507,593	21,994,428	4,518,492	37,395,680
-	-	640	-	536,987
-	-	-	-	57,186
458,649	-	-	-	5,479,108
-	-	-	-	578,668
458,649	-	640	-	6,651,949
-	-	19,177,593	3,225,440	22,403,033
76,790	-	2,816,195	1,293,052	6,940,746
-	2,507,593	-	-	2,507,593
-	-	-	-	(1,107,641)
76,790	2,507,593	21,993,788	4,518,492	30,743,731
\$ 535,439	\$ 2,507,593	\$ 21,994,428	\$ 4,518,492	\$ 37,395,680

**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>
<u>Revenues</u>				
Federal and state grants and aid	\$ -	\$ 2,336,547	\$ 4,246,728	\$ 4,427,313
Interest	-	-	-	166
Contributions	-	-	3,653,227	-
Net appreciation (depreciation) in fair value of securities	-	-	-	-
Other	-	-	-	25,000
Total Revenues	-	2,336,547	7,899,955	4,452,479
<u>Expenditures</u>				
Current:				
General government	-	1,878,282	3,517,135	4,596,384
Public safety	-	86,000	1,501,413	-
Health and sanitation	-	4,999	1,356,907	-
Highway and streets	-	19,899	533,855	-
Welfare	-	-	70,000	-
Parks and recreation	-	14,871	47,082	-
Cemetery Trust	-	-	-	-
Investment management fee	-	-	-	-
Capital Outlay	-	176,445	1,108,133	-
Total Expenditures	-	2,180,496	8,134,525	4,596,384
Excess (deficiency) of revenues over expenditures	-	156,051	(234,570)	(143,905)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	175,202	-
Transfers out	-	-	(9,363)	-
Total Other Financing Sources (Uses)	-	-	165,839	-
Net Change in Fund Balance (Deficit)	-	156,051	(68,731)	(143,905)
Fund Balance (Deficit), beginning of year	-	(252,401)	229,963	1,726,091
Fund Balance (Deficit), end of year	\$ -	\$ (96,350)	\$ 161,232	\$ 1,582,186

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

Special Revenue		Permanent Funds		
Revolving Loan Fund	Expendable Trust Fund	Cemetery Trust	Library Trust	Total
\$ -	\$ -	\$ -	\$ -	\$ 11,010,588
20,947	30,619	735,732	114,584	902,048
-	-	66,990	502,722	4,222,939
-	(2,484)	2,317,351	409,177	2,724,044
4,210	-	-	-	29,210
25,157	28,135	3,120,073	1,026,483	18,888,829
-	2,196,149	-	110,424	12,298,374
-	-	-	-	1,587,413
-	-	-	-	1,361,906
-	-	-	-	553,754
-	-	-	-	70,000
-	-	-	-	61,953
-	-	49,000	-	49,000
-	-	46,387	22,145	68,532
-	-	-	-	1,284,578
-	2,196,149	95,387	132,569	17,335,510
25,157	(2,168,014)	3,024,686	893,914	1,553,319
-	-	-	-	175,202
-	-	(507,577)	-	(516,940)
-	-	(507,577)	-	(341,738)
25,157	(2,168,014)	2,517,109	893,914	1,211,581
51,633	4,675,607	19,476,679	3,624,578	29,532,150
\$ 76,790	\$ 2,507,593	\$ 21,993,788	\$ 4,518,492	\$ 30,743,731



This page intentionally left blank.

Nonmajor Proprietary Funds

Enterprise Funds

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

Recreation Fund

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

Parking Fund

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



This page intentionally left blank.

Nonmajor Proprietary Funds
Combining Statement of Net Position

City of Manchester, New Hampshire
June 30, 2014

	Business-type Activities-Enterprise Funds		
	Non-Major		Total
	Recreation Fund	Parking Fund	
Assets			
Current assets:			
Cash and Cash Equivalents	\$ 350	\$ 1,100	\$ 1,450
Receivables, net of allowances for collection losses	43,739	154,649	198,388
Total current assets:	44,089	155,749	199,838
Noncurrent assets:			
Restricted cash and cash equivalents	94,672	100,756	195,428
Capital assets, net, where applicable, of accumulated depreciation	5,091,112	8,024,870	13,115,982
Total noncurrent assets:	5,185,784	8,125,626	13,311,410
Total Assets	5,229,873	8,281,375	13,511,248
Deferred Outflow:			
Deferred charge on bond refunding	26,463	211,654	238,117
Total Assets and Deferred Outflow	\$ 5,256,336	\$ 8,493,029	\$ 13,749,365
Current liabilities			
Accounts and warrants payable	\$ 22,874	\$ 5,725	\$ 28,599
Accrued liabilities	49,289	437,786	487,075
Bonds and notes payable	321,445	473,680	795,125
Compensated absences	120,016	88,730	208,746
Other liabilities	12,313	108,288	120,601
Total Current liabilities	525,937	1,114,209	1,640,146
Noncurrent liabilities			
Due to other funds	-	29,480	29,480
Bonds payable	3,211,565	2,636,868	5,848,433
Total Noncurrent liabilities	3,211,565	2,666,348	5,877,913
Total Liabilities	3,737,502	3,780,557	7,518,059
Deferred Inflow:			
Other revenues collected in advance	42,370	-	42,370
Total Liabilities and Deferred Inflow	\$ 3,779,872	\$ 3,780,557	\$ 7,560,429
Net Position			
Net investment in capital assets	1,666,924	5,125,976	6,792,900
Unrestricted deficit	(190,460)	(413,504)	(603,964)
Total Net Position (Deficit)	\$ 1,476,464	\$ 4,712,472	\$ 6,188,936

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

**City of Manchester, New Hampshire
Year Ended June 30, 2014**

	Business-type Activities-Enterprise Funds		
	Recreation Fund	Parking Fund	Total
<u>Operating Revenues</u>			
Charges for goods and services	\$ 1,230,127	\$ 4,822,637	\$ 6,052,764
Other	82,752	2,732	85,484
Total Operating Revenues	1,312,879	4,825,369	6,138,248
<u>Operating Expenses</u>			
Personnel services	915,998	1,152,135	2,068,133
Plant maintenance	29,631	73,822	103,453
Light/heat and power	252,166	32,479	284,645
General and administrative	210,914	821,831	1,032,745
Depreciation and amortization	421,180	430,330	851,510
Total Operating Expenses	1,829,889	2,510,597	4,340,486
Operating Income (Loss)	(517,010)	2,314,772	1,797,762
<u>Non-Operating Revenues (Expenses), net</u>			
Interest expense	(167,151)	(138,994)	(306,145)
Rent and other income	137,856	-	137,856
Total Non-operating Expenses	(29,295)	(138,994)	(168,289)
Net income (loss) before capital contributions and transfers	(546,305)	2,175,778	1,629,473
<u>Capital Contributions and Transfers</u>			
Transfer to general fund	-	(2,434,979)	(2,434,979)
Transfer from general fund	6,734,199	300,635	7,034,834
Transfer of capital assets	161,108	-	161,108
Total Capital Contributions and Transfers	6,895,307	(2,134,344)	4,760,963
Change in Net Position	6,349,002	41,434	6,390,436
Fund Net Position (Deficit), beginning of year as restated (Note 17)	(4,872,538)	4,671,038	(201,500)
Fund Net Position (Deficit), end of year	\$ 1,476,464	\$ 4,712,472	\$ 6,188,936

Nonmajor Proprietary Funds
Statement of Cash Flows

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

	Business-type Activities-Enterprise Funds		
	Recreation Fund	Parking Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,330,801	\$ 4,786,668	\$ 6,117,469
Cash payments for goods and services	(580,271)	(973,819)	(1,554,090)
Cash payments to employees for services	(935,617)	(1,101,618)	(2,037,235)
Other operating revenues	137,856	-	137,856
Net Cash Provided by (Used in) Operating Activities	(47,231)	2,711,231	2,664,000
Cash Flows from Non-Capital and Related Financing Activities			
Due to general fund	556,349	29,480	585,829
Cash received from general fund	-	323,751	323,751
Cash payment to the City	-	(2,434,979)	(2,434,979)
Interest paid on cash advances	(12,259)	-	(12,259)
Net Cash Provided by (Used in) Non-Capital & Related Financing Activities	544,090	(2,081,748)	(1,537,658)
Cash Flows from Capital and Related Financing Activities			
Principal paid on bonds	(335,418)	(477,696)	(813,114)
Interest paid on bonds	(161,428)	(139,914)	(301,342)
Net Cash Used in Capital & Related Financing Activities	(496,846)	(617,610)	(1,114,456)
Net Increase in Cash and Cash Equivalents	13	11,873	11,886
Cash and Cash Equivalents at Beginning of Year	95,009	89,983	184,992
Cash and Cash Equivalents at End of Year	\$ 95,022	\$ 101,856	\$ 196,878
Reconciliation of operating (loss) profit to net cash provided by operating activities			
Operating (loss) income	\$ (517,010)	\$ 2,314,772	\$ 1,797,762
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and amortization	421,180	430,330	851,510
Non-operating revenue	137,856	-	137,856
Change in Assets and Liabilities			
Decrease (increase) in receivables	14,602	(51,234)	(36,632)
Decrease in accounts payable	(9,482)	(48,530)	(58,012)
(Decrease) increase in accrued liabilities	(72,934)	45,511	(27,423)
(Decrease) increase in compensated absences	(24,763)	7,850	(16,913)
Increase in other liabilities	4	12,532	12,536
Increase in unearned revenue	3,316	-	3,316
Net Cash Provided by (Used in) Operating Activities	\$ (47,231)	\$ 2,711,231	\$ 2,664,000
Schedule of Noncash Investing, Capital and Financing Activities			
Transfer of Capital Assets	\$ 161,108	\$ -	\$ 161,108
Amortization of net bond premium/ deferred loss	\$ 5,476	\$ 2,487	\$ 7,963
Write-off of deferred charges	\$ 30,499	\$ 18,691	\$ 49,190
Transfer From General Fund	\$ 6,734,199	\$ -	\$ 6,734,199

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, 2014

Capital Assets

Land	\$ 12,489,646
Buildings	397,326,073
Improvements other than buildings	28,741,069
Equipment	17,284,114
Easements	52,426
Work-in-Process	2,061,736
Vehicles	27,025,785
Infrastructure	105,242,722

Total Capital Assets **\$ 590,223,571**

Investments in Capital Assets

Capital project funds	\$ 430,558,673
General fund revenues	31,641,612
Special revenue funds	128,023,286

Total Investments in Capital Assets **\$ 590,223,571**

Schedule of Capital Assets - By Function and Activity

June 30, 2014

	Improvements							Total
	Land	Buildings	Other Than Buildings	Equipment & Other	Easements	Vehicles	Infrastructure	
General Government								
Baseball stadium	\$ -	\$ 24,658,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,658,502
City Clerk	-	-	-	90,815	-	38,619	-	129,434
Central Fleet Management	-	14,189,693	-	22,431	-	265,058	-	14,477,182
Civic Center	2,960,900	62,739,798	-	-	-	-	-	65,700,698
Economic Development								
Office	-	-	-	-	-	-	-	-
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	-	-	-	-	-	20,058	-	20,058
Planning & Community Dev	329,600	4,159,189	-	22,096	-	153,132	-	4,664,017
Facilities	437,250	6,071,659	115,084	14,050	-	288,743	-	6,926,786
Tax Collector	-	-	-	136,187	-	-	-	136,187
Total General Government	3,968,583	119,360,240	115,084	1,536,896	-	786,863	-	125,767,666
Public Safety								
Fire Protection	1,021,775	13,142,029	126,285	1,484,768	-	11,117,303	-	26,892,160
Police Protection	96,115	19,910,637	52,716	394,037	-	2,075,656	-	22,529,161
Total Public Safety	1,117,890	33,052,666	179,001	1,878,805	-	13,192,959	-	49,421,321
Health and Sanitation								
Cemetery	71,255	626,736	348,293	958,477	-	503,554	-	2,508,315
Health	-	5,301,803	-	164,530	-	223,071	-	5,689,404
Total Health and Sanitation	71,255	5,928,539	348,293	1,123,007	-	726,625	-	8,197,719
Highway and Streets								
Highway	538,280	13,731,631	4,520,486	4,740,651	52,426	10,827,976	102,154,101	136,565,551
Total Highway and Streets	538,280	13,731,631	4,520,486	4,740,651	52,426	10,827,976	102,154,101	136,565,551
Welfare								
Welfare	27,489	109,955	-	-	-	-	-	137,444
Total Welfare	27,489	109,955	-	-	-	-	-	137,444
Education								
Library	72,270	4,671,171	-	68,775	-	-	-	4,812,216
School	1,602,542	207,591,422	3,416,390	92,261	-	-	-	212,702,615
Total Education	1,674,812	212,262,593	3,416,390	161,036	-	-	-	217,514,831
Parks and Recreation								
Parks & Recreation	5,091,337	12,880,449	20,161,815	7,843,719	-	1,491,362	3,088,621	50,557,303
Total Parks and Recreation	5,091,337	12,880,449	20,161,815	7,843,719	-	1,491,362	3,088,621	50,557,303
Construction in Progress	-	-	307,106	1,754,630	-	-	-	2,061,736
Total General Fixed Assets	\$ 12,489,646	\$ 397,326,073	\$ 29,048,175	\$ 19,038,744	\$ 52,426	\$ 27,025,785	\$ 105,242,722	\$ 590,223,571
Allocated to Functions								

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. 108

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 116

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. 122

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. 127

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. 130

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

City of Manchester, New Hampshire
Table I

	Fiscal Year									
	2005	2006	2007	2008	2009	2010 *	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 114,061,411	\$ 139,339,868	\$ 137,362,874	\$ 130,205,321	\$ 144,179,247	\$ 134,654,018	\$ 140,218,259	\$ 141,589,820	\$ 138,136,953	\$ 141,643,156
Restricted	19,438,394	20,257,037	22,389,423	22,171,646	18,254,369	19,466,347	18,990,583	23,071,145	24,720,045	27,640,940
Unrestricted	(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)	(39,935,901)
Total governmental activities net position	\$ 93,521,188	\$ 113,137,195	\$ 129,139,479	\$ 130,197,224	\$ 124,663,943	\$ 126,909,231	\$ 134,729,768	\$ 142,146,994	\$ 144,154,879	\$ 129,348,195
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 338,138,218
Restricted	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	49,641,409
Unrestricted	18,460,983	14,730,581	9,153,778	12,377,354	16,858,763	28,740,551	32,711,684	32,527,468	37,638,450	35,909,989
Total business-type activities net position	\$ 339,595,957	\$ 352,124,808	\$ 372,485,348	\$ 395,182,001	\$ 392,157,230	\$ 392,474,863	\$ 402,766,405	\$ 406,355,965	\$ 411,006,547	\$ 423,689,616
Primary government:										
Net investment in capital assets	\$ 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	\$ 479,781,374
Restricted	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	77,282,349
Unrestricted	(21,517,634)	(31,729,129)	(21,459,040)	(9,802,389)	(20,910,910)	1,529,417	8,232,610	10,013,497	18,936,331	(4,025,912)
Total primary government net position	\$ 433,117,145	\$ 465,262,003	\$ 501,624,827	\$ 525,379,225	\$ 516,821,173	\$ 519,384,094	\$ 537,496,173	\$ 548,502,959	\$ 555,161,426	\$ 553,037,811

* As restated for OPEB accrual.

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

City of Manchester, New Hampshire
 Table II

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 49,677,821
Public safety	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	63,484,399
Health and sanitation	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	5,860,696
Highways and streets	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	26,964,556
Welfare	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	1,454,060
Education and library	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	10,831,748
Parks and recreation	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	6,216,146
Cemetery Trust	26,100	27,163	21,802	60,000	125,855	79,055	36,359	46,182	48,195	49,000
Investment management fee	30,823	36,920	38,834	55,177	56,649	57,695	55,407	54,125	57,837	68,533
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	5,226,003
Total governmental activities expenses	125,312,989	124,955,588	136,510,461	144,132,695	149,174,572	154,171,546	160,786,021	161,320,174	158,862,044	169,832,962
Business-type activities:										
Water	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	15,895,647
EPD	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	17,545,488
Aviation	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	53,224,987
Recreation	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	1,997,040
Aggregation	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	2,649,591
Total business-type activities expenses	86,740,737	87,561,135	97,065,051	101,966,728	104,529,647	96,812,895	93,077,876	93,775,831	91,489,582	91,312,753
Total primary government expenses	212,053,726	212,516,723	233,575,512	246,099,423	253,704,219	250,984,441	253,863,897	255,096,005	250,351,626	261,145,715
Program revenue:										
Governmental activities:										
Charges for services:										
General government	14,043,476	12,632,653	17,997,667	12,964,400	11,269,228	15,431,257	20,430,052	18,121,623	14,529,316	14,635,734
Public safety	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	1,692,413
Health and sanitation	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	2,605,847
Highways and streets	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	2,987,032
Welfare	94,465	78,928	74,100	44,825	47,925	31,092	21,544	31,293	24,048	34,996
Education and library	27,420	(12,894)	221,469	-	-	121,260	441,807	(68,672)	-	-
Parks and recreation	1,404,382	614,752	1,564,145	689,115	547,336	1,955,050	3,673,131	653,918	737,419	987,494
Operating grants and contributions:										
General government	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	9,001,774
Public safety	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	1,583,883
Health and sanitation	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	1,494,283
Highways and streets	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	2,149,114
Education and library	27,777	52,022	39,017	125,820	154,977	57,045	55,380	45,166	57,027	502,722
Parks and recreation	506,398	1,587,946	585,536	1,561,614	662,097	815,756	696,688	179,133	210,980	39,107
Capital grants and contributions:										
General government	-	-	-	-	-	-	406,928	400,000	394,258	238,000
Public safety	-	-	-	-	-	-	-	37,705	171,905	131,000
Highways and streets	-	-	4,436,221	6,201,812	2,690,181	908,525	4,099,925	2,769,813	1,281,282	794,638
Parks and recreation	-	-	-	-	-	315,029	-	-	-	15,829
Total governmental activities program revenue	46,351,072	49,210,833	49,751,900	45,944,993	43,429,165	46,278,862	52,965,912	44,408,184	38,588,647	38,893,866

Changes In Net Position (Continued)

City of Manchester, New Hampshire

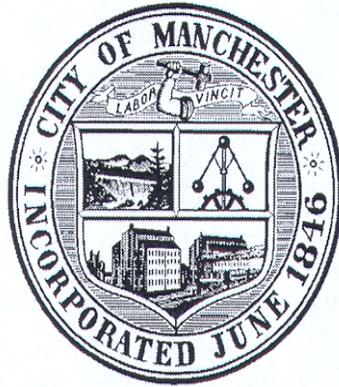
Last Ten Fiscal Years

Table II

(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Water	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	15,061,978
EPD	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	20,414,119
Aviation	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	44,420,536
Recreation	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	1,450,735
Aggregation	82,938	-	-	-	-	-	-	-	-	-
Parking	-	-	4,653,498	4,892,834	4,849,094	4,534,452	4,365,668	4,407,972	4,487,839	4,825,369
Operating grants and contributions:										
EPD	2,377,826	1,935,899	663,143	983,903	-	-	49,906	34,865	26,885	265,603
Aviation	3,229,750	2,652,613	3,707,927	4,844,795	4,049,880	1,871,938	94,541	-	-	1,400,000
Recreation	18,000	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Water	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	893,519
EPD	679,713	1,503,330	294,953	389,462	1,520,198	1,192,828	761,826	3,794,290	447,984	8,131,231
Aviation	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	5,224,240
Recreation	902,731	100,753	-	-	120,200	-	-	-	-	-
Total business-type activities program revenues	102,326,597	94,708,001	115,259,431	120,449,480	101,885,991	98,559,318	104,183,457	98,526,563	97,399,029	102,087,330
Total primary government program revenues	148,677,669	143,918,834	165,011,331	159,038,127	140,779,857	98,559,318	104,183,457	98,526,563	97,399,029	140,981,196
Net (expense) revenue:										
Governmental activities	(78,961,917)	(75,744,755)	(86,758,561)	(98,187,702)	(98,187,702)	(105,745,407)	(107,892,684)	(116,911,990)	(120,273,397)	(130,939,096)
Business-type activities	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	10,774,577
Total primary government net expense	(63,376,057)	(68,597,889)	(68,564,181)	(79,704,950)	(100,831,358)	(103,998,984)	(96,787,103)	(112,161,258)	(114,363,950)	(120,164,519)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	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	93,362,542
Auto registration fees	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	16,141,777
Franchise fees	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	1,893,672
Unrestricted investment earnings programs	2,890,053	3,719,822	4,295,614	2,465,960	(1,006,154)	1,187,001	1,202,692	1,285,836	2,904,064	3,912,561
Investment Income	-	-	-	-	-	-	-	4,660,770	-	-
Debt reimbursement from MSD	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	6,926,952
Transfer of debt	-	-	6,804,300	-	-	-	-	-	-	-
Transfer of capital assets	-	-	(3,344,530)	31,071	(75,000)	-	-	-	-	-
Transfers in (out)	-	(1,412,528)	990,031	1,633,821	1,339,474	1,971,376	1,979,574	1,966,382	1,638,702	(4,408,790)
Wall Street Tower Recovery	-	-	-	-	1,600,978	-	-	-	-	-
Gain (Loss) on disposal of assets	(886,861)	2,194,416	-	63,354	-	1,689,667	129,107	(1,306)	37,916	160,317
Total governmental activities	89,763,719	95,360,762	102,760,845	99,245,447	100,212,126	115,678,846	115,640,646	124,329,216	122,281,282	117,989,031
Business-type activities:										
Unrestricted investment earnings programs	2,455,431	4,440,863	3,435,663	3,313,981	824,396	1,032,108	872,337	797,856	381,184	336,537
Miscellaneous	-	-	-	-	89,096	-	-	-	-	-
Transfer of capital assets	-	-	3,344,530	(31,071)	-	-	-	-	-	-
Transfer of debt	-	-	(6,804,300)	-	-	-	-	-	-	-
Transfers in (out)	-	1,412,528	(990,031)	(1,633,821)	(1,339,474)	(1,971,376)	(1,979,574)	(1,966,382)	(1,638,702)	4,408,790
Donation of land	(167,778)	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	(2,856,187)	(471,406)	3,180,298	2,564,812	44,867	(489,522)	293,198	7,354	(1,347)	14,042
Total business-type activities	(568,534)	5,381,985	2,166,160	4,213,901	(381,115)	(1,428,790)	(814,039)	(1,161,172)	(1,258,865)	4,759,369
Total primary government	89,195,185	100,742,747	104,927,005	103,459,348	99,831,011	114,250,056	114,826,607	123,168,044	121,022,417	122,748,400
Changes in net position:										
Governmental activities	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	(12,950,065)
Business-type activities	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	15,533,946
Total primary government	\$ 25,819,128	\$ 32,144,858	\$ 36,362,824	\$ 23,754,398	\$ (8,558,052)	\$ 8,103,795	\$ 18,112,079	\$ 11,006,786	\$ 6,658,467	\$ 2,583,881



This page intentionally left blank.

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

City of Manchester, New Hampshire
 Table III

Function / Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 27,315,854	\$ 27,179,410	\$ 32,683,174	\$ 27,815,709	\$ 29,777,456	\$ 30,864,483	\$ 31,689,566	\$ 27,102,979	\$ 23,111,247	\$ 23,875,508
Public safety	3,961,992	5,121,070	2,908,012	2,439,070	2,098,109	3,689,545	4,280,407	4,524,391	4,097,959	3,407,296
Health and sanitation	3,399,674	3,241,013	3,212,406	3,273,168	3,576,464	3,901,929	4,130,659	3,923,705	3,930,425	4,100,130
Highways and streets	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	5,930,784
Welfare	94,465	78,928	74,100	44,825	47,925	31,092	21,544	31,293	24,048	34,996
Education and library	55,197	39,128	260,486	125,820	154,977	178,305	497,187	(23,506)	57,027	502,722
Parks and recreation	1,910,780	2,202,698	2,149,681	2,250,729	1,209,433	3,085,835	4,369,819	833,051	948,398	1,042,430
Total governmental activities	46,351,072	49,210,833	49,751,900	45,944,993	43,429,165	46,278,862	52,965,912	44,408,184	38,588,646	38,893,866
Business-type activities:										
Water	15,997,855	17,586,400	18,668,313	17,904,408	16,439,530	16,884,248	20,457,724	17,647,257	18,292,384	15,955,497
EPD	14,206,387	15,594,033	14,210,792	18,018,660	20,467,775	22,296,815	22,369,772	23,746,939	21,145,769	28,810,953
Aviation	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	51,044,776
Recreation	3,237,998	2,221,841	1,856,099	2,102,962	2,238,184	1,673,650	1,587,848	1,567,601	1,574,731	1,450,735
Aggregation	82,938	-	-	-	-	-	-	-	-	-
Parking	-	-	4,653,498	4,892,834	4,849,094	4,534,452	4,365,668	4,407,972	4,487,839	4,825,369
Total business-type activities	102,326,597	94,708,001	115,259,432	120,449,480	101,885,991	98,559,318	104,183,457	98,526,563	97,399,029	102,087,330
Total government	\$ 148,677,669	\$ 143,918,834	\$ 165,011,332	\$ 166,394,473	\$ 145,315,156	\$ 144,838,180	\$ 157,149,369	\$ 142,934,747	\$ 135,987,675	\$ 140,981,196

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

	2005	2006	2007	2008
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	8,738,265	7,315,876	7,127,401	9,293,045
Designated	14,187,935	17,228,952	18,451,651	12,890,049
Unreserved	1,122,693	772,131	305,582	(757,981)
Total General Fund	\$ 24,048,893	\$ 25,316,959	\$ 25,884,634	\$ 21,425,113
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	7,498,404	3,023,718	8,405,102	1,456,645
Unreserved, reported in:				
Special revenue funds	4,835,218	5,333,550	5,748,166	6,249,863
Capital projects funds	14,009,088	(8,265,253)	5,820,499	6,103,294
Designated				
Permanent funds	17,167,013	18,322,250	20,116,364	19,596,479
Total all other government funds	\$ 43,509,723	\$ 18,414,265	\$ 40,090,131	\$ 33,406,281

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

Manchester, New Hampshire

Table IV

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ -	\$ -	\$ 10,493,541	\$ 10,955,951	\$ 10,876,516	\$ 4,574,066	
-	-	1,127,897	1,954,897	1,618,788	1,128,660	
-	-	3,386,978	2,796,925	2,243,078	1,068,556	
-	-	376,310	719,593	1,115,449	586,585	
-	-	7,620,229	7,512,470	7,688,929	6,449,466	
6,085,726	7,282,959	-	-	-	-	
14,656,303	18,601,566	-	-	-	-	
(4,292,560)	(4,697,684)	-	-	-	-	
<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>	<u>\$ 13,807,333</u>	
\$ -	\$ -	\$ 17,862,686	\$ 17,871,615	\$ 19,850,387	\$ 22,403,033	
-	-	49,116,167	9,585,968	6,411,738	6,940,746	
-	-	6,050,816	9,493,873	4,675,607	2,507,593	
-	-	1,254,670	9,562,724	-	-	
-	-	(2,266,539)	(767,566)	(2,553,299)	(10,349,229)	
4,775,205	1,303,620	-	-	-	-	
1,132,950	2,496,791	-	-	-	-	
(8,227,489)	8,968,775	-	-	-	-	
16,952,664	18,164,642	-	-	-	-	
<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>	<u>\$ 21,502,143</u>	

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

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Taxes	\$ 65,843,620	\$ 69,052,574	\$ 73,363,164	\$ 74,336,731
Federal and state grants and aid	20,647,964	27,016,053	24,927,919	23,305,609
Nonenterprise charges for sales and services	4,700,155	4,908,852	2,710,485	2,429,468
Licenses and permits	21,964,114	21,609,795	19,068,754	18,313,330
Interest	2,890,054	3,706,927	4,295,613	4,445,436
Contributions	109,069	434,529	138,372	985,543
Net Gain (Loss) on sale of securities	453,314	139,631	1,191,353	-
School Charge Backs	-	-	-	-
Lease & Rent Income	-	-	-	-
Debt Recovery	-	-	-	-
Wall Street Tower Recovery	-	-	-	-
Miscellaneous Other	13,652,248	12,208,823	12,503,590	11,150,475
Total revenues	130,260,538	139,077,184	138,199,250	134,966,592
Expenditures:				
General government	109,422,862	54,219,429	41,048,166	30,981,002
Public safety	42,965,272	47,901,463	49,385,498	51,736,764
Health and sanitation	4,842,162	4,596,652	4,447,215	4,908,827
Highway and streets	28,759,534	32,024,811	29,351,050	24,334,488
Welfare	1,321,072	1,421,506	1,422,018	1,301,558
Education	3,430,734	2,643,102	3,804,524	2,508,754
Parks and recreation	8,942,033	7,072,385	4,522,372	3,973,816
Cemetery Trust	26,100	26,100	55,100	60,000
Investment management fee	30,823	36,920	38,834	55,179
Capital Outlay	-	-	-	13,578,094
Debt service:				
Principal retirement	9,832,097	9,986,012	8,209,680	9,218,984
Interest	7,721,471	5,480,168	5,144,530	5,518,191
Total expenditures	217,294,160	165,408,548	147,428,987	148,175,657
Excess of expenditures over revenues	(87,033,622)	(26,331,364)	(9,229,737)	(13,209,065)
Other financing sources (uses):				
Proceeds of refunding bonds	73,516,645	-	29,987,518	-
Payment to refunded bond escrow agent	(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	-	3,916,500	-	431,873
Transfers in	9,940,580	3,518,731	4,916,661	4,462,992
Transfers out	(9,933,664)	(4,931,259)	(3,926,629)	(2,829,171)
Total other financing sources	141,111	2,503,972	31,473,278	2,065,694
Net changes in fund balance	\$ (86,892,511)	\$ (23,827,392)	\$ 22,243,541	\$ (11,143,371)
Debt service as a percentage of noncapital expenditures	8.08%	9.35%	9.06%	9.95%

City of Manchester, New Hampshire
Table V

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	77,904,205	\$	90,436,153	\$	92,102,359	\$	95,403,257	\$	95,394,620	\$	94,909,143
	26,231,368		23,095,722		22,139,779		18,709,403		15,265,886		14,788,343
	2,368,050		2,165,049		2,277,246		2,500,250		2,482,741		2,794,063
	17,115,452		17,617,599		17,505,243		17,789,758		18,489,427		19,676,747
	1,814,972		1,187,000		1,202,693		1,285,835		1,007,663		1,186,033
	402,087		135,880		4,803,681		3,508,925		140,452		4,222,939
	(3,637,617)		1,458,322		3,491,857		(195,946)		1,896,401		2,724,044
	-		-		-		-		-		9,210,982
	-		-		-		-		-		958,606
	-		-		-		-		-		1,187,603
	1,600,978		-		-		-		-		-
	11,647,136		15,072,675		16,321,844		16,401,661		16,927,548		2,213,862
	135,446,631		151,168,400		159,844,702		155,403,143		151,604,738		153,872,365
	38,316,759		39,216,341		36,255,021		37,623,065		43,760,870		42,986,136
	51,665,596		54,795,033		59,337,519		57,758,252		58,232,991		61,249,963
	4,887,210		5,527,220		5,750,650		5,612,106		5,338,405		5,325,041
	24,601,891		23,418,349		24,687,830		23,730,684		20,440,116		22,725,604
	1,249,651		1,436,588		1,360,692		1,314,382		1,308,246		1,462,618
	2,609,605		2,809,571		2,880,827		2,745,594		3,206,756		2,858,466
	4,075,944		3,939,829		3,867,091		4,399,399		3,882,722		4,207,365
	125,855		79,055		36,358		46,182		48,195		49,000
	56,649		57,695		55,407		54,125		57,837		68,532
	18,682,024		16,344,382		20,085,277		34,291,831		17,282,136		7,684,575
	9,469,389		7,972,425		9,330,350		11,434,283		11,926,329		11,931,546
	5,131,797		4,742,047		5,170,992		6,767,364		6,291,348		5,939,981
	160,872,370		160,338,535		168,818,014		185,777,267		171,775,951		166,488,827
	(25,425,739)		(9,170,135)		(8,973,312)		(30,374,124)		(20,171,213)		(12,616,462)
	-		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		-
	412,670		1,562,670		4,584,498		598,014		(70,000)		598,600
	3,252,946		3,818,579		2,713,249		2,669,856		3,320,012		3,119,645
	(1,988,472)		(1,733,913)		(993,099)		(716,046)		(1,388,040)		(7,719,500)
	1,677,144		30,208,005		51,875,398		5,037,819		2,411,956		(4,001,255)
\$	(23,748,595)	\$	21,037,870	\$	42,902,086	\$	(25,336,305)	\$	(17,759,257)	\$	(16,617,717)
	9.08%		7.93%		8.59%		9.80%		10.61%		10.73%

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
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
2014	91,681,426	-	1,731,700	39,538	24,074	487,410
Change from first year on record versus 2014	43.81%	-100.00%	49.43%	44.62%	18.50%	60.12%

City of Manchester, New Hampshire
Table VI

Lien	Railroad Tax	Tax Lien	Yield / Miscellaneous tax	Central Business District	Total
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
628,223	1,918	56,854	-	258,000	94,909,143
179.69%	-46.87%	-34.53%		13.32%	44.14%

**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
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%
2014	5,307,185,900	3,216,732,700	8,523,918,600	0.38%	22.67	8,339,261,400	97.83%

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	Rate per thousand (1)				
		City	School Local	School State	County	Total
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 ⁽¹⁾
2007	2008	7.84	5.29	2.42	1.02	16.57
2008	2009	8.05	5.98	2.28	1.04	17.35
2009	2010	9.27	5.34	2.22	1.02	17.85
2010	2011	9.28	5.41	2.16	0.96	17.81
2011	2012	11.62	6.72	2.46	1.16	21.96 ⁽¹⁾
2012	2013	11.40	7.16	2.46	1.16	22.18
2013	2014	11.22	7.77	2.48	1.20	22.67

Notes

⁽¹⁾ 2007 and 2012 tax rates reflect the new assessed valuation determined through a Citywide valuation.

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

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

Taxpayer	2014			2005		
	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	1.56%
Public Service Co. of NH	155,540,000	2	1.86%	58,689,200	2	1.10%
Energy North Natural Gas, Inc.	63,953,600	3	0.77%	30,011,700	3	0.56%
SRP6 NH LLC	48,299,200	4	0.58%	22,000,000	6	0.41%
Fairfield Countryside, LLC	36,253,000	5	0.43%	-	-	-
Manchester Hill Vistas, Inc	31,167,700	6	0.37%	16,862,600	7	0.32%
1200 Elm Street, LLC	24,522,800	7	0.29%	-	-	-
Brady Sullivan Plaza, LLC	23,409,900	8	0.28%	-	-	-
Legacy Park Manchester One, LLC	21,301,600	9	0.26%	-	-	-
IPC Office Properties, LLC	21,000,000	10	0.25%	22,342,000	5	0.42%
Stone Ends Apartments, LLC	-	-	-	23,530,200	4	0.44%
Cotter Company	-	-	-	14,799,900	8	0.28%
NH Vermont Blue Cross Blue Shield	-	-	-	14,665,000	9	0.27%
Dartmouth-Hitchcock Clinic	-	-	-	14,337,200	10	0.27%
Total	\$ 570,573,000		6.84%	\$ 300,737,800		5.63%

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
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%
2014	2013	187,708,795	184,547,925	98.32%	3,196,137	187,744,062	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)
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
2014	147,808,735	1.77%	1,339	79,660,378	227,469,113	0.0231%	2,061

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 941,161	\$ 1,033,737	\$ 1,024,367	\$ 1,003,185	\$ 954,056	\$ 834,777	\$ 822,217	\$ 818,504	\$ 790,137	\$ 819,245
Total net debt applicable to limit	100,178	91,518	112,405	103,739	94,848	108,476	143,510	135,516	124,591	113,399
Legal debt margin	\$ 840,983	\$ 942,219	\$ 911,962	\$ 899,446	\$ 859,208	\$ 726,301	\$ 678,707	\$ 682,988	\$ 665,546	\$ 705,846
Total net debt applicable to the limit as a percentage of debt limit	10.64%	8.85%	10.97%	10.34%	9.94%	12.99%	17.45%	16.56%	15.77%	13.84%

Legal Debt Margin Calculation for Fiscal Year 2014

Base equalized valuation - real estate	\$ 8,402,516
Debt limit (9.75% of base valuation)	819,245
Debt applicable to limit:	
Total bonded debt for general government	120,573
Recreation enterprise debt	3,486
Less debt for urban redevelopment	(320)
Less debt for pension obligation bonds	(10,340)
Total net debt applicable to limit	113,399
Legal debt margin	\$ 705,846

SCHOOL	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 675,706	\$ 742,170	\$ 735,443	\$ 720,236	\$ 684,963	\$ 599,327	\$ 590,310	\$ 587,644	\$ 567,278	\$ 588,176
Total net debt applicable to limit	39,134	35,070	38,873	35,708	32,538	34,734	37,712	34,746	31,250	27,838
Legal debt margin	\$ 636,572	\$ 707,100	\$ 696,570	\$ 684,528	\$ 652,425	\$ 564,593	\$ 552,598	\$ 552,898	\$ 536,028	\$ 560,338
Total net debt applicable to the limit as a percentage of debt limit	5.79%	4.73%	5.29%	4.96%	4.75%	5.80%	6.39%	5.91%	5.51%	4.73%

Legal Debt Margin Calculation for Fiscal Year 2014

Base valuation - real estate	\$ 8,402,516
Debt limit (7% of base valuation)	588,176
Debt applicable to limit:	
Total bonded debt for school district	101,688
Less debt for facilities revenue bond	(73,830)
Total net debt applicable to limit	27,838
Legal debt margin	\$ 560,338

Water and Waste Water	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 965,294	\$ 1,060,243	\$ 1,050,633	\$ 1,028,908	\$ 978,519	\$ 856,182	\$ 843,299	\$ 839,492	\$ 810,397	\$ 840,252
Total net debt applicable to limit	41,211	31,883	28,114	32,098	34,660	30,710	40,182	40,649	78,035	73,253
Legal debt margin	\$ 924,083	\$ 1,028,360	\$ 1,022,519	\$ 996,810	\$ 943,859	\$ 825,472	\$ 803,117	\$ 798,843	\$ 732,362	\$ 766,999
Total net debt applicable to the limit as a percentage of debt limit	4.27%	3.01%	2.68%	3.12%	3.54%	3.59%	4.76%	4.84%	9.63%	8.72%

Legal Debt Margin Calculation for Fiscal Year 2014

Base valuation - real estate	\$ 8,402,516
Debt limit (10% of base valuation)	840,252
Debt applicable to limit:	
Total bonded debt for water projects	42,499
Less debt for revenue bonds	-
Total bonded debt for sewer projects	30,754
Total net debt applicable to limit	73,253
Legal debt margin	\$ 766,999

Aviation Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Revenue Credit From Prior Year ⁽⁴⁾	Coverage Amount From Prior Year ⁽⁴⁾	Expenses ⁽¹⁾
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
2014	40,109,455	1,410,000	3,275,222	25,781,498

Notes

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

City of Manchester, New Hampshire

Table XIII

Net Revenue Available for 1998/2000/2001/2002	REQUIREMENTS 1998/2000/2001/2002			Coverage ratio
	Debt Service		O & M Reserve ⁽⁴⁾	
	Debt Service	Total ⁽²⁾		
28,772,079	11,521,512	334,000	2.43	
30,974,666	12,000,213	562,000	2.47	
29,214,105	12,690,960	410,000	2.23	
26,927,084	12,150,980	1,521,600	1.97	
23,966,587	12,671,309	609,400 ⁽⁵⁾	1.89	
20,952,405	11,872,671	-	1.76	
20,769,755	10,515,216	-	1.98	
19,782,391	12,230,032	-	1.62	
19,610,467	10,718,720	-	1.83	
19,013,179	12,770,897	-	1.49	

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

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

MWW Fiscal Year ⁽³⁾	Gross Revenue	Expenses ⁽¹⁾	Net Revenue Available for Debt Service	REQUIREMENTS	
				Revenue Bonds Section 705	
				Total	Coverage Ratio
12/31/2005	14,375,241	8,340,821	6,034,420	3,491,659	1.73
12/31/2006	15,526,230	9,438,425	6,087,805	3,564,464	1.71
12/31/2007	19,696,493	9,572,908	10,123,585	3,696,275	2.74
12/31/2008	15,118,063	9,830,727	5,287,336	3,504,758	1.51
12/31/2009	14,316,685	10,391,946	3,924,739	3,336,488	1.18
12/31/2010	15,347,925	10,758,562	4,589,363	3,186,496	1.44
12/31/2011 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
12/31/2012 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2013 ⁽²⁾	N/A	N/A	N/A	N/A	N/A
6/30/2014 ⁽²⁾	N/A	N/A	N/A	N/A	N/A

Note

⁽¹⁾ Exclusive of depreciation and bond interest.

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

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

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

City of Manchester, New Hampshire
Table XV

Fiscal Year Ended June 30	Population ⁽¹⁾	Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾	Monthly Unemployment Rate ⁽⁴⁾
2005	109,761	37,640	17,818	3.9%
2006	109,966	39,940	17,597	3.9%
2007	109,364	40,284	17,325	4.1%
2008	108,580	42,704	16,476	4.1%
2009	108,154	44,726	16,159	7.5%
2010	108,625	45,432	16,153	6.5%
2011	109,565	45,892	16,117	5.2%
2012	109,687	47,981	15,875	6.0%
2013	109,693	49,129	15,442	5.5%
2014	110,378	52,509	14,806	4.6%

Sources:

- ⁽¹⁾ NH Office of Energy and Planning, using most recent data available up through 2012.
NH Business Review Book of Lists 2015 used for FY 2014.
- ⁽²⁾ U.S. Department of Commerce, BEA (Bureau of Economic Analysis), using Manchester-Nashua MSA, based on most recent data available up through 2013.
- ⁽³⁾ City of Manchester, NH School Department
- ⁽⁴⁾ State of New Hampshire, Economic and Labor Market Information Bureau

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

City of Manchester, New Hampshire
Table XVI

Employer	2014			2005		
	Employees ⁽¹⁾	Rank ^(1,2)	Percentage of Total average City Employment ⁽²⁾	Employees ⁽³⁾	Rank ⁽³⁾	Percentage of Total average City Employment ⁽³⁾
Elliot Hospital	3,721	1	5.55%	2,821	1	4.25%
Catholic Medical Center	2,100	2	3.13%	1,700	2	2.56%
Public Service of New Hampshire	1,410	3	2.10%	1,250	4	1.88%
United Parcel Service	1,131	4	1.69%			
FairPoint Comms. (formerly Verizon)	1,100	5	1.64%	1,650	3	2.49%
Southern NH University	1,000	6	1.49%	700	8	1.05%
TD Bank, N.A.	900	7	1.34%	1,150	6	1.73%
Citizens Bank	780	8	1.16%	1,225	5	1.85%
Veterans Affairs Medical Center	707	9	1.06%			
Saint Anselm College	663	10	0.99%			
Anthem Blue Cross & Blue Shield				753	7	1.13%
Freudenberg NOK				560	10	0.84%
Osram Sylvania				650	9	0.98%

Sources:

⁽¹⁾ NH Business Review Book of Lists 2015.

⁽²⁾ NH Employment Security, Economic and Labor Market Bureau - 2014 figures used.

⁽³⁾ NH Employment Security, Economic and Labor Market Bureau - 2005 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Aldermen	14	14	14	14	14	14	14	14	14	14
Assessors	9	9	9	8	8	8	7	7	7	7
Building	20	20	18	18	19	-	-	-	-	-
Building Maintenance	18	19	19	19	18	18	20	18	17	20
City Clerk	18	18	15	15	15	16	17	15	14	14
City Solicitor	12	13	12	13	13	13	13	13	13	12
Economic Development Office	3	4	4	4	4	4	3	2	-	2
Elderly Services	4	4	4	4	4	4	4	4	4	4
Finance	14	13	12	10	12	12	11	10	10	10
Human Resources	11	11	10	8	8	9	9	9	9	9
Information Systems	19	19	13	15	15	15	15	14	14	14
Mayor	4	4	4	4	4	4	4	4	4	4
MCAM/MPTS	6	5	5	5	5	5	5	4	4	4
Office of Youth Services	10	10	10	9	10	12	10	9	9	9
Planning & Community Develop	15	14	11	9	10	30	32	30	31	30
Tax Collector	12	11	12	11	12	11	10	10	8	9
Parks and Recreation:										
Cemetery Care	16	16	15	14	12	9	11	11	11	10
Derryfield Golf Course	4	4	4	4	4	4	3	3	3	3
Forestry	2	2	2	2	2	2	2	2	2	2
General & Administrative	10	10	10	9	8	10	8	8	4	3
Gill Stadium	2	2	2	2	2	2	-	-	-	-
McIntyre Ski Area	1	1	1	1	1	-	-	-	-	-
Public Swimming Pools	1	1	1	1	1	1	1	1	1	1
Parks Maintenance	18	18	17	17	16	12	15	15	13	13
Recreation	1	1	1	1	1	1	1	1	1	1
Skating Arenas	6	6	5	6	6	6	5	4	4	4
Police:										
Officers	200	199	206	214	215	217	206	207	214	199
Civilians	64	66	64	63	62	65	65	62	57	57
Fire:										
Firefighters and Officers	239	239	238	236	232	233	226	211	208	208
Civilians	19	19	18	18	18	17	17	16	16	15
Fleet										
	-	-	-	-	-	-	-	1	23	23
Public Works:										
Administration	13	13	14	14	14	14	13	13	14	13
Street Maintenance/Const.	62	63	62	61	63	62	65	62	63	56
Street Sweeping	4	4	4	5	5	5	4	4	5	5
Refuse Collection	32	32	35	32	36	35	31	31	32	29
Vehicle Maintenance	20	20	20	20	20	20	19	19	-	-
Boiler Plant	1	1	1	1	1	1	-	-	1	-
Drain/Sewer Repair/Const.	21	21	18	20	19	20	19	18	16	16
Engineering	20	20	20	20	18	17	17	16	15	16
Traffic	16	16	11	10	11	11	9	9	9	10
Parking:										
Administration	-	-	3	4	4	4	3	3	3	4
Meters	-	-	2	2	2	2	2	2	2	2
Myrna Lot	-	-	-	1	1	1	1	1	-	-
Victory Garage	-	-	4	5	5	5	5	5	5	5
PCO's	-	-	7	7	7	7	7	7	7	5
Water:										
Administration & Financial	18	17	17	16	15	15	15	15	14	14
Water Distribution	45	46	45	44	42	41	41	42	42	41
Water Supply	24	25	24	24	25	25	24	21	22	20
Sewer:										
Administration & Financial	10	10	10	10	10	10	11	11	11	11
Monitoring	2	2	2	2	2	2	2	2	2	2
Sewer Plant Operation	16	16	14	15	14	15	14	13	15	14
Maintenance	16	16	15	15	14	15	15	15	15	15
Airport - total										
Administration & Financial	27	29	27	26	26	25	24	23	22	22
Airfield Maintenance	27	26	20	25	25	26	25	24	25	25
Terminal Maintenance	21	24	28	24	25	22	22	23	25	24
Other Programs/Functions:										
Aggregation	1	1	-	-	-	-	-	-	-	-
Health	71	71	61	61	63	60	61	57	57	53
Library	38	38	39	39	39	46	43	39	41	38
Welfare	11	11	11	12	12	13	11	12	12	11
Total	1,288	1,294	1,270	1,269	1,269	1,273	1,237	1,192	1,190	1,152

N/A = Not Available.

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

Function/Program	Calendar Year			
	2005	2006	2007	2008
Police:				
Physical arrests	5,505	5,662	5,039	6,244
Parking Violations	78,253	58,298	57,264	51,612
Traffic citations	10,993	9,573	9,514	10,815
Fire:				
Number of calls answered	16,202	17,012	17,267	18,012
Inspections	732	2,640	1,525	822
Property loss	\$ 3,997,307	\$ 2,887,571	\$ 5,610,530	\$ 8,609,879
Building safety:				
Total building permits	2,616	2,312	2,121	2,030
Total value all permits	\$ 155,661,840	\$ 154,384,899	\$ 103,458,232	\$ 90,874,321
Library, visits	302,764	391,622	435,807	462,456
Public service:				
Garbage collected (ton)	46,662	49,693	46,679	42,551
Recycle collected (ton)	4,159	4,751	4,363	4,364
Streets paved resurf (miles)	12.23	9.27	5.21	9.70
Streets Reconstructed (miles)	5.51	0.87	6.63	4.40
Drain Reconstruction (miles)	0.28	0.50	2.00	2.30
Sewer Reconstruction(miles)	1.00	0.46	1.50	2.00
Airport:				
Enplane	2,168,258	1,952,277	1,948,313	1,861,695
Deplane	2,164,449	1,944,255	1,944,317	1,854,698
Total Passengers	4,332,707	3,896,532	3,892,630	3,716,393
Cargo (in pounds)	155,503,955	176,382,468	193,487,647	178,155,941
Air Mail (in pounds)	3,798	503	445	208
Parks and Recreation:				
Public Skating Attendance	6,135	7,381	6,719	7,058
Aquatics program attendance	77,330	76,630	64,736	61,419
Golf rounds played	35,029	38,294	31,665	32,157
Ski passes sold	196	143	136	165
Street trees maintained	40,000	40,000	40,000	40,000

Note: The figures in column 2014 are January thru June only.

N/A = Not Available.

City of Manchester, New Hampshire
Table XVIII

Calendar Year					
2009	2010	2011	2012	2013	2014
6,769	6,319	6,033	5,996	5,743	2,659
45,969	67,016	45,053	40,317	27,853	23,995
10,183	8,616	6,790	6,620	6,430	3,539
16,935	18,102	20,129	19,947	19,150	9,919
1,079	1,380	1,389	1,206	1,480	760
\$ 3,192,135	\$ 2,452,800	\$ 2,711,350	\$ 4,708,700	\$ 3,164,125	\$ 1,702,662
1,788	1,992	1,666	1,883	1,729	856
\$ 137,637,515	\$ 144,424,454	\$ 124,934,548	\$ 105,045,370	\$ 79,135,711	\$ 48,144,365
476,981	486,205	447,158	458,826	432,561	207,701
40,492	38,887	39,335	37,470	36,548	17,364
4,281	4,300	4,457	5,423	6,275	3,094
9.40	8.74	1.02	3.54	5.97	3.12
1.01	3.07	6.20	4.04	3.16	1.83
0.55	0.27	0.10	0.16	0.68	-
0.12	0.05	3.62	1.09	0.47	0.37
1,595,477	1,409,600	1,359,187	1,227,286	1,214,126	507,232
1,585,772	1,404,832	1,351,560	1,224,378	1,207,976	514,055
3,181,249	2,814,432	2,710,747	2,451,664	2,422,102	1,021,287
161,670,797	174,425,531	174,675,282	176,467,795	167,291,943	76,333,109
900	10	-	9	190	500
6,675	6,658	6,084	8,290	8,194	4,966
77,786	96,891	75,622	92,307	68,757	12,439
31,836	33,593	30,691	34,731	31,942	10,851
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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Facilities	5	5	5	5	5	5	5	5	5	5
Marked Patrol Vehicles	35	35	35	35	35	35	32	35	35	35
Unmarked Vehicles	19	19	19	19	19	19	22	26	26	26
Specialty Vehicles	15	15	15	15	17	17	15	15	15	15
Bikes for bike patrols	21	21	21	21	21	21	18	18	18	18
Motorcycles	4	4	4	4	4	4	3	3	3	3
Horses	2	2	2	2	2	2	2	2	2	2
Canine	8	6	6	6	6	6	9	8	8	8
Fire:										
Fire Stations	10	10	10	10	10	10	10	10	10	10
Refuse Collection:										
Collection Trucks	14	14	14	14	14	14	14	14	14	14
Other Public Works:										
Streets (Miles)	391.20	393.00	394.00	395.00	395.00	395.00	395.15	395.15	395.15	395.50
Street Lights	8,803	8,788	8,772	8,849	8,849	8,861	8,889	8,881	8,923	8,923
Traffic Signals	160.4	160.4	152.0	152.0	151.0	151.0	151.0	154.0	157.0	157.0
Parks & Recreation:										
Acreage	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073
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	2	2	2	8	8	8	8	8	8
Soccer/Football Fields	17	17	18	18	24	24	24	24	24	24
Indoor Ice Rinks	2	2	2	2	2	2	2	2	2	2
Basketball Courts	21	21	21	21	26	26	26	26	25	25
Tennis Courts	4	4	4	4	8	8	8	5	5	5
Swimming pools	4	4	4	4	4	4	4	4	4	4
Parks with Playground Equipment	4	4	5	5	20	20	20	20	20	20
Public Beaches	1	1	1	1	1	1	1	1	1	1
Pickleball Court	-	-	-	-	-	-	-	6	6	6
Library:										
Facilities	2	2	2	2	2	2	2	2	2	2
Volumes	236,312	246,939	246,398	246,391	250,156	250,090	246,599	235,225	224,624	224,566
Water:										
Finished water storage capacity (MG)	37.8	37.8	37.8	38.8	38.8	38.8	38.8	38.8	38.8	38.8
Average Daily Consumption (MGD)	17.057	17.454	16.931	17.860	16.902	16.048	17.593	17.147	17.185	17.214
Peak Consumption (MGD)	26.739	27.169	27.298	29.093	30.461	24.476	32.267	31.266	28.864	26.308
Municipal Fire Hydrants	3,294	3,304	3,309	3,310	3,309	3,327	3,337	3,344	3,374	3,380
Water main in system (million feet)	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary Sewers (miles)	345.02	345.02	350.60	352.80	354.40	354.40	375.00	380.00	385.00	388.00
Maximum daily treatment capacity (MGPD)	34	34	34	34	34	34	34	34	34	34
Information Systems Department										
PC's	864	905	1,034	1,072	1,065	1,066	1,041	1,028	1,034	1,093
Miles of Fiber Optic Cabling	28.00	39.00	48.00	49.00	50.00	51.00	52.00	53.00	53.00	54.00
Airport:										
Runways	2	2	2	2	2	2	2	2	2	2
Terminals	1	1	1	1	1	1	1	1	1	1
Buildings - square footage	332,600	332,600	332,600	332,600	332,600	332,600	332,600	332,600	332,600	332,600

N/A = Not Available.