

CITY OF KEENE, NEW HAMPSHIRE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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CITY OF KEENE NEW HAMPSHIRE

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
June 30, 2018**



**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 9, 2019

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 for the Fiscal Year ending June 30, 2018. 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>2018 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 2.8%; similar to the state rate and lower than the federal rate.

Tax collections continue to trend high with 98.85% of the 2017 (FY18) tax warrant collected. The total lien amount increased to \$1,318,773 for 2016 from \$1,162,354 for 2017.

Analysis of the properties comprising the top ten lien amounts indicate a decrease of \$31,454, or 8.71%, moving from \$360,938 for 2016 to \$329,484.

Economic Development

In 1988, the City purchased land owned by the Boston & Maine Railroad, comprised of approximately seven acres of land that stretches across Main Street and is encompassed within the downtown area (known as the Railroad Property). The intent of this purchase was for redevelopment from vacant land and derelict buildings to tax paying entities that would complement the historic character of the Main Street/downtown area.

In 2005, the City and Monadnock Economic Development Corporation (MEDC), a private not-for-profit development corporation headquartered in Keene, entered into a development agreement that outlined the timing, nature and magnitude of property-tax paying development. MEDC would develop the property and the public infrastructure improvements would be undertaken by the City. Subsequently, the City sold land to MEDC, and much of the property has been developed. To date, there has been approximately \$42.5 million of new investment in 181,677 square feet and infrastructure. Within the Railroad Property are 32 housing units and employment for 215 people. Development in the Railroad Property over the years is outlined below:

- **51 Railroad Street** has a total of 34,400 square feet on four floors. Two bottom floors of commercial space in 17,600 square feet (the first floor is a bit bigger than the upper floors) and the residential space on the top two floors has eight condominiums totaling 16,800 square feet. There are about 50 people working in the commercial space between Nicola's, Cheshire Medical Center, and MEDC. This development represents investment of approximately \$7 million.
- **The Courtyard by Marriott** has 100 guest rooms and related meeting rooms/ballroom, pool, gym, etc., in a five story 71,000 square foot building. There are at least 35 people working there. This development represents investment of approximately \$15 million. It is also a LEEDS certified building.
- **Keene Senior Housing** is three floors totaling 25,650 square feet. There are 22 one-bedroom and 2 two-bedroom apartments for seniors, representing investment of approximately \$5 million.
- **Southwestern Community Services** purchased 33,000 square feet of the former Wright Silver Polish plant from Railroad Land Development LLC and converted the condominium unit into offices and Head Start classrooms. There are about 125 people working there and the project represents investments of approximately \$5.5 million.

- **Monadnock Developmental Services** purchased the remainder of the space in the former Wright Silver Polish building (4,500 square feet) and converted the former warehouse space into a food production facility. Total investment was approximately \$2 million. There are about 6 people working there.
- **Monadnock Food Co-Op** is a 13,177 square foot \$4 million food co-op facility that opened in 2014. The Co-op has more than 1,000 member families and approximately 60 employees, with more than 45 being full time equivalent positions. In 2019, construction of a 5,700 square foot expansion will begin.

Remaining within the Railroad Land area is one additional site currently subject to purchase agreements. Those agreements provide for the following development:

- Adjacent to the Railroad Property at the end of Railroad Street, construction is underway on a 24-unit senior housing development.

The City has invested over \$4 million in infrastructure to support the redevelopment of the Railroad Property.

Developments in other areas of the City is detailed below:

- A \$13 million renovation to the Keene Public Library began in 2018 and is expected to be completed by the end of the year.
- In Downtown Keene, 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. At the rear of the site, a 140-unit residential development is under construction and will open in 2019.
- A Continuing Care Retirement Community of approximately 250 beds began construction in 2017. This important asset, for the region's senior citizens will open with nearly 100% occupancy in late 2018. The project has an estimated construction value of approximately \$75 million.
- The former EF Lane Hotel on Main Street was renovated re-opened as a Fairfield Inn and includes the Fireworks restaurant on the first floor. The total investment in this hotel development is approximately \$6 million.
- A new Hampton Inn began construction in the fall of 2018, with 92 rooms and a restaurant. A new 2,800 square foot Burger King restaurant has received all permits and approvals and is slated to begin construction in early 2019.
- Monadnock Marketplace, a major regional shopping center, recently completed construction of a 10,600 square foot expansion for retail and restaurant use.
- Downtown retail and occupancy rates remain high.

The City continues to be successful in competing for and receiving grants that have leveraged other investments. In 2014 and 2015, \$11 million in investments and grants provided for the reconstruction of 75 units of existing multi-family housing and for the expansion of local business incubator space and micro-enterprise support services provided by the Hannah Grimes Center. In 2018, the City received a federal grant amounting to \$500,000 for building renovation and expansion of the Keene Community Kitchen.

Keene State College continues to build and renovate buildings and dormitories on its campus. The Colony Mill, a retail and office building close to Downtown, is undergoing a complete rehabilitation, converting retail space into 90 units of housing.

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 August 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, take 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 six 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, each year anticipated capital expenditures are identified in the six-year CIP, which forecasts projects anticipated within that time period with an estimated cost in excess of \$20,000 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 \$1,840,121,797 (2017).

Long- term debt outstanding from general obligation bonds as of June 30, 2018 totaled \$37,618,517 and the amount authorized and unissued totaled \$7,258,500.

Fund Balance – Fund balance represents the difference between current assets and liabilities and comprises non-spendable, restricted, committed, assigned, and assigned 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, 2018, 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 Total OPEB Liability was \$5,432,825 or 32.58% of covered payroll. As the City participates in the New Hampshire Retirement System, the City's proportionate share of the medical subsidy was \$2,365,995 or 14.19% 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.

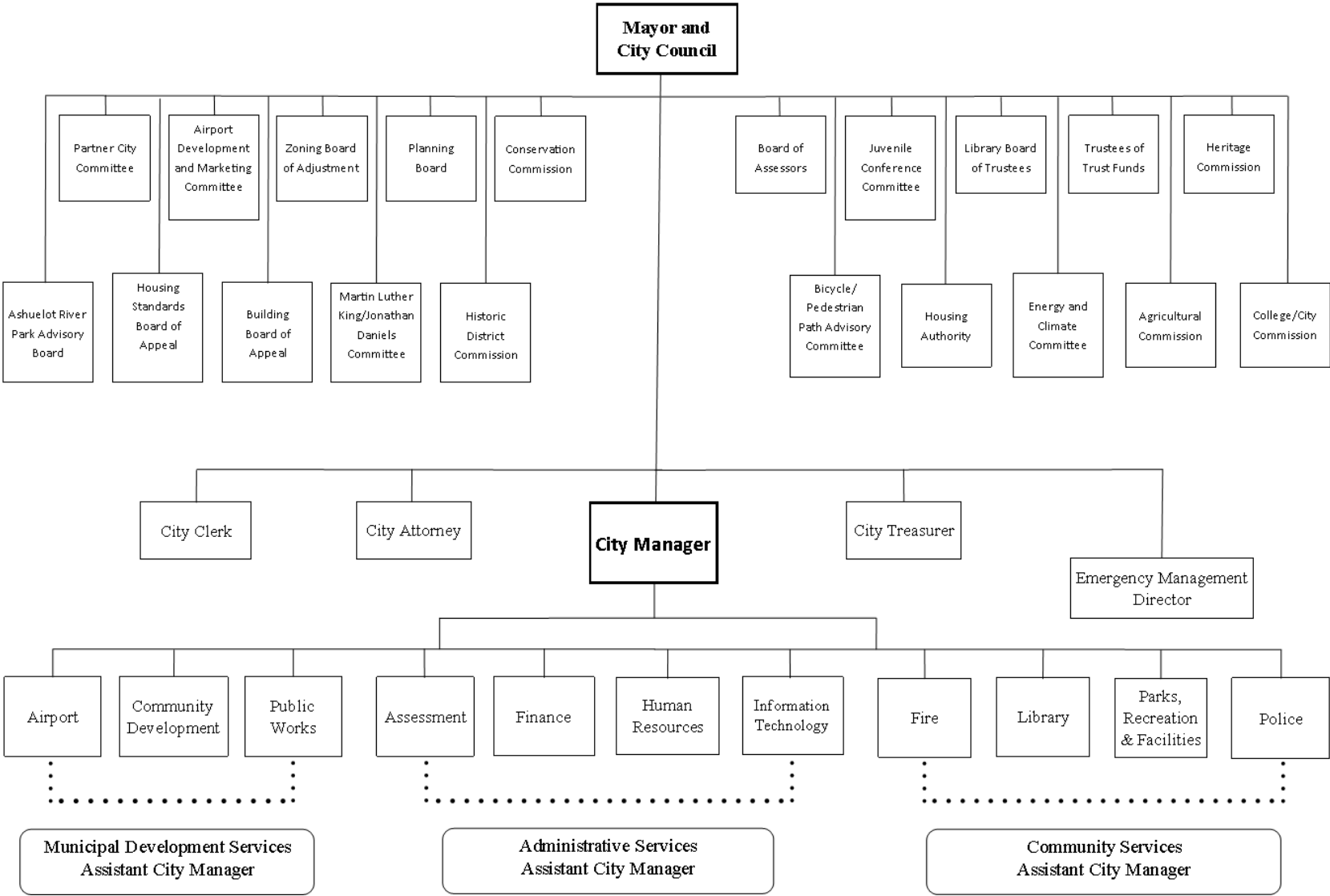
Thank you to the finance staff and all City departments for their cooperation and assistance in gathering the information contained in this report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Merri E.B. Howe". The signature is written in a cursive style.

Merri E.B. Howe
Finance Director

**City of Keene
Organizational Chart**



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**FINANCIAL
SECTION**

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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general 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 the Pension and OPEB schedules appearing on pages 83 to 86 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 89 through 98 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 1 through 9, and 105 through 121 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 9, 2019 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 9, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018.

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, planning, 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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. 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 \$118,450,849 (i.e., net position), a change of \$9,089,424 in comparison to the prior year as restated for GASB 75. See note 24.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$27,395,739, a change of \$(4,583,072) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,924,574, a change of \$268,622 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>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Current and other assets | \$ 42,833,188 | \$ 48,950,877 | \$ 18,775,726 | \$ 17,992,365 | \$ 61,608,914 | \$ 66,943,242 |
| Capital assets | 93,075,456 | 85,023,624 | 58,754,392 | 59,649,855 | 151,829,848 | 144,673,479 |
| Total assets | 135,908,644 | 133,974,501 | 77,530,118 | 77,642,220 | 213,438,762 | 211,616,721 |
| Deferred outflows of resources | 6,860,021 | 9,980,269 | 533,851 | 785,261 | 7,393,872 | 10,765,530 |
| Current liabilities | 9,574,298 | 8,345,937 | 2,380,540 | 2,475,241 | 11,954,838 | 10,821,178 |
| Noncurrent liabilities | 67,503,095 | 70,384,136 | 13,410,613 | 14,432,228 | 80,913,708 | 84,816,364 |
| Total liabilities | 77,077,393 | 78,730,073 | 15,791,153 | 16,907,469 | 92,868,546 | 95,637,542 |
| Deferred inflows of resources | 9,271,999 | 11,415,543 | 241,240 | 183,083 | 9,513,239 | 11,598,626 |
| Net position: | | | | | | |
| Net investment in capital assets | 66,711,745 | 59,166,584 | 47,558,442 | 46,911,847 | 114,270,187 | 106,078,431 |
| Restricted | 9,833,924 | 11,757,799 | - | - | 9,833,924 | 11,757,799 |
| Unrestricted | (20,126,396) | (17,115,229) | 14,473,134 | 14,425,082 | (5,653,262) | (2,690,147) |
| Total net position * | \$ 56,419,273 | \$ 53,809,154 | \$ 62,031,576 | \$ 61,336,929 | \$ 118,450,849 | \$ 115,146,083 |

* Fiscal year 2017 amounts were not restated as the City applied GASB 75 prospectively.

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 \$118,450,849, a change of \$9,089,424 from the prior year.

The largest portion of net position, \$114,270,187, 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, \$9,833,924, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(5,653,262) which primarily results from the City's net pension and net OPEB liabilities.

| | <u>CHANGES IN NET POSITION</u> | | | | | |
|--|------------------------------------|----------------------|-------------------------------------|----------------------|-----------------------|-----------------------|
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13,073,294 | \$ 13,352,148 | \$ 10,032,052 | \$ 9,732,190 | \$ 23,105,346 | \$ 23,084,338 |
| Operating grants and contributions | 3,908,607 | 2,868,256 | - | 551,152 | 3,908,607 | 3,419,408 |
| Capital grants and contributions | 5,097,486 | 2,879,365 | 677,271 | - | 5,774,757 | 2,879,365 |
| General revenues: | | | | | | |
| Property taxes | 25,974,118 | 26,741,212 | 136,746 | 145,440 | 26,110,864 | 26,886,652 |
| Penalties and interest on taxes | 1,398,382 | 1,078,383 | - | - | 1,398,382 | 1,078,383 |
| Investment income | 787,744 | 663,683 | 93,411 | 62,580 | 881,155 | 726,263 |
| Miscellaneous | 312,538 | 311,474 | - | - | 312,538 | 311,474 |
| Total revenues | 50,552,169 | 47,894,521 | 10,939,480 | 10,491,362 | 61,491,649 | 58,385,883 |
| Expenses: | | | | | | |
| General government | 7,607,341 | 7,008,103 | - | - | 7,607,341 | 7,008,103 |
| Public safety | 15,588,700 | 15,922,427 | - | - | 15,588,700 | 15,922,427 |
| Public works | 10,207,597 | 12,342,448 | - | - | 10,207,597 | 12,342,448 |
| Welfare and human services | 1,757,686 | 1,600,241 | - | - | 1,757,686 | 1,600,241 |
| Airport | 1,313,506 | 1,312,906 | - | - | 1,313,506 | 1,312,906 |
| Library | 1,488,344 | 1,468,787 | - | - | 1,488,344 | 1,468,787 |
| Planning | 597,408 | 328,168 | - | - | 597,408 | 328,168 |
| Parks and facilities | 3,409,437 | 3,018,676 | - | - | 3,409,437 | 3,018,676 |
| Interest | 1,115,646 | 1,225,901 | - | - | 1,115,646 | 1,225,901 |
| Water | - | - | 3,978,790 | 3,894,553 | 3,978,790 | 3,894,553 |
| Sewer | - | - | 5,361,320 | 5,491,891 | 5,361,320 | 5,491,891 |
| Total expenses | 43,085,665 | 44,227,657 | 9,340,110 | 9,386,444 | 52,425,775 | 53,614,101 |
| Change in net position before permanent fund contributions | 7,466,504 | 3,666,864 | 1,599,370 | 1,104,918 | 9,065,874 | 4,771,782 |
| Permanent fund contributions | 23,550 | 37,024 | - | - | 23,550 | 37,024 |
| Change in net position | 7,490,054 | 3,703,888 | 1,599,370 | 1,104,918 | 9,089,424 | 4,808,806 |
| Net position - beginning of year, as restated* | 48,929,219 | 50,105,266 | 60,432,206 | 60,232,011 | 109,361,425 | 110,337,277 |
| Net position - end of year | \$ 56,419,273 | \$ 53,809,154 | \$ 62,031,576 | \$ 61,336,929 | \$ 118,450,849 | \$ 115,146,083 |

* Fiscal year 2017 amounts were not restated as the City applied GASB 75 prospectively.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$7,490,054. Key elements of this change are as follows:

| | |
|--|---------------------|
| General fund operations | \$ 2,668,155 |
| Capital grants and contributions | 2,212,967 |
| Library renovation trust contributions | 1,974,136 |
| Other | <u>634,796</u> |
| Total | <u>\$ 7,490,054</u> |

Business-type activities. Business-type activities for the year resulted in a change in net position of \$1,599,370. Key elements of this change are as follows:

| | |
|------------------|---------------------|
| Water operations | \$ 67,370 |
| Sewer operations | <u>1,532,000</u> |
| Total | <u>\$ 1,599,370</u> |

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 \$27,395,739, a change of \$(4,583,072) in comparison to the prior year. Key elements of this change are as follows:

| | |
|---|-----------------------|
| General fund excess revenues and transfers in over expenditures and transfers out | \$ 884,018 |
| Capital project fund excess expenditures and transfers out over revenues and transfers in | (3,543,215) |
| Library renovation trust excess expenditures and transfers out over revenues and transfers in | (2,177,158) |
| Other special revenue fund excess expenditures and transfers out over revenues and transfers in | (52,253) |
| Trust fund excess revenues and transfers in over expenditures and transfers out | <u>305,536</u> |
| Total | <u>\$ (4,583,072)</u> |

The capital project fund had a change in fund balance of \$(3,543,215) which accounts for approximately 77% 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. During 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.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,924,574, while total fund balance was \$14,644,761. 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 table below:

| <u>General Fund</u> | <u>6/30/18</u> | <u>6/30/17</u> | <u>Change</u> | <u>% of Total General Fund Tax Levy</u> |
|-------------------------|----------------|----------------|---------------|---|
| Unassigned fund balance | \$ 8,924,574 | \$ 8,655,952 | \$ 268,622 | 11.1% |
| Total fund balance | \$ 14,644,761 | \$ 13,760,743 | \$ 884,018 | 18.2% |

The total fund balance of the general fund changed by \$884,018 during the current fiscal year. Key factors in this change are as follows:

| | |
|---|-------------------|
| Use of fund balance as a funding source | \$ (1,986,211) |
| Tax collections as compared to budget | (295,945) |
| Revenues in excess of budget | 211,780 |
| Expenditures less than budget | 2,279,689 |
| Change in encumbrances | (17,573) |
| Change in capital reserves | 618,946 |
| Other | 73,332 |
| Total | <u>\$ 884,018</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>6/30/18</u> | <u>6/30/17</u> | <u>Change</u> |
|--------------------------------------|---------------------|---------------------|-------------------|
| Downtown Infrastructure and Facility | \$ 1,209,715 | \$ 1,065,387 | \$ 144,328 |
| Bridges | 997,928 | 1,001,178 | (3,250) |
| Fire Equipment | 299,295 | 80 | 299,215 |
| Transfer/Recycle Facility | 297,034 | 246,827 | 50,207 |
| Other Capital Reserves | <u>740,861</u> | <u>612,415</u> | <u>128,446</u> |
| Total | <u>\$ 3,544,833</u> | <u>\$ 2,925,887</u> | <u>\$ 618,946</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 \$14,473,134, a change of \$48,052 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 \$2,675,953. Of this increase, \$2,258,596 was funded by unassigned fund balance and \$417,357 from the State of New Hampshire associated with Senate Bill 38 for road improvements. Major reasons for these amendments include:

| | |
|---------------------|--|
| \$ 1,729,221 | For library campus development project |
| 417,357 | For supplemental road improvements |
| 353,000 | For police communication equipment replacement |
| 120,000 | For Main Street crosswalk improvements |
| <u>56,375</u> | For fire department personnel costs |
| <u>\$ 2,675,953</u> | |

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$151,829,848 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and vehicles and equipment, and infrastructure.

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

- Fire ladder truck
- Airport runway rehab
- Library Campus Development project
- Wastewater treatment plan improvements
- 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 \$38,477,785 (inclusive of bond premiums), all of which was backed by the full faith and credit of the government.

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 2018 for Keene remained at 2.8% with no change from June 2017. The rate for Cheshire County was up .01% at 2.8% and the State of New Hampshire down .01 at 2.6%. In comparison to the New England rate and National rate, 3.6% and 4.0%, respectively, Keene remained significantly lower. (Source: NH Employment Security and US Bureau of Labor Statistics).

Total taxable assessed values for property taxes that supported 2018 fiscal year operations budget increased by .41%, from \$1,788,633,815 to \$1,796,036,300.

The percentage of 2017 property taxes that remained unpaid and went to lien status was 1.76% of the total warrant(s). This represents a slight increase over 2016 (.48%). The total lien amount increased to \$1,318,773 for 2017 from \$1,162,354 for 2016. Analysis of the properties comprising the top ten lien amounts indicate a decrease of \$31,454, or 8.71%, moving from \$360,938 for 2016 to \$329,484. The total number of properties liened was 243, up 11 from 2016. Out of the top ten parcels liened, five were commercial, which is up one from the previous year. By fiscal year end, 98.85% of the entire 2017 tax warrant had been collected; continuing a trend of high collection rates.

When developing a budget for the ensuing year, many factors are taken into consideration by City officials: property tax burden, water and sewer utility rate burden, continuation of municipal services and service levels, compliance with statutory and other legal requirements (e.g., adequate welfare budget, budget for

debt service costs, funding cost items contained within collective bargaining agreements, contributions required by the NH Retirement System), and the fair and adequate compensation of its employees, to name a few.

Rooms and Meals Tax, shared by the State with local entities according to a formula that provides for limited sharing of additional revenue, are projected to remain stable. Reflective of legislative changes, the distribution of the highway funds derived from the Gas Tax are projected to increase slightly, and interest earnings are beginning to trend upward. Motor vehicle registration fees, a significant source of General Fund Revenue, continue to trend slightly higher, exceeding projections for fiscal year 2018 but beginning to show signs of leveling off.

The City continues to see the value in investing in its infrastructure. Planning is underway for the reconstruction of Winchester Street from Route 101 to the Winchester Street bridge with construction to begin in fiscal year 2019 and continues with the replacement of bridges and resurface roads, update drainage systems, improve sidewalks, and fund capital reserves for the scheduled replacement of fire apparatus, ambulances and other fleet components. Using the Comprehensive Master Plan as a guide, the City will continue to focus on sustainability and core community values as it prepares for the future and the next budget cycle.

Conducting an annual review of the City's Fiscal Policies by the City Council helps to ensure the City is incorporating best practices, as outlined by the National Advisory Council on State and Local Budgeting (NACSLB) and keeps the focus of elected officials and staff on principals and these practices that will continue to advance the organization's fiscal security. These policies provide guidance on fund structure, revenues, fees and charges, capital improvement program, debt, capital assets, investment of temporarily idle funds, and stabilization funds providing a tool for the City to anticipate and respond to the needs of the community.

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

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BASIC FINANCIAL STATEMENTS

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CITY OF KEENE, NEW HAMPSHIRE
STATEMENT OF NET POSITION
JUNE 30, 2018

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|---|--|---|-----------------------|
| Assets | | | |
| Current: | | | |
| Cash and short-term investments | \$ 35,938,053 | \$ - | \$ 35,938,053 |
| Investments | 6,500,597 | 8,910,523 | 15,411,120 |
| Receivables, net of allowance for uncollectibles: | | | |
| Property taxes | 2,271,676 | - | 2,271,676 |
| User fees | - | 3,511,662 | 3,511,662 |
| Accounts receivable | 1,354,602 | 10,204 | 1,364,806 |
| Notes receivable | - | 69,964 | 69,964 |
| Intergovernmental | 950,102 | 4,829 | 954,931 |
| Internal balances | (5,124,275) | 5,124,275 | - |
| Due from external parties - fiduciary funds | 934 | - | 934 |
| Prepaid items | 655,367 | 134,675 | 790,042 |
| Inventory | 236,293 | 265,153 | 501,446 |
| Other assets | 49,839 | - | 49,839 |
| Noncurrent: | | | |
| Notes receivable | - | 744,441 | 744,441 |
| Capital assets: | | | |
| Land and construction in progress | 31,836,465 | 6,495,058 | 38,331,523 |
| Capital assets, net of accumulated depreciation | 61,238,991 | 52,259,334 | 113,498,325 |
| Deferred Outflows of Resources | | | |
| Related to pensions | 6,320,766 | 478,266 | 6,799,032 |
| Related to OPEB | 320,488 | 5,851 | 326,339 |
| Other | 218,767 | 49,734 | 268,501 |
| Total Assets and Deferred Outflows of Resources | 142,768,665 | 78,063,969 | 220,832,634 |
| Liabilities | | | |
| Current: | | | |
| Warrants payable | 1,743,517 | 470,476 | 2,213,993 |
| Accounts payable | 1,120,286 | 279,279 | 1,399,565 |
| Accrued liabilities | 688,151 | 49,186 | 737,337 |
| Payroll withholdings | 889,790 | - | 889,790 |
| Other current liabilities | 429,994 | 30,756 | 460,750 |
| Current portion of long-term liabilities: | | | |
| Bonds payable | 3,632,733 | 1,518,397 | 5,151,130 |
| Tax increment financing bonds payable | 625,000 | - | 625,000 |
| Other liabilities | 444,827 | 32,446 | 477,273 |
| Noncurrent: | | | |
| Bonds payable, net of current portion | 18,407,829 | 9,828,826 | 28,236,655 |
| Tax increment financing bonds payable, net of current portion | 4,465,000 | - | 4,465,000 |
| Net pension liability | 34,396,317 | 2,553,213 | 36,949,530 |
| Net OPEB liability | 7,062,258 | 736,562 | 7,798,820 |
| Other liabilities, net of current portion | 3,171,691 | 292,012 | 3,463,703 |
| Deferred Inflows of Resources | | | |
| Related to pensions | 1,622,636 | 120,446 | 1,743,082 |
| Related to OPEB | 313,715 | 41,961 | 355,676 |
| Other | 7,335,648 | 78,833 | 7,414,481 |
| Total Liabilities and Deferred Inflows of Resources | 86,349,392 | 16,032,393 | 102,381,785 |
| Net Position | | | |
| Net investments in capital assets | 66,711,745 | 47,558,442 | 114,270,187 |
| Restricted for: | | | |
| Grants and other statutory restrictions | 4,213,099 | - | 4,213,099 |
| Permanent funds: | | | |
| Nonexpendable | 5,317,971 | - | 5,317,971 |
| Expendable | 302,854 | - | 302,854 |
| Unrestricted | (20,126,396) | 14,473,134 | (5,653,262) |
| Total Net Position | \$ 56,419,273 | \$ 62,031,576 | \$ 118,450,849 |

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, 2018

| | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities | | | | | | | |
| General government | \$ 7,607,341 | \$ 3,581,446 | \$ 1,930,047 | \$ - | \$ (2,095,848) | \$ - | \$ (2,095,848) |
| Public safety | 15,588,700 | 3,137,231 | 1,111,984 | - | (11,339,485) | - | (11,339,485) |
| Public works | 10,207,597 | 5,305,390 | 755,776 | 2,433,186 | (1,713,245) | - | (1,713,245) |
| Welfare and human services | 1,757,686 | 71,202 | 39,633 | - | (1,646,851) | - | (1,646,851) |
| Airport | 1,313,506 | 441,208 | 15,137 | 670,612 | (186,549) | - | (186,549) |
| Library | 1,488,344 | 44,792 | 35,718 | 1,974,136 | 566,302 | - | 566,302 |
| Planning | 597,408 | 17,331 | - | - | (580,077) | - | (580,077) |
| Parks and facilities | 3,409,437 | 474,694 | 20,312 | 19,552 | (2,894,879) | - | (2,894,879) |
| Interest | 1,115,646 | - | - | - | (1,115,646) | - | (1,115,646) |
| Total Governmental Activities | 43,085,665 | 13,073,294 | 3,908,607 | 5,097,486 | (21,006,278) | - | (21,006,278) |
| Business-Type Activities | | | | | | | |
| Water | 3,978,790 | 3,903,050 | - | - | - | (75,740) | (75,740) |
| Sewer | 5,361,320 | 6,129,002 | - | 677,271 | - | 1,444,953 | 1,444,953 |
| Total Business-Type Activities | 9,340,110 | 10,032,052 | - | 677,271 | - | 1,369,213 | 1,369,213 |
| Total | \$ 52,425,775 | \$ 23,105,346 | \$ 3,908,607 | \$ 5,774,757 | (21,006,278) | 1,369,213 | (19,637,065) |
| General Revenues and Permanent Fund Contributions | | | | | | | |
| Property taxes | | | | | 25,974,118 | 136,746 | 26,110,864 |
| Penalties, interest and other taxes | | | | | 1,398,382 | - | 1,398,382 |
| Investment income | | | | | 787,744 | 93,411 | 881,155 |
| Miscellaneous | | | | | 312,538 | - | 312,538 |
| Permanent fund contributions | | | | | 23,550 | - | 23,550 |
| Total general revenues and contributions | | | | | 28,496,332 | 230,157 | 28,726,489 |
| Change in Net Position | | | | | 7,490,054 | 1,599,370 | 9,089,424 |
| Net Position | | | | | | | |
| Beginning of year, as restated | | | | | 48,929,219 | 60,432,206 | 109,361,425 |
| End of year | | | | | \$ 56,419,273 | \$ 62,031,576 | \$ 118,450,849 |

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

CITY OF KEENE, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and short-term investments | \$ 34,799,820 | \$ - | \$ 1,138,233 | \$ 35,938,053 |
| Investments | 445,336 | - | 5,280,459 | 5,725,795 |
| Receivables: | | | | |
| Property taxes, net | 2,455,635 | - | - | 2,455,635 |
| Accounts receivable, net | 612,022 | 17,004 | 720,623 | 1,349,649 |
| Intergovernmental | 485 | 573,142 | 376,475 | 950,102 |
| Due from other funds | 358,854 | 3,577,400 | 2,799,930 | 6,736,184 |
| Advance to other funds | - | - | 775,530 | 775,530 |
| Prepaid items | 640,262 | - | - | 640,262 |
| Other assets | 49,839 | - | - | 49,839 |
| Total Assets | <u>\$ 39,362,253</u> | <u>\$ 4,167,546</u> | <u>\$ 11,091,250</u> | <u>\$ 54,621,049</u> |
| Liabilities | | | | |
| Warrants payable | \$ 397,643 | \$ 872,640 | \$ 373,019 | \$ 1,643,302 |
| Accounts payable | 165,476 | 376,472 | 530,633 | 1,072,581 |
| Accrued liabilities | 175,327 | 1,380 | 21,138 | 197,845 |
| Payroll withholdings | 889,790 | - | - | 889,790 |
| Due from other funds | 12,389,637 | - | 332,536 | 12,722,173 |
| Advance to other funds | 775,530 | - | - | 775,530 |
| Other liabilities | 429,994 | - | - | 429,994 |
| Total Liabilities | 15,223,397 | 1,250,492 | 1,257,326 | 17,731,215 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | 2,253,522 | - | - | 2,253,522 |
| Taxes collected in advance | 7,240,573 | - | - | 7,240,573 |
| Fund Balances | | | | |
| Nonspendable | 640,262 | - | 5,317,971 | 5,958,233 |
| Restricted | - | 3,810,807 | 2,184,783 | 5,995,590 |
| Committed | 4,661,196 | 644,733 | 2,404,022 | 7,709,951 |
| Assigned | 418,729 | - | - | 418,729 |
| Unassigned | 8,924,574 | (1,538,486) | (72,852) | 7,313,236 |
| Total Fund Balances | <u>14,644,761</u> | <u>2,917,054</u> | <u>9,833,924</u> | <u>27,395,739</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 39,362,253</u> | <u>\$ 4,167,546</u> | <u>\$ 11,091,250</u> | <u>\$ 54,621,049</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, 2018

| | |
|---|-----------------------------|
| Total governmental fund balances | \$ 27,395,739 |
| <ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. 90,683,740 • Deferred outflows of resources related to losses on refunding bonds are not financial resources, and therefore, are not reported in governmental funds 218,767 • Revenues are reported on the accrual basis of accounting and are not deferred until collection. 2,069,563 • 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. 3,967,558 • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. (479,234) • Long-term liabilities, and related deferred outflows/inflows of resources, 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 (22,040,562) Tax increment financing bonds payable (5,090,000) Net pension liability (34,396,317) Pension related deferred outflows of resources 6,320,766 Pension related deferred inflows of resources (1,622,636) Net OPEB liability (7,062,258) OPEB related deferred outflows of resources 320,488 OPEB related deferred inflows of resources (313,715) Other long-term liabilities (3,457,551) • Deferred inflows of resources related to gains on refunding bonds are not financial resources, and therefore, are not reported in governmental funds <u>(95,075)</u> | |
| Net position of governmental activities | \$ <u>56,419,273</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, 2018

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Property taxes | \$ 26,132,036 | \$ - | \$ 1,027,467 | \$ 27,159,503 |
| Charges for services | 2,512,885 | 179,686 | 5,723,488 | 8,416,059 |
| Intergovernmental | 3,083,763 | 2,211,976 | 1,448,788 | 6,744,527 |
| Licenses and permits | 4,148,628 | - | 103,305 | 4,251,933 |
| Investment income | 287,347 | 15 | 488,176 | 775,538 |
| Contributions | - | 224,855 | 2,060,261 | 2,285,116 |
| Miscellaneous | <u>82,691</u> | <u>-</u> | <u>201,805</u> | <u>284,496</u> |
| Total Revenues | 36,247,350 | 2,616,532 | 11,053,290 | 49,917,172 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 5,699,056 | - | 853,445 | 6,552,501 |
| Public safety | 13,472,145 | - | 1,384,068 | 14,856,213 |
| Public works | 2,443,041 | - | 5,068,844 | 7,511,885 |
| Welfare and human services | 1,738,838 | - | 3,243 | 1,742,081 |
| Airport | 625,712 | - | - | 625,712 |
| Library | 1,352,972 | - | 23,212 | 1,376,184 |
| Planning | 555,453 | - | 8,278 | 563,731 |
| Parks and facilities | 2,994,065 | - | 88,286 | 3,082,351 |
| Debt service: | | | | |
| Principal | 3,827,587 | - | 733,675 | 4,561,262 |
| Interest | 870,326 | - | 109,385 | 979,711 |
| Capital outlay | <u>-</u> | <u>12,588,613</u> | <u>-</u> | <u>12,588,613</u> |
| Total Expenditures | <u>33,579,195</u> | <u>12,588,613</u> | <u>8,272,436</u> | <u>54,440,244</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 2,668,155 | (9,972,081) | 2,780,854 | (4,523,072) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 1,565,962 | 6,590,996 | 9,624 | 8,166,582 |
| Transfers out | <u>(3,350,099)</u> | <u>(162,130)</u> | <u>(4,714,353)</u> | <u>(8,226,582)</u> |
| Total Other Financing Sources (Uses) | <u>(1,784,137)</u> | <u>6,428,866</u> | <u>(4,704,729)</u> | <u>(60,000)</u> |
| Change in Fund Balance | 884,018 | (3,543,215) | (1,923,875) | (4,583,072) |
| Fund Balances at Beginning of Year, as reclassified | <u>13,760,743</u> | <u>6,460,269</u> | <u>11,757,799</u> | <u>31,978,811</u> |
| Fund Balances at End of Year | <u>\$ 14,644,761</u> | <u>\$ 2,917,054</u> | <u>\$ 9,833,924</u> | <u>\$ 27,395,739</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, 2018

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------------------|----------------|------------|--------------|-------------|--------------------|-----------|--|---------|--|-----------|---------------------------|---------|----------------------------------|--------|--|----------|--|-----------|---|--------|--|-----------|--|----------------|
| Net changes in fund balances - Total governmental funds | \$ (4,583,072) | | | | | | | | | | | | | | | | | | | | | | | | |
| <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 border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay</td> <td style="text-align: right;">12,172,613</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(4,198,483)</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 border="0" style="margin-left: 40px;"> <tr> <td>Repayments of debt</td> <td style="text-align: right;">4,561,262</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 border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">212,997</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 border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(212,802)</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 border="0" style="margin-left: 40px;"> <tr> <td>Bond premium amortization</td> <td style="text-align: right;">107,408</td> </tr> <tr> <td>Amortize gain on 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;">(37,204)</td> </tr> <tr> <td>Net pension liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">(553,993)</td> </tr> <tr> <td>Net OPEB liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">49,626</td> </tr> <tr> <td>Other (compensated absences, landfill liability, etc.)</td> <td style="text-align: right;">(282,023)</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 border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;"><u>241,841</u></td> </tr> </table> | | Capital outlay | 12,172,613 | Depreciation | (4,198,483) | Repayments of debt | 4,561,262 | | 212,997 | | (212,802) | Bond premium amortization | 107,408 | Amortize gain on refunding bonds | 11,884 | Amortize loss on prior years refunding bonds | (37,204) | Net pension liability and related deferred outflows and inflows of resources | (553,993) | Net OPEB liability and related deferred outflows and inflows of resources | 49,626 | Other (compensated absences, landfill liability, etc.) | (282,023) | | <u>241,841</u> |
| Capital outlay | 12,172,613 | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation | (4,198,483) | | | | | | | | | | | | | | | | | | | | | | | | |
| Repayments of debt | 4,561,262 | | | | | | | | | | | | | | | | | | | | | | | | |
| | 212,997 | | | | | | | | | | | | | | | | | | | | | | | | |
| | (212,802) | | | | | | | | | | | | | | | | | | | | | | | | |
| Bond premium amortization | 107,408 | | | | | | | | | | | | | | | | | | | | | | | | |
| Amortize gain on refunding bonds | 11,884 | | | | | | | | | | | | | | | | | | | | | | | | |
| Amortize loss on prior years refunding bonds | (37,204) | | | | | | | | | | | | | | | | | | | | | | | | |
| Net pension liability and related deferred outflows and inflows of resources | (553,993) | | | | | | | | | | | | | | | | | | | | | | | | |
| Net OPEB liability and related deferred outflows and inflows of resources | 49,626 | | | | | | | | | | | | | | | | | | | | | | | | |
| Other (compensated absences, landfill liability, etc.) | (282,023) | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>241,841</u> | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in net position of governmental activities | \$ <u>7,490,054</u> | | | | | | | | | | | | | | | | | | | | | | | | |

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

CITY OF KEENE, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|-----------------|---|---|
| Revenues and Other Sources | | | | |
| Property taxes | \$ 25,029,599 | \$ 25,029,599 | \$ 25,029,599 | \$ - |
| Interest, penalties, and other taxes | 910,170 | 910,170 | 1,050,330 | 140,160 |
| Licenses and permits | 3,497,363 | 3,497,363 | 4,148,628 | 651,265 |
| Intergovernmental | 2,710,627 | 3,127,984 | 3,083,763 | (44,221) |
| Charges for services | 1,846,148 | 1,902,523 | 1,922,876 | 20,353 |
| Other revenues | 1,322,533 | 1,322,533 | 1,405,791 | 83,258 |
| Other financing sources: | | | | |
| Transfers in | 3,053,222 | 3,053,232 | 2,414,197 | (639,035) |
| Use of fund balance | 815,000 | 3,017,211 | 1,031,000 | (1,986,211) |
| Total Revenues and Other Sources | 39,184,662 | 41,860,615 | 40,086,184 | (1,774,431) |
| Expenditures and Other Uses | | | | |
| Unclassified: | | | | |
| Mayor & city council | 143,678 | 144,836 | 120,597 | 24,239 |
| City manager | 294,572 | 299,587 | 292,537 | 7,050 |
| City attorney | 338,813 | 343,445 | 336,635 | 6,810 |
| City clerk | 580,100 | 588,201 | 578,575 | 9,626 |
| Outside agencies & unclassified | 330,591 | 330,591 | 327,600 | 2,991 |
| Non-departmental (employee benefits) | 773,721 | 460,141 | 306,038 | 154,103 |
| Operating transfers out | 1,949,933 | 4,569,511 | 3,818,913 | 750,598 |
| Administrative Services: | | | | |
| Assessment | 469,917 | 474,300 | 470,005 | 4,295 |
| Finance | 1,571,474 | 1,586,113 | 1,491,864 | 94,249 |
| Human resources | 326,350 | 332,305 | 344,786 | (12,481) |
| Information technology | 1,238,725 | 1,252,856 | 1,248,968 | 3,888 |
| Debt service | 4,897,288 | 4,897,288 | 4,697,913 | 199,375 |
| Risk management | 295,466 | 295,466 | 295,165 | 301 |
| Community Services: | | | | |
| Fire | 6,607,714 | 6,764,624 | 6,760,974 | 3,650 |
| Human services | 721,521 | 726,532 | 692,432 | 34,100 |
| Library | 1,396,121 | 1,418,679 | 1,352,972 | 65,707 |
| Parks, Rec & Facilities | 3,057,545 | 3,066,059 | 2,995,871 | 70,188 |
| Police | 7,407,433 | 7,492,816 | 6,961,349 | 531,467 |
| Youth services | 127,566 | 129,141 | 111,835 | 17,306 |
| Municipal Development Services: | | | | |
| Airport | 620,907 | 625,886 | 625,712 | 174 |
| Health & Code Enforcement | 1,070,273 | 1,079,465 | 886,571 | 192,894 |
| Planning | 583,031 | 590,530 | 553,401 | 37,129 |
| Public works | 4,381,923 | 4,392,243 | 4,310,213 | 82,030 |
| Total Expenditures and Other Uses | 39,184,662 | 41,860,615 | 39,580,926 | 2,279,689 |
| Excess of Revenues and Other Sources | | | | |
| Over Expenditures and Other Uses | \$ - | \$ - | \$ 505,258 | \$ 505,258 |

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

CITY OF KEENE, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2018

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|---------------|---------------|------------------------------|
| | Water Fund | Sewer Fund | Total | Internal Service Funds |
| Assets | | | | |
| Current: | | | | |
| Investments | \$ 3,787,650 | \$ 5,122,873 | \$ 8,910,523 | \$ 774,802 |
| User fees, net of allowance for uncollectibles | 1,416,905 | 2,094,757 | 3,511,662 | - |
| Accounts receivable | - | 10,204 | 10,204 | 4,953 |
| Notes receivable | - | 69,964 | 69,964 | - |
| Intergovernmental receivables | - | 4,829 | 4,829 | - |
| Due from other funds | 2,489,072 | 2,635,203 | 5,124,275 | 862,648 |
| Prepaid items | - | 134,675 | 134,675 | 15,105 |
| Inventory | 139,998 | 125,155 | 265,153 | 236,293 |
| Total current assets | 7,833,625 | 10,197,660 | 18,031,285 | 1,893,801 |
| Noncurrent: | | | | |
| Notes receivable, net of current portion | - | 744,441 | 744,441 | - |
| Capital assets: | | | | |
| Land and construction in progress | 3,316,817 | 3,178,241 | 6,495,058 | - |
| Capital assets, net of accumulated depreciation | 22,339,237 | 29,920,097 | 52,259,334 | 2,391,716 |
| Total noncurrent assets | 25,656,054 | 33,842,779 | 59,498,833 | 2,391,716 |
| Deferred Outflows of Resources | | | | |
| Related to pensions | 159,022 | 319,244 | 478,266 | - |
| Related to OPEB | 1,429 | 4,422 | 5,851 | - |
| Other | 1,722 | 48,012 | 49,734 | - |
| Total Assets and Deferred Outflows of Resources | 33,651,852 | 44,412,117 | 78,063,969 | 4,285,517 |
| Liabilities | | | | |
| Current: | | | | |
| Warrants payable | 178,821 | 291,655 | 470,476 | 100,215 |
| Accounts payable | 109,595 | 169,684 | 279,279 | 47,705 |
| Accrued liabilities | 19,122 | 30,064 | 49,186 | 11,072 |
| Other current liabilities | 8,359 | 22,397 | 30,756 | - |
| Current portion of long-term liabilities: | | | | |
| Bonds payable | 186,015 | 1,332,382 | 1,518,397 | - |
| Other liabilities | 13,244 | 19,202 | 32,446 | 99,072 |
| Total current liabilities | 515,156 | 1,865,384 | 2,380,540 | 258,064 |
| Noncurrent: | | | | |
| Bonds payable, net of current portion | 1,273,569 | 8,555,257 | 9,828,826 | - |
| Net pension liability | 1,034,587 | 1,518,626 | 2,553,213 | - |
| Net OPEB liability | 296,440 | 440,122 | 736,562 | - |
| Other liabilities, net of current portion | 119,195 | 172,817 | 292,012 | 59,895 |
| Total noncurrent liabilities | 2,723,791 | 10,686,822 | 13,410,613 | 59,895 |
| Deferred Inflows of Resources | | | | |
| Related to pensions | 48,806 | 71,640 | 120,446 | - |
| Related to OPEB | 17,274 | 24,687 | 41,961 | - |
| Other | 18,150 | 60,683 | 78,833 | - |
| Total Liabilities and Deferred Inflows of Resources | 3,323,177 | 12,709,216 | 16,032,393 | 317,959 |
| Net Position | | | | |
| Net investment in capital assets | 24,347,743 | 23,210,699 | 47,558,442 | 2,299,299 |
| Unrestricted | 5,980,932 | 8,492,202 | 14,473,134 | 1,668,259 |
| Total Net Position | \$ 30,328,675 | \$ 31,702,901 | \$ 62,031,576 | \$ 3,967,558 |

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, 2018

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|---------------|---------------|-----------------------------|
| | Water Fund | Sewer Fund | Total | Internal Service Fund |
| Operating Revenues | | | | |
| Charges for services | \$ 3,903,050 | \$ 6,129,002 | \$ 10,032,052 | \$ 2,457,759 |
| Other | - | - | - | 28,042 |
| Total Operating Revenues | 3,903,050 | 6,129,002 | 10,032,052 | 2,485,801 |
| Operating Expenses | | | | |
| Salaries and benefits | 1,541,890 | 2,023,798 | 3,565,688 | 786,773 |
| Other operating expenses | 1,437,671 | 1,917,455 | 3,355,126 | 1,080,015 |
| Depreciation | 952,236 | 1,189,848 | 2,142,084 | 364,852 |
| Total Operating Expenses | 3,931,797 | 5,131,101 | 9,062,898 | 2,231,640 |
| Operating Income (Loss) | (28,747) | 997,901 | 969,154 | 254,161 |
| Nonoperating Revenues (Expenses) | | | | |
| Taxes | 100,228 | 36,518 | 136,746 | - |
| Investment income | 42,882 | 50,529 | 93,411 | 12,206 |
| Loss on disposal of capital assets | - | - | - | (79,304) |
| Interest expense | (46,993) | (230,219) | (277,212) | (5,222) |
| Total Nonoperating Revenues (Expenses), Net | 96,117 | (143,172) | (47,055) | (72,320) |
| Income Before Contributions and Transfers | 67,370 | 854,729 | 922,099 | 181,841 |
| Capital contributions | - | 677,271 | 677,271 | - |
| Transfers in | - | - | - | 60,000 |
| Change in Net Position | 67,370 | 1,532,000 | 1,599,370 | 241,841 |
| Net Position at Beginning of Year, as restated | 30,261,305 | 30,170,901 | 60,432,206 | 3,725,717 |
| Net Position at End of Year | \$ 30,328,675 | \$ 31,702,901 | \$ 62,031,576 | \$ 3,967,558 |

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, 2018

| | 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 | \$ 3,849,737 | \$ 6,318,724 | \$ 10,168,461 | \$ 2,482,860 |
| Payments to vendors | (1,409,780) | (1,927,903) | (3,337,683) | (970,891) |
| Payments to employees for salaries and benefits | (1,462,852) | (2,019,161) | (3,482,013) | (768,238) |
| Net Cash Provided By Operating Activities | 977,105 | 2,371,660 | 3,348,765 | 743,731 |
| Cash Flows From Noncapital Financing Activities | | | | |
| Transfers in | - | - | - | 60,000 |
| Proceeds (payments) under interfund loan agreements | 722,418 | (1,095,456) | (373,038) | 21,477 |
| Net Cash Provided By (Used For) Noncapital Financing Activities | 722,418 | (1,095,456) | (373,038) | 81,477 |
| Cash Flows From Capital and Related Financing Activities | | | | |
| Acquisition and construction of capital assets | (685,816) | (560,805) | (1,246,621) | (533,739) |
| Proceeds from sale of capital assets | - | - | - | 11,881 |
| Proceeds from issuance of state revolving loan | - | 2,722,013 | 2,722,013 | - |
| Principal payments on bonds | (309,782) | (1,375,253) | (1,685,035) | - |
| Principal payments on leases | - | - | - | (89,840) |
| Principal payments on state revolving loan | - | (2,722,013) | (2,722,013) | - |
| Interest expense | (47,255) | (233,884) | (281,139) | (5,223) |
| Capital contributions | - | 789,550 | 789,550 | - |
| Tax proceeds | 100,228 | 36,518 | 136,746 | - |
| Net Cash (Used For) Capital and Related Financing Activities | (942,625) | (1,343,874) | (2,286,499) | (616,921) |
| Cash Flows From Investing Activities | | | | |
| Proceeds from sale of investments | - | 17,141 | 17,141 | - |
| Purchase of investments | (799,780) | - | (799,780) | (220,493) |
| Investment income | 42,882 | 50,529 | 93,411 | 12,206 |
| Net Cash Provided By (Used For) Investing Activities | (756,898) | 67,670 | (689,228) | (208,287) |
| 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) | \$ (28,747) | \$ 997,901 | \$ 969,154 | \$ 254,161 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 952,236 | 1,189,848 | 2,142,084 | 364,852 |
| Changes in assets and liabilities: | | | | |
| User fees | (125,718) | 219,437 | 93,719 | (2,941) |
| Inventory | (19,408) | (45,129) | (64,537) | (6,625) |
| Other assets | 107,604 | (15,112) | 92,492 | - |
| Deferred outflows - related to pensions | 183,063 | 63,737 | 246,800 | - |
| Deferred outflows - related to OPEB | 2,190 | (2,512) | (322) | - |
| Warrants and accounts payable | 43,855 | 27,663 | 71,518 | 116,649 |
| Accrued liabilities | (59,962) | 59,858 | (104) | 17,635 |
| Other liabilities | (28) | (7,586) | (7,614) | - |
| Net pension liability | (108,214) | (158,843) | (267,057) | - |
| Net OPEB liability | (9,544) | (15,323) | (24,867) | - |
| Deferred inflows - related to pensions | 22,504 | 33,033 | 55,537 | - |
| Deferred inflows - related to OPEB | 17,274 | 24,688 | 41,962 | - |
| Net Cash Provided By Operating Activities | \$ 977,105 | \$ 2,371,660 | \$ 3,348,765 | \$ 743,731 |
| Noncash Investing, Capital, and Financing Activities: | | | | |
| Loss on disposal of capital assets | \$ - | \$ - | \$ - | \$ 79,304 |

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, 2018

| | Private Purpose Trust <u>Funds</u> |
|--|---|
| Assets | |
| Investments | \$ <u>3,718,914</u> |
| Total Assets | 3,718,914 |
| Liabilities | |
| Due to external parties - governmental funds | <u>934</u> |
| Total Liabilities | <u>934</u> |
| Net Position | |
| Restricted for other purposes | \$ <u><u>3,717,980</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, 2018

| | <u>Private Purpose Trust Funds</u> |
|---|--|
| Additions | |
| Investment Income: | |
| Increase in fair value of investments | \$ <u>244,224</u> |
| Total additions | 244,224 |
| Deductions | |
| Benefits | <u>40,567</u> |
| Total deductions | <u>40,567</u> |
| Net increase | 203,657 |
| Net position restricted for other purposes | |
| Beginning of year | <u>3,514,323</u> |
| End of year | \$ <u><u>3,717,980</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 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 2018, it was determined that no entities met the required GASB 14 (as amended) 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 *capital project 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 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. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

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 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 final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents 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 Other Financing Sources</u> | <u>Expenditures and Other Financing Uses</u> |
|---|---|--|
| Revenues/Expenditures (GAAP Basis) | \$ 36,247,350 | \$ 33,579,195 |
| Other financing sources/uses (GAAP Basis) | <u>1,565,962</u> | <u>3,350,099</u> |
| Subtotal (GAAP Basis) | 37,813,312 | 36,929,294 |
| Adjust tax revenue to accrual basis | 295,945 | - |
| Reverse beginning of year appropriation carryforwards from expenditures | - | (436,302) |
| Add end of year appropriation carryforwards to expenditures | - | 418,729 |
| To reverse capital reserve activity | (140,509) | 478,437 |
| To reverse City admin charges | 2,117,436 | 2,117,436 |
| To reverse nonbudgeted activity | <u>-</u> | <u>73,332</u> |
| Budgetary Basis | <u>\$ 40,086,184</u> | <u>\$ 39,580,926</u> |

D. Excess of Expenditures Over Appropriations

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

| | | |
|-----------------|----|----------|
| Human resources | \$ | (12,481) |
|-----------------|----|----------|

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, 2018, \$3,885,399 of the City’s bank balance of \$55,726,981 was exposed to custodial credit risk as uninsured or uncollateralized.

A portion of the uncollateralized amount, \$3,720,012, represents the cash portion of the Cambridge Trust Company investment portfolios, held by the Trustees of Trust Funds.

4. Investments

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 | Amount | Investment Type | | | | | | | |
|------------------------|---------------|--------------------------|-----------------------|-----------------|-----------------|--------------------|---------------------|-------------------|-----------------|
| | | Certificates of Deposits | U.S. | | Municipal Bonds | Corporate Equities | Equity Mutual Funds | Bond Mutual Funds | Exchange Traded |
| | | | Government Securities | Corporate Bonds | | | | | |
| Aaa | \$ 6,908,502 | \$ - | \$ 6,893,860 | \$ - | \$ - | \$ - | \$ - | \$ 14,642 | \$ - |
| Aa1 | 181,385 | - | - | - | 181,385 | - | - | - | - |
| Aa2 | 41,877 | - | - | - | - | - | - | 41,877 | - |
| Aa3 | 119,849 | - | - | 119,849 | - | - | - | - | - |
| A1 | 96,738 | - | - | 96,738 | - | - | - | - | - |
| A2 | 211,661 | - | - | 125,370 | - | - | - | 86,291 | - |
| A3 | 369,290 | - | - | 369,290 | - | - | - | - | - |
| Baa2 | 156,635 | - | - | - | - | - | - | 156,635 | - |
| Baa3 | 552,442 | - | - | 203,206 | - | - | - | 349,236 | - |
| Ba2 | 92,231 | - | - | - | - | - | - | 92,231 | - |
| Ba3 | 290,342 | - | - | - | - | - | - | 290,342 | - |
| B2 | 50,822 | - | - | - | - | - | - | 50,822 | - |
| B3 | 201,310 | - | - | - | - | - | - | 201,310 | - |
| CCC | 16,456 | - | - | - | - | - | - | 16,456 | - |
| Not Rated | 9,840,494 | 2,986,800 | - | - | - | 5,753,044 | 585,706 | 214,965 | 299,979 |
| Total investments | \$ 19,130,034 | \$ 2,986,800 | \$ 6,893,860 | \$ 914,453 | \$ 181,385 | \$ 5,753,044 | \$ 585,706 | \$ 1,514,807 | \$ 299,979 |

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 policies for custodial credit risk. The City manages this custodial credit risk with SIPC and excess SIPC.

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 a formal investment policy that limits 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:

| Investment Type | Amount | Investment Maturities (in Years) | | | |
|----------------------------|--------------|----------------------------------|--------------|------------|--------------|
| | | Less Than 1 | 1-5 | 6-10 | 10+ |
| Debt securities: | | | | | |
| U.S. Government securities | \$ 6,893,860 | \$ 3,925,360 | \$ 2,968,500 | \$ - | \$ - |
| Corporate bonds | 914,453 | - | 384,688 | 529,765 | - |
| Bond mutual funds | 1,514,807 | 201,310 | 290,342 | - | 1,023,155 |
| Municipal bonds | 181,385 | - | - | 102,885 | 78,500 |
| Total | \$ 9,504,505 | \$ 4,126,670 | \$ 3,643,530 | \$ 632,650 | \$ 1,101,655 |

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 policies for 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).

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

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

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

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

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's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Equity 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.

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

| Description | 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: | | | | |
| Debt securities: | | | | |
| U.S. Government securities | \$ 6,893,860 | \$ - | \$ 6,893,860 | \$ - |
| Corporate bonds | 914,453 | - | 914,453 | - |
| Bond mutual funds | 1,514,807 | - | 1,514,807 | - |
| Municipal bonds | 181,385 | - | 181,385 | - |
| Equity securities: | | | | |
| Equity mutual funds | 585,706 | 585,706 | - | - |
| Exchange traded funds | 299,979 | 299,979 | - | - |
| Corporate equities: | | | | |
| Consumer discretionary | 539,548 | 539,548 | - | - |
| Consumer staples | 400,808 | 400,808 | - | - |
| Energy | 490,158 | 490,158 | - | - |
| Financials | 1,032,385 | 1,032,385 | - | - |
| Healthcare | 965,259 | 965,259 | - | - |
| Industrials | 481,467 | 481,467 | - | - |
| Information technology | 1,273,147 | 1,273,147 | - | - |
| Other | 269,122 | 269,122 | - | - |
| Utilities | 301,150 | 301,150 | - | - |
| Total | \$ 16,143,234 | \$ 6,638,729 | \$ 9,504,505 | \$ - |

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, 2018 consist of the following:

| | Gross Amount (fund basis) | Allowance for Doubtful Accounts | Net Amount (accrual basis) |
|-----------------------|---------------------------------|---------------------------------------|-------------------------------|
| Real estate taxes | \$ 29,205 | \$ - | \$ 29,205 |
| Land use change tax | 172 | (17) | 155 |
| Yield taxes | 948 | (95) | 853 |
| Tax liens | 1,838,471 | (183,847) | 1,654,624 |
| Elderly liens | 257,674 | - | 257,674 |
| Tax deeded properties | <u>329,165</u> | <u>-</u> | <u>329,165</u> |
| Total property taxes | <u>\$ 2,455,635</u> | <u>\$ (183,959)</u> | <u>\$ 2,271,676</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, 2018 consist of the following:

| <u>Receivables:</u> | Gross Amount | Allowance for Doubtful Accounts | Net Amount |
|---------------------|---------------------|---------------------------------------|---------------------|
| Water | \$ 1,419,169 | \$ (2,264) | \$ 1,416,905 |
| Sewer | <u>2,100,947</u> | <u>(6,190)</u> | <u>2,094,757</u> |
| Total | <u>\$ 3,520,116</u> | <u>\$ (8,454)</u> | <u>\$ 3,511,662</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:

| | Net Amount <u>(fund basis)</u> | Net Amount <u>(accrual basis)</u> |
|---------------------------|--------------------------------------|---|
| Landfill tipping fees | \$ 557,442 | \$ 557,442 |
| Ambulance services | 305,362 | 305,362 |
| Other | 486,845 | 486,845 |
| Fleet services | <u>-</u> | <u>4,953</u> |
| Total Accounts Receivable | <u>\$ 1,349,649</u> | <u>\$ 1,354,602</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> |
|-----------|-------------------|-------------------|-------------------|
| 2019 | \$ 43,769 | \$ 26,195 | \$ 69,964 |
| 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 |
| 2024-2028 | 221,118 | 61,699 | 282,817 |
| 2029-2033 | 163,454 | 20,144 | 183,598 |
| 2034-2037 | <u>15,975</u> | <u>1,049</u> | <u>17,024</u> |
| Total | <u>\$ 619,392</u> | <u>\$ 195,013</u> | <u>\$ 814,405</u> |

9. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2018.

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, 2018 balances in interfund receivable and payable accounts:

| <u>Fund</u> | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|--------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 358,854 | \$ 12,389,637 |
| Capital Project Funds | 3,577,400 | - |
| Special Revenue Funds: | | |
| Grants | 1,021,097 | - |
| Parking | 225,347 | - |
| Solid waste | 1,553,486 | - |
| Library Renovation Trust | - | 331,000 |
| Permanent Fund | - | 1,536 |
| Enterprise Funds: | | |
| Water | 2,489,072 | - |
| Sewer | 2,635,203 | - |
| Internal Service Funds: | | |
| Fleet | 596,807 | - |
| PC Replacement | 265,841 | - |
| Fiduciary Funds | - | 934 |
| Total | <u>\$ 12,723,107</u> | <u>\$ 12,723,107</u> |

During fiscal year 2007, \$2,100,000 was advanced from the solid waste fund to the general fund. These advanced funds will be repaid according to a payment schedule through fiscal year 2027. As of June 30, 2018, the following balances remain outstanding:

| <u>Fund</u> | <u>Advance To Other Funds</u> | <u>Advance From Other Funds</u> |
|------------------|-----------------------------------|-------------------------------------|
| General Fund | \$ - | \$ 775,530 |
| Solid Waste Fund | <u>775,530</u> | <u>-</u> |
| Total | <u>\$ 775,530</u> | <u>\$ 775,530</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>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------|-----------------------------|-----------------------------|
| <u>Governmental Funds:</u> | | |
| Major Funds: | | |
| General Fund | \$ 1,565,962 | \$ 3,350,099 |
| Capital Projects | 6,590,996 | 162,130 |
| Nonmajor Funds: | | |
| Special Revenue Funds: | | |
| Grants | 9,624 | 214,551 |
| Parking | - | 178,707 |
| Solid waste | - | 50,000 |
| Library Renovation Trust | - | 4,155,006 |
| Other Expendable Trusts | - | 982 |
| Permanent Fund | - | 115,107 |
| | <u> </u> | <u> </u> |
| Internal Service Funds: | | |
| Fleet | 60,000 | - |
| | <u> </u> | <u> </u> |
| Total | \$ <u><u>8,226,582</u></u> | \$ <u><u>8,226,582</u></u> |

Of the \$3,350,099 transfer out from the general fund, \$3,173,727 was to capital projects, which represents the City's practice of funding certain capital activity from general fund revenues and capital reserves. Of the \$4,155,006 transfer out from the Library renovation trust, \$3,124,006 was to capital projects for the Library Campus Development project. The remaining \$1,031,000 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, 2018 was as follows:

| | Beginning <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | Ending <u>Balance</u> |
|--|-----------------------------|------------------|------------------|--------------------------|
| Governmental Activities - Total | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 41,097,964 | \$ - | \$ - | \$ 41,097,964 |
| Vehicles and equipment | 22,289,004 | 2,842,480 | (1,422,826) | 23,708,658 |
| Land improvement | 10,323,716 | 118,344 | - | 10,442,060 |
| Infrastructure | 80,359,596 | 310,981 | - | 80,670,577 |
| Total capital assets, being depreciated | 154,070,280 | 3,271,805 | (1,422,826) | 155,919,259 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (13,810,108) | (806,845) | - | (14,616,953) |
| Vehicles and equipment | (15,529,367) | (1,105,846) | 1,331,641 | (15,303,572) |
| Land improvement | (7,101,020) | (403,265) | - | (7,504,285) |
| Infrastructure | (55,008,079) | (2,247,379) | - | (57,255,458) |
| Total accumulated depreciation | (91,448,574) | (4,563,335) | 1,331,641 | (94,680,268) |
| Total capital assets, being depreciated, net | 62,621,706 | (1,291,530) | (91,185) | 61,238,991 |
| Capital assets, not being depreciated: | | | | |
| Land | 19,281,440 | - | - | 19,281,440 |
| Construction in progress | 3,120,478 | 10,567,660 | (1,133,113) | 12,555,025 |
| Total capital assets, not being depreciated | 22,401,918 | 10,567,660 | (1,133,113) | 31,836,465 |
| Governmental activities capital assets, net | \$ 85,023,624 | \$ 9,276,130 | \$ (1,224,298) | \$ 93,075,456 |

| | Beginning <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | Ending <u>Balance</u> |
|--|-----------------------------|------------------|------------------|--------------------------|
| Governmental Activities - General | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 41,097,964 | \$ - | \$ - | \$ 41,097,964 |
| Vehicles and equipment | 15,137,586 | 2,308,741 | (495,000) | 16,951,327 |
| Land improvement | 10,323,716 | 118,344 | - | 10,442,060 |
| Infrastructure | 80,359,596 | 310,981 | - | 80,670,577 |
| Total capital assets, being depreciated | 146,918,862 | 2,738,066 | (495,000) | 149,161,928 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (13,810,108) | (806,845) | - | (14,616,953) |
| Vehicles and equipment | (10,691,963) | (740,994) | 495,000 | (10,937,957) |
| Land improvement | (7,101,020) | (403,265) | - | (7,504,285) |
| Infrastructure | (55,008,079) | (2,247,379) | - | (57,255,458) |
| Total accumulated depreciation | (86,611,170) | (4,198,483) | 495,000 | (90,314,653) |
| Total capital assets, being depreciated, net | 60,307,692 | (1,460,417) | - | 58,847,275 |
| Capital assets, not being depreciated: | | | | |
| Land | 19,281,440 | - | - | 19,281,440 |
| Construction in progress | 3,120,478 | 10,567,660 | (1,133,113) | 12,555,025 |
| Total capital assets, not being depreciated | 22,401,918 | 10,567,660 | (1,133,113) | 31,836,465 |
| Governmental activities capital assets, net | \$ 82,709,610 | \$ 9,107,243 | \$ (1,133,113) | \$ 90,683,740 |

| | Beginning | <u>Increases</u> | <u>Decreases</u> | Ending |
|---|----------------------|---------------------|--------------------|----------------------|
| Governmental Activities - Internal Service | | | | |
| Capital assets, being depreciated: | | | | |
| Vehicles and equipment | \$ 7,151,418 | \$ 533,739 | \$ (927,826) | \$ 6,757,331 |
| Total capital assets, being depreciated | 7,151,418 | 533,739 | (927,826) | 6,757,331 |
| Less accumulated depreciation for: | | | | |
| Vehicles and equipment | <u>(4,837,404)</u> | <u>(364,852)</u> | <u>836,641</u> | <u>(4,365,615)</u> |
| Total accumulated depreciation | <u>(4,837,404)</u> | <u>(364,852)</u> | <u>836,641</u> | <u>(4,365,615)</u> |
| Governmental activities capital assets, net | <u>\$ 2,314,014</u> | <u>\$ 168,887</u> | <u>\$ (91,185)</u> | <u>\$ 2,391,716</u> |
| | | | | |
| | Beginning | <u>Increases</u> | <u>Decreases</u> | Ending |
| Business-Type Activities | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 20,315,405 | \$ - | \$ - | \$ 20,315,405 |
| Vehicles and equipment | 16,790,256 | 7,675 | - | 16,797,931 |
| Land improvement | 428,115 | - | - | 428,115 |
| Infrastructure | <u>63,207,676</u> | <u>-</u> | <u>-</u> | <u>63,207,676</u> |
| Total capital assets, being depreciated | 100,741,452 | 7,675 | - | 100,749,127 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (10,439,013) | (392,381) | - | (10,831,394) |
| Vehicles and equipment | (9,506,653) | (556,868) | - | (10,063,521) |
| Land improvement | (401,560) | (2,004) | - | (403,564) |
| Infrastructure | <u>(26,000,483)</u> | <u>(1,190,831)</u> | <u>-</u> | <u>(27,191,314)</u> |
| Total accumulated depreciation | <u>(46,347,709)</u> | <u>(2,142,084)</u> | <u>-</u> | <u>(48,489,793)</u> |
| Total capital assets, being depreciated, net | 54,393,743 | (2,134,409) | - | 52,259,334 |
| Capital assets, not being depreciated: | | | | |
| Land | 2,478,735 | - | - | 2,478,735 |
| Construction in progress | <u>2,777,377</u> | <u>1,238,946</u> | <u>-</u> | <u>4,016,323</u> |
| Total capital assets, being depreciated, net | <u>5,256,112</u> | <u>1,238,946</u> | <u>-</u> | <u>6,495,058</u> |
| Business-type activities capital assets, net | <u>\$ 59,649,855</u> | <u>\$ (895,463)</u> | <u>\$ -</u> | <u>\$ 58,754,392</u> |

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

| | |
|---|---------------------|
| Governmental Activities: | |
| General government | \$ 346,331 |
| Public safety | 585,381 |
| Public works | 2,190,630 |
| Library | 255,086 |
| Parks and facilities | 225,540 |
| Airport | 595,515 |
| Fleet | <u>364,852</u> |
| Total depreciation expense - governmental activities | <u>\$ 4,563,335</u> |
| Business-Type Activities: | |
| Water | \$ 952,236 |
| Sewer | <u>1,189,848</u> |
| Total depreciation expense - business-type activities | <u>\$ 2,142,084</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.

Other governmental activities deferred outflows of resources of \$268,501 resulted from the loss on prior year debt refundings that will be amortized over the life of the new bonds.

13. Accounts Payable

Accounts payable represent 2018 expenditures paid after July 1, 2018.

14. Capital Lease Obligations

The City is the lessee of certain equipment under capital leases expiring in various years through 2019. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2018:

| | <u>Fiscal Year</u> | <u>Capital Leases</u> |
|---|------------------------|---------------------------|
| | 2019 | \$ <u>95,066</u> |
| Total minimum lease payments | | 95,066 |
| Less: amounts representing interest | | <u>(2,649)</u> |
| Present Value of Minimum Lease Payments | | <u>\$ 92,417</u> |

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 |
| | Through | | as of |
| <u>Governmental Activities:</u> | | | <u>6/30/18</u> |
| Hanger construction | 03/2022 | 3.50 - 5.10% | \$ 50,000 |
| Drainage improvements | 03/2022 | 3.50 - 5.10% | 131,000 |
| Transfer station addition | 03/2022 | 3.50 - 5.10% | 90,000 |
| Bridge rehabilitation | 03/2022 | 3.50 - 5.10% | 20,000 |
| Emergency service facility | 03/2022 | 3.50 - 5.10% | 178,000 |
| Intersection improvements | 03/2022 | 3.50 - 5.10% | 88,000 |
| Property acquisition | 03/2022 | 3.50 - 5.10% | 1,178,750 |
| Public improvements | 05/2023 | 2.50 - 4.17% | 1,000,000 |
| Bridges 2008 | 07/2019 | 3.50 - 5.00% | 24,350 |
| Drainage 2008 | 07/2019 | 3.50 - 5.00% | 32,475 |
| Court St culvert drainage | 07/2028 | 3.50 - 5.00% | 8,500 |
| Robin Hood park drainage | 07/2028 | 3.50 - 5.00% | 15,000 |
| Road reconstruction | 07/2028 | 3.50 - 5.00% | 134,000 |
| Sidewalk repairs | 07/2028 | 3.50 - 5.00% | 30,000 |
| Victoria Street extension | 07/2028 | 3.50 - 5.00% | 16,000 |
| Municipal facilities roof replacement | 11/2019 | 2.00 - 3.50% | 50,000 |
| Bike path north bridge | 11/2019 | 2.00 - 3.50% | 70,000 |
| Drainage 2009 | 11/2019 | 2.00 - 3.50% | 80,000 |
| Road reconstruction 2009 | 11/2019 | 2.00 - 3.50% | 300,000 |
| Drainage 2010 | 10/2020 | 2.00 - 4.00% | 270,000 |
| Road construction 2010 | 10/2020 | 2.00 - 4.00% | 300,000 |
| Fire Station 2010 | 10/2030 | 2.00 - 4.00% | 3,250,000 |
| Robin Hood dam | 10/2030 | 2.00 - 4.00% | 390,000 |
| Energy improvements | 12/2021 | 2.00 - 3.00% | 755,000 |
| Infrastructure 2011 | 12/2021 | 2.00 - 3.00% | 800,000 |
| Consolidated infrastructure 2013 | 01/2023 | 2.00% | 571,200 |
| Municipal facilities 2013 refunded | 01/2026 | 2.00% | 2,652,900 |
| Sidewalk construction 2013 refunded | 01/2026 | 2.00% | 41,500 |
| Drainage improvements 2013 refunded | 01/2026 | 2.00% | 185,000 |
| General Obligation Bonds, Series 2015 | 11/2034 | 2.00 - 4.00% | 3,335,000 |
| Consolidated infrastructure | 09/2026 | 2.00 - 4.00% | 1,225,000 |
| City Hall boiler replacement & oil tank removal | 09/2026 | 2.00 - 4.00% | 92,000 |
| Defibrillator replacement | 09/2023 | 2.00 - 4.00% | 58,000 |
| Flood management | 09/2026 | 2.00 - 4.00% | 357,000 |
| Consolidated infrastructure | 09/2026 | 2.00 - 4.00% | 1,308,000 |
| Defibrillator replacement | 09/2023 | 2.00 - 4.00% | 56,000 |
| Goose Pond dam improvements | 09/2021 | 2.00 - 4.00% | 85,000 |
| 2017 Refunding Series 2016 B | 07/2028 | 2.00 - 4.00% | 1,859,619 |
| Transfer station tip floor replacement | 09/2026 | 2.00 - 4.00% | 94,000 |
| Total Governmental Activities | | | <u>\$ 21,181,294</u> |
| | | | Amount |
| | Serial | Interest | Outstanding |
| | Maturities | Rate(s) % | as of |
| <u>Business-Type Activities:</u> | Through | | <u>6/30/18</u> |
| Water Fund: | | | |
| Treatment facility refunded | 09/2021 | 0.00% | \$ 292,257 |
| '09 Infrastructure | 11/2022 | 0.00% | 362,327 |
| Reservoir dam repairs | 09/2036 | 2.00 - 4.00% | 805,000 |
| Total Water Fund | | | <u>1,459,584</u> |

| | | | |
|-----------------------------------|---------|--------------|----------------------|
| Sewer Fund: | | | |
| Sewer main improvements | 07/2018 | 3.50 - 5.00% | 64,675 |
| Sewer main improvements | 01/2033 | 2.00 - 2.75% | 678,400 |
| Martel court pump & motor control | 01/2023 | 2.00% | 586,100 |
| Advance treatment refunded | 01/2026 | 2.00% | 159,900 |
| Sewer main improvement refunded | 01/2026 | 2.00% | 535,000 |
| WWTP closure | 11/2034 | 2.00 - 4.00% | 680,000 |
| 2017 Refunding Series 2016 B | 07/2028 | 2.00 - 4.00% | 1,150,381 |
| '10 Infrastructure | 09/2023 | 0.00% | 826,870 |
| '09 Infrastructure | 12/2023 | 1.98% | 677,764 |
| WWTP construction | 05/2025 | 1.60% | <u>4,528,549</u> |
| Total Sewer Fund | | | <u>9,887,639</u> |
| Total Business-Type Activities | | | <u>\$ 11,347,223</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, 2018 are as follows:

| <u>Governmental</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 3,525,325 | \$ 661,912 | \$ 4,187,237 |
| 2020 | 3,303,075 | 551,734 | 3,854,809 |
| 2021 | 2,828,485 | 453,946 | 3,282,431 |
| 2022 | 2,621,485 | 363,612 | 2,985,097 |
| 2023 | 2,065,735 | 278,304 | 2,344,039 |
| 2024-2028 | 5,497,776 | 600,352 | 6,098,128 |
| 2029-2033 | 1,209,413 | 91,995 | 1,301,408 |
| 2034-2035 | <u>130,000</u> | <u>4,551</u> | <u>134,551</u> |
| Total | <u>\$ 21,181,294</u> | <u>\$ 3,006,406</u> | <u>\$ 24,187,700</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, 2018:

| | |
|------------------|----------------------|
| General fund | \$ 20,997,294 |
| Solid waste fund | <u>184,000</u> |
| Total | <u>\$ 21,181,294</u> |

| <u>Business-Type</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| <u>Water Fund:</u> | | | |
| 2019 | \$ 186,015 | \$ 39,905 | \$ 225,920 |
| 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 |
| 2024-2028 | 220,000 | 78,750 | 298,750 |
| 2029-2033 | 200,000 | 42,250 | 242,250 |
| 2033-2037 | 160,000 | 10,400 | 170,400 |
| Total Water Fund | \$ <u>1,459,584</u> | \$ <u>287,673</u> | \$ <u>1,747,257</u> |

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|---------------------|----------------------|
| <u>Sewer Fund:</u> | | | |
| 2019 | \$ 1,332,382 | \$ 219,854 | \$ 1,552,236 |
| 2020 | 1,329,632 | 193,323 | 1,522,955 |
| 2021 | 1,316,222 | 167,523 | 1,483,745 |
| 2022 | 1,311,222 | 141,695 | 1,452,917 |
| 2023 | 1,300,722 | 115,646 | 1,416,368 |
| 2024-2028 | 2,761,872 | 204,786 | 2,966,658 |
| 2029-2033 | 455,587 | 47,631 | 503,218 |
| 2034-2035 | 80,000 | 2,800 | 82,800 |
| Total Sewer Fund | \$ <u>9,887,639</u> | \$ <u>1,093,258</u> | \$ <u>10,980,897</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:

| Governmental Activities: | Serial Maturities | Interest Rate(s) % | Amount Outstanding as of 6/30/18 |
|--------------------------------|-------------------|--------------------|----------------------------------|
| Wells Street | 12/2021 | 2.00 - 3.00% | \$ 1,460,000 |
| 93rd and Norway Infrastructure | 11/2024 | 2.00 - 4.00% | 525,000 |
| Parking - Courthouse | 05/2033 | 2.00 - 2.75% | 1,200,000 |
| Library Campus Development | 09/2036 | 2.00 - 4.00% | 1,905,000 |
| Total Governmental Activities: | | | <u>\$ 5,090,000</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, 2018 are as follows:

| | <u>Governmental</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|------------------|---------------------|---------------------|
| 2019 | \$ | 625,000 | \$ 147,438 | \$ 772,438 |
| 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 |
| 2024-2028 | | 1,055,000 | 280,780 | 1,335,780 |
| 2029-2033 | | 900,000 | 136,190 | 1,036,190 |
| 2034-2037 | | 385,000 | 24,782 | 409,782 |
| Total | \$ | <u>5,090,000</u> | <u>\$ 1,008,277</u> | <u>\$ 6,098,277</u> |

E. Changes in General Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

| | Total Balance 7/1/17 | Additions | Reductions | Total Balance 6/30/18 | Less Current Portion | Equals Long-Term Portion 6/30/18 |
|--------------------------------|----------------------------|------------|----------------|-----------------------------|----------------------------|---|
| <u>Governmental Activities</u> | | | | | | |
| Bonds payable | \$ 24,951,556 | \$ - | \$ (3,770,262) | \$ 21,181,294 | \$ (3,525,325) | \$ 17,655,969 |
| Unamortized premium | 966,676 | - | (107,408) | 859,268 | (107,408) | 751,860 |
| Subtotal bonds payable | 25,918,232 | - | (3,877,670) | 22,040,562 | (3,632,733) | 18,407,829 |
| Tax increment financing | | | | | | |
| bonds payable | 5,881,000 | - | (791,000) | 5,090,000 | (625,000) | 4,465,000 |
| Net pension liability | 37,994,059 | - | (3,597,742) | 34,396,317 | - | 34,396,317 |
| Net OPEB liability | 7,407,258 | - | (345,000) | 7,062,258 | - | 7,062,258 |
| Other: | | | | | | |
| Landfill closure | 640,881 | - | (58,262) | 582,619 | (58,262) | 524,357 |
| Capital leases | 182,257 | - | (89,840) | 92,417 | (92,417) | - |
| Accrued employee benefits | 2,584,287 | 632,951 | (275,756) | 2,941,482 | (294,148) | 2,647,334 |
| Subtotal - other | 3,407,425 | 632,951 | (423,858) | 3,616,518 | (444,827) | 3,171,691 |
| Totals | \$ 80,607,974 | \$ 632,951 | \$ (9,035,270) | \$ 72,205,655 | \$ (4,702,560) | \$ 67,503,095 |

| | Total Balance 7/1/17 | Additions | Reductions | Total Balance 6/30/18 | Less Current Portion | Equals Long-Term Portion 6/30/18 |
|---------------------------------|----------------------------|-----------|----------------|-----------------------------|----------------------------|---|
| <u>Business-Type Activities</u> | | | | | | |
| Bonds payable | \$ 13,032,258 | \$ - | \$ (1,685,035) | \$ 11,347,223 | \$ (1,518,397) | \$ 9,828,826 |
| Net pension liability | 2,820,270 | - | (267,057) | 2,553,213 | - | 2,553,213 |
| Net OPEB liability | 761,429 | - | (24,867) | 736,562 | - | 736,562 |
| Other: | | | | | | |
| Accrued employee benefits | 294,150 | 88,207 | (57,899) | 324,458 | (32,446) | 292,012 |
| Subtotal - other | 294,150 | 88,207 | (57,899) | 324,458 | (32,446) | 292,012 |
| Totals | \$ 16,908,107 | \$ 88,207 | \$ (2,034,858) | \$ 14,961,456 | \$ (1,550,843) | \$ 13,410,613 |

F. Authorized and Unissued Debt

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2018 are as follows:

| <u>Purpose</u> | <u>Amount</u> |
|--------------------------------|---------------|
| Maple Avenue bridge | \$ 135,000 |
| Consolidated Infrastructure | 1,301,500 |
| LED Street Lighting | 350,000 |
| Flood Management | 906,000 |
| Airport Terminal Improvements | 200,000 |
| Transfer Station Energy Source | 250,000 |
| Goose Pond Dam Improvements | 885,000 |
| Winchester Street By-Pass | 610,000 |
| Consolidated Infrastructure | 1,271,000 |
| Martell Court Headworks | |
| Replacement | 1,350,000 |
| Total | \$ 7,258,500 |

G. Legal Debt Margin

The following is a computation of the legal debt margin as of June 30, 2018:

| | | |
|---------------------------------------|---------------------|-------------------------|
| Equalized valuation - 2017 | | \$ <u>1,840,121,797</u> |
| Debt Limits: | | |
| General - 3% of equalized valuation | | \$ 55,203,654 |
| Parking - 0.5% of equalized valuation | | 9,200,609 |
| Water - 10% of equalized valuation | | <u>184,012,180</u> |
| | | 248,416,443 |
| Total debt outstanding | 37,618,517 | |
| Less: debt exempt from limit | <u>(16,621,223)</u> | |
| | | <u>20,997,294</u> |
| Legal debt margin | | \$ <u>227,419,149</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, 2018, the balance in the landfill capital reserve is \$21,000. 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, 2018:

| | |
|---|-------------------|
| Balance - July 1, 2017 | \$ 640,881 |
| Expenditures recognized in the Solid Waste Fund | <u>(58,262)</u> |
| Balance - June 30, 2018 | \$ <u>582,619</u> |

The \$582,619 reported as landfill closure and postclosure care liability at June 30, 2018 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 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 balances as of June 30, 2018:

| | Entity-wide Basis | | Fund Basis | | |
|----------------------------|----------------------------|-----------------------------|------------------------------------|----------------------------|------------------|
| | Governmental Activities | Business-type Activities | Governmental Funds General Fund | Proprietary Funds Water | Sewer |
| Unavailable revenues | \$ - | \$ - | \$ 2,253,522 | \$ - | \$ - |
| Taxes collected in advance | 7,240,573 | 17,929 | 7,240,573 | 17,929 | - |
| Gains on refunding bonds | 95,075 | 60,904 | - | 221 | 60,683 |
| Total | <u>\$ 7,335,648</u> | <u>\$ 78,833</u> | <u>\$ 9,494,095</u> | <u>\$ 18,150</u> | <u>\$ 60,683</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, 2018:

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

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes 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 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, 2018:

| | General Fund | Capital Project Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------|----------------------------|-----------------------------------|--------------------------------|
| Nonspendable | | | | |
| Prepaid expenditures | \$ 640,262 | \$ - | \$ - | \$ 640,262 |
| Permanent funds | - | - | 5,317,971 | 5,317,971 |
| Total Nonspendable | 640,262 | - | 5,317,971 | 5,958,233 |
| Restricted | | | | |
| Capital projects | - | 3,810,807 | - | 3,810,807 |
| Grant fund | - | - | 379,981 | 379,981 |
| For debt service | - | - | 849,738 | 849,738 |
| Other special revenue funds | - | - | 652,210 | 652,210 |
| Library renovation | - | - | 8,712 | 8,712 |
| Permanent funds | - | - | 294,142 | 294,142 |
| Total Restricted | - | 3,810,807 | 2,184,783 | 5,995,590 |
| Committed | | | | |
| Solid waste fund | - | - | 2,404,022 | 2,404,022 |
| Retirement | 1,116,363 | - | - | 1,116,363 |
| Capital Reserve Funds: | | | | |
| Fire equipment | 299,295 | - | - | 299,295 |
| Bridges | 997,928 | - | - | 997,928 |
| Downtown infrastructure and facilities | 1,209,715 | - | - | 1,209,715 |
| Other capital reserve funds | 1,037,895 | - | - | 1,037,895 |
| Capital projects | - | 644,733 | - | 644,733 |
| Total Committed | 4,661,196 | 644,733 | 2,404,022 | 7,709,951 |
| Assigned | | | | |
| Encumbered for: | | | | |
| General government | 178,221 | - | - | 178,221 |
| Public works | 142,556 | - | - | 142,556 |
| Other | 97,952 | - | - | 97,952 |
| Total Assigned | 418,729 | - | - | 418,729 |
| Unassigned | | | | |
| | 8,924,574 | (1,538,486) | (72,852) | 7,313,236 |
| Total Fund Balance | \$ 14,644,761 | \$ 2,917,054 | \$ 9,833,924 | \$ 27,395,739 |

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, 2018, the City held performance deposits totaling \$643,357.

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, 2018 was \$3,005,032, 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 Inflows of Resources and Deferred Outflows of Resources Related to Pensions

At June 30, 2018, the City reported a liability of \$36,949,530 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City's proportion of the net pension liability was based on 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, 2017, the City's proportion was 0.7513%, which was a decrease of 0.0157% from its previous year proportion.

For the year ended June 30, 2018, the City recognized pension expense of \$3,587,252. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred (Inflows) of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 83,780 | \$ (470,261) |
| Changes of assumptions | 3,710,220 | - |
| Net difference between projected and actual | - | (470,571) |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | (802,250) |
| Contributions subsequent to the measurement date | <u>3,005,032</u> | <u>-</u> |
| Total | <u>\$ 6,799,032</u> | <u>\$ (1,743,082)</u> |

The \$3,005,032 reported as deferred outflows 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 2019. 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: | |
|---------------------|---------------------|
| 2019 | \$ 347,926 |
| 2020 | 1,372,155 |
| 2021 | 1,079,149 |
| 2022 | <u>(748,312)</u> |
| Total | <u>\$ 2,050,918</u> |

F. Actuarial Assumptions

The total pension liability in the June 30, 2016 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, 2016 valuation were based on the results of the most recent actuarial experience study. 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:

| Asset Class | Target Allocation Percentage | Weighted Average Average Long- Term Expected Real Rate of Return |
|----------------------------------|------------------------------------|--|
| Large Cap Equities | 22.50 % | 4.25% |
| Small/Mid Cap Equities | 7.50 | 4.50% |
| Total domestic equities | 30.00 | |
| Int'l Equities (unhedged) | 13.00 | 4.50% |
| Emerging Int'l Equities | 7.00 | 6.25% |
| Total international equities | 20.00 | |
| Core Bonds | 5.00 | 0.75% |
| Short Duration | 2.00 | -0.25% |
| Global Multi-Sector Fixed Income | 11.00 | 2.11% |
| Unconstrained Fixed Income | 7.00 | 1.26% |
| Total fixed income | 25.00 | |
| Private equity | 5.00 | 6.25% |
| Private debt | 5.00 | 4.75% |
| Opportunistic | 5.00 | 2.84% |
| Total alternative investments | 15.00 | |
| Real estate | 10.00 | 3.25% |
| Total | 100.00 % | |

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 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

| 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---------------------------|-------------------------------------|---------------------------|
| \$ 48,679,152 | \$ 36,949,530 | \$ 27,337,570 |

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 are based on a measurement date of June 30, 2017.

General Information about the OPEB Plan

Plan Description

The City provides post-employment healthcare benefits for retired employees through the City's 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 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, 2017, the following employees were covered by the benefit terms:

| | |
|--------------------------------------|-------------------|
| Inactive employees or beneficiaries | |
| currently receiving benefit payments | 34 |
| Active employees | <u>256</u> |
| Total | <u><u>290</u></u> |

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 3.00% |
| Discount rate | 3.58% |
| Healthcare cost trend rates | 8.0% for 2016, decreasing 1.0% per year, to an ultimate rate of 5.0% for 2019 and later years |
| Retirees' share of benefit-related costs | 100% |

The discount rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index at June 29, 2017.

Pre-retirement mortality rates were based on the RP-2014 employees 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 as of July 1, 2016.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58%. 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 \$5,432,825 was measured as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2016.

Changes in the Total OPEB Liability

| | Total OPEB <u>Liability</u> |
|---|--------------------------------|
| Balances, beginning of year | \$ 5,594,626 |
| Changes for the year: | |
| Service cost | 267,444 |
| Interest | 164,088 |
| Changes in assumptions or other inputs | (384,126) |
| Benefit payments | <u>(209,207)</u> |
| Net Changes | <u>(161,801)</u> |
| Balances, end of year | \$ <u><u>5,432,825</u></u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

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> |
|-----------------------|-----------------------------|-----------------------|
| \$ 5,967,487 | \$ 5,432,825 | \$ 4,957,410 |

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> |
|-----------------------|--|-----------------------|
| \$ 4,801,483 | \$ 5,432,825 | \$ 6,183,445 |

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

For the year ended June 30, 2018, the City recognized an OPEB expense of \$374,876. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred (Inflows) of Resources |
|-----------------------|--------------------------------------|---------------------------------------|
| Change in assumptions | \$ <u>-</u> | \$ <u>(327,470)</u> |
| Total | \$ <u>-</u> | \$ <u>(327,470)</u> |

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

| <u>Year Ended June 30:</u> | |
|----------------------------|---------------------|
| 2019 | \$ (56,656) |
| 2020 | (56,656) |
| 2021 | (56,656) |
| 2022 | (56,656) |
| 2023 | (56,656) |
| Thereafter | <u>(44,190)</u> |
| Total | \$ <u>(327,470)</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.

Benefits Provided

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

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

Actuarial Assumptions and Other Inputs

The City's proportionate share of the NHRS Medical Subsidy as of June 30, 2018 is based upon an actuarial valuation performed as of June 30, 2016 (rolled forward to June 30, 2017) using a measurement date of June 30, 2017. The actuarial valuation used the following actuarial assumptions:

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent experience study, which was for the period July 1, 2010 – June 30, 2015.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The City's proportionate share of the total NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2017 was \$2,365,995.

For the year ended June 30, 2018, the City recognized an OPEB expense related to the NHRS Medical Subsidy of \$126,838. At June 30, 2018, 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> |
|--|---|--|
| Changes in proportion | \$ - | \$ (20,740) |
| Net difference between projected and actual OPEB investment earnings | - | (7,466) |
| Contributions subsequent to the measurement date | <u>326,339</u> | <u>-</u> |
| Total | <u>\$ 326,339</u> | <u>\$ (28,206)</u> |

The \$326,339 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, 2019.

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

| <u>Year Ended June 30:</u> | |
|----------------------------|--------------------|
| 2019 | \$ (22,606) |
| 2020 | (1,866) |
| 2021 | (1,866) |
| 2022 | <u>(1,868)</u> |
| Total | <u>\$ (28,206)</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> |
|------------------------|--------------------------------------|------------------------|
| \$ 2,574,907 | \$ 2,365,995 | \$ 2,184,990 |

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, 2018:

| | Total/Net OPEB Liability | Total Deferred Outflows of Resources | Total Deferred (Inflows) of Resources |
|---|--------------------------------|---|--|
| City OPEB Plan | \$ 5,432,825 | \$ - | \$ (327,470) |
| Proportionate share of NHRS Medical Subsidy Plan | <u>2,365,995</u> | <u>326,339</u> | <u>(28,206)</u> |
| Total | <u>\$ 7,798,820</u> | <u>\$ 326,339</u> | <u>\$ (355,676)</u> |

22. Subsequent Events

Debt

Subsequent to June 30, 2018, the City has incurred the following additional debt:

| | Amount | Interest Rate | Issue Date | Maturity Date |
|---|--------------|------------------|---------------|------------------|
| General Obligation Bonds, Series 2018 A | \$ 7,055,000 | 3.00-5.00% | 09/27/18 | 09/18/38 |

23. 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 immaterial.

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.

24. Beginning Net Position Restatement

The beginning (July 1, 2017) net position of the City has been restated as follows:

Government-Wide Financial Statements:

| | Governmental <u>Activities</u> | <u>Business-Type Activities</u> | | |
|-------------------------------------|-----------------------------------|---------------------------------|----------------------|----------------------|
| | | Water <u>Fund</u> | Sewer <u>Fund</u> | <u>Total</u> |
| As previously reported | \$ 53,809,154 | \$ 30,563,670 | \$ 30,773,259 | \$ 61,336,929 |
| Implementation of GASB 75 (OPEB) | (4,879,935) | (302,365) | (453,534) | (755,899) |
| Adjust for duplication of inventory | - | - | (148,824) | (148,824) |
| As restated | <u>\$ 48,929,219</u> | <u>\$ 30,261,305</u> | <u>\$ 30,170,901</u> | <u>\$ 60,432,206</u> |

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF KEENE, NEW HAMPSHIRE
SCHEDULE OF PROPORTIONATE SHARE
JUNE 30, 2018
(Unaudited)**

| New Hampshire Retirement System | | | | | | |
|---------------------------------|-------------------------|--|---|------------------------|---|--|
| <u>Fiscal Year</u> | <u>Measurement Date</u> | Proportion of the Net Pension <u>Liability</u> | Proportionate Share of the Net Pension <u>Liability</u> | <u>Covered Payroll</u> | Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position Percentage of the <u>Total Pension Liability</u> |
| June 30, 2018 | June 30, 2017 | 0.7513% | \$36,949,530 | \$ 16,674,883 | 221.59% | 62.7% |
| June 30, 2017 | June 30, 2016 | 0.7670% | \$40,814,329 | \$ 16,476,203 | 247.72% | 58.3% |
| June 30, 2016 | June 30, 2015 | 0.7718% | \$30,574,215 | \$ 16,312,424 | 187.43% | 65.5% |
| June 30, 2015 | June 30, 2014 | 0.7519% | \$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

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2018
(Unaudited)

New Hampshire Retirement System

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Contractually Required Contribution</u> | <u>Contributions in Relation to the Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|--------------------|-------------------------|--|---|---|------------------------|---|
| June 30, 2018 | June 30, 2017 | \$ 3,005,032 | \$ 3,005,032 | \$ - | \$ 16,972,184 | 17.71% |
| June 30, 2017 | June 30, 2016 | \$ 2,759,440 | \$ 2,759,440 | \$ - | \$ 16,674,883 | 16.55% |
| June 30, 2016 | June 30, 2015 | \$ 2,738,529 | \$ 2,738,529 | \$ - | \$ 16,476,203 | 16.62% |
| June 30, 2015 | June 30, 2014 | \$ 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
**SCHEDULE OF PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY (GASB 75)
 JUNE 30, 2018
 (Unaudited)**

| New Hampshire Retirement System Medical Subsidy | | | | | | |
|---|-----------------------------|---|--|------------------------|---|---|
| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Proportion of the Total OPEB Liability</u> | <u>Proportionate Share of the Total OPEB Liability</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u> |
| June 30, 2018 | June 30, 2017 | 0.517% | \$2,365,995 | \$ 16,674,883 | 14.19% | 7.91% |

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)**

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

(Unaudited)

City of Keene OPEB Plan*

Changes in Total OPEB Liability

| | <u>2018</u> |
|--|----------------------------|
| Total OPEB liability | |
| Service cost | \$ 267,444 |
| Interest on unfunded liability - time value of \$ | 164,088 |
| Changes of assumptions | (384,126) |
| Benefit payments, including refunds of member contributions | <u>(209,207)</u> |
| Net change in total OPEB liability | (161,801) |
| Total OPEB liability - beginning | <u>5,594,626</u> |
| Total OPEB liability - ending | <u>\$ 5,432,825</u> |
| Covered employee payroll | \$ 16,674,883 |
| Total OPEB Liability as a percentage of covered employee payroll | 32.6% |

Schedule of Contributions

| | <u>2018</u> |
|--|--------------------------|
| Actuarially determined contribution | \$ 420,569 |
| Contributions in relation to the actuarially determined contribution | <u>209,207</u> |
| Contribution deficiency (excess) | <u>\$ 211,362</u> |
| Covered employee payroll | \$ 16,674,883 |
| Contributions as a percentage of covered employee payroll | 1.25% |

*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**

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.
- Solid Waste Fund: to account for the activities of the transfer station and recycling operations and for post-closure costs associated with the landfill.
- 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, 2018

| | Special Revenue Funds | | | | | | | |
|--|-----------------------|-------------------|------------------------|-------------------|--|-------------------------------|---------------------|--|
| | Grants Fund | Parking Fund | Solid Waste Fund | Library Fund | Library Renovation Expendable Trust | Other Expendable Trusts | Permanent Funds | Total Nonmajor Governmental Funds |
| Assets | | | | | | | | |
| Cash and short-term investments | \$ 40,664 | \$ - | \$ - | \$ 151,703 | \$ 339,712 | \$ - | \$ 606,154 | \$ 1,138,233 |
| Investments | - | - | - | 246,754 | - | 35,960 | 4,997,745 | 5,280,459 |
| Receivables: | | | | | | | | |
| Accounts receivable, net | 64,694 | 10,193 | 635,986 | - | - | - | 9,750 | 720,623 |
| Intergovernmental | 376,475 | - | - | - | - | - | - | 376,475 |
| Due from other funds | 1,021,097 | 225,347 | 1,553,486 | - | - | - | - | 2,799,930 |
| Advance from other funds | - | - | 775,530 | - | - | - | - | 775,530 |
| Total Assets | <u>\$ 1,502,930</u> | <u>\$ 235,540</u> | <u>\$ 2,965,002</u> | <u>\$ 398,457</u> | <u>\$ 339,712</u> | <u>\$ 35,960</u> | <u>\$ 5,613,649</u> | <u>\$ 11,091,250</u> |
| Liabilities | | | | | | | | |
| Warrants payable | \$ 340,906 | \$ 10,004 | \$ 22,109 | \$ - | \$ - | \$ - | \$ - | \$ 373,019 |
| Accounts payable | 4,773 | 2,536 | 523,324 | - | - | - | - | 530,633 |
| Accrued liabilities | 384 | 5,207 | 15,547 | - | - | - | - | 21,138 |
| Due to other funds | - | - | - | - | 331,000 | - | 1,536 | 332,536 |
| Total Liabilities | 346,063 | 17,747 | 560,980 | - | 331,000 | - | 1,536 | 1,257,326 |
| Fund Balances | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | 5,317,971 | 5,317,971 |
| Restricted | 1,229,719 | 217,793 | - | 398,457 | 8,712 | 35,960 | 294,142 | 2,184,783 |
| Committed | - | - | 2,404,022 | - | - | - | - | 2,404,022 |
| Unassigned | <u>(72,852)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(72,852)</u> |
| Total Fund Balances | <u>1,156,867</u> | <u>217,793</u> | <u>2,404,022</u> | <u>398,457</u> | <u>8,712</u> | <u>35,960</u> | <u>5,612,113</u> | <u>9,833,924</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,502,930</u> | <u>\$ 235,540</u> | <u>\$ 2,965,002</u> | <u>\$ 398,457</u> | <u>\$ 339,712</u> | <u>\$ 35,960</u> | <u>\$ 5,613,649</u> | <u>\$ 11,091,250</u> |

CITY OF KEENE, NEW HAMPSHIRE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

| | Special Revenue Funds | | | | | | | |
|--|-----------------------|-------------------|------------------------|-------------------|--|-------------------------------|---------------------|--|
| | Grants Fund | Parking Fund | Solid Waste Fund | Library Fund | Library Renovation Expendable Trust | Other Expendable Trusts | Permanent Funds | Total Nonmajor Governmental Funds |
| Revenues | | | | | | | | |
| Property taxes | \$ - | \$ 1,027,467 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,027,467 |
| Charges for services | 84,523 | 954,542 | 4,684,423 | - | - | - | - | 5,723,488 |
| Intergovernmental | 1,392,288 | 42,500 | - | 14,000 | - | - | - | 1,448,788 |
| Licenses and permits | 47,678 | - | 55,627 | - | - | - | - | 103,305 |
| Investment income | 13 | 3,281 | 49,785 | 22,014 | 13,570 | 2,420 | 397,093 | 488,176 |
| Contributions | 45,857 | - | - | 16,718 | 1,974,136 | - | 23,550 | 2,060,261 |
| Miscellaneous | 157,342 | 38,933 | 15 | 5,515 | - | - | - | 201,805 |
| Total Revenues | 1,727,701 | 2,066,723 | 4,789,850 | 58,247 | 1,987,706 | 2,420 | 420,643 | 11,053,290 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government | 853,445 | - | - | - | - | - | - | 853,445 |
| Public safety | 230,869 | 1,153,199 | - | - | - | - | - | 1,384,068 |
| Public works | 515,070 | - | 4,553,774 | - | - | - | - | 5,068,844 |
| Welfare and human services | 3,243 | - | - | - | - | - | - | 3,243 |
| Library | - | - | - | 13,354 | 9,858 | - | - | 23,212 |
| Planning | 8,278 | - | - | - | - | - | - | 8,278 |
| Parks and facilities | 88,286 | - | - | - | - | - | - | 88,286 |
| Debt service: | | | | | | | | |
| Principal | - | 685,000 | 48,675 | - | - | - | - | 733,675 |
| Interest | - | 99,750 | 9,635 | - | - | - | - | 109,385 |
| Total Expenditures | 1,699,191 | 1,937,949 | 4,612,084 | 13,354 | 9,858 | - | - | 8,272,436 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 28,510 | 128,774 | 177,766 | 44,893 | 1,977,848 | 2,420 | 420,643 | 2,780,854 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | 9,624 | - | - | - | - | - | - | 9,624 |
| Transfers out | (214,551) | (178,707) | (50,000) | - | (4,155,006) | (982) | (115,107) | (4,714,353) |
| Total Other Financing Sources (Uses) | (204,927) | (178,707) | (50,000) | - | (4,155,006) | (982) | (115,107) | (4,704,729) |
| Change in Fund Balance | (176,417) | (49,933) | 127,766 | 44,893 | (2,177,158) | 1,438 | 305,536 | (1,923,875) |
| Fund Balances at Beginning of Year | 1,333,284 | 267,726 | 2,276,256 | 353,564 | 2,185,870 | 34,522 | 5,306,577 | 11,757,799 |
| Fund Balances at End of Year | <u>\$ 1,156,867</u> | <u>\$ 217,793</u> | <u>\$ 2,404,022</u> | <u>\$ 398,457</u> | <u>\$ 8,712</u> | <u>\$ 35,960</u> | <u>\$ 5,612,113</u> | <u>\$ 9,833,924</u> |

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, 2018

| | <u>Solid Waste</u> | | |
|--|--------------------|---|---|
| | <u>Budget</u> | <u>Actual</u> <u>(Budgetary Basis)</u> | <u>Variance</u> <u>Positive</u> <u>(Negative)</u> |
| Revenues | | | |
| Charges for services | \$ 4,308,289 | \$ 4,684,423 | \$ 376,134 |
| Investment income | 37,053 | 49,785 | 12,732 |
| Miscellaneous | - | 15 | 15 |
| Total Revenues | <u>4,345,342</u> | <u>4,734,223</u> | <u>388,881</u> |
| Expenditures | | | |
| Public works | 4,544,685 | 4,601,909 | (57,224) |
| Debt service: | | | |
| Principal | 10,296 | 10,175 | 121 |
| Interest | 210 | - | 210 |
| Total Expenditures | <u>4,555,191</u> | <u>4,612,084</u> | <u>(56,893)</u> |
| Other Financing (Uses) | | | |
| Use (addition) of fund balance | 201,849 | - | (201,849) |
| Sale of bonds | 250,000 | - | (250,000) |
| Transfers in | 58,000 | 55,627 | (2,373) |
| Transfers out | <u>(300,000)</u> | <u>(50,000)</u> | <u>250,000</u> |
| Total Other Financing Sources (Uses) | <u>209,849</u> | <u>5,627</u> | <u>(204,222)</u> |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | \$ <u>-</u> | \$ <u>127,766</u> | \$ <u>127,766</u> |

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, 2018

| | Parking | | |
|---|--------------|-----------------------------|------------------------------------|
| | Budget | Actual (Budgetary Basis) | Variance Positive (Negative) |
| Revenues | | | |
| Taxes | \$ 1,028,163 | \$ 1,027,467 | \$ (696) |
| Charges for services | 1,027,978 | 993,425 | (34,553) |
| Intergovernmental | 42,500 | 42,500 | - |
| Investment income | 1,958 | 3,281 | 1,323 |
| Miscellaneous | - | 50 | 50 |
| Total Revenues | 2,100,599 | 2,066,723 | (33,876) |
| Expenditures | | | |
| Public safety | 1,232,465 | 1,153,198 | 79,267 |
| Debt service: | | | |
| Principal | 685,000 | 685,000 | - |
| Interest | 99,750 | 99,750 | - |
| Total Expenditures | 2,017,215 | 1,937,948 | 79,267 |
| Other Financing Sources (Uses) | | | |
| Use of fund balance | 95,324 | - | (95,324) |
| Transfers in | 25,000 | - | (25,000) |
| Transfers out | (203,708) | (178,708) | 25,000 |
| Total Other Financing Sources (Uses) | (83,384) | (178,708) | (95,324) |
| Excess (Deficiency) of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources | \$ - | \$ (49,933) | \$ (49,933) |

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, 2018

| | Governmental Activities Internal Service Funds | | |
|--|---|------------------------|--------------|
| | Fleet Fund | PC Replacement Fund | Total |
| Assets | | | |
| Current: | | | |
| Investments | \$ 774,802 | \$ - | \$ 774,802 |
| Accounts receivable | 4,953 | - | 4,953 |
| Due from other funds | 596,807 | 265,841 | 862,648 |
| Other assets | 15,105 | - | 15,105 |
| Inventory | 236,293 | - | 236,293 |
| Total current assets | 1,627,960 | 265,841 | 1,893,801 |
| Noncurrent: | | | |
| Capital assets: | | | |
| Capital assets, net of accumulated depreciation | 2,391,716 | - | 2,391,716 |
| Total noncurrent assets | 2,391,716 | - | 2,391,716 |
| Total Assets | 4,019,676 | 265,841 | 4,285,517 |
| Liabilities | | | |
| Current: | | | |
| Warrants payable | 100,215 | - | 100,215 |
| Accounts payable | 46,989 | 716 | 47,705 |
| Accrued liabilities | 11,072 | - | 11,072 |
| Current portion of long-term liabilities: | | | |
| Capital leases | 92,417 | - | 92,417 |
| Compensated absences | 6,655 | - | 6,655 |
| Total current liabilities | 257,348 | 716 | 258,064 |
| Noncurrent: | | | |
| Compensated absences, net of current portion | 59,895 | - | 59,895 |
| Total noncurrent liabilities | 59,895 | - | 59,895 |
| Total Liabilities | 317,243 | 716 | 317,959 |
| Net Position | | | |
| Net investment in capital assets | 2,299,299 | - | 2,299,299 |
| Unrestricted | 1,403,134 | 265,125 | 1,668,259 |
| Total Net Position | \$ 3,702,433 | \$ 265,125 | \$ 3,967,558 |

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, 2018

| | Governmental Activities Internal Service Funds | | |
|---|---|------------------------|---------------------|
| | Fleet Fund | PC Replacement Fund | Total |
| Operating Revenues | | | |
| Charges for services | \$ 2,374,587 | \$ 83,172 | \$ 2,457,759 |
| Other | <u>23,910</u> | <u>4,132</u> | <u>28,042</u> |
| Total Operating Revenues | 2,398,497 | 87,304 | 2,485,801 |
| Operating Expenses | | | |
| Salaries and benefits | 785,873 | 900 | 786,773 |
| Other operating expenses | 1,017,481 | 62,534 | 1,080,015 |
| Depreciation | <u>364,852</u> | <u>-</u> | <u>364,852</u> |
| Total Operating Expenses | <u>2,168,206</u> | <u>63,434</u> | <u>2,231,640</u> |
| Operating Income | 230,291 | 23,870 | 254,161 |
| Nonoperating Revenues (Expenses) | | | |
| Investment income | 9,538 | 2,668 | 12,206 |
| Loss on disposal of capital assets | (79,304) | - | (79,304) |
| Interest expense | <u>(5,222)</u> | <u>-</u> | <u>(5,222)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(74,988)</u> | <u>2,668</u> | <u>(72,320)</u> |
| Income Before Transfers | 155,303 | 26,538 | 181,841 |
| Transfers | | | |
| Transfers in | <u>60,000</u> | <u>-</u> | <u>60,000</u> |
| Change in Net Position | 215,303 | 26,538 | 241,841 |
| Net Position at Beginning of Year | <u>3,487,130</u> | <u>238,587</u> | <u>3,725,717</u> |
| Net Position at End of Year | <u>\$ 3,702,433</u> | <u>\$ 265,125</u> | <u>\$ 3,967,558</u> |

CITY OF KEENE, NEW HAMPSHIRE
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

| | Governmental Activities Internal Service Funds | | |
|---|---|------------------------|--------------|
| | Fleet Fund | PC Replacement Fund | Total |
| Cash Flows From Operating Activities | | | |
| Receipts from customers and users | \$ 2,395,556 | \$ 87,304 | \$ 2,482,860 |
| Payments to vendors | (906,436) | (64,455) | (970,891) |
| Payments to employees for salaries and benefits | (768,238) | - | (768,238) |
| Net Cash Provided By Operating Activities | 720,882 | 22,849 | 743,731 |
| Cash Flows From Noncapital Financing Activities | | | |
| Transfers in | 60,000 | - | 60,000 |
| Proceeds (payments) under interfund loan agreements | 46,994 | (25,517) | 21,477 |
| Net Cash Provided By (Used For) Noncapital Financing Activities | 106,994 | (25,517) | 81,477 |
| Cash Flows From Capital and Related Financing Activities | | | |
| Acquisition and construction of capital assets | (533,739) | - | (533,739) |
| Proceeds from sale of capital assets | 11,881 | - | 11,881 |
| Principal payments on leases | (89,840) | - | (89,840) |
| Interest expense | (5,223) | - | (5,223) |
| Net Cash (Used For) Capital and Related Financing Activities | (616,921) | - | (616,921) |
| Cash Flows From Investing Activities | | | |
| Purchase of investments | (220,493) | - | (220,493) |
| Investment income | 9,538 | 2,668 | 12,206 |
| Net Cash Provided By (Used For) Investing Activities | (210,955) | 2,668 | (208,287) |
| 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 to Net Cash Provided by Operating Activities: | | | |
| Operating income | \$ 230,291 | \$ 23,870 | \$ 254,161 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 364,852 | - | 364,852 |
| Changes in assets and liabilities: | | | |
| User fees | (2,941) | - | (2,941) |
| Inventory | (6,625) | - | (6,625) |
| Warrants and accounts payable | 117,670 | (1,021) | 116,649 |
| Accrued liabilities | 17,635 | - | 17,635 |
| Net Cash Provided By Operating Activities | \$ 720,882 | \$ 22,849 | \$ 743,731 |

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, 2018

| | Fleet Fund | | | PC Replacement Fund | | |
|--|------------------|---|---|---------------------|---|---|
| | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance Positive (Negative)</u> | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance Positive (Negative)</u> |
| Revenues | | | | | | |
| Charges for services | \$ 2,385,093 | \$ 2,367,654 | \$ (17,439) | \$ 83,142 | \$ 83,172 | \$ 30 |
| Investment income | 950 | 9,538 | 8,588 | - | 2,668 | 2,668 |
| Other | 3,500 | 30,841 | 27,341 | 1,500 | 4,132 | 2,632 |
| Total Revenues | <u>2,389,543</u> | <u>2,408,033</u> | <u>18,490</u> | <u>84,642</u> | <u>89,972</u> | <u>5,330</u> |
| Expenses | | | | | | |
| Salaries and benefits | 583,969 | 572,100 | 11,869 | - | - | - |
| Other operating expenses | 1,278,651 | 1,310,555 | (31,904) | 69,135 | 63,434 | 5,701 |
| Depreciation | 395,000 | 364,852 | 30,148 | - | - | - |
| Interest expense | - | 5,223 | (5,223) | - | - | - |
| Total Expenses | <u>2,257,620</u> | <u>2,252,730</u> | <u>4,890</u> | <u>69,135</u> | <u>63,434</u> | <u>5,701</u> |
| Other Financing Sources (Uses) | | | | | | |
| Use (addition) of retained earnings | (131,923) | - | 131,923 | (15,507) | - | 15,507 |
| Transfers in | - | 60,000 | 60,000 | - | - | - |
| Total Other Financing (Uses) | <u>(131,923)</u> | <u>60,000</u> | <u>191,923</u> | <u>(15,507)</u> | <u>-</u> | <u>15,507</u> |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | <u>\$ -</u> | <u>\$ 215,303</u> | <u>\$ 215,303</u> | <u>\$ -</u> | <u>\$ 26,538</u> | <u>\$ 26,538</u> |

**STATISTICAL
SECTION**

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. | 101 |
| <i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | 105 |
| <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. | 110 |
| <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. | 113 |
| <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. | 115 |

City of Keene, New Hampshire

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 47,851,415 | \$ 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 |
| Restricted | 8,761,667 | 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 |
| Unrestricted | 7,930,268 | 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) |
| Total governmental activities net position | \$ 64,543,350 | \$ 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 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 37,124,172 | \$ 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 |
| Unrestricted ⁽¹⁾ | 10,618,934 | 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 |
| Total business-type activities net position | \$ 47,743,106 | \$ 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 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 84,975,587 | \$ 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 |
| Restricted | 8,761,667 | 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 |
| Unrestricted | 18,549,202 | 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) |
| Total primary government net position | \$ 112,286,456 | \$ 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 |

(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)**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 4,990,180 | \$ 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 |
| Public safety | 12,354,157 | 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 |
| Public works | 9,027,623 | 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 |
| Welfare and human services | 1,779,285 | 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 |
| Airport | 2,203,344 | 727,933 | 734,289 | 744,772 | 618,376 | 569,217 | 854,783 | 1,084,668 | 1,312,906 | 1,313,506 |
| Library | 1,268,411 | 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 |
| Planning | 859,635 | 985,672 | 1,452,390 | 1,530,547 | 1,046,842 | 642,702 | 1,468,668 | 498,721 | 328,168 | 597,408 |
| Parks and facilities | 2,821,788 | 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 |
| Interest | 1,275,337 | 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 |
| Total governmental activities expenses | 36,579,760 | 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 |
| Business-type activities: | | | | | | | | | | |
| Water services | 2,938,702 | 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 |
| Sewer services | 5,205,734 | 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 |
| Total business-type activities expenses | 8,144,436 | 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 |
| Total primary government expenses | \$ 44,724,196 | \$ 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 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 2,709,975 | 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 |
| Public safety | 1,939,808 | 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 |
| Public works | 4,197,514 | 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 |
| Welfare and human services | 281,726 | 471,971 | 31,814 | 267,076 | 307,002 | 234,734 | 313,247 | 314,710 | 324,824 | 71,202 |
| Airport | 39,608 | 44,024 | 53,996 | 54,479 | 50,567 | 52,823 | 50,106 | 54,689 | 416,709 | 441,208 |
| Library | 64,060 | 71,396 | 69,919 | 64,164 | 59,973 | 58,112 | 51,751 | 49,824 | 47,585 | 44,792 |
| Planning | 22,194 | 16,693 | 10,313 | 12,951 | 9,272 | 10,610 | 12,148 | 9,329 | 24,224 | 17,331 |
| Parks and facilities | 221,792 | 243,252 | 235,797 | 260,417 | 280,911 | 279,277 | 298,927 | 288,647 | 559,805 | 474,694 |
| Operating grants and contributions | 4,281,304 | 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 |
| Capital grants and contributions | 843,869 | 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 |
| Total governmental activities program revenues | 14,601,850 | 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 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 3,794,146 | 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 |
| Sewer | 4,621,240 | 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 |
| Operating grants and contributions | 431,428 | 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 |
| Total business-type activities program revenues | 8,846,814 | 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 |
| Total primary government program revenues | \$ 23,448,664 | \$ 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 |
| Net (Expenses)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (21,977,910) | \$ (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) |
| Business-type activities | 702,378 | 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 |
| Total Primary government net expense | \$ (21,275,532) | \$ (18,454,716) | \$ (17,195,766) | \$ (22,879,457) | \$ (23,733,389) | \$ (20,113,168) | \$ (20,444,479) | \$ (24,230,584) | \$ (24,230,991) | \$ (19,637,065) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property tax | \$ 20,196,104 | \$ 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 |
| Penalties, interest and other taxes | 454,409 | 548,100 | 694,488 | 581,123 | 589,785 | 1,048,960 | 888,171 | 913,408 | 1,078,383 | 1,398,382 |
| Investment income | 496,384 | 1,028,537 | 1,438,974 | 747,548 | 754,289 | 977,974 | 574,119 | 243,658 | 663,683 | 787,744 |
| Miscellaneous | 713,712 | 916,337 | 674,857 | 923,534 | 1,360,322 | 790,562 | 1,568,073 | 825,354 | 311,474 | 312,538 |
| Transfers, net ⁽¹⁾ | 947,366 | 1,147,442 | 1,116,623 | 1,138,320 | 1,133,130 | 1,158,798 | 1,145,574 | 21,242 | - | - |
| Permanent fund contributions | 38,974 | 137,588 | 26,280 | 18,805 | 20,975 | 12,876 | 23,165 | 27,933 | 37,024 | 23,550 |
| Total governmental activities | 22,846,949 | 24,382,597 | 24,930,287 | 25,169,611 | 26,722,744 | 27,214,389 | 28,367,868 | 27,440,793 | 28,831,776 | 28,496,332 |
| Business-type activities: | | | | | | | | | | |
| Property tax | 217,288 | 205,951 | 188,688 | 182,907 | 172,141 | 166,646 | 160,144 | 147,897 | 145,440 | 136,746 |
| Investment income | 256,720 | 46,880 | 44,182 | 73,723 | 102,262 | 42,667 | 46,625 | 47,112 | 62,580 | 93,411 |
| Miscellaneous | - | - | 60,240 | 19,082 | - | - | - | 635 | - | - |
| Transfers, net ⁽¹⁾ | (946,488) | (1,140,852) | (1,113,276) | (1,134,516) | (1,124,160) | (1,105,812) | (1,098,454) | (10,000) | - | - |
| Total business-type activities | (472,480) | (888,021) | (820,166) | (858,804) | (849,757) | (896,499) | (891,685) | 185,644 | 208,020 | 230,157 |
| Total primary government | \$ 22,374,469 | \$ 23,494,576 | \$ 24,110,121 | \$ 24,310,807 | \$ 25,872,987 | \$ 26,317,890 | \$ 27,476,183 | \$ 27,626,437 | \$ 29,039,796 | \$ 28,726,489 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 869,039 | \$ 2,162,948 | \$ 3,875,768 | \$ 556,449 | \$ 720,883 | \$ 4,527,288 | \$ 5,325,909 | \$ 141,133 | \$ 3,703,888 | \$ 7,490,054 |
| Business-type activities | 229,898 | 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 |
| Total primary government | \$ 1,098,937 | \$ 5,039,860 | \$ 6,914,355 | \$ 1,431,350 | \$ 2,139,598 | \$ 6,204,722 | \$ 7,031,704 | \$ 3,395,853 | \$ 4,808,805 | \$ 9,089,424 |

(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.

Data Source
Audited Financial Statements

City of Keene, New Hampshire

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

| | 2009 | 2010 | 2011 ⁽¹⁾ | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 904,997 | \$ 698,446 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 6,279,935 | 6,986,075 | - | - | - | - | - | - | - | - |
| Nonspendable | - | - | 424,072 | 425,964 | 381,611 | 363,483 | 341,018 | 362,095 | 699,572 | 640,262 |
| 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 |
| Assigned | - | - | 1,099,218 | 1,281,293 | 1,175,686 | 1,258,208 | 1,378,786 | 1,038,111 | 436,301 | 418,729 |
| 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 |
| Total General Fund | \$ 7,184,932 | \$ 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 |
| Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 7,802,252 | \$ 9,222,109 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved: | | | | | | | | | | |
| Special Revenue Funds | 3,587,171 | 2,985,194 | - | - | - | - | - | - | - | - |
| Capital Projects | 684,388 | 1,420,476 | - | - | - | - | - | - | - | - |
| Permanent Trust Funds | 326,749 | 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 |
| 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 |
| 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 |
| Unassigned | - | - | (1,277,123) | (142,719) | - | (68,306) | (2,890) | - | - | (1,611,338) |
| Total Other Funds | \$ 12,400,560 | \$ 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 |

(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)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 20,451,595 | \$ 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 |
| Charges for services | 6,380,685 | 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 |
| Intergovernmental | 4,829,320 | 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 |
| Licenses and permits | 2,884,607 | 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 |
| Investment income | 470,777 | 1,016,948 | 1,432,108 | 743,734 | 947,051 | 972,289 | 593,061 | 237,109 | 657,924 | 775,538 |
| Contributions | 334,826 | 308,367 | 509,470 | 169,117 | 122,326 | 228,801 | 479,409 | 839,470 | 1,922,518 | 2,285,116 |
| Miscellaneous | 705,274 | 900,828 | 665,610 | 907,199 | 1,345,792 | 785,568 | 1,564,627 | 819,207 | 301,616 | 284,496 |
| Total revenues | 36,057,084 | 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 |
| Expenditures by Function | | | | | | | | | | |
| General government | 4,671,205 | 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 |
| Public safety | 11,845,082 | 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 |
| Public works | 7,421,805 | 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 |
| Welfare and human services | 1,807,693 | 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 |
| Airport | 508,132 | 449,026 | 451,520 | 491,315 | 482,788 | 551,662 | 549,447 | 573,307 | 614,617 | 625,712 |
| Library | 1,184,130 | 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 |
| Planning | 834,487 | 961,076 | 1,441,564 | 1,515,779 | 1,029,380 | 726,662 | 1,506,517 | 477,780 | 696,896 | 563,731 |
| Parks and facilities | 2,681,403 | 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 |
| Capital outlay | 5,555,698 | 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 |
| Debt service | | | | | | | | | | |
| Principal | 2,391,097 | 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 |
| Interest | 1,199,519 | 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 |
| Miscellaneous | 11,207 | 21,709 | 23,683 | 21,166 | 12,610 | 1,074 | 23,747 | - | - | - |
| Total expenditures | 40,111,458 | 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 |
| Excess (deficiency) of revenues | | | | | | | | | | |
| Over (under) expenditures | (4,054,374) | (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) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of general obligation bonds | 3,155,000 | 3,680,000 | 9,295,000 | 7,856,700 | 2,775,200 | - | 5,530,000 | - | 5,676,000 | - |
| Issuance of refunding bonds | - | - | - | - | 3,850,900 | - | - | - | 2,151,304 | - |
| obligation bonds | - | - | - | - | - | - | - | - | 821,082 | - |
| Bond premiums on refunding bonds | - | - | - | - | - | - | - | - | 253,002 | - |
| Payment to escrow agent | - | - | - | - | (3,961,406) | - | - | - | (807,071) | - |
| Gain on refunding | - | - | - | - | (25,739) | - | - | - | - | - |
| Transfers in | 3,869,312 | 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 |
| Transfers out | (2,669,022) | (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) |
| Total other financing sources (uses) | 4,355,290 | 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) |
| Net Change in fund balances | \$ 300,916 | \$ 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) |
| Debt Service as a percentage of | | | | | | | | | | |
| non-capital outlay expenditures | 11.64% | 12.21% | 12.59% | 15.38% | 17.32% | 16.31% | 14.97% | 17.66% | 20.10% | 15.26% |
| 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 |
|-------------|----------------|------------------------|------------|----------------|-----------------------------|--------------------------|---------------|
| 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 |
| 2009 | 19,714,129 | 12,790 | 2,635 | 220 | 2,468,446 | 75,154 | 22,273,374 |

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 | | | | | | |
| 2018 | \$ 1,065,706,600 | \$ 656,357,900 | \$ 78,914,000 | 1,800,978,500 | 4,942,200 | \$ 1,796,036,300 | \$ 37.22 | \$ 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 | 36.39 | 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 | 34.41 | 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 | 33.68 | 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 | 32.75 | 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 | 31.40 | 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 | 30.82 | 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 | 30.17 | 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 | 28.80 | * | * |
| 2009 | 1,271,703,800 | 637,828,487 | 24,217,200 | 1,933,749,487 | 6,167,600 | 1,927,581,887 | 27.40 | * | * |

* 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 |
| 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 |
| 2009 | 10.62 | 11.95 | 2.22 | 14.17 | 24.79 | 2.61 | 27.40 |

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>2018 Net Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Assessed Value</u> | <u>2009 Net Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Net Assessed Value</u> |
|---|-------------------------|--|-------------|---|--|-------------|---|
| Eversource (formerly PSNH) | Utility | \$ 73,670,700 | 1 | 4.10 % | \$ 48,603,300 | 2 | 2.52 % |
| Keene MZL LLC (formerly MB Keene Monadnock LLC) | Retail/Restaurant | 28,777,800 | 2 | 1.60 | 37,778,600 | 1 | 1.96 |
| Riverside Improvements LLC | Retail/Restaurant | 20,885,500 | 3 | 1.16 | 22,869,700 | 3 | 1.19 |
| Realties Inc/Ellis Robertson | Retail/Restaurant | 19,353,960 | 4 | 1.08 | 19,085,400 | 4 | 0.99 |
| 480 West Street LLC | Retail/Restaurant | 14,584,000 | 5 | 0.81 | 14,767,000 | 6 | 0.77 |
| Target Corporation | Retail | 14,329,300 | 6 | 0.80 | 16,183,600 | 5 | 0.84 |
| Bentley Commons | Elderly Housing | 11,291,200 | 7 | 0.63 | - | - | - |
| Home Depot | Retail | 11,207,300 | 8 | 0.62 | 12,393,700 | 10 | 0.64 |
| Mountainscapes Cap Inv Trust (formerly Brady Sullivan Keene Properties) | Retail/office | 11,156,600 | 9 | 0.62 | 14,188,400 | 7 | 0.74 |
| PPJ LTD Partnership | Apartment Housing | 10,557,600 | 10 | 0.59 | - | - | - |
| Smith Medical ASD | Industrial | - | - | - | 13,916,700 | 8 | 0.72 |
| Peerless Insurance Corp | Insurance | - | - | - | 12,494,300 | 9 | 0.65 |
| Total Principal Taxpayers | | <u>\$ 215,813,960</u> | | <u>12.02 %</u> | <u>\$ 212,280,700</u> | | <u>11.01 %</u> |
| Total Net Assessed Taxable Value | | <u>\$ 1,796,036,300</u> | | | <u>\$ 1,927,581,987</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 |
| 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% |
| 2009 | 53,135,253 | 52,306,853 | 98.44% | 828,400 | - | 53,135,253 | 100.00% |

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 2018 is the City's tax year 2017.

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 Bonds | Tax Increment Financing Bonds | Capital Leases | General Obligation Bonds | Tax Increment Financing Bonds | | | | | | | | |
| 2018 | \$ 22,040,562 | \$ 5,090,000 | \$ 92,417 | \$ 11,347,223 | \$ - | \$ 38,570,202 | \$ 1,681 | 3.14% | 2.09% | 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% | 2.44% | 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% | 2.49% | 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% | 2.47% | 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% | 2.23% | 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% | 1.92% | 23,409 | 55,824,770 | 37,033 | 1,927,915,709 |
| 2009 | 25,230,254 | 1,826,563 | 109,918 | 6,310,496 | 1,268,438 | 34,745,669 | 1,551 | 4.19% | 1.88% | 22,395 | 53,135,253 | 37,033 | 1,927,581,887 |

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Direct Debt: | | | | | | | | | | |
| City of Keene | | | | | | | | | | |
| Net General Obligation Debt Outstanding | \$ 34,745,669 | \$ 35,402,491 | \$ 41,146,559 | \$ 45,633,429 | \$ 45,852,033 | \$ 42,571,102 | \$ 44,611,058 | \$ 44,081,850 | \$ 45,013,747 | \$ 38,570,202 |
| Percentage Applicable to Government | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Amount Applicable to Government | \$ 34,745,669 | \$ 35,402,491 | \$ 41,146,559 | \$ 45,633,429 | \$ 45,852,033 | \$ 42,571,102 | \$ 44,611,058 | \$ 44,081,850 | \$ 45,013,747 | \$ 38,570,202 |
| Subtotal Direct Debt | \$ 34,745,669 | \$ 35,402,491 | \$ 41,146,559 | \$ 45,633,429 | \$ 45,852,033 | \$ 42,571,102 | \$ 44,611,058 | \$ 44,081,850 | \$ 45,013,747 | \$ 38,570,202 |
| 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 |
| Percentage Applicable to Government | 0.00% | 26.03% | 25.69% | 26.04% | 26.11% | 26.11% | 26.44% | 26.11% | 26.18% | 26.18% |
| 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 | \$ 12,845,217 |
| 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 |
| Percentage Applicable to Government | 0% | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 100% | 100% |
| Amount Applicable to Government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,196,745 | \$ 29,421,201 | \$ 32,263,902 | \$ 26,666,003 | \$ 24,109,630 |
| 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 | \$ 36,954,847 |
| Grand Total | \$ 34,745,669 | \$ 44,795,383 | \$ 50,212,409 | \$ 54,324,970 | \$ 53,304,666 | \$ 85,089,091 | \$ 80,926,775 | \$ 83,666,996 | \$ 83,747,421 | \$ 75,525,049 |

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**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Base Value for Debt Limits (1) | \$ 1,865,263,083 | \$ 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 |
| Legal Debt Limits (% of Base Value) | | | | | | | | | | |
| General - 1.75% thru 1998, 3% 1999 on (2) | \$ 55,957,892 | \$ 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 |
| Parking - 0.05% | 93,263,154 | 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 |
| Water - 10% (2) | 186,526,308 | 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 |
| | \$ 335,747,355 | \$ 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 |
| Issued Debt at June 30 | | | | | | | | | | |
| Total Issued Debt at June 30 | \$ 34,635,751 | \$ 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 |
| Less Water Fund | (1,592,503) | (1,205,650) | (947,631) | (566,300) | (818,956) | (1,456,876) | (1,203,752) | (987,122) | (1,769,366) | (1,459,584) |
| Less Sewer Fund (3) | (4,717,993) | (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) |
| Less TIF, Parking, Landfill (3) | (4,062,644) | (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) |
| | 24,262,611 | 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 |
| Authorized Unissued at June 30 | | | | | | | | | | |
| Total Authorized Unissued Debt at June 30 | 14,825,000 | 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 |
| Less Water Fund | (975,000) | (780,000) | (780,000) | (780,000) | (780,000) | - | - | - | - | - |
| Less Sewer Fund (3) | (5,880,000) | (5,590,000) | (6,235,000) | (13,066,700) | (8,175,000) | (7,495,000) | (6,690,000) | (6,045,000) | - | (1,350,000) |
| Less TIF, Parking, Landfill (3) | - | - | - | (2,389,140) | (760,000) | (760,000) | (105,000) | (105,000) | - | (250,000) |
| Total Debt Subject to general limit | \$ 32,232,611 | \$ 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 |
| Legal Debt Margin | | | | | | | | | | |
| General | \$ 23,725,281 | \$ 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 |
| Water Fund | \$ 183,958,805 | \$ 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 |
| % of Legal Debt Limits Used | | | | | | | | | | |
| General | 57.6% | 62.5% | 65.0% | 63.4% | 57.4% | 57.4% | 58.8% | 60.1% | 46.2% | 48.3% |
| Water Fund | 1.4% | 1.1% | 0.9% | 0.7% | 0.9% | 0.8% | 0.7% | 0.6% | 1.0% | 0.8% |

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 |
|--------------------|-------------------|----|---|--|------------------------------|----|------------------------------|
| 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% |
| 2009 | 22,395 | | 480,914 | | 20,544 | | 5.60% |

** Based on 2016 census -- US Census Bureau

*** 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 | 2018 | | | 2009 | | |
|---|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Cheshire Medical Center/Dartmouth Hitchcock - Keene | 1,650 | 1 | 14.10% | 1,463 | 1 | 11.61% |
| C & S Wholesale Grocers | 1,200 | 2 | 10.26% | 820 | 3 | 6.51% |
| Keene School District | 1,141 | 3 | 9.75% | 717 | 4 | 5.69% |
| Keene State College | 916 | 4 | 7.83% | 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 | 8 | 3.06% |
| City of Keene | 307 | 9 | 2.62% | - | | 0.00% |
| Timken Super Precision | 258 | 10 | 2.21% | 395 | 9 | 3.13% |
| Total Principal Employers | 6,953 | | <u>59.43%</u> | 6,272 | | <u>49.78%</u> |
| Total City Employment | <u>11,699</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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| City Manager | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 3.00 |
| City Attorney | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| City Clerk | 4.53 | 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 | 15.71 | 14.18 | 14.18 | 14.18 | 14.18 | 15.18 | 15.18 | 15.18 | 15.18 |
| Human Resources | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 | 2.91 | 3.00 |
| Information Technology | 7.00 | 7.00 | 7.00 | 6.80 | 6.80 | 6.90 | 7.00 | 7.00 | 7.00 | 7.00 |
| General Government | 39.04 | 40.10 | 38.57 | 38.37 | 38.37 | 38.47 | 38.57 | 38.57 | 38.68 | 39.77 |
| Fire | 44.00 | 48.00 | 47.80 | 45.80 | 45.80 | 46.00 | 46.00 | 46.00 | 46.00 | 46.00 |
| Police | 56.56 | 57.56 | 55.56 | 54.45 | 54.53 | 52.75 | 55.75 | 55.75 | 53.75 | 56.75 |
| Health and Code | 7.67 | 8.34 | 7.67 | 6.67 | 8.14 | 8.23 | 8.33 | 7.83 | 8.33 | 8.33 |
| Parking | 5.69 | 5.69 | 5.70 | 5.70 | 5.70 | 6.39 | 5.42 | 5.33 | 5.10 | 5.12 |
| Public Safety | 113.92 | 119.59 | 116.73 | 112.62 | 114.17 | 113.37 | 115.50 | 114.91 | 113.18 | 116.20 |
| Public Works | 22.47 | 25.93 | 31.12 | 29.12 | 29.12 | 28.04 | 26.38 | 26.21 | 26.33 | 27.43 |
| Solid Waste | 7.27 | 6.38 | 7.46 | 7.46 | 7.38 | 7.85 | 7.58 | 7.77 | 10.17 | 10.27 |
| Fleet Services | 7.29 | 7.29 | 7.29 | 6.29 | 6.25 | 6.29 | 6.29 | 6.25 | 6.25 | 6.25 |
| Public Works | 37.03 | 39.60 | 45.87 | 42.87 | 42.75 | 42.18 | 40.25 | 40.23 | 42.75 | 43.95 |
| Human Services | 3.30 | 3.30 | 3.30 | 3.30 | 3.04 | 3.53 | 2.71 | 2.64 | 2.64 | 2.64 |
| Youth Services | 3.63 | 2.03 | 2.03 | 2.03 | 1.76 | 1.39 | 1.10 | 1.27 | 1.27 | 1.00 |
| Welfare and human services | 6.93 | 5.33 | 5.33 | 5.33 | 4.80 | 4.92 | 3.81 | 3.91 | 3.91 | 3.64 |
| Airport | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.80 | 2.80 | 2.80 |
| Library | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 8.00 | 8.00 | 9.44 | 10.07 | 10.74 |
| Planning | 6.00 | 6.00 | 6.00 | 5.00 | 3.90 | 4.65 | 4.91 | 4.91 | 4.91 | 4.91 |
| Parks and facilities | 19.09 | 18.99 | 17.99 | 15.99 | 16.04 | 17.24 | 16.25 | 15.95 | 15.30 | 16.24 |
| Water | 12.23 | 11.73 | 12.29 | 8.09 | 8.59 | 11.34 | 12.03 | 12.03 | 12.00 | 11.48 |
| Sewer | 17.41 | 16.54 | 15.99 | 15.24 | 14.66 | 15.99 | 15.30 | 15.22 | 13.24 | 14.77 |
| Grand Totals | 264.65 | 270.88 | 270.77 | 255.51 | 255.28 | 258.16 | 256.62 | 257.97 | 256.84 | 264.50 |

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 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 ⁽¹⁾ |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------------|
| Police | | | | | | | | | | |
| Number of police calls answered | 36,573 | 38,625 | 37,548 | 35,857 | 34,951 | 32,723 | 31,567 | 29,382 | 29,688 | 29,796 |
| Traffic violations | 5,610 | 4,299 | 5,311 | 4,553 | 3,963 | 3,114 | 4,814 | 5,848 | 5,425 | 6,219 |
| Parking violations | 24,492 | 22,400 | 20,083 | 21,919 | 17,997 | 18,879 | 19,079 | 21,776 | 25,686 | 30,461 |
| Total Offenses Reported (prior calendar year basis) | | | | | | | | | | |
| Group A | 2,201 | 2,240 | 2,018 | 2,367 | 2,317 | 2,615 | 2,327 | 2,181 | 1,926 | 1,875 |
| Group B ⁽¹⁾ | 1,354 | 1,357 | 1,292 | 1,484 | 1,343 | 1,303 | 1,243 | 1,181 | 1,856 | 3,851 |
| Fire and Rescue | | | | | | | | | | |
| Calls answered | 3,733 | 3,793 | 3,848 | 4,133 | 4,044 | 4,152 | 4,543 | 4,865 | 4,865 | 4,767 |
| False alarms | 26 | 17 | 30 | 24 | 23 | 17 | 24 | 21 | 64 | 15 |
| Patients treated and transported | * | 1,957 | 2,054 | 2,125 | 2,138 | 2,025 | 2,274 | 2,456 | 2,480 | 2,413 |
| Patients treated only | 47 | 79 | 127 | 209 | 233 | 327 | 289 | 228 | 222 | 38 |
| Water | | | | | | | | | | |
| Average daily consumption (in thousands of gallons) | * | * | * | * | * | 1,602 | 1,519 | 1,516 | 1,415 | 1,411 |
| Sewer | | | | | | | | | | |
| Daily average treatment (in thousands of gallons) | 3,300 | 3,460 | 3,230 | 3,670 | 2,910 | 3,400 | 2,840 | 2,370 | 2,290 | 2,780 |

(1) The 2018 figure is based on 2017 calendar year

Data Source
 Various city departments
 * Data unavailable

City of Keene, New Hampshire

Capital Asset Statistics by Function Last Ten Fiscal Years

| Function | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 | 3 | 4 | 4 | 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 |
| Number of street lights ⁽¹⁾ | 1,155 | 1,155 | 1,155 | 1,155 | 1,155 | 1,155 | 1,155 | 1,155 | 1,155 | 1,155 |
| Parks & facilities | | | | | | | | | | |
| Number of parks | * | 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 |
| Water | | | | | | | | | | |
| Water main (miles) | 100+ | 100+ | 100+ | 100+ | 100+ | 109 | 123 | 124 | 124 | 124 |
| Maximum daily capacity (in thousands of gallons) | * | * | * | * | * | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | * | 103 | * | * | 103 | 105 | 100 | 106 | 106 | 106 |
| Maximum daily capacity of treatment (in thousands of gallons) (avg daily flow but designed for 21MGD) | 5,180 | 5,180 | 5,180 | 5,180 | 5,380 | 5,380 | 5,380 | 5,380 | 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