

CITY OF KEENE, NEW HAMPSHIRE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

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CITY OF KEENE NEW HAMPSHIRE

Comprehensive Annual Financial Report

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



**Prepared by:
The Finance Department**

**Merri E.B. Howe
Finance Director**

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CITY OF KEENE, NEW HAMPSHIRE

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**INTRODUCTORY
SECTION**

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City of Keene

New Hampshire

January 21, 2020

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Keene:

The Keene Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Keene, New Hampshire (the City) for the fiscal year ending June 30, 2019. This report is published to provide citizens, City Council, investors, and other interested parties with detailed information regarding the financial position of the City. Responsibility for the accuracy of the data, and the completeness and fairness of this report, including all disclosures and schedules, rests with management.

To the best of our knowledge and belief, the following data is accurate in all material respects and is reported in a manner designed to fairly present the City's financial position and changes in financial position of the various funds of the City. The accompanying disclosures are necessary to enable the reader to gain an understanding of the City's financial activities. This letter of transmittal is intended to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A).

The City's financial statements and CAFR do not report on the funds of the Keene School District or the County of Cheshire. These governmental units are independent of the City and do not meet established reporting entity criteria for inclusion in this report.

General - Incorporated as a City in 1874, Keene, New Hampshire is located in southwestern New Hampshire in Cheshire County, 85 miles northwest of Boston, Massachusetts, 97 miles north of Hartford, Connecticut, and 100 miles northeast of Albany, New York. According to the 2016 Census, the population in the 37.1 square miles of land known as the City of Keene was 22,949. Four major highways, Routes 101, 12, 10, and 9, intersect at Keene, making it the hub of the region and also giving access to Interstates 91, 89, and 93.

The City provides governmental services including police, fire, ambulance, road and sidewalk maintenance, public health and welfare, code compliance, public library, and water and sewer. In addition, the City maintains 16 parks, 2 municipal pools, 8 tennis courts, cemeteries, and an airport.

Government - The City of Keene is governed by a mayor and 15-member council, five of whom are elected at large, with the Mayor presiding at all council meetings. The Mayor has no veto power over Council actions. Through the power defined in the City Charter, the City Council appoints the Manager to serve as the chief executive officer of the City. Keene's City Charter defines the powers the citizens agree to give their City government, how the government is structured, and specifies the responsibilities of the City Manager. Under the Mayor/Council/Manager form of government adopted by Keene, the Mayor and Council establish policies for operations within the City, and it is the Manager's responsibility to ensure these policies are carried out. In general, the Manager supervises all property and business affairs of the City and oversees expenditure of all funds appropriated for City purposes.

Principal City Officials

<u>Office</u>	<u>Name</u>	<u>Term Expires*</u>	<u>2019 Standing Committee Assignment</u>
Mayor	Kendall W. Lane	2019	N/A
Ward One Councilors	Janis O. Manwaring Stephen L. Hooper	2021 2019	Municipal Services, Facilities & Infrastructure Municipal Services, Facilities & Infrastructure
Ward Two Councilors	Mitchell H. Greenwald Carl B. Jacobs	2021 2019	Finance, Organization & Personnel Finance, Organization & Personnel
Ward Three Councilors	David C. Richards Terry M. Clark	2019 2021	Planning, Licenses & Development Finance, Organization & Personnel
Ward Four Councilors	Margaret M. Rice Robert B. Sutherland	2021 2019	Planning, Licenses, and Development Municipal Services, Facilities & Infrastructure
Ward Five Councilors	Thomas F. Powers Philip M. Jones	2021 2019	Finance, Organization & Personnel Planning, Licenses and Development
At Large Councilors	Gary P. Lamoureux George S. Hansel Bart K. Sapeta Bettina A. Chadbourne Randy L. Filiault	2019 2019 2019 2019 2019	Municipal Services, Facilities and Infrastructure Planning, Licenses and Development Finance, Organization and Personnel Planning, Licenses and Development Municipal Services, Facilities and Infrastructure

*Term expires on December 31 in year noted.

Appointed Administration

<u>Title</u>	<u>Name</u>
City Manager	Elizabeth A. Dragon
City Attorney	Thomas P. Mullins
City Clerk	Patricia A. Little
Finance Director/Treasurer	Merri E.B. Howe
Asst. Finance Director/Treasurer	Vacant

Local Economy - The City of Keene continues to report lower than federal and state unemployment rates. As reported by the New Hampshire Department of Employment Security, Keene's unemployment rate was 2.5%; similar to the state rate and lower than the federal rate.

Tax collections continue to trend high with 98.42% of the 2018 (FY19) tax warrant collected. The total lien amount increased to \$1,386,997 for 2018 from \$1,318,773 for 2017 (FY18).

Analysis of the properties comprising the top ten lien amounts indicate an increase of \$20,292, or 6.16%, moving from \$329,484 for 2017 (FY18) to \$349,776.

Economic Development

Keene has adopted a broad vision for economic development that aims to influence and spur growth through action and investment in the downtown. This vision underscores the importance of enhancing downtown by facilitating pedestrian activity, promoting development/redevelopment, and encouraging a diversity of businesses and land uses. To stimulate private interest, the City has established tax incentives and programs at the federal, state and local levels. In 2018, a portion of the City including part of Main Street was designated as a Federal Opportunity Zone. The City also adopted a local property tax relief program in the downtown to incentivize redevelopment of underutilized properties.

With these new initiatives, new promising developments are taking place:

- New \$75 million continuum of care retirement community has recently opened and is near total occupancy.
- A major \$13 million expansion to the Keene City Library was completed in 2019 making this the largest library in the state of New Hampshire.
- Redevelopment of large historic buildings in the downtown for business and office use.
- Construction of a multi-family residential building in the downtown with 140 units completed in 2019.
- The former Keene Middle School is currently being redeveloped. The project includes an adaptive re-use of the 1912 building as a performing arts center. New office, business and residential units are included, as well as a restaurant, bistro and night club.
- Restoration and expansion of a historic theater located on Main Street will begin in early 2020.
- A 5,700 square foot expansion to the Monadnock Food Co-Op located in the heart of downtown Keene is expected to begin in late 2019.
- Conversion of a restored mill building from office/retail space to 90 upscale condominiums for lease in proximity to downtown opened in 2019.
- A new Hampton Inn began construction in the fall of 2018, with 92 rooms and a restaurant is near completion.
- A new 2,800 square foot Burger King restaurant has recently opened.
- Monadnock Marketplace, a major regional shopping center, completed construction of a 10,600 square foot expansion for retail and restaurant use.
- Design of a \$30 million plan to redevelop a corridor adjacent to Main Street to enhance the presence of arts and culture in the downtown with construction anticipated to begin in 2021.

The City continues to be successful in competing for and receiving grants that have leveraged other investments. In 2018, the City received a federal grant amounting to \$500,000 for building renovation and expansion of the Keene Community Kitchen.

Development and renovations supporting education and community institutional organizations expanding the community's resources and enhancing quality of life over the past year have been noteworthy.

In Downtown, MOCO Arts, a homegrown, nonprofit arts education organization for children, has completed construction of a new 17,000 square foot performing arts center on the former YMCA property. The existing building had been removed to build a two-story, multi-use performing arts facility containing a 200-seat black box theatre, three studios and administrative offices which opened in 2018.

Financial Information – The City of Keene is responsible for the development of an accounting and internal control structure to ensure the safeguarding of City assets from loss, theft, and misuse and that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurances that these objectives are attained. In providing these reasonable assurances, it is recognized that the cost of control should not exceed the benefits and the valuation of costs and benefits requires management's judgment. Testing of the internal control procedures are part of the annual audit, though an audit opinion is not expressed; any deficiencies and material weaknesses are brought forward by the auditors to management.

Budget Process – The City has developed budgetary controls through the adoption of its fiscal policy to ensure compliance with legal provisions. The fiscal policy is adopted annually by the Council and it establishes and articulates the financial blueprint of the City. This policy mandates the budgets be presented balanced, adopted annually, and lapse at the end of the fiscal year. It also specifies the budget document provide multi-year projections of revenues and expenditures, taking into consideration of the City's policies on unassigned fund balance at the end of the fiscal year and General Fund debt service and current revenue capital outlay appropriations, return residual capital project funds to the originating fund, and limit property tax revenue increases.

Long-term Financial Planning - The City Manager and City staff prepare and present a Capital Improvement Program (CIP) spanning a period of seven years to the City Council for consideration, amendment, and adoption. The focus of the CIP process is planning for our City's future. The foundation of that planning effort seeks to advance Comprehensive Master Plan (CMP) vision through its focus areas including; a quality built environment, unique natural environment, a vibrant economy, strong citizenship and proactive leadership, a creative and learning culture, and healthy community.

Guided by fiscal policy, anticipated capital expenditures are identified in the seven-year CIP, bi-annually, which forecasts projects anticipated within that time period with an estimated cost in excess of \$35,000 and anticipated useful life of at least five

years. Individual project requests are consolidated into a capital program combined with revenue and operating cost projections to provide estimated rate impacts. This capital planning process allows projects in its first year to be fully considered in context of the community's vision, values, and goals, along with impact on property taxes, water rates, and sewer rates. Following a review and public hearing process, the adopted program's first year is included in the next operating budget proposal as the capital budget.

The Capital Improvement Program is fluid and changes from time to time upon action of the City Council and is considered a planning document that does not serve to preclude advancement of a viable project not timely in the program schedule or identified within it. It does not bind any public body to undertaking any project but provides the City with a tool to identify and schedule needed improvements and is used to forecast and plan for the impact of those improvements.

Debt - Bonds and serial notes are authorized by a minimum of two-thirds vote of all City Council members.

The sale of bonds is a significant part of each CIP. Long term borrowing is used to finance projects that have a significant cost and are of a lasting nature. While projects are often bundled together into one annual sale in order to minimize bond issuance costs, the time over which the bonds are repaid (the term) varies based on the financed improvement's expected useful life. The City's fiscal health was reaffirmed by Standard and Poor's assignment of an AA/Stable long-term rating when the City went to market with debt in the fall of 2018. While recognizing the challenging revenue environment, the City's fiscal practices including incorporation of operating budget projection, annual re-prioritization of capital projects and debt and reserve policies are factors viewed favorably by rating agencies. This assessment attracts investors to our bonds and helps keep interest rates favorable. The 2018 bonds were issued with a true interest cost of approximately 2.73%, ranging from five to twenty years in length.

The general debt limit of the City of Keene is 3% of "base valuation" determined annually by the State Department of Revenue Administration Board of Taxation. The School District's debt limit is 7% of the City's "base valuation," which is not counted in the computation of the City's 3% general limitation. Water and sewer projects undertaken by order of the Water Supply and Pollution Control, Division of the State Department of Environmental Service, are excluded from the measure of indebtedness as the debt is supported by grant and user fees. Non-compulsory water projects are subject to a debt limit of 10% of the "base valuation". Parking meters and facilities may have debt to an amount not exceeding ½ of one percent of the "base valuation" excluded from the general debt limit.

The "base valuation" for computing the debt limit consists of the City's equalized assessed valuation plus property formerly taxed by the City prior to enactment of the State Business Profits Tax Law all as determined annually by the State of New

Hampshire Department of Revenue Administration. For Keene, the “base valuation” for computing the debt limit is \$1,906,401,769 (2018).

Long- term debt outstanding from general obligation bonds as of June 30, 2019 totaled \$39,004,793 and the amount authorized and unissued totaled \$4,699,000.

Fund Balance – Fund balance represents the difference between current assets and liabilities and comprises non-spendable, restricted, committed, assigned, and unassigned amounts as specified in GASB 54. In the general fund, unassigned fund balance is a key indicator of the City’s ability to withstand and respond to fiscal challenges and opportunities. City fiscal policy establishes a target range of 7% to 10% of the total of the City’s General Fund budget, local, and state education taxes, and the county tax. The unassigned fund balance can be used to offset emergency expenditures, a downturn in collection of significant revenues, or other unforeseen events.

Retirement - Provision for the retirement of teachers and other municipal employees is handled via the New Hampshire Retirement System. The City of Keene currently has approximately 234 active and 159 retired members of the System and its predecessor programs.

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits, referred to as Other Post-Employment Benefits. The portion of the cost of such benefits paid by cities and towns is generally provided on a pay-as-you-go basis.

The Government Accounting Standards Board (GASB) promulgates its Statement No. 75, requiring for public entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger annual cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits.

The City indirectly provides post-employment health care for retired employees through an implicit rate covered by current year employees. Retirees of the City pay to participate in the City’s medical, prescription drug, mental health/substance abuse programs. Retirees contribute 100% of the cost of the health plan, as determined by the City. The City contributes its implicit rate subsidy of the health plan costs on a pay-as-you-go basis. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

As of June 30, 2019, the City has completed an actuarial valuation of its Post-Employment Benefits other than Pensions liability in accordance with GASB Statement 75. According to this report, the Net OPEB Liability was \$4,914,106 or 28.95% of covered payroll. As the City participates in the New Hampshire Retirement System, the City’s proportionate share of the medical subsidy was \$3,375,099 or 19.89% of covered payroll.

Audits - The City employs an outside independent accounting firm, Melanson Heath, Certified Public Accountants, Manchester, New Hampshire to audit the City's operations annually. The audit is in accordance with generally accepted auditing standards.

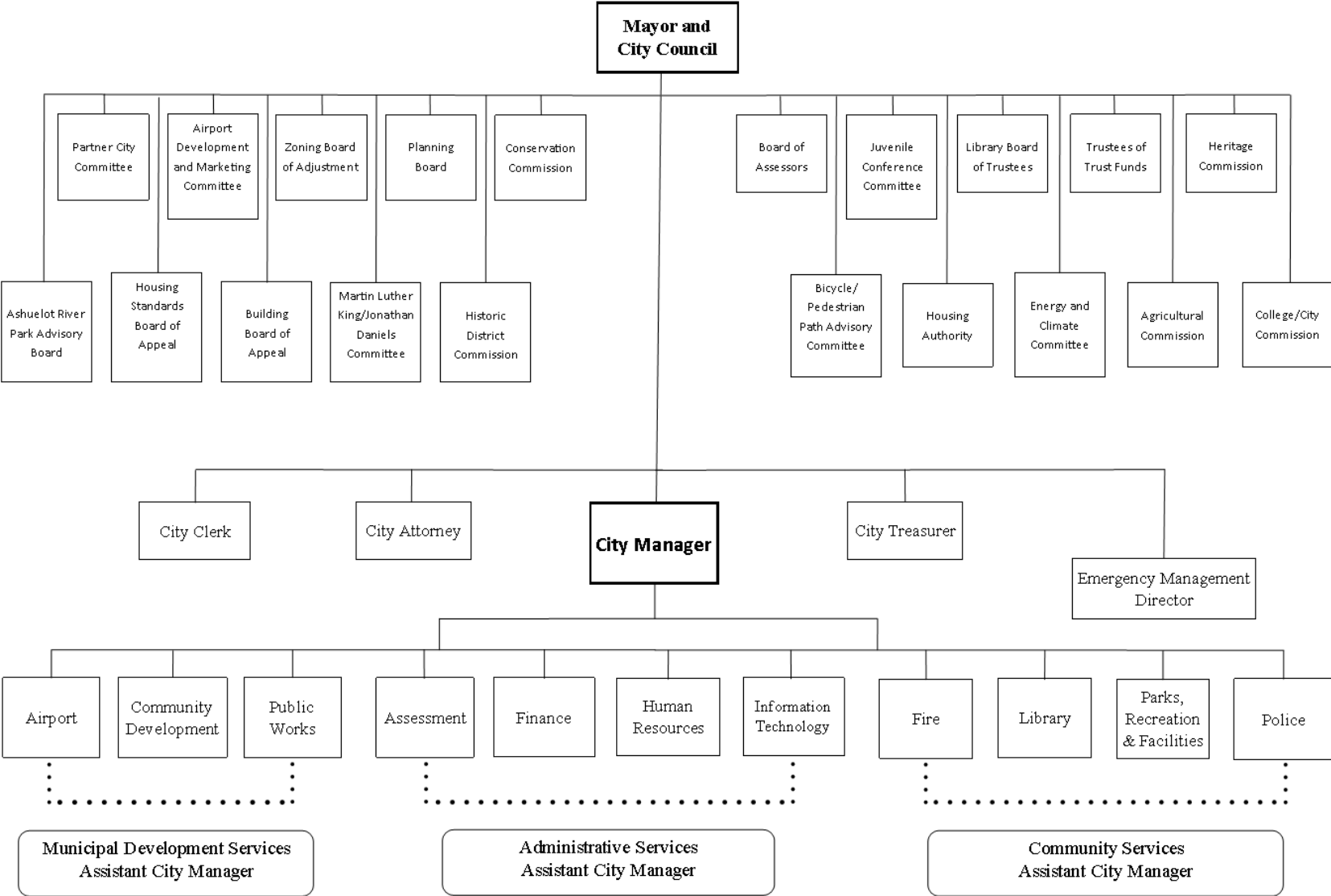
Thank you to the finance staff and all City departments for their cooperation and assistance in gathering the information contained in this report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Merri E.B. Howe". The signature is written in a cursive style with a large initial "M" and a stylized "H".

Merri E.B. Howe
Finance Director

**City of Keene
Organizational Chart**





Government Finance Officers Association

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

Presented to

**City of Keene
New Hampshire**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Keene, New Hampshire

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keene, New Hampshire, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keene, New Hampshire, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and solid waste fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules appearing on pages 94 through 102 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the

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

The introductory and statistical sections appearing on pages 3 through 10, and 106 through 122 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Melanson Heath

January 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Keene, New Hampshire (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, welfare and human services, airport, library, community development, parks and facilities, and debt service interest. The business-type activities include water and sewer activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements,

governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine 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, solid waste fund, and capital projects fund. Data from all other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

An annual appropriated budget is adopted for the general fund, solid waste fund, and parking fund. A budgetary comparison statement has been provided for the general fund and solid waste fund, while a budgetary comparison schedule is presented for the parking fund to demonstrate compliance with these budgets.

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

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water and sewer operations, which are considered to be major funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for the maintenance of certain City vehicles and equipment and replacement of personal computers (PCs). Because these services predominantly benefit governmental rather than business-type functions, they

have been included within governmental activities in the government-wide financial statements.

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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$122,920,726 (i.e., net position), a change of \$4,469,877 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$33,078,523, a change of \$5,682,784 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,702,620, a change of \$1,778,046 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years:

<u>NET POSITION</u>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 58,266,475	\$ 42,833,188	\$ 19,722,091	\$ 18,775,726	\$ 77,988,566	\$ 61,608,914
Capital assets	<u>96,739,551</u>	<u>93,075,456</u>	<u>58,337,995</u>	<u>58,754,392</u>	<u>155,077,546</u>	<u>151,829,848</u>
Total assets	155,006,026	135,908,644	78,060,086	77,530,118	233,066,112	213,438,762
Deferred outflows of resources	6,126,346	6,860,021	420,955	533,851	6,547,301	7,393,872
Current liabilities	13,682,364	9,574,298	2,218,983	2,380,540	15,901,347	11,954,838
Noncurrent liabilities	<u>67,187,017</u>	<u>67,503,095</u>	<u>12,883,564</u>	<u>13,410,613</u>	<u>80,070,581</u>	<u>80,913,708</u>
Total liabilities	80,869,381	77,077,393	15,102,547	15,791,153	95,971,928	92,868,546
Deferred inflows of resources	20,328,415	9,271,999	392,344	241,240	20,720,759	9,513,239
Net investment in capital assets	69,956,379	66,711,745	47,115,869	47,558,442	117,072,248	114,270,187
Restricted	11,404,883	9,833,924	-	-	11,404,883	9,833,924
Unrestricted	<u>(21,426,686)</u>	<u>(20,126,396)</u>	<u>15,870,281</u>	<u>14,473,134</u>	<u>(5,556,405)</u>	<u>(5,653,262)</u>
Total net position	<u>\$ 59,934,576</u>	<u>\$ 56,419,273</u>	<u>\$ 62,986,150</u>	<u>\$ 62,031,576</u>	<u>\$ 122,920,726</u>	<u>\$ 118,450,849</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$122,920,726, a change of \$4,469,877 in comparison to the prior year.

The largest portion of net position, \$117,072,248, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the 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.

An additional portion of net position, \$11,404,883, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(5,556,405) primarily resulting from unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 13,526,115	\$ 13,073,294	\$ 10,093,050	\$ 10,032,052	\$ 23,619,165	\$ 23,105,346
Operating grants and contributions	3,406,882	3,908,607	-	-	3,406,882	3,908,607
Capital grants and contributions	4,876,546	5,097,486	220,561	677,271	5,097,107	5,774,757
General revenues:						
Property taxes	22,974,005	26,437,388	-	136,746	22,974,005	26,574,134
Payment in lieu of taxes	443,461	444,471	-	-	443,461	444,471
Penalties and interest on taxes	337,501	490,641	-	-	337,501	490,641
Investment income	1,486,136	787,744	389,885	93,411	1,876,021	881,155
Miscellaneous	346,105	312,538	-	-	346,105	312,538
Total revenues	<u>47,396,751</u>	<u>50,552,169</u>	<u>10,703,496</u>	<u>10,939,480</u>	<u>58,100,247</u>	<u>61,491,649</u>
Expenses:						
General government	7,216,829	7,607,341	-	-	7,216,829	7,607,341
Public safety	16,193,749	15,588,700	-	-	16,193,749	15,588,700
Public works	11,239,823	10,207,597	-	-	11,239,823	10,207,597
Welfare and human services	801,566	823,115	-	-	801,566	823,115
Airport	1,298,840	1,313,506	-	-	1,298,840	1,313,506
Library	1,654,529	1,488,344	-	-	1,654,529	1,488,344
Community development	1,435,562	1,531,979	-	-	1,435,562	1,531,979
Parks and facilities	3,455,725	3,409,437	-	-	3,455,725	3,409,437
Interest	604,575	1,115,646	-	-	604,575	1,115,646
Water	-	-	3,909,379	3,978,790	3,909,379	3,978,790
Sewer	-	-	5,839,543	5,361,320	5,839,543	5,361,320
Total expenses	<u>43,901,198</u>	<u>43,085,665</u>	<u>9,748,922</u>	<u>9,340,110</u>	<u>53,650,120</u>	<u>52,425,775</u>
Change in net position before permanent fund contributions	3,495,553	7,466,504	954,574	1,599,370	4,450,127	9,065,874
Permanent fund contributions	19,750	23,550	-	-	19,750	23,550
Change in net position	3,515,303	7,490,054	954,574	1,599,370	4,469,877	9,089,424
Net position - beginning of year	56,419,273	48,929,219	62,031,576	60,432,206	118,450,849	109,361,425
Net position - end of year	<u>\$ 59,934,576</u>	<u>\$ 56,419,273</u>	<u>\$ 62,986,150</u>	<u>\$ 62,031,576</u>	<u>\$ 122,920,726</u>	<u>\$ 118,450,849</u>

Governmental activities. Governmental activities for the year resulted in a change in net position of \$3,515,303. Key elements of this change are as follows:

General fund operations (prior to transfers)	\$ 2,735,316
Main over Beaver bridge grant revenues	794,707
Library renovation trust contributions	378,881
Other	<u>(393,601)</u>
Total	<u>\$ 3,515,303</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$954,574. Key elements of this change are as follows:

Water operations	\$ 314,036
Sewer operations	<u>640,538</u>
Total	<u>\$ 954,574</u>

Water operations change in net position resulted primarily from a budgeted surplus and actual expenses being less than budget.

Sewer operations change in net position resulted primarily from a budgeted surplus and an unbudgeted direct reimbursement from the Towns of Marlborough and Swanzey for upgrades to the wastewater treatment plant.

D. FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$33,078,523, a change of \$5,682,784 in comparison to the prior year. Key elements of this change are as follows:

General fund operations (prior to transfers)	\$ 2,735,316
Solid waste fund operations	110,936
Capital project revenues and bond proceeds in excess of expenditures	2,152,401
Library contributions and donations	838,250
Other	<u>(154,119)</u>
Total	<u>\$ 5,682,784</u>

The solid waste fund reports a small increase in fund balance from actual revenues exceeding estimates.

The capital project fund had a change in fund balance of \$2,152,401 which accounts for approximately 38% of the overall change in governmental funds. This change is primarily the result of timing differences between expending funds for capital projects and the funding source. In fiscal year 2018, over \$7 million in capital projects were authorized by City Council to be funded by long-term debt issuance and federal/state grant reimbursement. During fiscal year 2019, \$5.7 million was issued in long-term debt.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,702,620, while total fund balance was \$16,648,667. 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 general fund tax levy. Refer to the following table:

<u>General Fund</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>	<u>% of Total General Fund Tax Levy</u>
Unassigned fund balance	\$ 10,702,620	\$ 8,924,574	\$ 1,778,046	9.8%
Total fund balance	\$ 16,648,667	\$ 14,644,761	\$ 2,003,906	15.2%

The unassigned fund balance of the general fund changed by \$1,778,046 which was primarily driven by positive budgetary results and close out of the prior year nonspendable fund balance.

The total fund balance of the general fund changed by \$2,003,906 during the current fiscal year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (967,403)
Revenues and transfers in excess of budget	1,232,655
Expenditures and transfers out less than budget	1,332,616
Change in capital reserves	237,995
Other	<u>168,043</u>
Total	<u>\$ 2,003,906</u>

The significant return of unused budgeted expenditures was a result of positions (related wages, health and dental insurance) that were not filled during the fiscal year, decrease in employee benefits, and debt service. Also, various capital project appropriations were funded by excess bond proceeds from similar projects or unanticipated grant proceeds.

The change in capital reserves is the net result of the City's practice of annually appropriating funds to be added to various capital reserves and subsequently voting to use the funds for projects/purchases. For example, the significant increase in the Fire Equipment capital reserve account is the result of the City electing to set aside funds annually to purchase a new ladder truck in 2020.

Included in the total general fund balance are the City's capital reserves with the following committed balances:

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
Downtown Infrastructure and Facility	\$ 1,285,272	\$ 1,209,715	\$ 75,557
Bridges	750,880	997,928	(247,048)
Fire Equipment	713,269	299,295	413,974
Transfer/Recycle Facility	371,978	297,034	74,944
Other Capital Reserves	<u>661,429</u>	<u>740,861</u>	<u>(79,432)</u>
Total	<u>\$ 3,782,828</u>	<u>\$ 3,544,833</u>	<u>\$ 237,995</u>

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$15,870,281, a change of \$1,397,147 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$85,000 for the purpose of replacing a traffic signal system at Park Avenue and Arch Street. This appropriation was funded by unassigned fund balance.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$155,077,546 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.

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

- Purchase of Ambulance
- Various other vehicles for police, fire, and public works
- Airport runway 14/32 reconstruction
- Main over Beaver bridge improvements
- Library Campus Development project
- Babbidge Dam rehab
- Rotary screw press for dewatering operations
- Other wastewater treatment plant improvements
- Various other ongoing infrastructure improvements

Additional information on capital assets can be found in Note 11.

Long-term debt - At the end of the current fiscal year, total bonded debt outstanding was \$40,357,802 (inclusive of bond premiums), all of which was backed by the full faith and credit of the City.

Credit Rating – The City maintains an “AA” rating from Standard & Poor’s for general obligation debt.

Additional information on long-term debt can be found in Note 15.

G. ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The local unemployment rate for June 2019 for Keene was at 2.5%, which is down 0.3% from the previous year. The rates for Cheshire County and the State of New Hampshire were at 2.5% and 2.4%, respectively, both down from the previous year by 0.3% and 0.2%, respectively. In comparison to the New England rate and National rate, 3.2% and 3.8%, respectively, Keene remained significantly lower. (Source: NH Employment Security and Economic and Labor Market Information Bureau).

Total taxable assessed values for property taxes that supported 2018 fiscal year operations budget increased by 1.72%, from \$1,796,036,300 to \$1,827,082,043.

The percentage of 2018 property taxes that remained unpaid and went to lien status was 2.05% of the total warrant(s), a slight increase over 2017. The total lien amount increased to \$1,386,997 for 2018 from \$1,318,773 for 2017. Analysis of the properties comprising the top ten lien amounts indicate an increase of \$20,292, or 6.16%, moving from \$329,484 for tax year 2017 to \$349,776 for tax year 2018. The total number of properties liened was 264, up 21 from 2017. Out of the top ten parcels liened, seven were commercial, which is up two from the previous year. By fiscal year end, 98.42% of the entire 2018 tax warrant had been collected; continuing a trend of high collection rates.

Based on current revenue trends, revenues for the City of Keene appear to be leveling off. Rooms and Meals Tax are projected to remain stable while the distribution of the highway funds derived from the Gas Tax are projected to increase slightly. Interest rates have declined over the past year with no expectations of rates rising again in the near future, creating lower interest earning projections. The City’s largest source of general fund revenue, besides property taxes, are motor vehicle registration fees. They continue to trend slightly higher, exceeding projections for fiscal year 2019 but are showing signs of leveling off.

In order to plan and prepare the next fiscal year budget, the City has developed budgetary controls through the adoption of its fiscal policy to ensure compliance with legal provisions. The fiscal policy is adopted annually by the City Council and it establishes and articulates the financial blueprint of the City. This policy mandates the budgets be presented balances, adopted annually, and lapse at the end of the fiscal year. It also specifies the budget document provide multi-year projections of revenues and expenditures, taking into consideration the City’s policies on unassigned fund balance at the end of the fiscal year, the general fund debt service, current revenue capital outlay appropriations, return

residual capital project funds to the originating fund, as well as limits property tax revenue increases.

The City continues to see the value in investing in its infrastructure, budgeting for road projects, water/sewer projects, and economic development projects while adhering to the guideline established in fiscal policies. By using the Comprehensive Master Plan as a guide, the City will remain focused on sustainability and core community values as it prepares for the future and next budget cycle.

REQUESTS FOR INFORMATION

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

Office of the Finance Director
City Hall
3 Washington Street
Keene, New Hampshire 03431

BASIC FINANCIAL STATEMENTS

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CITY OF KEENE, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 51,265,050	\$ -	\$ 51,265,050
Investments	8,153,183	8,574,114	16,727,297
Receivables, net of allowance for uncollectibles:			
Property taxes	304,264	-	304,264
User fees	-	3,549,803	3,549,803
Accounts receivable	1,434,446	18,693	1,453,139
Notes receivable	-	68,079	68,079
Intergovernmental	1,223,969	25,216	1,249,185
Internal balances	(6,557,962)	6,557,962	-
Due from external parties - fiduciary funds	3,750	-	3,750
Prepaid items	222,659	-	222,659
Inventory	238,217	251,860	490,077
Other assets	46,003	-	46,003
	<u>56,333,579</u>	<u>19,045,727</u>	<u>75,379,306</u>
Subtotal current assets	56,333,579	19,045,727	75,379,306
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	1,932,896	-	1,932,896
Notes receivable	-	676,364	676,364
Capital assets:			
Land and construction in progress	37,230,302	4,926,147	42,156,449
Capital assets, net of accumulated depreciation	<u>59,509,249</u>	<u>53,411,848</u>	<u>112,921,097</u>
Subtotal noncurrent assets	98,672,447	59,014,359	157,686,806
Deferred Outflows of Resources			
Related to pensions	5,379,280	369,068	5,748,348
Related to OPEB	560,952	10,283	571,235
Other	<u>186,114</u>	<u>41,604</u>	<u>227,718</u>
Total Assets and Deferred Outflows of Resources	161,132,372	78,481,041	239,613,413
Liabilities			
Current:			
Warrants payable	741,972	259,931	1,001,903
Accounts payable	1,661,820	227,367	1,889,187
Accrued liabilities	514,942	50,284	565,226
Payroll withholdings	1,793,220	-	1,793,220
Tax refunds payable	3,547,939	-	3,547,939
Other current liabilities	434,349	44,888	479,237
Current portion of long-term liabilities:			
Bonds payable	4,002,277	1,608,215	5,610,492
Tax increment financing bonds payable	625,000	-	625,000
Other liabilities	<u>360,845</u>	<u>28,298</u>	<u>389,143</u>
Subtotal current liabilities	13,682,364	2,218,983	15,901,347
Noncurrent:			
Bonds payable, net of current portion	20,711,701	9,570,609	30,282,310
Tax increment financing bonds payable, net of current portion	3,840,000	-	3,840,000
Net pension liability	31,850,785	2,364,259	34,215,044
Net OPEB liability	7,595,189	694,016	8,289,205
Other liabilities, net of current portion	<u>3,189,342</u>	<u>254,680</u>	<u>3,444,022</u>
Subtotal noncurrent liabilities	67,187,017	12,883,564	80,070,581
Deferred Inflows of Resources			
Related to pensions	2,792,613	207,293	2,999,906
Related to OPEB	783,368	112,258	895,626
Other	<u>16,752,434</u>	<u>72,793</u>	<u>16,825,227</u>
Total Liabilities and Deferred Inflows of Resources	101,197,796	15,494,891	116,692,687
Net Position			
Net investment in capital assets	69,956,379	47,115,869	117,072,248
Restricted for:			
Grants and other statutory restrictions	5,318,471	-	5,318,471
Permanent funds:			
Nonexpendable	5,808,943	-	5,808,943
Expendable	277,469	-	277,469
Unrestricted	<u>(21,426,686)</u>	<u>15,870,281</u>	<u>(5,556,405)</u>
Total Net Position	\$ <u>59,934,576</u>	\$ <u>62,986,150</u>	\$ <u>122,920,726</u>

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

CITY OF KEENE, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 7,216,829	\$ 3,810,002	\$ 1,499,774	\$ -	\$ (1,907,053)	\$ -	\$ (1,907,053)
Public safety	16,193,749	2,762,013	1,088,781	-	(12,342,955)	-	(12,342,955)
Public works	11,239,823	5,590,770	219,307	1,548,129	(3,881,617)	-	(3,881,617)
Welfare and human services	801,566	18,843	33,607	-	(749,116)	-	(749,116)
Airport	1,298,840	444,018	7,977	2,934,370	2,087,525	-	2,087,525
Library	1,654,529	40,298	500,945	378,881	(734,405)	-	(734,405)
Community development	1,435,562	379,938	-	-	(1,055,624)	-	(1,055,624)
Parks and facilities	3,455,725	480,233	56,491	15,166	(2,903,835)	-	(2,903,835)
Interest	604,575	-	-	-	(604,575)	-	(604,575)
Total Governmental Activities	<u>43,901,198</u>	<u>13,526,115</u>	<u>3,406,882</u>	<u>4,876,546</u>	<u>(22,091,655)</u>	<u>-</u>	<u>(22,091,655)</u>
Business-Type Activities							
Water	3,909,379	4,075,327	-	-	-	165,948	165,948
Sewer	<u>5,839,543</u>	<u>6,017,723</u>	<u>-</u>	<u>220,561</u>	<u>-</u>	<u>398,741</u>	<u>398,741</u>
Total Business-Type Activities	<u>9,748,922</u>	<u>10,093,050</u>	<u>-</u>	<u>220,561</u>	<u>-</u>	<u>564,689</u>	<u>564,689</u>
Total	<u>\$ 53,650,120</u>	<u>\$ 23,619,165</u>	<u>\$ 3,406,882</u>	<u>\$ 5,097,107</u>	<u>(22,091,655)</u>	<u>564,689</u>	<u>(21,526,966)</u>
General Revenues and Permanent Fund Contributions							
					22,974,005	-	22,974,005
					443,461	-	443,461
					337,501	-	337,501
					1,486,136	389,885	1,876,021
					346,105	-	346,105
					19,750	-	19,750
Total general revenues and permanent fund contributions					<u>25,606,958</u>	<u>389,885</u>	<u>25,996,843</u>
Change in Net Position					3,515,303	954,574	4,469,877
Net Position							
Beginning of year					<u>56,419,273</u>	<u>62,031,576</u>	<u>118,450,849</u>
End of year					<u>\$ 59,934,576</u>	<u>\$ 62,986,150</u>	<u>\$ 122,920,726</u>

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

CITY OF KEENE, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	General Fund	Solid Waste Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 50,425,327	\$ -	\$ -	\$ 839,723	\$ 51,265,050
Investments	1,393,383	-	-	6,119,217	7,512,600
Receivables:					
Property taxes, net	2,461,499	-	-	-	2,461,499
Accounts receivable, net	739,202	575,507	34,131	80,613	1,429,453
Intergovernmental	6,913	-	1,134,851	82,205	1,223,969
Due from other funds	-	1,822,463	5,178,507	1,642,948	8,643,918
Advance to other funds	-	689,360	-	-	689,360
Prepaid items	94,085	-	-	126,071	220,156
Other assets	46,003	-	-	-	46,003
Total Assets	<u>\$ 55,166,412</u>	<u>\$ 3,087,330</u>	<u>\$ 6,347,489</u>	<u>\$ 8,890,777</u>	<u>\$ 73,492,008</u>
Liabilities					
Warrants payable	\$ 255,355	\$ 38,883	\$ 334,895	\$ 25,528	\$ 654,661
Accounts payable	132,104	515,805	943,139	9,952	1,601,000
Accrued liabilities	201,021	17,684	-	9,854	228,559
Payroll withholdings	1,793,220	-	-	-	1,793,220
Due from other funds	16,099,705	-	-	-	16,099,705
Advance from other funds	689,360	-	-	-	689,360
Other liabilities	434,349	-	-	-	434,349
Total Liabilities	19,605,114	572,372	1,278,034	45,334	21,500,854
Deferred Inflows of Resources					
Unavailable revenues	2,243,388	-	-	-	2,243,388
Taxes collected in advance	16,669,243	-	-	-	16,669,243
Fund Balances					
Nonspendable	94,085	-	-	5,935,014	6,029,099
Restricted	-	-	3,614,296	2,954,911	6,569,207
Committed	5,049,191	2,514,958	1,598,722	-	9,162,871
Assigned	802,771	-	-	-	802,771
Unassigned	10,702,620	-	(143,563)	(44,482)	10,514,575
Total Fund Balances	<u>16,648,667</u>	<u>2,514,958</u>	<u>5,069,455</u>	<u>8,845,443</u>	<u>33,078,523</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 55,166,412</u>	<u>\$ 3,087,330</u>	<u>\$ 6,347,489</u>	<u>\$ 8,890,777</u>	<u>\$ 73,492,008</u>

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

CITY OF KEENE, NEW HAMPSHIRE

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

JUNE 30, 2019

Total governmental fund balances	\$ 33,078,523
<ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. 	94,121,719
<ul style="list-style-type: none"> • Deferred outflows of resources are the consumption of net position applicable to future reporting periods, and therefore, are not reported in governmental funds: <ul style="list-style-type: none"> Related to pensions Related to OPEB Losses on refunding bonds 	5,379,280 560,952 186,114
<ul style="list-style-type: none"> • Revenues are reported on the accrual basis of accounting and are not deferred until collection. 	2,019,094
<ul style="list-style-type: none"> • Tax refunds payable not due and payable in the current period, and therefore, are not reported in the funds. 	(3,547,939)
<ul style="list-style-type: none"> • Internal service funds are used to account for the financing of services provided by one department to other departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 	4,166,574
<ul style="list-style-type: none"> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	(268,887)
<ul style="list-style-type: none"> • Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds: <ul style="list-style-type: none"> Bonds payable Tax increment financing bonds payable Net pension liability Net OPEB liability Other long-term liabilities (compensated absences and landfill liability) 	(24,713,978) (4,465,000) (31,850,785) (7,595,189) (3,476,730)
<ul style="list-style-type: none"> • Deferred inflows of resources are the acquisition of net position applicable to future reporting periods, and therefore, are not reported in governmental funds: <ul style="list-style-type: none"> Related to pensions Related to OPEB Gains on refunding bonds 	(2,792,613) (783,368) (83,191)
Net position of governmental activities	\$ <u>59,934,576</u>

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

CITY OF KEENE, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Solid Waste Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 26,371,677	\$ -	\$ -	\$ 981,743	\$ 27,353,420
Charges for services	2,723,790	4,963,074	199,113	1,120,344	9,006,321
Intergovernmental	2,683,389	-	4,130,504	530,277	7,344,170
Licenses and permits	3,987,992	55,657	-	56,950	4,100,599
Investment income	738,998	69,368	-	639,446	1,447,812
Contributions	-	-	52,666	906,342	959,008
Miscellaneous	204,264	195	-	122,584	327,043
	<u>36,710,110</u>	<u>5,088,294</u>	<u>4,382,283</u>	<u>4,357,686</u>	<u>50,538,373</u>
Total Revenues					
Expenditures					
General government	5,892,375	-	-	375,973	6,268,348
Public safety	13,947,413	-	-	1,337,506	15,284,919
Public works	2,095,998	4,865,040	-	75,428	7,036,466
Welfare and human services	800,363	-	-	1,000	801,363
Airport	638,408	-	-	-	638,408
Library	1,421,022	-	-	110,167	1,531,189
Community development	1,424,770	-	-	700	1,425,470
Parks and facilities	3,286,982	-	-	97,648	3,384,630
Debt service:					
Principal	3,596,825	33,500	-	520,000	4,150,325
Interest	870,638	13,818	-	81,250	965,706
Capital outlay	-	-	9,741,708	-	9,741,708
	<u>33,974,794</u>	<u>4,912,358</u>	<u>9,741,708</u>	<u>2,599,672</u>	<u>51,228,532</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,735,316	175,936	(5,359,425)	1,758,014	(690,159)
Other Financing Sources (Uses)					
Issuance of general obligation bonds	-	-	5,705,000	-	5,705,000
Bond premiums on general obligation bonds	-	-	-	667,943	667,943
Transfers in	930,076	-	1,806,864	9,743	2,746,683
Transfers out	(1,661,486)	(65,000)	(38)	(1,020,159)	(2,746,683)
	<u>(731,410)</u>	<u>(65,000)</u>	<u>7,511,826</u>	<u>(342,473)</u>	<u>6,372,943</u>
Total Other Financing Sources (Uses)					
Change in Fund Balance	2,003,906	110,936	2,152,401	1,415,541	5,682,784
Fund Balances at Beginning of Year, as reclassified	<u>14,644,761</u>	<u>2,404,022</u>	<u>2,917,054</u>	<u>7,429,902</u>	<u>27,395,739</u>
Fund Balances at End of Year	<u>\$ 16,648,667</u>	<u>\$ 2,514,958</u>	<u>\$ 5,069,455</u>	<u>\$ 8,845,443</u>	<u>\$ 33,078,523</u>

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

CITY OF KEENE, NEW HAMPSHIRE

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

FOR THE YEAR ENDED JUNE 30, 2019

Net changes in fund balances - Total governmental funds	\$ 5,682,784																																		
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay</td> <td style="text-align: right;">7,853,156</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(4,363,969)</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td style="text-align: right;">(51,208)</td> </tr> </table> • The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Issuance of general obligation bonds</td> <td style="text-align: right;">(5,705,000)</td> </tr> <tr> <td>Repayments of general obligation bonds</td> <td style="text-align: right;">3,525,325</td> </tr> <tr> <td>Repayments of tax increment financing bonds</td> <td style="text-align: right;">625,000</td> </tr> <tr> <td>Premiums from issuance of debt</td> <td style="text-align: right;">(667,943)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (e.g., property taxes) differ between the two statements. This amount represents the net change in unavailable revenues. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">(50,469)</td> </tr> </table> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">210,347</td> </tr> </table> • Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Bond premium amortization</td> <td style="text-align: right;">174,202</td> </tr> <tr> <td>Amortize gain on prior years refunding bonds</td> <td style="text-align: right;">11,884</td> </tr> <tr> <td>Amortize loss on prior years refunding bonds</td> <td style="text-align: right;">(32,653)</td> </tr> <tr> <td>Net pension liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">434,069</td> </tr> <tr> <td>Net OPEB liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">(762,120)</td> </tr> <tr> <td>Tax refunds payable</td> <td style="text-align: right;">(3,547,939)</td> </tr> <tr> <td>Other (compensated absences and landfill liability)</td> <td style="text-align: right;">(19,179)</td> </tr> </table> • Internal service funds are used by management to charge the cost of certain activities to individual funds. The net activity of internal service funds is reported with Governmental Activities. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">199,016</td> </tr> </table> 		Capital outlay	7,853,156	Depreciation	(4,363,969)	Loss on disposal of capital assets	(51,208)	Issuance of general obligation bonds	(5,705,000)	Repayments of general obligation bonds	3,525,325	Repayments of tax increment financing bonds	625,000	Premiums from issuance of debt	(667,943)		(50,469)		210,347	Bond premium amortization	174,202	Amortize gain on prior years refunding bonds	11,884	Amortize loss on prior years refunding bonds	(32,653)	Net pension liability and related deferred outflows and inflows of resources	434,069	Net OPEB liability and related deferred outflows and inflows of resources	(762,120)	Tax refunds payable	(3,547,939)	Other (compensated absences and landfill liability)	(19,179)		199,016
Capital outlay	7,853,156																																		
Depreciation	(4,363,969)																																		
Loss on disposal of capital assets	(51,208)																																		
Issuance of general obligation bonds	(5,705,000)																																		
Repayments of general obligation bonds	3,525,325																																		
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Premiums from issuance of debt	(667,943)																																		
	(50,469)																																		
	210,347																																		
Bond premium amortization	174,202																																		
Amortize gain on prior years refunding bonds	11,884																																		
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Net pension liability and related deferred outflows and inflows of resources	434,069																																		
Net OPEB liability and related deferred outflows and inflows of resources	(762,120)																																		
Tax refunds payable	(3,547,939)																																		
Other (compensated absences and landfill liability)	(19,179)																																		
	199,016																																		
Change in net position of governmental activities	\$ <u>3,515,303</u>																																		

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

CITY OF KEENE, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2019

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 25,201,519	\$ 25,201,519	\$ 25,201,519	\$ -
Interest, penalties, and other taxes	1,080,135	1,080,135	1,174,853	94,718
Licenses and permits	3,657,935	3,657,935	3,987,992	330,057
Intergovernmental	2,707,392	2,707,392	2,683,389	(24,003)
Charges for services	1,922,494	1,922,494	2,500,142	577,648
Other revenues	<u>1,573,288</u>	<u>1,573,288</u>	<u>1,867,485</u>	<u>294,197</u>
Total Revenues	36,142,763	36,142,763	37,415,380	1,272,617
Expenditures				
Elected and Appointed Officials:				
Mayor & city council	152,882	154,202	120,411	33,791
Outside agencies & unclassified	372,512	372,512	377,176	(4,664)
Non-departmental (employee benefits)	672,479	523,308	368,697	154,611
Risk management	286,127	286,127	284,654	1,473
City manager	444,426	453,152	453,077	75
City attorney	349,159	354,217	301,969	52,248
City clerk	597,370	604,046	597,897	6,149
Administrative Services:				
Assessment	487,405	492,435	481,625	10,810
Finance	1,580,148	1,596,333	1,491,942	104,391
Human services	723,130	725,192	688,921	36,271
Human resources	363,191	369,293	369,247	46
Information technology	1,294,103	1,308,629	1,263,615	45,014
Debt service	4,533,629	4,533,629	4,467,463	66,166
Community Services:				
Fire	6,981,063	6,989,788	6,951,200	38,588
Library	1,420,229	1,445,012	1,421,147	23,865
Parks, Rec & Facilities	3,420,664	3,429,426	3,258,975	170,451
Youth services	114,815	116,622	111,442	5,180
Police	7,515,578	7,528,895	7,267,690	261,205
Municipal Development Services:				
Airport	640,756	645,461	645,438	23
Community development	1,630,192	1,639,626	1,447,194	192,432
Public works	<u>4,417,387</u>	<u>4,429,340</u>	<u>4,328,382</u>	<u>100,958</u>
Total Expenditures	<u>37,997,245</u>	<u>37,997,245</u>	<u>36,698,162</u>	<u>1,299,083</u>
Other Financing Sources/(Uses)				
Transfers in	2,527,046	2,527,046	2,487,084	(39,962)
Transfers out	(1,554,967)	(1,639,967)	(1,606,434)	33,533
Use of fund balance	<u>882,403</u>	<u>967,403</u>	<u>-</u>	<u>(967,403)</u>
Total Other Financing Sources/(Uses)	<u>1,854,482</u>	<u>1,854,482</u>	<u>880,650</u>	<u>(973,832)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,597,868</u>	\$ <u>1,597,868</u>

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

CITY OF KEENE, NEW HAMPSHIRE

SOLID WASTE FUND

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

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services	\$ 4,740,636	\$ 4,963,074	\$ 222,438
Licenses and permits	58,000	55,657	(2,343)
Investment income	37,495	69,368	31,873
Miscellaneous	<u>-</u>	<u>195</u>	<u>195</u>
Total Revenues	4,836,131	5,088,294	252,163
Expenditures			
Public works	4,866,806	4,865,040	1,766
Debt service:			
Principal	33,500	33,500	-
Interest	<u>12,360</u>	<u>13,818</u>	<u>(1,458)</u>
Total Expenditures	4,912,666	4,912,358	308
Other Financing Sources/(Uses)			
Use of fund balance	141,535	-	(141,535)
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>76,535</u>	<u>(65,000)</u>	<u>(141,535)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	\$ <u><u>-</u></u>	\$ <u><u>110,936</u></u>	\$ <u><u>110,936</u></u>

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

CITY OF KEENE, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Total	
Assets				
Current:				
Investments	\$ 3,243,302	\$ 5,330,812	\$ 8,574,114	\$ 640,583
User fees, net of allowance for uncollectibles	1,545,666	2,004,137	3,549,803	-
Accounts receivable	-	18,693	18,693	4,993
Notes receivable	-	68,079	68,079	-
Intergovernmental receivables	-	25,216	25,216	-
Due from other funds	2,475,231	4,082,731	6,557,962	901,575
Prepaid items	-	-	-	2,503
Inventory	<u>125,289</u>	<u>126,571</u>	<u>251,860</u>	<u>238,217</u>
Total current assets	7,389,488	11,656,239	19,045,727	1,787,871
Noncurrent:				
Notes receivable, net of current portion	-	676,364	676,364	-
Capital assets:				
Land and construction in progress	4,524,192	401,955	4,926,147	-
Capital assets, net of accumulated depreciation	<u>21,615,997</u>	<u>31,795,851</u>	<u>53,411,848</u>	<u>2,617,832</u>
Total noncurrent assets	26,140,189	32,874,170	59,014,359	2,617,832
Deferred Outflows of Resources				
Related to pensions	150,654	218,414	369,068	-
Related to OPEB	3,550	6,733	10,283	-
Other	<u>-</u>	<u>41,604</u>	<u>41,604</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	33,683,881	44,797,160	78,481,041	4,405,703
Liabilities				
Current:				
Warrants payable	101,207	158,724	259,931	87,311
Accounts payable	106,839	120,528	227,367	60,820
Accrued liabilities	23,844	26,440	50,284	17,541
Other current liabilities	7,967	36,921	44,888	-
Current portion of long-term liabilities:				
Bonds payable	188,583	1,419,632	1,608,215	-
Other liabilities	<u>14,224</u>	<u>14,074</u>	<u>28,298</u>	<u>7,346</u>
Total current liabilities	442,664	1,776,319	2,218,983	173,018
Noncurrent:				
Bonds payable, net of current portion	1,084,986	8,485,623	9,570,609	-
Net pension liability	958,021	1,406,238	2,364,259	-
Net OPEB liability	277,016	417,000	694,016	-
Other liabilities, net of current portion	<u>128,012</u>	<u>126,668</u>	<u>254,680</u>	<u>66,111</u>
Total noncurrent liabilities	2,448,035	10,435,529	12,883,564	66,111
Deferred Inflows of Resources				
Related to pensions	83,997	123,296	207,293	-
Related to OPEB	46,779	65,479	112,258	-
Other	<u>19,695</u>	<u>53,098</u>	<u>72,793</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	3,041,170	12,453,721	15,494,891	239,129
Net Position				
Net investment in capital assets	24,823,318	22,292,551	47,115,869	2,617,832
Unrestricted	<u>5,819,393</u>	<u>10,050,888</u>	<u>15,870,281</u>	<u>1,548,742</u>
Total Net Position	\$ <u>30,642,711</u>	\$ <u>32,343,439</u>	\$ <u>62,986,150</u>	\$ <u>4,166,574</u>

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

CITY OF KEENE, NEW HAMPSHIRE

PROPRIETARY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Operating Revenues				
Charges for services	\$ 4,075,327	\$ 6,017,723	\$ 10,093,050	\$ 2,524,420
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,062</u>
Total Operating Revenues	4,075,327	6,017,723	10,093,050	2,543,482
Operating Expenses				
Salaries and benefits	1,465,986	2,118,496	3,584,482	820,401
Other operating expenses	1,458,589	2,092,399	3,550,988	1,126,610
Depreciation	<u>934,271</u>	<u>1,354,653</u>	<u>2,288,924</u>	<u>397,702</u>
Total Operating Expenses	<u>3,858,846</u>	<u>5,565,548</u>	<u>9,424,394</u>	<u>2,344,713</u>
Operating Income	216,481	452,175	668,656	198,769
Nonoperating Revenues (Expenses)				
Investment income	148,088	241,797	389,885	38,324
Loss on disposal of capital assets	(9,328)	(49,569)	(58,897)	(35,428)
Interest expense	<u>(41,205)</u>	<u>(224,426)</u>	<u>(265,631)</u>	<u>(2,649)</u>
Total Nonoperating Revenues (Expenses), Net	<u>97,555</u>	<u>(32,198)</u>	<u>65,357</u>	<u>247</u>
Income Before Contributions	314,036	419,977	734,013	199,016
Contributions				
Capital contributions	<u>-</u>	<u>220,561</u>	<u>220,561</u>	<u>-</u>
Change in Net Position	314,036	640,538	954,574	199,016
Net Position at Beginning of Year	<u>30,328,675</u>	<u>31,702,901</u>	<u>62,031,576</u>	<u>3,967,558</u>
Net Position at End of Year	<u>\$ 30,642,711</u>	<u>\$ 32,343,439</u>	<u>\$ 62,986,150</u>	<u>\$ 4,166,574</u>

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

CITY OF KEENE, NEW HAMPSHIRE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 3,948,111	\$ 6,226,944	\$ 10,175,055	\$ 2,543,442
Payments to vendors	(1,522,528)	(2,269,494)	(3,792,022)	(1,115,721)
Payments to employees for salaries and benefits	(1,476,514)	(2,117,940)	(3,594,454)	(807,025)
Net Cash Provided By Operating Activities	949,069	1,839,510	2,788,579	620,696
Cash Flows From Noncapital Financing Activities				
Proceeds (payments) under interfund loan agreements	13,841	(1,447,528)	(1,433,687)	(38,927)
Net Cash Provided By (Used For) Noncapital Financing Activities	13,841	(1,447,528)	(1,433,687)	(38,927)
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	(1,427,734)	(503,689)	(1,931,423)	(659,246)
Proceeds from issuance of bonds	-	1,350,000	1,350,000	-
Principal payments on bonds	(186,015)	(1,332,384)	(1,518,399)	-
Principal payments on leases	-	-	-	(92,417)
Interest expense	(41,597)	(209,903)	(251,500)	(2,649)
Capital contributions	-	270,136	270,136	-
Net Cash (Used For) Capital and Related Financing Activities	(1,655,346)	(425,840)	(2,081,186)	(754,312)
Cash Flows From Investing Activities				
Proceeds from sale of investments	544,348	-	544,348	134,219
Purchase of investments	-	(207,939)	(207,939)	-
Investment income	148,088	241,797	389,885	38,324
Net Cash Provided By Investing Activities	692,436	33,858	726,294	172,543
Net Change in Cash and Short-Term Investments	-	-	-	-
Cash and Short-Term Investments, Beginning of Year	-	-	-	-
Cash and Short-Term Investments, End of Year	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities				
Operating income (loss)	\$ 216,481	\$ 452,175	\$ 668,656	\$ 198,769
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	934,271	1,354,653	2,288,924	397,702
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees	(128,761)	82,131	(46,630)	(40)
Inventory	14,709	(1,416)	13,293	(1,924)
Other assets	1,722	141,083	142,805	12,602
Deferred outflows - related to pensions	8,368	100,830	109,198	-
Deferred outflows - related to OPEB	(2,121)	(2,311)	(4,432)	-
Warrants and accounts payable	(80,370)	(182,087)	(262,457)	211
Accrued liabilities	16,091	(54,901)	(38,810)	13,376
Other liabilities	(27)	(7,585)	(7,612)	-
Net pension liability	(76,566)	(112,388)	(188,954)	-
Net OPEB liability	(19,424)	(23,122)	(42,546)	-
Deferred inflows - related to pensions	35,191	51,656	86,847	-
Deferred inflows - related to OPEB	29,505	40,792	70,297	-
Net Cash Provided By Operating Activities	\$ 949,069	\$ 1,839,510	\$ 2,788,579	\$ 620,696

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

CITY OF KEENE, NEW HAMPSHIRE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	<u>Private Purpose Trust Funds</u>
Assets	
Investments:	
Corporate equities	\$ <u>4,017,445</u>
Total Assets	4,017,445
Liabilities	
Due to external parties - governmental funds	<u>3,750</u>
Total Liabilities	<u>3,750</u>
Net Position	
Restricted for other purposes	\$ <u><u>4,013,695</u></u>

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

CITY OF KEENE, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Private Purpose Trust Funds</u>
Additions	
Investment Income:	
Increase in fair value of investments	\$ <u>369,329</u>
Total additions	369,329
Deductions	
Benefits	<u>73,614</u>
Total deductions	<u>73,614</u>
Net increase	295,715
Net position restricted for other purposes	
Beginning of year	<u>3,717,980</u>
End of year	\$ <u><u>4,013,695</u></u>

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

CITY OF KEENE, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City is a municipal corporation governed by a Mayor/City Council/Manager form of government. As required by generally accepted accounting principles, these financial statements present the City and applicable component units for which the government is considered to be financially accountable. In fiscal year 2019, it was determined that no entities met the required GASB 14 (as amended by GASB 61) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental

funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

- The *general fund* is the 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 *solid waste fund* accounts for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.

- The *capital projects fund* accounts for the activity pertaining to various construction/renovation projects and the purchase of vehicles and equipment of the City.

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

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

The City reports the following major proprietary funds:

- The *water fund* accounts for the operations, maintenance, and capital outlay needs of the water treatment and distribution systems.
- The *sewer fund* accounts for the operations, maintenance, and capital outlay needs of the sewer collection and treatment systems.

The *internal service funds* are used to account for the financing of services provided by one department to other departments of the City on a cost-reimbursement basis. The City reports two internal service funds for fleet maintenance and computer replacements.

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

The City reports the following fiduciary funds:

- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

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

E. Investments

State and local statutes, as well as the City's investment policy, place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Investments in the following are considered in compliance with the City's investment objectives/policy: U.S. Treasury obligations, U.S. government agencies and instrumentality obligations, repurchase agreements with New Hampshire banks acting as principal or agent, collateralized by U.S. Treasury/Agency obligations, certificates of deposits, and the New Hampshire Public Deposit Investment Pool (NHPDIP).

Investments for the trust funds consist of marketable securities, bonds, short-term money market investments, and long-term certificates of deposits. Investments are carried at fair value except non-negotiable certificates of deposits which are reported at cost.

F. Interfund Receivables and Payables

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

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

G. Inventories

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 for infrastructure, \$5,000 for all other items, and estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Land improvements	20
Infrastructure	50 - 60
Vehicles and equipment	10 - 30

I. Compensated Absences

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

J. Long-Term Obligations

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

K. Fund Equity

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

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

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

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

L. Use of Estimates

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

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

A. *Budgetary Information*

The City Manager presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by the City Council, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at City Council meetings as required by changing conditions.

Departments are limited to their voted budgets. However, City Council authorization is needed to use salary and wage appropriations for other operating expenditures, and vice versa.

Formal budgetary integration is employed as a management control device during the year for the general fund, solid waste fund, parking fund and proprietary funds.

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

B. *Budgetary Basis*

The general fund and solid waste fund final appropriations appearing on the "Budget and Actual" pages of the fund financial statements represent the final amended budget after all reserve fund transfers and supplemental appropriations.

C. *Budget/GAAP Reconciliation*

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

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

<u>General Fund</u>	<u>Revenues and Transfers In</u>	<u>Expenditures and Transfers Out</u>
Revenues/expenditures/transfers (GAAP Basis)	\$ 37,640,186	\$ 35,636,280
Adjust tax revenue to accrual basis	336,536	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(448,192)
Add end of year appropriation carryforwards to expenditures	-	802,771
To reverse capital reserve activity	(236,304)	1,691
To reverse City admin charges	2,162,046	2,162,046
To reverse nonbudgeted activity	-	150,000
Budgetary Basis	<u>\$ 39,902,464</u>	<u>\$ 38,304,596</u>

D. Excess of Expenditures Over Appropriations

Expenditures exceeding appropriations during the current fiscal year were as follows:

General fund	
Outside agencies & unclassified	\$ (4,664)
Solid waste fund	
Interest	\$ (1,458)

3. Cash and Short-Term Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure of the counterparty, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another part.

Pursuant to NH Statue, “the treasurer shall insure that prior to the acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall make available at the time of such deposit or investment an option to have such funds secured by collateral having a value

at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the City.” The City does not have a deposit policy for custodial credit risk.

As of June 30, 2019, \$2,913,758 of the City’s bank balance of \$66,479,368 was exposed to custodial credit risk as uninsured and/or uncollateralized.

A portion of the uncollateralized amount, \$2,483,694, represents the cash portion of the Cambridge Trust Company investment portfolios, held by the Trustees of Trust Funds.

4. Investments

City

The following is a summary of the City’s investments as of June 30, 2019:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ 4,015,515
Corporate bonds	877,191
Corporate equities	6,221,581
Equity mutual funds	1,002,278
Federal agency securities	5,990,810
Fixed income taxable funds	942,186
Fixed income tax exempt funds	763,019
Mortgage backed securities	151,841
Municipal bonds	178,563
U.S. Treasury notes	<u>601,758</u>
Total investments	<u>\$ 20,744,742</u>

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year-end for each investment of the City (All federal agency securities have an implied credit rating of AAA):

Ratings as of Year-End								
Investment Type	Amount	Aaa	Aa3	A1	A3	Baa1	Baa3	Not Rated
Certificates of deposits	\$ 4,015,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,015,515
Corporate bonds	877,191	-	104,908	255,675	310,220	-	206,388	-
Corporate equities	6,221,581	-	-	-	-	-	-	6,221,581
Equity mutual funds	1,002,278	-	-	-	-	-	-	1,002,278
Federal agency securities	5,990,810	5,990,810	-	-	-	-	-	-
Fixed income taxable funds	942,186	-	-	-	-	-	-	942,186
Fixed income tax exempt funds	763,019	-	-	-	-	390,506	372,513	-
Mortgage backed securities	151,841	151,841	-	-	-	-	-	-
Municipal bonds	178,563	-	102,626	75,937	-	-	-	-
U.S. Treasury notes	601,758	601,758	-	-	-	-	-	-
Total investments	\$ 20,744,742	\$ 6,744,409	\$ 207,534	\$ 331,612	\$ 310,220	\$ 390,506	\$ 578,901	\$ 12,181,560

B. Custodial Credit Risk

The custodial credit risk for investments 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. The City's investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the City's brokerage firm, which is also the Counterparty to these securities. The City does not have formal investment policies for custodial credit risk. The City manages this custodial credit risk with SIPC and excess SIPC.

As of June 30, 2019, all of the City's total investments were subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the City's brokerage firm, which is also the counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Held by Counterparty</u>
Certificates of deposits	\$ 4,015,515	\$ 4,015,515
Corporate bonds	877,191	877,191
Corporate equities	6,221,581	6,221,581
Equity mutual funds	1,002,278	1,002,278
Federal agency securities	5,990,810	5,990,810
Fixed income taxable funds	942,186	942,186
Fixed income tax exempt funds	763,019	763,019
Mortgage backed securities	151,841	151,841
Municipal bonds	178,563	178,563
U.S. Treasury notes	601,758	601,758
Total	\$ 20,744,742	\$ 20,744,742

C. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Other than U.S. Government securities, the City does not have an investment in one issuer greater than 5% of total investments.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's policy on interest rate risk is to purchase a combination of shorter term and longer-term investments and time cash flow from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Certificates of deposits	\$ 4,015,515	\$ 750,201	\$ 3,265,314	\$ -
Corporate bonds	877,191	-	309,612	567,579
Federal agency securities	5,990,810	-	5,990,810	-
Fixed income taxable funds	942,186	311,590	217,556	413,040
Fixed income tax exempt funds	763,019	-	-	763,019
Mortgage backed securities	151,841	-	-	151,841
Municipal bonds	178,563	-	-	178,563
U.S. Treasury notes	601,758	601,758	-	-
Total	\$ 13,520,883	\$ 1,663,549	\$ 9,783,292	\$ 2,074,042

E. Foreign Currency Risk

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

F. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

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

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

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

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

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Corporate bonds	\$ 877,191	\$ -	\$ 877,191	\$ -
Corporate equities	6,221,581	6,221,581	-	-
Equity mutual funds	1,002,278	1,002,278	-	-
Federal agency securities	5,990,810	-	5,990,810	-
Fixed income taxable funds	942,186	942,186	-	-
Fixed income tax exempt funds	763,019	763,019	-	-
Mortgage backed securities	151,841	-	151,841	-
Municipal bonds	178,563	-	178,563	-
U.S. Treasury notes	601,758	-	601,758	-
Total	\$ 16,729,227	\$ 8,929,064	\$ 7,800,163	\$ -

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

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices.

Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

5. Property Taxes Receivable

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

At the time of the tax lien, which the City usually places within 60 to 90 days after the due date, a lien is recorded on the property at the Registry of Deeds. If the property taxes (redemptions) are not paid within two years and one day of the tax lien date, the property could be conveyed to the City by deed and subsequently sold at public sale held in November of each year. Property taxes collected before the due date, and in advance of the year for which they are levied, are recorded as a deferred inflow of resources as they are intended to finance the subsequent year’s operations.

The City annually raises through tax levy an amount (overlay for abatements) for property tax abatements and interest refunds. All abatements and interest refunds are charged to overlay.

Property taxes receivable at June 30, 2019 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long-Term Portion
Real estate taxes	\$ 6,667	\$ -	\$ 6,667	\$ -
Tax liens	2,124,169	(191,273)	-	1,932,896
Elderly liens	177,594	(17,759)	159,835	-
Tax deeded properties	<u>153,069</u>	<u>(15,307)</u>	<u>137,762</u>	<u>-</u>
Total property taxes	<u>\$ 2,461,499</u>	<u>\$ (224,339)</u>	<u>\$ 304,264</u>	<u>\$ 1,932,896</u>

Taxes Collected for Others

The City collects property taxes for the State of New Hampshire, the Keene Union School District and the County of Cheshire. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the City.

6. User Fee Receivables

Each year the City issues four quarterly water/sewer bills. Bills include a base rate and consumption charge based on usage. Seasonal water bills are issued once per year.

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

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Water	\$ 1,547,930	\$ (2,264)	\$ 1,545,666
Sewer	<u>2,010,327</u>	<u>(6,190)</u>	<u>2,004,137</u>
Total	<u>\$ 3,558,257</u>	<u>\$ (8,454)</u>	<u>\$ 3,549,803</u>

7. Accounts Receivable

This balance represents fees or services that were rendered but not yet paid by year end. Governmental receivables consist of the following:

	<u>Net Amount (fund basis)</u>	<u>Net Amount (accrual basis)</u>
Landfill tipping fees	\$ 575,507	\$ 575,507
Ambulance services	397,420	397,420
Other	456,526	456,526
Fleet services	<u>-</u>	<u>4,993</u>
Total Accounts Receivable	<u>\$ 1,429,453</u>	<u>\$ 1,434,446</u>

8. Notes Receivable

The State of New Hampshire provides financial assistance to communities for the planning, design, and construction of certain sewage disposal facilities. This balance represents the remaining portion to be received from the State of New Hampshire.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 43,769	\$ 24,310	\$ 68,079
2021	43,769	22,505	66,274
2022	43,769	20,597	64,366
2023	43,769	18,514	62,283
2024	44,218	16,324	60,542
2025 - 2029	212,813	52,262	265,075
2030 - 2034	<u>143,516</u>	<u>14,308</u>	<u>157,824</u>
Total	<u>\$ 575,623</u>	<u>\$ 168,820</u>	<u>\$ 744,443</u>

9. Intergovernmental Receivables

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

10. Interfund Receivables/Payables and Transfers

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

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

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 16,099,705
Solid Waste Fund	1,822,463	-
Capital Project Fund	5,178,507	-
Special Revenue Funds:		
Grants	1,389,549	-
Parking	253,399	-
Enterprise Funds:		
Water	2,475,231	-
Sewer	4,082,731	-
Internal Service Funds:		
Fleet	656,861	-
PC Replacement	244,714	-
Fiduciary Funds	-	3,750
Total	<u>\$ 16,103,455</u>	<u>\$ 16,103,455</u>

During fiscal year 2007, the City voted to authorize \$2,100,000 for the design and construction of a round-about at the intersection of Main, Marlboro, and Winchester Streets. The appropriation was funded by an inter-fund loan from the solid waste fund to the general fund, water fund, and sewer fund, for \$1,723,400, \$191,440, and \$185,160, respectively. These advanced funds will be repaid according to a payment schedule through fiscal year 2027. The water and sewer portions were paid in full in 2015. As of June 30, 2019, the following balances remain outstanding:

<u>Fund</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
General Fund	\$ -	\$ 689,360
Solid Waste Fund	689,360	-
Total	<u>\$ 689,360</u>	<u>\$ 689,360</u>

The City reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers.

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 930,076	\$ 1,661,486
Solid Waste Fund	-	65,000
Capital Project Fund	1,806,864	38
Nonmajor Funds:		
Special Revenue Funds:		
Grants	9,743	357,346
Parking	-	119,700
Library Renovation Trust	-	384,000
Other Expendable Trusts	-	1,006
Permanent Fund	-	158,107
Total	<u>\$ 2,746,683</u>	<u>\$ 2,746,683</u>

Of the \$1,661,486 transfer out from the general fund, \$1,651,743 was to capital projects, which represents the City's practice of funding certain capital activity from general fund revenues and capital reserves. Of the \$384,000 transfer out from the Library renovation trust, \$5,000 was to capital projects for the Library Campus Development project. The remaining \$379,000 was transferred to the general fund for reimbursement of costs associated with the Library Campus Development project.

The City's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

11. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities - Total				
Capital assets, being depreciated:				
Buildings and improvements	\$ 41,097,964	\$ 322,643	\$ (12,477)	\$ 41,408,130
Vehicles and equipment	23,708,658	1,172,793	(478,609)	24,402,842
Land improvement	10,442,060	307,790	-	10,749,850
Infrastructure	<u>80,670,577</u>	<u>1,315,339</u>	<u>(50,051)</u>	<u>81,935,865</u>
Total capital assets, being depreciated	155,919,259	3,118,565	(541,137)	158,496,687
Less accumulated depreciation for:				
Buildings and improvements	(14,616,953)	(803,977)	11,250	(15,409,680)
Vehicles and equipment	(15,303,572)	(1,248,517)	443,181	(16,108,908)
Land improvement	(7,504,285)	(399,836)	-	(7,904,121)
Infrastructure	<u>(57,255,458)</u>	<u>(2,309,341)</u>	<u>70</u>	<u>(59,564,729)</u>
Total accumulated depreciation	<u>(94,680,268)</u>	<u>(4,761,671)</u>	<u>454,501</u>	<u>(98,987,438)</u>
Total capital assets, being depreciated, net	61,238,991	(1,643,106)	(86,636)	59,509,249
Capital assets, not being depreciated:				
Land	19,281,440	40,524	-	19,321,964
Construction in progress	<u>12,555,025</u>	<u>6,876,886</u>	<u>(1,523,573)</u>	<u>17,908,338</u>
Total capital assets, not being depreciated	<u>31,836,465</u>	<u>6,917,410</u>	<u>(1,523,573)</u>	<u>37,230,302</u>
Governmental activities capital assets, net	<u>\$ 93,075,456</u>	<u>\$ 5,274,304</u>	<u>\$ (1,610,209)</u>	<u>\$ 96,739,551</u>

The following two tables provide further detail regarding governmental activities capital assets as it represents general, solid waste and parking funds as well as internal service funds capital assets.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities - General				
Capital assets, being depreciated:				
Buildings and improvements	\$ 41,097,964	\$ 322,643	\$ (12,477)	\$ 41,408,130
Vehicles and equipment	16,951,327	513,547	-	17,464,874
Land improvement	10,442,060	307,790	-	10,749,850
Infrastructure	<u>80,670,577</u>	<u>1,315,339</u>	<u>(50,051)</u>	<u>81,935,865</u>
Total capital assets, being depreciated	149,161,928	2,459,319	(62,528)	151,558,719
Less accumulated depreciation for:				
Buildings and improvements	(14,616,953)	(803,977)	11,250	(15,409,680)
Vehicles and equipment	(10,937,957)	(850,815)	-	(11,788,772)
Land improvement	(7,504,285)	(399,836)	-	(7,904,121)
Infrastructure	<u>(57,255,458)</u>	<u>(2,309,341)</u>	<u>70</u>	<u>(59,564,729)</u>
Total accumulated depreciation	<u>(90,314,653)</u>	<u>(4,363,969)</u>	<u>11,320</u>	<u>(94,667,302)</u>
Total capital assets, being depreciated, net	58,847,275	(1,904,650)	(51,208)	56,891,417
Capital assets, not being depreciated:				
Land	19,281,440	40,524	-	19,321,964
Construction in progress	<u>12,555,025</u>	<u>6,876,886</u>	<u>(1,523,573)</u>	<u>17,908,338</u>
Total capital assets, not being depreciated	<u>31,836,465</u>	<u>6,917,410</u>	<u>(1,523,573)</u>	<u>37,230,302</u>
Governmental activities - general capital assets, net	<u>\$ 90,683,740</u>	<u>\$ 5,012,760</u>	<u>\$ (1,574,781)</u>	<u>\$ 94,121,719</u>

	Beginning	Increases	Decreases	Ending
Governmental Activities - Internal Service				
Capital assets, being depreciated:				
Vehicles and equipment	\$ 6,757,331	\$ 659,246	\$ (478,609)	\$ 6,937,968
Total capital assets, being depreciated	6,757,331	659,246	(478,609)	6,937,968
Less accumulated depreciation for:				
Vehicles and equipment	(4,365,615)	(397,702)	443,181	(4,320,136)
Total accumulated depreciation	(4,365,615)	(397,702)	443,181	(4,320,136)
Governmental activities - internal service capital assets, net	\$ 2,391,716	\$ 261,544	\$ (35,428)	\$ 2,617,832
	Beginning	Increases	Decreases	Ending
Business-Type Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,315,405	\$ 322,701	\$ -	\$ 20,638,106
Vehicles and equipment	16,797,931	2,520,743	(975,638)	18,343,036
Land improvement	428,115	-	-	428,115
Infrastructure	63,207,676	656,891	(10,642)	63,853,925
Total capital assets, being depreciated	100,749,127	3,500,335	(986,280)	103,263,182
Less accumulated depreciation for:				
Buildings and improvements	(10,831,394)	(389,461)	-	(11,220,855)
Vehicles and equipment	(10,063,521)	(705,823)	916,741	(9,852,603)
Land improvement	(403,564)	(2,004)	-	(405,568)
Infrastructure	(27,191,314)	(1,191,636)	10,642	(28,372,308)
Total accumulated depreciation	(48,489,793)	(2,288,924)	927,383	(49,851,334)
Total capital assets, being depreciated, net	52,259,334	1,211,411	(58,897)	53,411,848
Capital assets, not being depreciated:				
Land	2,478,735	-	-	2,478,735
Construction in progress	4,016,323	1,388,845	(2,957,756)	2,447,412
Total capital assets, being depreciated, net	6,495,058	1,388,845	(2,957,756)	4,926,147
Business-type activities capital assets, net	\$ 58,754,392	\$ 2,600,256	\$ (3,016,653)	\$ 58,337,995

Depreciation expense was charged to functions of the City as follows:

Governmental Activities	
General government	\$ 409,768
Public safety	583,956
Public works	2,295,459
Library	252,671
Community development	16,040
Parks and facilities	219,334
Airport	586,741
Fleet	397,702
Total governmental activities	\$ 4,761,671

Business-Type Activities	
Water	\$ 934,271
Sewer	<u>1,354,653</u>
Total business-type activities	<u>\$ 2,288,924</u>

12. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

Deferred outflows of resources (exclusive of pension and OPEB) for governmental activities of \$186,114, resulted from the loss on prior year debt refundings that will be amortized over the life of the new bonds.

13. Warrants and Accounts Payable

The City separates expenditures incurred in fiscal year 2019 but paid after year-end between two accounts. Warrants payable represents expenditures associated with an open purchase order, while accounts payable represent costs incurred that either were liquidated against a blanket purchase order (i.e., credit card purchases) or have no existing purchase order.

14. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Board of Tax and Land Appeals.

15. Long-Term Debt

A. General Obligation Bonds

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

	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
<u>Governmental Activities:</u>	<u>Through</u>	<u>Rate(s) %</u>	<u>as of</u>
			<u>6/30/19</u>
Hanger construction	03/2022	3.50 - 5.10%	\$ 37,500
Drainage improvements	03/2022	3.50 - 5.10%	98,250
Transfer station addition	03/2022	3.50 - 5.10%	67,500
Bridge rehabilitation	03/2022	3.50 - 5.10%	15,000
Emergency service facility	03/2022	3.50 - 5.10%	133,500
Intersection improvements	03/2022	3.50 - 5.10%	66,000
Property acquisition	03/2022	3.50 - 5.10%	943,000
Public improvements	05/2023	2.50 - 4.17%	800,000
Municipal facilities roof replacement	11/2019	2.00 - 3.50%	25,000
Bike path north bridge	11/2019	2.00 - 3.50%	35,000
Drainage 2009	11/2019	2.00 - 3.50%	40,000
Road reconstruction 2009	11/2019	2.00 - 3.50%	150,000
Drainage 2010	10/2020	2.00 - 4.00%	180,000
Road construction 2010	10/2020	2.00 - 4.00%	200,000
Fire Station 2010	10/2030	2.00 - 4.00%	3,000,000
Robin Hood dam	10/2030	2.00 - 4.00%	360,000
Energy improvements	12/2021	2.00 - 3.00%	565,000
Infrastructure 2011	12/2021	2.00 - 3.00%	600,000
Consolidated infrastructure 2013	01/2023	2.00%	456,200
Municipal facilities 2013 refunded	01/2026	2.00%	2,298,700
Sidewalk construction 2013 refunded	01/2026	2.00%	35,700
Drainage improvements 2013 refunded	01/2026	2.00%	160,000
General Obligation Bonds 2015	11/2034	2.00 - 4.00%	2,855,000
Consolidated infrastructure	09/2026	2.00 - 4.00%	1,085,000
City Hall boiler replacement & oil tank removal	09/2026	2.00 - 4.00%	81,000
Defibrillator replacement	09/2023	2.00 - 4.00%	48,000
Flood management	09/2026	2.00 - 4.00%	317,000
Consolidated infrastructure	09/2026	2.00 - 4.00%	1,162,000
Defibrillator replacement	09/2023	2.00 - 4.00%	46,000
Goose Pond dam improvements	09/2021	2.00 - 4.00%	63,000
2017 Refunding Series 2016 B	07/2028	2.00 - 4.00%	1,649,619
Transfer station tip floor replacement	09/2026	2.00 - 4.00%	83,000
LED Street Lighting	09/2038	3.00 - 3.50%	285,000
Airport Terminal Improve	09/2038	3.00 - 3.50%	200,000
Consolidated Infrastructure	09/2038	3.00 - 3.50%	1,301,500
Consolidated Infrastructure	09/2038	3.00 - 3.50%	1,267,500
Flood Management	09/2038	3.00 - 3.50%	906,000
Winchester Street Bypass	09/2038	3.00 - 3.50%	610,000
Goose Pond Dam Improvements	09/2038	3.00 - 3.50%	885,000
Transfer Station Energy Source	09/2038	3.00 - 3.50%	250,000
Total Governmental Activities			<u>\$ 23,360,969</u>

	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
<u>Business-Type Activities:</u>	<u>Through</u>	<u>Rate(s) %</u>	<u>as of</u>
			<u>6/30/19</u>
Water Fund:			
Treatment facility refunded	09/2021	0.00%	\$ 221,285
'09 Infrastructure	11/2022	0.00%	292,284
Reservoir dam repairs	09/2036	2.00 - 4.00%	760,000
Total Water Fund			<u>1,273,569</u>

Sewer Fund:			
Sewer main improvements	01/2033	2.00 - 2.75%	628,400
Martel court pump & motor control	01/2023	2.00%	466,100
Advance treatment refunded	01/2026	2.00%	139,900
Sewer main improvement refunded	01/2026	2.00%	465,000
WWTP closure	11/2034	2.00 - 4.00%	640,000
2017 Refunding Series 2016 B	07/2028	2.00 - 4.00%	1,080,381
'10 Infrastructure	09/2023	0.00%	689,058
'09 Infrastructure	12/2023	1.98%	564,803
WWTP construction	05/2025	1.60%	3,881,613
2018 Martel Court Headworks Replace	09/2033	3.00 - 3.50%	<u>1,350,000</u>
Total Sewer Fund			<u>9,905,255</u>
Total Business-Type Activities			<u>\$ 11,178,824</u>

B. Future Debt Service on General Obligation Bonds

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,828,075	\$ 806,172	\$ 4,634,247
2021	3,353,485	682,134	4,035,619
2022	3,141,485	565,674	3,707,159
2023	2,580,735	454,492	3,035,227
2024	2,014,485	356,121	2,370,606
2025 - 2029	6,557,704	845,747	7,403,451
2030 - 2034	1,610,000	148,733	1,758,733
2035 - 2039	<u>275,000</u>	<u>18,723</u>	<u>293,723</u>
Total	<u>\$ 23,360,969</u>	<u>\$ 3,877,796</u>	<u>\$ 27,238,765</u>

The following governmental funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of June 30, 2019:

General fund	\$ 20,295,469
Solid waste fund	400,500
Parking fund	<u>2,665,000</u>
Total	<u>\$ 23,360,969</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Water Fund:</u>			
2020	\$ 188,583	\$ 35,762	\$ 224,345
2021	191,198	31,347	222,545
2022	193,859	26,885	220,744
2023	119,929	22,374	142,303
2024	45,000	19,300	64,300
2025 - 2029	215,000	70,500	285,500
2030 - 2034	200,000	35,750	235,750
2035 - 2037	120,000	5,850	125,850
Total Water Fund	\$ <u>1,273,569</u>	\$ <u>247,768</u>	\$ <u>1,521,337</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Sewer Fund:</u>			
2020	\$ 1,419,632	\$ 249,685	\$ 1,669,317
2021	1,406,222	219,385	1,625,607
2022	1,401,222	189,058	1,590,280
2023	1,390,722	158,508	1,549,230
2024	1,276,222	112,264	1,388,486
2025 - 2029	2,161,235	269,826	2,431,061
2030 - 2034	810,000	69,358	879,358
2035	40,000	700	40,700
Total Sewer Fund	\$ <u>9,905,255</u>	\$ <u>1,268,784</u>	\$ <u>11,174,039</u>

C. Tax Increment Financing Bonds

The City has pledged a portion of future tax increment financing revenues to repay tax increment bonds:

- \$4,000,000 in tax increment bonds originally issued in October 1996, and subsequently refunded in December 2006, to finance the economic and water, and sewer development of the Black Brook Corporate Park.
- \$2,100,000 in tax increment bonds originally issued in December 1997, and subsequently refunded in December 2006, to finance the construction of the Wells Street Parking Facility.
- \$760,000 in tax increment bonds issued in June 2015, to finance 93rd and Norway infrastructure improvements.
- \$1,629,000 in tax increment bonds issued in May 2013, to finance the Courthouse parking.

- \$2,011,000 in tax increment bonds issued in September 2016, to finance the Library Campus Development project.

These bonds are payable solely from the tax increment financing taxes generated within the Black Brook Corporate Park Tax Increment Financing District, the Wells Street Parking Facility Tax Increment Financing District, and the Courthouse Parking Tax Increment Financing District, respectively, and are further backed by the full taxing authority of the City.

Tax increment financing bonds currently outstanding are as follows:

	Serial Maturities	Interest Rate(s) %	Amount Outstanding as of 6/30/19
<u>Governmental Activities:</u>	<u>Through</u>		
Wells Street	12/2021	2.00 - 3.00%	\$ 1,095,000
93rd and Norway Infrastructure	11/2024	2.00 - 4.00%	450,000
Parking - Courthouse	05/2033	2.00 - 2.75%	1,120,000
Library Campus Development	09/2036	2.00 - 4.00%	<u>1,800,000</u>
Total Governmental Activities			<u>\$ 4,465,000</u>

D. Future Debt Service on Tax Increment Financing Bonds

The annual payments to retire all tax increment financing bonds outstanding as of June 30, 2019 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 625,000	\$ 131,538	\$ 756,538
2021	623,000	113,328	736,328
2022	620,000	94,268	714,268
2023	257,000	79,953	336,953
2024	257,000	71,073	328,073
2025 - 2029	978,000	247,845	1,225,845
2030 - 2034	820,000	108,940	928,940
2035 - 2037	<u>285,000</u>	<u>13,894</u>	<u>298,894</u>
Total	<u>\$ 4,465,000</u>	<u>\$ 860,839</u>	<u>\$ 5,325,839</u>

E. Changes in General Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion</u>
Governmental Activities						
Bonds payable	\$ 21,181,294	\$ 5,705,000	\$ (3,525,325)	\$ 23,360,969	\$ (3,828,075)	\$ 19,532,894
Unamortized premium	859,268	667,943	(174,202)	1,353,009	(174,202)	1,178,807
Subtotal bonds payable	22,040,562	6,372,943	(3,699,527)	24,713,978	(4,002,277)	20,711,701
Tax increment financing						
bonds payable	5,090,000	-	(625,000)	4,465,000	(625,000)	3,840,000
Net pension liability	34,396,317	-	(2,545,532)	31,850,785	-	31,850,785
Net OPEB liability	7,062,258	532,931	-	7,595,189	-	7,595,189
Other:						
Landfill closure	582,619	-	(58,262)	524,357	(58,262)	466,095
Capital leases	92,417	-	(92,417)	-	-	-
Accrued employee benefits	2,941,482	378,496	(294,148)	3,025,830	(302,583)	2,723,247
Subtotal - other	3,616,518	378,496	(444,827)	3,550,187	(360,845)	3,189,342
Totals	\$ 72,205,655	\$ 7,284,370	\$ (7,314,886)	\$ 72,175,139	\$ (4,988,122)	\$ 67,187,017
Business-Type Activities						
Bonds payable	\$ 11,347,223	\$ 1,350,000	\$ (1,518,399)	\$ 11,178,824	\$ (1,608,215)	\$ 9,570,609
Net pension liability	2,553,213	-	(188,954)	2,364,259	-	2,364,259
Net OPEB liability	736,562	-	(42,546)	694,016	-	694,016
Other:						
Accrued employee benefits	324,458	9,797	(51,277)	282,978	(28,298)	254,680
Subtotal - other	324,458	9,797	(51,277)	282,978	(28,298)	254,680
Totals	\$ 14,961,456	\$ 1,359,797	\$ (1,801,176)	\$ 14,520,077	\$ (1,636,513)	\$ 12,883,564

F. Authorized and Unissued Debt

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

<u>Purpose</u>	<u>Amount</u>
City Hall Rear Wall	\$ 176,000
Flood Management	505,000
Road Rehabilitation	1,264,000
Winchester Street By-Pass	859,000
Transfer Station Roof	168,000
Woodward Pond Dam Improvements	1,727,000
Total	\$ 4,699,000

G. Legal Debt Margin

The following is a computation of the legal debt margin as of June 30, 2019:

Equalized assessed valuation - 2018		\$ <u>1,906,401,769</u>
Debt Limits:		
General - 3% of equalized valuation		\$ 57,192,053
Parking - 0.5% of equalized valuation		9,532,009
Water - 10% of equalized valuation		<u>190,640,177</u>
		257,364,239
Total debt outstanding	39,004,793	
Less: debt exempt from limit	<u>(18,308,824)</u>	
		<u>20,695,969</u>
Legal debt margin		\$ <u>236,668,270</u>

16. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as a liability in the financial statements in each period based on landfill capacity used as of each balance sheet date. (The actual life of the landfill may be longer due to increased recycling efforts. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.)

The current landfill was closed during the year ended June 30, 2001. The City has established a landfill capital reserve to partially finance the closure and post-closure costs. At June 30, 2019, the balance in the landfill capital reserve is \$21,649. The remaining post-closure costs are expected to be financed from the operations of the Solid Waste Fund.

The following is a summary of changes in the estimated liability for post-closure care costs for the year ended June 30, 2019:

Balance - July 1, 2018	\$ 582,619
Expenditures recognized in the Solid Waste Fund	<u>(58,262)</u>
Balance - June 30, 2019	\$ <u>524,357</u>

The \$524,357 reported as landfill closure and postclosure care liability at June 30, 2019 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

17. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as a reduction to expense in future years and is more fully described in the corresponding pension and OPEB notes.

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

	Entity-wide Basis		Fund Basis		
	Governmental Activities	Business-type Activities	Governmental Funds General Fund	Proprietary Funds Water	Proprietary Funds Sewer
Unavailable revenues	\$ -	\$ -	\$ 2,243,388	\$ -	\$ -
Taxes collected in advance	16,669,243	19,501	16,669,243	19,501	-
Gains on refunding bonds	83,191	53,292	-	194	53,098
Total	<u>\$ 16,752,434</u>	<u>\$ 72,793</u>	<u>\$ 18,912,631</u>	<u>\$ 19,695</u>	<u>\$ 53,098</u>

Unavailable revenues are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

Taxes collected in advance are reported in the governmental funds balance sheet in connection with subsequent year property tax revenue collections which are not available for use in the current year.

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

18. Governmental Funds - Balances

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

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

The following types of fund balances are reported at June 30, 2019:

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

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

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the City Council. This fund balance classification includes the solid waste fund, capital reserve funds set aside by City Council resolution for future capital acquisitions and improvements and capital project funds. A similar action is needed to modify or rescind a commitment.

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

Unassigned - Represents amounts that are available to be spent in future periods and deficit funds. As established by the City's fund balance policy, the unassigned fund balance for the general fund is to be maintained at between 7% and 10% of the sum of the total of the general fund annual operating budget and the property tax commitment for the school (both local and State) and the county.

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

	General Fund	Solid Waste Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 94,085	\$ -	\$ -	\$ 126,071	\$ 220,156
Permanent funds	-	-	-	5,808,943	5,808,943
Total Nonspendable	94,085	-	-	5,935,014	6,029,099
Restricted					
Capital projects	-	-	3,614,296	-	3,614,296
Grant fund	-	-	-	368,701	368,701
For debt service	-	-	-	1,206,849	1,206,849
Library fund	-	-	-	807,136	807,136
Library renovation	-	-	-	5,383	5,383
Other special revenue funds	-	-	-	294,757	294,757
Permanent funds	-	-	-	272,085	272,085
Total Restricted	-	-	3,614,296	2,954,911	6,569,207
Committed					
Solid waste	-	2,514,958	-	-	2,514,958
Retirement	1,266,363	-	-	-	1,266,363
Capital Reserve Funds:					
Fire equipment	713,269	-	-	-	713,269
Bridges	750,880	-	-	-	750,880
Downtown infrastructure and facilities	1,285,272	-	-	-	1,285,272
Other capital reserve funds	1,033,407	-	-	-	1,033,407
Capital projects	-	-	1,598,722	-	1,598,722
Total Committed	5,049,191	2,514,958	1,598,722	-	9,162,871
Assigned					
Encumbered for:					
General government	239,305	-	-	-	239,305
Public works	414,256	-	-	-	414,256
Other	149,210	-	-	-	149,210
Total Assigned	802,771	-	-	-	802,771
Unassigned					
General fund	10,702,620	-	-	-	10,702,620
Deficits	-	-	(143,563)	(44,482)	(188,045)
Total Unassigned	10,702,620	-	(143,563)	(44,482)	10,514,575
Total Fund Balance	\$ 16,648,667	\$ 2,514,958	\$ 5,069,455	\$ 8,845,443	\$ 33,078,523

19. Performance Bonds

The City holds letters of credit and performance bonds from developers until projects have been completed to City standards. These letters of credit and bonds are not included as part of the financial statements. At June 30, 2019, the City held performance deposits totaling \$707,287.

20. Retirement System

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

A. Plan Description

Full-time employees participate in the State of New Hampshire Retirement System (the System), a cost-sharing, multiple-employer contributory pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

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

B. Benefits Provided

Group 1 benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

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

Years of creditable service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	12	2.2%
Less than 4 years	49	24	2.1%

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The City's contributions to the System for the year ended June 30, 2019 was \$3,107,400, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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

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

At June 30, 2019, the City reported a liability of \$34,215,044 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At the most recent measurement date of June 30, 2018, the City's proportion was 0.71056295%, which was a decrease of 0.04075027% from its previous year proportion.

For the year ended June 30, 2019, the City recognized pension expense of \$2,678,640. In addition, the City reported deferred outflows of resources

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

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 273,098	\$ (277,040)
Changes of assumptions	2,367,850	-
Net difference between projected and actual earnings on pension plan investments	-	(791,766)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(1,931,100)
Contributions subsequent to the measurement date	<u>3,107,400</u>	<u>-</u>
Total	<u>\$ 5,748,348</u>	<u>\$ (2,999,906)</u>

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

Year ended June 30:

2020	\$ 781,163
2021	509,181
2022	(1,220,649)
2023	<u>(428,653)</u>
Total	<u>\$ (358,958)</u>

F. Actuarial Assumptions

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

Inflation	2.50% per year
Salary increases	5.60% average, including inflation
Investment rate of return	7.25%, net of pension plan investment

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study for the period 2010 - 2015.

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

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long- Term Expected Real Rate of Return</u>
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	<u>7.00</u>	6.25%
Total international equities	20.00	
Core Bonds	4.50	0.50%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.80%
Unconstrained Fixed Income	<u>7.00</u>	1.14%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.25%
Opportunistic	<u>5.00</u>	2.15%
Total alternative investments	15.00	
Real estate	<u>10.00</u>	3.25%
Total	<u><u>100.00</u></u> %	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the

difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan’s actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Current	
	Discount	
1%	Rate	1%
Decrease	Rate	Increase
<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
\$ 45,523,397	\$ 34,215,044	\$ 24,738,299

I. Pension Plan Fiduciary Net Position

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

21. Other Post-Employment Benefits (GASB 75)

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

A. City OPEB Plan

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

General Information about the OPEB Plan

Plan Description

The City provides post-employment healthcare benefits for retired employees through the City's single employer defined benefit OPEB plan. The City provides health insurance coverage through the New Hampshire Interlocal Trust. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75. The plan does not issue a separate stand-alone report.

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

Benefits Provided

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

Plan Membership

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	42
Active employees	<u>250</u>
Total	<u>292</u>

Funding Policy

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

Actuarial Assumptions and Other Inputs

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

Inflation	3.00%
Discount rate	3.87%
Healthcare cost trend rates	8.0% for 2017, decreasing 1.0% per year, to an ultimate rate of 5.0% for 2020 and later years
Retirees' share of benefit-related costs	100%
Participation rate	60% of eligible retired employees

The discount rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index at June 28, 2018.

Pre-retirement mortality rates were based on the RP-2014 employee mortality tables for males and females, projected with generational mortality improvement using scale MP-2015.

Post-retirement mortality rates were based on the RP-2014 healthy annuitant mortality tables for males and females, projected with generational mortality improvement using scale MP-2015.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to July 1, 2017.

Discount Rate

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

Total OPEB Liability

The City's total OPEB liability of \$4,914,106 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balances, beginning of year	\$ 5,432,825
Changes for the year:	
Service cost	213,897
Interest	198,431
Differences between expected and actual experience	(588,774)
Changes of assumptions or other inputs	(134,387)
Benefit payments	<u>(207,886)</u>
Net Changes	<u>(518,719)</u>
Balances, end of year	<u>\$ 4,914,106</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% <u>Decrease</u>	Current Discount Rate	1% <u>Increase</u>
\$ 5,397,405	\$ 4,914,106	\$ 4,484,516

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% <u>Decrease</u>	Current Healthcare Cost Trend Rates	1% <u>Increase</u>
\$ 4,344,263	\$ 4,914,106	\$ 5,590,930

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

For the year ended June 30, 2019, the City recognized an OPEB expense of \$246,597. At June 30, 2019, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ -	\$ (499,969)
Changes of assumptions	<u>-</u>	<u>(384,931)</u>
Total	<u>\$ -</u>	<u>\$ (884,900)</u>

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

Year Ended June 30:

2020	\$ (165,731)
2021	(165,731)
2022	(165,731)
2023	(165,731)
2024	(153,265)
Thereafter	<u>(68,711)</u>
Total	<u>\$ (884,900)</u>

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed in Note 21A, the City participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

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

Benefits Provided

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

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

Contributions

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

Actuarial Assumptions and Other Inputs

The City's proportionate share of the NHRS Medical Subsidy as of June 30, 2019 is based upon an actuarial valuation performed as of June 30, 2017 (rolled forward to June 30, 2018) using a measurement date of June 30, 2018. The actuarial valuation used the following actuarial assumptions:

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

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent experience study, which was for the period July 1, 2010 – June 30, 2015.

Net OPEB Liability, Expense, and Deferred Outflows and (Inflows)

The City's proportionate share of the total NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$3,375,099, representing 0.73716947%.

For the year ended June 30, 2019, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$1,084,071. At June 30, 2019, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 19,811	\$ -
Net difference between projected and actual OPEB investment earnings	-	(10,724)
Changes in proportion and differences between contributions and proportionate share of contributions	213,812	-
Contributions subsequent to the measurement date	<u>337,612</u>	<u>-</u>
Total	<u>\$ 571,235</u>	<u>\$ (10,724)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2020.

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

Year Ended June 30:	
2020	\$ 230,277
2021	(3,346)
2022	(3,346)
2023	<u>(686)</u>
Total	\$ <u>222,899</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 3,512,818	\$ 3,375,099	\$ 2,989,324

Healthcare Cost Trend Rate

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

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

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

	<u>Total/Net OPEB Liability</u>	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred (Inflows) of Resources</u>	<u>Total OPEB Expense</u>
City OPEB Plan	\$ 4,914,106	\$ -	\$ (884,901)	\$ 246,597
Proportionate share of NHRS Medical Subsidy Plan	<u>3,375,099</u>	<u>571,235</u>	<u>(10,725)</u>	<u>1,084,071</u>
Total	\$ <u>8,289,205</u>	\$ <u>571,235</u>	\$ <u>(895,626)</u>	\$ <u>1,330,668</u>

22. Commitments and Contingencies

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

Abatements - There are several cases pending before the New Hampshire Board of Tax and Land Appeals in regard to alleged discrepancies in property assessments. According to the City’s counsel, the probable outcome of these cases at the present time is indeterminable, although the City expects such amounts, if any, to be material. As a result, the City has estimated their exposure and recorded a tax refunds payable respectively.

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

Encumbrances – At year-end the City’s general fund has \$802,771 in encumbrances that will be honored in the next fiscal year.

23. Beginning Fund Balance Reclassification

The beginning (July 1, 2018) fund balance of the City has been reclassified as follows:

Fund Basis Financial Statements:

	General Fund	Solid Waste Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
As previously reported	\$ 14,644,761	\$ -	\$ 2,917,054	\$ 9,833,924	\$ 27,395,739
Reclassify major fund	-	2,404,021	-	(2,404,021)	-
As reclassified	<u>\$ 14,644,761</u>	<u>\$ 2,404,021</u>	<u>\$ 2,917,054</u>	<u>\$ 7,429,903</u>	<u>\$ 27,395,739</u>

24. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the City beginning with its fiscal year ending June 30, 2020. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the City beginning with its fiscal year ending June 30, 2021. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF KEENE, NEW HAMPSHIRE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY (GASB 68)

JUNE 30, 2019

(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2019	June 30, 2018	0.71056295%	\$34,215,044	\$ 16,972,184	201.59%	64.7%
June 30, 2018	June 30, 2017	0.75131322%	\$36,949,530	\$ 16,674,883	221.59%	62.7%
June 30, 2017	June 30, 2016	0.76700000%	\$40,814,329	\$ 16,476,203	247.72%	58.3%
June 30, 2016	June 30, 2015	0.77180000%	\$30,574,215	\$ 16,312,424	187.43%	65.5%
June 30, 2015	June 30, 2014	0.75190000%	\$28,223,639	\$ 15,533,864	181.69%	66.3%

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

See Independent Auditors' Report.

CITY OF KEENE, NEW HAMPSHIRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2019

(Unaudited)

New Hampshire Retirement System					
<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	\$ 3,107,400	\$ 3,107,400	\$ -	\$ 17,557,403	17.70%
June 30, 2018	\$ 3,005,032	\$ 3,005,032	\$ -	\$ 16,972,184	17.71%
June 30, 2017	\$ 2,759,440	\$ 2,759,440	\$ -	\$ 16,674,883	16.55%
June 30, 2016	\$ 2,738,529	\$ 2,738,529	\$ -	\$ 16,476,203	16.62%
June 30, 2015	\$ 2,910,722	\$ 2,910,722	\$ -	\$ 16,312,424	17.84%

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

See Independent Auditors' Report.

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

JUNE 30, 2019

(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Total OPEB Liability</u>	<u>Proportionate Share of the Total OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2019	June 30, 2018	0.73716947%	\$ 3,375,099	\$ 16,972,184	19.89%	7.53%
June 30, 2018	June 30, 2017	0.51745837%	\$ 2,365,995	\$ 16,674,883	14.19%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
June 30, 2019	June 30, 2018	\$ 326,339	\$ 326,339	\$ -	\$17,557,403	1.86%
June 30, 2018	June 30, 2017	\$ 307,677	\$ 307,677	\$ -	\$16,972,184	1.81%

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

See Independent Auditors' Report.

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

(Unaudited)

City of Keene OPEB Plan*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 213,897	\$ 267,444
Interest on unfunded liability - time value of \$	198,431	164,088
Differences between expected and actual experience	(588,774)	-
Changes of assumptions or other inputs	(134,387)	(384,126)
Benefit payments	<u>(207,886)</u>	<u>(209,207)</u>
Net change in total OPEB liability	(518,719)	(161,801)
Total OPEB liability - beginning	<u>5,432,825</u>	<u>5,594,626</u>
Total OPEB liability - ending	<u>\$ 4,914,106</u>	<u>\$ 5,432,825</u>

*Does not include New Hampshire Retirement System Medical Subsidy.

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

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

See Independent Auditors' Report.

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

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

- Grants Fund: to account for those activities that are funded in part or in whole by contributions from other entities.
- Parking Fund: to account for the operations, maintenance, and capital outlay needs of the municipal parking areas.
- Library Fund: to account for the revenues and expenditures incurred with the operation of the Public Library.
- Library Renovation Expendable Trust: to account for assets and activities specifically restricted for the library renovation project.
- Other Expendable Trusts: to account for various assets and activities restricted for specific purposes. Both the principal and earnings may be used.

PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the benefit of the City or its citizenry.

CITY OF KEENE, NEW HAMPSHIRE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds						
	Grants Fund	Parking Fund	Library Fund	Library Renovation Expendable Trust	Other Expendable Trusts	Permanent Funds	Total Nonmajor Governmental Funds
Assets							
Cash and short-term investments	\$ 39,026	\$ -	\$ 426,589	\$ 5,383	\$ -	\$ 368,725	\$ 839,723
Investments	-	-	380,547	-	38,617	5,700,053	6,119,217
Receivables:							
Accounts receivable, net	53,419	14,944	-	-	-	12,250	80,613
Intergovernmental	82,205	-	-	-	-	-	82,205
Due from other funds	1,389,549	253,399	-	-	-	-	1,642,948
Prepaid items	-	126,071	-	-	-	-	126,071
Total Assets	<u>\$ 1,564,199</u>	<u>\$ 394,414</u>	<u>\$ 807,136</u>	<u>\$ 5,383</u>	<u>\$ 38,617</u>	<u>\$ 6,081,028</u>	<u>\$ 8,890,777</u>
Liabilities							
Warrants payable	\$ 24,571	\$ 957	\$ -	\$ -	\$ -	\$ -	\$ 25,528
Accounts payable	5,217	4,735	-	-	-	-	9,952
Accrued liabilities	<u>3,343</u>	<u>6,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,854</u>
Total Liabilities	33,131	12,203	-	-	-	-	45,334
Fund Balances							
Nonspendable	-	126,071	-	-	-	5,808,943	5,935,014
Restricted	1,575,550	256,140	807,136	5,383	38,617	272,085	2,954,911
Unassigned	<u>(44,482)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,482)</u>
Total Fund Balances	<u>1,531,068</u>	<u>382,211</u>	<u>807,136</u>	<u>5,383</u>	<u>38,617</u>	<u>6,081,028</u>	<u>8,845,443</u>
Total Liabilities and Fund Balances	<u>\$ 1,564,199</u>	<u>\$ 394,414</u>	<u>\$ 807,136</u>	<u>\$ 5,383</u>	<u>\$ 38,617</u>	<u>\$ 6,081,028</u>	<u>\$ 8,890,777</u>

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

CITY OF KEENE, NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds						
	Grants Fund	Parking Fund	Library Fund	Library Renovation Expendable Trust	Other Expendable Trusts	Permanent Funds	Total Nonmajor Governmental Funds
Revenues							
Property taxes	\$ -	\$ 981,743	\$ -	\$ -	\$ -	\$ -	\$ 981,743
Charges for services	101,546	1,018,798	-	-	-	-	1,120,344
Intergovernmental	469,477	42,500	18,300	-	-	-	530,277
Licenses and permits	56,950	-	-	-	-	-	56,950
Investment income	217	2,768	22,907	2,619	3,663	607,272	639,446
Contributions	36,262	-	471,449	378,881	-	19,750	906,342
Miscellaneous	113,467	3,756	5,361	-	-	-	122,584
Total Revenues	777,919	2,049,565	518,017	381,500	3,663	627,022	4,357,686
Expenditures							
General government	375,973	-	-	-	-	-	375,973
Public safety	173,309	1,164,197	-	-	-	-	1,337,506
Public works	75,428	-	-	-	-	-	75,428
Welfare and human services	1,000	-	-	-	-	-	1,000
Library	-	-	109,338	829	-	-	110,167
Community development	700	-	-	-	-	-	700
Parks and facilities	97,648	-	-	-	-	-	97,648
Debt service:							
Principal	-	520,000	-	-	-	-	520,000
Interest	-	81,250	-	-	-	-	81,250
Total Expenditures	724,058	1,765,447	109,338	829	-	-	2,599,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,861	284,118	408,679	380,671	3,663	627,022	1,758,014
Other Financing Sources (Uses)							
Bond premiums on general obligation bonds	667,943	-	-	-	-	-	667,943
Transfers in	9,743	-	-	-	-	-	9,743
Transfers out	(357,346)	(119,700)	-	(384,000)	(1,006)	(158,107)	(1,020,159)
Total Other Financing Sources (Uses)	320,340	(119,700)	-	(384,000)	(1,006)	(158,107)	(342,473)
Change in Fund Balance	374,201	164,418	408,679	(3,329)	2,657	468,915	1,415,541
Fund Balances at Beginning of Year, as reclassified	1,156,867	217,793	398,457	8,712	35,960	5,612,113	7,429,902
Fund Balances at End of Year	\$ 1,531,068	\$ 382,211	\$ 807,136	\$ 5,383	\$ 38,617	\$ 6,081,028	\$ 8,845,443

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

CITY OF KEENE, NEW HAMPSHIRE

SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER FINANCING SOURCES AND USES - BUDGET AND ACTUAL

ANNUALLY BUDGETED NONMAJOR GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Parking</u>		
	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes	\$ 850,501	\$ 981,743	\$ 131,242
Charges for services	1,018,431	1,018,798	367
Intergovernmental	42,500	42,500	-
Investment income	2,634	2,768	134
Miscellaneous	<u>-</u>	<u>3,756</u>	<u>3,756</u>
Total Revenues	1,914,066	2,049,565	135,499
Expenditures			
Public safety	1,216,319	1,164,197	52,122
Debt service:			
Principal	520,000	520,000	-
Interest	<u>81,250</u>	<u>81,250</u>	<u>-</u>
Total Expenditures	1,817,569	1,765,447	52,122
Other Financing Sources (Uses)			
Use of fund balance	23,203	-	(23,203)
Transfers in	-	-	-
Transfers out	<u>(119,700)</u>	<u>(119,700)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(96,497)</u>	<u>(119,700)</u>	<u>(23,203)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	\$ <u><u>-</u></u>	\$ <u><u>164,418</u></u>	\$ <u><u>164,418</u></u>

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

INTERNAL SERVICE FUNDS

Internal service funds are used to account for central source activities that provide goods and services to other funds, departments, or agencies.

The City of Keene has the following Internal Service Funds:

- Fleet Fund: to account for the operations, maintenance, and capital outlay needs of City vehicles and equipment.
- PC Replacement Fund: to account for the on-going replacement of PCs, certain peripherals, and desktop software utilized by all City departments.

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CITY OF KEENE, NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	Governmental Activities Internal Service Funds		
	Fleet Fund	PC Replacement Fund	Total
Assets			
Current:			
Investments	\$ 640,583	\$ -	\$ 640,583
Accounts receivable	4,993	-	4,993
Due from other funds	656,861	244,714	901,575
Prepaid items	2,503	-	2,503
Inventory	238,217	-	238,217
Total current assets	1,543,157	244,714	1,787,871
Noncurrent:			
Capital assets:			
Capital assets, net of accumulated depreciation	2,617,832	-	2,617,832
Total noncurrent assets	2,617,832	-	2,617,832
Total Assets	4,160,989	244,714	4,405,703
Liabilities			
Current:			
Warrants payable	87,311	-	87,311
Accounts payable	59,716	1,104	60,820
Accrued liabilities	17,541	-	17,541
Current portion of long-term liabilities:			
Compensated absences	7,346	-	7,346
Total current liabilities	171,914	1,104	173,018
Noncurrent:			
Compensated absences, net of current portion	66,111	-	66,111
Total noncurrent liabilities	66,111	-	66,111
Total Liabilities	238,025	1,104	239,129
Net Position			
Net investment in capital assets	2,617,832	-	2,617,832
Unrestricted	1,305,132	243,610	1,548,742
Total Net Position	\$ 3,922,964	\$ 243,610	\$ 4,166,574

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

CITY OF KEENE, NEW HAMPSHIRE

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities Internal Service Funds		
	Fleet Fund	PC Replacement Fund	Total
Operating Revenues			
Charges for services	\$ 2,440,536	\$ 83,884	\$ 2,524,420
Other	17,062	2,000	19,062
Total Operating Revenues	2,457,598	85,884	2,543,482
Operating Expenses			
Salaries and benefits	820,401	-	820,401
Other operating expenses	1,014,671	111,939	1,126,610
Depreciation	397,702	-	397,702
Total Operating Expenses	2,232,774	111,939	2,344,713
Operating Income (Loss)	224,824	(26,055)	198,769
Nonoperating Revenues (Expenses)			
Investment income	33,784	4,540	38,324
Loss on disposal of capital assets	(35,428)	-	(35,428)
Interest expense	(2,649)	-	(2,649)
Total Nonoperating Revenues (Expenses)	(4,293)	4,540	247
Income (Loss)	220,531	(21,515)	199,016
Change in Net Position	220,531	(21,515)	199,016
Net Position at Beginning of Year	3,702,433	265,125	3,967,558
Net Position at End of Year	\$ 3,922,964	\$ 243,610	\$ 4,166,574

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

CITY OF KEENE, NEW HAMPSHIRE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities Internal Service Funds		
	Fleet Fund	PC Replacement Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 2,457,558	\$ 85,884	\$ 2,543,442
Payments to vendors	(1,004,170)	(111,551)	(1,115,721)
Payments to employees for salaries and benefits	<u>(807,025)</u>	<u>-</u>	<u>(807,025)</u>
Net Cash Provided By (Used For) Operating Activities	646,363	(25,667)	620,696
Cash Flows From Noncapital Financing Activities			
Proceeds (payments) under interfund loan agreements	<u>(60,054)</u>	<u>21,127</u>	<u>(38,927)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(60,054)	21,127	(38,927)
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(659,246)	-	(659,246)
Principal payments on leases	(92,417)	-	(92,417)
Interest expense	<u>(2,649)</u>	<u>-</u>	<u>(2,649)</u>
Net Cash (Used For) Capital and Related Financing Activities	(754,312)	-	(754,312)
Cash Flows From Investing Activities			
Proceeds from sale of investments	134,219	-	134,219
Investment income	<u>33,784</u>	<u>4,540</u>	<u>38,324</u>
Net Cash Provided By Investing Activities	<u>168,003</u>	<u>4,540</u>	<u>172,543</u>
Net Change in Cash and Short-Term Investments	-	-	-
Cash and Short-Term Investments, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Short-Term Investments, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating income (loss)	\$ 224,824	\$ (26,055)	\$ 198,769
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	397,702	-	397,702
Changes in assets and liabilities:			
User fees	(40)	-	(40)
Inventory	(1,924)	-	(1,924)
Other assets	12,602	-	12,602
Warrants and accounts payable	(177)	388	211
Accrued liabilities	<u>13,376</u>	<u>-</u>	<u>13,376</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 646,363</u>	<u>\$ (25,667)</u>	<u>\$ 620,696</u>

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

CITY OF KEENE, NEW HAMPSHIRE

SCHEDULE OF REVENUES, EXPENSES, AND
OTHER FINANCING SOURCES AND USES - BUDGET AND ACTUAL

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Fleet Fund			PC Replacement Fund		
	<u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)	<u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues						
Charges for services	\$ 2,478,689	\$ 2,440,536	\$ (38,153)	\$ 83,406	\$ 83,884	\$ 478
Investment income	4,495	33,784	29,289	-	4,540	4,540
Other	1,836	17,062	15,226	-	2,000	2,000
Total Revenues	<u>2,485,020</u>	<u>2,491,382</u>	<u>6,362</u>	<u>83,406</u>	<u>90,424</u>	<u>7,018</u>
Expenses						
Salaries and benefits	836,841	820,401	16,440	-	-	-
Other operating expenses	1,089,978	1,014,671	75,307	176,260	111,939	64,321
Depreciation	395,000	397,702	(2,702)	-	-	-
Interest expense	-	2,649	(2,649)	-	-	-
Other	-	35,428	(35,428)	-	-	-
Total Expenses	<u>2,321,819</u>	<u>2,270,851</u>	<u>50,968</u>	<u>176,260</u>	<u>111,939</u>	<u>64,321</u>
Other Financing Sources (Uses)						
Use (addition) of net position	<u>(163,201)</u>	<u>-</u>	<u>163,201</u>	<u>92,854</u>	<u>-</u>	<u>(92,854)</u>
Total Other Financing (Uses)	<u>(163,201)</u>	<u>-</u>	<u>163,201</u>	<u>92,854</u>	<u>-</u>	<u>(92,854)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>\$ -</u>	<u>\$ 220,531</u>	<u>\$ 220,531</u>	<u>\$ -</u>	<u>\$ (21,515)</u>	<u>\$ (21,515)</u>

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

**STATISTICAL
SECTION**

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CITY OF KEENE, NEW HAMPSHIRE

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	106
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	110
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	115
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	118
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	120

City of Keene, New Hampshire

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 48,097,019	\$ 51,674,961	\$ 52,044,769	\$ 51,051,333	\$ 56,711,431	\$ 56,903,534	\$ 57,485,620	\$ 59,166,584	\$ 66,711,745	\$ 69,956,379
Restricted	7,059,846	7,784,887	7,861,947	7,844,383	8,181,255	8,451,104	9,138,862	11,757,799	9,833,924	11,404,883
Unrestricted	11,549,433	11,122,218	11,231,799	12,963,681	11,493,999	(15,389,928)	(16,519,232)	(17,115,229)	(20,126,396)	(21,426,686)
Total governmental activities net position	\$ 66,706,298	\$ 70,582,066	\$ 71,138,515	\$ 71,859,397	\$ 76,386,685	\$ 49,964,710	\$ 50,105,250	\$ 53,809,154	\$ 56,419,273	\$ 59,934,576
Business-type Activities										
Net investment in capital assets	\$ 38,409,902	\$ 39,404,898	\$ 39,516,773	\$ 40,061,829	\$ 40,449,004	\$ 41,793,286	\$ 45,601,603	\$ 46,911,847	\$ 47,558,442	\$ 47,115,869
Unrestricted ⁽¹⁾	12,210,116	14,253,707	15,016,733	15,890,392	17,180,651	15,184,011	14,630,415	14,425,082	14,473,134	15,870,281
Total business-type activities net position	\$ 50,620,018	\$ 53,658,605	\$ 54,533,506	\$ 55,952,221	\$ 57,629,655	\$ 56,977,297	\$ 60,232,018	\$ 61,336,929	\$ 62,031,576	\$ 62,986,150
Primary Government										
Net investment in capital assets	\$ 86,506,921	\$ 91,079,859	\$ 91,561,542	\$ 91,113,162	\$ 97,160,435	\$ 98,696,820	\$ 103,087,223	\$ 106,078,431	\$ 114,270,187	\$ 117,072,248
Restricted	7,059,846	7,784,887	7,861,947	7,844,383	8,181,255	8,451,104	9,138,862	11,757,799	9,833,924	11,404,883
Unrestricted	23,759,549	25,375,925	26,248,532	28,854,073	28,674,650	(205,917)	(1,888,817)	(2,690,147)	(5,653,262)	(5,556,405)
Total primary government net position	\$ 117,326,316	\$ 124,240,671	\$ 125,672,021	\$ 127,811,618	\$ 134,016,340	\$ 106,942,007	\$ 110,337,268	\$ 115,146,083	\$ 118,450,849	\$ 122,920,726

⁽¹⁾ Amounts were restated for capital reserves being reported as restricted net position in prior years

Data Source:

Audited Financial Statements

City of Keene, New Hampshire

Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 5,330,926	\$ 5,610,728	\$ 5,822,868	\$ 6,053,842	\$ 6,163,749	\$ 6,192,633	\$ 7,698,162	\$ 7,008,103	\$ 7,607,341	\$ 7,216,829
Public safety	11,892,430	12,193,171	12,656,227	13,366,663	12,861,971	11,522,512	13,841,925	15,922,427	15,588,700	16,193,749
Public works	12,013,014	10,877,207	12,302,282	13,905,776	11,505,399	12,030,608	14,272,374	12,342,448	10,207,597	11,239,823
Welfare and human services	1,741,733	1,737,574	1,601,369	1,626,264	1,584,798	1,678,845	1,594,633	1,600,241	1,757,686	801,566
Airport	727,933	734,289	744,772	618,376	569,217	854,783	1,084,668	1,312,906	1,313,506	1,298,840
Library	1,287,321	1,350,597	1,598,121	1,380,133	1,399,236	1,383,430	1,529,730	1,468,787	1,488,344	1,654,529
Community development	985,672	1,452,390	1,530,547	1,046,842	642,702	1,468,668	498,721	328,168	597,408	1,435,562
Parks and facilities	2,939,012	2,917,866	2,771,982	2,813,250	3,938,106	2,910,530	2,519,671	3,018,676	3,409,437	3,455,725
Interest	1,238,853	1,377,650	1,409,256	1,307,235	1,217,767	1,105,316	1,070,477	1,225,901	1,115,646	604,575
Total governmental activities expenses	38,156,894	38,251,472	40,437,424	42,118,381	39,882,945	39,147,325	44,110,361	44,227,657	43,085,665	43,901,198
Business-type activities:										
Water services	3,017,282	2,831,527	3,168,404	2,938,752	3,656,619	3,167,831	3,866,375	3,894,553	3,978,790	3,909,379
Sewer services	4,482,410	4,515,891	4,597,936	4,425,423	4,814,906	4,462,398	6,089,976	5,491,891	5,361,320	5,839,543
Total business-type activities expenses	7,499,692	7,347,418	7,766,340	7,364,175	8,471,525	7,630,229	9,956,351	9,386,444	9,340,110	9,748,922
Total primary government expenses	\$ 45,656,586	\$ 45,598,890	\$ 48,203,764	\$ 49,482,556	\$ 48,354,470	\$ 46,777,554	\$ 54,066,712	\$ 53,614,101	\$ 52,425,775	\$ 53,650,120
Program Revenues										
Governmental activities:										
Charges for services:										
General government	2,631,961	2,661,433	2,786,708	2,947,678	3,064,420	3,221,992	3,463,979	4,094,396	3,581,446	3,810,002
Public safety	2,104,726	1,950,006	2,003,331	2,126,596	2,159,403	2,230,916	2,214,391	2,550,657	3,137,231	2,762,013
Public works	4,692,980	5,564,388	5,265,397	4,739,687	4,979,808	4,985,725	4,951,189	5,333,948	5,305,390	5,590,770
Welfare and human services	471,971	31,814	267,076	307,002	234,734	313,247	314,710	324,824	71,202	18,843
Airport	44,024	53,996	54,479	50,567	52,823	50,106	54,689	416,709	441,208	444,018
Library	71,396	69,919	64,164	59,973	58,112	51,751	49,824	47,585	44,792	40,298
Community development	16,693	10,313	12,951	9,272	10,610	12,148	9,329	24,224	17,331	379,938
Parks and facilities	243,252	235,797	260,417	280,911	279,277	298,927	288,647	559,805	474,694	480,233
Operating grants and contributions	2,675,787	3,116,118	2,807,994	2,688,371	2,629,292	2,815,646	3,914,405	2,868,256	3,908,607	3,406,882
Capital grants and contributions	2,984,455	3,503,169	2,301,745	2,906,463	3,727,365	2,124,908	1,549,538	2,879,365	5,097,486	4,876,546
Total governmental activities program revenues	15,937,245	17,196,953	15,824,262	16,116,520	17,195,844	16,105,366	16,810,701	19,099,769	22,079,387	21,809,543
Business-type activities:										
Charges for services:										
Water	4,038,710	4,157,731	3,641,995	3,768,274	3,622,938	3,864,511	3,620,088	3,510,387	3,903,050	4,075,327
Sewer	5,278,128	5,701,818	5,172,530	5,348,643	5,911,507	6,186,269	6,268,834	6,221,802	6,129,002	6,017,723
Operating grants and contributions	181,777	173,355	118,810	117,674	1,401,132	176,929	141,079	-	-	-
Capital grants and contributions	1,766,010	1,173,267	566,710	398,056	109,881	-	2,995,426	551,152	677,271	220,561
Total business-type activities program revenues	11,264,625	11,206,171	9,500,045	9,632,647	11,045,458	10,227,709	13,025,427	10,283,341	10,709,323	10,313,611
Total primary government program revenues	\$ 27,201,870	\$ 28,403,124	\$ 25,324,307	\$ 25,749,167	\$ 28,241,302	\$ 26,333,075	\$ 29,836,128	\$ 29,383,110	\$ 32,788,710	\$ 32,123,154
Net (Expenses) Revenue										
Governmental activities	\$(22,219,649)	\$(21,054,519)	\$(24,613,162)	\$(26,001,861)	\$(22,687,101)	\$(23,041,959)	\$(27,299,660)	\$(25,127,888)	\$(21,006,278)	\$(22,091,655)
Business-type activities	3,764,933	3,858,753	1,733,705	2,268,472	2,573,933	2,597,480	3,069,076	896,897	1,369,213	564,689
Total Primary government net expense	<u>\$ (18,454,716)</u>	<u>\$ (17,195,766)</u>	<u>\$ (22,879,457)</u>	<u>\$ (23,733,389)</u>	<u>\$ (20,113,168)</u>	<u>\$ (20,444,479)</u>	<u>\$ (24,230,584)</u>	<u>\$ (24,230,991)</u>	<u>\$ (19,637,065)</u>	<u>\$ (21,526,966)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property tax	\$ 20,604,593	\$ 20,979,065	\$ 21,760,281	\$ 22,864,243	\$ 23,225,219	\$ 24,168,766	\$ 25,409,198	\$ 26,741,212	\$ 25,974,118	\$ 22,974,005
Payment in lieu of taxes ⁽²⁾	61,973	67,891	64,183	97,248	529,467	390,688	412,492	433,772	444,471	443,461
Penalties and interest on taxes	486,127	626,597	516,940	492,496	519,493	497,483	500,916	644,611	953,911	337,501
Investment income	1,028,537	1,438,974	747,548	754,289	977,974	574,119	243,658	663,683	787,744	1,486,136
Miscellaneous	916,337	674,857	923,534	1,360,322	790,562	1,568,073	825,354	311,474	312,538	346,105
Transfers, net ⁽¹⁾	1,147,442	1,116,623	1,138,320	1,133,130	1,158,798	1,145,574	21,242	-	-	-
Permanent fund contributions	137,588	26,280	18,805	20,975	12,876	23,165	27,933	37,024	23,550	19,750
Total governmental activities	24,382,597	24,930,287	25,169,611	26,722,703	27,214,389	28,367,868	27,440,793	28,831,776	28,496,332	25,606,958
Business-type activities:										
Property tax	205,951	188,688	182,907	172,141	166,646	160,144	147,897	145,440	136,746	-
Investment income	46,880	44,182	73,723	102,262	42,667	46,625	47,112	62,580	93,411	389,885
Miscellaneous	-	60,240	19,082	-	-	-	635	-	-	-
Transfers, net ⁽¹⁾	(1,140,852)	(1,113,276)	(1,134,516)	(1,124,160)	(1,105,812)	(1,098,454)	(10,000)	-	-	-
Total business-type activities	(888,021)	(820,166)	(858,804)	(849,757)	(896,499)	(891,685)	185,644	208,020	230,157	389,885
Total primary government	<u>\$ 23,494,576</u>	<u>\$ 24,110,121</u>	<u>\$ 24,310,807</u>	<u>\$ 25,872,946</u>	<u>\$ 26,317,890</u>	<u>\$ 27,476,183</u>	<u>\$ 27,626,437</u>	<u>\$ 29,039,796</u>	<u>\$ 28,726,489</u>	<u>\$ 25,996,843</u>
Change in Net Position										
Governmental activities	\$ 2,162,948	\$ 3,875,768	\$ 556,449	\$ 720,842	\$ 4,527,288	\$ 5,325,909	\$ 141,133	\$ 3,703,888	\$ 7,490,054	\$ 3,515,303
Business-type activities	2,876,912	3,038,587	874,901	1,418,715	1,677,434	1,705,795	3,254,720	1,104,917	1,599,370	954,574
Total primary government	<u>\$ 5,039,860</u>	<u>\$ 6,914,355</u>	<u>\$ 1,431,350</u>	<u>\$ 2,139,557</u>	<u>\$ 6,204,722</u>	<u>\$ 7,031,704</u>	<u>\$ 3,395,853</u>	<u>\$ 4,808,805</u>	<u>\$ 9,089,424</u>	<u>\$ 4,469,877</u>

⁽¹⁾ In prior years, administrative costs were classified as transfers between the general fund and enterprise funds. Beginning in 2016, the administrative costs were allocated against each applicable function in each respective fund.

⁽²⁾ In prior years, payment in lieu of taxes were classified as property tax. Beginning in 2019, the payment in lieu of taxes were reported separately.

Data Source
Audited Financial Statements

City of Keene, New Hampshire

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 698,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,986,075	-	-	-	-	-	-	-	-	-
Nonspendable	-	424,072	425,964	381,611	363,483	341,018	362,095	699,572	640,262	94,085
Committed	-	2,417,136	2,700,437	3,074,928	3,423,762	3,517,742	3,380,255	3,968,918	4,661,196	5,049,191
Assigned	-	1,099,218	1,281,293	1,175,686	1,258,208	1,378,786	1,038,111	436,301	418,729	802,771
Unassigned	-	6,771,406	6,801,027	6,050,735	6,498,576	6,763,152	7,495,863	8,655,952	8,924,574	10,702,620
Total General Fund	\$ 7,684,521	\$ 10,711,832	\$ 11,208,721	\$ 10,682,960	\$ 11,544,029	\$ 12,000,698	\$ 12,276,324	\$ 13,760,743	\$ 14,644,761	\$ 16,648,667
Other Governmental Funds										
Reserved	\$ 9,222,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Special Revenue Funds	2,985,194	-	-	-	-	-	-	-	-	-
Capital Projects	1,420,476	-	-	-	-	-	-	-	-	-
Permanent Trust Funds	398,926	-	-	-	-	-	-	-	-	-
Nonspendable	-	5,559,717	5,460,867	5,629,927	6,104,692	5,659,081	5,585,419	5,881,176	5,317,971	5,935,014
Restricted	-	10,680,705	9,257,416	6,009,770	3,723,770	6,857,313	3,405,551	9,619,840	5,995,590	6,569,207
Committed	-	3,823,670	3,161,878	2,998,753	2,428,004	4,064,769	2,673,426	2,717,052	3,048,755	4,113,680
Unassigned	-	(1,277,123)	(142,719)	-	(68,306)	(2,890)	-	-	(1,611,338)	(188,045)
Total Other Funds	\$ 14,026,705	\$ 18,786,969	\$ 17,737,442	\$ 14,638,450	\$ 12,188,160	\$ 16,578,273	\$ 11,664,396	\$ 18,218,068	\$ 12,750,978	\$ 16,429,856

⁽¹⁾ Beginning with FY11, the presentation of Fund Balance conforms with Government Accounting Standards Board Statement No. 54

Data Source

Audited Financial Statements

City of Keene, New Hampshire

Change in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property taxes	\$ 20,703,737	\$ 21,751,017	\$ 22,676,964	\$ 23,133,820	\$ 24,210,554	\$ 25,288,836	\$ 26,432,668	\$ 26,967,454	\$ 27,159,503	\$ 27,353,420
Charges for services	7,160,429	7,522,029	7,658,470	7,291,378	7,369,188	7,533,948	7,629,481	8,485,858	8,416,059	9,006,321
Intergovernmental	5,489,463	6,136,097	4,959,426	5,493,486	6,140,731	4,484,310	4,652,406	3,862,127	6,744,527	7,344,170
Licenses and permits	2,964,138	2,842,526	2,808,529	2,992,017	3,071,633	3,294,504	3,501,521	4,384,530	4,251,933	4,100,599
Investment income	1,016,948	1,432,108	743,734	947,051	972,289	593,061	237,109	657,924	775,538	1,447,812
Contributions	308,367	509,470	169,117	122,326	228,801	479,409	839,470	1,922,518	2,285,116	959,008
Miscellaneous	900,828	665,610	907,199	1,345,792	785,568	1,564,627	819,207	301,616	284,496	327,043
Total revenues	38,543,910	40,858,857	39,923,439	41,325,870	42,778,764	43,238,695	44,111,862	46,582,027	49,917,172	50,538,373
Expenditures by Function										
General government	4,938,773	5,198,843	4,915,937	5,239,355	5,107,881	5,410,852	6,287,454	6,180,882	6,552,501	6,268,348
Public safety	11,691,742	12,204,212	12,447,867	13,131,516	13,344,198	14,139,779	14,224,160	14,438,473	14,856,213	15,284,919
Public works	8,153,157	7,825,883	8,010,095	7,800,682	7,905,279	8,067,083	6,403,527	6,878,521	7,511,885	7,036,466
Welfare and human services	1,756,534	1,774,941	1,595,458	1,666,794	1,628,021	1,752,376	1,671,546	1,665,998	1,742,081	801,363
Airport	449,026	451,520	491,315	482,788	551,662	549,447	573,307	614,617	625,712	638,408
Library	1,170,362	1,226,346	1,254,878	1,258,461	1,325,446	1,473,703	1,435,749	1,378,262	1,376,184	1,531,189
Community development	961,076	1,441,564	1,515,779	1,029,380	726,662	1,506,517	477,780	696,896	563,731	1,425,470
Parks and facilities	2,818,127	2,851,822	2,693,356	2,634,966	2,989,163	2,907,419	2,870,008	2,891,011	3,082,351	3,384,630
Debt service										
Principal	2,653,359	2,819,790	3,629,878	4,313,918	4,282,772	4,250,422	4,922,760	5,958,531	4,561,262	4,150,325
Interest	1,225,156	1,306,726	1,412,183	1,429,974	1,191,789	1,086,337	1,070,867	1,025,032	979,711	965,706
Capital outlay	5,708,794	6,670,728	11,778,205	10,008,596	6,734,484	4,164,096	8,863,593	4,910,046	12,588,613	9,741,708
Miscellaneous	21,709	23,683	21,166	12,610	1,074	23,747	-	-	-	-
Total expenditures	41,547,815	43,796,058	49,766,117	49,009,040	45,788,431	45,331,778	48,800,751	46,638,269	54,440,244	51,228,532
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(3,003,905)	(2,937,201)	(9,842,678)	(7,683,170)	(3,009,667)	(2,093,083)	(4,688,889)	(56,242)	(4,523,072)	(690,159)
Other Financing Sources (Uses)										
Issuance of general obligation bonds	3,680,000	9,295,000	7,856,700	2,775,200	-	5,530,000	-	5,676,000	-	5,705,000
Issuance of refunding bonds	-	-	-	3,850,900	-	-	-	2,151,304	-	-
Bond premiums on general obligation bonds	-	-	-	-	-	-	-	821,082	-	667,943
Bond premiums on refunding bonds	-	-	-	-	-	-	-	253,002	-	-
Payment to escrow agent	-	-	-	(3,961,406)	-	-	-	(807,071)	-	-
Gain on refunding	-	-	-	(25,739)	-	-	-	-	-	-
Transfers in	4,060,917	3,998,021	3,519,678	5,015,021	3,808,287	3,481,201	2,340,391	2,802,014	8,166,582	2,746,683
Transfers out	(2,611,278)	(2,568,245)	(2,086,338)	(3,595,560)	(2,387,841)	(2,071,336)	(2,289,149)	(2,802,014)	(8,226,582)	(2,746,683)
Total other financing sources (uses)	5,129,639	10,724,776	9,290,040	4,058,416	1,420,446	6,939,865	51,242	8,094,317	(60,000)	6,372,943
Net Change in Fund Balances	\$ 2,125,734	\$ 7,787,575	\$ (552,638)	\$ (3,624,754)	\$ (1,589,221)	\$ 4,846,782	\$ (4,637,647)	\$ 8,038,075	\$ (4,583,072)	\$ 5,682,784
Debt Service as a percentage of non-capital outlay expenditures										
	10.35%	11.06%	12.47%	13.34%	13.60%	12.36%	13.25%	15.91%	13.11%	11.79%
Data Source Audited Financial Statements										

City of Keene, New Hampshire

General Government Tax Revenues by Source Last Ten Fiscal Years

Fiscal Year	Property Taxes	Current Use Change Tax	Timber Tax	Excavation Tax	Motor Vehicle Registrations	Payment in Lieu of Taxes	Total
2019	\$ 24,864,983	\$ -	\$ 5,660	\$ -	\$ 3,278,216	\$ 443,461	\$ 28,592,320
2018	24,733,654	124,920	17,669	-	3,170,954	444,471	28,491,668
2017	24,742,331	-	20,875	-	3,128,770	433,772	28,325,748
2016	24,352,010	2,020	14,696	-	3,005,853	412,492	27,787,071
2015	23,352,375	22,380	20,160	-	2,792,019	390,688	26,577,622
2014	22,470,718	9,400	22,326	72	2,668,587	379,467	25,550,570
2013	21,639,386	17,170	17,024	-	2,505,780	97,248	24,276,608
2012	21,614,949	-	8,151	35	2,384,164	64,183	24,071,482
2011	20,785,361	89,044	8,656	336	2,313,616	67,891	23,264,904
2010	19,872,115	1,032	5,041	-	2,342,736	61,973	22,282,897

Data Source
Audited Financial Statements

City of Keene, New Hampshire

Assessed and Estimated Full Value of Real Property Last Ten Fiscal Years

Fiscal Year	Local Assessed Value ⁽¹⁾			Total Assessed Value	Less Exemptions to Assessed Value ⁽¹⁾	Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate per \$1,000 of Assessed Value	Estimated Full Value ⁽²⁾	Ratio of Total Assessed Value to Total Estimated Full Value
	Residential	Commercial/Industrial	Utilities						
2019	\$ 1,068,637,240	\$ 674,838,019	\$ 88,119,300	1,831,594,559	4,512,516	\$ 1,827,082,043	\$ 33.21	\$ 1,920,248,283	95.4%
2018	1,065,706,600	656,357,900	78,914,000	1,800,978,500	4,942,200	1,796,036,300	33.68	1,853,318,546	97.2%
2017	1,064,310,740	655,367,400	73,554,600	1,793,232,740	4,598,925	1,788,633,815	32.81	1,804,187,319	99.4%
2016	1,143,309,000	655,665,400	49,788,300	1,848,762,700	4,974,025	1,843,788,675	31.05	1,821,207,565	101.5%
2015	1,145,591,800	656,428,300	49,788,300	1,851,808,400	4,764,325	1,847,044,075	30.36	1,807,277,270	102.5%
2014	1,145,562,600	656,440,100	49,810,900	1,851,813,600	4,917,025	1,846,896,575	29.48	1,765,219,898	104.9%
2013	1,148,683,831	663,860,700	49,810,900	1,862,355,431	5,297,000	1,857,058,431	28.16	1,761,859,486	105.7%
2012	1,149,268,300	666,380,900	50,953,700	1,866,602,900	5,667,900	1,860,935,000	27.47	1,821,623,737	102.5%
2011	1,213,562,100	643,660,000	50,823,500	1,908,045,600	5,677,900	1,902,367,700	27.14	1,889,927,826	101.0%
2010	1,244,991,400	637,804,809	50,823,500	1,933,619,709	5,704,000	1,927,915,709	25.97	*	*

* Data unavailable

Data Sources:

⁽¹⁾ State MS-1 Report of Assessed Values

⁽²⁾ NH Department of Revenue Administration's Annual Equalization Survey

City of Keene, New Hampshire

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

Fiscal Year	City Direct Rates					Overlapping Rate	
	City	Local School	State School	Total School	Total Direct	County	Total
2019	\$ 14.36	\$ 16.64	\$ 2.21	\$ 18.85	\$ 33.21	\$ 3.91	\$ 37.12
2018	14.06	17.26	2.36	19.62	33.68	3.54	37.22
2017	14.02	16.36	2.43	18.79	32.81	3.58	36.39
2016	13.42	15.28	2.35	17.63	31.05	3.36	34.41
2015	12.93	15.04	2.39	17.43	30.36	3.32	33.68
2014	12.44	14.60	2.44	17.04	29.48	3.27	32.75
2013	12.15	13.54	2.47	16.01	28.16	3.24	31.40
2012	11.78	13.32	2.37	15.69	27.47	3.35	30.82
2011	11.32	13.55	2.27	15.82	27.14	3.03	30.17
2010	10.94	12.82	2.21	15.03	25.97	2.83	28.80

Data Source
NH State Department of Revenue Administration, "Tax Rate Calculation"

City of Keene, New Hampshire
Principal Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2019 Net Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>2010 Net Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Net Assessed Value</u>
Eversource (formerly PSNH)	Utility	\$ 70,080,600	1	3.84 %	\$ 48,603,300	1	2.52 %
Keene MZL LLC (formerly MB Keene Monadnock LLC)	Retail/Commercial Space	29,313,900	2	1.60	37,778,600	2	1.96
Riverside Improvements LLC	Retail/Commercial Space	20,669,800	3	1.13	22,869,700	3	1.19
Realties Inc/Ellis Robertson	Retail/Commercial Space	20,113,290	4	1.10	19,085,400	4	0.99
480 West Street LLC	Retail/Commercial Space	14,222,000	5	0.78	14,767,000	6	0.77
Target Corporation	Retail/Commercial Space	13,799,900	6	0.76	16,183,600	5	0.84
MGJ Realty LLC	Apartments/Housing	12,012,300	7	0.66	-	-	-
Tanglewood Park Cooperative, Inc.	Manufactured Home Park	11,946,000	8	0.65	-	-	-
AH Keene LLC	Elderly Housing	11,276,200	9	0.62	-	-	-
Home Depot	Retail/Commercial Space	11,207,300	10	0.61	12,393,700	10	0.64
Total Principal Taxpayers		<u>\$ 214,641,290</u>		<u>11.75 %</u>	<u>\$ 171,681,300</u>		<u>8.91 %</u>
Total Net Assessed Taxable Value		<u>\$ 1,827,082,043</u>			<u>\$ 1,927,915,709</u>		

Data Source
City of Keene Tax Warrant

City of Keene, New Hampshire

Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year ⁽¹⁾ (FY)	Property Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Tax lien Collections	Balance at end of Current Fiscal Year	Total Collections to Date	
		Amount	% of Levy			Amount	% of Levy
2019	\$ 69,267,152	\$ 67,971,414	98.13%	\$ 1,386,997	\$ 1,184,980	\$ 68,173,431	98.42%
2018	68,166,295	66,968,501	98.24%	1,318,773	907,705	67,379,570	98.85%
2017	66,236,957	65,229,896	98.48%	1,162,354	944,300	65,229,896	98.48%
2016	64,484,906	63,554,757	98.56%	930,149	479,756	63,963,378	99.19%
2015	63,162,701	62,099,707	98.32%	1,062,995	152,514	63,043,025	99.81%
2014	61,244,506	60,490,420	98.77%	1,008,649	11,020	60,976,828	99.56%
2013	59,161,150	58,080,982	98.17%	1,080,168	1,004	59,081,258	99.86%
2012	57,877,697	56,591,398	97.78%	1,005,684	-	56,591,398	97.78%
2011	57,655,346	56,201,888	97.48%	1,453,458	136,519	56,817,638	98.55%
2010	55,824,770	54,412,890	97.47%	1,411,879	130,913	54,231,438	97.15%

Data Source:

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

Notes:

The data presented above represents information for taxes collected for City services.

It includes taxes raised for School District and the County.

Once a lien is executed a taxpayer has 2 years and 1 day to redeem the taxes before a Deed is executed

Amounts are estimated to the nearest thousand

⁽¹⁾ Fiscal year 2019 is the City's tax year 2018.

City of Keene, New Hampshire

**Ratios of Outstanding Debt by Debt Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Per Capita	Percentage of Personal Income	Percentage of Estimated Actual Taxable Value of Property	Population	Taxes Raised	Median Per Household Per Capita Income	Actual Taxable Value of Property
	General Obligation	Tax Increment Financing	Capital Leases	General Obligation	Tax Increment Financing								
	Bonds	Bonds		Bonds	Bonds								
2019	\$ 23,360,969	\$ 4,465,000	\$ -	\$ 11,178,824	\$ -	\$ 39,004,793	\$ 1,692	3.05%	2.13%	23,056	\$ 69,267,152	\$ 55,398	\$ 1,827,082,043
2018	22,040,562	5,090,000	92,417	11,347,223	-	38,570,202	1,681	3.14%	2.15%	22,949	68,166,295	53,499	1,796,036,300
2017	25,918,232	5,881,000	182,257	13,032,258	-	45,013,747	1,923	3.65%	2.52%	23,406	66,236,957	52,636	1,788,633,815
2016	25,638,281	3,998,438	255,752	13,917,817	271,562	44,081,850	1,893	3.62%	2.39%	23,281	64,484,906	52,327	1,843,788,675
2015	29,898,542	4,660,937	341,054	9,301,462	409,063	44,611,058	1,916	3.66%	2.42%	23,281	63,162,701	52,327	1,847,044,075
2014	27,959,901	5,320,000	57,893	8,683,308	550,000	42,571,102	1,829	3.49%	2.31%	23,281	61,244,506	52,327	1,846,896,575
2013	31,589,609	5,973,063	114,103	7,484,320	690,938	45,852,033	1,956	3.74%	2.47%	23,444	59,161,150	52,327	1,857,058,431
2012	33,874,263	4,911,225	168,681	5,847,385	831,875	45,633,429	1,950	3.73%	2.45%	23,396	57,877,697	52,327	1,860,935,000
2011	33,109,918	1,448,750	250,307	5,361,334	976,250	41,146,559	1,757	3.36%	2.16%	23,418	57,655,346	52,327	1,902,367,700
2010	26,444,083	1,639,375	56,741	6,141,667	1,120,625	35,402,491	1,512	4.08%	1.84%	23,409	55,824,770	37,033	1,927,915,709

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

City of Keene, New Hampshire

Computation of Overlapping Debt Last Ten Calendar Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct Debt:										
City of Keene										
Net General Obligation Debt Outstanding	\$ 28,140,199	\$ 34,808,975	\$ 38,954,169	\$ 37,676,775	\$ 33,337,794	\$ 34,900,533	\$ 29,892,471	\$ 31,981,489	\$ 27,222,979	\$ 27,825,969
Percentage Applicable to Government	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Amount Applicable to Government	\$ 28,140,199	\$ 34,808,975	\$ 38,954,169	\$ 37,676,775	\$ 33,337,794	\$ 34,900,533	\$ 29,892,471	\$ 31,981,489	\$ 27,222,979	\$ 27,825,969
Subtotal Direct Debt	\$ 28,140,199	\$ 34,808,975	\$ 38,954,169	\$ 37,676,775	\$ 33,337,794	\$ 34,900,533	\$ 29,892,471	\$ 31,981,489	\$ 27,222,979	\$ 27,825,969
Overlapping Debt:										
Cheshire County										
Net General Obligation Debt Outstanding	\$ 36,090,000	\$ 35,290,923	\$ 33,381,627	\$ 28,539,277	\$ 28,040,000	\$ 26,075,096	\$ 28,040,000	\$ 46,095,000	\$ 49,065,000	\$ 46,000,000
Percentage Applicable to Government*	26.03%	25.69%	26.04%	26.11%	26.11%	26.44%	26.11%	26.18%	25.40%	25.42%
Amount Applicable to Government	\$ 9,392,892	\$ 9,065,850	\$ 8,691,541	\$ 7,452,633	\$ 7,321,244	\$ 6,894,516	\$ 7,321,244	\$ 12,067,671	\$ 12,462,510	\$ 11,693,200
Keene Union School District										
Net General Obligation Debt Outstanding	\$ -	\$ -	\$ -	\$ 38,223,428	\$ 35,196,745	\$ 29,421,201	\$ 32,263,902	\$ 26,666,003	\$ 24,109,630	\$ 21,630,370
Percentage Applicable to Government	0%	0%	0%	0%	100%	100%	100%	100%	100%	100%
Amount Applicable to Government	\$ -	\$ -	\$ -	\$ -	\$ 35,196,745	\$ 29,421,201	\$ 32,263,902	\$ 26,666,003	\$ 24,109,630	\$ 21,630,370
Subtotal Overlapping Debt	\$ 9,392,892	\$ 9,065,850	\$ 8,691,541	\$ 7,452,633	\$ 42,517,989	\$ 36,315,717	\$ 39,585,146	\$ 38,733,674	\$ 36,572,140	\$ 33,323,570
Grand Total	\$ 37,533,091	\$ 43,874,825	\$ 47,645,710	\$ 45,129,408	\$ 75,855,783	\$ 71,216,250	\$ 69,477,617	\$ 70,715,163	\$ 63,795,119	\$ 61,149,539

* The percentage applicable to the City is based on its proportionate share of the Cheshire County's annual apportionment for each respective fiscal year.

Data Source:
Audited financial statements, Cheshire County, and Keene Union School District

City of Keene, New Hampshire

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Base Value for Debt Limits ⁽¹⁾	\$ 1,865,263,083	\$ 1,887,318,000	\$ 18,193,999	\$ 1,819,399,000	\$ 1,819,399,000	\$ 1,758,640,000	\$ 1,738,800,000	\$ 1,792,296,603	\$ 1,840,121,797	\$ 1,906,401,769
Legal Debt Limits (% of Base Value)										
General - 1.75% thru 1998, 3% 1999 on ⁽²⁾	\$ 55,957,892	\$ 56,619,540	\$ 54,582,000	\$ 54,582,000	\$ 54,582,000	\$ 52,759,000	\$ 52,164,000	\$ 53,768,898	\$ 55,203,654	\$ 57,192,053
Parking - 0.05%	93,263,154	94,365,900	9,097,000	9,097,000	9,097,000	8,798,000	8,694,000	8,961,483	9,200,609	9,532,009
Water - 10% ⁽²⁾	186,526,308	188,731,800	181,940,000	181,940,000	181,940,000	175,864,000	173,880,000	179,229,660	184,012,180	190,640,177
	\$ 335,747,355	\$ 339,717,240	\$ 245,619,000	\$ 245,619,000	\$ 245,619,000	\$ 237,421,000	\$ 234,738,000	\$ 241,960,041	248,416,443	257,364,239
Issued Debt at June 30										
Total Issued Debt at June 30	\$ 35,346,000	\$ 40,896,000	\$ 45,465,000	\$ 45,738,000	\$ 42,513,000	\$ 44,270,000	\$ 43,826,000	\$ 43,864,814	\$ 37,618,517	\$ 39,004,793
Less Water Fund	(1,205,650)	(947,631)	(566,300)	(818,956)	(1,456,876)	(1,203,752)	(987,122)	(1,769,366)	(1,459,584)	(1,273,569)
Less Sewer Fund ⁽³⁾	(4,936,017)	(4,413,703)	(5,281,085)	(6,665,364)	(7,226,432)	(8,097,707)	(12,930,695)	(11,262,892)	(9,887,639)	(9,905,255)
Less TIF, Parking, Landfill ⁽³⁾	(3,547,718)	(3,037,525)	(6,182,936)	(6,935,853)	(6,106,296)	(6,031,019)	(5,115,740)	(6,113,675)	(5,274,000)	(4,865,500)
	25,656,615	32,497,141	33,434,679	31,317,827	27,723,396	28,937,522	24,792,443	24,718,881	20,997,294	22,960,469
Authorized Unissued at June 30										
Total Authorized Unissued Debt at June 30	15,665,000	11,315,000	17,425,840	9,715,000	11,860,000	8,863,000	12,706,000	135,000	7,258,500	4,699,000
Less Water Fund	(780,000)	(780,000)	(780,000)	(780,000)	-	-	-	-	-	-
Less Sewer Fund ⁽³⁾	(5,590,000)	(6,235,000)	(13,066,700)	(8,175,000)	(7,495,000)	(6,690,000)	(6,045,000)	-	(1,350,000)	(1,727,000)
Less TIF, Parking, Landfill ⁽³⁾	-	-	(2,389,140)	(760,000)	(760,000)	(105,000)	(105,000)	-	(250,000)	(168,000)
Total Debt Subject to general limit	\$ 34,951,615	\$ 36,797,141	\$ 34,624,679	\$ 31,317,827	\$ 31,328,396	\$ 31,005,522	\$ 31,348,443	\$ 24,853,881	\$ 26,655,794	\$ 25,764,469
Legal Debt Margin										
General	\$ 21,006,277	\$ 19,822,399	\$ 19,957,321	\$ 23,264,173	\$ 23,253,604	\$ 21,753,478	\$ 20,815,557	\$ 28,915,017	\$ 28,547,860	\$ 31,427,584
Water Fund	\$ 184,540,658	\$ 187,004,169	\$ 180,593,700	\$ 180,341,044	\$ 180,483,124	\$ 174,660,248	\$ 172,892,878	\$ 177,460,294	\$ 182,552,596	\$ 189,366,608
% of Legal Debt Limits Used										
General	62.5%	65.0%	63.4%	57.4%	57.4%	58.8%	60.1%	46.2%	48.3%	45.0%
Water Fund	1.1%	0.9%	0.7%	0.9%	0.8%	0.7%	0.6%	1.0%	0.8%	0.7%

Data Source
Audited Financial Statements

Notes:

⁽¹⁾ Base Value for Debt Limits computed by the NH Department of Revenue Administration

⁽²⁾ Legal debt limit percentage rates set by NH State statute

⁽³⁾ Debt exempt from Debt limits consists of Landfills, Tax Increment Financing and Sewer debt.

City of Keene, New Hampshire

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2019	23,056 *	\$ 709,410	\$ 30,769 *	2.50% **
2018	22,949	684,110	29,810	2.80%
2017	23,406	697,733	29,810	2.80%
2016	23,281	593,037	25,473	2.60%
2015	23,281	593,037	25,473	3.10%
2014	23,281	593,037	25,473	4.00%
2013	23,444	593,037	25,473	4.20%
2012	23,396	597,189	25,473	4.90%
2011	23,418	595,966	25,473	5.00%
2010	23,409	596,527	25,473	5.10%

* Based on July 1, 2018 US Census Bureau Quick Facts

** Unemployment rate is based on June of every year and is not seasonably adjusted

City of Keene, New Hampshire
Principal Employers
Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cheshire Medical Center/Dartmouth Hitchcock - Keene	1,520	1	13.00%	1,463	1	11.61%
C & S Wholesale Grocers	1,200	2	10.26%	820	3	6.51%
Keene School District	1,141	3	9.76%	717	4	5.69%
Keene State College	858	4	7.34%	941	2	7.47%
Markem-Imaje Corporation	400	5	3.42%	450	7	3.57%
Smith Industrial Medical Systems	380	6	3.25%	600	5	4.76%
Liberty Mutual/Peerless Insurance	354	7	3.03%	501	6	3.98%
National Grange Mutual Insurance	347	8	2.97%	385	9	3.06%
City of Keene	324	9	2.77%	382	10	3.03%
Timken Super Precision	250	10	2.15%	395	8	3.13%
Total Principal Employers	6,774		<u>57.94%</u>	6,654		<u>52.81%</u>
Total City Employment	<u>11,693</u>	(1)		<u>12,600</u>		

Data Source

Final Official Statements for City of Keene bond issues and information provided by City's Economic Development Dept.

(1) Data from Economic & Labor Market Information Bureau, NH Employment Security

City of Keene, New Hampshire

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

Departments	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Manager	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
City Attorney	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
City Clerk	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59
Assessment	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	15.71	14.18	14.18	14.18	14.18	15.18	15.18	15.18	15.18	15.18
Human Resources	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.91	3.00	3.00
Information Technology	7.00	7.00	6.80	6.80	6.90	7.00	7.00	7.00	7.00	7.00
General Government	40.10	38.57	38.37	38.37	38.47	38.57	38.57	38.68	39.77	39.77
Fire	48.00	47.80	45.80	45.80	46.00	46.00	46.00	46.00	46.00	46.00
Police	57.56	55.56	54.45	54.53	52.75	55.75	55.75	53.75	56.75	56.75
Health and Code	8.34	7.67	6.67	8.14	8.23	8.33	7.83	8.33	8.33	8.00
Parking	5.69	5.70	5.70	5.70	6.39	5.42	5.33	5.10	5.12	6.86
Public Safety	119.59	116.73	112.62	114.17	113.37	115.50	114.91	113.18	116.20	117.61
Public Works	25.93	31.12	29.12	29.12	28.04	26.38	26.21	26.33	27.43	28.73
Solid Waste	6.38	7.46	7.46	7.38	7.85	7.58	7.77	10.17	10.27	10.27
Fleet Services	7.29	7.29	6.29	6.25	6.29	6.29	6.25	6.25	6.25	6.25
Public Works	39.60	45.87	42.87	42.75	42.18	40.25	40.23	42.75	43.95	45.25
Human Services	3.30	3.30	3.30	3.04	3.53	2.71	2.64	2.64	2.64	2.64
Youth Services	2.03	2.03	2.03	1.76	1.39	1.10	1.27	1.27	1.00	1.00
Welfare and Human Services	5.33	5.33	5.33	4.80	4.92	3.81	3.91	3.91	3.64	3.64
Airport	3.00	2.00	2.00	2.00	2.00	2.00	2.80	2.80	2.80	3.00
Library	10.00	10.00	10.00	10.00	8.00	8.00	9.44	10.07	10.74	11.26
Community development	6.00	6.00	5.00	3.90	4.65	4.91	4.91	4.91	4.91	4.91
Parks and Facilities	18.99	17.99	15.99	16.04	17.24	16.25	15.95	15.30	16.24	19.09
Water	11.73	12.29	8.09	8.59	11.34	12.03	12.03	12.00	11.48	12.61
Sewer	16.54	15.99	15.24	14.66	15.99	15.30	15.22	13.24	14.77	15.63
Grand Totals	270.88	270.77	255.51	255.28	258.16	256.62	257.97	256.84	264.50	272.77

Data Source

Budgeted Positions per City of Keene Budget. Full time equivalent based on 40 hours per week.

City of Keene, New Hampshire

Operating Indicators by Function

Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ⁽¹⁾
Police										
Number of police calls answered	38,625	37,548	35,857	34,951	32,723	31,567	29,382	29,688	29,796	28,706
Traffic violations	4,299	5,311	4,553	3,963	3,114	4,814	5,848	5,425	6,219	5,260
Parking violations	22,400	20,083	21,919	17,997	18,879	19,079	21,776	25,686	30,461	21,791
Total Offenses Reported (prior calendar year basis)										
Group A	2,240	2,018	2,367	2,317	2,615	2,327	2,181	1,926	1,875	1,606
Group B ⁽¹⁾	1,357	1,292	1,484	1,343	1,303	1,243	1,181	1,856	1,976	1,876
Fire and Rescue										
Calls answered	3,793	3,848	4,133	4,044	4,152	4,543	4,865	4,865	4,767	4,837
False alarms	17	30	24	23	17	24	21	64	15	42
Patients treated and transported	1,957	2,054	2,125	2,138	2,025	2,274	2,456	2,480	2,413	2,403
Patients treated only	79	127	209	233	327	289	228	222	38	1
Water										
Average daily consumption (in thousands of gallons)	*	*	*	*	1,602	1,519	1,516	1,415	1,411	1,432
Sewer										
Daily average treatment (in thousands of gallons)	3,460	3,230	3,670	2,910	3,400	2,840	2,370	2,290	2,780	2,953

⁽¹⁾ The 2019 figure is based on 2018 calendar year

Data Source

Various city departments

* Data unavailable

City of Keene, New Hampshire

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	10	10	10	10	10	10	10	10	10	10
Fire and Rescue										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of ladder trucks	2	2	2	2	2	2	2	2	2	2
Number of pumpers	3	3	3	3	3	3	4	4	3	3
Number of support vehicles	5	5	5	5	5	5	5	5	5	5
Public works										
Miles of streets	126	126	126	126	126	126	126	126	126	126
Number of traffic lights (in sets)	*	*	*	*	*	*	*	13	13	13
Number of street lights ⁽¹⁾	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,150
Parks & facilities										
Number of parks	16	16	16	16	16	16	16	16	16	16
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Miles of trails	*	*	*	*	*	*	*	8	8.2	8.2
Water										
Water main (miles)	100+	100+	100+	100+	109	123	124	124	124	124
Maximum daily capacity (in thousands of gallons)	*	*	*	*	5,400	5,400	5,400	5,400	5,400	5,400
Sewer										
Sanitary sewers (miles)	103	*	*	103	105	100	106	106	106	105
Maximum daily capacity of treatment (in thousands of gallons) (avg daily flow but designed for 21MGD)	5,180	5,180	5,180	5,380	5,380	5,380	5,380	6,000	6,000	6,000

⁽¹⁾ In prior years, the number of street lights were incorrectly entered. All years have been subsequently updated.

Data Source

Various city departments

* Data unavailable